AVINOR

ANNUAL REPORT 2010

THE BOARD OF DIRECTORS


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ANNUAL REPORT OF THE BOARD OF DIRECTORS 2010

Highlights

Work with air traffic safety and HSE has the highest priority in Avinor, and there has been a special focus on strengthening our safety culture and improving runway safety, as well as bird and wildlife control. No aviation accidents with personal injury in which Avinor was a contributory party have been reported.

Avinor is still among the best in Europe with regard to regularity and punctuality. Punctuality improved for the fourth year in a row to 89,2 per cent, and for the second year in a row punctuality was higher than the Group's internal goal of 88 per cent. Flight regularity was 97.4 per cent, marginally lower than the Group's internal goal of 98 per cent.

Avinor has continued its cooperation with the airlines and the Federation of Norwegian Aviation Industries to reduce greenhouse gas emissions from aviation, through, for example, the project organisation that coordinates the follow-up of the report "Sustainable and Socially Beneficial Air Travel". Important topics have included improvement measures in airspace and continued optimisation of landings and take-offs at Norwegian airports.

Ash from the Eyafjallajökull volcano paralysed large parts of the airspace over Europe in April and May.

Based on surveys of the environment status and risk of pollution at airports, a comprehensive group-wide project has been established for the purpose of reducing the risk of hazardous emissions at the the Group's airports.

The Group's operating profit was NOK 1744.8 million, and the profit after tax was NOK 1008.1 million.

The capasity in the terminal at Oslo Airport, Gardermoen will be expanded to 28 million passengers.

This year's AKAN prize was awarded to Avinor for its active focus on and recognition of good substance abuse prevention work.

About Avinor

Avinor has two primary business areas, the operation of a nationwide network of airports and air navigation services for civilian and military aviation. This encompasses 46 airports in Norway, as well as control towers, control centres and other technical infrastructure for safe flight navigation. Twelve of the airports are operated in cooperation with the Norwegian Armed Forces. In addition to aircraft operations, we also seek to generate commercial revenue from airport hotels, car parks, duty free shops, food and beverage services and other services for air passengers.

Avinor's goal is to facilitate safe, environmentally friendly and efficient aviation in all parts of the country. Financially, the overall operations are managed as a single unit, which means that the financially profitable airports finance the financially unprofitable airports. The air navigation services are self-financed through pricing the services according to the cost principle.

The shares in Avinor AS are wholly-owned by the Norwegian state as represented by the Ministry of Transport and Communications. The Ministry of Transport and Communications manages the Norwegian state's ownership of Avinor, and determines, for example, special duties imposed on the Group by society, the required rate of return and dividends. In addition, the Ministry of Transport and Communications regulates the aviation fees. The Ministry of Transport and Communications is the highest authority for Norwegian aviation and also lays down the Civil Aviation Authority's regulations that have consequences for Avinor's operations. Avinor's head office is located in Oslo.

Air safety and HSE

The regulatory requirements in the area of air safety follow from Norway's international obligations through the EEA and ICAO (the UN's International Civil Aviation Organisation). The Norwegian Civil Aviation Authority implements provisions that Avinor is required to comply with based on these obligations. The concept of air safety encompasses both safety and security.

Avinor participates actively in international work, such as the development of aviation-related regulations in Europe, especially with regard to airports.

The primary aim in terms of air safety is for Avinor to develop a highly qualified and effective level of safety in all of its activities in order to avoid accidents and serious incidents. In 2010 Avinor performed 28 internal audits and 22 external audits of various suppliers and business partners. The Norwegian Civil Aviation Authority has carried out inspections of several of Avinor's airports and divisions throughout the year. In general, no major deficiencies have been identified, and Avinor attaches importance to correcting any deficiencies that come to light as quickly as possible.

There was 1 (2) aviation accident without personal injury in which Avinor was a contributory party, and no (3) serious aviation incidents in 2010. The numbers in brackets are figures for 2009. There have

been no aviation accidents with personal injury in which Avinor was a contributory party in 2009 or 2010. The term aviation accident follows the definition in BSL A 1-3 (Civil Aviation Regulations).

EFTA's Surveillance Authority, ESA, has used several airports as inspection sites to monitor the Norwegian implementation of EU Directives on security. Work with improving the efficiency of the implementation of security inspections has continued in 2010, and we have focused in particular on adapting the area, infrastructure, equipment and logistics at the security checkpoints. There is significant emphasis on the risk of terrorist actions against aviation. This has necessitated a proactive attitude on the part of Avinor through preventative security services and cost-effective implementation of new government requirements.

Aviation in Europe was exposed to major challenges in connection with the spread of ash from the Eyjafjallajökull volcano on Iceland from 14 to 28 April and from 3 to 23 May 2010, when volcanic ash paralysed large parts of the airspace over Europe.

The first period was marked by closed airspace in Norway and Avinor's ability to handle this. The second period was marked by increased traffic in Norwegian airspace as a result of the ash cloud's movement pattern, especially over the Atlantic Ocean.

Avinor heads or participates in a number of projects related to air safety and efficient air traffic management. The Single European Sky Second Package II (SES II) was approved by the EU in the autumn of 2009. The requirements of SES will be implemented in Norway through the EEA agreement. Avinor has made important strategic choices to meet the challenges in SES and to position the company in the best possible way for cross-border cooperation, as well as create the necessary competitive power. The requirements in the Single European Sky regulations also include the establishment of performance management for parts of the air safety services. The work to prepare Avinor's air safety services for performance management started in 2010. The goal is to establish a five-year business plan and make the necessary contributions to a national performance plan for the air safety services, so that documentation can be sent to the European Commission in accordance with the stipulated deadlines. In this context Avinor has chosen to head and participate in a number of projects in order to influence the future development in Europe. For instance, Avinor is participating actively in the establishment of a North European Functional Airspace

Block (NEFAB) through the North European Air Navigation Service Providers (NEAP) alliance. Avinor has also agreed to contribute actively to the Single European Sky ATM Research (SESAR) through the North European and Austro Control Consortium (NORACON).

As a result of increased traffic intensity and an increased strain on the Oslo Control Centre's area of responsibility (Oslo AoR), the Oslo ASAP (Advanced Sectorisation and Automation Project) was established in 2006. The aim of the project is to develop and implement a changed airspace structure with new standard approach and departure routes in the airspace over Eastern Norway. In addition, new information systems are to be implemented to help optimise the flow of traffic to Oslo Airport Gardermoen. The scheduled implementation date is 7th April 2011.

The aim of SNAP (Southern Norway Airspace Project) is to optimise the airspace over Western Norway and Trøndelag, as well as the interfaces with the Oslo Control Centre's area of responsibility. The scheduled implementation will be in the first quarter of 2011.

The aim of NORAP (Norwegian Radar Programme) is to renew and improve radar coverage over Norway. The objective is to provide full radar coverage for mainland Norway, as well as improved offshore coverage. There is ongoing work at six of the ten selected locations encompassed by the programme. For controlled airspace offshore it has been decided to establish a project by establishing newer surveillance technology, ADS-B (Automatic Dependent Surveillance - Broadcast), en route to/from and in the Ekofisk area. Avinor is also evaluating another surveillance system, MLAT (WAM) (Wide Area Multilateration), in combination with ADS-B, with a view to replacing the use of radar in several areas. Scheduled completion for the radar programme is 2012.

SCAT-I is a satellite-based approach system in use in the short runway network that provides horizontal and vertical navigation data for aircraft. The system increases approach safety by establishing an electronic glide path used by the aircrafts' autopilot. The system is installed at Brønnøysund, Hammerfest, Vadsø, Namsos, Båtsfjord and Svolvær airports, and it will be installed at Førde, Berlevåg, Hasvik, Vardø, Stokmarknes and Mosjøen airports in 2011. SCAT-I will be installed at 21 local airports according to plan. The scheduled implementation period is April 2012.

Stavanger Control Centre is being upgraded by the establishment of a new communications centre. Further upgrade work is pending clarification of the consequences of SESAR's requirements and a possible transfer of airspace in connection with the establishment of the NEFAB (Northern European Functional Airspace Block) project.

In 2006 the Group established security areas and lighting systems to implement necessary measures related to the renewal of the airports' technical/operational approval in accordance with the amended regulatory requirements in BSL E 3-2. This project encompasses the implementation of all the physical improvement measures related to the design of the airports. These measures entail major investments and contribute greatly to a significant improvement in safety at all the Group's airports. In 2010 the project has upgraded the lighting systems at Brønnøysund, Hammerfest and Stavanger airports. Complete upgrades have been carried out at Honningsvåg, Tromsø and Førde airports, and construction work is ongoing at Sandane and Kristiansund airports. A total of 20 airports have been completed in accordance with the new requirements. The project is scheduled to be implemented by the end of 2013.

As the principal company Avinor has the coordinating responsibility for HSE with respect to activities under the area of responsibility of Avinor's airports. Through the Group's investment programme, Avinor is also the client, which means that safety, health and working environment considerations at the building or construction site are safeguarded. In 2010 a total of 34 (53) workplace accidents resulting in employee injuries were reported. These workplace accidents resulted in 34 (54) employees being injured, 12 (26) of whom were injured so severely that they had to be put on sick leave. The figures for 2009 are in brackets. The Group's LTI rate for 2010 is estimated to be 2.0.

Traffic development, punctuality and regularity.

Better flight offerings, attractive prices and economic growth resulted in growth in the air traffic market for Avinor in 2010. The number of passengers increased by 4.3 per cent, and a total of 40.1 million passengers were registered.
The greatest negative incident with regard to the development of the market last year was the volcano eruption on Iceland. In addition, heavy snowfall in January and December 2010 in Europe resulted in some loss in international traffic.

The number of commercial aircraft movements increased by 0.3 per cent last year. Domestic traffic declined by 1.1 per cent. International traffic increased 4.1 per cent, and scheduled flights increased more than charter flights.

Overall, there was a total of 765,000 landings/take-offs at Avinor's airports in 2010, which represents an increase of 0.6 per cent. In addition, there was a total of 39,000 flights through Norwegian airspace, which represents an increase of 2.5 per cent.

The Group's internal target for punctuality and regularity is 88 per cent and 98 per cent, respectively. Achieving this target depends on the concerted efforts of the airports, airlines and handling companies, as well as the weather conditions. Punctuality improved in 2010 for the fourth year in a row, and for the second year in a row punctuality was higher than Avinor's target. The punctuality is lower for international traffic than for domestic traffic. Flight regularity in

2010 was 97.4 per cent, marginally lower than the target.

Norwegian regularity and punctuality are still among the best in Europe.

Environment

Aviation affects the local and global environment. The external environment is an integral part of Avinor's management system and follows the principles set out in ISO 14001. This involves systematic and continuous improvement in all phases from planning, execution and monitoring to corrective actions.

Emissions linked to aircraft and runway de-icing and fire drill activities are licensable under the Pollution Control Act. At the end of 2010 there were still three airports that had their applications under review, but these fell into place in the middle of March 2011.

In 2009 and 2010 a survey of the environmental status and risk of pollution at the airports was conducted. The survey included Avinor's own operations as well as other parties on Avinor's property. Based on this survey, a group-wide project has been established for the purpose of reducing the risk of hazardous emissions. The project is expected to last for a period of three years, and it is expected to entail investments.

Avinor has strengthened its commitment to the reduction of greenhouse gas emissions through participation in the voluntary industry programme Airport Carbon Accreditation (ACA). Kristiansand, Trondheim and Oslo airports were accredited by the scheme in 2010. Preparation of detailed greenhouse gas accounts for the individual airports, as well as a plan of action and binding greenhouse gas reduction targets are the main elements of this certification scheme.

Avinor's greenhouse gas accounts show combined annual greenhouse gas emissions from Avinor's own operations of around 17.000 tonnes of CO2, including 4.700 tonnes from Oslo Airport Gardermoen. In order to reduce the greenhouse gas emissions from the operations, several airports have made arrangements for the parking and charging of electric cars, in addition to purchasing electric cars or other vehicles with reduced greenhouse gas emissions. In addition, energy saving measures are being implemented at many airports. In addition to implementing special measures, Avinor compensates for the remaining emissions on its own initiative by investing in emission rights through UN's green development mechanism.

In 2010 Avinor continued its cooperation with the airlines and the Federation of Norwegian Aviation Industries to reduce the greenhouse gas emissions form aviation, through, for example, the project organisation that coordinates the follow-up of the report "Sustainable and Socially Beneficial Air Travel", published in 2008. Important topics have included improvement measures in airspace and continued optimisation of landings and take-offs at Norwegian airports. There is a great potential for reducing the emissions. In the autumn of 2010 it also became clear that a mixture of synthetic biofuel with ordinary jet fuel A1 will be certified in 2011.

Avinor has carried out a number of measures to reduce our climate vulnerability. Official Norwegian Report NOU 2010:10 "Adapting to a changing climate" concludes with regard to aviation that "the Committee's impression is that work with climate adaptation is well prioritised and that the sector has adequate resources to handle the challenge". Airspace and runways are continuously monitored, from the control centres, control tower at the airport and by friction measurements, so that the probability of injuring life or health as a result of climate change is assumed to be very limited.

Five aircraft noise maps were updated in 2010. With the exception of Oslo Airport Gardermoen, all the airports where Avinor has mapping responsibility have updated their aircraft noise maps in accordance with the current T-1442 guidelines. New noise regulations for Oslo Airport Gardermoen will take effect on 7 April 2011. New noise isolation measures in accordance with the Pollution Control Regulations have not been carried out in 2010. The combined aircraft noise impact around Oslo Airport increased by 0.4 dB from 2009 to 2010, and the traffic increased by 0.7 per cent.

The Board reviews and approves Avinor's environmental report, and makes reference to this for more detailed information on the Group's environmental status and environmental work. This report is available on Avinor's websites.

Personnel and organisation

There were 2,941 permanent employees in the Group as of December 2010. Permanent and temporary employees performed work corresponding to an estimated 3,074 full-time equivalents in 2010.

Absence due to illness was 4.9 per cent in 2010, a reduction from 5.3 per cent in 2009. The Group's Inclusive Working Life target is 4.5 per cent. Long-term absence due to illness (more than eight weeks) was 1.2 per cent of total absence in 2010, compared with 2.5 per cent in 2009.

The percentage of women in the Group was 20 per cent in 2010. This is a decrease from 2009 when the percentage of women was just under 24 per cent. There were two women and five men in the group management at year end. In general, there is a higher percentage of women in administrative positions. The average age of employees in the Group in 2010 was 45, a figure that has remained unchanged for the last four years.

A new management and organisation model for the Avinor Group was introduced on 1 June 2010. The model will result in more strategic management of the Group, clearer roles and responsibilities between the Group, divisions, subsidiaries and shared corporate functions. It will facilitate more customer-oriented and business-oriented operations at the same time. This entails a sharpened result-oriented, performance-based and goal-oriented management of the Group's profit centres, adapted to the various market and operational prerequisites of the different profit centres.

As an employer, Avinor will work purposefully to promote equal opportunities and prevent discrimination. In 2010 the Group adopted a recruitment policy with the objective of hiring 40 per cent women. Avinor's diversification work seeks to strengthen desired attitudes and culture and create a good reputation.

The Group's health-promoting work and life-phase oriented personnel policy shows that these measures motivate employees over the age of 62 to continue working. This contributes to the Group maintaining valuable experience and competence longer. It also means a reduction in the Group's combined pension costs.

This year's AKAN prize was awarded to Avinor for its active focus on and recognition of substance abuse prevention work.

Economy and finance

FINANCIAL RESULTS FOR THE GROUP

The Group's profit after tax in 2010 was NOK 1008.1 million, compared with NOK 604.9 million in the preceding year. Return on invested capital after tax (operating margin after tax * average invested capital) was 7.15 per cent, compared with 5.16 per cent in the preceding year. The increase in the return on invested capital is attributed primarily to a downward adjustment of the Group's pension obligations as a result of the pension reform. This change has reduced the pension costs to NOK 312.0 million in 2010. Without this non-recurring effect, the return on invested capital after tax would have been 5.87 per cent in 2010.

The Group's total operating revenues in 2010 amounted to NOK 7870.7 million, which was 7.0 per cent higher than the previous year. This increase was driven in particular by traffic growth and strong commercial development for the largest airports in the airport operations. The total number of departing passengers (including offshore) increased in 2010 by 4.3 per cent to 20.0 million. The number of departing aircraft movements increased by only 0.7 per cent, and reflects, a higher number of passengers per aircraft movement. Oslo Airport Gardermoen showed growth in the number of departing passengers in the 3rd and 4th quarters of 9.0 and 8.7 per cent, respectively, and ended with an increase of 5.2 per cent for the year. Adjusted for the effect of the eruption of the volcano Eyjafjallajökull in April, Oslo Airport Gardermoen's traffic growth for 2010 would have been 8 per cent. For the airport operations, commercial revenue amounted to 51.3 per cent of the total operating revenues in 2010 (OSL 56.5 per cent), and increased by 9.1 per cent in 2010. These revenues are an important contribution to maintaining the airlines' aviation expenses at a low level.

The combined operating expenses, including depreciation, in 2010 totalled NOK 6162.2 million, compared with NOK 6163.7 million in 2009. Costs in 2010 were reduced by NOK 312.0 million due to lower pension obligations as a result of the pension reform. Adjusted for the changed pension obligations, wages and other personnel costs increased by 2.1 per cent in 2010. Other operating expenses have increased by 3.6 per cent.

Operating profit was NOK 1744.8 million in 2010, compared with NOK 1183.4 million in 2009. Adjusted for intra-group transactions and distributions, Oslo Airport Gardermoen accounted for an operating profit of NOK 2034.1 million and the International Airports Division accounted for an operating profit of NOK 803.9 million The profit from these airports goes to finance the remainder of the airport network, which returned an operating loss of NOK 1200.8 million.

The net financial result was NOK -325.6 million in 2010, compared with NOK -324.5 million in the previous year.

Tax costs for the year amounted to NOK 411.1 million, which corresponds to an effective tax rate of 28.9 per cent. The effective tax rate is higher than 28 percent due to permanent differences between the income statement and the tax accounts. In 2010, Avinor was not successful in the Oslo District Court when it claimed that the loss generated by Svalbard Airport Longyear could be deducted from ordinary taxable income on the mainland. This judgment has not been appealed. Since the airport cannot be expected to operate at a profit in the near future, this will entail a permanent difference.

CASH FLOW AND CAPITAL STRUCTURE

The Group had a net positive cash flow of NOK 152.1 million in 2010, compared with a net positive cash flow of NOK 1365.1 million in 2009. This change is attributed primarily to the fact that the Group acquired NOK 1743.9 million of net new debt in 2009, while the net borrowing in 2010 was NOK 333.4 million. Cash flow from operating activities increased by 5.5 per cent to NOK 2403.5 million, while net investments and interest amounted to NOK 2584.8 million. Significant accounting items with no cash flow effect are depreciation charges of NOK 1090.1 million.

The Group's total assets are NOK 23.4 billion, and the equity ratio is 46.8 percent. A significant portion of the total assets consists of capital equipment. Remaining debt to the government in connection with the initial development of Oslo Airport Gardermoen totalled NOK 5.6 billion as of 31 December 2010. The actuarial factors used to calculate the Group's pension obligations are based on recommendations from the Norwegian Accounting Standards Board. The recognised pension obligations have been reduced by 4.8 per cent to NOK 1886.1 million, mainly as a result of the change in the pension scheme. At year end the Group had current liabilities of NOK 2331.8 million and liquid assets of NOK 1570.4 million.

FINANCIAL RESULTS FOR AVINOR AS

The parent company's profit after tax was NOK 1174.0 million in 2010, compared with NOK 727.4 million in the previous year. The change in the profit is attributed primarily to reduced pension costs and higher group contributions from subsidiaries.

Operating revenues increased by 11.3 per cent to NOK 4644.5 million, while operating expenses declined by 0.4 per cent to NOK 4434.6 million. The operating profit was NOK 229.1 million, compared with a loss of NOK 290.0 million in 2009.

The parent company had a net positive cash flow of NOK 141.1 million in 2010, compared with NOK 1371.9 million in 2009. Net investments totalled NOK 1216.0 million. The income statement was charged NOK 541.4 million for depreciation. The parent company's total assets are NOK 15.2 billion. A significant portion of the total assets consist of capital equipment; infrastructure, buildings and so on.

FINANCIAL RISK

In addition to operational risk, Avinor's operations are exposed to risks of a political, regulatory, market-related, financial and legal nature. Operationally, our activities focus a great deal on safe air traffic management with detailed guidelines for, and active management of, measures to minimise the risk of accidents and serious incidents.

Avinor's operations are characterised by heavy investments in structural infrastructure with an expected life of several decades. In addition, the operations and preparedness require regulated manning levels. Our operations are therefore characterised by a high percentage of fixed capacity costs that vary little with changes in the air traffic, and cannot quickly be adapted to any reductions in the traffic volume. The Group's results are therefore sensitive to traffic fluctuations, and there is a risk of an impairment in value with regard to capital equipment on the Group's balance sheet. Experience has shown that there is a high correlation between the general economic development (GDP) and the demand for air travel in the long term, while there may be significant deviations in the short term.

Oslo Airport Gardermoen accounts for approximately 50 per cent of the Group's operating revenues and a significant portion of the Group's operating profit. The airport is a key source of funding for the rest of the airport network in Norway. Oslo Airport Gardermoen's earnings are exposed to both economic cycles and competition from airports outside the Avinor system.

Over 80 per cent of the Group's traffic revenues come from the three Norwegian operators, SAS, Norwegian and Widerøe. The Group's earnings are exposed to future changes in the schedules and production by these companies. The Group's losses on receivables have been low historically. The majority of the Group's receivables are from the airlines. A small portion of the receivables are secured by means of bank guarantees and/or deposits.

Revenues from commercial offerings at the airports are important and this importance is increasing in relation to the Group's financing. Changes to the associated framework conditions will have a significant negative financial impact.

The Norwegian state has defined Avinor as a company with sectoral policy objectives. This entails, for example, that the government sets guidelines for a number of duties imposed by society, including the operation of regional airports, emergency preparedness duties and aviation fees. Depending on the various political priorities, this situation may entail changes with regard to the scope and organisation of such duties.

The national and international regulatory activities are increasing, and there are extensive requirements regarding safety, security, aviation fees and certification. A high level of activity is still anticipated in the regulatory area. Initiatives from the European Commission will provide strict guidelines for the choice of technical solutions and the future organisation of air navigation services in Europe.

The Group's activities entail various types of financial risk linked to the fluctuation of foreign exchange rates, interest rates and energy prices. The Group's policy is to not assume any significant financial risks and be able to cover its payment obligations when they fall due. Forward contracts are used to limit foreign exchange risk and to cover portions of the Group's future energy consumption. Of the Group's debt, around half is government loans where the interest is linked to the average five-year government bond rate for the last five years. A significant portion of the loan portfolio has fixed interest rates or is hedged by means of financial instruments.

When placing the Group's surplus cash, emphasis is given to the issuer's solidity and the liquidity of the investment in preference to the return. At year end cash is deposited in a bank on negotiated terms.

An agreement has been established between the Norwegian Armed Forces and Avinor (the Cooperation Agreement) that regulates the relationship between these two parties from 1 January 2010. The agreement was signed on 18 February 2011. This agreement calls for the establishment of local agreements and an aircraft safety agreement between the Norwegian Armed Forces and Avinor within six months after the Cooperation Agreement has been signed.

In addition, we are working on problems related to whether a discretionary assessment shall be made to determine the consideration for purchasing the runway areas etc. at Flesland and Værnes airports. or, alternatively, whether an annual user fee shall be determined. A discretionary assessment may also be relevant for determining the consideration for the use of the Norwegian Armed Forces base area at Andøya, Bardufoss and Bodø. There is a great deal of uncertainty related to determining the size of these remunerations.

At the same time the Ministry of Defence is preparing a major report related to the selection of a new base for the new fighter planes. In this connection Avinor has been given the assignment of describing the consequences to civil aviation of the Norwegian Armed Forces' location alternatives.

GOING CONCERN

The 2010 financial statements have been prepared under the assumption that the company will continue as a going concern (cf. Section 3-3 of the Accounting Act) on the basis of forecasts and the calculated present value of estimated future cash flow. See Note 6 to the annual accounts for further details.

OUTLOOK AND FRAMEWORK CONDITIONS

Aviation is sensitive to economic cycles, and Avinor's earnings are sensitive to fluctuations in air traffic. Continued good growth in air traffic and the Group's financial development is expected based on continued economic growth, continued internationalisation of trade and industry, increased cultural interaction, population growth and immigration. Avinor is in a financially good period with high earnings growth and a stronger operating margin with good underlying operations. The Group's cost development is well under control

The Norwegian air safety services (control centres, towers and navigation services) will be facing major international regulatory changes. This will entail organisational changes and the necessary cost-related adaptations to the European market. The Group is in the middle of an extensive investment programme due to the need for an improved quality and expanded capacity for airport terminals, operational buildings and other aviation-related installations. In the first quarter of 2011 a decision was made to expand the terminal capacity at Oslo Airport Gardermoen to 28 million passengers and a preliminary study was adopted for a new terminal at Bergen Airport Flesland. The investment programme will be financed from ongoing operations and new external financing.The Group's earnings, investment plans and general financial framework are monitored continuously. Avinor is well-equipped organisationally and financially to meet future demands and challenges.

CORPORATE GOVERNANCE

Avinor is wholly owned by the Norwegian state through the Ministry of Transport and Communications. The Transport and Communications Minister constitutes the company's General Meeting and is the company's highest authority. Avinor issued bonds that are listed on Oslo Børs in 2009. The Board attaches importance to following the recommendation of Oslo Børs with regard to the Group's corporate governance whenever possible. These principles supplement the government's focus on corporate governance when managing the government's ownership.

The company does not have a corporate assembly, but has four employee representatives on the Board based on an agreement with the employees. All board members are elected for a term of two years. The General Meeting appointed Ola Mørkved Rinnan as new board chairman for the company in 2010. Beyond this there are no changes to the owner's members of the board. The board appointed Dag Falk-Petersen as new Managing Director. Falk-Petersen started 1st March 2011. In 2009 the Corporate Democracy Committee approved the application for a corporate scheme entailing that employees of Avinor AS and its subsidiaries are eligible to stand for election to the company's Board. The number of employee representatives was increased at the same time from three to four after clarification with the owner. The Board thus consists of six shareholder-elected members and four representatives that are elected by and from among the employees. The percentage of women among the board members is 50 per cent.

Remuneration of the Board is determined by the General Meeting. The Board sets the Managing Director's salary.

The Board's and the Managing Director's responsibilities and duties are set out in rules of procedure for the Board and instructions to the Managing Director. The rules and instructions are reviewed and updated in the event of changes to the relevant regulations and otherwise as required. The Board determines an annual plan for its work, with a special focus on objectives, strategies and implementation.

Avinor has an independent external auditor appointed by the General Meeting based on a recommendation from the Board. The auditor participates in the Board's consideration of the annual accounts. The Group has an internal audit department that works in accordance with an audit plan approved by the Board. The audit plan is updated at least once a year and semi-annual reports are given to the Board as a minimum on the internal audit department's observations and findings. The Board established an Audit Committee in the first half of 2010. The committee will be a preparatory body for the Board and support the Board with respect to its responsibility for financial reporting, auditing, internal control and overall risk management.

The Group's subsidiaries have their own boards comprised of internal group managers and employees. The appointment of the board and the board's work in subsidiaries shall be in accordance with the Group's principles for good corporate governance.

Allocation of the profit for the year

The Board proposes the following allocation of the profit for the year:

Dividend:	NOK 504.0 million
To other reserves:	NOK 6.1 million

Oslo, 31st March 2011

Ola Mørkved Rinnan Chairman	Kristin Vangdal Vice-Chairman	Oddbjørg A. Starrfelt	Petter Jansen
Marianne Njåstein	Dag Hårstad	Christian Berge	Helge Løbergsli
Ingrid Synnøve Brendryen	Torunn Sneltvedt	Dag Falk-Petersen Managing Director	

Svalbard/Longyear
Mehamn
Berlevåg
Båtsfjord
Honningsvåg/Valan
Hammerfest
Hasvik
Vardø/Svartnes
Vadsø
Kirkenes/Høybuktmoen
Sørkjosen
Lakselv/Banak
Tromsø
Alta
Andøya/Andenes
Bardufoss
Stokmarknes/Skagen
Narvik/Framnes
Harstad-Narvik/Evenes
Leknes
Værøy
Svolvær/Helle
Røst
Bodø air traffic control center Nord
Mo i Rana/Røssvoll
Sandnessjøen/Stokka
Mosjøen/Kjærstad
Brønnøysund/Brønnøy
Rørvik/Ryum
Namsos
Ørland
Kristiansund/Kvernberget
Trondheim/Værnes
Molde/Årø
Ålesund/Vigra
Ørsta-Volda/Hovden
Sandane/Anda
Røros
Florø
Førde/Bringeland
Sogndal/Haukåsen
Fagernes/Leirin
Bergen/Flesland
Oslo/Gardermoen
Avinor's head office
Oslo air traffic control center, Røyken
Haugesund/Karmøy
Rygge
Stavanger/Sola
Sandefjord/Torp
Stavanger air traffic control center
Farsund/Lista
Kristiansand/Kjevik
Airport
Other sites with control towers and air traffic control centres
Avinor's head office

TOGETHER FOR THE AVIATION INDUSTRY OF THE FUTURE

About Avinor

Avinor helps ensure that more than 40 million air passengers can travel to and from the company's 46 airports in a safe and efficient manner. A total of 3000 employees are responsible for planning, developing and operating airports and aircraft safety systems. This includes towers and control centres, ground services and the development of service offerings at the airports. Oslo Lufthavn AS is a wholly-owned subsidiary, and Oslo lufthavn, Gardermoen alone has annual traffic of around 20 million passengers. Avinor is a state-owned limited company and financed through aviation fees and retail sales at airports.

Values and ethics

Avinor aims to facilitate safe, environmentally friendly and efficient aviation in all parts of the country. "Together for the future of aviation" is the company's vision. Avinor has chosen the behavioural values: open, responsible and dynamic. Our reputation values are: safe and punctual, driving force in Norwegian aviation, value-added services.

Social benefit

Aviation is of greater importance in Norway than most other countries, and Avinor's position is unique in many ways. Good airport coverage throughout the country means that two out of every three inhabitants have access to an airport within an hour's travel. Aviation employs between 60,000 and 65,000 people. One of Avinor's tasks is to contribute to strengthening Norway's competitiveness, and business development requires a good transport infrastructure. Avinor attaches importance to close cooperation with the authorities, regions, and industry and commerce. Aviation is also a prerequisite so that nationwide cultural and sporting events can take place. It is necessary for fast postal delivery and efficient distribution of vital spare parts to industry. Aviation is also of great importance to the globalisation of industry and commerce.

The airlines are Avinor's partners and customers, and we cooperate to give the passengers a good travel experience. Avinor's goal is to be in the top third in Europe with regard to punctuality, efficiency and service.

INCOME STATEMENT

Avinor AS				Avinor Group	
Year ended 31 December				Year ended 31 December	
2009	2010	All amounts in MNOK	Note	2010	2009
		Operating income			
2 588,5	2 751,1	Traffic income	5,23	4 319,2	4 087,7
1 168,5	1 322,4	Sales and rental income	5,23	3 542,1	3 259,8
413,8	571,0	Other operating income		9,5	8,0
4 170,8	**4 644,5**	**Total operating income**		**7 870,8**	**7 355,5**
		Operating expenses			
40,9	117,0	Raw materials and consumables used		160,6	82,7
2 274,6	2 068,2	Employee benefits expense	24	2 434,7	2 690,2
493,3	541,4	Depreciation, amortisation and impairment charges	6,7	1 090,1	999,9
1 642,9	1 708,0	Other operating expenses	25	2 476,8	2 390,9
4 451,7	4 434,6	**Total operating expenses before changes in value and other losses/ gains, net**		6 162,2	6 163,7
-280,9	**209,9**	**Operating profit/(loss) before changes in value and other losses/ gains, net**		**1 708,6**	**1 191,8**
-9,1	19,2	Changes in value and other losses/(gains) - net	10,26	36,2	-8,4
-290,0	**229,1**	**Operating profit/(loss)**		**1 744,8**	**1 183,4**
1 117,8	1 037,8	Finance income	10,27	42,2	38,4
100,4	92,9	Finance costs	10,27	367,8	362,9
1 017,4	**944,9**	**Net finance costs**		**-325,6**	**-324,5**
727,4	**1 174,0**	**Profit before income tax**		**1 419,2**	**858,9**
216,8	341,9	Income tax expense	18	411,1	254,0
510,6	**832,1**	**PROFIT FOR THE YEAR**		**1 008,1**	**604,9**
		Attributable to:			
510,6	**832,1**	**Owners of the parent**		**1 008,1**	**604,9**

STATEMENT OF COMPREHENSIVE INCOME

Avinor AS				Avinor Group	
Year ended 31 December				**Year ended 31 December**	
2009	2010	All amounts in MNOK	Note	2010	2009
510,6	**832,1**	**Profit for the year**		**1 008,1**	**604,9**
		Other comprehensive income			
315,0	-180,3	Actuarial gains/(losses) on post employment benefit obligations		-134,7	294,1
-89,9	50,5	Tax effect		37,8	-84,0
9,2	-5,2	Cash flow hedges		-32,0	15,8
-2,7	1,5	Tax effect		9,0	-4,5
231,7	**-133,6**	**Other comprehensive income for the year, net of tax**		**-120,0**	**221,4**
742,3	**698,5**	**Total comprehensive income for the year**		**888,1**	**826,3**
		Attributable to:			
742,3	698,5	Owners of the parent		888,1	826,3

BALANCE SHEET

ASSETS

Avinor				Avinor Group	
31.12.09	31.12.10	All amounts in MNOK	Note	31.12.10	31.12.09
		Non-current Assets			
		Intangible assets			
2 000,9	1 961,9	Deferred tax assets	19	2 042,5	2 140,3
60,2	47,8	Other intangible assets	7	47,8	60,2
2 061,1	**2 009,7**	**Total intangible assets**		**2 090,3**	**2 200,5**
		Property, plant and equipment			
6 368,4	7 063,7	Property, plant and equipment	6	16 672,9	15 664,5
1 429,4	1357,7	Assets under construction		2 033,4	2 135,1
7 797,8	**8 421,4**	**Total property, plant and equipment**		**18 706,3**	**17 799,6**
		Financial assets			
600,1	621	Investments in subsidiaries	8	0	0
1 546,3	1 546,3	Loans to group companies	29	0	0
6,3	17	Derivative financial instruments	10	17	7,1
1,8	1,7	Other financial assets and investments in associated companies	11	12,4	27,1
2 154,5	**2 186**	**Total financial assets**		**29,4**	**34,2**
12 013,4	**12 617,1**	**Total non-current assets**		**20 826,**	**20 034,3**
		Current Assets			
13,5	16,1	Inventories	12	16,1	13,5
935,3	1 057,6	Trade and other receivables	13	1 036,7	912,5
3,1	16,7	Derivative financial instruments	10	25,6	4,7
1 354,3	1 495,4	Cash and cash equivalents	14	1 570,4	1 418,3
2 306,2,	**2 585,8**	**Total current assets**		**2 648,8**	**2 349**
14 319,6	**15 202,9**	**TOTAL ASSETS**		**23 474,8**	**22 383,3**

Oslo, 31st March 2011

Ola Mørkved Rinnan
Chairman

Kristin Vangdal
Vice-chairman

Oddbjørg A. Starrfelt

Petter Jansen

Marianne Njåstein

Dag Hårstad

Helge Løbergsli

Ingrid Synnøve Brendryen

Torunn Sneltvedt

Christian Berge

Dag Falk-Petersen
Managing director

EQUITY AND LIABILITIES

Avinor				Avinor Group	
31.12.09	31.12.10	All amounts in MNOK	Note	31.12.10	31.12.09
		Equity			
		Restricted equity			
5 400,1	5 400,1	Share capital	15	5 400,1	5 400,1
5 400,1	**5 400,1**	**Total restricted equity**		**5 400,1**	**5 400,1**
		Retained earnings			
203,9	70,3	Other reserves	16	95,5	215,5
3 177,5	4 009,6	Other equity		5 503,4	4 495,3
3 381,4	**4 079,9**	**Total retained earnings**		**5 598,9**	**4 710,8**
8 781,5	**9 480,0**	**Total equity**		**10 999,0**	**10 110,9**
		Provisions and liabilities			
		Provisions			
1 635,5	1 614,2	Retirement benefit obligations	20	1 886,1	1 982,4
8,1	7,4	Deferred tax liabilities	19	31,7	11,2
33,0	23,1	Other provisions	21	23,9	33,8
1 676,6	**1 644,7**	**Total provisions**		**1 941,7**	**2 027,4**
		Non-current liabilities			
0,0	0,0	State loan	17	5 193,5	5 637,9
9,1	14,2	Derivative financial instruments	10	76,5	46,4
1 572,0	1 583,7	Other non-current liabilities	17	2 937,5	2 606,0
1 581,1	**1 597,9**	**Total non-current liabilities**		**8 207,5**	**8 290,3**
		Current liabilities			
338,9	290,3	Trade payables		469,2	510,1
136,1	243,6	Tax payable	18	246,2	150,1
158,0	162,3	Public duties payable		224,9	229,8
0,9	5,7	First annual instalment on long-term liabilities	17	513,5	56,1
1 646,5	1 778,4	Other current liabilities	22	872,8	1 008,6
2 280,4	**2 480,3**	**Total current liabilities**		**2 326,6**	**1 954,7**
5 538,1	**5 722,9**	**Total liabilities**		**12 475,8**	**12 272,4**
14 319,6	**15 202,9**	**TOTAL EQUITY AND LIABILITIES**		**23 474,8**	**22 383,3**

STATEMENT OF CHANGES IN EQUITY

Avinor AS	All amounts in MNOK	Share capital	Other reserves	Other equity	Total eqity
Balance at 1 January 2009		**5 400,1**	**-27,8**	**2 666,9**	**8 039,2**
Profit or loss				510,6	510,6
Other comprehensive income:					
Actuarial gains/(losses) on post employment benefit obligations			315,0		315,0
Tax effect			-89,9		-89,9
Cash flow hedges			9,2		9,2
Tax effect			-2,7		-2,7
Total comprehensive income		**0,0**	**231,7**	**510,6**	**742,3**
Transactions with owners:					
Dividends relating to 2008				0,0	0,0
Total transactions with owners		**0,0**	**0,0**	**0,0**	**0,0**
Balance at 1 January 2010		**5 400,1**	**203,9**	**3 177,5**	**8 781,5**
Profit or loss				832,1	832,1
Other comprehensive income:					
Actuarial gains/(losses) on post employment benefit obligations			-180,3		-180,3
Tax effect			50,5		50,5
Cash flow hedges			-5,2		-5,2
Tax effect			1,5		1,5
Total comprehensive income		**0,0**	**-133,6**	**832,1**	**698,5**
Transactions with owners:					
Dividends relating to 2009				0,0	0,0
Total transactions with owners		**0,0**	**0,0**	**0,0**	**0,0**
Balance at 31 December 2010		**5 400,1**	**70,3**	**4 009,6**	**9 480,0**

Avinor group	All amounts in MNOK	Share capital	Other reserves	Other equity	Total eqity
Balance at 1 January 2009		**5 400,1**	**-5,9**	**3 890,4**	**9 284,6**
Profit or loss				604,9	604,9
Other comprehensive income:					
Actuarial gains/(losses) on post employment benefit obligations			294,1		294,1
Tax effect			-84,0		-84,0
Cash flow hedges			15,8		15,8
Tax effect			-4,5		-4,5
Total comprehensive income		**0,0**	**221,4**	**604,9**	**826,3**
Transactions with owners:					
Dividends relating to 2008				0,0	0,0
Total transactions with owners		**0,0**	**0,0**	**0,0**	**0,0**
Balance at 1 January 2010		**5 400,1**	**215,5**	**4 495,3**	**10 110,9**
Profit or loss				1 008,1	1 008,1
Other comprehensive income:					
Actuarial gains/(losses) on post employment benefit obligations			-134,7		-134,7
Tax effect			37,8		37,8
Cash flow hedges			-32,0		-32,0
Tax effect			9,0		9,0
Total comprehensive income		**0,0**	**-120,0**	**1 008,1**	**888,1**
Transactions with owners:					
Dividends relating to 2009				0,0	0,0
Total transactions with owners		**0,0**	**0,0**	**0,0**	**0,0**
Balance at 31 December 2010		**5 400,1**	**95,5**	**5 503,4**	**10 999,0**

STATEMENT OF CASH FLOWS

Avinor AS				Avinor Group	
Year ended 31 December				Year ended 31 December	
2009	2010	All amounts in MNOK	Note	2010	2009
		Cash flow from operating activities			
409,8	691,0	Cash generated from operations*		2 553,5	2 631,8
-226,4	-136,1	Income tax paid		-150,0	-355,6
183,4	**554,9**	**Net cash generated from operating activities**		**2 403,5**	**2 276,2**
		Cash flow from investing activities			
-1 295,1	-1 269,8	Investments in property, plant and equipment (PPE)	6,7	-2 176,7	-2 378,1
-9,9	0,0	Purchases of PPE from other group companies		0,0	0,0
150,0	50,0	Proceeds from government grants		50,0	150,0
4,2	3,7	Proceeds from sale of PPE, including assets under construction		4,9	5,8
0,1	0,1	Change in other investments		0,2	0,7
-1 150,7	**-1 216,0**	**Net cash used in investing activities**		**-2 121,6**	**-2 221,6**
		Cash flow from financing activities			
2 300,0	10,0	Proceeds from borrowings		395,0	2 594,0
-803,4	-4,7	Repayment of borrowings		-61,6	-850,1
-60,0	0,0	Group loans		0,0	0,0
-58,8	-109,1	Interest paid		-463,2	-433,4
961,4	906,0	Net group contribution/dividend		0,0	0,0
2 339,2	**802,2**	**Net cash generated/used in financing activities**		**-129,8**	**1 310,5**
1 371,9	141,1	Net (decrease)/increase in cash, cash equivalents and bank overdrafts		152,1	1 365,1
-17,6	1 354,3	Cash, cash equivalents and bank overdrafts at beginning of year	14	1 418,3	53,2
1 354,3	**1 495,4**	**Cash, cash equivalents and bank overdrafts at end of year**		**1 570,4**	**1 418,3**

Cash generated from operations*

Avinor AS				Avinor Group	
Year ended 31 December				Year ended 31 December	
2009	2010	All amounts in MNOK	Note	2010	2009
727,4	1 174,0	Profit before income tax		1 419,2	858,9
493,3	541,4	Depreciation		1 090,1	999,9
0,0	19,5	(Profit)/loss on disposals of non-current assets		21,8	0,0
-31,2	-13,6	Changes in value and other losses/(gains) - net (unrealised)		-21,0	-27,9
122,0	-113,4	Change in inventories, trade receivables and trade payables		-129,4	92,5
63,7	-201,6	Difference between post employment benefit expense and amount paid/received		-231,1	100,3
243,0	70,0	Change in other working capital items		403,9	608,1
-1 208,4	-785,3	Change in group receivables and payables		0,0	0,0
409,8	**691,0**	**Cash generated from operations**		**2 553,5**	**2 631,8**

		In the cash flow statement, proceeds from sale of PPE comprise:		
4,2	23,2	Net book amount	26,7	5,8
0,0	-19,5	Profit/(loss) on disposals of PPE	-21,8	0,0
4,2	**3,7**	**Proceeds from disposal of PPE**	**4,9**	**5,8**

NOTES TO THE FINANCIAL STATEMENTS

Note 1: General information

Avinor AS and its subsidiaries (together 'the group') own, manage and develop aviation infrastructure and systems by facilitating safe and efficient aviation. The group also renders services within the same areas together with other activities that add to the group's main business, including commercial development. The Avinor group's headquarters are located in Oslo.

Financial statements 2010
The consolidated financial statements of the group were approved by the board of directors on the 31st of March 2011.
The board proposed a dividend of MNOK 504.0.

Note 2: Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. BASIS OF PREPARATION

The consolidated financial statements of Avinor have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The consolidated financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) recognised partly at fair value through profit or loss and partly (cash flow hedges) in other comprehensive income.

The whole of Avinor group's operations have been defined as one cash-generating unit (CGU). The group's economic model is based on the assumption that there is full cross-subsidisation between profitable and unprofitable airports as well as all areas of operations (overall system). The group has a distinct expressed objective to develop, within the overall system, commercial activities in order to provide capital for unprofitable activities (social considerations/responsibilities) and reduce the level of traffic charges. Due to this the group assess that a solution where the group's operations are evaluated as a whole, presents a true and fair view of the operations.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in particular.

New and amended standards, and interpretations to existing standards adopted by the group but not currently relevant (although may affect the accounting for future transactions and events)

IFRS 3 Business combinations (revised)
The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.
IAS 38 Intangible assets (amendment) The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

IFRIC 18 Transfers of assets from customers
The interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment or cash that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods and services. Assets received, meeting the definition of an asset, are carried at fair value, where as revenue is recognised in the period the services are provided.

2.2. CONSOLIDATION

Subsidiaries
The consolidated financial statements encompasses Avinor AS and all entities over which Avinor AS has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. As at 31 December 2010 all subsidiaries are wholly owned. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated.
Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.
The consolidated financial statements encompasses all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Associates
The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated.

2.3. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.
The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group management.

2.4. FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction, except transactions from En Route income which are translated using a fixed exchange rate.

Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate at the balance sheet date. Non-monetary assets and liabilities measured at historical cost denominated in foreign currencies are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities measured at fair value denominated in foreign currencies are translated using the exchange rate at the balance sheet date.
Foreign exchange gains and losses are recognised in the income statement. The functional currency of the group is NOK.
Foreign exchange gains and losses that relate to receivables, liabilities, cash and cash equivalents were previously presented as finance income or cost have been reclassified and presented in changes in value and other losses/(gains) net.

2.5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Land and housing are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amount to their residual values over their estimated useful lives, as follows:

Buildings	10 - 50 years
Infrastructure	5 - 50 years
Runways and other related assets	15 - 50 years
Vehicles	3 - 10 years
Other non-current assets	5 - 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.6. INTANGIBLE ASSETS

Separately acquired intangible assets are shown at historical cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Intangible assets are carried at cost less accumulated depreciation and amortisation. Internally generated intangible assets, with the exception of development costs that are directly attributable to air traffic management systems (note 7), are recognised as an expense as incured.

The useful life of an intangible asset is either finite or indefinite. Intangible assets with finite useful life are amortised using the straight-line method to allocate the cost over their estimated useful lives. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Method of amortisation and estimated useful life is reviewed at least at the end of each reporting period.Changes in method and/or estimated useful life is accounted for as changes in estimates.

Computer software

Costs associated with purchasing new computer software are recognised as an intangible asset, unless it is a part of the acquisition of hardware.
Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful life, normally 5 years. Costs associated with maintaining computer software programs or maintaining future usage of computer software programs are expensed unless the changes enhance the future usage of the program.

2.7. LEASES

(i) The group as a lessee

Finance leases

Leases where the group has substantially all the risks and rewards of ownership are classified as finance leases. Leases with contingent rents are expensed.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

(ii) The group as a lessor

Operating leases

The group presents rental assets as non-current assets in the balance sheet. Rental income is recognised in income on a straight-line basis over the period of the lease.

2.8. GOVERNMENT GRANTS

A government grant is recognised at fair value when there is reasonable assurance that the group will comply with the conditions attached to it, and that the grant will be received. Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants related to assets are presented in the statement of financial position by deducting the grant to arrive at the carrying amount of the asset.

2.9. IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment the whole group is defined as one cash generating unit (CGU).
The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the income statement.

2.10. SHARES IN SUBSIDIARIES

Shares in subsidiaries are recognised at fair value at the acquisition date and are classified as a long-term investment. The shares are assessed whether there is any indication that their carrying amount exceeds the amount to be recovered through use or sale.

2.11. FINANCIAL ASSETS

The group classifies its financial assets in the following categories: 1. At fair value through profit or loss. 2. Loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

2.11.1. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are derivatives with a positive fair value. Assets in this category are classified as current if expected realisation is within 12 months after the end of the reporting period.

2.11.2. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, excepts for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.
The group's loans and receivables comprise 'trade and other receivables' in the balance sheet.

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment loss is recognised when the loss is material and assumed to last for a longer period of time.

2.12. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

(1) Hedges of the fair value of recognised assets, liabilities or a firm commitment (fair value hedge)

(2) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge)

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of hedging derivatives is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability. The group normally defines derivatives related to borrowings as hedging derivatives and as designated and qualified for hedge accounting.

The group uses derivative financial instruments related to the purchase of energy and foreign currency. For energy, forward energy contracts are purchased at NordPool. None of these derivatives qualify for hedge accounting.

Changes in the fair value of derivatives that do not qualify for hedge accounting are, depending on whether the derivative is related to operating or financing activities, recognised in the income statement within 'changes in value and other losses/gains - net' or within 'finance cost'.Both derivatives are recognised at fair value through profit or loss.

2.12.1. Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The group only applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within 'finance costs'. Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognised in the income statement within 'finance costs'.

2.12.2. Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in the income statement within 'net finance costs'.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance costs'.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

2.13. FINANCIAL LIABILITIES

The group classifies its financial liabilities in the following categories: 1. At fair value through profit or loss. 2. Other financial liabilities. The classification depends on the purpose for which the financial liabilities were incured. Management determines the classification of its financial liabilities at initial recognition.

2.13.1 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are derivatives with a negative fair value. Assets in this category are classified as current if expected realisation is within 12 months after the end of the reporting period.

2.13.2. Other financial liabilities

Other financial liabilities are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They are included in current liabilities, excepts for maturities greater than 12 months after the end of the reporting period. These are classified as non-current liabilities.

2.14. INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

2.15. TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (overdue by more than 60 days) are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'operating expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'operating expenses' in the income statement.

2.16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.17. SHARE CAPITAL AND SHARE PREMIUM RESERVE

Ordinary shares are classified as equity.

2.18. TRADE PAYABLES

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.19. BORROWINGS

Borrowings are recognised initially at fair value. Borrowings are subsequently carried at amortised cost using the effective interest method, except for borrowings hedged with a derivative fair value hedge, which is also carried at fair value in subsequent periods.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.20. CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity,respectively.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. Deferred income tax assets are assessed against future taxable income and are evaluated separately.

2.21. EMPLOYEE BENEFITS

Pension obligations

The pension schemes are generally funded through payments to Statens Pensjonskasse (the Norwegian Public Service Pension Fund, SPK), determined by periodic actuarial calculations. The group has a defined benefit plan. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, dependent on one or more factors such as years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflow using interest rates of high-quality corporate bonds (or long-term treasury bonds) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Changes in assumptions, basic data and the benefits of the pension plan which have as an effect an accounting loss or gain will be set off against equity through other comprehensive income in the period they occur.
A change in the benefits which refers to previous periods of earning implies a change in the pension plan which is a cost related to previous periods of earning. A negative cost occurs when the benefits are changed in such a way that the present value of the projected benefits are reduced.

The pension scheme is not directly funded. The pension payments are guaranteed by the Norwegian government (Section 1 of the Pensions Act). Administration of the allocated fund (fictitious fund) is simulated as if the funds were placed in long-term government bonds.

The pension scheme is not movable in the same way as private pensions schemes and it is assumed that the pension scheme will be continued in SPK.
In the simulation it is assumed that the bonds are held to maturity. The pension fund is therefore estimated at book value.

Severance pay

Until 31 December 2005 all employees given notice were entitled to severance pay. The obligation is recognised in the financial statement at present value. of the defined benefits at the balance sheet date.

2.22. PROVISIONS

Provisions are recognised when: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. When the effect is material, provisions are determined by discounting expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions for contract losses are recognised when the group's expected income from the contract is lower than the expenses necessary to settle the contractual obligation.

2.23. REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivables for the sale of goods and services in the ordinary course of the group's activities.Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group. Revenue is recognised as follows (most of the group's revenues consist of civil aviation fees and rent from property leases):

2.23.1. Sale of aviation and real estate services

Revenue from services is recognised in the period the services are provided. Revenue from property leases is recognised in the period the services are provided, using a straight-line basis over the term of the contract. Revenue from sale of real estate property is recognised when the risk and control of the object is transferred to the buyer, normally at the time of disposal.

2.23.2. Dividend income

Dividend income is recognised when the right to receive payment is established.

2.24. DIVIDEND DISTRIBUTION

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders.

2.25. EVENTS AFTER THE REPORTING PERIOD

New information after the reporting period about conditions that existed at the end of the reporting period is recognised in the financial statement. Events after the reporting period affecting the group's future financial position are disclosed if material.

Note 3: Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management programme seeks to minimise the volatility on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments,and investment of excess liquidity.

MARKET RISK

(i) Foreign exchange risk

The group and Avinor AS are exposed to foreign exchange risk with respect to the value of NOK against other currencies caused by income and expenses in foreign currency. The group uses forward contracts to reduce the foreign exchange risk in cash flows nominated in foreign currency.

The group and Avinor AS are primarily exposed to foreign exchange risk with respect to EUR.

The group's income from en route charges are exposed to foreign exchange risk. Avinor have the risk connected to the transfer of the revenue to Norway. The period from the determination of the exchange rate to the actual payment is about three months.

Revenue in foreign currency is sold forward to the extent that it is not hedged by cash outflow in the same currency. The group also has foreign exchange risk connected to contractual payments in foreign currency. As a fundamental principle, hedging of transaction risk for contracts in foreign exchange is carried through for contracts exceeding the value of MNOK 2. Normally, forward contracts entered into do not have terms exceeding three years.

(ii) Interest rate risk

The group are exposed to interest rate risk through its financial activities (see note 17). Parts of the borrowings are issued at variable rates, which means that the group is influenced by changes in the interest rates.

The objective of the group's interest rate management is to keep the volatility of future interest costs within acceptable limits. Group policy is to maintain maximum 75% of its interest-bearing debt (excluding the fixed interest part of the State loan) and future borrowings related to board approved investment projects at a variable rate and maximum 75% at fixed rates.The group manages its effective interest exposure risk by using various interest rate swaps. At 31 december 2010 all interest rate swaps are adapted to the terms of specific loans and other conditions. When the interest rate swaps are taken into consideration, the group has 54% of its long-term borrowings based on NIBOR at a fixed rate of interest. If the fixed rate part of the State Loan is included, the group's total fixed rate part of total long-term borrowings is 82%.

At 31 December 2010 the group had interest rate swaps instruments at a face value of MNOK 1,216 (2009: MNOK 1,200), where the group receives a variable NIBOR rate and pays a fixed rate of 5.08% of face value and MNOK 425 (2009: MNOK 425) where the group receives a fixed rate of 5.77% and pays a variable 6-month interest rate based on NIBOR + 1.95%. The interest rate swaps are used to hedge against volatility in the P&L reporting as a result of changes in the interest levels. The hedged loans and the interest rate swaps agreements have similar conditions.

All interest swaps are made as a hedge against financial risks caused by fair value interest rate risk or cash flow interest rate risk. All interest swaps are carried at their fair value in the balance sheet.

The following table presents the group's sensitivity to a defined interest rate shift. The simulation takes into consideration all interest rate derivatives.

Avinor group:	Changes in interest levels in basis points	Impact on pre-tax profit (MNOK)	Impact on equity (MNOK)
2010	+50	-5,2	20,0
	-50	5,3	-20,9
2009	+50	-6,5	17,1
	-50	6,6	-18,0

Avinor AS	Changes in interest levels in basis points	Impact on pre-tax profit (MNOK)	Impact on equity (MNOK)
2010	+50	-5,9	-0,6
	-50	6,0	0,5
2009	+50	-7,4	1,3
	-50	7,7	1,3

Based on the financial instruments at 31 December 2010, the simulation shows that if the interest rate had been 0.5% higher, pre-tax profit for the year would have been MNOK 5.2 lower (2009: MNOK 6.5).

The average yield on financial instruments were as follows:	2010 (%)	2009 (%)
Overdraft	IA	IA
State Loan	4,09	4,25
Debenture Loan	5,87	5,38
Bank Loan	5,51	5,01

The figures includes interest hedging derivatives.

At 31 December 2010, Avinor AS had total borrowings amounting to MNOK 1,500.0 (2009: MNOK 1,500.0) in addition to a overdraft of MNOK 0.0 (2009: MNOK 0.0).

(iii) Power price risk
Avinor is a consumer of electrical power. Avinor has entered into financial power contracts via Nord Pool to hedge parts of its power consumption. At 31 December 2010 the majority of 2011's estimated consumption is covered by such contracts. The group does not apply hedge accounting to these contracts.
Power purchases are made in EUR. The fair value of power contracts is estimated at MNOK 30.0 (2009: MNOK 3.7) based on the exchange rate at year-end.

Sensitivity analysis at 31 December 2010:

Avinor group:	Market value 31.12.10	Impact on pre-tax profit (MNOK) as a consequence of a 20% increase in power price
	30,0	31,3

Avinor AS:	Market value 31.12.10	Impact on pre-tax profit (MNOK) as a consequence of a 20% increase in power price
	17,7	18,8

CREDIT RISK
The group's credit risks are mainly connected to airlines and air traffic-related industries.The group has credit risks attached to three main customers. There have not been any difficulties concerning settlements from these customers (se below).
The group assesses the risk that the customers cannot fulfil their obligations as moderate.
The group has guidelines to ensure that credit as a rule is granted only to customers without any previous material problems with non-payment.
The group has not made any third-party guarantees.
Maximum risk exposure is illustrated by the carried amounts of the financial assets, including derivatives in the balance sheet.
Since the opposite party in derivative trading is normally banks and the power trade exchange, the credit risk connected to derivatives is assessed as small.
The group's assessment is that the group's maximum credit exposure is illustrated by the carried amounts of trade receivables and other short-term assets (see note 13).
The group does not have any material overdue trade receivables. (See note 13)

Creditworthiness in trade receivables and intra-group accounts in detail
Credit risk in non-due financial instruments which have not been written down, may be evaluated by external sources (if available) or based on a previous negative credit records.

Classification of historical information (unimpaired trade receivables)
*Group 1 - new customers/related parties (in the last six months)
*Group 2 - existing customers/related parties (for more than six months) with no history of default
*Group 3 - existing customers/related parties (for more than six months) with a history of default. All amounts have been paid in full after the defaults.

All intra-groups accounts and the major part of customer receivables are classified in group 2.
No financial assets have been renegotiated during the last financial year. No part of the loans to related parties is overdue or impaired.

LIQUIDITY RISK
Liquidity risk is the risk that the group will not be able to meet its financial obligations when they are due. The group strategy is to meet the risk by having sufficient funds available at any time to be able to fulfil the financial obligations when they are due, both under normal or extraordinary circumstances, without risking unacceptable losses. Unused credit facilities are described in note 14.
The table below analyses the maturity structure of the group's financial obligations, based on contractual undiscounted cash-flow. In the case where the opposite party may demand an earlier payment, the amount is presented in the earliest period the payment may be demanded. If payment may be demanded on request, the obligations are included in the first column (less than 1 month):

Avinor group	Less than 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
			Remaining period*			
31-12-10						
State, bond and bank borrowings*	10,4	24,2	826,3	4 491,1	5 902,0	11 254,0
Other commitments	1,9	3,5	14,4	18,2	5,4	43,4
Trade payables	252,7	216,5	0,0	0,0	0,0	469,2
31-12-09	0,0	22,8	389,8	4 324,8	6 180,8	10 918,3
State, bond and bank borrowings*	2,4	4,8	16,0	23,8	9,0	56,0
Other commitments	282,0	228,1	0,0	0,0	0,0	510,1
Trade payables						

* derivatives included

Avinor AS	Less than 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
			Remaining period*			
31.12.10						
State, bond and bank borrowings*	0,8	2,6	92,0	1 379,3	426,2	1 900,1
Other commitments	1,8	3,3	13,7	17,4	5,4	41,6
Trade payables	156,0	134,3	0,0	0,0	0,0	290,3
31.12.09						
State, bond and bank borrowings*	0,0	2,8	71,3	1 413,8	426,4	1 914,3
Other commitments	2,6	4,8	16,0	23,7	9,0	55,9
Trade payables	175,8	163,1	0,0	0,0	0,0	338,9

* derivatives included

See note 17 for information about long-term loans.

In addition to the refinancing of the borrowings decribed above, the group will require financing of the new airport terminal at Gardermoen.
In the next 7- 8 years the group will require a gross financing of about MNOK 15. The gross financing requirment includes refinancing of existing borrowings as described above, the building of a new terminal at Gardermoen and other planned investment activities.

Other information
The fair value of derivatives designated as hedging instruments is presented as a current asset/short-term debt or financial asset/long-term debt depending upon the maturity date of the corresponding hedged item. The interest swaps have terms between 0.5 and 10 years.

CAPITAL STRUCTURE AND EQUITY
The main objective of the group's management of capital structure is to ensure that the group main business objectives are reached within sound financial limits. The paramount financial objectives (sound financial limits) are the following:

1. Return on investment: 7.6 per cent
2. Equity ratio: 40 per cent
3. Net asset value shall minimum be equal to the carried value of equity.

The group manages its capital structure and makes necessary adjustments based on a continuing evaluation of the existing economic business climate and the outlook in the short- and medium-term.
Existing borrowings have covenants regarding amount of equity. Existing borrowings in the form of a revolving credit facility and bonds require that the group's equity shall not fall below 40 per cent of gross interest-bearing debt and equity.

Article 11 of the company's Articles of Association lays down the following financial limitation: Long-term borrowings for the funding of long-term assets may be raised within a limit which ensures that the group's equity does not fall at any time below 40 per cent of the carrying amount of the group's long-term interest-bearing debt plus equity.
Net interest-bearing debt is defined as interest-bearing debt (short- and long-term) plus payables less cash. Equity consists of restricted equity and retained earnings.

Avinor Group:	2010	2009
Interest-bearing debt	8 644,5	8 300,0
Cash and cash equivalents	-1 570,4	-1 418,3
Net debt	7 074,1	6 881,7
Equity	10 999,0	10 110,9
Sum equity and net debt	**18 073,1**	**16 992,6**
Gearing ratio	**39,1 %**	**40,5 %**
Equity ratio	**60,9 %**	**59,5 %**

Avinor AS		
	2010	2009
Interest-bearing debt	1 589,4	1 572,9
Cash and cash equivalents	-1 495,4	-1 354,3
Net debt	94,0	218,6
Equity	**9 480,0**	**8 781,5**
Sum equity and net debt	**9 574,0**	**9 000,1**
Gearing ratio	**1,0 %**	**2,4 %**
Equity ratio	**99,0 %**	**97,6 %**

In Report No 48 (2008-2009) to the Storting, the Ministry of Transport and Communications evaluated the State's required rate of return on investment and concluded that the requirement needs further consideration. The previous required rate of return was 6.45 per cent after tax, see Report no 15 (2006-2007) to the Storting.

FAIR VALUE ESTIMATION

The fair value of foreign exchange forward contracts is based on market value at the balance sheet date.
The fair value of all the above mentioned financial derivatives is confirmed by the financial institutions which are the company's opposite party in the financial contracts entered into.
The following financial instruments are not valued at fair value: cash and cash equivalents, receivables, other short-term assets, bank overdrafts and long-term debt. The carrying amount of cash and bank overdrafts is approximately equal to the fair value of these instruments as they fall due in a short period of time. Similarly, the carrying amount of receivables and payables is approximately equal to fair value as they are entered into under "normal" conditions.
The fair value of long-term debt is based on quoted market prices or on the interest rates for debt with corresponding terms and similar credit risk.
Below is a comparison of the carrying amounts and fair values of the group's financial instruments

	2010		2009	
Avinor group:	Carrying amount	Fair value	Carrying amount	Fair value
Interest-bearing debt				
State loan	5 637,9	5 776,3	5 637,9	5 603,0
Bonds	1 519,1	1 577,0	1 508,7	1 572,0
Bank borrowings	1 417,2	1 417,2	1 089,2	1 089,2

The table below show financial instruments at fair value by level of the following fair value measurement hierarchy:
*Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
*Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
*Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the group's assets and liabilities that are measured at fair value at 31 December 2010:

Avinor group:	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss	21,8	20,9	0,0	42,7
Derivatives used for hedging	0,0	0,0	0,0	0,0
Total assets	21,8	20,9	0,0	42,7
Liabilities				
Financial liabilities at fair value through profit or loss	0,0	7,0	0,0	7,0
Derivatives used for hedging	0,0	69,5	0,0	69,5
Bonds	0,0	444,1	0,0	444,1
Total liabilities	0,0	520,6	0,0	520,6

Note 4: Critical accounting estimates and judgements

In preparing the financial statements in accordance with IFRS the management has used estimates based on judgements and assumptions believed to be reasonable under the circumstances. There may be situations or changes in the market conditions that may result in changes in estimates, and thereby have consequences for the company's assets, liabilities, equity and results.

Critical accounting estimates and judgements
The company's most significant accounting estimates and judgements are related to the following items:
• Deferred taxes
• Estimated impairment of property, plant and equipment
• Net pension obligation

Critical judgements in applying the entity's accounting practises
Net deferred tax asset
The group assesses the net deferred tax asset separately in accordance with the rules in IAS 12. The group has significant temporary differences between the carrying amounts of assets and liabilities and its tax base (see note 19). This has resulted in a significant deferred tax asset.
An analysis made of the group's tax position shows that it is probable that this asset may be utilised by the group.

IImpairment test
The group follows the guidance of IAS 36 to determine when the group's assets are impaired. The group is identified as one cash-generating unit (CGU)(see note 2.1). The test requires a great degree of professional judgement. Among other things, an assessment has to be made of how long a period of time the impairment will last ast and the difference between the fair value and the carrying amount, in addition to the financial position and expected development in the market, including operating and financing cash flows. See note 6.

Net pension obligation
The value of net pension obligations is determined on an actuarial basis using a number of assumptions. These include, among others, the discount rate, future salary increases, regulation of pensions, estimated return on pension funds, and demographic assumptions about disability and mortality experience. The assumptions are based on verifiable market prices and the historical development in the company and in the rest of society. Changes in the assumptions will have material effect on the estimated pension obligation-/cost. An increase in the discount rate of 1 per cent would have decreased the pension cost and gross pension obligation by approximately 25-30 per cent.
Changes in the the National Insurance Scheme are implemented from January 1 2011. However, the coordination regulations connected to SPK have not been established for persons born in 1954 and thereafter. In addition the regulations concerning disabilility and dependent's pensions have not been established.
The regulations will be implemented in the accounts as soon as they are established.

Note 5: Segment information

Amount in MNOK
The Avinor group operates 46 airports in Norway including Oslo Airport Gardermoen. Operations also include air traffic control towers, control centres and technical infrastructure for aircraft navigation.
The operating segments are determined based on the reports used by the group management to evaluate presentations and profitability at a strategic level. The segment information shows the operating profit/(loss) distributed according to the internal organising of the group. For management purpose the group is organised in one air navigation services division, two airport divisions and Oslo Lufthavn. The airport divisions and Oslo Lufthavn are organised according to airport size. With effect from 1st of June 2010, the internal organising of the group was changed. The segment information is restated in accordance with the new organisation.

The segment information provided to the group management for the reportable segments for the year ended 31 December 2010 is as follows:

Avinor group as at 31 December 2010:

	Oslo Airport	Other large airports	Medium and small airportsr	Air Navigation Services	Others	Elimination	Total
Traffic income	1 568,0	1 110,9	737,2	903,0	0,0		4 319,2
Other income	2 180,9	818,9	381,9	167,0	2,9		3 551,6
Inter-segment income	67,9	82,9	33,4	713,2	597,8	-1 495,1	0,0
Total income	**3 816,8**	**2 012,7**	**1 152,5**	**1 783,2**	**600,7**	**-1 495,1**	**7 870,8**
Employee benefits expense	366,0	256,5	706,4	1 183,5	-77,6		2 434,7
Depreciation and amortisation	496,2	177,2	285,3	89,2	24,5		1 072,4
Other operating expenses	864,1	416,9	757,4	371,4	191,3		2 601,1
Inter-segment expenses	596,2	292,4	488,7	73,4	44,5	-1 495,1	0,0
Total expenses	**2 322,5**	**1 143,0**	**2 237,8**	**1 717,5**	**182,7**	**-1 495,1**	**6 108,3**
NET INCOME/(EXPENSE)	**1 494,4**	**869,7**	**-1 085,3**	**65,7**	**418,0**	**0,0**	**1 762,5**
Group adjustments depreciation (a)	164,7	-65,8	-115,5	0,0	-1,1		-17,7
Group adjustments lease (b)	375,0				-375,0		0,0
OPERATING PROFIT/(LOSS)	**2 034,1**	**803,9**	**-1 200,8**	**65,7**	**41,9**	**0,0**	**1 744,8**
Assets	**7 103,7**	**3 682,0**	**5 222,7**	**580,3**	**132,0**		**16 720,7**

The segment information provided to the group management for the reportable segments for the year ended 31 December 2009 is as follows:

Avinor group as at 31 December 2009:	Oslo Airport	Other large airports	Medium and small airportsr	Air Navigation Services	Others	Elimination	Total
Traffic income	1 499,2	1 059,1	703,3	826,1	0,0		4 087,6
Other income	2 072,1	751,6	338,8	103,4	2,0		3 267,9
Inter-segment income	66,6	71,0	37,2	720,7	418,0	-1 313,6	0,0
Total income	**3 637,9**	**1 881,7**	**1 079,3**	**1 650,2**	**420,0**	**-1 313,6**	**7 355,5**
Employee benefits expense	415,6	240,3	713,7	1 157,5	163,0		2 690,2
Depreciation and amortisation	464,8	143,2	262,8	84,9	26,5		982,2
Other operating expenses	856,3	371,9	692,0	327,7	234,1		2 482,0
Inter-segment expenses	441,3	287,4	484,8	63,5	36,5	-1 313,6	0,0
Total expenses	**2 178,0**	**1 042,8**	**2 153,4**	**1 633,6**	**460,2**	**-1 313,6**	**6 154,3**
NET INCOME/(EXPENSE)	**1 459,9**	**838,9**	**-1 074,1**	**16,7**	**-40,2**	**0,0**	**1 201,1**
Group adjustments depreciation (a)	164,7	-65,8	-115,5	0,0	-1,1		-17,7
Group adjustments lease (b)	236,8				-236,8		0,0
OPERATING PROFIT/(LOSS)	**1 861,4**	**773,1**	**-1 189,6**	**16,7**	**-278,1**	**0,0**	**1 183,4**
Assets	**6 797,3**	**3 288,7**	**5 132,0**	**382,7**	**124,0**		**15 724,7**

(a) Group adjustments due to assessment of the opening balance as at 1 January 2003.

(b) The lease on the land at Gardermoen is attributed to Oslo Lufthavn AS in the segment reporting.
Non-current liabilities comprise the Oslo Lufthavn AS state loan, Avinor AS bond and separate financing of hotels and car parks.Debt is not used by the group management as a control parameter at the segment level. The financing of the group is carried out by a central treasury department (group treasury) in accordance

with guidelines approved by the board of directors.
Sales between segments are carried out at arm's length. The revenue from external parties reported to group management is measured in a manner consistent withthat in the income statement. Risk management is carried out by group treasury under policies approved by the board of directors.Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. Principles are laid down for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Note 6: Property, plant and equipment

Amount in MNOK

Avinor AS	Land	Buildings	Runways and other related assets	Vehicles	Furniture, fittings and equipment	Infra-structure"	Total	Assets under con-struction	Total property, plant and equipment
At 1 January 2009									
Cost	613,9	2 486,1	1 779,3	404,1	1 438,1	204,5	6 926,0	1 916,3	8 842,3
Accumulated depreciation	0,0	446,0	308,3	118,3	702,8	56,7	1 632,1	0,0	1 632,1
Net book amount	**613,9**	**2 040,1**	**1 471,0**	**285,8**	**735,3**	**147,8**	**5 293,9**	**1 916,3**	**7 210,2**
Year ended 31 December 2009									
Opening net book amount	613,9	2 040,1	1 471,0	285,8	735,3	147,8	5 293,9	1 916,3	7 210,2
Additions	38,4	545,2	457,1	52,5	327,0	139,5	1 559,7	1 180,8	2 740,5
Government grants	0,0	0,0	0,0	0,0	0,0	0,0	0,0	-108,0	-108,0
Disposals	0,0	-1,8	-0,1	-0,1	-2,2	-0,1	-4,3	-1 559,7	-1 564,0
Depreciation charge	0,0	127,8	88,0	31,7	203,1	30,3	480,9	0,0	480,9
Closing net book amount	**652,3**	**2 455,7**	**1 840,0**	**306,5**	**857,0**	**256,9**	**6 368,4**	**1 429,4**	**7 797,8**
At December 2009									
Cost	652,3	3 029,2	2 235,5	456,2	1 756,3	343,8	8 473,3	1 429,4	9 902,7
Accumulated depreciation	0,0	573,5	395,5	149,7	899,3	86,9	2 104,9	0,0	2 104,9
Net book amount	**652,3**	**2 455,7**	**1 840,0**	**306,5**	**857,0**	**256,9**	**6 368,4**	**1 429,4**	**7 797,8**
Year ended 31 December 2010									
Opening net book amount	652,3	2 455,7	1 840,0	306,5	857,0	256,9	6 368,4	1 429,4	7 797,8
Additions	24,6	248,6	496,1	59,2	344,1	74,9	1 247,5	1 267,8	2 515,3
Government grants	0,0	0,0	0,0	0,0	0,0	0,0	0,0	-92,0	-92,0
Disposals	0,0	-20,9	-0,1	-0,3	-1,9	0,0	-23,2	-1 247,5	-1 270,7
Depreciation charge	0,0	149,9	98,7	34,7	203,9	41,8	529,0	0,0	529,0
Closing net book amount	**676,9**	**2 533,5**	**2 237,3**	**330,7**	**995,3**	**290,0**	**7 063,7**	**1 357,7**	**8 421,4**
At 31 December 2010									
Cost	676,9	3 246,7	2 731,5	514,3	2 078,0	418,7	9 666,1	1 357,7	11 023,8
Accumulated depreciation	0,0	713,2	494,2	183,5	1 082,8	128,7	2 602,4	0,0	2 602,4
Net book amount	**676,9**	**2 533,5**	**2 237,3**	**330,8**	**995,2**	**290,0**	**7 063,7**	**1 357,7**	**8 421,4**

Avinor group:	Land	Buildings	Runways and other related assets	Vehicles	Furniture, fittings and equipment	Infra-structure	Total	Assets under construction	Total property, plant and equipment
At 1 January 2009									
Cost	1 751,4	8 676,0	4 140,7	615,6	3 468,5	935,5	19 587,8	2 713,7	22 301,5
Accumulated depreciation	0,0	1 740,7	1 072,5	279,4	2 150,9	359,4	5 602,9	0,0	5 602,9
Net book amount	**1 751,4**	**6 935,3**	**3 068,3**	**336,2**	**1 317,6**	**576,1**	**13 984,9**	**2 713,7**	**16 698,6**
Year ended 31 December 2009									
Opening net book amount	1 751,4	6 935,3	3 068,3	336,2	1 317,6	576,1	13 984,9	2 713,7	16 698,6
Additions	39,8	1 220,6	624,7	88,3	534,7	163,2	2 671,3	2 200,7	4 872,0
Government grants	0,0	0,0	0,0	0,0	0,0	0,0	0,0	-108,0	-108,0
Disposals	0,0	-1,8	-0,1	-0,1	-2,2	-0,1	-4,1	-2 671,3	-2 675,4
Depreciation charge	0,0	395,1	177,4	46,6	300,4	68,1	987,6	0,0	987,6
Closing net book amount	**1 791,2**	**7 759,0**	**3 515,5**	**377,8**	**1 549,7**	**671,1**	**15 664,5**	**2 135,1**	**17 799,6**
At 31 December 2009									
Cost	1 791,2	9 894,5	4 764,5	700,3	3 990,0	1 098,5	22 239,0	2 135,1	24 374,1
Accumulated depreciation	0,0	2 135,5	1 249,1	322,5	2 440,3	427,4	6 574,5	0,0	6 574,5
Net book amount	**1 791,2**	**7 759,0**	**3 515,4**	**377,8**	**1 549,7**	**671,1**	**15 664,5**	**2 135,1**	**17 799,6**
Year ended 31 December 2010									
Opening net book amount	1 791,2	7 759,0	3 515,4	377,8	1 549,7	671,1	15 664,5	2 135,1	17 799,6
Additions	28,8	847,2	585,4	82,4	482,9	86,4	2 113,1	2 103,4	4 216,5
Government grants	0,0	0,0	0,0	0,0	0,0	0,0	0,0	-92,0	-92,0
Disposals	0,0	-24,3	-0,1	-0,6	-2,0	0,0	-27,0	-2 113,1	-2 140,1
Depreciation charge	0,0	438,4	194,6	45,0	321,0	78,7	1 077,7	0,0	1 077,7
Closing net book amount	**1 820,0**	**8 143,5**	**3 906,1**	**414,6**	**1 709,6**	**678,8**	**16 672,9**	**2 033,4**	**18 706,3**
At 31 December 2010									
Cost	1 820,0	10 706,4	5 349,9	771,7	4 445,5	1 184,9	24 278,7	2 033,4	26 312,1
Accumulated depreciation	0,0	2 562,9	1 443,8	357,1	2 735,9	506,1	7 605,8	0,0	7 605,8
Net book amount	**1 820,0**	**8 143,5**	**3 906,1**	**414,6**	**1 709,6**	**678,8**	**16 672,9**	**2 033,4**	**18 706,3**

Estimated useful life	NA	10 - 50 years	15 - 50 years	10 - 20 years	5 - 15 years	5 - 40 years
Method of depreciation		Straight-line	Straight-line	Straight-line	Straight-line	Straight-line

GOVERNMENT GRANTS

Pursuant to Proposition No. 91 (2008-2009) to the Storting and Recommendation 31S (2009-2010) approved by the Storting on 10 November 2009, Avinor AS received an extraordinary government grant of MNOK 50.0 in 2010 and MNOK 150.0 in 2009 for safety investments at small regional airports. The grants are recognised as a deduction of the cost price of the relevant safety investments.

BORROWING COSTS

Property plant and equipment includes borrowing costs when the construction period of the asset is longer than one year and the cost of the asset is more than MNOK 50.0. Capitalised borrowing costs amounted to MNOK 40.6 in 2010 and MNOK 49.1 in 2009. The average capitalisation rate for 2010 was 5.50 per cent (2009:4.96 per cent).

SECURITY

Bank borrowings are secured on land and buildings for the value of MNOK 851.5 (2009: MNOK 540.9).
Under Avinor AS's Articles of Association, assets from basic operations cannot be pledged as security.

LEASES
The group and Avinor AS are the lessee of runways under a finance lease. The rent is contingent and is therefore, in accordance with IAS 17, not recognised as an asset and as a liability in the financial statement.

BASIS FOR MEASUREMENT OF RECOVERABLE AMOUNT
As a result of observed changes in the market for Avinor's services, it was assumed at 31 December 2008 that there was a risk that the group's assets were carried at more than their recoverable amount. In accordance with existing accounting policies the group's assets were therefore tested for impairment. As a result of positive development in 2009 and 2010, there is no indication of impairment at year-end, but due to the materiality of the group's assets and a future high investment level, impairment tests are carried out regularly.
The whole of Avinor group's operations have been defined as one cash-generating unit (CGU). The group's economic model is based on the assumption that there is full cross-subsidisation between profitable and unprofitable airports as well as all areas of operations (overall system). There is a distinct expressed objective to develop, within the overall system, commercial activities in order to provide capital for unprofitable activities (social considerations/responsibilities) and reduce the level of traffic charges. Due to this it is the group's assessment that a solution where the group's operations are evaluated as a whole, presents a true and fair view of the operations.

An impairment loss is recognised if the recoverable amount of the group's assets is less than its carrying amount. The recoverable amount is the highest of the cash-generating unit's fair value less cost to sell and its value in use. The group estimates both fair value and value in use based on the present value of future cash flows. Value in use is the present value of future cash flows derived from existing assets (without improving or enhancing the performance of these assets).

The group operates in its entirety in Norway and the present value of future cash flow is therefore estimated in NOK. The future cash flow is then discounted based on an weighted average discount rate relevant for the group's type of operations. The rate of return is based on 10-year Norwegian government securities adjusted for the group's business risk. The expense related to the debt ratio part of the weighted average rate of return is based on the average market rate for the group.
In the present value estimate for 2010 the discount rate is 7.6 per cent after tax.

As at 31 December 2010 the measurement of recoverable amount is estimated based on fair value less cost to sell. Fair value is estimated based on future cash flows from operations, including future capacity increasing activities such as OSL Terminal 2 and expansion of the terminals at Flesland and Værnes.

The valuation is based on several assumptions. The main assumptions used in the estimation of recoverable amount are (2009 figures in brackets).

All figures in per cent	2010	2011	2012	2013	2014	2015
GDP (Norwegian mainland)	2,2 (2,0)	2,2 (2,7)	3,4 (2,7)	3,5 (3,0)	2,5 (3,0)	2,5 (2,5)
Passenger growth	4,3 (2,9)	6,5 (3,1)	2,6 (2,8)	2,2 (2,9)	1,9 (3,1)	2,0 (2,4)
Consumer price index	2,7 (1,7)	1,8 (1,3)	1,5 (2,0)	2,2 (2,7)	2,6 (2,5)	2,5 (2,5)

	2016	2017	2018	2019	2020	2021 - 2025
GDP (Norwegian mainland)	2,5 (2,5)	2,5 (2,5)	2,5 (2,5)	2,5 (2,5)	2,5 (2,5)	2,5 (2,5)
Passenger growth	2,6 (2,4)	2,5 (2,5)	2,7 (2,6)	2,7 (2,6)	2,7 (2,7)	2,1 (2,7-3,0)
Consumer price index	2,5 (2,5)	2,5 (2,5)	2,5 (2,5)	2,5 (2,5)	2,5 (2,5)	2,5 (2,5)

There is close correlation between GDP (Norwegian mainland) and passenger growth.
The estimates are based on real growth in expenses.
The estimates include expected investments based on the group's long-term investment plan, including existing public regulations.
The expected value of operations past fifteen years is determined as a terminal value. The terminal value is based on the assumption of a constant growth of 2.5 per cent and an estimated normalised investment level
As at 31 December 2010 there are no indications that the recoverable amount is less than the carrying amount

Measurement of recoverable amount - sensitivities
As indicated in the table above, the estimation of recoverable amount is based on assumptions concerning future development in several areas.
In addition to the assumptions mentioned above, recoverable amount is also affected by investment in assets and interests. As a result, there will be some level of uncertainty concerning the outcome of the estimates. The group has calculated the sensitivities of changes in different assumptions and the effect on recoverable amount. Compared with the assumption used in the estimation of present value the recoverable amount will be most sensitive when it comes to future changes in:

Pax: A change of 1 per cent compared with assumed growth will result in a change in recoverable amount of +/- MNOK 1,220 (2009: +/- MNOK 1,150)
Traffic charges: A change of 1 per cent compared with assumed growth will result in a change in recoverable amount of +/- MNOK 750 (2009: +/- MNOK 770)
Discount rate: A change of 1 per cent compared with the discount rate applied will result in a change in the recoverable amount of MNOK +11,130/-7,260 (2009: MNOK +6,220/-4,091)
Cost increases: A change of 1 per cent compared with assumed growth will result in a change in the recoverable amount of +/- MNOK 940 (2009: MNOK +/- 980)

Note 7: Intangible assets

Amount in MNOK

Avinor AS/Avinor group:

Air traffic management systems (Natcon)

At 1 January 2009	
Cost	130,7
Accumulated amortisation and impairment	58,1
Net book amount	**72,6**
Year ended 31 December 2009	
Opening net book amount	72,6
Additions	0,0
Amortisation charge	12,4
Closing net book amount	**60,2**
At 31 December 2009	
Cost	130,7
Accumulated amortisation and impairment	70,5
Net book amount	**60,2**
Year ended 31 December 2010	
Opening net book amount	60,2
Additions	0,0
Amortisation charge	12,4
Closing net book amount	**47,8**
At 31 December 2010	
Cost	130,7
Accumulated amortisation and impairment	82,9
Net book value	**47,8**

Estimated useful life	10 years
Method of depreciation	Straight-line

Note 8: Subsidiaries

Amount in MNOK

The consolidated financial statement of the group includes the following subsidiaries:

	Home country	Business office	Main business	Ownership/ voting shares	Book value	Total equity as at 31 December 2010	Profit for the year 2010
Directly owned subsidiaries							
Oslo Lufthavn AS	Norway	Ullensaker	**Airport operations**	100 %	467,9	1 204,9	809,6
Avinors Parkeringsanlegg AS	Norway	Oslo	**Parking**	100 %	109,6	110,6	8,0
Flesland Eiendom AS	Norway	Oslo	**Real estate**	100 %	16,9	14,6	4,1
Værnes Eiendom AS	Norway	Oslo	**Real estate**	100 %	25,4	15,4	-5,5
Sola Hotel Eiendom AS	Norway	Oslo	**Real estate**	100 %	1,3	6,1	0,3
Total					**621,1**	**1 351,6**	**816,5**

Indirectly owned subsidiaries:	Home country	Business office	Main business	Ownership/ voting shares	Book value	Total equity as at 31 December 2010	Profit for the year 2010
Oslo Lufthavn Eiendom AS	Norway	Ullensaker	**Real estate**	100 %	89,8	168,3	38,2
Sum					**89,8**	**168,3**	**38,2**

Note 9: Financial instruments by category

Amount in MNOK

Avinor AS:

31 December 2010	Loans and receivables	Assets at fair value through the profit and loss	Derivatives used for hedging	Total
Assets as per balance sheet				
Loans and receivables to group companies	2 002,7			2 002,7
Derivative financial instruments		33,7		33,7
Other financial assets	1,7			1,7
Trade receivables	539,8			539,8
Other receivables	61,5			61,5
Cash and cash equivalents	1 495,4			1 495,4
Total	**4 101,1**	**33,7**	**0,0**	**4 134,8**

	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities	Total
Liabilities as per balance sheet				
State loan				0,0
Loans and payables to group companies			1 122,8	1 122,8
Derivative financial instruments		14,2		14,2
Other long-term liabilities			1 583,7	1 583,7
Total	**0,0**	**14,2**	**2 706,5**	**2 720,7**

31 December 2009	Loans and receivables	Assets at fair value through the profit and loss	Derivatives used for hedging	Total
Assets as per balance sheet				
Loans and receivables to group companies	1 953,3			1 953,3
Derivative financial instruments		9,4		9,4
Other financial assets	1,8			1,8
Trade receivables	449,1			449,1
Other receivables	79,2			79,2
Cash and cash equivalents	1 354,3			1 354,3
Total	**3 837,7**	**9,4**	**0,0**	**3 847,1**

	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities	Total
Liabilities as per balance sheet				
State loan				0,0
Loans and payables to group companies			923,7	923,7
Derivative financial instruments		9,1		9,1
Other long-term liabilities			1 572,0	1 572,0
Total	**0,0**	**9,1**	**2 495,7**	**2 504,8**

Avinor group:

31 December 2010	Loans and receivables	Assets at fair value through the profit and loss	Derivatives used for hedging	Total
Assets as per balance sheet				
Derivative financial instruments		42,6		42,6
Other financial assets	12,4			12,4
Trade receivables	897,6			897,6
Other receivables	139,1			139,1
Cash and cash equivalents	1 570,4			1 570,4
Total	**2 619,5**	**42,6**	**0,0**	**2 662,1**

	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities	Total
Liabilities as per balance sheet				
State loan			5 193,5	5 193,5
Derivative financial instruments	7,0	69,5		76,5
Other long-term liabilities			2 937,5	2 937,5
Total	**7,0**	**69,5**	**8 131,0**	**8 207,5**

31 December 2009	Loans and receivables	Assets at fair value through the profit and loss	Derivatives used for hedging	Total
Assets as per balance sheet				
Derivative financial instruments		11,0	0,8	11,8
Other financial assets	27,1			27,1
Trade receivables	781,3			781,3
Other receivables	131,2			131,2
Cash and cash equivalents	1 418,3			1 418,3
Total	**2 357,9**	**11,0**	**0,8**	**2 369,7**

	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities	Total
Liabilities as per balance sheet				
State loan			5 637,9	5 637,9
Derivative financial instruments	7,7	38,7		46,4
Other long-term liabilities			2 616,1	2 616,1
Total	**7,7**	**38,7**	**8 254,0**	**8 300,4**

For information on the credit quality of financial assets - see note 3.

Note 10: Derivative financial instruments

Amount in MNOK

	Avinor AS			Avinor group		
Assets	2010	2009	Movement	2010	2009	Movement
Interest rate swaps	17,0	6,3	10,7	17,0	7,1	9,9
Forward foreign exchange contracts	3,9	0,9	3,0	3,9	0,9	3,0
Forward energy contracts	12,8	2,3	10,6	21,7	3,8	17,9
	33,7	**9,4**	**24,3**	**42,6**	**11,8**	**30,8**
Liabilities	2010	2009	Movement	2010	2009	Movement
Interest rate swaps	14,2	9,1	5,1	76,5	46,4	30,1
Forward foreign exchange contracts	0,0	0,0	0,0	0,0	0,0	0,0
Forward energy contracts	0,0	0,0	0,0	0,0	0,0	0,0
	14,2	**9,1**	**5,1**	**76,5**	**46,4**	**30,1**
Net movement			**19,2**			**0,7**

DETAILS OF NET MOVEMENT:

	Avinor AS	Avinor group
Changes in value and other losses/(gains) - net (note 26)	13,6	21,0
Interest rate swaps - recognised in finance income (note 27)	0,0	0,0
Interest rate swaps - recognised in finance costs (note 27)	10,7	11,5
Interest rate swaps - recognised in other comprehensive income	-5,2	-32,0

All interest rate swaps, with the exception of one fair value hedge, are designated as cash flow hedges.

Forward foreign exchange and energy contracts are not defined as hedge accounting and are classified as a current asset and/or liability.

Interest rate swaps are defined as hedge accounting instruments and the fair value of the hedging instrument is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. The ineffective portion of the hedge is recognised in the income statement.

The notional principal amount of the outstanding forward foreign exchange contracts at 31 December 2010 was MNOK 144 (2009: MNOK 149).
The notional principal amount of the outstanding forward energy contracts at 31 December 2010 was MNOK 156 (2009: MNOK 46).

The notional principal amount of the outstanding interest rate swaps contracts at 31 December 2010 were MNOK 1,216 (2009: MNOK 1,200).
At 31 December 2010, the fixed interest rates vary from 4.30% to 7.59% (2009: 4.31% to 7.59%). The main floating rate is NIBOR.Gains and losses recognised in the hedging reserve in equity (note 16) on interest rate swap contracts as of 31 December 2010 will be continuously released to the income statement until the repayment of the bank borrowings (note 17).
The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the balance sheet.

Note 11: Other financial assets and investments in associated companies

Amount in MNOK

	Avinor AS		Avinor group	
	2010	2009	2010	2009
Other non-current receivables	1,7	1,8	10,8	25,5
Total	**1,7**	**1,8**	**10,8**	**25,5**

	Avinor AS		Avinor konsern	
Investment in associated companies:	2010	2009	2010	2009
Oslo Lufthavn Tele & Data AS (50%)	0,0	0,0	1,6	1,6
Total	**0,0**	**0,0**	**1,6**	**1,6**
TOTAL	**1,7**	**1,8**	**12,4**	**27,1**

OTHER NON-CURRENT RECEIVABLES

Other non-current receivables are non-derivative financial assets with fixed payments that are not quoted in an active market. Fair value of other financial assets are substantially identical with book value.

Investment in associates	2010	2009
At 1 January	1,6	1,6
Share of profit before income tax	1,0	1,8
Other equity movements	-1,0	-1,8
At 31 December	**1,6**	**1,6**

12.Inventories

Amounts in MNOK

	Avinor AS		Avinor group	
	2010	2009	2010	2009
Goods for resale	16,1	13,5	16,1	13,5
Total	**16,1**	**13,5**	**16,1**	**13,5**

The inventories consist mainly of tax-free goods for resale and fuel for airplanes.

Note 13: Trade and other receivables

Beløp i MNOK

Trade receivables	2010	Avinor AS 2009	2010	Avinor group 2009
Trade receivables	544,9	451,3	903,1	783,8
Less: Provision for impairment of trade receivables	-5,1	-2,2	-5,5	-2,5
Trade receivables - net	**539,8**	**449,1**	**897,6**	**781,3**
Receivables written off during the year	**1,8**	**0,5**	**2,6**	**1,2**

The fair value of trade receivables is approximately equal to the carrying amount.
Loss on trade receivables is classified as other operating expense in the income statement.

Movement in the provision for impairment of trade receivables is as follows:	2010	Avinor AS 2009	2010	Avinor group 2009
At 1 January	2,2	3,7	2,5	3,7
Provision for receivables impairment	7,0	2,2	8,2	3,2
Receivables written off during the year as uncollectible	-1,8	-0,5	-2,7	-1,2
Unused amounts reversed	-2,2	-3,2	-2,5	-3,2
At 31 December	**5,1**	**2,2**	**5,5**	**2,5**

Credit risk and foreign exchange risk are described in note 3.

At 31 December the aging of the company's receivables was as follows:	Total	Not due	<30 d	30-60d	60-90d	>90d
2010	539,8	521,4	6,4	3,3	0,0	8,7
2009	451,3	429,1	10,7	0,0	11,5	0,0

At 31 December the aging of the group's receivables was as follows:	Total	Not due	<30 d	30-60d	60-90d	>90d
2010	897,6	878,0	6,3	3,8	0,8	8,7
2009	783,8	748,6	19,9	0,0	15,3	0,0

Specification of trade and other receivables	2010	Avinor AS 2009	2010	Avinor group 2009
Trade receivables	539,8	449,1	897,6	781,3
Intra-group accounts	456,4	407,0	0,0	0,0
Associated companies	0,0	0,0	0,0	0,0
Accrued income	16,1	7,9	52,3	31,8
Prepaid expenses	39,8	68,7	52,9	76,8
Other short-term assets	5,6	2,6	33,9	22,6
Total	**1 057,6**	**935,3**	**1 036,7**	**912,5**

Fair value of trade and other receivables is approximately equal to the carrying amount.

The carrying amount of trade and other receivables in foreign currency is:	Avinor AS 2010	Avinor AS 2009	Avinor group 2010	Avinor group 2009
Euro	85,5	75,8	85,5	75,8
Total	**85,5**	**75,8**	**85,5**	**75,8**

Note 14: Cash and cash equivalents

Amounts in MNOK

	Avinor AS 2010	Avinor AS 2009	Avinor group 2010	Avinor group 2009
Cash and bank at hand	1 495,4	1 354,3	1 570,4	1 418,3
Short-term bank deposits	0,0	0,0	0,0	0,0
Total	**1 495,4**	**1 354,3**	**1 570,4**	**1 418,3**
Cash and cash equivalents include the following for the purposes of the statement of cash flows:				
Cash and cash equivalents	1 495,4	1 354,3	1 570,4	1 418,3
Bank overdrafts	0,0	0,0	0,0	0,0
Total	**1 495,4**	**1 354,3**	**1 570,4**	**1 418,3**

Avinor AS has a credit facility of MNOK 2,000 and a overdraft limit of MNOK 300 in a bank. In addition, Oslo Lufthavn AS has a State drawing right of MNOK 100.

GROUP BANK ACCOUNT SYSTEM:
The Avinor bank accounts are organised as a group bank account system. Avinor AS is the formal holder of the bank account. The bank accounts of Oslo Lufthavn AS, Oslo Lufthavn Eiendom AS, Avinors Parkeringsanlegg AS and Flesland Eiendom AS are therefore formally receivables from Avinor AS, and these companies are jointly responsible for the withdrawals that the Avinor group has made.

Note 15: Share capital, shareholder information, dividend and results

Amounts in MNOK

	Number of shares	Face value	Share-capital
Ordinary shares	540 010	0,01	5 400,1
Total	**540 010**	**0,01**	**5 400,1**

The company has paid the following dividend on ordinary shares:	2010	2009
NOK 0,0 per share in 2008		0,0
NOK 0,0 per share in 2009	0,0	
Total	**0,0**	**0,0**

Proposed dividend for approval in the general assembly	2008	2007
(Not presented as a liability per 31 December)		
NOK 0,00 per share		0,0
NOK 933,32 per share	504,0	
Total	**504,0**	**0,0**

Earnings per share are calculated by dividing the profit attributable to the equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	2010	2009
Profit attributable to the equity holders of the company - parent	832,1	510,6
Profit attributable to the equity holders of the company - group	1 008,1	604,9
Weighted average number of shares in issue	**540 010**	**540 010**

All shares are owned by the Norwegian State, represented by the Ministry of Transport and Communication.

Note 16: Other reserves

Amounts in MNOK

Avinor AS	Pensions	Hedges	Total
At 1 January 2009	-15,3	-12,6	-27,8
Actuarial gains/(losses) on pensions	315,0		315,0
Tax effect	-89,9		-89,9
Fair value change cash flow hedge		9,2	9,2
Tax effect		-2,7	-2,7
At 31 December 2009	**209,8**	**-6,1**	**203,9**
Actuarial gains/(losses) on pensions	-180,3		-180,3
Tax effect	50,5		50,5
Fair value change cash flow hedge		-5,2	-5,2
Tax effect		1,5	1,5
At 31 December 2010	**80,0**	**-9,8**	**70,3**

Avinor group	Pensions	Hedges	Total
At 1 January 2009	29,2	-35,0	-5,8
Actuarial gains/(losses) on pensions	294,1		294,1
Tax effect	-84,0		-84,0
Fair value change cash flow hedge		15,8	15,8
Tax effect		-4,5	-4,5
At 31 December 2009	**239,3**	**-23,7**	**215,5**
Actuarial gains/(losses) on pensions	-134,7		-134,7
Tax effect	37,8		37,8
Fair value change cash flow hedge		-32,0	-32,0
Tax effect		9,0	9,0
At 31 December 2010	**142,3**	**-46,7**	**95,5**

Note 17: Borrowings

Amounts in MNOK

	Avinor AS		Avinor group	
	2010	2009	2010	2009
Non-current				
State loan	0,0	0,0	5 193,5	5 637,9
Bonds	1 519,1	1 508,7	1 519,1	1 508,7
Bank borrowings	0,0	0,0	1 353,8	1 034,0
Lufthavnutbygging AS	64,6	63,3	64,6	63,3
Total long-term	**1 583,7**	**1 572,0**	**8 131,0**	**8 243,9**
Current				
First year instalment on long-term debt	5,7	0,9	513,5	56,1
Total current	**5,7**	**0,9**	**513,5**	**56,1**

All borrowings in NOK.

Information about State loan and bank borrowings	Currency	Effective interest rate
State loan	NOK	4,09 %
Bonds	NOK	5,87 %
Bank borrowings	NOK	5,51 %

The figures includes interest hedging derivatives. The effective interest rate is calculated as a weighted average depending the relative size of the borrowings.
See note 3 for a description of interest risk.

Instalment profile:	2012	2013	2014	2015	2016	Thereafter	Total
State loan	444,4	444,4	444,4	444,4	444,4	2 971,5	5 193,5
Bonds	250,0	0,0	869,1	0,0	400,0	0,0	1 519,1
Bank borrowings	72,8	77,3	94,3	94,6	94,9	919,9	1 353,8
Other	5,5	6,4	7,5	8,7	10,2	26,4	64,6

STATE LOAN
Borrowings are carried at fair value when they are drawn. Thereafter they are carried at amortised cost calculated by using the effective interest method. The loan is divided into six equal debentures with different interest terms. Debentures one to five have interest rates equal to the interest rate used by the State when lending to public sector enterprises (average interest rate on five-year government bonds in the period October-September) plus 30 basis points. The interest on one of the debentures is renewed each year. The interest on the last debenture is set at three, six or twelve months NIBOR plus 20 basis points. The interest is payable in arrears at 31 December. The loan has a payment period of 20 years starting 2002. The first instalment was paid 30 June 2002. The company have been granted exemption from repayment for the years 2009 and 2010. The total payment period is unchanged.

BONDS
Avinor AS has issued bond loans noted on the Stock Exchange with a total nominal value of MNOK 1,500, lending date 20 May 2009, quotation date Oslo Børs 3 July 2009. The loans are carried at face value on the payment date. Thereafter the loans are carried at amortised cost by using the effective interest method.

The loans are as follows:
Face value MNOK 250, maturity date 21 May 2012, interest rate 3 month NIBOR + 1.50
Face value MNOK 850, maturity date 20 May 2014, interest rate 5.77 per cent
Face value MNOK 400, maturity date 20 May 2016, interest rate 6.56 per cent
MNOK 200 of the floating loan of 250 MNOK is hedged as a cash flow hedge.
MNOK 425 of the fixed rate loan of 850 MNOK is hedged as a fair value hedge.

BANK BORROWINGS
Borrowings are carried at fair value when they are drawn. Thereafter they are carried at amortised cost calculated by using the effective interest method.
Avinors Parkeringsanlegg AS and Flesland Eiendom AS have issued a negative pledge clause.
The mortgages in Oslo Lufthavn Eiendom AS are secured with a MNOK 661.0 (2009: MNOK 520.0) mortgage in buildings on leased land. The carrying amount of the mortgaged buildings is MNOK 851.3 (2009: MNOK 540.9).
According to its articles of Association the company is not allowed to pledge assets connected to the core business

DRAWING RIGHTS
The group has an unused bank credit facility of MNOK 2000,0 at a floating interest rate, expiring in2011.
The group also has an unused drawing right of MNOK 100 in the Ministry of Transport and Communication related to the State Loan.

Note 18: Income tax expense

Amount in MNOK

	Avinor AS		Avinor group	
Income tax expense	2010	2009	2010	2009
Current tax on profit for the year	251,0	144,2	246,2	150,1
Deferred tax on origination and reversal of temporary differences	90,9	72,6	164,9	103,9
Total	**341,9**	**216,8**	**411,1**	**254,0**
Effective tax rate reconciliation				
28% of profit before tax	328,7	203,6	397,9	241,1
Dividends received	0,0	0,0	-0,3	-0,5
Permanent differences (28%)	0,1	1,3	0,4	1,5
Permanent differences (28%) Spitzbergen	13,1	11,9	13,1	11,9
Income tax expense	**341,9**	**216,8**	**411,1**	**254,0**
Effective tax rate	29,1	29,8	28,9	29,5

A decision by Oslo City Court dated 9th of December 2010 affirmed that the deficiency from operations on Spitzbergen is non-deductible in net taxable income from operations on the mainland. The operations on Spitzbergen will never be profitable and the deficits are therefore treated as permanent differences.

Note 19: Deferred income tax

Amount in MNOK

Deferred tax assets and liabilities

Avinor AS	At 1 January 2010	Charged/ credited to the income statement	Charged/ credited to other comp-rehensive income	At 31 December 2010
Receivables	-0,2	-0,9	0,0	-1,1
Group contributions (receivables)	-261,8	-45,2	0,0	-307,0
Non-current assets	-1 231,3	70,4	0,0	-1 160,9
Provisions	-40,0	10,0	0,0	-30,0
Pension benefits	-457,9	56,4	-50,5	-452,0
Group contributions (payables)	8,1	0,0	-0,8	7,4
Profit and loss account	-7,4	-3,8	0,0	-11,2
Derivative financial instruments	-2,3	4,0	-1,5	0,2
Deferred tax asset(-)/liability (net)	**-1 992,8**	**90,9**	**-52,7**	**-1 954,5**
Deferred tax asset	-2 000,9			-1 961,9
Deferred tax liability	8,1			7,4

	At 1 January 2009	Charged/ credited to the income statement	Charged/ credited to other comp-rehensive income	At 31 December 2009
Receivables	-0,2	0,1	0,0	-0,2
Group contributions (receivables)	-273,0	11,2	0,0	-261,8
Non-current assets	-1 334,5	103,2	0,0	-1 231,3
Provisions	-18,4	-21,6	0,0	-40,0
Pension benefits	-528,3	-19,5	89,9	-457,9
Group contributions (payables)	3,8	0,0	4,3	8,1
Profit and loss account	-0,7	-6,7	0,0	-7,4
Derivative financial instruments	-11,0	6,1	2,6	-2,3
Deferred tax asset(-)/liability (net)	**-2 162,2**	**72,6**	**96,8**	**-1 992,8**
Deferred tax asset	-2 166,0			-2 000,9
Deferred tax liability	3,8			8,1

	2010	2009
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	-1 623,8	-1 699,0
Deferred tax asset to be recovered within 12 months	-338,1	-302,0
	-1 961,9	**-2 000,9**
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	0,0	0,0
Deferred tax liability to be recovered within 12 months	7,4	8,1
	7,4	**8,1**
DEFERRED TAX ASSET(-)/LIABILITY (NET)	**-1 954,5**	**-1 992,8**

Avinor group	At 1 January 2010	Charged/ credited to the income statement	Charged/ credited to other comp-rehensive income	At 31 December 2010
Receivables	0,1	-1,4	0,0	-1,3
Non-current assets	-1 515,0	89,2	0,0	-1 425,8
Provisions	-31,1	6,3	0,0	-24,8
Pension benefits	-555,1	64,7	-37,8	-528,1
Profit and loss account	-8,3	-3,7	0,0	-11,9
Derivative financial instruments	-19,6	9,8	-9,0	-18,9
Deferred tax asset(-)/liability (net)	**-2 129,0**	**164,9**	**-46,8**	**-2 010,8**
Deferred tax asset	-2 140,3			-2 042,5
Deferred tax liability	11,2			31,7

	At 1 January 2009	Charged/ credited to the income statement	Charged/ credited to other comp-rehensive income	At 31 December 2009
Receivables	0,1	0,0	0,0	0,1
Non-current assets	-1 655,9	140,9	0,0	-1 515,0
Provisions	-19,5	-11,6	0,0	-31,1
Pension benefits	-609,4	-29,7	84,0	-555,1
Profit and loss account	-1,6	-6,7	0,0	-8,3
Derivative financial instruments	-35,2	11,0	4,5	-19,6
Deferred tax asset(-)/liability (net)	**-2 321,5**	**103,9**	**88,6**	**-2 129,0**
Deferred tax asset	-2 324,8			-2 140,3
Deferred tax liability	3,3			11,2

	2010	2009
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	-2 011,3	-2 109,3
Deferred tax asset to be recovered within 12 months	-31,2	-31,1
	-2 042,5	**-2 140,3**
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	28,0	11,2
Deferred tax liability to be recovered within 12 months	3,7	0,0
	31,7	**11,2**
DEFERRED TAX ASSET(-)/LIABILITY (NET)	**-2 010,8**	**-2 129,0**

Note 20: Pension obligation

Amounts in MNOK

DEFINED BENEFIT PLAN

The company are required by law to have a pension plan. The pension plan of the company satisfies these requirements.
The pension plan encompasses pension benefits in accordance with the act relating to SPK. The benefits are retirement pension, disability pension and dependent pension. In addition, the calculations do include a contractual pension right, which is a tariff-regulated early retirement scheme from 62 years of age.
The benefits are coordinated with the National Insurance Scheme and any previous membership periods with service pensions fund within the public sector.
The pensions have a guaranteed level of gross payment independent of the National Insurance Scheme. About 64 per cent of the employees have an ordinary retirement age of 62 or 65 years.
In 2010 the Pension Act was changed, introducing a life expectancy adjustment for persons born between 1943 and 1953 and an reduced annual adjustment of pensions paid. Life expectancy adjustment implies that if the time of retirement remains unchanged the yearly pension will be reduced if average life expectancy increases. The annual adjustment of pensions paid was changed from an adjustment equal to changes in the National Insurance basic amount to wage increase less 0,75 per cent. The actuarial losses in 2010 (MNOK 134,7 for the group and MNOK 180,3 for the parent) were mainly caused by changes in financial assumptions.

		Life expectancy		Mortality expectancy		Disability expectancy
Age	Male	Female	Male	Female	Male	Female
20	79	84	0,0151 %	0,0153 %	0,1148 %	0,1724 %
40	80	84	0,0877 %	0,0480 %	0,2638 %	0,5236 %
60	82	85	0,7540 %	0,4090 %	1,4064 %	2,4044 %
80	87	89	6,6932 %	4,3052 %	IA	IA

		Avinor AS		Avinor group
The amounts recognised in the income statement are as follows:	2010	2009	2010	2009
Current service cost	244,4	254,5	286,0	314,0
Interest cost	188,5	158,1	219,1	182,9
Change in pension adjustment	-235,9	0,0	-272,2	0,0
Change in life expectancy	-7,3	0,0	-8,6	0,0
Expected return on plan assets	-148,6	-140,6	-170,1	-163,5
Contribution from the employees	-29,1	-27,3	-34,4	-31,6
Administration fee	4,9	4,2	5,8	5,0
Payroll tax, employers contribution	5,1	28,2	7,0	36,9
Total pension cost (Note 24)	**22,0**	**277,1**	**32,6**	**343,7**

Avinor AS			2010			2009
The movement in pension obligations and plan assets:	Funded	Unfunded	Total	Funded	Unfunded	Total
Change in gross pension obligation:						
Obligation at 1 January	4 320,2	1,9	4 322,1	4 188,9	1,7	4 190,6
Current service cost	238,3	6,1	244,4	254,4	0,1	254,5
Interest cost	188,5		188,5	158,0	0,1	158,1
Change in pension adjustment	-235,9		-235,9	0,0		0,0
Change in life expectancy	-7,3		-7,3	0,0		0,0
Actuarial losses/(gains)	169,0		169,0	-217,0	-0,1	-217,1
Benefits paid	-74,2		-74,2	-64,0		-64,0
Gross pension obligation at 31 December	**4 598,6**	**8,0**	**4 606,6**	**4 320,2**	**1,9**	**4 322,1**

Change in pension funds:						
Fair value at 1 January	2 837,9		2 837,9	2 477,8		2 477,8
Expected return on plan assets	148,6		148,6	140,6		140,6
Employer contributions	223,8		223,8	214,6		214,6
Actuarial (losses)/gains	9,9		9,9	68,9		68,9
Benefits paid	-74,2		-74,2	-64,0		-64,0
Fair value of plan assets at 31 December	**3146,0**	**0,0**	**3 146,0**	**2 837,9**	**0,0**	**2 837,9**
Net pension obligation	1 452,6	8,0	1 460,6	1 482,3	1,9	1 484,2
Payroll tax, employers contribution	152,5	1,1	153,6	151,2	0,3	151,5
Net pension obligation recognised in the balance sheet at 31 December	**1 605,1**	**9,1**	**1 614,2**	**1 633,5**	**2,2**	**1 635,5**
Actual return on plan assets last year	136,1		136,1	122,5		122,5
Expected employer contribution next year	312,9		312,9	229,6		229,6
Expected payment of benefits next year	76,4		76,4	66,5		66,5

Avinor group			2010			2009
The movement in pension obligations and plan assets:	Funded	Unfunded	Total	Funded	Unfunded	Total
Change in gross pension obligation:						
Obligation at 1 January	5 024,8	11,1	5 035,9	4 850,3	1,6	4 851,9
Current service cost	279,5	6,4	285,9	305,6	8,5	314,0
Interest cost	219,1		219,1	182,8	0,1	182,9
Change in pension adjustment	-272,2		-272,2	0,0		0,0
Change in life expectancy	-8,6		-8,6	0,0		0,0
Actuarial losses/(gains)	168,6		168,6	-235,7	0,7	-234,9
Benefits paid	-89,6		-89,6	-78,2	0,0	-78,2
Gross pension obligation at 31 December	**5 321,6**	**17,5**	**5 339,1**	**5 024,8**	**10,9**	**5 035,7**
Change in pension funds:						
Fair value at 1 January	3 247,4		3 247,4	2 885,3		2 885,3
Expected return on plan assets	170,1		170,1	163,5		163,5
Employer contributions	263,0		263,0	244,9		244,9
Actuarial (losses)/gains	49,2		49,2	31,8		31,8
Benefits paid	-89,6		-89,6	-78,2		-78,2
Fair value of plan assets at 31 December	**3 640,1**	**0,0**	**3 640,1**	**3 247,4**	**0,0**	**3 247,4**
Net pension obligation	1 681,5	17,5	1 699,0	1 777,4	10,9	1 788,3
Payroll tax, employers contribution.	184,6	2,5	187,1	192,8	1,6	194,4
Net pension obligation recognised in the balance sheet at 31 December	**1 866,1**	**20,0**	**1 886,1**	**1 970,2**	**12,5**	**1 982,4**

Avinor group			2010			2009
	Funded	Unfunded	Total	Funded	Unfunded	Total
Actual return on plan assets last year	154,6		154,6	139,3		139,3
Expected employer/employee contribution next year	362,8		362,8	269,5		269,5
Expected payment of benefits next year	92,3		92,3	81,3		81,3

		Avinor AS		Avinor group
Movement in the defined benefit obligation over the year:	2010	2009	2010	2009
Obligation at 1 January	1 484,2	1 712,8	1 788,5	1 966,6
Pension cost charged to the income statement	41,1	272,0	54,2	333,4
Employer/employee contribution	-228,7	-218,8	-268,8	-249,8
Administration fee	4,9	4,2	5,8	5,0
Actuarial (gains)/losses recognised in other comprehensive income	159,1	-286,0	119,4	-266,8
Liability in the balance sheet at 31 December	**1 460,6**	**1 484,2**	**1 699,0**	**1 788,3**
Actuarial (gains)/losses on post employment benefit obligations				
Actuarial (gains)/losses	159,1	-286,0	119,4	-266,8
Payroll tax on actuarial (gains)/losses	21,2	-29,0	15,3	-27,3
Total actuarial (gains)/losses on post employment benefit obligations	**180,3**	**-315,0**	**134,7**	**-294,1**

The calculation of pension cost and net pension obligation are made on the basis of a set of assumptions. The determination of the discount rate to be used is made on the basis of Norwegian government bond interest rates with an addition for long maturity. The pension obligation's average duration is calculated to be 37 years. Assumptions regarding future salary and pension increases in addition to official pension benefit adjustments are made on the basis of historical observations for the group.

	2010	2009
Discount rate	4,00 %	4,40 %
Expected return on plan assets	5,10 %	5,50 %
Future salary increases	4,00 %	4,25 %
Future pension increases	3,00 %	4,00 %
Early retirement scheme	20,00 %	20,00 %
Average turnover rate (under 50 years of age)	3,00 %	3,00 %
Average turnover rate (over 50 years of age)	0,20 %	0,20 %

PLAN ASSETS

The determination of premium levels and the calculation of provisions for pension obligations are based on ordinary actuarial principles.The pension agreement is not directly funded. The payment of pensions are guaranteed by the Norwegian State (Section 1 of the Pensions Act). The plan assets are a simulation of the allocation of funds as if these funds were invested in long-term government bonds ("Simulated funds").The pension fund may not be transferred in the same way as an ordinary private pension agreement. This calculation is made on the presumption that the pension agreement continues in SPK. The simulation is made on the presumption that the bonds are held to maturity. The plan assets are therefore valued at the carrying amount.

Note 21: Provisions for other liabilities and charges

Amounts in MNOK

Avinor AS	Redundancy pay	Severance pay air traffic controllers	Lease-contract	Environmental pollution	Other	Total
At 1 January 2010	26,5	15,2	12,7	0,0	1,4	55,9
Additional provision 2010	0,0	6,1	0,0	8,0	0,0	14,1
Reversed 2010	-6,4	0,0	-0,8	0,0	0,0	-7,2
Used in 2010	-2,8	-6,4	-11,9	0,0	0,0	-21,1
At 31 December 2010	**17,2**	**15,0**	**0,0**	**8,0**	**1,4**	**41,6**

Avinor group	Redundancy pay	Severance pay air traffic controllers	Lease-contract	Environmental pollution	Other	Total
At 1 January 2010	26,5	15,2	12,7	0,0	1,6	56,0
Additional provision 2010	0,0	7,9	0,0	8,0	0,0	15,9
Reversed 2010	-6,4	0,0	-0,8	0,0	0,0	-7,2
Used in 2010	-2,8	-6,4	-11,9	0,0	-0,2	-21,3
At 31 December 2010	**17,2**	**16,8**	**0,0**	**8,0**	**1,4**	**43,4**

The short-term part of provisions for other liabilities and charges are included in other short term liability.

REDUNDANCY PAY

On 4 December 2003, the board of directors approved a substantial restructuring of the group, called Take-off-05. One of the consequences of this decision was a substantial cut in the workforce. Part of the cut was carried out by use of redundancy pay. According to the terms laid down for the establishment of the company, the employees of Avinor AS were entitled to redundancy pay until 31 December 2005. Redundancy pay is covered by the company. The period of time for the right to redundancy pay depends on age and seniority at time of resignation. The provision for redundancy pay is based on expectations about the redundancy pay period based on the above-mentioned rules.

SEVERANCE PAY AIR TRAFFIC CONTROLLERS

Due to a change in official regulations, the operational age limit for air traffic controllers was reduced from 65 to 60 years with effect from 1 January 2004. The company has entered into individual severance pay agreements covering 72 per cent of normal wages in the period 60-62 years. After this period the individuals will be covered by ordinary pension plans.

ENVIRONMENTAL POLLUTION

A provison is made for surveys and identifications, in addition to costs related to the clean-up of polluted ground.

Note 22: Other short-term liability

Amounts in MNOK

	Avinor AS		Avinor group	
	2010	2009	2010	2009
Holiday allowance	203,2	194,4	235,6	225,8
Advance from customers	50,1	51,0	123,6	128,2
Wages and social security	79,1	74,9	89,5	83,4
Accruals	195,4	212,0	283,0	373,0
Intra-group liability	1 122,8	923,7	0,0	0,0
Other short-term liability	127,8	190,5	141,1	198,2
Total	**1 778,4**	**1 646,5**	**872,8**	**1 008,6**

Note 23: Operating income

Amount in MNOK

	Avinor AS		Avinor group	
	2010	2009	2010	2009
Traffic income				
Takeoff charges	838,6	813,6	1 473,3	1 423,3
Terminal charges	439,2	400,6	907,8	834,3
En route charges	903,1	826,1	903,1	826,1
Security charges	570,2	548,2	1 035,0	1 004,0
Total	**2 751,1**	**2 588,5**	**4 319,2**	**4 087,7**
Sales and rental income				
Rental income	922,2	860,8	3 032,0	2 844,9
Sales revenues	400,2	307,7	510,1	414,9
Total	**1 322,4**	**1 168,5**	**3 542,1**	**3 259,8**
Other income				
Intercompany services	564,3	408,4	0,0	0,0
Other	6,7	5,4	9,5	8,0
Total	**571,0**	**413,8**	**9,5**	**8,0**
TOTAL OPERATING INCOME	**4 644,5**	**4 170,8**	**7 870,8**	**7 355,5**

Note 24: Salaries and personnel costs, number of employees, remunerations

Amount in MNOK	Avinor AS		Avinor group	
	2010	2009	2010	2009
Salaries	1 746,8	1 708,1	2 035,1	1 993,9
Payroll tax	218,8	191,4	267,7	236,2
Pension costs	22,0	277,1	32,6	343,7
Other personnel costs	80,6	98,0	99,3	116,4
Total	**2 068,2**	**2 274,6**	**2 434,7**	**2 690,2**
Average number of man-years employed	2 566	2 533	3 073	3 045

Group management:
For management purposes the group is organised in one air navigation services division, three airport divisions and one subsidiary. The airport divisions and the subsidiary are organised according to airport size. The group management consists of the group CEO and the managing director of each division and the subsidiary in addition to the managing directors of each corporate staff.

	Board fee	Salary	Other benefits	Pension cost, estimated	Total
Group management:					
Sverre Quale (until 26.11.2010)	0	2 063 853	18 148	241 058	2 323 059
Nic Nilsen (from 26.11.2010)	0	1 540 897	142 649	208 027	1 891 573
Signe Astrup Arnesen	0	1 185 408	16 059	196 319	1 397 786
Petter Johannessen	0	1 412 831	19 360	284 931	1 717 122
Anders Kirsebom	0	1 302 416	25 805	166 289	1 494 509
Jon Sjølander	0	1 299 146	13 232	163 808	1 476 187
Knut Skaar	0	1 567 092	22 763	152 295	1 742 151
Margrethe Snekkerbakken	0	1 376 216	18 205	236 001	1 630 422
Board:					
Ola Mørkved Rinnan (from 23.06.2010)	173 250	0	0	0	173 250
Inge K. Hansen (until 23.06.2010)	173 250	0	0	0	173 250
Kristin Vangdal	210 000	0	0	0	210 000
Dag Hårstad	173 000	0	0	0	173 000
Petter Jansen	173 000	0	0	0	173 000
Marianne Njåstein	173 000	0	0	0	173 000
Oddbjørg A. Starrfelt	173 000	0	0	0	173 000
Christian Berge	173 000	1 299 192	7 092	142 862	1 622 147
Ingrid Synnøve Brendryen	173 000	623 947	4 992	68 550	870 489
Helge Løbergsli	173 000	748 094	4 992	159 763	1 085 849
Torunn Sneltvedt	173 000	511 119	17 835	102 919	804 873
Total	**1 940 500**	**14 930 211**	**311 133**	**2 122 823**	**19 304 667**

On termination or changes in conditions of employment or board appointment no obligations exist to give the group management or the board any distinct compensation. Nor are there any arrangements concerning bonuses, profit sharing or share-based payments. No loans or guarantees have been given to the members of the group management or the board. The group management participates in the general pension scheme of the group, as described in the pension note. The pension scheme also includes disability pension, spouse pension and child's pension. None of the members of the group management have received any remunerations or economic benefits from other companies in the group, other than shown in the table above. There is no additional remuneration to executives for special services other than normal operations.

Note 25: Other operating expenses

Amount in MNOK

Specification:	Avinor AS 2010	Avinor AS 2009	Avinor group 2010	Avinor group 2009
Rent - buildings/land	79,7	69,9	39,2	41,3
Management/maintenance - buildings	205,8	173,7	390,1	329,9
Repairs, maintenance operational materials	229,7	202,0	395,1	363,3
Control/security/guard services	482,2	470,9	733,5	731,5
Meteorological services	40,0	42,0	40,1	42,0
Consulting services	101,2	96,9	126,3	122,3
Other external services	180,4	248,0	284,3	367,3
Other operating expenses	389,0	339,5	468,2	393,3
Total	**1 708,0**	**1 642,9**	**2 476,8**	**2 390,9**

Specification of auditor's fee (VAT not included):	Avinor AS 2010	Avinor AS 2009	Avinor group 2010	Avinor group 2009
Statutory audit fee	0,6	0,6	0,9	0,8
Other attestation assignments	0,0	0,0	0,0	0,0
Tax advisory services	0,0	0,0	0,0	0,0
Accounting assistance including IFRS	0,1	0,7	0,1	0,7
Total	**0,7**	**1,2**	**1,0**	**1,5**

Note 26: Changes in value and other losses/gains - net

Amount in MNOK

Specification:	Avinor AS 2010	Avinor AS 2009	Avinor group 2010	Avinor group 2009
Changes in value - unrealised (note 10)	13,6	24,9	21,0	27,9
Changes in value - realised energy contracts	12,5	-8,4	21,6	-11,9
Foreign currency translation gains/losses	-6,9	-25,6	-6,4	-24,4
Total	**19,2**	**-9,1**	**36,2**	**-8,4**

Note 27: Finance income and costs

Amount in MNOK

	Avinor AS		Avinor group	
	2010	2009	2010	2009
Finance income				
Interest income on short-term bank deposits	39,3	31,3	41,2	33,4
Interest income on loans to group companies	63,5	111,5	0,0	0,0
Income from investments in associated companies (note 11)	0,0	0,0	1,0	1,8
Group contributions and dividends received	935,0	975,0	0,0	0,0
Gains on financial instruments (note 10)	0,0	0,0	0,0	3,2
Total	**1 037,8**	**1 117,8**	**42,2**	**38,4**
Finance costs				
Interest expense on bank borrowings	93,4	64,2	386,9	359,0
Interest expense on loans from group companies	14,9	17,3	0,0	0,0
Interest expense on others	18,6	39,5	18,3	33,6
Borrowing costs capitalised	-33,6	-42,6	-36,3	-49,1
Fair value gains/losses on bank borrowings	10,4	-6,4	10,4	-6,4
Fair value loss on financial instruments (note 10)				
- interest rate swaps: cash flow hedges, transfer from equity	0,0	21,8	-0,7	21,8
- interest rate swaps: fair value hedges	-10,7	6,6	-10,8	4,0
Total	**92,9**	**100,4**	**367,8**	**362,9**
FINANCE INCOME/(COSTS) - NET	**944,9**	**1 017,4**	**-325,5**	**-324,5**

Note 28: Contingencies

NORWEGIAN DEFENCE:
A cooperation agreement exists between Norwegian Defence and Avinor with corresponding local agreements concerning sharing responsibilities and expenses for airports where both parties have activities. For FY 2005-2009 the final settlements of accounts is still pending. Accounts payment have been made on the basis figures from 2004. In 2009 Norwegian Defence submitted a claim for additional compensation for the period 2005-2007. In Avinor's opinion, the claim is not satisfactorily documented and Avinor is therefore uncertain about the relevance of the expenses for Avinor. The parties have entered into a contract giving an independent party the task of examining the respective parties' costs for the period 2005-2007 with the aim of submitting a final report identifing which of the parties' presented costs shall be included in the final settlements. In 2007, Norwegian Defence initiated a renegotiation of the agreement. Based on a mandate from the Ministry of Transportation and the Ministry of Defence a new agreement has been entered into. The agreement was approved by the government in February 2011, with effect from 1 January 2010. The agreement establishes principles for the basis of allocation of investment- and operational expenses between the parties.The practical implementation of the agreement, including calculation of the cash-flow between the parties, has not been completed. There are therefore uncertainty attached to the economic consequences. In a letter dated 11 March 2009, the Attorney General concluded that Avinor shall pay Norwegian Defence compensation for the right to use land at Værnes (Trondheim airport) and Flesland (Bergen airport). A legal assessment shall be carried out to determine the value of the land at these airports. There are uncertainty attached to the outcome.The assessment will be completed late in 2011 (at earliest).

ENVIRONMENTAL POLLUTION
The airports have discharge permits which require environmental risk evaluations to identify potential sources of critical pollution that may have a negative environmental impact. An environmental status and pollution risk survey has been carried out at all airports owned by Avinor. Based on this survey, a decision has been made to start a central 3 -year environmental project in 2010. The project will contribute to the reduction of the risk for negative environmental incidents and identify and clean up earlier pollution. The identification process shall be completed in 2011 and may produce a basis for estimating any future expenses related to the clean-up and future environmental investment requirements.

Note 29: Commitments

Amounts in MNOK

The parent company and the group have contracted for capital expenditure not yet incurred at the end of the reporting period as follows:

	Avinor AS		Avinor group	
	2010	2009	2010	2009
Property, plant and equipment	598,4	448,4	641,7	760,3
Total	**598,4**	**448,4**	**641,7**	**760,3**

Note 30: Related-party transactions

Amounts in MNOK

THE MINISTRY OF TRANSPORT AND COMMUNICATION

As the sole owner of Avinor AS the Norwegian State represented by the Ministry of Transport and Communication (SD) is a related party.
SD has the principal authority regarding the structure of the airport network and the traffic charges.
Any closing down of an airport or other material changes in the airport structure shall be presented to SD. The final decision is made by the Storting.
The charges regulation which decides the setting of air traffic charges shall be sanctioned by SD.

GROUP COMPANIES

Outstanding accounts between companies in the group:

Avinor AS at 31 December 2010	Oslo Lufthavn AS	Oslo lufthavn Eiendom AS	Avinors parkerings-selskap AS	Flesland Eiendom AS	Værnes Eiendom AS	Sola Hotel Eiendom AS	Sum
Loans to group companies	1 371,3	0,0	0,0	55,0	60,0	60,0	1 546,3
Intra-group receivables	423,7	1,4	20,3	5,4	3,1	2,5	456,4
Total	**1 795,0**	**1,4**	**20,3**	**60,4**	**63,1**	**62,5**	**2 002,7**
Other short-term intra-group liability	963,6	40,0	30,5	65,2	21,8	1,8	1 122,8
Sum gjeld	**963,6**	**40,0**	**30,5**	**65,2**	**21,8**	**1,8**	**1 122,8**

Avinor AS at 31 December 2009	Oslo Lufthavn AS	Oslo lufthavn Eiendom AS	Avinors parkerings-selskap AS	Flesland Eiendom AS	Værnes Eiendom AS	Sola Hotel Eiendom AS	Sum
Loans to group companies	1 371,3	0,0	0,0	55,0	60,0	60,0	1 546,3
Intra-group receivables	379,4	1,0	19,5	4,4	1,8	0,9	407,0
Total	**1 750,7**	**1,0**	**19,5**	**59,4**	**61,8**	**60,9**	**1 953,3**
Other short-term intra-group liability	816,3	17,1	39,7	50,0	0,6	0,0	923,7
Total	**816,3**	**17,1**	**39,7**	**50,0**	**0,6**	**0,0**	**923,7**

The subordinated loan capital of Oslo Lufthavn AS amounts to MNOK 1371.3 at 31 December 2010. There are ordinarily no instalments on the loan. The interest on the loan is determined as the average of 12 months NIBOR at 15.02, 15.05, 15.08 and 15.11 each year. A margin of 1.5 percentage points is added. The subordinated loan capital of Flesland Eiendom AS, Værnes Eiendom AS and Sola Hotel Eiendom AS amounts to MNOK 55, MNOK 60 and MNOK 60 respectively at 31 December 2010. There are ordinarily no instalments on the loans. The interest on the loans is determined as the interest rate of Norges Bank's current account at 31 December the year before the year in question. Avinor AS charges Oslo Lufthavn AS a ground rent of MNOK 375.0.

RESPONSIBILITY STATEMENT FROM THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

We confirm, to the best of our knowledge that the financial statements for the period 1 January to 31 December 2010 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole. We also confirm that the Board of Directors' Report includes a true and fair view of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Oslo, 31 March 2011

Ola Mørkved Rinnan Chairman	Kristin Vangdal Vice-chairman	Oddbjørg A. Starrfelt	Petter Jansen
Marianne Njåstein	Dag Hårstad	Christian Berge	Helge Løbergsli

Ingrid Synnøve Brendryen	Torunn Sneltvedt	Dag Falk-Petersen Managing director

AUDITOR'S REPORT

PricewaterhouseCoopers AS
Postboks 748 Sentrum
NO-0106 Oslo
Telefon 02316

To the Annual Shareholders' Meeting of Avinor AS

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Avinor AS, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company and the financial statements for of group comprise the balance sheet as at 31 December 2010, income statement, statement of comprehensive income, changes in equity, cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by EU, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position for the parent company and the group Avinor AS as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements and the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 31 March 2011
PricewaterhouseCoopers AS

Paal Ødegård
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

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