

INTERIM FINANCIAL REPORT

1st quarter 2016



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About Avinor

Avinor has two primary business areas, operation of a nationwide network of airports, and the national air navigation services for civil and military aviation. In total, this includes 46 airports as well as control towers, control centres and other technical infrastructure for safe air navigation. In addition to the aviation-operative activities, commercial earnings are facilitated through airport hotels, parking facilities, tax-free stores, restaurants and other services for air passengers.

Avinor is a group where the operational activities are partly organised in divisions and in partly in legal entities (subsidiaries). Financially, the overall operations are run as a single aviation system. The air navigation services finance themselves by pricing the services in accordance with international provisions.

The Group has approximately 3,300 employees and annual operating revenues of NOK 10 billion. 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 stipulates e.g. the tasks imposed on the Group to safeguard the general interests of Norwegian 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 stipulates the Civil Aviation Authority's regulations, which have consequences for Avinor's operations.

Avinor has issued bonds that are listed on the Oslo and Luxembourg Stock Exchange. The Group's corporate governance must adhere to the Oslo Stock Exchange's recommendations for corporate governance to the extent applicable. The principles complement the government's focus on corporate governance in the management of the Norwegian state's shareholdings.

Avinor's head office is located in Oslo.

Avinor Group - Main Figures

All amounts in MNOK

	FIRST QUARTER		YEAR
	2016	2015	2015
Traffic income	685.5	687.1	3 067.8
Security (cost based)	254.3	252.9	1 155.5
Sales- and rental income - duty free	491.7	489.7	2 512.0
Sales- and rental income - parking	184.3	191.4	865.9
Sales- and rental income - other	381.4	384.5	1 670.9
Inter - group income	40.8	31.6	152.0
Total income airport operations	2 038.0	2 037.2	9 424.1
En route charges	218.6	237.7	1 024.8
Inter-group income approach and control tower services	187.2	191.5	842.2
Other income	43.5	55.2	220.5
Total income air navigation services	449.3	484.3	2 087.5
Other group income (a)	199.4	265.7	2 224.2
Elimination of inter - group income	-398.8	-436.3	-1 746.4
Total group income	2 287.9	2 350.9	11 989.4
Operating expenses airport operations (a)	-1 500.2	-1 519.9	-5 955.6
Operating expenses air navigation services	-457.8	-500.8	-1 864.4
Other operating expenses	-237.1	-274.8	-1 181.1
Elimination of inter-group expenses	398.8	436.3	1 746.4
Total group expenses	-1 796.3	-1 859.2	-7 254.7
EBITDA airport operations	537.8	517.3	3 468.5
EBITDA air navigation services	-8.5	-16.5	223.1
EBITDA others	-37.7	-9.1	1 043.1
EBITDA group	491.6	491.7	4 734.7
Depreciation, amortisation and impairment charges	-412.9	-334.7	-1 459.3
Changes in value and other (losses)/gains, net	-7.8	-14.5	-42.9
Operating profit/(loss)	70.9	142.6	3 232.5
Net finance income/(costs)	-71.9	-91.0	-328.6
Profit/(loss) before income tax	-1.0	51.6	2 903.9
Income tax expense	-1.1	-14.4	-454.9
Profit/(loss) after tax	-2.1	37.2	2 449.0
EBITDA-margin airport operations	26.4%	25.4%	36.8%
EBITDA-margin air navigation services	-1.9%	-3.4%	10.7%
EBITDA-margin others	21.5%	20.9%	39.5%
Investments airport operations	1 031.4	1 101.8	5 115.9
Investments air navigation services	41.1	31.7	131.1
Investments others	85.5	79.8	410.5
Total investments	1 158.0	1 213.3	5 657.5
Distributed dividends	-	-	-500.0
Cash flow before borrowings	-860.1	-1 164.5	-1 726.0
Interest - bearing debts	18 428.2	16 270.1	18 489.7
Total assets	38 583.8	34 559.5	38 785.0
Equity ratio	38.6%	35.6%	38.2%
Return on total capital after tax			4.8%
Number of passengers (in 1000)	11 149.0	10 859.2	50 024.9
Number of aircraft departures (in 1000)	165.9	168.9	724.1
Number of service units (in 1000)	549.8	560.6	2 356.8
Punctuality (b)	89%	88%	88%
Regularity (b)	99%	98%	98%

(a) Exclusive of inter - group leases on land
(b) Past 12 months

Board of Directors Report

IMPORTANT EVENTS

Air traffic measured in the number of passengers travelling through Avinor's airports in the first quarter of 2016 increased by 2.7 per cent compared with the same quarter last year. International traffic increased the most, whereas offshore helicopter traffic continued to decline. The Air Navigation Services saw a reduction in the number of overflights over Norway (service units) of 1.9 per cent in the first quarter.

The group's operating income during the period 1 January - 31 March 2016 amounted to NOK 2 288 million with a net loss of NOK 2 million. The net income after taxes was reduced by NOK 39 million from the corresponding period last year as a result of reduced operating income, increased project costs recorded in the income statement and increased depreciation. The group's underlying operating expenses showed a decline of 4.9 per cent compared with the corresponding period last year.

The modernisation programme is on schedule. To secure focus on and sound exploitation of the group's synergies, the group's organisational model has been strengthened within the areas commercial business development, operations & infrastructure and business support (joint services). The programme's targeted cost-savings of NOK 600 million per year from 2018 remain the same. The programme's prognosis for withdrawal of gains as of March 2016 is ahead of schedule (baseline).

The group enjoys continuous safe and stable operations with average regularity of 99 per cent and punctuality of 89 per cent over the last 12 months. No aviation accidents were registered in the first quarter of 2016, either with or without personal injury, in which Avinor was a participant. Sick leave amounted to 4.6 per cent over the last 12 months with an LTI rate of 3.3.

Expansion projects at Oslo Airport Gardermoen and Bergen Airport Flesland are on schedule in terms of progress and budget. At the project at Gardermoen approx. 92 per cent of total investments is completed and at Flesland the completion is approx. 81 per cent. Both projects are expected to be completed as planned and on budget in 2017.

Friday the 29 April 2016 was a sad day in the history of aviation. A helicopter, type EC255LP, crashed at Turøy in Hordaland. Together with emergency divisions, Norwegian Armed Forces, Civil Defence and voluntary organisations and personell, Avinor participated in the crisis management work on all levels, also at the accident scene. In the aftermath of the accident Avinor have been working with the follow-up of own employees and collaborating partners CHC Helikopterservice and Staoil.

1 JANUARY – 31 MARCH 2016

TABLE 1: KEY FINANCIAL FIGURES

MNOK	01.01 - 31.03.16	01.01 - 31.03.15	CHANGE
Operating income	2 287.9	2 350.9	-2.7%
Other income	-	-	
EBIT	70.9	142.6	-50.3%
Profit for the period	-2.1	37.2	-105.6%
Investments	1 158.0	1 213.4	-4.6%

During the period 1 January - 31 March 2016, the group had a loss after tax of NOK 2 million compared with a profit after tax of 37 million during the same period in 2015.

Operating income

The group's operating income during the period 1 January - 31 March amounted to NOK 2 288 million compared with NOK 2 351 million during the corresponding period last year. The change from 2015 was mainly due to lower operating revenues in Air Navigation Services, as well as lower commercial property revenues as a result of the sale of Radisson BLU Airport Hotel in the fourth quarter of 2015. Within airport operations, there was a slight general increase where growth at Gardermoen compensated for lower revenues at Flesland and Sola airports. At the other airports, there were minor changes in the income figures.

Table 2 below shows the operating income per business segment:

TABLE 2: OPERATING AND OTHER INCOME

MNOK	01.01 - 31.03.16	01.01 - 31.03.15	CHANGE
Airports operations	2 038.0	2 037.1	0.0%
Air traffic services	449.3	484.4	-7.2%
Property development and hotels	38.6	56.0	-31.1%
Group services	160.8	278.3	-42.2%
Consolidated items	-398.8	-504.9	-21.0%
Avinor group	2 288.0	2 351.0	-2.7%

Operating expenses, depreciation and other items

Underlying operating expenses for the period 1 January – 31 March 2016 (excluding cost of sales, Terminal 2 project costs and value adjustments) amounted to NOK 1 693 million, a fall of 4.9 per cent from the corresponding period last year. The decrease was

primarily due to reduced pension costs, a new principle for holiday provisions and an increase in project-related salaries and payroll costs that are recognised in the balance sheet.

In the first quarter, NOK 67 million (before depreciation) has been charged as an expense related to additional expenses for maintaining effective operations and traffic control alongside the expansion of Terminal 2 at Oslo Airport. The corresponding figure for the same period last year was NOK 39 million.

Depreciation and write-downs totalled NOK 413 million as at 31 March 2016, compared with NOK 335 million for the corresponding period last year. The increase was due to the completion and commissioning of several facilities that had been under construction. Accelerated depreciation related to the expansion project at Oslo Airport, Gardermoen, accounted for NOK 30 million, compared with NOK 17 million last year.

Operating profit (EBIT)

The group's operating profit in the period 1 January - 31 March amounted to NOK 71 million, compared with NOK 143 million in the corresponding period last year. The lower profit was mainly caused by reduced operating revenues, increased project costs recorded in the income statement and higher depreciation. A low profit for the first quarter compared with yearly profit is due to a normally lower traffic volume for this quarter than for the remaining quarters.

Financial items and tax

The group's net financial result for the period 1 January - 31 March 2016 amounted to a loss of NOK 72 million, compared with a loss of NOK 91 million in the corresponding period last year. The reduced interest rates and increased scope of capitalised interest costs related to expansion projects have offset the impact of higher interest-bearing liabilities.

Tax expenses are estimated at NOK 1 million.

Investments

Recognised additions to property, plant and equipment in the period 1 January - 31 March 2016 amounted to NOK 1 158 million compared with NOK 1 213 million for the corresponding period last year.

The investments can be broken down into business areas as follows:

TABLE 3: ADDITION TO PPE RECOGNISED IN THE BALANCE SHEET

MNOK	01.01 - 31.03.16	01.01 - 31.03.15	CHANGE
Airports operations	1 031.4	1 101.8	-70.4
Air traffic services	41.1	31.7	9.4
Joint items, group	21.8	21.0	0.8
Consolidated items	63.7	58.8	4.9
Group	1 158.0	1 213.3	-55.3

The Terminal 2 project at Oslo Airport, Gardermoen is on schedule, and approximately 92 per cent of the total investment is completed as at the end of the first quarter 2016. The airport maintains high rates of traffic management, regularity and punctuality despite the extensive concurrency between development and ongoing operations. The project has a cumulative injury absence rate (LTI rate) of 3.0. The total budget for the project is unchanged and is consistent with Avinor's stock exchange announcement of 4 June 2013.

The development project at Bergen Airport Flesland has enjoyed good progress and is on schedule. The project was approximately 81 per cent complete at the end of the first quarter 2016.

Both projects are expected to be completed as planned and on budget in 2017.

Cash flow, financing and commitments

As a result of investment payments exceeding the contribution from current operations, the group had a negative cash flow of NOK 860 million in the period 1 January - 31 March 2016 before changes in liabilities. Interest-bearing liabilities as at 31 March 2016 amounted to NOK 18 428 million, reduced by NOK 62 million since 31 December 2015. The reduction was mainly due to changes in currency/value of loans.

The group's total capital amounted to NOK 38.6 billion as at 31 March 2016, with an equity ratio of 38.6. Equity as a percentage of the sum of equity and net interest-bearing liabilities totalled 45.8 per cent as at 31 March 2016.

As at 31 March 2016, the group's cash reserves amounted to NOK 5 595 million, distributed between NOK 795 million in bank deposits and NOK 4 800 million in unused bank overdrafts.

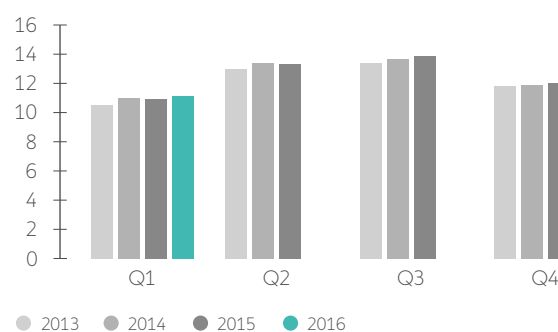
Traffic development and service goals

A total of 11.1 million passengers travelled through Avinor's airports in the period 1 January - 31 March 2016, an increase of 2.7 per cent compared with the corresponding period in 2015.

The figure below shows the trend in traffic on a quarterly basis for 2013-2016:

PASSENGERS

Numbers in millions



Compared with the same period last year, domestic traffic increased by 2.2 per cent, while international traffic increased by 4.3 per cent. The increase in domestic traffic was mainly on the routes in and to/from Northern Norway. Traffic decreased in Stavanger and Bergen, due to a downturn in petroleum activities. Internationally, traffic increased between the Nordic countries, between Norway and Spain, as well as to and from Eastern Europe.

Domestic traffic made up 62 per cent of the total traffic volume in the first quarter. The volume of offshore helicopter traffic decreased by 16.5 per cent compared with last year.

Passenger volume distributed among the airports is as follows:

TABLE 4: NO. OF AIR PASSENGERS

PASSENGERS (1 000)	01.01 - 31.03.16	01.01 - 31.03.15	CHANGE
Gardermoen	5 522	5 222	5.8%
Flesland	1 276	1 284	-0.6%
Sola	935	1 011	-7.6%
Værnes	1 005	974	3.1%
Others	2 411	2 369	1.8%
Avinor group	11 149	10 859	2.7%

The number of commercial aircraft movements including offshore helicopter traffic decreased by 1.7 per cent compared with the corresponding period last year. The traffic volume for the en route service measured by the number of service units decreased by 1.8 per cent compared with last year. The decrease is due to fewer domestic service units, while there is no reduction in the number of flights over norwegian airspace.

Over the past 12 months, average regularity has been recorded at 99 per cent, and average punctuality has been recorded at 89 per cent in Avinor's network of airports.

AVIATION SAFETY AND HSE

No aviation accidents have been registered in the first quarter, either with or without personal injury, in which Avinor was a participant.

Avinor works systematically on aviation safety. The reporting level for adverse events is high and stable, and is an important element in a safety organisation. The vast majority of reports deal with potential adverse events or less serious situations that allow for learning and help us improve our safety work. The follow-up of irregularities is a high priority in all parts of the group.

In connection with the certification of Avinor as an operator and the forthcoming certification of Avinor's airports in accordance with new general regulations for Europe, processes and documents relating to safety management have been reviewed and restructured. These efforts have revealed areas for improvement and new requirements have been incorporated.

As at 31 March 2016, the group had a total LTI rate for absence due to injuries of 3.3 per cent for the preceding 12 months, and a sick leave rate of 4.6 per cent.

RISK FACTORS

The group's operations focus on safe air traffic management, with procedures and measures to minimise both the risk and consequences of accidents and serious incidents. Developments with regard to national and international regulatory issues may have financial consequences for the group.

Avinor safeguards national sectoral policy objectives. The Norwegian state sets guidelines for a number of conditions, including airport structure, emergency preparedness, aviation fees and duties imposed by society. The scope and organisation of sectoral policy guidelines may change over time.

The organisation's capitalised infrastructure is long term, and the management of operations is largely governed by laws and regulations. As a result, Avinor has a high percentage of fixed costs that vary little with changes in traffic volumes and capacity utilisation. The group's earnings and financial value are influenced by changes in the volume of traffic.

Oslo, Bergen, Stavanger and Trondheim airports are a key source of funding for the rest of the airport network in Norway. The large airports' earnings are exposed to economic cycles and competition from airports outside Avinor's network.

Revenues from services and offers to passengers are very important to the group's funding. Changes in the framework conditions for the duty-free scheme in particular would have a major impact on the group's earnings and financial value.

Financial hedging instruments are used to curtail risk related to changes in interest and exchange rates and energy prices. The value of hedging instruments changes in line with prices in the market. When investing the group's surplus cash, emphasis is given to the issuer's solidity and the liquidity of the investment. The group's cash reserves are deposited in banks on negotiated terms.

There is disagreement between the Norwegian Armed Forces and Avinor regarding the apportionment of costs at airports where the parties have joint operations. Avinor has reflected this in the financial statements through provisions based on best possible estimate.

A legal discretionary assessment to determine the purchase price or an annual user fee for aviation-critical areas that are owned by the Norwegian Armed Forces at Bergen Airport, Flesland is expected in 2016. The decision may have financial consequences which are not reflected in the financial statements as at 31 March 2016.

As a consequence of the Norwegian Parliament's resolution to establish a new fighter jet base for the Armed Forces in Ørland, Avinor has been tasked with preparing for taking over responsibility for airport operations at Bodø Airport by 1 August 2016.

The financial terms for the takeover of operational responsibility, real estate, and other technical equipment from the Armed Forces have not yet been determined. The reason is that the needs of the Armed Forces are unclear, while Bodø municipality wishes to have a study on a possible relocation of the airport.

In March 2015, the Ministry of Transport and Communications tasked Avinor with conducting a socio-economic analysis of the benefits and costs of building a new airport in Bodø compared to upgrading the existing airport. The issue of a possible new airport in Bodø will be presented in conjunction with a National Transport Plan in the second half of 2017.

Avinor Flysikring AS has been appointed by the government as the sole provider of approach control services, with the consequent obligation to provide services until 2024. According to a judgement in Sandefjord District Court, Avinor Flysikring AS has an obligation to deliver without the service recipient having a corresponding payment obligation. This judgment has been appealed.

In connection with the pension settlement in 2005, it was determined that public service pensions should be adjusted for an increase in life expectancy and be made subject to the new pension adjustment rules. However, there were no provisions for the co-ordination of public service pension benefits and new social security rules. The rules for co-ordination have therefore not been clarified, and so have not been considered in the accounts. A new public occupational pension solution is being considered, but as of today it has not been clarified what this solution would entail, neither when it would enter into force nor transitional rules.

The airports have discharge permits which require risk assessments to identify possible sources of acute pollution that might damage the external environment. The airports work continuously to reduce the risk of environmentally hazardous incidents, while past contamination is being mapped and cleaned up. Environmentally hazardous additives have been detected in fire extinguishing foam which has spread to the natural environment at all the airports. Work is currently being conducted to clarify

the scope of the measures that will need to be implemented. As a basis for this work, risk assessments have been conducted into the pollution's potential harm to persons and the external environment. The financial consequences of this work depend on the scope of the localities where measures must be implemented, as well as regulatory requirements and available measure methods. The Norwegian Environment Agency has signalled that it will impose an order for action at Kjevik Airport, and that it will most likely issue a collective order to prepare action plans for the other airports. This order is likely to be issued in 2017.

OUTLOOK

Mobility and efficient air transport are essential for social development and contribute to strengthening economic growth in rural areas and regions. Avinor's high level of activity and investment will continue in order to address the social mission of having effective regional, national, European and intercontinental air services.

Growth in air traffic is expected also in 2016, but there is uncertainty regarding the socio-economic development and the effect on the rate of growth. Avinor responds to increased uncertainty with measures related to increased efficiency and cost reductions. The major expansion projects at Oslo Airport Gardermoen and Bergen Airport Flesland are on schedule in terms of progress and total level of investment.

Avinor is continuing efforts to improve its environmental performance and be a driving force for climate and environmental efforts in aviation.

As a provider of air navigation services, the international deregulation and development of competition in tower and approach control services are being monitored carefully. Avinor's air navigation services will be a competitive and preferred supplier in a future competitive market, and will make the necessary adjustments to achieve this goal.

Oslo, 12 May 2016
Board of Directors of Avinor AS

INCOME STATEMENT

All amounts in MNOK

		FIRST QUARTER		YEAR	
	NOTES	2016	2015	2015	
Operating income					
Traffic income		1 155.5	1 178.1	5 248.0	
Other operating income		1 132.4	1 172.8	5 475.1	
Other income	4	-	-	1 266.3	
Total operating income		2 287.9	2 350.9	11 989.4	
Operating expenses					
Raw materials and consumables used		36.4	39.9	272.1	
Employee benefots expenses	5	874.6	955.0	3 466.6	
Depreciation, amortisation and impairment charges	5, 7	412.9	334.7	1 459.3	
Other operating expenses	5	885.3	864.2	3 516.0	
Other expenses	4	7.8	14.5	42.9	
Total operating expenses		2 217.0	2 208.3	8 756.9	
Operating profit/(loss)		70.9	142.6	3 232.5	
Finance income		8.5	6.0	39.8	
Finance costs		80.4	97.0	368.4	
Net finance income/(costs)		-71.9	-91.0	-328.6	
Profit/(loss) before income tax		-1.0	51.6	2 903.9	
Income tax expense		6	1.1	14.4	454.9
Profit/(loss) after tax		-2.1	37.2	2 449.0	

STATEMENT OF COMPREHENSIVE INCOME

All amounts in MNOK

	FIRST QUARTER		YEAR
	2016	2015	2015
Profit/(loss) for the period	-2.1	37.2	2 449.0
Other comprehensive income:			
Items that will not be reclassified to profit or loss in subsequent periods:			
Actuarial gains/(losses) on post employment benefit obligations	56.0	-	1 040.9
Tax effect	-14.0	-	-281.0
Change in tax rate, effect deferred tax assets/-liabilities	-	-	0.5
Items that may be subsequently reclassified to profit or loss:			
Cash flow hedges	24.7	46.1	24.6
Tax effect	-8.2	-12.4	-6.6
Other comprehensive income, net of tax	58.5	33.7	778.4
Total comprehensive income	56.4	70.9	3 227.4
Attributable to:			
Owner of parent	56.4	70.9	3 227.4

BALANCE SHEET

All amounts in MNOK

		31 MARCH		YEAR
	NOTES	2016	2015	2015
ASSETS				
Non - current assets				
Intangible assets				
Deferred tax assets	6	1 486.9	2 021.9	1 508.9
Other intangible assets	7	114.1	18.1	117.2
Total intangible asstes		1 601.0	2 040.0	1 626.1
Property, plant and equipment				
Property, plant and equipment	7	23 641.0	20 799.1	22 507.1
Assets under construction	7	10 228.5	8 799.7	10 615.2
Total property, plant and equipment		33 869.5	29 598.8	33 122.3
Financial assets				
Derivative financial instruments	11	620.0	116.9	636.2
Other financial assets		357.5	204.7	306.0
Total financial assets		977.5	321.6	942.2
Total non-current assets		36 448.0	31 960.4	35 690.6
Current assets				
Inventories		21.2	17.5	24.4
Trade and other receivables		1 310.1	1 486.9	1 378.4
Derivative financial instruments	11	9.7	12.6	24.9
Cash and cash equivalents		794.8	832.0	1 666.7
Assets of disposal group classified as held for sale	8	-	250.1	-
Total current assets		2 135.8	2 599.1	3 094.4
TOTAL ASSETS		38 583.8	34 559.5	38 785.0

BALANCE SHEET

All amounts in MNOK

		31 MARCH		YEAR
	NOTES	2016	2015	2015
EQUITY AND LIABILITIES				
Equity				
Share capital		5 400.1	5 400.1	5 400.1
Other equity		9 488.3	6 893.4	9 432.0
Total equity		14 888.4	12 293.5	14 832.1
Provisions				
Retirement benefit obligations	9	1 896.4	2 951.5	1 947.4
Other provisions		180.8	209.9	181.2
Total provisions		2 077.2	3 161.4	2 128.6
Non-current liabilities				
State loan	10, 11	2 971.7	3 416.1	2 971.7
Derivative financial instruments	11	88.0	114.1	88.2
Other non-current liabilities	10, 11	14 059.6	10 410.7	14 123.8
Total non-current liabilities		17 119.3	13 940.9	17 183.7
Current liabilities				
Commercial papers	10, 11	400.0	1 900.0	400.0
Trade payables		356.9	344.9	441.1
Tax payable		196.0	93.2	335.9
Public duties payable		282.6	206.6	246.6
Derivative financial instruments	11	42.2	17.7	50.3
First annual instalment on long-term liabilities	10, 11	996.9	543.3	994.2
Other current liabilities		2 224.3	2 041.7	2 172.5
Liabilities of disposal group classified as held for sale	8	-	16.3	-
Total current liabilities		4 498.9	5 163.7	4 640.6
Total liabilities		23 695.4	22 266.0	23 952.9
TOTAL EQUITY AND LIABILITIES		38 583.8	34 559.5	38 785.0

STATEMENT OF CHANGES IN EQUITY

All amounts in MNOK

	SHARE CAPITAL	OTHER RESERVES	OTHER EQUITY	TOTAL EQUITY
Balance at 1 Januar 2015	5 400.1	-774.8	7 597.3	12 222.6
Total comprehensive income		33.7	37.2	70.9
Dividends provided for or paid			-	-
Balance at 31 March 2015	5 400.1	-741.1	7 634.5	12 293.5
Balance at 1 Januar 2016	5 400.1	3.6	9 428.3	14 832.1
Total comprehensive income		58.5	-2.1	56.4
Dividends provided for or paid			-	-
Balance at 31 March 2016	5 400.1	62.1	9 426.2	14 888.4

STATEMENT OF CASH FLOWS

All amounts in MNOK

	FIRST QUARTER		YEAR
	2016	2015	2015
Cash flow from operating activities			
Profit/(loss) before income tax including discontinued operations	-1.0	51.6	2 903.9
Depreciation	412.9	334.7	1 459.3
(Profit)/loss on disposals of non-current assets	0.4	-2.9	-1 270.0
Changes in value and other losses/(gains) - net (unrealised)	-	-8.8	17.8
Net finance (income)/costs	71.9	91.0	328.6
Change in inventories, trade receivables and trade payables	45.0	-292.2	-186.2
Difference between post employment benefit expense and amount paid/received	5.0	120.1	156.5
Change in other working capital items	16.1	91.2	86.0
Interest received	1.3	1.1	19.0
Income tax paid	-141.1	-186.0	-280.1
Net cash generated from operating activities	410.5	199.8	3 234.8
Cash flow from investing activities			
Investments in property, plant and equipment (PPE)	-1 111.9	-1 243.8	-5 165.7
Proceeds from sale of PPE, incl assets under construction	0.6	3.7	1 382.8
Change in other investments	-40.0	-4.8	-46.2
Net cash used in investing activities	-1 151.3	-1 244.9	-3 829.1
Cash flow from financing activities			
Proceeds from borrowings	-	80.0	3 609.7
Repayment of borrowings	-11.8	-115.5	-749.0
Net proceeds/repayment of short term borrowings (commercial papers)	-	1 100.0	-400.0
Interest paid	-119.3	-119.4	-618.8
Other borrowing charges	-	-	-12.9
Dividends paid to owner	-	-	-500.0
Net cash generated/used in financing activities	-131.1	945.1	1 329.0
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	-871.9	-100.0	734.7
Cash, cash equivalents and bank overdrafts at the beginning of the period	1 666.7	932.0	932.0
Cash, cash equivalents and bank overdrafts at the end of the period	794.8	832.0	1 666.7

NOTES TO THE INTERIM 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.

The interim financial information was approved for issue on 12 May 2016. The interim financial information has not been audited.

NOTE 2 Basis of preparation and accounting policies

The interim financial statement for Avinor Group for the first quarter, ended 31 March 2016, has been prepared in accordance with International Financial Reporting Standards (IFRS) and encompass Avinor AS and all its subsidiaries.

The interim financial information has been prepared in accordance with IAS 34 Interim financial reporting.

The interim financial information should be read in conjunction with the annual financial statement for the year ended 31 December 2015.

The accounting policies are consistent with those of the annual financial statement for the year ended 31 December 2015.

NOTE 3 Segment information

All amounts in MNOK

THREE MONTHS ENDED MARCH 2016

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	432.4	120.7	96.0	82.7	208.0	939.7
Other income	661.5	104.5	101.0	62.3	128.1	1 057.5
Inter-segment income	13.0	3.7	12.0	7.0	5.1	40.7
Total income	1 106.9	228.9	209.1	152.0	341.1	2 037.9
Employee benefits expenses	145.8	32.7	27.5	24.4	210.2	440.6
Depreciation and amortisation	189.5	28.7	26.2	23.4	96.8	364.5
Other operating expenses	394.8	58.0	35.5	29.9	227.4	745.6
Inter-segment expenses	84.8	34.5	35.9	28.4	130.4	314.0
Total expenses	814.8	153.9	125.0	106.1	664.9	1 864.7
Operating profit/(loss)	292.0	74.9	84.0	45.9	-323.7	173.2
Assets ¹⁾	10 909.7	1 661.1	1 656.1	1 826.6	6 035.3	22 088.8

THREE MONTHS ENDED MARCH 2016 CONTINUED

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	ELIMINATIONS	TOTAL
Traffic income	939.7	218.6	-	-2.8		1 155.5
Other income	1 057.5	43.5	25.5	5.9		1 132.4
Inter-segment income	40.7	187.2	13.1	157.7	-398.8	-
Total income	2 037.9	449.3	38.6	160.8	-398.8	2 287.9
Employee benefits expenses	440.6	342.0	0.0	91.9		874.6
Depreciation and amortisation	364.5	19.5	9.3	19.6		412.9
Other operating expenses	745.6	85.9	-0.4	98.5		929.5
Inter-segment expenses	314.0	25.8	5.7	53.2	-398.8	-
Total expenses	1 864.7	473.1	14.5	263.3	-398.8	2 216.9
Operating profit/(loss)	173.2	-23.8	24.1	-102.5	-	70.9
Assets ¹⁾	22 088.8	606.9	890.0	169.4		23 755.1

THREE MONTHS ENDED MARCH 2015

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	424.1	123.6	105.2	81.5	205.6	940.0
Other income	646.1	122.9	103.1	61.1	132.4	1 065.5
Inter-segment income	5.2	3.3	10.7	7.2	5.2	31.6
Total income	1 075.4	249.8	218.9	149.8	343.2	2 037.1
Employee benefits expenses	150.2	36.4	28.5	26.6	232.2	473.9
Depreciation and amortisation	141.2	20.0	21.1	21.6	90.0	293.9
Other operating expenses	329.0	49.0	39.6	33.6	240.8	692.1
Inter-segment expenses	188.7	35.4	36.4	28.2	134.4	423.2
Total expenses	809.1	140.8	125.7	110.0	697.5	1 883.1
Net income/(expense)	266.3	109.0	93.2	39.8	-354.3	154.0
Group adjustments depreciation (a)	43.1	-6.2	-4.7	-5.6	-28.9	-2.3
Group adjustments lease (b)	68.6					68.6
Operating profit/(loss)	378.0	102.8	88.5	34.2	-383.2	220.3
Assets ¹⁾	8 147.6	1 735.9	1 316.9	1 717.5	6 297.0	19 214.9

THREE MONTHS ENDED MARCH 2015 CONTINUED

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	ELIMINATIONS	TOTAL
Traffic income	940.0	237.7	-	0.4		1 178.1
Other income	1 065.5	55.2	51.3	0.8		1 172.8
Inter-segment income	31.6	191.5	4.7	277.1	-504.9	-
Total income	2 037.1	484.4	56.0	278.3	-504.9	2 350.9
Employee benefits expenses	473.9	374.1	0.0	106.9		955.0
Depreciation and amortisation	293.9	17.6	9.8	12.1		333.3
Other operating expenses	692.1	113.2	0.3	113.0		918.6
Inter-segment expenses	423.2	27.0	3.1	51.6	-504.9	-
Total expenses	1 883.1	531.9	13.3	283.5	-504.9	2 206.8
Net income/(expense)	154.0	-47.6	42.7	-5.2	-	144.0
Group adjustments depreciation (a)	-2.3	-	1.0	-0.1		-1.4
Group adjustments lease (b)	68.6			-68.6		-
Operating profit/(loss)	220.3	-47.6	43.7	-73.9	-	142.6
Assets ¹⁾	19 214.9	562.3	832.7	207.3		20 817.2

(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.

1) Inclusive other intangible assets, exclusive assets under construction.

NOTE 4 Other income and expenses

All amounts in MNOK

SPESIFICATION	FIRST QUARTER		YEAR
	2016	2015	2015
Other income			
Profit on disposals of non-current assets	-	-	1 266.3
Total	-	-	1 266.3
Other expenses/income			
Changes in value and other (losses)/gains, net	7.8	14.5	42.9
Total	7.8	14.5	42.9

NOTE 5 Impact on earnings - Terminal 2 project*All amounts in MNOK*

As a result of the development of Gardermoen (Terminal 2 project) the income statement includes charges for extra costs related to the maintenance of normal operations during the construction period, as well as costs related to the scrapping of assets, including higher depreciation as a result of re-assessed economic life. Part of the charges for extra costs is based on estimates that are continually updated.

SPECIFICATION	FIRST QUARTER		YEAR
	2016	2015	2015
Employee benefits expense	9.9	7.3	52.2
Depreciation, amortisation and impairment charges	30.2	16.7	60.5
Other operating expenses	57.5	32.1	195.2
Total	97.6	56.1	307.9

NOTE 6 Income tax expense

The income tax expense is calculated using the expected annual effective tax rate. Expected annual effective tax rate is 25% and is in the interim financial statements as a whole booked against deferred tax asset. The distribution between tax payable and deferred tax is calculated at year end and presented in the annual financial statement.

NOTE 7 Property, plant and equipment, other intangible assets*All amounts in MNOK*

	OTHER INTANGIBLE ASSETS	PROPERTY, PLANT AND EQUIPMENT	ASSETS UNDER CONSTRUCTION	TOTAL
At 31 March 2015				
Opening net book amount	15.7	21 040.9	7 913.6	28 970.2
Additions	3.1	324.2	1 213.3	1 540.6
Reclassification	-	231.0	327.3	558.3
Disposals	-	0.8	-	0.8
Depreciation charge	0.7	334.1	-	334.8
Closing net book amount	18.1	20 799.1	8 799.7	29 616.9
At 31 March 2016				
Opening net book amount	117.2	22 507.1	10 615.2	33 239.5
Additions	-	1 544.7	1 158.0	2 702.7
Reclassification	-	-	1 544.7	1 544.7
Disposals	-	1.0	-	1.0
Depreciation charge	3.1	409.8	-	412.9
Closing net book amount	114.1	23 641.0	10 228.5	33 983.6

Measurement of recoverable amount

There are no significant changes affecting the recoverable amount of the group's assets in 2016.

NOTE 8 Assets held for sale*All amounts in MNOK*

The assets and liabilities related to Hotell Vestre AS and Hotell Vestre Tomteselskap AS were presented as held for sale following the approval of the groups's board of directors on 11 February 2015 to sell the companies. The transaction was completed in December 2015.

SPESIFICATION	FIRST QUARTER		YEAR
	2016	2015	2015
Assets			
Property, plant and equipment	-	231.0	-
Receivables and other current assets	-	19.1	-
Total	-	250.1	-
Liabilities			
Provisions	-	10.5	-
Current liabilities	-	5.8	-
Total	-	16.3	-

NOTE 9 Pension obligation*All amounts in MNOK*

Actuarial gains in 2016 of MNOK 56.0 is due to gains from the realisation of plan assets on the merger of Oslo Lufthavn AS. A discount rate of 2,7% and a future salary increase of 2,5% are used in the calculation af net pension obligation as at 31 March.

NOTE 10 Borrowings and financial lease obligations*All amounts in MNOK*

	31 MARCH		YEAR
	2016	2015	2015
Non-current	17 031.3	13 826.8	17 095.5
Current	1 396.9	2 443.3	1 394.2
Total	18 428.2	16 270.1	18 489.7
Movement in borrowings			
Opening net book amount	18 489.7	15 290.4	15 290.4
Proceeds from borrowings	-	80.0	3 609.7
Repayment of borrowings	-11.8	-115.5	-749.0
Net change financial lease obligation	-	-	256.0
Net proceeds/repayment of short term borrowings	-	1 100.0	-400.0
Changes in value	-49.8	-84.7	482.7
Closing net book amount	18 428.2	16 270.1	18 489.7

LIQUIDITY RESERVES

	31 MARCH		YEAR
	2016	2015	2015
Cash and cash equivalents	794.8	832.0	1 666.7
Unused bank overdraft	800.0	800.0	800.0
Unused credit facility	4 000.0	4 000.0	4 000.0
Total	5 594.8	5 632.0	6 466.7

The group has, at the end of first quarter 2016, sufficient headroom to enable it to conform to covenants on existing borrowings. The groups liquidity reserves equals at least 12 months prognosticated liquidity requirement including repayment of borrowings, as set out in internal policies.

Avinor AS raised on 18 April 2016 a new loan of 200,0 million euro from the European Investment Bank (EIB), with a term of twelve year and a fixed interest rate of 1,869 per cent.

NOTE 11 Financial instruments*All amounts in MNOK*

Fair value estimation

The fair value of foreign exchange forward contracts and financial power forward contracts is based on market value at the balance sheet date. The fair value of all interest rate swaps is confirmed by the financial institutions which are the company's opposite party in the financial contracts entered into. 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. The fair value of commercial papers equals principal amount as at 31 March 2016.

Below is a comparison of the carrying amounts and fair values of Avinor AS and the group's interest-bearing debt.

	31 MARCH 2016		31 MARCH 2015	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Interest-bearing debt				
State loan	3 416.1	3 487.4	3 860.4	3 981.0
Bonds	9 206.3	9 894.1	6 158.9	6 959.1
Bank borrowings	5 120.6	5 583.4	4 313.0	4 838.5
Commercial papers	400.0	400.0	1 900.0	1 900.0

The table below shows 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 March 2016:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss	-	7.5	-	7.5
Derivatives used for hedging	-	623.2	-	623.2
Total assets	-	630.7	-	630.7
Liabilities				
Financial liabilities at fair value through profit or loss	43.2	1 417.6	-	1 460.8
Derivatives used for hedging	-	82.7	-	82.7
Total liabilities	43.2	1 500.3	-	1 543.5

The following table presents the group's assets and liabilities that are measured at fair value at 31 March 2015:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss	-	8.5	-	8.5
Derivatives used for hedging	-	121.0	-	121.0
Total assets	-	129.5	-	129.5
Liabilities				
Financial liabilities at fair value through profit or loss	17.4	13.0	-	30.4
Derivatives used for hedging	-	101.4	-	101.4
Total liabilities	17.4	114.4	-	131.8



AVINOR AS
Org. No. 985 198 292
Dronning Eufemias gate 6
0191 Oslo, Norway

P.O. Box 150
2061 Gardermoen

avinor.no