Quarterly report

4th quarter 2010 / preliminary figures for 2010

Quarterly report

Summary

Falling volumes within post operations continued to affect the revenue development in 2010. The strike in the transport sector in May/June together with the economic downturn had a negative effect on logistics operations in the first half year. Operating revenues for 2010 ended MNOK 163 lower than last year. Despite the fall in revenues the operating result (EBIT) before non-recurring items and write-downs for continued operations grew by MNOK 172 in 2010 compared with last year, mainly due to the effects of cost-reducing measures.

The negative trend in revenue stopped in the second half of 2010. Increased activity in the logistic operations contributed to a growth in revenue for the Group of MNOK 230 in the fourth quarter of 2010. EBIT before non-recurring items and write-downs for the fourth quarter of 2010 grew by MNOK 26 compared with the same period previous year.

The 12-month return on invested capital before non-recurring items and write-downs (ROIC) was 15.8% compared with 12.4% in 2009.

EBIT for 2010 was MNOK 1 382 higher than for 2009. Positive non-recurring effects in 2010 were mainly from MNOK 759 being taken to income in connection with the transition to the new early retirement pension (AFP) scheme effective 1 January 2011 as well as gains from the sale of property. In addition, the Group had higher restructuring costs and write downs in 2009 than in 2010.

ErgoGroup AS and EDB Business Partner ASA entered into an agreement in June to merge their operations and create a leading Nordic IT company. The merger was recognised in the accounts as of 30 September. Norway Post's stake was then reduced from 47% at the time of the merger to 40% through the sale of shares in November 2010.

As a result of the merger Norway Post Group no longer has an IT segment. For accounting purposes, Norway Post's ownership interest in the combined company is treated as an associated company. The comparative figures for the income statement, key figures and cash flow have been restated to show continued operations only, whereas in accordance with IFRS, the comparative figures in the balance sheet have not been restated.

At the end of 2010 the Group's efficiency programme "Spinnaker" had contributed accumulated profit improvements of MNOK 1 900 since its implementation in 2008. Work continues on adapting costs and improving margins within both post and logistic operations.

A harsh winter, ash clouds and relocation to the South-East Norway terminal affected delivery times and contributed to Norway Post failing to meet the licence requirement of 85 percent for A mail delivered overnight in 2010. Delivery quality for A mail delivered overnight was 83.5% for 2010 compared with 88.3% for 2009. Delivery quality for A mail delivered overnight was 84.0% for the fourth quarter of 2010 compared with 86.5% for the same period last year. Norway Post met the other five quality requirements by a good margin in 2010.

Results (UNAUDITED)

Q4 2010	Q4 2009	MNOK	2010	2009
6 000	5 770	Operating revenues	22 450	22 613
477	437	EBITDA	1 629	1 414
299	273	EBIT before non-recurring items and write-downs	943	771
135	-80	EBIT*	1 630	248
-17	-95	Net financial items	-129	-226
118	-175	Earnings before taxes and continued operations	1 501	22

* The share of the profit and loss from associated companies is reclassified from net financial items to operation in 2010, and the profit share is included in EBIT. The comparative figures have been changed accordingly.

Operating revenues

The group's operating revenues for 2010 were MNOK 22 450, a decline of 0.7% compared with 2009. Operating revenues were MNOK 6 000 for the fourth quarter of 2010, an increase of 4.0% from the fourth quarter of 2009.

The decline in revenues in 2010 was primarily due to a fall in volumes in both the Mail and Logistics segments in the first half of the year. The fall in volumes has continued in the Mail segment while there has been increased activity in the Logistics market and revenue growth in the second half of the year.

Quarterly report

The Group's operations outside of Norway had combined operating revenues of MNOK 5 959 in 2010. This growth of 1.8% from last year is due to a growth in revenues in Sweden which was particularly hard hit by the economic downturn in 2009. The closing down of mail distribution in Denmark contributed to a reduction in foreign revenue in 2010, and operating revenues outside of Norway were 26.5% for 2010.

Earnings

The group's EBIT before non-recurring items and write-downs was MNOK 943 in 2010, an increase of MNOK 172 (22.3%) compared with 2009. In the fourth quarter EBIT before non-recurring items and write-downs totalled MNOK 299, an increase of MNOK 26 (9.6%) compared with the same period last year.

EBIT in 2010 for the Mail segment was MNOK 785, an improvement of MNOK 734 from last year. The effects of the Spinnaker programme and other measures as well as gains from the sale of property had a positive effect on profit developments. The Mail segment also had significantly higher write-downs and restructuring costs in 2009.

In the Logistics segment, EBIT totalled MNOK 365, compared with MNOK 531 in 2009. Start-up costs related to the new warehouse in Berger, and a low level of activity in the first six months, the transport industry strike in the second quarter as well as rail delivery problems had a negative effect on earnings. In addition, some impairment costs of intangible assets reduced the 2010 results.

The EBIT margin before non-recurring items and write-downs for 2010 was 4.2% compared with 3.4% last year. The EBIT margin before non-recurring items and write-downs in the fourth quarter of 2010 was 7.3 % compared with 1.1% for the same period in 2009. EBIT in the fourth quarter included MNOK -30, being the share of profit and loss in the associated company EDB ErgoGroup.

Earnings before taxes for continued operations were MNOK 1 501 in 2010 compared with MNOK 22 in 2009. The total amount taken to income relating to the old AFP scheme in 2010 was MNOK 759. This amount is not included in the segment results for Mail or Logistics.

Key figures (UNAUDITED)

		31.12 2010	31.12 2009
Equity ratio	%	34.5	28.3
EBIT-margin before non-recurring items and write-downs	%	4.2	3.4
EBIT-margin	%	7.3	1.1
Profit margin (before taxes)	%	6.7	0.1
Return on invested capital before non-recurring items and write-downs [1]	%	15.8	12.4
Return on invested capital[1]	%	27.3	4.0
Debt ratio (net)		0.3	0.6
Long-term liquidity reserve	MNOK	5 621	4 796
Investments, incl acquistions	MNOK	667	1 097
Workforce – Parent company	FTE	13 779	14 104
Workforce - Group	FTE	19 882	20 555

1) Rolling 12 months (before taxes)

Balance sheet (UNAUDITED)

MNOK	31.12 2010	31.12 2009
Current assets	9 625	12 198
Fixed assets	6 180	6 207
Intangible assets held for sale	127	37
Total assets	**15 932**	**18 441**
Equity	5 523	5 214
Provisions for liabilities	1 104	2 274
Interest-bearing debt	3 856	4 046
Interest free debt	5 449	6 906
Total liabilities and equity	**15 932**	**18 441**

The balance sheet figures as of 31.12.2009 include figures for ErgoGroup. The reduction in fixed assets as of 31.12.2010 is primarily due to the net effect of the reduction in goodwill and other assets as a result of the ErgoGroup merger and the investment in the associated company EDB ErgoGroup ASA.

Total investments in continued operations in 2010 were MNOK 667, a reduction of MNOK 430 compared with last year. The majority of the investments were related to the completion of the new South-East Norway terminal and IT investments.

The reduction in provisions for liabilities was primarily due to a reduction in pension liabilities of MNOK 759 with the transition to the new AFP scheme. Net interest-bearing liabilities as at 31.12.10 were MNOK 959.

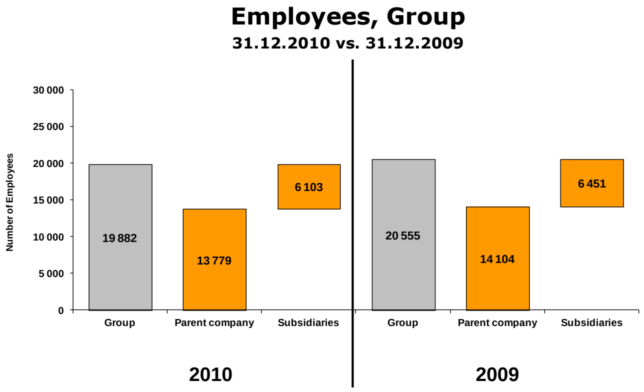
As of 31.12.2010 the group had liquidity reserves of MNOK 5 621, compared with MNOK 4 796 at the same time last year. These reserves consisted of invested funds and available credit facilities.

The cash flow from operations and investment activities for continued operations was MNOK 1 076 in 2010, compared with MNOK 812 in 2009. This change was among other things due to variations in accruals.

Q4 2010	Q4 2009*	MNOK (unaudited)	2010	2009*
720	725	Volume, Group(mill. physical shipments)	2 631	2 649
2 670	2 745	Operating revenues	10 344	10 660
302	227	Segment earnings (EBITDA)	1 219	974
190	-237	Segment earnings (EBIT)	847	121

* Comparative figures for 2009 have been restated due to a reorganisation in 2010

Workforce



The Group’s workforce decreased by 673 full-time equivalents compared with last year, of which 450 full-time equivalents related to discontinued operations.

The Group's total sick leave was 7.9% in 2010, a decline of 0.2 percentage points compared with last year.

Markets and developments per segment

MAIL

This segment comprises letter products, banking services and dialogue services. The segment is made up of the Mail Division including its subsidiaries Bring Citymail, Bring Mail and Bring Dialog.

Operating revenues in 2010 were MNOK 10 344, MNOK 316 lower than in 2009. Falling volumes resulting from electronic substitution were aggravated by the economic downturn in 2009. However, profits were positively affected by comprehensive cost reduction measures and gains from the sale of property.

Total revenues from letter mail in Norway decreased by 2.6% in 2010 compared with the previous year.

Total volumes from A and B mail were 7.2% lower than in 2009. The decline in volume was smaller for B mail than for A mail. The greatest decline was within industries such as bank/finance, telecommunications and insurance which to a large extent have moved to the use of electronic communication.

The volume of newspapers distributed by Norway Post declined by 1.0% in 2010 compared with last year. This decline accelerated in the second half of the year which alone recorded a fall of 2%, primarily due to decreasing numbers of newspaper subscriptions. Magazine distribution fell by 1.2% in 2010.

Unaddressed mail advertising increased in volume by 5.7% compared with 2009. The economic downturn had a significant negative effect on this market in 2009, particularly in industries such as retail, publishing, mail order and estate agents. Volume rose throughout 2010 even if there is still some way to go to return to the 2008 level. Addressed mail advertising volume grew by 3.2% with many new customers in 2010.

Bring Citymail Sweden had a 6% increase in volume compared with 2009. The operation was hit hard by the economic downturn in Sweden in 2009. New customer contracts and comprehensive measures to improve profitability resulted in a growth in revenues and improved profits in 2010.

The conversion of 124 post offices to Post in Shops (PiB) started in September 2008 and the final conversion took place on 1 November 2010. The remaining post offices operated by Norway Post will be modernised over a three-year period in order to adapt operations to meet customer requirements. This will contribute to improved profitability in coming years. At the end of 2010, 64 post offices had been modernised.

LOGISTICS

This segment comprises groupage and part-load services, parcel delivery, warehousing, thermo transport and express services.
The segment corresponds to the parent company's Logistics and Logistics Solutions Divisions as well as operations in the subsidiaries in Bring Cargo, Bring Warehousing, Bring Frigo, Bring Express, Bring Parcels, CombiTrans and Bring Supply Services.

Q4 2010	Q4 2009*	MNOK (unaudited)	2010	2009*
10.1	9.3	Volume (in mill. shipments)	36.6	34.9
3 640	3 383	Operating revenues	13 458	13 328
156	236	Segment earnings (EBITDA)	668	776
66	140	Segment earnings (EBIT)	303	461

* Comparative figures for 2009 have been restated due to a reorganisation in 2010
** Shows volume development excl courier services

The segment's total revenues in 2010 were MNOK 13 458, an increase of MNOK 130 compared with 2009. Decreases in volumes and price pressure within groupage/part-load and thermo, in addition to the strike in the transport sector in May/June, contributed to a revenue decrease in the first half year of 2010. The development changed in the second half of the year due to increased activity and a positive development in the market.

Total parcel volume was 5.2% higher than 2009. Both cross-border parcel distribution and B2C parcels and domestic B2B parcels contributed to the positive development in volumes. Growth in online Christmas shopping contributed to record parcel volumes in both November and December 2010. The Express area had increased revenues from Home Delivery in the Norwegian and Swedish operations. The operations within Supply services and temperature-controlled transport had a positive development in the second half of 2010.

The Logistics segment's operations outside of Norway had combined operating revenues of MNOK 5 042 in 2010. Revenues from foreign operations represented 37.5% of the segment's total operating revenues compared with 36.4% in 2009.

The segment's earnings in 2010 were negatively affected by the decline in volumes in the first half of the year, price pressure, the start-up of the new warehouse in Berger, increased transport costs due to delays in rail delivery and the transport strike. Profits were also affected negatively by some impairment costs related to goodwill and intangible assets. However, these effects were partly offset by growth in volumes for parcel delivery as well as cost-cutting measures. Further measures are being implemented to ensure an improvement in profitability.

Future prospects

Market development
2010 was characterized by low demand, price pressure and strong competition. Both the Norwegian and Swedish economies are expanding and the markets developed more positively in the second half year. The decline in revenues in 2010 compared with 2009 was due to a fall in volumes in the Mail segment, while increased activity led to growth in the Logistics segment throughout the last months of 2010.

In 2011 the Group will continue with its growth strategy and further strengthen its market positions within the Mail and Logistics segments.

There will continue to be major focus on improving profitability and the implementation of efficiency programmes throughout the entire Group. A joint improvement and performance culture is a vital part of this work.

A continued drop in volume of letters is expected in the Mail segment, with increased substitution for industrial mail, digitalisation of advertising and increased reservation rates for unaddressed mail. The focus will be on offering services tailored to customer needs today and in the future. In this regard a new digital mail system, a supplement to the traditional, physical mail box, will be launched in 2011.

The new South-East Norway terminal is an important part of future efficiency improvement measures. In 2010 the terminal took over letter production from the letter centre in Oslo and during 2011 will take over letter production from the terminals in Drammen and Hamar.

The financial crisis and expansion have resulted in negative earnings for Bring Citymail Sweden in recent years. The focus is on increased profitability in Sweden through increased sales efforts and the continuation of efficiency measures. The Swedish parliament's approval of new postal regulations in 2010 will help to ensure equal competition in the Swedish market.

Although the market at present is developing positively, the Logistics segment is still expected to be affected by the negative economic situation, particularly within B2B parcel products, groupage/part load and thermo operations. It is expected that available capacity and increased competition will continue to put pressure on margins in 2011. A specific improvement programme has been initiated for the parcels and groupage/part-load areas in order to increase synergies between the production of parcels and groupage/part-load.

HSE

As a labour-intensive enterprise Norway Post has a major focus on health, safety and the environment (HSE) and systematic efforts resulted in falls in the sick-leave rate, the number of employees who are incapacitated for work, and lost-time injuries in 2010. The focus will continue on the follow-up of near-accidents as an important measure to prevent work injuries. The environment and climate are also major focus areas for the Group, which is continuing to work on specific measures within these areas.

Other factors

In the 2010 fiscal budget MNOK 497 was allocated as payment for the services Norway Post is obliged to carry out in accordance with its licence, but that are not commercially profitable. The need for government procurements will be recalculated in 2011 to ensure that compensation is in line with the actual extra costs incurred and exclusive monopoly profits. In 2010 Norway Post repaid the Government MNOK 317.5 in overcompensation for 2009 (incl. interest). In the fiscal budget for 2011 MNOK 345 has been allocated for government procurements.

The Government has still not decided whether the EU's third Postal Directive to end monopolies for letter delivery by 01.01.2011 will be enacted into Norwegian law, as is usual under the terms of the EEA agreement.

The Ministry of Transport and Communication has extended Norway Post's licence from its expiry date of 31.12.2010 until 31.12.2011. In the Section 10 plan Norway Post has presented the Minister of Transport and Communication with its proposal that a political assessment must be carried out as to whether the concession requirements governing Norway Post's service are in line with the actual requirements of Norwegian society, and if the benefits to society are in proportion to the costs. These are issues that will be addressed before the presentation of the next white paper on Norway Post and of any new Postal Services Act and new concession to Norway Post.

In a review undertaken on behalf of the Ministry of Transport and Communication, Copenhagen Economics concluded that Norway Post's statutory requirement to offer banking services throughout its sales network could either be repealed or at least limited to its rural delivery service area.

Through an amendment of 22.12.2010 the Swedish Government extended the mandate of the Swedish Post and Telecom Agency (PTS) to include work to promote effective competition in the postal sector. The amendment entails that the agency will have an equivalent role in the promotion of competition within the mail sector as it has within electronic communication, and is expected to help to strengthen the commercial terms for Bring Citymail in Sweden.

The European Supervisory Authority (ESA) has imposed a fine of 12.89 million Euro (approximately MNOK 101) on Norway Post, and the claimant has lodged a compensation claim in connection with previous exclusivity clauses in Post in Shops agreements from 2000 - 2006. Norway Post disputes the ESA decision and has brought the case before the EFTA court to appeal for the fine to be ruled invalid.

Oslo, 15 February 2011

Board of Directors

Attachment 1 - Financial information for the fourth quarter 2010

(The information in this document has not been audited. All figures are in NOK million.)

Condensed Income Statement

Q4 2010	Q4 2009	Norway Post Group	2010	2009
6 000	**5 770**	**Operating revenues**	**22 450**	**22 613**
2 200	1 938	Cost of goods and services	7 908	7 744
2 287	2 240	Payroll expenses	8 743	9 118
1 036	1 155	Other operating expenses	4 170	4 337
477	**437**	**EBITDA**	**1 629**	**1 414**
178	164	Depreciation and amortisation	686	643
299	**273**	**EBIT - Earnings before non-recurring items and write downs**	**943**	**771**
51	195	Write-downs	148	372
0	2	(Gain) loss from sale of fixed assets/subsidiaries	-80	-19
-39	160	Restructuring costs	-21	176
123	0	(Income) expenses from changes in pension scheme	-759	0
164	**-84**	**EBIT - before share of net income (losses) of associated companies**	**1 656**	**243**
-29	4	Share of net income (losses) of associated companies	-26	5
135	**-80**	**EBIT - Earnings before interest and taxes**	**1 630**	**248**
162	-118	Financial income	587	554
179	-23	Financial expenses	716	780
-17	**-95**	**Net financial items**	**-129**	**-226**
118	**-175**	**Income before taxes from continued operations**	**1 501**	**22**
149	-68	Taxes	550	37
-31	**-107**	**Net income from continued operations**	**951**	**-15**
-8	83	Net income from discontinued operations	-686	132
-39	**-24**	**Net income (loss)**	**265**	**118**

Q4 2010	Q4 2009	Posten Norge AS	2010	2009
3 190	**3 203**	**Operating revenues**	**12 177**	**12 376**
457	488	Cost of goods and services	1 689	1 820
1 614	1 647	Payroll expenses	6 264	6 559
720	1 227	Other operating expenses	2 908	3 286
400	**-159**	**EBITDA**	**1 316**	**711**
103	101	Depreciation and amortisation	406	393
296	**-259**	**EBIT - Earnings before non-recurring items and write downs**	**911**	**318**
17	55	Write-downs	44	60
-3	0	(Gain) loss from sale of fixed assets/subsidiaries	-46	-20
-35	156	Restructuring costs	-26	156
140	0	(Income) expenses from changes in pension scheme	-718	0
177	**-470**	**EBIT - Earnings before interest and taxes**	**1 656**	**122**
155	93	Financial income	598	744
157	191	Financial expenses	1 008	902
-2	**-98**	**Net financial items**	**-409**	**-158**
175	**-568**	**Income before taxes**	**1 247**	**-36**
174	-55	Taxes	505	121
1	**-513**	**Net income (loss)**	**742**	**-157**

Condensed Statement of comprehensive income

Q4 2010	Q4 2009	Norway Post Group	2010	2009
-39	**-24**	**Net income for the period**	**265**	**118**
6	-45	Translation differences	24	-114
		Cash flow hedging:		
5	-5	Changes in value	-12	69
-1	8	Transferred to income		26
-1	-1	Tax	3	-27
9	**-43**	**Other income/(costs) directly included in equity**	**15**	**-46**
-30	**-67**	**Comprehensive income**	**280**	**72**
		Total comprehensive income is split as follows:		
-31	-75	Majority interests	280	65
1	8	Minority interests		7
-30	**-67**		**280**	**72**

Q4 2010	Q4 2009	Posten Norge AS	2010	2009
1	**-513**	**Net income for the period**	**742**	**-157**
	1	Translation differences		-54
		Cash flow hedging:		
5	-5	Changes in value	-12	69
-1	8	Transferred to income		26
-1	-1	Tax	3	-27
3	**3**	**Other income/(costs) directly included in equity**	**-8**	**14**
5	**-511**	**Comprehensive income**	**734**	**-143**

Condensed Balanse

Norway Post Group	31.12.10	31.12.09
Assets		
Intangible assets	3 369	6 224
Deferred tax assets	538	795
Tangible assets	4 137	4 914
Financial assets	1 550	265
Total fixed assets	**9 595**	**12 198**
Current assets	**6 180**	**6 207**
Assets held for sale	127	37
Total assets	**15 902**	**18 441**
Equity and liabilities		
Equity	**5 493**	**5 214**
Provisions for liabilities	**1 104**	**2 274**
Interest-bearing non-current liabilities	1 736	4 014
Interest-free non-current liabilities	5	102
Long-term liabilities	**1 741**	**4 115**
Interest-bearing short-term liabilities	2 119	32
Interest-free current liabilities	5 445	6 805
Short-term liabilities	**7 564**	**6 837**
Total equity and liabilities	**15 902**	**18 441**

Posten Norge AS	31.12.10	31.12.09
Assets		
Intangible assets	1 002	1 008
Deferred tax assets	391	621
Tangible assets	1 016	1 259
Financial assets	7 362	7 006
Total fixed assets	**9 771**	**9 894**
Current assets	**4 496**	**4 811**
Assets held for sale	33	37
Total assets	**14 300**	**14 742**
Equity and liabilities		
Equity	**5 223**	**4 489**
Provisions for liabilities	**921**	**1 883**
Interest-bearing non-current liabilities	1 678	3 889
Interest-free non-current liabilities	5	101
Long-term liabilities	**1 683**	**3 990**
Interest-bearing current liabilities	2 945	796
Interest-free current liabilities	3 527	3 583
Short-term liabilities	**6 472**	**4 379**
Total equity and liabilities	**14 300**	**14 742**

Condensed Statement of changes in equity

Norway Post Group	Majority interests: Share capital	Share premium reserves	Other reserves	Other equity	Total	Minority interests	Total equity
Equity at 01.01.2009	**3 120**	**992**	**-75**	**1 116**	**5 153**	**7**	**5 160**
Net income for the period				111	111	7	118
Other comprehensive income/(loss) for the period			68	-114	-46		-46
Total comprehensive income/(loss)			**68**	**-3**	**65**	**7**	**72**
Dividends				-2	-2	-6	-8
Other equity transactions				-2	-2	-8	-10
Equity at 31.12.2009	**3 120**	**992**	**-7**	**1 109**	**5 214**		**5 214**
Equity at 01.01.2010	**3 120**	**992**	**-7**	**1 109**	**5 214**	**0**	**5 214**
Net income for the period				265	265	0	265
Other comprehensive income/(loss) for the period			-8	24	15		15
Total comprehensive income/(loss)			**-8**	**289**	**280**	**0**	**280**
Dividends						1	1
Other equity transactions				-1	-1		-1
Equity at 31.12.2010	**3 120**	**992**	**-15**	**1 395**	**5 492**	**1**	**5 493**

Posten Norge AS	Majority interests: Share capital	Share premium reserves	Other reserves	Other equity	Total
Equity at 01.01.2009	**3 120**	**992**	**-75**	**595**	**4 632**
Net income for the period				-157	-157
Other comprehensive income/(loss) for the period			68	-54	14
Total comprehensive income/(loss)			**68**	**-211**	**-143**
Equity at 31.12.2009	**3 120**	**992**	**-7**	**384**	**4 489**
Equity at 01.01.2010	**3 120**	**992**	**-7**	**384**	**4 489**
Net income for the period				742	742
Other comprehensive income/(loss) for the period			-8		-8
Total comprehensive income/(loss)			**-8**	**742**	**734**
Equity at 31.12.2010	**3 120**	**992**	**-15**	**1 126**	**5 223**

Condensed Cash Flow statement (from continued operations)

Norway Post Group	2010	2009
Provided by operations	1 495	1 018
Changes in working capital and other accruals	181	503
Net cash flow from operational activities	**1 676**	**1 521**
Investments in tangible assets/IT development/subsidiaries	-667	-1 097
Sales of tangible assets	305	318
Changes in other fixed assets	-239	70
Net cash flow from investing activities	**-601**	**-709**
Changes in loans and other financial items	-441	-740
Net cash flow from financing activities	**-441**	**-740**
Total change in liquid assets	635	72
Cash and cash equivalents at start of period	1 598	1 526
Cash and cash equivalents at end of period	**2 233**	**1 598**

The Cash Flow for the Group contains continued operations only. Comparative figures for 2009 have been restated accordingly.

Posten Norge AS	2010	2009
Provided by operations	933	602
Changes in working capital and other accruals	600	265
Net cash flow from operational activities	**1 533**	**867**
Investments in tangible assets/IT development/subsidiaries	-436	-623
Sales of tangible assets	197	228
Changes in other fixed assets	-512	489
Net cash flow from investing activities	**-751**	**94**
Changes in loans and other financial items	-70	-618
Group contribution/dividends paid	0	-1
Net cash flow from financing activities	**-70**	**-619**
Total change in liquid assets	712	342
Cash and cash equivalents at start of period	1 334	992
Cash and cash equivalents at end of period	**2 047**	**1 334**

SELECTED ADDITIONAL INFORMATION

General

Norway Post was established as a statutory company (BA) on 1 December 1996 and was converted into a private limited company (AS) on 1 July 2002, with the Norwegian state, represented by the Ministry of Transport and Communications, as its sole shareholder.

These condensed interim financial statements have been prepared in accordance with IFRS (International Financial Reporting Standards) as approved by the EU. These condensed interim financial statements are in accordance with the prevailing IAS 34 accounting standard for interim financial reporting. The condensed interim financial statements do not provide the complete information in the notes required for annual financial statements, so these financial statements must be read in connection with the annual financial statements.

Accounting principles

The interim financial statements have been prepared in accordance with the same accounting principles as those stated in the 2009 annual report with the following amendments:

Tax
The tax cost in the interim financial statements is based on the estimated tax rate for the year.

Estimates and assessments
When preparing the interim financial statements, management has used estimates and assumptions that have affected assets, liabilities, revenues and costs. Areas in which such estimates are significant include pensions, goodwill, trademarks, other intangible assets, tangible fixed assets and provisions for liabilities and charges.

The sources of uncertainties linked to estimates are the same as for the annual report for 2009. Future events may lead to the estimates changing and the changes will be recognised in the accounts once any new estimate has been determined.

Discontinued operations
The post-tax profits for a discontinued operation that represent a separate and significant operation are presented on a separate line in the income statement together with the gains or loss after taxes from the sale of the operation. The comparative figures for earnings and cash flow have been restated in the same way, while the comparative figures for the balance sheet have not been restated.

Classification of investor’s share of profit and loss in an associate
The principle for classifying the Group’s share of profit and loss in an associate has been changed. The share of profit and loss was previously classified as a financial item, but as from 2010 it is classified as an operational item. The comparative figures have been restated accordingly.

Amended standards that have been applied from 01.01.2010
The group has applied the amended standards IFRS 3(R) Business Combinations, IAS 27(R) Consolidated Financial Statements, IAS 32(R) Financial Instruments: Presentation and IAS 39(R) Financial Instruments: Recognition and Measurement from 1 January 2010. The group has also applied the new statements IFRIC 16 Hedges of a net investment in a foreign subsidiary and IFRIC 17 Distributions of non-cash assets to owners.

Other new standards and statements that came into effect on 01.01.2010 are not deemed relevant to Norway Post. Norway Post will apply these to the extent they became relevant.

Adopted standards that have not been enforced
The Group plans to apply the new or amended standards IAS 24(R) Related Party Disclosures and IFRS 9 Financial Instruments with effect from 1 January 2011 and 1 January 2013 respectively. The application of these standards is not expected to have a significant effect on the Group’s or parent company’s financial position.

Other new standards and statements that have yet to come into effect are not deemed relevant to Norway Post.

The annual report for 2009 is available at www.posten.no.

Note 1 Segments

With effect from 30 September 2010 Norway Post has operations in two different segments, Mail and Logistics, which are described in more detail in the quarterly report and in the 2009 annual report. As a result of the merger between EDB Business Partner ASA and ErgoGroup AS, Norway Post no longer has an IT segment.

Revenues and EBIT per segment only cover continued operations for both 2010 and 2009. The corresponding figures for the balance sheet for 2009 have not been restated.

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

Revenues and EBIT by segment

	Total operating revenues				Earnings Before Interest, Taxes, Depreciations and Amortization (EBITDA)				Earnings Before Interest and Taxes (EBIT)			
	Q4 2010	Q4 2009	2010	2009	Q4 2010	Q4 2009	2010	2009	Q4 2010	Q4 2009	2010	2009
External operating revenues	2 510	2 567	9 736	10 050								
Internal operating revenues	160	179	607	610								
Mail	**2 670**	**2 745**	**10 344**	**10 660**	**302**	**227**	**1 219**	**974**	**190**	**-237**	**847**	**121**
External operating revenues	3 470	3 184	12 702	12 539								
Internal operating revenues	170	199	756	789								
Logistics	**3 640**	**3 383**	**13 458**	**13 328**	**156**	**236**	**668**	**776**	**66**	**140**	**303**	**461**
External operating revenues	21	15	-5	-6								
Internal operating revenues	-330	-373	-1 346	-1 369								
Other/eliminations	**-310**	**-358**	**-1 352**	**-1 375**	**19**	**-26**	**-258**	**-336**	**-121**	**17**	**480**	**-335**
Norway Post Group	**6 000**	**5 770**	**22 450**	**22 613**	**477**	**437**	**1 629**	**1 414**	**135**	**-80**	**1 630**	**248**

EBIT in 2010 for the segment Other includes income of MNOK 759 relating to the change to a new AFP scheme for the Norwegian part of the group, of which MNOK 41 is related to subsidiaries in the Logistics segment. EBIT in the fourth quarter for the segment Other includes an adjustment of an amount previously taken to income of MNOK -123 regarding the change in actuary calculations of pensions, of which MNOK 17 is related to subsidiaries in the Logistics segment.

Comparative figures for 2009 have been restated due to a reorganisation in 2010.

Assets and liabilities by segment

31.12.10	Mail	Logistics	IT	Other / Eliminations	Norway Post Group
Segment assets	10 404	7 492		-2 532	15 364
Non allocated assets					538
Total assets					**15 902**
Segment liabilities	3 520	2 751		283	6 554
Non allocated liabilities					3 856
Total liabilities					**10 409**
31.12.09					
Segment assets	10 875	6 341	3 645	-3 214	17 646
Non allocated assets					795
Total assets					**18 441**
Segment liabilities	6 200	2 554	1 599	-1 172	9 181
Non allocated liabilities					4 046
Total liabilities					**13 227**

Note 2 Intangible assets and tangible fixed assets

	Norway Post Group		Posten Norge AS	
	Intangible assets	**Tangible assets**	**Intangible assets**	**Tangible assets**
Total at 01.01.10	**6 224**	**4 914**	**1 008**	**1 258**
Additions/adjustments	227	340	201	183
Disposals of discontinued operations	-2 837	-366		
Disposals		-171		-151
Depreciation	-202	-484	-186	-220
Write-downs	-125	-23	-21	-23
Translation differences	82	19		
Transfers (to)/from held for sale		-93	0	-33
Total at 31.12.10	**3 369**	**4 137**	**1 002**	**1 016**

Disposals of discontinued operations comprise the opening balance for ErgoGroup. The other entries for 2010 movements consist solely of the continuing operations.

During the fourth quarter of 2010 goodwill was written down by a total of MNOK 34 in the Mail segment, which together with MNOK 70 in the Logistics segment resulted in a total of MNOK 104 of goodwill written down in 2010. In addition a total of MNOK 21 of other intangible assets was written down, primarily in the Logistics segment.

The write-downs of machinery, vehicles/fixtures and fittings of MNOK 23 in Posten Norge AS applies to machinery that was no longer required for the new South-East Norway terminal as well as the interior refurbishment of post offices.

Note 3 Equity

As at 31.12.2009 and 31.12.10 the share capital consisted of 3 120 000 shares each with a nominal value of NOK 1 000. The company's shares are all owned by the Norwegian state, represented by the Ministry of Transport and Communications.

The Norwegian Private Limited Companies Act requirements that dividends must not lead to an equity ratio of less than 10 per cent and that the company cannot distribute more than that which is compatible with prudent and generally accepted business practices have been complied with. No dividend was allocated or paid for 2009 due to the negative result for the parent company after tax and the lack of distributable reserves as at 31 December 2009.

Note 4 Interest-bearing long-term liabilities

The reduction in the Group's long-term interest-bearing liabilities from 31.12.2009 to 31.12.2010 of MNOK 2 278 is mainly due to the reclassification of three loans that fall due in 2011 as short-term liabilities. As of the fourth quarter 2010 none of the group's overdraft facilities had been used. The average interest rate on Norway Post's outstanding interest-bearing liabilities was 3.57% as at 31.12.10.

Note 5 Held for sale

The following assets were classified as held for sale as at 31.12.10

In 2010 it was decided that the post terminal in Molde would be sold and this was classified as held for sale in Posten Norge AS with a value of MNOK 33. It was also decided that a terminal belonging to Bring Cargo (formerly Bring Logistics) in Kristiansand would be sold and was recorded as held for sale as at 31 December 2010 at MNOK 95.

The following assets were classified as held for sale in 2010 and sold during 2010

Bring Cargo decided to sell the property at its Ålesund division (Breivika Industriveg AS) and therefore reclassified this as held for sale in June 2010. The company was sold in July at a gain of MNOK 10.

In 2010 it was decided that the terminals in Hamar and Drammen would be sold and the properties were reclassified as held for sale in Posten Norge AS. The properties were sold in June 2010 for MNOK 195, giving a net gain of MNOK 45. Norway Post has entered into lease agreements with the new owners of the terminals that were sold.

The following assets were classified as held for sale as at 31.12.2009 and were sold/restated as current assets during 2010

In 2009 it was decided that the land in the wholly-owned subsidiary Posten Eiendom Espehaugen AS would not be used by Norway Post. The shares in the company were reclassified as held for sale in Norway Post Group and assets in the company were reclassified as a separate held for sale entry in the Group accounts. The company was sold in February 2010 for NOK 87 million. This gave a gain of MNOK 24 in the parent company and MNOK 25 in the Group.

Note 6 Pensions

On 19 February the Norwegian parliament passed the amendment for the new AFP scheme to take effect from 01.01.2011. Since the approved scheme was deemed to be a new scheme and not the continuation of the existing AFP scheme, the old scheme has to be booked as having been fully settled.

As at 31.12.10 a total of MNOK 759 was taken to income based on the actuarial estimated effects of settlement of the old AFP scheme. In the fourth quarter of 2010 the net amount taken to income in previous quarters was reduced by a total of MNOK 123 as a result of changes to actuarial calculations. Until further clarification the new AFP scheme will be treated for accounting purposes as a defined contribution pension scheme.

Note 7 Significant transactions with related parties

The Group's transactions with related parties have been carried out as part of the ordinary operations and at arm's length prices. The most significant transactions were as follows:

Income Statement	2010	2009
Parent company's purchase of goods and services from subsidiaries	284	264
Parent company's sale of goods and services to subsidiaries	723	658
Parent company's purchase of goods and services from other related parties	728	576
Parent company's sale of goods and services to other related parties	43	32

Balance Sheet	31.12.2010	31.12.2009
Parent company's accounts receivable from related parties	109	111
Parent company's other receivables from related parties	3 054	3 812
Parent company's accounts payable to related parties	117	86
Parent company's other liabilities to related parties	967	955

Transactions with ErgoGroup are classified as other related parties in 2010. Comparative figures are restated accordingly.

Note 8 Changes to the Group structure/discontinued operations

ErgoGroup merger / discontinued operations

The merger between Norway Post's wholly-owned subsidiary ErgoGroup AS and EDB Business Partner ASA was completed on 14 October 2010 and recognised in the accounts as of 30 September 2010, resulting in a loss to the Group of MNOK 825.

Norway Post acquired 47% of the combined company on completion of the merger. ErgoGroup AS was wound up and assets, rights and liabilities were transferred to EDB Business Partner. Upon completion of the merger EDB Business Partner ASA changed its name to EDB ErgoGroup ASA and issued 81 064 078 new shares to Norway Post Group as compensation.

For accounting purposes, Norway Post's ownership interest in the new combined company is treated as an associated company. The value of the associated company at the time of the merger was MNOK 1 297, based on the market value at the time the implementation of the merger was recognized as being completed under company law. The share of the combined company's profit and loss will be classified under 'operations' and for the fourth quarter 2010 a loss of MNOK 30 was taken, which equalled the Group's share of the net results after tax.

In accordance with the shareholder agreement with Telenor as the other major owner of the combined company, Norway Post's ownership stake was to be reduced to 40% over a two-year period. Norway Post sold 7% of its shares in November for a total of MNOK 180 resulting in a loss of MNOK 12. In connection with a share issue in the company in December 2010 Norway Post purchases the number of shares required in order to maintain the agreed ownership stake of 40% which was equivalent to an investment of MNOK 359. The balance sheet value as at 31 December 2010 was MNOK 1 432.

The combined company will be a leading Nordic IT company and enable increased organic growth and provide the financial strength to be able to exploit strategic and structural opportunities.

In connection with the completion of the merger on 14 October 2010 a long-term loan from Norway Post group to ErgoGroup of approximately MNOK 1 400 was partly settled with the repayment of MNOK 1000. The conditions for the remaining MNOK 400 of the loan were renegotiated and the loan falls due in 3 month's time.

Overview of ErgoGroup's Income Statement:

Ergo Group / discontinued operations	as at 30.09 2010	as at 30.09 2009	Year 2009
Operating revenues	3 772	3 834	5 214
EBIT	229	119	239
Earnings before taxes for ErgoGroup	**192**	**70**	**176**
Taxes	54	21	43
Net earnings for ErgoGropup	**138**	**50**	**132**
Loss from the ErgoGroup merger	-817		
Transactions costs	-8		
Net earnings from discontinued operations	**-686**	**50**	**132**

EBIT in Q3 2010 deviates from ErgoGroup's reported figures due to the accruing of a restructuring provision in different accounting periods.

Overview of ErgoGroups balance sheet as at 30.09.2010:

	30.09.10
Assets	
Intangible assets	2 869
Deferred tax assets	57
Tangible assets	336
Financial assets	33
Total fixed assets	**3 295**
Current assets	**1 627**
Total assets	**4 923**
Provisions for liabilities	**127**
Interest-bearing long-term liabilities	1 338
Interes-free long-term liabilities	1
Long-term liabilities	**1 339**
Interest-bearing short-term liabilities	103
Interes-free short-term liabilities	1 146
Short-term liabilities	**1 249**
Hedging effects in the group etc	94
Net identifiable assets	**2 114**
Loss on disposal	-817
Total sales price	**1 297**
Value of shares recieved at merger	1 297
Total sales price	**1 297**

The balance sheet figures deviate from ErgoGroup's reported figures due to the implementation of IFRS at different times.

Net Cash Flow regarding ErgoGroup:

	30.09.10	30.09.09
Net cash flow from operational activities	119	180
Net cash flow from investing activities	-212	-128
Net cash flow from financing activities	-206	-154
Total change in liquid assets	**-299**	**-102**