INTERIM FINANCIAL REPORT

2nd quarter 2017

Content

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 45 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 3,000 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

	SECOND QUARTER		SIX MONTHS ENDED JUNE		YEAR
	2017	2016	2017	2016	2016
Traffic income	769.3	790.2	1 449.9	1 475.7	3 002.3
Security (cost based)	369.4	306.9	677.0	561.2	1 156.9
Sales- and rental income - duty free	699.0	660.3	1 199.0	1 152.0	2 552.0
Sales- and rental income - parking	236.4	223.8	445.2	408.0	868.6
Sales- and rental income - other	517.6	436.7	1 138.8	818.1	1 876.1
Inter - group income	29.8	52.5	58.0	93.3	219.0
Total income airport operations	2 621.6	2 470.4	4 967.8	4 508.4	9 674.9
En route charges	281.3	247.8	530.9	466.4	984.7
Inter-group income approach and control tower services	205.4	193.4	402.9	380.6	804.6
Other income	35.5	54.9	71.6	98.4	201.5
Total income air navigation services	522.3	496.1	1 005.4	945.4	1 990.8
Other group income	208.2	205.3	405.1	404.7	827.9
Elimination of inter - group income	-401.7	-416.7	-783.6	-815.5	-1 705.6
Total group income	2 950.2	2 755.0	5 594.7	5 042.9	10 788.0
Operating expenses airport operations	-1 802.7	-1 469.7	-3 565.0	-2 969.9	-6 119.6
Operating expenses air navigation services	-724.3	-459.5	-1 180.8	-913.2	-1 779.1
Other operating expenses	-492.1	-283.2	-749.9	-532.2	-1 074.2
Elimination of inter-group expenses	401.7	416.7	783.6	815.5	1 705.6
Total group expenses	-2 617.3	-1 795.7	-4 712.1	-3 599.8	-7 267.3
EBITDA airport operations	818.9	1 000.7	1 402.8	1 538.5	3 555.3
EBITDA air navigation services	-202.0	36.6	-175.4	32.2	211.7
EBITDA others	-283.9	-78.0	-344.8	-127.6	-246.3
EBITDA group	333.0	959.3	882.6	1 443.1	3 520.7
Depreciation, amortisation and impairment charges	-460.2	-414.9	-899.0	-827.8	-1 762.9
Operating profit/(loss)	-127.2	544.4	-16.4	615.3	1 757.8
Net finance income/(costs)	-123.2	-79.8	-293.8	-151.7	-383.6
Profit/(loss) before income tax	-250.4	464.6	-310.2	463.6	1 374.2
Income tax expense	65.8	-116.2	80.2	-117.3	-345.6
Profit/(loss) after tax	-184.6	348.4	-230.0	346.3	1 028.6
EBITDA-margin airport operations	31.2 %	40.5 %	28.2 %	34.1 %	36.7 %
EBITDA-margin air navigation services	-38.7 %	7.4 %	-17.4 %	3.4 %	10.6 %
EBITDA-margin others	11.3 %	34.8 %	15.8 %	28.6 %	32.6 %
Investments airport operations	695.0	1 143.1	1 266.0	2 174.5	4 554.6
Investments air navigation services	75.0	69.5	169.4	110.6	238.1
Investments others	33.5	124.8	67.8	210.3	321.8
Total investments	803.5	1 337.4	1 503.2	2 495.4	5 114.5
Distributed dividends	-550.0	-	-550.0	-	-500.0
Cash flow before borrowings	-782.5	-603.2	-1 464.1	-1 463.3	-2 622.0
Interest - bearing debts			21 994.6	19 106.1	19 504.6
Total assets			43 286.7	40 083.0	41 037.2
Net debt to equity ratio (b)			41.0 %	44.7 %	44.6 %
Number of passengers (in 1000)	13 898.3	13 379.3	25 576.9	24 528.3	50 802.8
Number of aircraft departures (in 1000)	177.2	183.6	344.9	349.5	704.4
Number of service units (in 1000)	625.2	626.2	1 193.2	1 176.0	2 492.9
Punctuality (a)			87 %	88 %	87 %
Regularity (a)			99 %	99 %	99 %

(a) Past 12 months.
(b) Equity as a percentage of total equity and net interest-bearing debt (including interest rate swaps). According to article 5 of the company's Article of Association.

Board of Directors Report

IMPORTANT EVENTS

Air traffic measured in the number of passengers travelling through Avinor's airports during the period 1 January–30 June 2017 increased by 4.3 per cent compared with the corresponding period in 2016. Oslo Airport grew by 7.3 per cent, while the combined growth of other airports came to 1.2 per cent.

Over the past 12 months, average regularity has been recorded at 99 per cent and average punctuality has been recorded at 87 per cent. Sick leave amounted to 4.7 per cent over the last 12 months with an LTI rate of 2.8.

The new, extended terminal areas at Oslo Airport were officially opened on 27/04/ 2017. The extension project was completed and the facilities were opened for use on time and within the budget of NOK 14, 050 million.

The new terminal at Flesland will open on 17/08/2017 as planned. The extension project is completed within the planned budget of NOK 4,700 million.

29 May 2017 marked the 80th anniversary since King Haakon officially opened Stavanger Airport Sola. The 80th anniversary was celebrated with a number of events, and a topping-out ceremony was held to celebrate the extension of the terminal. The extension project is on schedule and will be completed in 2018.

The Owner's Report and the 2018–2029 National Transport Plan were adopted by the Storting in June 2017. Among other things, these documents announced Avinor's plans for a third runway at Oslo Airport and a new airport in Bodø.

The Remote Towers project is an innovative and pioneering project in the field of air navigation services, and its schedule involves technical, financial and regulatory risks. The project is running in accordance with its milestone plan, and the second quarter saw the construction of the first five towers that will be remotely controlled from the centre in Bodø. An important milestone was achieved on 8 June, when live images were sent from Røst Airport to the Tower Centre in Bodø.

The savings forecast for the group's modernization program is above target.

Avinor's result is very negatively influenced by the change in the provisions for the regulations of deferred pension privileges which extends the basis of liability for Avinor as an employer.

Q2 2017

TABLE 1: KEY FINANCIAL FIGURES

MNOK	Q2 2017	Q2 2016	CHANGE
Operating income	2 950.2	2 755.0	7.1 %
EBITDA	333.0	959.3	-65.3 %
EBIT	-127.2	544.4	-123.4 %
Profit/loss for the period	-184.6	348.4	
Investments	803.5	1 337.4	-39.9 %

In terms of traffic, the second quarter of 2017 was strong, with 7 per cent more passengers at Oslo Airport in comparison to the second quarter of 2016. Other airports saw a marginal combined growth of 0.7 per cent.

Operating income in the second quarter of 2017 totalled NOK 2,950 million, compared with NOK 2,755 million in the corresponding period last year, representing an increase of 7.1 per cent. The increase was mainly due to an increase in traffic volume and increased revenues from Oslo Airport.

The Ministry of Labour and Social Affairs introduced changes to its provisions for the regulation of deferred rights for exempt government organisations; these will apply from 1 January 2018. The financing of deferred pension rights for employees who leave these organisations will be transferred from the Norwegian Public Service Pension Fund to the organisation in question. For Avinor as a group, this change will result in an increase of NOK 415 million in pension liabilities. The amount has been charged to the Group's profit and loss account in the second quarter.

On 26 June 2017, Avinor signed an agreement with the Norwegian Armed Forces for a financial settlement in accordance with the Partnership Agreement for the 2010–2016 period. The agreement involves an additional payment to the Norwegian Armed Forces in excess of the previous accounting liability of NOK 135 million. The amount has been charged to the profit and loss account in the second quarter.

An additional provision of NOK 40 million was charged in the second quarter for the clean-up of contaminated ground at Harstad/Narvik Airport Evenes.

Including the above items, operating costs in the second quarter amounted to NOK 2,617 million, compared with NOK 1,796 million in the second quarter of 2016.

Exclusive the aforementioned additional costs EBITDA would have amounted to NOK 923 million and operating cost to NOK 2027 million in the second quarter.

Total depreciation and write-downs to the Group's tangible fixed assets totalled NOK 460 million in the second quarter, compared with NOK 415 million in the second quarter of 2016. The increase was due to the completion and commissioning of several facilities previously under construction.

The Group's net financial result in the second quarter was minus NOK 123 million, compared with minus NOK 80 million in the second quarter of 2016. The change was primarily due to a reduction of recognised interest expenses in the balance sheet as a result of a decrease in facilities under construction.

Based on a tax rate of 24 per cent on an annual basis, the Group's result after tax came to minus NOK 185 million in the second quarter, compared with plus NOK 348 million in the corresponding reporting period in 2016.

1 JANUARY–30 JUNE 2017

TABLE 2: KEY FINANCIAL FIGURES

MNOK	01.01-30.06.17	01.01-30.06.16	CHANGE
Operating income	5 594.7	5 042.9	10.9 %
EBITDA	882.6	1 443.1	-38.8 %
EBIT	-16.4	615.3	-102.7 %
Profit/loss for the period	-230.0	346.3	
Investments	1 503.2	2 495.4	-39.8 %

During the period 01/01 –30/06/2017, the Group reported a loss after tax of NOK 230 million, compared with a profit of NOK 346 million for the corresponding period in 2016. The change in profit/loss after tax can mainly be ascribed to the increase in provision for pension and environmental liabilities, the financial settlement agreement with the Norwegian Armed Forces for the 2010–2016 period in accordance with the Partnership Agreement, and a reduction of recognised interest expenses in the balance sheet resulting from the completion of development projects.

The Group's balance sheet increased by NOK 2.2 billion in the first six months of 2017, totalling NOK 43.3 billion as at 30/06//2017. The increase can mainly be attributed to an increase in fixed assets and an increase in bank deposits due to new liabilities.

Operating income

Operating income in the period from 01/01- to 30/06/2017 totalled NOK 5,595 million compared with NOK 5,043 million in the corresponding period in 2016. Included in the operating income for the first six months are NOK 266 million for billed interior finishing work required for the completion of the extended terminal at Oslo Airport. An equivalent amount is reflected in the item "cost of sales" in the income statement.

If we disregard the above one-off revenue for the unbilled finishing work, operating income for the airport business increased year-on-year by 4.3 per cent in the first quarter of 2017. The growth in income was mainly driven by increased traffic volume.

Total operating income for the air navigation service business increased year-on-year by 6.3 per cent in the first six months. The growth in income reflects increased traffic volume and a higher unit price for en route service.

Rental income from property was reduced due to a decline in intra-group services as a consequence of mergers.

TABLE 3: OPERATING AND OTHER INCOME

MNOK	01.01 - 30.06.17	01.01 - 30.06.16	CHANGE
Airports operations	4 967.8	4 508.4	10.2 %
Air traffic services	1 005.4	945.4	6.3 %
Property development and hotels	66.0	74.6	-11.5 %
Group services	339.1	330.0	2.8 %
Consolidated items	-783.6	-815.5	-3.9 %
Avinor group	5 594.7	5 042.9	10.9 %

Operating expenses, depreciation and other items

Operating expenses in the period between 01/01 and 30/06/2017 totalled NOK 4,712 million compared with NOK 3,600 million in the corresponding period in 2016. Included in the operating expenses for the first six months are the above-mentioned NOK 266 million for billed internal finishing work required for the completion of the extended terminal at Oslo Airport, increased provision for pension and environmental liabilities and the financial settlement agreement with the Norwegian Armed Forces for the period of 2010–2016, in accordance with the Partnership Agreement as mentioned in the above section on the second quarter.

In the first six months of 2017, NOK 126 million were posted as additional costs (excluding depreciation and write-downs) in order to maintain high-quality operations and efficient traffic management while development work was being carried out at Oslo Airport. The corresponding figure last year was NOK 139 million, cf. note 5 in the Group accounts.

Total depreciation and write-downs in the period between 01/01 and 30/06/2017 totalled NOK 899 million, compared with NOK 828 million for the corresponding period in 2016. The increase was due to the completion and commissioning of several facilities previously under construction.

EBITDA and EBIT

EBITDA in the period 01/01 to 30/06/2017 totalled NOK 883 million. EBITDA in the corresponding period in 2016 totalled NOK 1,443 million. EBIT in the period between 01/01 and 30/06/2017 totalled minus NOK 16 million compared with NOK 615 million for the corresponding period in 2016. EBITDA and EBIT were reduced from the corresponding period last year as a result of the aforementioned additional costs.

Financial items and tax

The Group's net financial results in the period between 01/01 and 30/06/2017 were minus NOK 294 million compared with minus NOK 152 million for the corresponding period in 2016. In addition to increased interest expenses due to increased net interest-bearing debt, the change in the net financial result was due to a reduction in recognised interest expenses as a result of completed development projects. In addition, there were realized losses related to currency and interest rate hedging of the Group's bond loans in euro, as well as realized losses related to interest rate hedging contracts in connection with the merger of Avinor AS and Avinor Parkeringsanlegg AS.

Investments

Recognised additions to property, plant and equipment in the period between 01/01 and 30/06/2017 totalled NOK 1,503 million, compared with NOK 2,495 million for the corresponding period last year.

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

TABLE 4: ADDITION TO PPE RECOGNISED IN THE BALANCE SHEET

MNOK	01.01 - 30.06.17	01.01 - 30.06.16	CHANGE
Airports operations	1 266.0	2 174.5	-908.5
Air traffic services	169.4	110.6	58.8
Property development and hotels	0.4	0.1	0.3
Joint items, group	33.9	52.0	-18.1
Consolidated items	33.9	158.2	-124.7
Group	1 503.2	2 495.4	-992.2

The new terminal areas at Oslo Airport were officially opened on 27/04/2017. The project was completed and the facility was in operation on schedule and will be finalized within the agreed budget.

The new terminal at Flesland will open on 17/08/2017 as planned. This target is expected to be achieved within budget.

In order to streamline the air navigation service, Remote Services was established as a unit in Avinor Flysikring AS to develop, implement and commercialize remote-controlled tower services. Kongsberg Defence & Aerospace is a partner and system supplier for the development project. A remotely operated tower centre is under construction in Bodø, with a targeted 15 towers in operation by the end of 2020. There is technical, economical and regulatory risk related to the progress of the project, but the project is on schedule with regards to the milestone plan and the first remote tower will be in operation in the first six months of 2018.

Cash flow, financing and commitments

Due to the fact that investment payments exceeded the contribution from ongoing operations, the Group had a cash flow of minus NOK 1,464 million before changes in debt during the period between 01/01 and 30/06/2017.

As of 30/06/2017, interest-bearing debt (taking into account the value of derivatives used for hedging) amounted to NOK 21,995 million, of which NOK 638 million was short-term. Interest-bearing debt has increased by NOK 2,341 million since 31 December 2016. Avinor AS issued new bonds on 02/02/2017 under the company's EMTN program, totalling EUR 500 million with 10 years' maturity. The loan is secured in Norwegian kroner with a fixed interest rate for 10 years. Short-term debt instruments were reduced by NOK 1,400 million in the first six months of 2017. Other debt was repaid to the value of NOK 699 million in the first six months.

As of 30/06/2017, the Group's total assets amounted to NOK 43.3 billion with an equity ratio of 32.4. Equity as a percentage of the total of equity and net interest-bearing debt, cf. paragraph 5 of the Articles of Association, amounted to 41.0 per cent as of 30/06/2017.

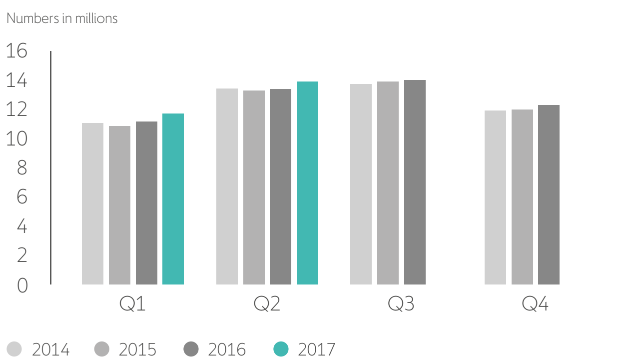
As of 30/06/2017, the Group's liquidity reserve amounted to NOK 6,626 million, divided between NOK 1,826 million in bank deposits and NOK 4,800 million in unutilised drawing rights.

Traffic development and service goals

A total of 25.6 million passengers travelled through Avinor's airports during the period between 01/01 and 30/06/2017, representing an increase of 4.3 per cent compared with the corresponding period in 2016.

The figure below shows the trend in traffic on a quarterly basis for the period 2014–2017:

PASSENGERS



Compared with the first six months of 2016, domestic traffic increased by 2.7 per cent and international traffic by 7 per cent, while offshore helicopter traffic was reduced by 7.5 per cent. Domestic traffic amounted to 61 per cent of the total traffic volume.

Passenger volume distributed among the airports is as follows:

TABLE 5: NO. OF AIR PASSENGERS

PASSENGERS (1 000)	01.01 - 30.06.17	01.01 - 30.06.16	CHANGE
Gardermoen	13 190	12 287	7.3 %
Flesland	2 870	2 851	0.7 %
Sola	2 014	2 041	-1.3 %
Værnes	2 177	2 168	0.4 %
Others	5 326	5 182	2.8 %
Avinor group	25 577	24 529	4.3 %

The number of commercial aircraft movements in the first six months was reduced by 1.3 per cent compared with the corresponding period in 2016. Traffic volume for the en route service, measured in number of service units, increased by 1.5 per cent. The lower rate of growth in the number of aircraft movements seen in relation to the number of passengers reflects larger aircraft and a higher cabin factor.

Over the last 12 months, Avinor's network of airports recorded an average regularity of 99 per cent, and an average punctuality of 87 per cent.

AVIATION SAFETY AND HSE

No aviation accidents in which Avinor was involved were recorded in 2017.

In 2017, investigations concluded that Avinor had been a participant in two serious aviation incidents. On 6 February, there was insufficient distance between two aircraft approaching Bodø. On 25/04/2017, a wheel loader backed into the engine of an aircraft while clearing snow on the apron at Oslo Airport.

As described in previous reports, new EU regulations require airport operators to have an overview of operational hazards and apply risk-reducing measures to identified hazards. The work of establishing an operational risk picture and classifying risks at each airport is well under way.

In the last 12 months, the Group recorded 14 injuries to its own employees which resulted in absence. The Group's LTI rate (number of injuries which resulted in absence per million hours worked) during the period was 2.8. During the same period, the F value (number of days off after injury, per million hours worked) amounted to 69.20.

In the last 12 months, sick leave came to 4.7 per cent.

RISK FACTORS

The group's activities focus on safe air traffic management using procedures and measures to minimise the probability 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 sector-policy objectives. The Norwegian state lays down guidelines for a number of factors including airport structure, emergency preparedness, aviation fees and public service obligations. The scope and organisation of sectoral policy guidelines can change over time.

The enterprise's recognised business assets are long-term in nature, and operations are largely governed by regulations and statutory provisions. Consequently, Avinor has a high share of fixed costs which vary only slightly according to traffic volume and capacity utilisation. The group's earnings and financial value are affected by changes in traffic volume.

The major airports are a central source of funding for the rest of the airport network in Norway. The airports' earnings are vulnerable to economic cycles and competition from airports outside Avinor's network.

Revenues from services and facilities for passengers are key to the group's financing. 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 mitigate risk linked to fluctuation of foreign interest rates, exchange rates and energy prices. The value of the hedging instruments changes according to prices in the market and might impact the annual results. 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.

As a result of the establishment of a new fighter plane base for the Norwegian Armed Forces at Ørland, Avinor was asked in 2014 to assume responsibility for airport operations at Bodø Airport by 01/08/2016. The takeover of operations was carried out according to plan. However, ownership of real property and facilities was not transferred, and Avinor is awaiting clarification of terms from the Ministry of Defence and the Ministry of Transport and Communications. There is uncertainty regarding some issues related to the phasing out of the Armed Forces' requirements in Bodø, and that Avinor is also requested to plan in detail with a view to promoting a license application for a new airport. The above mentioned circumstances give rise to financial uncertainty related to investments in buildings and facilities as well as future operations in Bodø.

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 coordination of public service pension benefits and new social security rules. Regulations for such coordination have therefore not been clarified and are thus not considered in the accounts. A new public occupational pension solution is being considered, but it has not been clarified what this solution would entail, when it would enter into force or what the transitional rules would be. A committee consisting of representatives of the administration and the employee organisations has been appointed to evaluate alternative pension schemes.

The airports have discharge permits which require risk assessments to identify possible sources of acute pollution which represent a risk of damage to the external environment. Avinor works 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 have spread to the environment at the airports, and work is currently being conducted to clarify the scope of required measures. Risk assessments have been carried out on the potential harm to persons and the environment. The financial consequences depend on the scope of the required measures, as well as regulatory requirements and measures available. The Norwegian Environment Agency issued an enforcement notice requiring action at Evenes Airport, and is likely to issue a blanket enforcement notice requiring action plans at the other airports.

OUTLOOK

Mobility and efficient air transport are essential for social development, and contribute to strengthening economic growth in rural areas and regions. Avinor will aim to continue a high level of activity and investment to ensure we fulfil our social mission of providing good regional, national, European and intercontinental air services. Avinor will be a driving force in the work on climate and environmental challenges within aviation.

Strong growth in aviation traffic is expected to continue for the rest of the year. Based on the high one-off cost associated with pension liabilities, the agreement with the Norwegian Armed Forces and environmental provisions in the second quarter, the Group's profit was significantly reduced in 2017 compared with 2016.

Oslo, 16 August 2017
The Board of Directors of Avinor AS

Responsibility statement by the board of directors

To the best of our judgement, we declare that the interim financial report for the period from 1 January to 30 June 2017 has been prepared in accordance with IAS 34 Interim Reporting and that the information in the report fairly reflects the Group,s assets, liabilities, financial position and result.

We also declare that the interim financial report provides a fair summary of important events during the accounting period and their influence on the half - year accounts, as well as the most important risk and uncertainty factors the organisation will be facing in the coming accounting period.

Oslo, 16 August 2017
The Board of Directors of Avinor AS

Ola Mørkved Rinnan
Chairman

Ola H. Strand
Vise Chairman

Eli Skrøvset

Linda B. Silseth

Herlof Nilssen

Bjørn Tore Mikkelsen

Per Erik Nordsveen

Heidi Anette Sørum

Grete Ovnerud

Dag Falk-Petersen
Managing Director

CONDENSED INCOME STATEMENT

All amounts in MNOK

		SECOND QUARTER		SIX MONTHS ENDED JUNE		YEAR
	NOTES	2017	2016	2017	2016	2016
Operating income						
Traffic income		1 420.0	1 345.0	2 657.8	2 500.5	5 143.0
Other operating income		1 530.2	1 410.0	2 936.9	2 542.4	5 645.0
Total operating income		2 950.2	2 755.0	5 594.7	5 042.9	10 788.0
Operating expenses						
Raw materials and consumables used		125.7	69.6	380.4	106.0	394.3
Employee benefits expenses	5	944.2	907.9	1 837.1	1 782.5	3 326.1
Other operating expenses	5	1 141.6	826.8	2 077.5	1 712.1	3 565.8
Other expenses	4	405.7	-8.6	417.1	-0.8	-18.9
Total operating expenses		2 617.2	1 795.7	4 712.1	3 599.8	7 267.3
EBITDA		333.0	959.3	882.6	1 443.1	3 520.7
Depreciation, amortisation and impairment charges	5,7	460.2	414.9	899.0	827.8	1 762.9
Operating profit/(loss)		-127.2	544.4	-16.4	615.3	1 757.8
Finance income		46.0	8.8	64.5	17.3	36.2
Finance costs		169.2	88.6	358.3	169.0	419.8
Net finance income/(costs)		-123.2	-79.8	-293.8	-151.7	-383.6
Profit/(loss) before income tax		-250.4	464.6	-310.2	463.6	1 374.2
Income tax expense	6	-65.8	116.2	-80.2	117.3	345.6
Profit/(loss) after tax		-184.6	348.4	-230.0	346.3	1 028.6

STATEMENT OF COMPREHENSIVE INCOME

All amounts in MNOK

	SECOND QUARTER		SIX MONTHS ENDED JUNE		YEAR
	2017	2016	2017	2016	2016
Profit/(loss) for the period	-184.6	348.4	-230.0	346.3	1 028.6
Other comprehensive income:					
Items that will not be reclassified to profit or loss in subsequent periods:					
Actuarial gains/(losses) on post employment benefit obligations	-	-609.5	-	-553.5	-548.5
Tax effect	-	152.2	-	138.2	137.1
Change in tax rate, effect deferred tax assets/-liabilities	-	-	-	-	-62.7
Items that may be subsequently reclassified to profit or loss:					
Cash flow hedges	-201.8	32.6	-152.6	57.3	66.9
Tax effect	48.4	-8.5	35.8	-16.7	-16.9
Other comprehensive income, net of tax	-153.4	-433.2	-116.8	-374.7	-424.1
Total comprehensive income	-338.0	-84.8	-346.8	-28.4	604.5
Attributable to:					
Owner of parent	-338.0	-84.8	-346.8	-28.4	604.5

CONDENSED BALANCE SHEET

All amounts in MNOK

	NOTES	30 JUNE 2017	30 JUNE 2016	YEAR 2016
ASSETS				
Non - current assets				
Intangible assets				
Deferred tax assets	6	**1 473.6**	1 514.4	1 358.7
Other intangible assets	7	**102.4**	113.6	108.8
Intangible assets under construction	7	**193.2**	-	122.0
Total intangible assets		**1 769.2**	1 628.0	1 589.5
Property, plant and equipment				
Property, plant and equipment	7	**33 004.4**	23 672.8	29 501.8
Assets under construction	7	**3 629.2**	11 119.0	6 595.1
Total property, plant and equipment		**36 633.6**	34 791.8	36 096.9
Financial assets				
Derivative financial instruments	11	**886.2**	599.4	504.0
Other financial assets		**293.6**	350.5	390.7
Total financial assets		**1 179.8**	949.9	894.7
Total non-current assets		**39 582.6**	37 369.7	38 581.1
Curent assets				
Inventories		**19.8**	20.3	22.6
Trade and other receivables		**1 858.5**	1 249.1	1 483.4
Derivative financial instruments	11	**-**	7.4	1.0
Cash and cash equivalents		**1 825.8**	1 436.5	949.1
Total current assets		**3 704.1**	2 713.3	2 456.1
TOTAL ASSETS		**43 286.7**	40 083.0	41 037.2

CONDENSED BALANCE SHEET

All amounts in MNOK

	NOTES	30 JUNE 2017	30 JUNE 2016	YEAR 2016
EQUITY AND LIABILITIES				
Equity				
Share capital		5 400.1	5 400.1	5 400.1
Other equity		8 639.7	8 903.5	9 536.5
Total equity		14 039.8	14 303.6	14 936.6
Provisions				
Retirement benefit obligations	9	3 084.4	2 590.1	2 588.2
Other provisions		206.2	180.3	167.4
Total provisions		3 290.6	2 770.4	2 755.6
Non-current liabilities				
State loan	10,11	2 305.1	2 749.5	2 527.3
Derivative financial instruments	11	31.3	79.8	50.7
Other non-current liabilities	10,11	19 906.7	15 816.0	15 009.5
Total non-current liabilities		22 243.1	18 645.3	17 587.5
Current liabilities				
Commercial papers	10,11	-	400.0	1 400.0
Trade payables		668.0	425.0	685.4
Tax payable		79.8	55.7	136.6
Public duties payable		221.6	230.9	211.0
Dividends		-	500.0	-
Derivative financial instruments	11	9.1	28.1	2.8
First annual instalment on long-term liabilitirs	10,11	637.7	660.2	1 019.8
Other current liabilities		2 097.0	2 063.8	2 301.9
Total current liabilities		3 713.2	4 363.7	5 757.5
Total liabilities		29 246.9	25 779.4	26 100.6
TOTAL EQUITY AND LIABILITIES		43 286.7	40 083.0	41 037.2

STATEMENT OF CHANGES IN EQUITY

All amounts in MNOK

	SHARE CAPITAL	OTHER RESERVES	OTHER EQUITY	TOTAL EQUITY
Balance at 1 Januar 2016	5 400.1	3.6	9 428.3	**14 832.0**
Total comprehensive income		-374.7	346.3	**-28.4**
Dividends provided for or paid			-500.0	**-500.0**
Balance at 30 June 2016	5 400.1	-371.1	9 274.6	**14 303.6**
Balance at 1 Januar 2017	5 400.1	-362.4	9 898.8	**14 936.6**
Total comprehensive income		-116.8	-230.0	**-346.8**
Dividends provided for or paid			-550.0	**-550.0**
Balance at 30 June 2017	5 400.1	-479.2	9 118.8	**14 039.8**

STATEMENT OF CASH FLOWS

All amounts in MNOK

	SIX MONTHS ENDED JUNE		YEAR
	2017	2016	2016
Cash flow from operating activities			
Profit/(loss) before income tax including discontinued operations	-310.2	463.6	1 374.2
Depreciation	899.0	827.8	1 762.9
(Profit)/loss on disposals of non-current assets	-0.6	-	-12.6
Changes in value and other losses/(gains) - net (unrealised)	8.5	-11.9	-34.9
Net finance (income)/costs	293.8	151.7	383.6
Change in inventories, trade receivables and trade payables	-272.3	48.4	123.9
Difference between post employment benefit expense and amount paid/received	496.2	89.2	92.4
Change in other working capital items	133.5	91.9	-288.1
Interest received	18.4	17.4	36.2
Income tax paid	-57.0	-281.5	-337.2
Net cash generated from operating activities	1 209.3	1 396.6	3 100.4
Cash flow from investing activities			
Investments in property, plant and equipment (PPE)	-1 755.0	-2 430.3	-4 497.3
Proceeds from sale of PPE, incl assets under construction	4.3	1.4	20.1
Change in other investments	63.6	-31.3	-83.5
Net cash used in investing activities	-1 687.1	-2 460.2	-4 560.7
Cash flow from financing activities			
Proceeds from borrowings	4 439.5	1 899.9	1 899.9
Repayment of borrowings	-698.7	-666.9	-995.5
Net proceeds/repayment of short term borrowings (commercial papers)	-1 400.0	-	1 000.0
Interest paid	-387.6	-397.7	-655.2
Other borrowing charges	-48.7	-1.9	-6.5
Dividends paid to owner	-550.0	-	-500.0
Net cash generated/used in financing activities	1 354.5	833.4	742.7
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	876.7	-230.2	-717.6
Cash, cash equivalents and bank overdrafts at the beginning of the period	949.1	1 666.7	1 666.7
Cash, cash equivalents and bank overdrafts at the end of the period	1 825.8	1 436.5	949.1

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 16 August 2017. 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 second quarter, ended 30 June 2017, 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 2016.

The accounting policies are consistent with those of the annual financial statement for the year ended 31 December 2016.

NOTE 3 Segment information

All amounts in MNOK

SIX MONTHS ENDED JUNE 2017

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	1 019.9	266.2	201.6	183.0	456.1	2 126.9
Other income	1 886.3	234.0	202.7	149.3	310.6	2 782.9
Inter-segment income	15.5	1.6	2.8	1.5	36.6	58.0
Total income	2 921.7	501.9	407.1	333.8	803.3	4 967.8
Employee benefits expenses	291.9	72.8	53.0	47.9	415.5	881.1
Depreciation and amortisation	417.8	101.3	54.2	47.3	195.8	816.3
Other operating expenses	1 159.8	144.7	93.4	70.0	524.7	1 992.6
Inter-segment expenses	183.9	69.2	57.9	45.3	335.1	691.3
Total expenses	2 053.3	387.9	258.5	210.5	1 471.1	4 381.3
Operating profit/(loss)	868.4	114.0	148.6	123.3	-667.9	586.4
Assets [1)]	17 092.4	5 100.2	1 593.2	1 753.4	5 924.2	31 463.4

SIX MONTHS ENDED JUNE 2017 CONTINUED

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	2 126.9	530.9	-	-		2 657.8
Other income	2 782.9	71.6	55.5	26.8		2 936.9
Inter-segment income	58.0	402.9	10.4	312.3	-783.6	-
Total income	4 967.8	1 005.4	66.0	339.1	-783.6	5 594.7
Employee benefits expenses	881.1	719.8	0.0	236.1		1 837.1
Depreciation and amortisation	816.3	42.8	18.5	21.4		899.0
Other operating expenses	1 992.6	407.6	5.2	469.6		2 875.0
Inter-segment expenses	691.3	53.4	0.6	38.3	-783.6	-
Total expenses	4 381.3	1 223.6	24.3	765.5	-783.6	5 611.2
Operating profit/(loss)	586.4	-218.2	41.7	-426.3	-	-16.4
Assets [1)]	31 463.4	651.0	844.5	147.9		33 106.8

SIX MONTHS ENDED JUNE 2016

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	947.8	264.4	205.8	178.9	440.1	2 036.9
Other income	1 497.7	232.1	215.2	147.0	286.2	2 378.2
Inter-segment income	32.0	7.7	23.5	15.3	14.8	93.3
Total income	2 477.5	504.1	444.5	341.1	741.1	4 508.4
Employee benefits expenses	272.6	66.4	55.3	50.2	435.8	880.3
Depreciation and amortisation	390.6	52.2	52.3	46.6	194.7	736.6
Other operating expenses	761.2	111.6	85.5	61.2	433.3	1 452.8
Inter-segment expenses	177.4	69.5	71.7	56.5	261.7	636.8
Total expenses	1 601.8	299.8	264.9	214.4	1 325.6	3 706.4
Operating profit/(loss)	875.7	204.4	179.7	126.7	-584.5	802.0
Assets [1)]	11 014.0	1 663.7	1 634.7	1 805.4	6 027.4	22 145.2

SIX MONTHS ENDED JUNE 2016 CONTINUED

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	2 036.9	466.4	-	-2.8		2 500.5
Other income	2 378.2	98.4	53.8	12.0		2 542.4
Inter-segment income	93.3	380.6	20.8	320.8	-815.5	-
Total income	4 508.4	945.4	74.6	330.0	-815.5	5 042.9
Employee benefits expenses	880.3	696.1	0.0	206.1		1 782.5
Depreciation and amortisation	736.6	38.5	18.6	34.2		827.8
Other operating expenses	1 452.8	169.4	1.6	193.5		1 817.3
Inter-segment expenses	636.8	47.7	9.4	121.7	-815.5	-
Total expenses	3 706.4	951.7	29.5	555.5	-815.5	4 427.6
Operating profit/(loss)	802.0	-6.3	45.1	-225.5	-	615.3
Assets [1]	22 145.2	591.7	880.7	168.8		23 786.4

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

NOTE 4 Other income and expenses

All amounts in MNOK

	SECOND QUARTER		SIX MONTHS ENDED JUNE		YEAR
SPESIFICATION	2017	2016	2017	2016	2016
Other expenses					
Pension plan amendment	**415.0**	-	**415.0**	-	-
Changes in value and other (losses)/gains, net	**-9.3**	-8.6	**2.1**	-0.8	-18.9
Total	**405.7**	-8.6	**417.1**	-0.8	-18.9

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.

	SECOND QUARTER		SIX MONTHS ENDED JUNE		YEAR
SPESIFICATION	2017	2016	2017	2016	2016
Employee benefits expense	**10.7**	10.4	**14.9**	20.3	40.1
Depreciation, amortisation and impairment charges	**-**	29.6	**4.5**	59.8	80.6
Other operating expenses	**73.5**	61.4	**111.3**	118.9	315.8
Total	**84.2**	101.4	**130.7**	199.0	436.5

NOTE 6 Income tax expense

The income tax expense is calculated using the expected annual effective tax rate. Expected annual effective tax rate is 24% 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 30 June 2016				
Opening net book amount	117.2	22 507.1	10 615.2	**33 239.5**
Additions	2.7	1 989.0	2 495.4	**4 487.1**
Reclassification	-	-	1 991.6	**1 991.6**
Disposals	-	1.6	-	**1.6**
Depreciation charge	6.2	821.6	-	**827.8**
Closing net book amount	113.6	23 672.8	11 119.0	**34 905.4**
At 30 June 2017				
Opening net book amount	108.8	29 501.8	6 717.1	**36 327.7**
Additions	-	4 397.9	1 503.2	**5 901.1**
Reclassification	-	-	4 397.9	**4 397.9**
Disposals	-	2.7	-	**2.7**
Depreciation charge	6.4	892.6	-	**899.0**
Closing net book amount	102.4	33 004.4	3 822.4	**36 929.2**

MNOK 193.2 of assets under construction is classified as intangible as at 30 June 2017.

Measurement of recoverable amount

There are no significant changes affecting the recoverable amount of the group's assets in 2017.

NOTE 8 Capital structure and equity

All amounts in MNOK

	30 JUNE		YEAR
	2017	2016	2016
Interest-bearing debt including interest rate swaps	**21 994.6**	19 106.1	19 504.6
Cash and cash equivalents	**1 825.8**	1 436.5	949.1
Net interest-bearing debt	**20 168.8**	17 669.6	18 555.5
Equity	**14 039.8**	14 303.6	14 936.6
Total equity and net interest-bearing debt	**34 208.6**	31 973.2	33 492.1
Net debt to equity ratio [1]	**41.0 %**	44.7 %	44.6 %

1) Equity as a percentage of total equity and net interest-bearing debt. According to article 5 of the company's Article of Association.

NOTE 9 Pension obligation

A discount rate of 2,6% and a future salary increase of 2,5% are used in the calculation af net pension obligation as at 30 June 2017.

As from 1 January 2018 new rules transfer the obligation to pay for adjustment premiums for deferred pension privileges from the Government to the enterprise.

The change extends the groups basis of liability as an employer and the increase in pension obligation is therefore charged to the income statement - see note 4.

NOTE 10 Borrowings and financial lease obligations

All amounts in MNOK

	30 JUNE		YEAR
	2017	2016	2016
Non-current	22 211.8	18 565.5	17 536.8
Current	637.7	1 060.2	2 419.8
Total	22 849.5	19 625.7	19 956.6
Movement in borrowings			
Opening net book amount	19 956.6	18 489.7	18 489.7
Proceeds from borrowings	4 439.5	1 899.9	1 899.9
Repayment of borrowings	-698.7	-666.9	-995.5
Net change financial lease obligation	-	-	-256.0
Net proceeds/repayment of short term borrowings	-1 400.0	-	1 000.0
Changes in value	552.0	-97.0	-181.5
Closing net book amount	22 849.5	19 625.7	19 956.6

LIQUIDITY RESERVES

	30 JUNE		YEAR
	2017	2016	2016
Cash and cash equivalents	1 825.8	1 436.5	949.1
Unused bank overdraft	800.0	800.0	800.0
Unused credit facility	4 000.0	4 000.0	4 000.0
Total	6 625.8	6 236.5	5 749.1

The group has, at the end of second quarter 2017, 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.

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 estimation of all interest rate swaps is collected from the groups treasury system and checked against fair value estimates from the main bank connection.

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.

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

	30 JUNE 2017		30 JUNE 2016	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Interest-bearing debt				
State loan	2 749.5	2 805.8	3 193.9	3 275.2
Bonds	13 666.2	14 105.2	8 759.2	9 486.5
Bank borrowings	6 419.9	7 016.3	6 991.8	7 979.2
Commercial papers	-	-	400.0	400.0

DERIVATIVE FINANCIAL INSTRUMENTS

	30 JUNE		YEAR
	2017	2016	2016
Assets			
Interest rate swaps	886.2	599.4	504.0
Forward foreign exchange contracts	-	7.4	1.0
Forward energy contracs	-	-	-
Total	886.2	606.8	505.0
Liabilities			
Interest rate swaps	31.3	79.8	52.0
Forward foreign exchange contracts	3.4	-	0.8
Forward energy contracs	5.7	28.1	0.7
Total	40.4	107.9	53.5

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 30 June 2017:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss	-	-	-	-
Derivatives used for hedging	-	886.2	-	886.2
Total assets	-	886.2	-	886.2
Liabilities				
Financial liabilities at fair value through profit or loss	5.7	1 420.4	-	1 426.1
Derivatives used for hedging	-	31.3	-	31.3
Total liabilities	5.7	1 451.7	-	1 457.4

The following table presents the group's assets and liabilities that are measured at fair value at 30 June 2016:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss	-	4.3	-	4.3
Derivatives used for hedging	-	602.4	-	602.4
Total assets	-	606.7	-	606.7
Liabilities				
Financial liabilities at fair value through profit or loss	28.1	1 422.0	-	1 450.1
Derivatives used for hedging	-	76.6	-	76.6
Total liabilities	28.1	1 498.6	-	1 526.7

NOTE 12 Dividends

Didvidens to the owner, for the year 2016 of MNOK 550.0, was paid in June 2017.

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