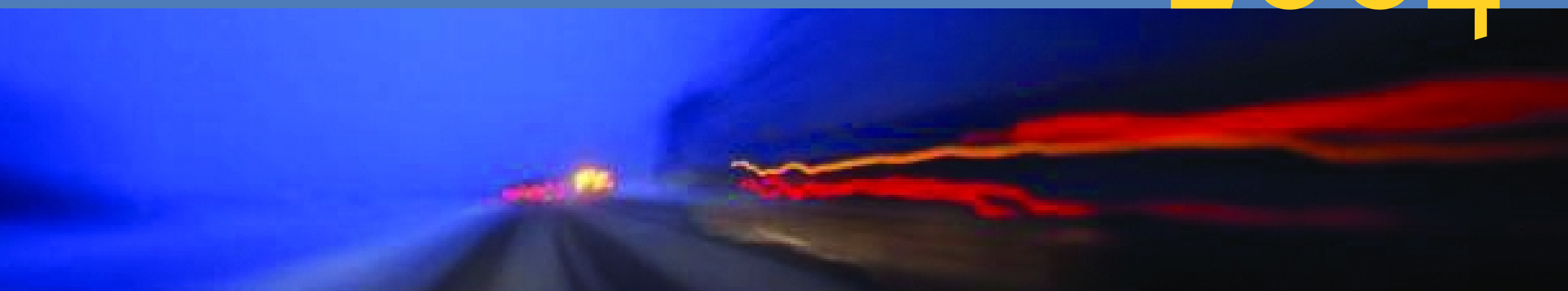
Posten Year End Report

January–December 2004



Year End Report 2004

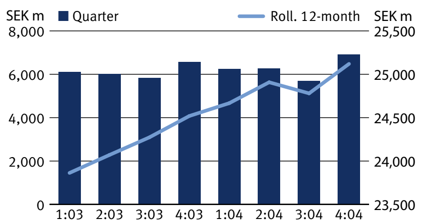
- Net sales grew 2 percent to SEK 25,120m (24,519)
- Operating earnings increased SEK 1,269m to SEK 991m (–278). Net earnings include provisions totaling SEK –397m (–539) and capital gains of SEK 206m (–1)
- After-tax earnings improved by SEK 1,458m to SEK 1,225m (–233)
- The equity-assets ratio was 28 (18) percent, a significant improvement
- Cash flows before financing activities totaled SEK 1,274m (–524)
- Posten proposes, for the first time since 1993, distribution of a dividend to the owner of SEK 150m

Quarterly data

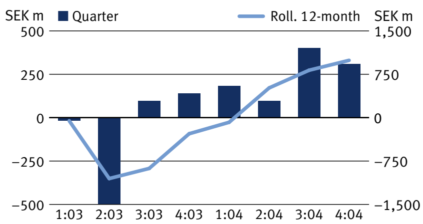
	2004					2003				
Key data, amounts in SEK m if not otherwise stated	Full year	Oct.–Dec.	July–Sept.	April–June	Jan.–March	Full year	Oct.–Dec.	July–Sept.	April–June	Jan.–March
Net sales	25,120	6,905	5,699	6,263	6,253	24,519	6,565	5,827	6,022	6,105
Operating earnings	991	310	402	97	182	–278	139	96	–497	–16
After-tax earnings	1,225	436	384	102	303	–233	168	82	–496	13
Operating margin, %	4	4	7	2	3	neg	2	2	neg	neg
Equity, end of period	3,930	3,930	3,399	3,032	2,938	2,308	2,308	2,121	2,066	2,585
ROE, %*	37	37	35	26	2	neg	neg	neg	neg	neg
Equity-assets ratio, %, end of period	28	28	26	22	22	18	18	16	15	20
Cash flows before financing activities	1,274	985	–28	134	183	–524	344	–479	126	–515
CSI, Customer Satisfaction Index	63	63	63	62	61	60	60	60	61	60
ViP employee satifaction index (excl Cashier Service)	62	62	62	61	61	61	61	61	61	61
ViP employee satifaction index, Cashier Service	67	67	66	66	65	64	64	64	64	64
Average number of employees, year to date	35,731	35,731	36,068	35,465	35,302	37,905	37,905	38,500	37,761	37,504

* As of this financial report ROE is calculated on a rolling 12-month basis.

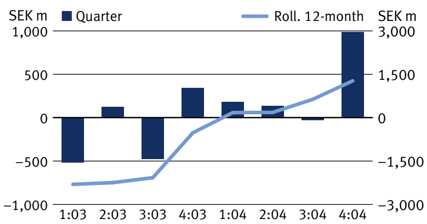
NET SALES



OPERATING EARNINGS



CASH FLOW



Message from the CEO

Posten's 2004 net earnings improved considerably year over year, driven mainly by higher revenues and substantial cost reductions. The bottom line is the proof that our organization was able to demonstrate crucial flexibility during a period marked by far-reaching changes and major cutbacks. Fierce competition and electronic substitution have eroded mail volumes, weighing on Posten's largest business area, messaging services. Demand for Posten's logistics and direct mail services continues to rise. In addition to solid financials, Posten is also pleased to report an uptick in customer confidence. The Customer Satisfaction Index as well as pollster Temo's annual Corporate Image survey trended positively during the year.

Erik Olsson

Operating income

January–December

Net sales were SEK 25,120m (24,519) and other operating income totaled SEK 420m (122). Taken together, operating income grew to SEK 25,540m (24,641), an increase of SEK 899m. The improvement is mainly attributable to heavier volumes in Direct Mail and Logistics. Administrative Communications products also have grown revenues: The combination of rate increases—the primary source of added revenue—and heavier newspaper delivery volume successfully offset lower A-Mail (overnight delivery) volume. Further, SEK 206m in capital gains were realized on the divestment of BLS-I, Baltic Logistic System International, and Swedgiro's subsidiaries. 2004 net sales for the divested companies totaled SEK 292m. Providing additional work days compared to 2003, the calendar effect during 2004 was unusually beneficial. Rate increases introduced by Kassaservice (Cashier Service) during the year were insufficient to offset declining transaction volume.

Fourth quarter

Fourth-quarter operating income totaled SEK 6,968m (6,628), a year-over-year improvement of SEK 340m. The gain was predominantly attributable to heavier Logistics and Direct Mail volumes, owing to a certain extent to calendar effects.

Compared to the third quarter, net sales grew SEK 1,206m, mainly due to seasonal effects entailing lower revenues in the summer months and higher revenues around the winter holiday season.

Operating earnings

January–December

The group's operating earnings totaled SEK 991m (–278), a tremendous improvement of SEK 1,269m. The operating earnings figure includes capital gains of SEK 206m (–1) and provisions totaling SEK –397m (–539). The year's provisions predominantly concern reorganization-related personnel cutbacks (central and local) as well as further phase-out costs associated with the Cashier Service business. Operating earnings less capital gains and provisions totaled SEK 1,182m (262), an improvement of SEK 920m mainly attributable to higher revenues as well as lower personnel and consultant costs. Implemented personnel cutbacks have reduced personnel costs by SEK 594m year over year, offsetting pay increases. The decrease also includes SEK 241m relating to the introduction in 2004 of Accounting policy Recommendation RR 29, Employee Compensation, of the Swedish Financial Accounting Standards Council. Year over year, other external costs grew SEK 145m, the net effect of higher variable production costs—mainly in Logistics—as well as delivery of morning newspapers (Administrative Communications) and the reduction of consultant fees by SEK 283m.

Depreciation and amortization grew SEK 223m to SEK –1 299m (–1,076). The rise is increasingly attributed to the SEK 210m write-down of the investment in the SAP system. Divested companies reported 2004 operating earnings of SEK 8m.

Fourth quarter

Fourth-quarter operating earnings totaled SEK 310m (139), an improvement of SEK 171m attributed to heavier Logistics and Direct Mail volumes.

Compared to SEK 402m for the third quarter, fourth-quarter operating earnings fell by SEK 92m. Excluding third-quarter capital gains, the improvement was SEK 67m. Higher production costs, provisions and the write-down of the SAP investment offset revenue increases.

After-tax earnings

January–December

After-tax earnings totaled SEK 1,225m (–233), a tremendous improvement of SEK 1,458m. The tax expense for the year was SEK 218m (20), comprising current tax of SEK –25m (–18) and deferred tax of SEK 243m (38). Current tax is predominantly attributable to international operations as well as to Swedish companies ineligible for group contributions. For Sweden-based operations, where the parent company is eligible for group contributions, previous years' shortfalls are used to calculate current tax. Of the deferred tax income, SEK 238m is attributable to the reversal of a previously written down tax credit. The reversal has been made using the same amount as the increase in the deferred tax liability increased—an effect of the adoption of RR 29, Employee Compensation.

Cash flows

Full-year cash flows before financing activities totaled SEK 1,274m (–524). Fourth-quarter cash flows before financing activities totaled SEK 985m (344).

Operating activities

Full-year cash flows from operating activities totaled SEK 1,692m (281), of which SEK 1,799m (610) is attributable to changes in working capital. Cash flows relating to expenses met by utilized provisions totaled SEK –378m (–399) and from paid pensions to SEK –686m (–788). Working capital changed by SEK –107m (–329). The change in working capital is explained mainly by decreased accounts payable and increased accounts receivable.

Investing activities

Full-year cash flows from investing activities totaled SEK –418m (–805). The divestment of associated companies positively affected full-year figures by SEK 303m. Investing activities primarily concern expenditures relating to modes of transportation, mail sorting equipment and commercial properties.

Financing activities

Full-year cash flows from financing activities totaled SEK 33m (100), primarily due to loans raised for financial leasing activities and decreased financial liabilities.

Cash flows for the year

Liquid funds therefore have increased by SEK 1,307m since the beginning of the year and by SEK 970m since the preceding quarter. At year-end 2004 liquid funds totaled SEK 4,207m.

Financial position

As of December 31, 2004, total assets amounted to SEK 14,289m, a year-over-year increase of SEK 1,627m. The increase in total assets is primarily attributable to the adoption on January 1, 2004, of the Swedish Financial Accounting Standards Council's Recommendation RR 29, Employee Compensation. Financial fixed assets have therefore increased by SEK 1,342m during the fiscal year. Financial fixed assets totaling SEK 2,020m (608) include a deferred tax credit totaling SEK 608m (528), of which the net deferred tax credit for Sweden was SEK 601m (519). The deferred tax credit, in Sweden, corresponds to the loss carryforward that Posten, based on adopted operational plans, expects to utilize. (See also Note 1 of the Accounting Principles, page 12, and Note 3, Provisions, page 15.)

Equity

As of December 31, 2004, equity totaled SEK 3,930m, a year-over-year increase of SEK 1,622m. The 2004 opening balance has been restated owing to new accounting pronouncements for employee compensation (For more information, see Accounting Change, page 12). Return on equity (ROE) was 37 percent. Excluding the afore-cited accounting change, ROE was 32 percent. (See page 12, Changes in equity.)

Equity-assets ratio

As of December 31, 2004, the equity-assets ratio was 28 percent, a year-over-year increase of ten percentage points. The increase is attributable to higher equity owing to improved earnings and the above-cited accounting change (RR 29) adopted in Q1 2004. Excluding the accounting change, the equity-assets ratio was 23 percent.

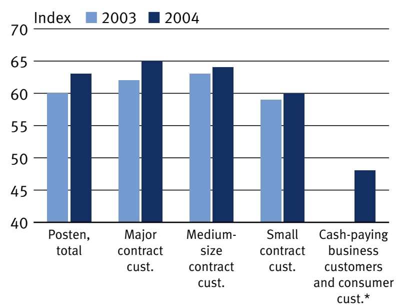
CSI, Customer Satisfaction Index

Customer satisfaction increased in 2004. Posten's CSI score grew three points to 63. The increase occurred incrementally during the first three quarters, but remained flat in the fourth quarter. Satisfaction increased in all customer groups during the year, and customers have cited a more positive perception of Posten. Contract customers cited improved delivery performance as well as enhancements in Posten's role as a business partner. These customers were less satisfied when it came to information about where to turn for various postal needs as well as service content. Cash-paying and business customers, however, said that it was somewhat easier to locate the right outlet for their postal needs.

Employees

During the three first quarters absenteeism declined steadily, only to increase once again in the fourth quarter. Fourth-quarter 2004 absenteeism, however, was lower year over year. Full-year 2004 absenteeism totaled 8.8 percent of work hours. Posten's so-called VIP employee satisfaction index tracks Posten's "Dedicated Employees" target. Year over year, Posten Group (excluding Cashier Service) increased its score one point to 62; Cashier Service grew its score three points to 67. The higher VIP score is mainly attributable to

CSI TREND, POSTEN OVERALL AND BY CUSTOMER GROUP



*) No measurement in 2003. Q1 2004 CSI score was 45.

increased confidence in Posten as an employer. The average number of employees was 35,731 (37,905), a decrease of 2,174.

Going forward

Posten's financial position is strong. Market conditions and changes in the wider business environment, however, demand major cost reductions and higher operational efficiency. Posten must further evolve its business in order to address tougher competition, increased internationalization among business customers, and shrinking mail volume owing to electronic substitution. At the same time, logistics and direct mail volumes have growth potential.

The decisions that will come on the heels of official government inquiries—especially the findings of the manual financial transaction services proposition (slated for June 2005)—may have a substantial effect on Posten's business.

Posten's 2004-2006 Action Plan is proceeding as planned. The program encompasses, among other things, efficiency enhancements aimed at reducing costs by improving time and capacity utilization in the mail process. These efficiency improvements are necessary for Posten to continue to meet people's demands for quality nationwide postal service.

During the year Posten will continue the development of pre- and aftermarket services in a move to strengthen the core business. The international business will be evolved to strengthen Posten's competitiveness in Sweden and the wider Nordic region.

In 2005 Posten will continue to strengthen customer relationships in an effort to further improve already positive customer sentiment.

Segment reporting

On July 1 the group adopted a new, leaner organizational structure. Restated comparative figures for earlier reporting periods can be found on page 16.

Messaging & Logistics

- Operating income SEK 24,410m (23,554*)
- Operating earnings SEK 1,049m (–218*)
- Investments SEK 708m (838*)
- Average number of employees 33,984 (35,602*)

*) Comparative figures have been restated to reflect the new business segment composition. The restatement eliminated SEK 1,123m from operating earnings for the comparative year (see bridge page 14).

Operating income and operating earnings

January–December

Operating income by category (SEK m)	2004	2003
Administrative Communications	13,503	13,428
Direct Mail	3,415	3,140
Logistics	6,749	6,257
Other	743	729
Total operating income	**24,410**	**23,554**

Operating income grew SEK 856m, mainly due to heavier volumes in Direct Mail and Logistics. Administrative Communications products also have grown revenues: The combination of rate increases—the primary source of added revenue—and heavier newspaper delivery volume successfully offset lower A-Mail volume. Further, SEK 206m in capital gains were realized on the divestment of BLS-I, Baltic Logistic System International, and Swedgiro's subsidiaries. Providing additional work days compared to 2003, the calendar effect during 2004 was unusually beneficial.

Operating earnings were SEK 1,049m (–218), a tremendous improvement of SEK 1,267m. The operating earnings figure includes capital gains of SEK 206m (–1) and provisions totaling SEK –211m (–479). The year's provisions predominantly concern personnel cutbacks. Operating earnings less capital gains and provisions totaled SEK 1,054m (262), an improvement of SEK 792m mainly attributable to higher revenues as well as lower personnel and consultant costs.

Fourth quarter

Fourth-quarter operating income totaled SEK 6,690m (6,373), an improvement of SEK 317m. The gain was predominantly attributable to heavier Logistics and Direct Mail volumes owing to a certain extent to calendar effects. Fourth-quarter operating earnings totaled SEK 452m (213), an improvement of SEK 239 mainly due to higher revenues.

Compared to third-quarter operating income of SEK 5,644m, fourth-quarter operating income grew SEK 1,046m, mainly due to seasonal effects entailing lower revenues in the summer months and higher revenues around the winter holiday season. Fourth-quarter operating earnings totaled SEK 452m, an improvement of SEK 113m compared to the third quarter, which totaled SEK 339m. Excluding third-quarter capital gains, the improvement was SEK 272m. Higher production costs, provisions and the writing down of the investment of SAP system offset higher revenues.

Market trends

The messaging market is characterized by declining mail volumes, a sharper focus on special services and growing demand for direct mail. Customer demand and Posten's competition situation are expected to change materially in the coming years. Major business customers, and their focus on improving the efficiency of their administrative flows, are prime drivers.

The logistics market is characterized by low but stable growth with relatively low margins owing to fierce competition. Heavy logistics, such as container shipments, account for a large share of the market. An international consolidation of the logistics market is underway in which existing international companies are strengthening their positions through acquisitions and alliances while specialists are establishing themselves in niche segments. Trends are being driven by a few global corporations.

Investments

Investments totaled SEK 708m (838). Adapting the Swedish terminal network to declining A-Mail volumes and higher parcel volumes demands a continued high level of investment. Investments have been made in new letter mail and parcel sorting machines and terminals have been revamped and, in certain instances, phased out. This effort will continue in 2005. Posten has also invested in its vehicle fleet. In a move to defend and grow Posten's market position in the Nordic region, a decision has been made to invest SEK 100m in Posten's Danish parcel delivery network (DPD). This decision was made against the backdrop of solid volume growth for DPD in Denmark and to secure requisite capacity and delivery performance. The investment encompasses construction of a new terminal in Kolding and the construction of a depot in Aarhus, Aalborg and Herning. The project began in 2004 and will run through 2006.

Employees

The average number of employees was 33,984, a year-over-year decrease of 1,696. Production cutbacks have reduced the average number of employees by 645, cutbacks in the central administrative functions by 565, and divested businesses by 486.

Cashier Service

- Operating income SEK 1,550m (1,650)
- Operating earnings, including compensation from the government totaling SEK 400m (400), totaled SEK –4m (–136)
- Operating earnings including phase-out costs totaled SEK –245m (–336)
- Investments SEK 45m (81)
- Average number of employees 1,747 (2,225)

Operating income and operating earnings

January–December

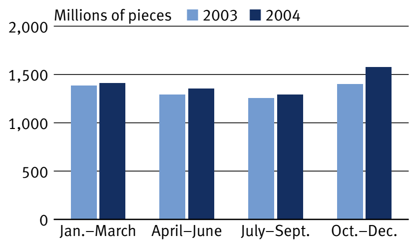
Operating earnings, including compensation from the government totaling SEK 400m (400), totaled SEK –4m (–136), an improvement of SEK 132m. The improvement is attributable to the more rapid phase-out of the cashier service network. Earnings were burdened by a provision totaling SEK 132m for increased phase-out costs. Operating earnings including phase-out costs of SEK 241m (200) totaled SEK –245m (–33).

Fourth quarter

Fourth-quarter operating income totaled SEK 373m (400), a decrease of SEK 27m due to continued volume declines. Fourth-quarter operating earnings were SEK –98m (–45), an improvement of SEK 53m mainly attributable to provisions made.

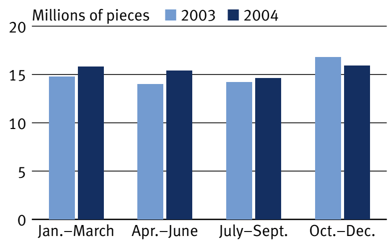
Compared to third-quarter operating income of SEK 391m, fourth-quarter operating income declined to SEK 373m. Third-quarter operating earnings totaling SEK 61m declined in the fourth quarter to SEK –98m.

MAIL VOLUMES, EXCL. PARCELS



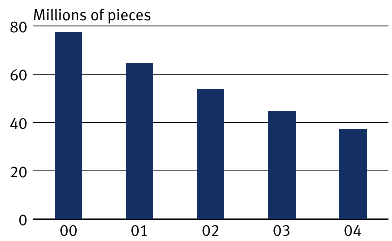
Year over year, the fourth quarter volume grew 8 percent and 17 percent compared to the third quarter 2004. The full-year increase was 4.5 percent compared to last year.

PARCEL VOLUMES



Year over year the fourth quarter volume fell 5 percent due to the divestment of companies in September. Excluding divestments, volume grew 6 percent. Excluding divestments the fourth quarter volume increased 22 percent compared to the third quarter. 2004 full-year volume grew 5 percent, excluding divestments.

TRANSACTION VOLUMES IN CASHIER SERVICE



Changed customer behavior has caused transaction volume to fall an average of 16 percent annually over the past five years.

Market trends

The manual financial transactions market (cashier service) has changed in recent years and demand has decreased dramatically. In 2004 Cashier Service saw transactions decline by 18 percent. The Cashier Service network currently comprises 800 fixed retail outlets/point of service of which 300 are operated by local partners. Further, Posten's 2,500 rural letter carriers process bill-payment and check-cashing transactions.

The Swedish government has commissioned an inquiry into the need for and financing of manual financial transactions. The Postal and Financial Service Transaction Commission presented its preliminary findings in May 2004. The proposal has been the subject of nearly 70 opinions. Decisions about the future of financial transaction services in Sweden are likely to be made by parliament in 2005. Posten's official opinion, dated October 29, is available for viewing on Posten's website at www.posten.se/pressmeddelanden.

Employees

The average number of employees was 1,747, a year-over-year decrease of 478. Despite these major cutbacks, the VIP employee satisfaction index gained three points to 67. The number of employees will decline further as additional cutbacks are made.

Parent Company

Operations

The business conducted by the parent company, Posten AB (publ), is limited in scope. Posten AB (publ) will be merged with Posten Sverige AB on March 1, 2005. Under the merger, all Posten Sverige AB operations will be transferred to Posten AB (publ).

Sales and earnings

Net sales for the period totaled SEK 0m (0). Net financial income was SEK –869m (93), which includes an increased provision totaling SEK –866m. This is due to the shifting to the parent company of the group's previous provisions for the phasing out of the cashier service operation. Earnings after financial items were SEK –907m (21).

Cash flow

Cash flows before financing activities for the period totaled SEK 17m.

Cash flows from operating activities totaled SEK –661m, comprising SEK 62m relating to operating earnings after adjusting for non-cash items and SEK –723m relating to changes in working capital. Changes in working capital are primarily attributable to increased intragroup receivables.

Cash flows from investing activities totaled SEK 678m during the period and are explained by reduced current financial receivables.

Cash flows from financing activities totaled SEK 1,295m during the period and are explained by increased current financial liabilities. The amount is wholly intra-group.

Cash equivalents totaled SEK 3,386m at the close of the year to date, compared to SEK 2,074m last year.

Other business

In September the subsidiary Baltic Logistics System AB and its subsidiaries in Russia, Poland, Estonia, Latvia and Lithuania were divested. As of October 1, the parent company acquired the remaining shares of the subsidiary HIT Danmark A/S, in which it previously held a 60-percent stake. The value of the shares of Swedgiro AB was written down by SEK 30m in connection with the divestment of Swedgiro's subsidiaries.

The parent company had issued SEK 58m in capital adequacy guaranties benefiting wholly owned subsidiaries, a SEK 521m decline year over year. The decrease is explained primarily by the divestiture of Swedgiro's subsidiaries and BLS-I. Further, an unlimited capital adequacy guarantee has been issued for Svensk Kassaservice AB. The parent company's total guarantees amount to SEK 610m, a decrease of SEK 681m compared to last year.

Pending accounting changes

From January 1, 2005, Posten will adopt the EU-approved International Financial Reporting Standards (IFRS) when preparing the group's financial reports. The switch from national standards to IFRS places particular demands on the first financial report prepared in accordance with the new set of accounting standards. Under IFRS rules, the comparative year, 2004, is to be restated and reported primarily in accordance with IFRS standards. The 2004 report that has been restated to IFRS is to be filed no later than directly following the first interim report for 2005.

The new accounting standards deemed to have the greatest impact on Posten's financial position and earnings have been outlined and quantified below. This complies with Stockholmsbörsen's recommendation from November 2004. Calculations are preliminary, as financial reports under IFRS are to be prepared based on the standards and interpretations in force as of December 31, 2005. All information provided below is preliminary and may change, since new interpretations may emerge in 2005 and new standards or pronouncements may be made in 2005 that will go into force on January 1, 2006, and which Posten may elect to apply in advance.

Key financial effects due to adoption of IFRS

SEK m	Pretax earnings 2004	Deferred tax 2004	After-tax earnings 2004	Effects on equity 12/31/2004	Effects on total assets 12/31/2004
Leases, IAS 17	–15	4	–11	–208	479
Business combinations, IFRS 3	58	–3	55	55	55
Total key effects	**43**	**1**	**44**	**–153**	**534**

Effects of key changes on key financial data

Operating margin,	+0.2 percentage points
ROE,	+3.5 percentage points
Equity-assets ratio,	–2.0 percentage points

IFRS 1 – First-time Adoption of International Financial Reporting Standards. First-time adopters are to adopt all IFRS standards retroactively. Under IFRS 1, first-time adopters are offered certain transition policies, however. Posten has elected to apply some of these policies as follows:

– Acquisitions made before January 1, 2004 will not be restated in accordance with IFRS principles.
– Translation differences pertaining to the conversion of foreign subsidiaries' accounts up until December 31, 2003 will be transferred to other equity per January 1, 2004. Translation differences appearing after December 31, 2003 will be reported as a separate component in the equity item.
– IAS 39, Financial instruments, will be adopted as of January 1, 2005. Comparative information for 2004 will be therefore reported according to previously applied principles for recognizing financial instruments.

Leases, IAS 17. In 2004 Posten has classified leases as either financial or operational based on RR 6:99, thereby taking into consideration contractual options or suchlike formulated in a manner indicating the likely transfer of ownership to Posten. According to the stricter classification criteria under IAS 17, 4 commercial properties have been classified as financial leases. This is because the present value of all minimum leasing charges over the term of the agreement amount to a material portion of the acquisition value. Posten therefore can be judged to bear the financial risk associated with the properties, despite the fact that they are not owned by Posten and the absence of options entitling Posten to acquire the properties. As a result of the switch to IFRS assets and liabilities increase by SEK 479m and change in equity with SEK 208m is reducing the equity-assets ratio by 2.3 percentage points. The 2004 earnings after financial items would have decreased by SEK 15m.

Business combinations, IFRS 3. IFRS 3 prohibits the amortization of goodwill. Instead goodwill must be tested for impairment at least annually, regardless whether there is an indication of value erosion. According to the Swedish Financial Accounting Standards Council's recommendation, goodwill is recognized at the acquisition value less planned amortization based on assessed useful life and possible write-downs due to value erosion. As a result of the switch to IFRS, 2004 goodwill amortization, totaling SEK 58m, will be reversed, increasing earnings for the period by SEK 55m and equity as of December 31, 2004 by SEK 55m.

Financial instruments, IAS 39. Under IFRS all financial instruments are to be reported on the balance sheet. Under IAS 39 all derivatives must be accounted for at fair value on the balance sheet. According to the overarching rule, value changes will be reported on the income statement as they arise. In connection with the adoption of IAS 39 Posten's financial reporting will be affected, for instance, when it comes to currency as well as energy-price hedging transactions. Until further notice Posten does not intend to apply hedge accounting practices in accordance with IAS 39. IAS 39 will be applied when preparing the 2005 financial accounts, without restating 2004 figures. The net effect of the adoption of IAS 39 from January 1, 2005 is deemed to be immaterial.

Cash flow statements IAS 7. Under IAS 7 only liquid assets with a remaining term of less than 3 months at the time of acquisition may be reported as cash equivalents. As a result of this rule, the 2004 statement of cash flows has been reduced by SEK 485m as of January 1, 2004 and by SEK 65m as of December 31, 2004. The change in liquid funds inreases 2004 cash flows before financing activities by SEK 420m.

Board of Directors

Christina Ragsten Pettersson has decided to step down from the board of directors and audit committee, effective November 30, 2004. Pettersson will be succeeded on the audit committee by board director Ulla Litzén.

Key events after the close of the fiscal year

The merger of Posten AB (publ) and Posten Sverige AB has been approved and will be completed on March 1, 2005.

AGM

Annual General Meeting
The annual meeting of shareholders will be held on April 27, 2005.

Proposed dividend
The board of directors and chief executive officer propose a dividend of SEK 150m. The employee-appointed board directors have opposed the dividend proposal.

Stockholm, February 25, 2005

Posten AB (publ)
Board of Directors

The information contained in this report has not been audited.

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CFO, Bo Friberg: phone +46 8- 781 15 29

Financial calendar:

Interim report, Jan–March	April 27, 2005
Interim report, Jan–June	August 26, 2005
Interim report, Jan–Sept.	October 28, 2005
2005 Year End Report	February 21, 2006

Financial review

Income statements

SEK m		2004 Full year	2004 Oct.–Dec.	2003 Full year	2003 Oct.–Dec.
Net sales		25,120	6,905	24,519	6,565
Other operating income		420	63	122	63
Total operating income	Note 2	**25,540**	**6,968**	**24,641**	**6,628**
Personnel expenses		–12,227	–3,089	–12,821	–3,341
Other external expenses		–10,626	–2,835	–10,481	–2,791
Depreciation and amortization of tangible and intangible fixed assets		–1,299	–472	–1,076	–235
Earnings from shares of associated companies				–2	–2
Provisions		–397	–262	–539	–120
Total operating expenses		**–24,549**	**–6,658**	**–24,919**	**–6,489**
Operating earnings		**991**	**310**	**–278**	**139**
Financial items		16	18	30	–26
Provisions				–5	–5
Total financial items		**16**	**18**	**25**	**–31**
Earnings after financial items		**1,007**	**328**	**–253**	**108**
Tax expense for the year		218	108	20	60
After-tax earnings		**1,225**	**436**	**–233**	**168**
Minority's share of net earnings		–4	3	–5	–5
Net earnings		**1,221**	**439**	**–238**	**163**

Statement of cash flows

SEK m	2004 Full year	2003 Full year
Cash flows from operating activities before changes in working capital	1,799	610
Changes in working capital	–107	–329
Cash flows from operating activities	**1,692**	**281**
Cash flows from investing activities	–418	–805
Cash flows before financing activities	**1,274**	**–524**
Cash flows from financing activities	33	100
Cash flows for the period	**1,307**	**–424**
Liquid funds, beginning of period	2,900	3,324
Liquid funds, close of period	4,207	2,900

Balance sheets

SEK m		2004 Dec. 31	2004 Sept. 30	2003 Dec. 31
ASSETS				
Fixed assets				
Intangible fixed assets		1,289	1,542	1,676
Tangible fixed assets		3,056	3,086	3,274
Financial fixed assets		2,020	1,154	608
Total fixed assets		**6,365**	**5,782**	**5,558**
Current assets				
Inventory		**96**	**101**	**112**
Current receivables		**3,517**	**4,005**	**3,520**
Short-term investments		**2,684**	**1,802**	**1,264**
Cash and cash equivalents				
Own funds		1,523	1,435	1,636
Funds in transfer		104	52	572
Total cash and cash equivalents		**1,627**	**1,487**	**2,208**
Total current assets		**7,924**	**7,395**	**7,104**
TOTAL ASSETS		**14,289**	**13,177**	**12,662**
EQUITY, PROVISIONS AND LIABILITIES				
Equity				
Restricted equity		1,918	1,863	1,413
Non-restricted equity		2,012	1,536	895
Total equity		**3,930**	**3,399**	**2,308**
Minority interest		**7**	**6**	**20**
Provisions				
Pension provisions		593	906	366
Deferred tax liabilities		9	9	9
Other provisions		3,667	3,291	3,523
Total provisions	Not,3	**4,269**	**4,206**	**3,898**
Long-term liabilities				
Interest-bearing liabilities		723	892	898
Non-interest-bearing liabilities		106	92	103
Total long-term liabilities		**829**	**984**	**1,001**
Current liabilities				
Interest-bearing liabilities		413	116	582
Non-interest-bearing liabilities		4,841	4,466	4,853
Total current liabilities		**5,254**	**4,582**	**5,435**
TOTAL EQUITY,PROVISIONS AND LIABILITIES		**14,289**	**13,177**	**12,662**
MEMORANDUM ITEMS				
Assets pledged and contingent liabilities				
Assets pledged for equity				
Endovment insurance policies		85	82	82
Contingent liabilities		171	171	459

Changes in equity

Group, SEK m	Share capital	Restricted reserves	Non-restricted reserves	Net earnings	Total
Equity 1/1/2003	600	1,693	1,082	–788	2,587
Appropriated earnings			–788	788	
Translation difference			–41		–41
Transfers between restricted and non-restricted reserves	–880	880			
Net earnings				–238	–238
Equity 12/31/2003	**600**	**813**	**1,133**	**–238**	**2,308**
Effect of adoption of accounting principle RR 29		419			419
Adjusted equity 1/1/2004	**600**	**1,232**	**1,133**	**–238**	**2,727**
Appropriated earnings			–238	238	
Translation difference			–18		–18
Transfers between restricted and non-restricted reserves		86	–86		
Net earnings				1,221	1,221
Equity 12/31/2004	**600**	**1,318**	**791**	**1,221**	**3,930**

Accumulated translation differences total SEK –18m (–41).

Notes

Note 1 Accounting principles

This financial report was prepared in accordance with Recommendation RR 20, Interim Reporting, of the Swedish Financial Accounting Standards Council. The same principles have been used in preparing the annual report, aside from Recommendation RR 29 of the Swedish Financial Accounting Standards Council (see “Accounting Change” below). From 2004 Posten will no longer use the term “Adjusted operating earnings.” The decision is intended to add clarity to and facilitate benchmarking of consolidated and business segment earnings.

In the segment report Posten reports operating income rather than, as was previously done, only net sales. Further, as of its January–March 2004 financial report Posten has revised the geographic markets due to Posten’s new business strategy. All comparative figures have been restated.

On July 1 the group adopted a new, leaner organizational structure. The Messaging & Logistics and group-wide operations have been merged into a single business segment. The business segment comprises two divisions, Marketing & Sales and Production & Logistics, as well as the executive management. The functional responsibility of the executive management will extend only to the Messaging & Logistics business segment. The Cashier Service business segment is managed exclusively by its board of directors, and its management is not part of the executive management. The central functional areas have been apportioned among the divisions or eliminated and responsibility has been shifted to the line units. The change entails a switch from a business matrix to a function-based organization featuring a leaner management philosophy. This philosophy has been changed from a calculation-based apportionment of revenues and costs to strict responsibility for reported revenues and costs. From this financial report, the organizational changes have been expressed by a segment reporting change (see pages 16, 19–22).

Accounting change

From January 1, 2004, Posten Group has adopted Recommendation RR 29, Employee Compensation, of the Swedish Financial Accounting Standards Council when preparing the consolidated financial statements. Further, beginning with this financial report the pronouncement by the Swedish Financial Accounting Standards Council’s Task Force, URA 43 (Reporting payroll tax and yield tax, published October 22, 2004), has been observed.

In accordance with RR 29, pension plans at all subsidiaries are reported according to the same principles. In Posten Group’s financial statements up to 2003 these plans have been reported according to local rules and regulations in each respective country.

Most of the group’s pension commitments are financed through a pension fund. The pension fund had a surplus at the switch to RR 29. The surplus has thus far not been included in the consolidated financial statements; rather information has been disclosed in the notes to the financial statements. Through RR 29, pension fund surpluses are taken up in the consolidated financial statements. The net effect of the changed method of calculating pension liability and that pension fund surpluses are taken into account is that the net liability reported by the group as of January 1, 2004 had decreased SEK 450m compared to the calculation according to the former principles on December 31, 2003. The reduced liability entailed the reporting of a deferred payroll tax credit of SEK 132m. On January 1 the accounting change increased Financial Assets by SEK 678m, increased Other Provisions SEK 96m and grew the Deferred Tax Liability by SEK 164m. The net of these changes increased Restricted Equity by SEK 419m.

Posten’s pretax earnings were positively impacted by SEK 266m due to the accounting change from FAR’s recommendation 4 to RR 29. This is mainly due to the crediting of the group’s financial results with the 2004 surplus from Posten's Pension Fund. Financial assets grew by an additional SEK 266m. Further, reclassifications due to additional interpretations of the new rules increased financial assets as of December 31, 2004 by SEK 397m, increased other provisions by SEK 290m, and increased pension provisions by SEK 72m. Moreover, this year's earnings have been burdened by SEK 75m in deferred tax due to RR 29.

The introduction of RR29 has decreased the deferred tax credit, giving rise to a reevaluation of the extent to which the value of the group's loss carryforward should be reported as an asset. In light of the reevaluation Posten increased the value of the loss carryforward by SEK 238m during the fiscal period, SEK 163m in connection with the restating of the 2004 opening balance. This has had a positive impact on after-tax earnings

In accordance with the recommendation's transition rules, the company has not restated previous years.

Note 2 Segment reporting

The breakdown of business segments is based on Posten's mandate to provide nationwide mail and essential financial transaction services. Comparative figures from 2003 have been restated to reflect the new business segment composition. As a result, eliminations have changed.

January–December 2004 and 2003

REVENUES AND EARNINGS	Messaging and Logistics		Cashier Service		Eliminations		Posten Group	
SEK m	2004 Jan.–Dec.	2003 Jan.–Dec.	2004 Jan.–Dec.	2003 Jan.–Dec.	2004 Jan.–Dec.	2003 Jan.–Dec.	2004 Jan.–Dec.	2003 Jan.–Dec.
External operating income	24,051	23,096	1,089	1,145				
Reimbursement from State			400	400				
Intragroup operating income	359	458	61	105	–420	–563		
Total operating income	**24,410**	**23,554**	**1,550**	**1,650**	**–420**	**–563**	**25,540**	**24,641**
Operating earnings by business segment	**1,049**	**–218**	**–4*)**	**–136*)**			**1,045**	**–354**
Utilization of provisions corresponding to earnings, Cashier Service				136				136
Unallocated provisions/reversals							–54	–60
Operating earnings							**991**	**–278**
Financial items							16	25
Earnings after financial items							**1,007**	**–253**
Tax expense							218	20
Minority's share of net earnings							–4	–5
Net earnings							**1,221**	**–238**

*) There are, in addition to this result, phase-out charges totaling SEK 241m (200), which have been met by reserves.

Bridge to earlier financial reports

Note 2, continued

SEK m	Messaging and Logistics 2004 Jan.–Dec.	Messaging and Logistics 2003 Jan.–Dec.	Cashier Service 2004 Jan.–Dec.	Cashier Service 2003 Jan.–Dec.	Group Wide 2004 Jan.–Dec.	Group Wide 2003 Jan.–Dec.	Eliminations 2004 Jan.–Dec.	Eliminations 2003 Jan.–Dec.	Posten Group 2004 Jan.–Dec.	Posten Group 2003 Jan.–Dec.
Operating income (SEK m)										
Published in 2003 full-year and annual reports		23,897		1,650		52		–958		24,641
Group Wide moved to Messaging & Logistics		52				–52				0
Lower intragroup income; now eliminated in Messaging & Logistics		–395						395		0
Restated operating income		**23,554**		**1,650**		**0**		**–563**		**24,641**
Operating earnings by segment (SEK m)										
Published in 2003 full-year and annual reports		905		–136		–827				–58*)
Group Wide moved to Messaging & Logistics		–827				827				0
Provision previously unallocated between Messaging & Logistics and Group Wide		–296								–296
Restated operating earnings by business segment		**–218**		**–136**		**0**				**–354**

*) Combined lines compared with Annual Report 2003

Bridge for earlier reporting periods, see page 16.

Geographic areas

SEK m	Sales by market 2004 Jan.–Dec.	Sales by market 2003 Jan.–Dec.	Assets 2004 Jan.–Dec.	Assets 2003 Jan.–Dec.	Investments 2004 Jan.–Dec.	Investments 2003 Jan.–Dec.
Sweden	22,257	21,933	13,396	11,649	665	869
Rest of Nordic	1,890	1,394	637	558	71	29
Rest of world	1,393	1,314	256	455	17	21
Total	**25,540**	**24,641**	**14,289**	**12,662**	**753**	**919**

Though Sweden is Posten's primary geographic market, Subsidiaries and strategic alliances give the company a solid position in the Nordic region and enable it to serve Europe and beyond.

Note 3 Provisions

Since 1999 the group's provisions have been material, totaling SEK 4,269m as of December 31, 2004, which is an increase of SEK 371m since 2003. The provisions relate primarily to conditional pension commitments as well as restructuring and loss reserves for the financial-transaction services arm.
Pension liabilities totaled SEK 593m (366), an increase of SEK 227m. The increase is explained in the below table.

	SEK m
Pension liability, OB	366
Early pensions	398
Other pension earnings	339
Total pension liability before guarantee	**1,103**
Paid in to Posten Pension Fund for Posten Sverige AB	–582
RR 29 effect	72
Pension liability, CB	**593**

Other Provisions totaled SEK 3,667m as of December 31, 2004, an increase of SEK 144m since 2003. The change is mainly attributable to the adjustment of the opening balance in line with the adoption of new accounting principle RR29, Employee Compensation (see Note 1). In addition, the change is explained by provisions for personnel cutbacks in the central administration function totaling SEK 125m and provisions for the local reorganization totaling SEK 72m, further provisions for the phasing out of the Cashier Service business totaling SEK 132m as well as utilizations amounting to SEK 632m. (See table below.)

Review of changes in Other provisions for the interim reporting period, SEK m	OB	Adj.[*] RR 29	New OB	Provisions and reversals	Utiliza-tions	CB
Allocated provisions						
Provision for future losses, Cashier Service	604		604			604
Closure provisions, Chashier Services, including old post office network	1,016		1,016	132[2]	–282[1]	866
Closure provisions, terminal network, Messaging & Logistics	178		178	–32[2]	–76[1]	70
Provision for downsizing, central administration year 2003	207		207	–16[2]	–174[1]	17
Provision for downsizing, central administration year 2004				125[2]	–46[1]	79
Provision for reorganisation within delivery				72[2]		72
Other provisions				62[2]		62
Total allocated provisions	**2,005**		**2,005**	**343**	**–578**	**1,770**
Unallocated provisions						
Provision for workers' compensation	128		128		–14[3]	114
Provision for future conditional pension benefits	1,133	283	1,416		1[3]	1,417
Provisions for disability benefits, effect from adjustment to RR 29, Compensation to employees		96	96		35[3]	131
Other provisions	257		257	54[4]	–76[3]	235
Total unallocated provisions	**1,518**	**379**	**1,897**	**54**	**–54**	**1,897**
Total Other provisions	**3,523**	**379**	**3,902**	**397**	**–632**	**3,667**

Allocated provisions		
1) Impact on operating earnings, "Operating costs" line of which Messaging & Logistics SEK 296m, Cashier Service SEK 282m		578
2) Impact on operating earnings, "Provisions" line of which Messaging & Logistics SEK –211m, Cashier Service SEK –132m	–343	
	–343	578
Unallocated provisions		
3) Impact on operating earnings, "Operating costs" line		54
4) Impact on operating earnings, "Provisions" line	–54	
	–54	54

*) An effect of the application of the RR 29 accounting priciple, Employee Compensation.

Restatement of comparative figures, reflecting new business segment composition as of July 1, 2004

January–March 2004 and 2003

REVENUES AND EARNINGS	Messaging and Logistics		Cashier Service		Eliminations		Posten Group	
SEK m	2004 Jan.–Mar.	2003 Jan.–Mar.	2004 Jan.–Mar.	2003 Jan.–Mar.	2004 Jan.–Mar.	2003 Jan.–Mar.	2004 Jan.–Mar.	2003 Jan.–Mar.
External operating income	5,885	5,770	283	285				
Reimbursement from State			100	100				
Intragroup operating income	94	117	11	22	–105	–139		
Total operating income	**5,979**	**5,887**	**394**	**407**	**–105**	**–139**	**6,268**	**6,155**
Operating earnings by business segment	**170**	**–16**	**12**	**–72**			**182**	**–88**
Utilization of provisions corresponding to earnings, Cashier Service			0	72			0	72
Unallocated provisions/reversals								0
Operating earnings							**182**	**–16**
Financial items							–4	32
Earnings after financial items							**178**	**16**
Tax expense							125	–3
Minority's share of net earnings							–1	1
Net earnings							**302**	**14**

Bridge to earlier financial reports

SEK m	Messaging and Logistics		Cashier Service		Group Wide		Eliminations		Posten Group	
	2004 Jan.–Mar.	2003 Jan.–Mar.	2004 Jan.–Mar.	2003 Jan.–Mar.	2004 Jan.–Mar.	2003 Jan.–Mar.	2004 Jan.–Mar.	2003 Jan.–Mar.	2004 Jan.–Mar.	2003 Jan.–Mar.
Operating income										
Published in earlier interim reports	6,046	5,990	394	407	14	11	–186	–253	6,268	6,155
Group Wide moved to Messaging & Logistics	14	11			–14	–11			0	0
Lower intragroup income; now eliminated in Messaging & Logistics	–81	–114					81	114	0	0
Restated operating income	**5,979**	**5,887**	**394**	**407**	**0**	**0**	**–105**	**–139**	**6,268**	**6,155**
Operating earnings by segment										
Published in earlier interim reports	334	198	12	–72	–164	–214			182	–88
Group Wide moved to Messaging & Logistics	–164	–214			164	214			0	0
Restated operating earnings by business segment	**170**	**–16**	**12**	**–72**	**0**	**0**			**182**	**–88**

January–June 2004 and 2003

REVENUES AND EARNINGS	Messaging and Logistics		Cashier Service		Eliminations		Posten Group	
SEK m	2004 Jan.–June	2003 Jan.–June	2004 Jan.–June	2003 Jan.–June	2004 Jan.–June	2003 Jan.–June	2004 Jan.–June	2003 Jan.–June
External operating income	11,889	11,403	549	574				
Reimbursement from State			200	200				
Intragroup operating income	186	228	37	44	–223	–272		
Total operating income	**12,075**	**11,631**	**786**	**818**	**–223**	**–272**	**12,638**	**12,177**
Operating earnings by business segment	**257**	**–513**	**33**	**–131**			**290**	**–644**
Utilization of provisions corresponding to earnings, Cashier Service			0	131			0	131
Unallocated provisions/reversals							–11	0
Operating earnings							**279**	**–513**
Financial items							–1	42
Earnings after financial items							**278**	**–471**
Tax expense							127	–12
Minority's share of net earnings							–3	0
Net earnings							**402**	**–483**

Bridge to earlier financial reports

	Messaging and Logistics		Cashier Service		Group Wide		Eliminations		Posten Group	
SEK m	2004 Jan.–June	2003 Jan.–June	2004 Jan.–June	2003 Jan.–June	2004 Jan.–June	2003 Jan.–June	2004 Jan.–June	2003 Jan.–June	2004 Jan.–June	2003 Jan.–June
Operating income										
Published in earlier interim reports	12,195	11,814	786	818	24	26	–367	–481	12,638	12,177
Group Wide moved to Messaging & Logistics	24	26			–24	–26			0	0
Lower intragroup income; now eliminated in Messaging & Logistics	–144	–209					144	209	0	0
Restated operating income	**12,075**	**11,631**	**786**	**818**	**0**	**0**	**–223**	**–272**	**12,638**	**12,177**
Operating earnings by segment										
Published in earlier interim reports	721	132	33	–131	–339	–430			415	–429
Group Wide moved to Messaging & Logistics	–339	–430			339	430			0	0
Provision previously unallocated between Messaging & Logistics and Group Wide	–125	–215							–125	–215
Restated operating earnings by business segment	**257**	**–513**	**33**	**–131**	**0**	**0**			**290**	**–644**

January–September 2004 and 2003

REVENUES AND EARNINGS	Messaging and Logistics		Cashier Service		Eliminations		Posten Group	
SEK m	2004 Jan.–Sept.	2003 Jan.–Sept.	2004 Jan.–Sept.	2003 Jan.–Sept.	2004 Jan.–Sept.	2003 Jan.–Sept.	2004 Jan.–Sept.	2003 Jan.–Sept.
External operating income	17,444	16,849	828	864				
Reimbursement from State			300	300				
Intragroup operating income	276	332	49	85	–325	–417		
Total operating income	**17,720**	**17,181**	**1,177**	**1,249**	**–325**	**–417**	**18,572**	**18,013**
Operating earnings by business segment	**597**	**–431**	**94**	**–91**			**691**	**–522**
Utilization of provisions corresponding to earnings, Cashier Servicee			0	110			0	110
Unallocated provisions/reversals							–10	–5
Operating earnings							**681**	**–417**
Financial items							–2	56
Earnings after financial items							**679**	**–361**
Tax expense							110	–40
Minority's share of net earnings							–7	
Net earnings							**782**	**–401**

The full costing principle is applied to internal purchases, aside from services included in Posten's range, for which market rates apply.

Bridge to earlier financial reports

SEK m	Messaging and Logistics 2003 Jan.–Sept.	Cashier Service 2003 Jan.–Sept.	Group Wide 2003 Jan.–Sept.	Eliminations 2003 Jan.–Sept.	Posten Group 2003 Jan.–Sept.
Operating income					
Published in earlier interim reports, only net sales	17,094	1,214	29	–383	17,954
Plus other operating income	335	35	4	–315	59
Total	17,429	1,249	33	–698	18,013
Group Wide moved to Messaging & Logistics	33		–33		0
Lower intragroup income; now eliminated in Messaging & Logistics	–281			281	0
Restated operating income	**17,181**	**1,249**	**0**	**–417**	**18,013**
Operating earnings by segment					
Published in earlier interim reports	413	–110	–579		–276*)
Group Wide moved to Messaging & Logistics	–579		579		0
Cashier Service provision reported on own line		19			19
Provision previously unallocated between Messaging & Logistics and Group Wide	–265				–265
Restated operating earnings by business segment	**–431**	**–91**	**0**		**–522**

*) Combined lines compared with Jan-Sept. 2003 Interim Report.

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