Posten Interim Report

January–June 2005

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Financial calendar:

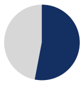
Interim Report Jan.–Sept.	October 28, 2005
2005 Full Year Report	February 21, 2006

Business operations

Messaging & Logistics

Administrative Mail

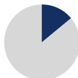
Share of consolidated operating income, 53%



Administrative Mail products account for the majority of Posten's revenue. There are four product categories: Mail Distribution, Newspaper Distribution, Postal Service and Concept Solutions. Mail Distribution generates the most revenue in this segment. The customer base mainly comprises businesses. Sweden is the primary market.

Direct Mail

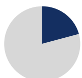
Share of consolidated operating income, 14%



Posten distributes addressed and unaddressed direct mail. Posten also offers a number of additional value-added services, such as Reply Mail, Addressing, Picking & Packing, and Target Audience Analysis. Sweden is the primary market.

Logistics

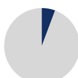
Share of consolidated operating income, 27%



Logistics spans Parcels, Courier and Express Delivery as well as Palletized Logistics, In-Night Transportation and Third-Party Solutions. Posten has a strong position in the market for parcels weighing up to 35 kilos. Posten continually develops custom logistics solutions to meet stringent delivery-precision and service-performance requirements. The Nordic region is the primary market.

Cashier Service

Share of consolidated operating income, 6%



Posten has a legal mandate to provide nationwide essential financial-transaction services. The subsidiary Svensk Kassaservice meets the terms of this mandate. A 2004 Government inquiry has reviewed the essential financial-transaction services mandate.

Interim Report January–June 2005

- Net sales totaled SEK 12,352m (12,516)
- Operating earnings totaled SEK 394m (348)
- After-tax earnings totaled SEK 381m (483). Last year's figure included a positive tax effect of SEK 163m resulting from an accounting change
- Equity-assets ratio was 27 percent (20)
- Cash flows from operating activities totaled SEK 1,121m (663)

Quarterly data

	2005			2004[1]					
Key financials (SEK m unless otherwise specified)	**Jan.–June**	**April–June**	**Jan.–March**	**Full Year**	**Oct.–Dec.**	**July–Sept.**	**Jan.–June**	**April–June**	**Jan.–March**
Net sales	12,352	6,261	6,091	25,120	6,905	5,699	12,516	6,263	6,253
Operating earnings	394	221	173	1,115	331	436	348	131	217
After-tax earnings	381	204	177	1,297	413	401	483	123	360
Operating margin[2],%	3	4	3	4	5	8	3	2	3
Equity, end of period	3,985	3,985	3,896	3,702	3,702	3,291	2,920	2,920	2,802
ROE, %, rolling 12 months	35	35	33	42	[3]	[3]	[3]	[3]	[3]
Equity-assets ratio, %, end of period	27	27	26	25	25	24	20	20	20
Cash flows from operating activities	1,121	612	509	1,692	1,135	–106	663	318	345
Cash flows before financing activities	–999	–598	–401	1,462	1,635	229	–402	–19	–383
CSI, Customer Satisfaction Index	62	62	63	63	63	63	62	62	61
ViP employee satifaction index (excl Cashier Service)	62	62	63	62	62	62	61	61	61
ViP employee satifaction index, Cashier Service	71	71	71	67	67	66	66	66	65
Average number of employees, 1/1/2005 to end of period	33,192	33,192	33,117	35,731	35,731	36,068	35,465	35,465	35,302

1) Restated to IFRS, see pages 11–23 for more information.
2) Operating margin: operating earnings divided by net sales.
3) Comparative data unavailable. 2003 not restated to IFRS.

Message from the CEO

Posten continued to report strong results in the first six months of 2005. The planned and implemented efficiency improvements are offsetting somewhat lower sales while increasing group productivity.

Year on year, quarter two saw a dramatic improvement in both operating earnings and after-tax earnings. Posten has a satisfactory equity-to-assets ratio and cash flows from operating activities remain strong.

Meanwhile revenue from Posten's biggest stream, messaging, continues to fall as substitution grows. Businesses and public agencies increasingly are replacing hardcopy mail with electronic forms of communication. Posten will respond to this trend by intensifying efficiency improvement and cost-cutting actions as well as by fostering product development aimed at meeting changing customer needs.

Demand is growing for Posten's logistics and direct mail services. Today Posten is a leading player in the highly competitive Nordic logistics market, where its infrastructure and expertise are key competitive advantages.

The number of financial transaction services provided by Posten subsidiary Svensk Kassaservice remains in steep decline. Comprehensive downsizing and cutbacks have, however, improved results. Posten is still waiting for the Swedish Government to announce its official position on the future of nationwide essential financial-transaction services.

Posten's challenge is to fulfill its universal service obligation in a market with declining volume, while leveraging our position in a globalized and expanding logistics market.

Erik Olsson

Operating income

Interim reporting period, January–June

Net sales were SEK 12,352m (12,516) and other operating income totaled SEK 160m (132). The decline in year-on-year net sales is attributable to business divestments, lighter Administrative Mail volume as well as the continuing decline in Cashier Service volume. Logistics and Direct Mail volumes were higher.

Quarter two

Year on year, net sales totaled SEK 6,261m (6,263) and other operating income totaled SEK 74m (112). The aggregate SEK 40m decline is mainly attributable to revenue from the 2004 European Union election cycle and business divestments.

Operating earnings

Interim reporting period, January–June

Operating earnings totaled SEK 394m (348). The operating earnings figure includes provisions totaling SEK 8m (136) and capital gains totaling SEK 0m (47). Lower net sales and higher transportation costs are weighing on earnings. At the same time, productivity has increased two percent compared to the same period last year.

Personnel costs totaled SEK 6,296m (6,345), a decline of SEK 50m attributable to divestments. Mainly personnel cutbacks have offset increased payroll expenses.

Other external costs grew SEK 63m to SEK 5,309m (5,247). Higher costs are mainly attributable to higher transportation costs but also to exchange-rate effects related to the settlement of accounts with other national postal operators. These changes in the exchange rates have had a marginal effect on earnings due to a corresponding increase on the revenue side.

Quarter two

Year on year, operating earnings totaled SEK 221m (131).

After-tax earnings

Interim reporting period, January–June

After-tax earnings totaled SEK 381m (483). Tax expense was SEK –14m (164), comprising current tax of SEK –22m (–9) and deferred tax of SEK 8m (173). After-tax earnings for the year-ago period included the reversal of a previously written-down deferred tax credit totaling SEK 163m owing to a 2004 accounting change (RR 29).

Quarter two

After-tax earnings grew SEK 81m to SEK 204m (123). Tax expense was SEK –15m (2).

Cash flows

Operating activities

Cash flows from operating activities totaled SEK 1,121m (663), of which SEK 689m (928) is attributable to cash flows before changes in working capital. Cash flows relating to expenses regarding previously made provisions totaled SEK –168m and from paid pensions SEK –313m. Working capital changed by SEK 432m (–265). The change in working capital is explained mainly by decreased accounts payable and increased accounts receivable.

Investing activities

Cash flows from investing activities totaled SEK –2,120m (–1,065). Under the new international accounting standards, IFRS, investments in securities with maturities of greater than 3 months are treated as investments and are no longer included in liquid assets. Under this rule, investments in securities total SEK 1,804m (719).

Investments in tangible and intangible fixed assets totaled SEK 329m (420), of which tangible account for SEK 321m (382). Adapting the mail processing network to weaker Priority Mail volume and heavier parcel volume has entailed investments in machinery totaling SEK 90m. Investments also relate primarily to the acquisition of new vehicles as well as to investments in Posten's Danish and Norwegian DPD businesses, Direct Parcel Distribution, totaling SEK 40m.

Cash flows before financing activities totaled SEK –999m (–402).

Financing activities

Cash flows from financing activities totaled SEK –203m (57). The period's change is explained mainly by the Parent Company's issuance of a dividend totaling SEK 150m.

Cash flows for the period

Liquid assets have decreased by SEK 1,202m since the beginning of the year. The reclassification of investments in securities with maturities greater than 3 months at the time of investment has, under IFRS, decreased liquid assets by SEK 1,898m as compared to previous accounting principles. At the end of the period, liquid assets totaled SEK 2,911m.

Financial position

Total assets amounted to SEK 15,025m, up SEK 202m since December 31, 2004, when it totaled SEK 14,823 restated to IFRS. The increase in total assets is primarily attributable to the period's financial results. The change in goodwill is attributable solely to exchange-rate differences, as goodwill is reported in local currency.

Equity

Equity totaled SEK 3,985m, an increase of SEK 283m since December 31, 2004, when it totaled SEK 3,702m restated to IFRS. A dividend totaling SEK 150m was issued during the period. Of equity, SEK 3,976m is attributable to Parent Company shareholders and SEK 9m relates to minority interests. The 2005 opening balance has been restated owing to the adoption of IAS 39, affecting equity by SEK –6m (see Accounting Change, page 9). Return on equity (ROE) was 35 percent, compared to 42 percent on December 31, 2004.

Equity-assets ratio

The equity-assets ratio was 27 percent (20). As of December 31, 2004, the equity-assets ratio was 25 percent. The increase is attributable to the period's positive financial results.

CSI, Customer Satisfaction Index

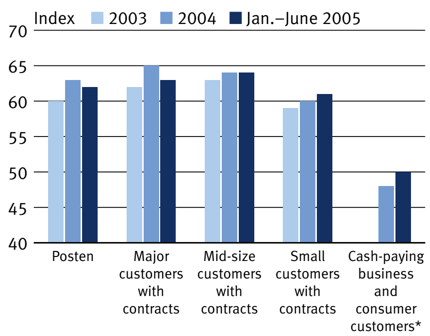
Posten's quarter-two customer satisfaction rating declined one point to 62, compared to the same period last year. The downward trend relates primarily to major customers with contracts, whereas small businesses and consumer customers continue to trend upward.

Changes to Posten's administrative routines initiated in 2004, including the introduction of new billing procedures, have caused some dissatisfaction. The problems have been rectified.

All customer groups expressed positive sentiment about Posten's reliability and delivery performance. Satisfaction among consumer customers continues to grow. Increased clarity has also been brought to identifying the appropriate venue for each postal service.

CSI shows customer reactions to Posten actions six months to a year ago. The majority of the changes begun in fall 2004 have been implemented. This fall Posten will take further steps to improve customer satisfaction.

CSI TREND, POSTEN GROUP OVERALL AND BY CUSTOMER GROUP



CSI based on rolling full-year figures
*) No survey in 2003

Employees

The average number of employees was 33,192, a decline of 2,273 year on year. Of the decrease, 928 were attributable to divested businesses. Cutbacks have reduced the average number of employees in production by 550 and in Cashier Service by 347. The remaining decline of 448 is mainly attributable to cutbacks in the central administration.

Segment reporting

Messaging & Logistics

Interim reporting period, January–June

- Operating income totaled SEK 11,962m (12,085)
- Operating earnings totaled SEK 296m (326)
- Investments totaled SEK 327m (384)
- Average number of employees was 31,725 (33,651)

Market trends

The markets in which Posten competes continue to evolve. Key market drivers are ongoing internationalization, increasing competition in the Swedish message forwarding market, and electronic substitution.

Efficient resource utilization is crucial when responding to the rise in global competition. In a move to boost operating efficiency and maximize profitability, businesses are increasingly outsourcing non-core activities to other companies – some based abroad – as well as centralizing decision-making and production. For Posten this entails a shift from a traditional, nationally focused letter and parcel market to a global message-forwarding and logistics market subject to competition.

Of Posten's 50 largest customers, 70 percent operate in a Nordic or international market. A trend is emerging; multinational corporations increasingly are consolidating purchasing decisions and warehousing activities, and proximity is often a crucial factor when it comes to bidding for and winning business. The major postal operators are expanding globally through international acquisitions. Smaller actors are joining networks in order to expand in line with their customers. The traditional cooperation among national postal operators is being supplanted by individual networks.

Letter distribution accounts for most of Posten's message forwarding business, which is its biggest revenue stream. The Nordic letter mail market is worth 50 billion Swedish kronor, of which Sweden accounts for 22 billion. Electronic substitution and growing competition, mainly in the major metropolitan regions, are weighing on traditional letter mail services, eroding Priority Mail and Economy Mail volume. Direct Mail, however, continues to trend upward, driven by both an overall increase in ad spending and direct mail's growing market share.

Posten customers are improving administrative efficiency and creating new methods of communicating with customers by offering e-services, for example by integrating business systems with online services. This development is made possible, and in fact spurred, by growing Internet maturity and skill among businesses and consumers. In the consumer market, for instance, the number of e-bills grew from 1.5 million to 5 million in 2004. More than 2 million people, moreover, filed their tax returns online – a 300 percent increase compared with 2004.

For many businesses, efficient logistics solutions are key to generating profitability and creating competitive advantages. The Nordic logistics market is worth 200 billion kronor. Annual growth in the logistics market, which features fierce competition and tight margins, hovers around 5 percent. Posten has a strong position in the market for parcels weighing up to 35 kilos. In quarter two 2005 Posten strengthened its position in logistics.

The logistics market is characterized by heavy competition from both multinational logistics groups as well as local companies. In recent years the largest national postal operators have made several sizable acquisitions. At the same time, local actors are beginning to create national and regional networks. More, the national Nordic postal operators have stepped up activity in the Swedish market. Hence, competition is becoming even fiercer in the logistics market. Today customer demand is driving development in three directions: larger geographic footprints, broader service offerings and efficient technology solutions.

Buyers at the forefront of development can today outsource their entire logistics operation. One example is Posten's three-year contract with the Swedish consumer electronics chain OnOff. Posten's ability to evolve OnOff's logistics activity, and to offer a holistic solution, was critical to its choice of supplier.

Operating income

Operating income by product category (SEK m)	2005 Jan.–June	2004 Jan.–June	Change %	2004 Full Year
Administrative Mail	6,649	6,918	–4%	13,503
Direct Mail	1,715	1,597	7%	3,415
Logistics	3,309	3,277	1%	6,749
Other	289	293	–1%	763
Total operating income	**11,962**	**12,085**	**–1%**	**24,430**

Operating income totaled SEK 11,962m (12, 085). Last year's figure included business divestments totaling SEK 228m. Excluding these divestments, operating income grew 1 percent.

Administrative Mail revenue fell 4 percent or SEK 269m. The decline in revenue is mainly attributable to lower Economy Mail and Priority Mail volume. Revenue is also down due to business divestments and capital gains. Direct Mail volume continues to grow. Exchange-rate effects related to the settlement of accounts with other national postal operators grew revenue by SEK 60m, which has had only a marginal effect on earnings due to a corresponding increase on the cost side.

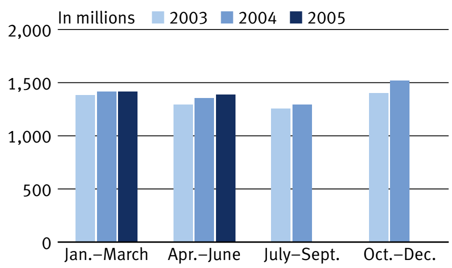
Administrative Mail revenue grew 7 percent or SEK 118m, mainly due to heavier unaddressed direct mail volume.

Logistics revenue increased 1 percent or SEK 32m. Last year's figure included business divestments totaling SEK 181m. Excluding these divestments, sales grew 7 percent or SEK 213m. The increase in sales relates mainly to DPD parcels as well as to palletized shipping and in-night transportation within Sweden.

Operating earnings

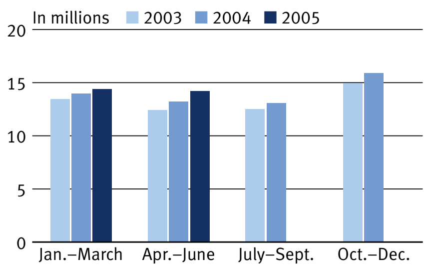
Operating earnings totaled SEK 296m (326). Operating earnings includes provisions totaling SEK 8m (125) and capital gains totaling SEK 0m (47). The lower result is

MAIL VOLUME, EXCLUDING PARCELS



Volumes refer to Priority Mail, Economy Mail, periodicals as well as addressed and unaddressed direct mail. Quarter two volume grew 3 percent year on year. Economy Mail and Priority Mail volume declined.

PARCEL VOLUME



Parcel volume excluding divested operations. In quarter two volume grew 8 percent compared to the same period last year.

mainly attributable to lower net sales and higher transportation costs. Further, production costs related to Administrative Mail are largely fixed; hence, the Company has been unable to adapt resource input to the rate of volume decline. Logistics and Direct Mail costs are to a larger extent variable.

Personnel costs totaled SEK 6,020m (6,029). Last year's figure included business divestments totaling SEK 52m. Excluding these divestments, personnel costs grew SEK 43m. Personnel cutbacks have not fully offset higher payroll costs.

Other external costs rose SEK 103m to SEK 5,166m (5,063). Higher costs are mainly attributable to higher transportation costs but also to exchange-rate effects related to the settlement of accounts with other national postal operators. These changes in the exchange rates have had a marginal effect on earnings due to a corresponding increase on the revenue side.

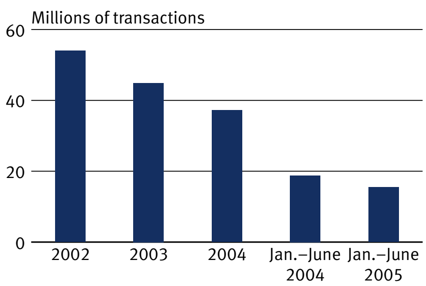
Investments

Investments totaled SEK 327m (384). The adaptation of the Swedish mail processing facility network in response to declining Priority Mail and growing parcel volume has entailed investments in machinery totaling SEK 90m. Other investments primarily relate to the acquisition of new vehicles as well as SEK 40m in investments already being made in Posten's Danish and Norwegian parcel network, DPD.

Employees

The average number of employees was 31,725, a decline of 1,926 year on year. Of the decrease, 928 were attributable to divested businesses. Cutbacks in production reduced the average number of employees by 550. The remaining decline is mainly attributable to cutbacks in the central administration.

CASHIER SERVICE TRANSACTION VOLUME



Transactions fell 18 percent compared to the same period last year.

Quarter two

Operating income by product category (SEK m)	2005 April–June	2004 April–June	Change %	2004 Full Year
Administrative Mail	3,329	3,462	–4%	13,503
Direct Mail	905	838	8%	3,415
Logistics	1,675	1,637	2%	6,749
Other	155	164	–5%	763
Total operating income	**6,064**	**6,101**	**–1%**	**24,430**

Operating income totaled SEK 6,064m (6,101). Last year's figure included business divestments totaling SEK 110m. Excluding these divestments, operating income grew SEK 73m. Operating earnings totaled SEK 175m (121).

Investments

Investments totaled SEK 192m (216), of which SEK 150m relate to production.

Cashier Service

Interim reporting period, January–June

- Operating income totaled SEK 721m (786)
- Operating earnings, including SEK 200m (200) in Government reimbursements, totaled SEK 98m (33)
- Operating earnings, including closure costs, totaled SEK 22m (–73)
- Investments totaled SEK 2m (36)
- Average number of employees was 1,467 (1,814)

Market trends

The subsidiary Svensk Kassaservice meets the terms of Posten's legal mandate to provide essential financial transaction services on a nationwide basis. Today there are 735 branches or points of service, of which 250 are operated by local strategic partners. In addition, Posten's rural letter carriers provide bill-payment and check-cashing services.

The market for teller-facilitated transaction services is undergoing massive change and demand is steadily shrinking. New technological advancements are helping to reduce customers' reliance on retail outlets. Year on year, Svensk Kassaservice saw an 18-percent decline in transactions during the reporting period.

The Government conducted an inquiry into the financing of and need for teller-facilitated financial transaction services (postal and payment transaction inquiry) and the findings of a lead report were published in May 2004. Posten is still waiting for the Swedish Government to announce its official position on the future of nationwide essential financial-transaction services.

Operating income and operating earnings

Operating earnings, including reimbursement from the Government of SEK 200m (200), totaled SEK 721m (786), a decline of SEK 65m. Operating earnings, including closure costs and reimbursement from the Government, totaled SEK 22m (–73).The improvement is attributable to a continual adaptation of production overhead, mainly personnel costs, to lighter volume.

Employees

The average number of employees was 1,467, a decrease of 347 year over year. The employee satisfaction rating (ViP) remained unchanged at 71. The number of employees will continue to fall in line with further cutbacks.

Parent Company

Posten AB (publ) was merged with the subsidiary Posten Sverige AB on March 1, 2005. Under the merger, all Posten Sverige AB operations will be transferred to Posten AB (publ). Comparative data from 2004 have not been restated. Following the merger, Parent Company net sales account for 74 percent of Posten's overall net sales, and the average number of employees comprise 79 percent of Posten's total average number of employees.

Accounting principle

As of January 1, 2005, the Parent Company applies Swedish Financial Accounting Standards Council Recommendation RR 32, Reporting for Legal Entities. The new accounting principles have entailed changes to the income statements and the calculation of liquid assets. On the income statements, other operating income has increased due to a revaluation of financial leases (IAS 17) and other costs declined due to a revaluation of financial instruments (IAS 39). The reporting of liquid assets (IAS 7) has been affected as well, and comparative figures have been restated. Under RR 32, liquid assets comprise only investments with a remaining maturity of fewer than 3 calendar months at the time of acquisition.

Financial results for the period

Net sales for the period totaled SEK 9,527m (0), and earnings after financial items totaled SEK 331m (18). Investments totaled SEK 617m (0), and liquid assets were SEK 2,204m (1,500). In April the Parent Company acquired a further 31.25-percent equity position in the subsidiary HIT Finland Oy, which now is wholly owned.

Reporting in accordance with IFRS

Since January 1, 2005, Posten has prepared its consolidated financial statements in accordance with IFRS. The changes precipitated by the conversion to IFRS as well as the transition effects on the consolidated income statements, balance sheets and statements of cash flows are presented on pages 11–23.

Management

Andreas Falkenmark has been named Executive Vice President, Marketing & Sales. Falkenmark comes most recently from Observer and will take up his duties on September 15, 2005. Marie Hallander Larsson has been named Senior Vice President, Human Resources. Hallander Larsson comes most recently from Wedins Skor & Accessoarer and takes up her duties on September 5, 2005. Andreas Falkenmark and Marie Hallander Larsson will join Posten's executive management team.

Stockholm, August 26, 2005

Posten AB (publ)

Erik Olsson
President and CEO

This report has not been audited.

Consolidated financial statements

Posten's consolidated income statements

SEK m	Note	2005 Jan.–June	2005 April–June	2004[1] Jan.–June	2004[1] April–June	2004[1] Full Year
Net sales		12,352	6,261	12,516	6,263	25,120
Other operating income		160	74	132	112	440
Total operating income	2	**12,512**	**6,335**	**12,648**	**6,375**	**25,560**
Personnel expenses		–6,296	–3,179	–6,345	–3,129	–12,227
Other external expenses						
– External costs		–5,309	–2,682	–5,247	–2,676	–10,513
– Provisions[2]	3	–8	0	–136	–136	–397
Depreciation and amortization of tangible and intangible fixed assets		–505	–253	–572	–303	–1,308
Total operating expenses		**–12,118**	**–6,114**	**–12,300**	**–6,244**	**–24,445**
Operating earnings		**394**	**221**	**348**	**131**	**1,115**
Financial items		**1**	**–2**	**–29**	**–10**	**–36**
Earnings after financial items		**395**	**219**	**319**	**121**	**1,079**
Tax		–14	–15	164	2	218
After-tax earnings		**381**	**204**	**483**	**123**	**1,297**
Attributable to						
Posten AB shareholders		379	203	480	121	1,293
Minority interest		2	1	3	2	4

1) Restated in accordance with IFRS. For more information, see pages 11–23.
2) Mainly personnel costs.

Posten's consolidated statements of cash flows

SEK m	2005 Jan.–June	2004[1] Jan.–June	2004[1] Full Year
Cash flows from operating activities before changes in working capital	689	928	1,799
Changes in working capital	432	–265	–107
Cash flows from operating activities	**1,121**	**663**	**1,692**
Cash flows from investing activities	–2,120	–1,065	–230
Cash flows before financing activities	**–999**	**–402**	**1,462**
Cash flows from financing activities	–203	57	33
Cash flows for the period	**–1,202**	**–345**	**1,495**
Liquid funds, beginning of period	4,113	2,618	2,618
Liquid funds, close of period	2,911	2,273	4,113

1) Restated in accordance with IFRS. For more information, see pages 11–23.

Posten's consolidated balance sheets

SEK m	Note	2005 June 30	2004 Dec. 31[4]
ASSETS			
Fixed assets			
Goodwill [1]		1,015	963
Other intangible fixed assets		341	383
Tangible fixed assets		3,402	3,533
Financial fixed assets [2]		1,483	1,412
Deferred tax credit [2]		608	608
Total fixed assets		**6,849**	**6,899**
Current assets			
Inventory		84	96
Current receivables		3,283	3,621
Short-term investments		1,898	94
Liquid assets		2,911	4,113
Total current assets		**8,176**	**7,924**
TOTAL ASSETS		**15,025**	**14,823**

SEK m	Note	2005 June 30	2004 Dec. 31[4]
EQUITY AND LIABILITIES			
Equity			
Attributable to:			
Parent Company shareholders		3,976	3,695
Minority interest		9	7
Total equity		**3,985**	**3,702**
Long-term liabilities			
Interest-bearing liabilities		1,139	1,406
Non-interest-bearing liabilities		105	106
Deferred tax liabilities [3]		3	9
Pension provisions	3	642	593
Other provisions	3	3,102	3,214
Total long-term liabilities		**4,991**	**5,328**
Current liabilities			
Interest-bearing liabilities		615	479
Non-interest-bearing liabilities		5,059	4,861
Other provisions	3	375	453
Total current liabilities		**6,049**	**5,793**
TOTAL EQUITY AND LIABILITIES		**15,025**	**14,823**
CONTINGENT LIABILITIES			
Assets pledged and contingent liabilities			
Assets pledged for debt			
Endovment isurance policies		81	85
Contingent liabilities		**171**	**171**

1) Goodwill reported separately as of 2005.
2) Deferred tax credit separate line item as of 2005; Financial fixed assets restated.
3) Line item renamed as of 2005 (previously Deferred tax provision).
4) Restated under IFRS. For more iformation see pages 11–23.

Changes in equity

SEK m	2005 1/1–6/30	2004 1/1–6/30	2004 1/1–12/31
Equity, beginning of period	**3,702**	**2,727**	**2,727**
Adjusted opening balance, IFRS		−287	−287
Effect of accounting change, IAS 39 [1]	−6		
Adjusted opening balance	**3,696**	**2,440**	**2,440**
Translation differences for the year	58	−3	−35
Dividend	−150		
Net earnings	381	483	1,297
Equity, end of period	**3,985**	**2,920**	**3,702**
Attributable to:			
Parent Company shareholders	3,976	2,897	3,695
Minority interest	9	23	7
Total	**3,985**	**2,920**	**3,702**

1) Effect of adoption of IAS 39 described below in Note 1.

Notes

Note 1: Accounting and valuation principles

Interim reporting
The consolidated financial statements were prepared in accordance with IAS 34, Interim Reporting, IFRS 1, First Time Adoption of International Financial Reporting Standards, as well as Swedish Financial Accounting Standards Council Recommendation RR 31, Interim Reporting for Corporations.

Accounting change
On January 1, 2005, Posten AB began applying new accounting principles under IFRS. Posten has elected to apply the following alternatives made available under IFRS 1:
- Business combinations. No application of IFRS 3 prior to the conversion to IFRS on January 1, 2004.
- Fair value or restated value, tangible and intangible fixed assets. Posten reports these assets at the acquisition value less depreciation and amortization.
- Accumulated translation differences. Posten has set translation differences to zero as of January 1, 2004.
- Financial instruments. Posten applies the exception under which it is not required to restate comparative 2004 figures.
- Effect of conversion to IAS 39 as of January 1, 2005.

The conversion to IAS 39 affects Posten mainly in relation to the valuation of financial instruments belonging to the “fair value via income statement” class. Accumulated translation differences related to derivatives recognized under previous hedge accounting rules have the following effect on the opening balance when recognized at fair value as of January 1, 2005. Equity has been adjusted by SEK –6m, of which SEK 2m relates to a written-down deferred tax credit. Current receivables increased by SEK 8m and non-interest-bearing liabilities grew by SEK 14m.

For a complete review of accounting principles, please visit the Posten website: www.posten.se.

Note 2: Reporting of business segments

Posten's primary segment grouping is based on its universal service obligation for letters and parcels as well as its legal mandate to provide essential financial-transaction service.
Amounts related to the comparative period are adjusted to IFRS reporting standards. All effects of this are attributable to the Messaging & Logistics business segment (for more information see pages 11–23).

January–June 2005 and 2004

INCOME AND EARNINGS	Messagning & Logistics		Cashier Service		Elimination		Consolidated	
SEK m	2005 Jan.–June	2004 Jan.–June	2005 Jan.–June	2004 Jan.–June	2005 Jan.–June	2004 Jan.–June	2005 Jan.–June	2004 Jan.–June
Operating income, external	11,810	11,899	502	549				
Reimbursement, Swedish Government			200	200				
Operating income, internal	152	186	19	37	–171	–223		
Total operating income	**11,962**	**12,085**	**721**	**786**	**–171**	**–223**	**12,512**	**12,648**
Operating earnings by business segment	**296**	**326**	**98**	**33**			**394**	**359**
Unallocated provisions								–11
Operating earnings							**394**	**348**
Financial items							1	–29
Earnings after financial items							**395**	**319**
Tax expense							–14	164
After-tax earnings							**381**	**483**

Within the group the full cost principle is applied to internal purchases, except for Posten's own services, for which market rates appply.

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.

Customers with a Swedish billing address account for 87 percent of Posten’s revenue.Because other geographic segments account for less than 10 percent apiece, figures relating to these segmets appear only in the annual report.

Note 3: Provisions

As of June 30, 2005, consolidated provisions totaled SEK 4,119m, a decline of SEK 141m (excluding the reclassification of deferred tax) since year-end 2004. Provisions relate mainly to conditional pension commitments and restructuring reserves for the cashier service arm.
Pension provisions totaled SEK 642m, an increase of SEK 49m since 2004. The increase is explained in the table below.

	SEK m
Pension liability, OB	593
Early retirements in 2005	142
Other pension income	176
Total pension liability before guarantee	**911**
Paid in to Posten Pension Fund for Posten AB	– 269
Pension liability, CB	**642**

Other provisions totaled SEK 3,477m, of which current liabilities accounted for SEK 375m. Other provisions have declined by SEK 190m since December 31, 2004. This is explained primarily by the utilization of reserves in the amount of SEK 263m (mainly restructuring), as well as SEK 73m in new provisions related primarily to future conditional pension benefits.

Review of changes in Other provisions, SEK m	OB	Provisions and reversals	Utilizations	CB
Allocated provisions				
Provisions for future losses, Cashier Service	604			604
Closure provisions, Cashier Service, including former post office network	866		–85[1]	781
Closure provision, terminal network, Messaging & Logistics	70		–22[1]	48
Provision for downsizing, central administration, year 2003	17		–16[1]	1
Provision for downsizing, central administration, year 2004	79		–46[1]	33
Provision for reorganization, Production & Logistics	72		–33[1]	39
Other provisions	62	8[2]		70
Total allocated provisions	**1,770**	**8**	**–202**	**1,576**
Unallocated provisions				
Provision for workers' compensation	114	3[3]	–5[3]	112
Provision for future conditional pension benefits	1,417	51[3]		1,468
Provision for disability benefits, effect of conversion to IAS 19, Compensation to employees	131	11[3]		142
Other provisions	235		–56[3]	179
Total unallocated provisions	**1,897**	**65**	**–61**	**1,901**
Total Other provisions	**3,667**	**73**	**–263**	**3,477**

Included in the closing balance as of June 30, 2005, are SEK 375m in current liabilities and SEK 3,102m in long-term liabilities.

1) Impact on earnings distributed among operating costs less provisions, as well as financial items of which Messaging & Logistics accounts for SEK 117m and Cashier Service for SEK 85m		202
2) Impact on operating earnings, "Other operating costs" line item of which Messaging & Logistics accounts for SEK -8m and Cashier Service for SEK 0m	–8	
3) Impact on operating earnings distributed among operating costs less provisions	–65	61

Effects related to adoption of IFRS accounting principles

Posten converted to International Financial Reporting Standards (IFRS) for the preparation of its consolidated financial statements on January 1, 2005. Up to and including 2004 the company has applied Swedish Financial Accounting Standards Council recommendations and pronouncements. The conversion to IFRS is reported in accordance with IFRS 1, First Time Adoption of IFRS. Posten adopted IFRS as of January 1, 2005, and has therefore restated 2004 financials for comparative purposes.

Under the overarching rule – observed when adopting IFRS under IFRS 1 – all applicable IFRS and IAS standards, which have entered into force and been approved by the European Union as of December 31, 2005, will be applied retroactively. IFRS 1, however, offers companies certain exemptions from the overarching rule. Posten has chosen to apply the following transition rules:

- Business combinations completed prior to January 1, 2004, will not be restated in accordance with IFRS principles.
- Translation differences related to the translation of foreign subsidiaries' financial statements up until December 31, 2003 will be transferred to equity as of January 1, 2004. Post-December 31, 2004 translation differences will be reported as a separate component in the equity line item.
- IAS 39, Financial Instruments, will be introduced as of January 1, 2005. Comparative data for 2004 will be reported in accordance with previously applied principles for financial instruments.

IFRS 4, Insurance Contracts, and IFRS 5, Non-Current Assets Held For Sale and Discontinued Operations, are applied as of January 1, 2005, and are exempted from restating comparative figures. The below effects are preliminary and may change, as the review of certain IAS/IFRS standards is ongoing and further IFRIC[1)] pronouncements can be expected in 2005. More, it may become possible to introduce new standards applicable from January 1, 2006 at an earlier date.

The Parent Company applies Swedish Financial Accounting Standards Council Recommendation RR 32, Reporting for Legal Entities. The new accounting principles have entailed changes to the income statements and the calculation of liquid assets. On the income statements, other operating income has increased as regards financial leases (IAS 17) and other costs declined due to a revaluation of financial instruments (IAS 39). The reporting of liquid assets (IAS 7) has been affected as well, and comparative figures have been restated. Under RR 32, liquid assets only comprise investments with a maturity of fewer than 3 calendar months.

Effect on earnings, RR 32, Parent Company, SEK m	**Jan.–June 2005**
(Income statement items affected by RR 32 not appearing on Parent Company financial statements prior to 2005)	
Earnings after financial items under previous accounting principles	300
Effect of RR 32, IAS 17	9
Effect of RR 32, IAS 39	22
Earnings after financial items under RR 32	**331**

Liquid assets, Parent Company, SEK m	**6/30/2005**	**6/30/2004**
Liquid assets under previous accounting principles	4,024	2,444
Effect of RR 32, IAS 7	–1,820	–944
Liquid assets under RR 32	**2,204**	**1,500**

1) Pronouncement from International Financial Reporting Committee.

Restated full-year 2004 figures, Posten Group

Restated balance sheets as of January 1, 2004, and December 31, 2004, as well as equity reconciliations

SEK m	Note	Previous accounting princicples 1/1/2004	Effect of conversion to IFRS	IFRS 1/1/2004	Previous accounting princicples 12/31/2004	Effect of conversion to IFRS	IFRS 12/31/2004
ASSETS							
FIXED ASSETS							
Intangible fixed assets							
Goodwill	A	970	0	970	906	57	963
Other intangible assets		706		706	383		383
Total intangible fixed assets		**1,676**	**0**	**1,676**	**1,289**	**57**	**1,346**
Tangible fixed assets							
Buildings and land	B, C	257	620	877	352	477	829
Machinery and equipment		2,892		2,892	2,487		2,487
Construction in progress and advances relating to fixed assets		125		125	217		217
Total tangible fixed assets		**3,274**	**620**	**3,894**	**3,056**	**477**	**3,533**
Financial fixed assets							
Participations in associated companies		4		4	1		1
Bonds and other long-term securities		8		8	3		3
Deferred tax credit		528		528	608		608
Other long-term receivables		747		747	1,408		1,408
Total financial fixed assets		**1,287**	**0**	**1,287**	**2,020**		**2,020**
TOTAL FIXED ASSETS		**6,237**	**620**	**6,857**	**6,365**	**534**	**6,899**
CURRENT ASSETS							
Inventory							
Goods for resale, etc		112		112	96		96
Current receivables							
Accounts receivable		2,500		2,500	2,543		2,543
Other interest-bearing receivables		579		579	105		105
Other non-interest-bearing receivables		242		242	218		218
Tax credit		18		18	43		43
Prepaid expenses and accrued income		753		753	712		712
Total current receivables		**4,092**	**0**	**4,092**	**3,621**		**3,621**
Short-term investments	G		**282**	**282**		**94**	**94**
Cash and bank balances	G	**2,900**	**–282**	**2,618**	**4,207**	**–94**	**4,113**
TOTAL CURRENT ASSETS		**7,104**	**0**	**7,104**	**7,924**	**0**	**7,924**
TOTAL ASSETS		**13,341**	**620**	**13,961**	**14,289**	**534**	**14,823**

SEK m	Note	Previous accounting princicples 1/1/2004	Effect of conversion to IFRS	IFRS 1/1/2004	Previous accounting princicples 12/31/2004	Effect of conversion to IFRS	IFRS 12/31/2004
EQUITY AND LIABILITIES							
EQUITY							
Attributable to:							
Parent Company shareholders	A, B, C	2,727	−307	2,420	3,930	−235	3,695
Minority interest	D		20	20	0	7	7
TOTAL EQUITY		**2,727**	**−287**	**2,440**	**3,930**	**−228**	**3,702**
MINORITY EQUITY	D	**20**	**−20**	**0**	**7**	**−7**	**0**
PROVISIONS							
Pension provisions	F	366	−366	0	593	−593	0
Deferred tax provisions	F	172	−172	0	9	−9	0
Other provisions	F	3,620	−3,620	0	3,667	−3,667	0
TOTAL PROVISIONS		**4,158**	**−4,158**	**0**	**4,269**	**−4,269**	**0**
LONG-TERM LIABILITIES							
Interest-bearing liabilities							
Debt, credit institutions	B	893	691	1,584	587	557	1,144
Pension provisions	F		366	366		593	593
Other liabilities	B	5	145	150	136	126	262
Total interest-bearing liabilities		**898**	**1,202**	**2,100**	**723**	**1,276**	**1,999**
Non-interest-bearing liabilities							
Deferred tax provisions	F		172	172		9	9
Other provisions	F		3,037	3,037		3,214	3,214
Other liabilities		103		103	106		106
TOTAL LONG-TERM LIABILITIES		**1,001**	**4,411**	**5,412**	**829**	**4,499**	**5,328**
CURRENT LIABILITIES							
Interest-bearing liabilities							
Debt, credit institutions	B	3	71	74	58	66	124
Debt, affiliated companies							
Other liabilities		579		579	355		355
Total interest-bearing liabilities		**582**	**71**	**653**	**413**	**66**	**479**
Non-interest-bearing liabilities							
Advances from customers		578		578	577		577
Accounts payable		973		973	857		857
Tax liabilities		45		45	95		95
Debt, affiliated companies							
Other operating liabilities		983		983	997		997
Other provisions	F		583	583		453	453
Accrued expenses and deferred income	B	2,274	20	2,294	2,315	20	2,335
Total non-interest-bearing liabilities		**4,853**	**603**	**5,456**	**4,841**	**473**	**5,314**
TOTAL CURRENT LIABILITIES		**5,435**	**674**	**6,109**	**5,254**	**539**	**5,793**
TOTAL EQUITY AND LIABILITIES		**13,341**	**620**	**13,961**	**14,289**	**534**	**14,823**
CONTINGENT LIABILITIES							
Assets pledged and contingent liabilities							
Assets pledged for own debt							
Endowment insurance policies		82		82	85		85
Contingent liabilities		**459**		**459**	**171**		**171**

Reconciliation, equity, SEK m	**Note**	**1/1/2004**	**12/31/2004**
Equity under previous accounting principles		**2,727**	**3,930**
Goodwill not amortized after conversion date	A	0	57
Leases	B	−301	−285
Component depreciation	C	−6	−7
Minority interest	D	20	7
		−287	**−228**
Tax effect of above	E	0	0
Total adjustment of equity		**−287**	**−228**
Equity under IFRS		**2,440**	**3,702**

Restated full-year 2004 income statement

SEK m	Note	Previous accounting principles Full Year 2004	Effect of conversion till IFRS	IFRS Full Year 2004
OPERATING INCOME				
Net sales		25,120	0	25,120
Other operating income	B	420	20	440
Total operating income		**25,540**	**20**	**25,560**
OPERATING COSTS				
Personnel costs		–12,227	0	–12,227
Other external costs	B	–10,626	113	–10,513
Depreciation and amortization of tangible and intangible fixed assets	A, B, C	–1,299	–9	–1,308
Earnings from participations in associated companies				
Provisions		–397	0	–397
Total operating costs		**–24,549**	**104**	**–24,445**
Operating earnings		**991**	**124**	**1,115**
Financial items	B	**16**	**–52**	**–36**
Earnings after financial items		**1,007**	**72**	**1,079**
Tax		218	0	218
After-tax earnings		**1,225**	**72**	**1,297**
Minority share of net earnings	D	–4	4	0
Net earnings		**1,221**	**76**	**1,297**
Attributable to:				
Posten AB shareholders				1,293
Minority interest	D			4

Reconciliation, earnings, SEK m, full-year, 2004	Note	Operating earnings	Pretax earnings	Net earnings
Earnings under previous accounting principles		**991**	**1,007**	**1,221**
Goodwill amortization	A	57	57	57
Leases	B	67	15	15
Component depreciation	C	0	0	0
Minority share of net earnings	D			4
Total adjustment of earnings		**124**	**72**	**76**
Earnings under IFRS		**1,115**	**1,079**	**1,297**

Restated full-year 2004 statement of cash flows

SEK m	Previous accounting principles Full Year 2004	Effect of conversion till IFRS	IFRS Full Year 2004
Cash flows from operating activities before changes in working capital	1,799		1,799
Changes in working capital	–107		–107
Cash flows from operating activities	**1,692**	**0**	**1,692**
Cash flows from investing activities	–418	188	–230
Cash flows before financing activities	**1,274**	**188**	**1,462**
Cash flows from financing activities	33		33
Cash flows for the fiscal period	**1,307**	**188**	**1,495**
Liquid assets, beginning of year	2,900	–282	2,618
Liquid assets, end of year	4,207	–94	4,113

Restated 2004 quarterly data, Posten Group

Balance sheet March 31, 2004

SEK m	Note	March 31, 2004 Previous accounting principles	Effect of conversion to IFRS	IFRS
ASSETS				
FIXED ASSETS				
Intangible fixed assets	A	1,661	16	1,677
Tangible fixed assets	B, C	3,207	600	3,807
Financial fixed assets		1,280	0	1,280
Total fixed assets		**6,148**	**616**	**6,764**
CURRENT ASSETS				
Inventory		**108**	**0**	**108**
Current receivables		**4,097**	**0**	**4,097**
Short-term investments		**0**	**848**	**848**
Cash and bank balances		**3,132**	**–848**	**2,284**
Total current assets		**7,337**	**0**	**7,337**
TOTAL ASSETS		**13,485**	**616**	**14,101**
EQUITY AND LIABILITIES				
EQUITY				
Attributable to:				
Parent Company shareholders	A, B, C	3,070	–288	2,782
Minority interest	D		,20	,20
Total equity		**3,070**	**–268**	**2,802**
MINORITY EQUITY	D	**20**	**–20**	**0**
PROVISIONS				
Pension provisions		537	–537	0
Deferred tax provisions		9	–9	0
Other provisions		3,465	–3,465	0
Total provisions		**4,011**	**–4,011**	**0**
LONG-TERM LIABILITIES				
Interest-bearing liabilities	B	902	673	1,575
Non-interest-bearing liabilities		104	140	244
Pension provisions			537	537
Deferred tax provisions			9	9
Other provisions			2,665	2,665
Total long-term liabilities		**1,006**	**4,024**	**5,030**
CURRENT LIABILITIES				
Interest-bearing liabilities	B	175	71	246
Non-interest-bearing liabilities		5,203	20	5,223
Other provisions			800	800
Total current liabilities		**5,378**	**891**	**6,269**
TOTAL EQUITY AND LIABILITIES		**13,485**	**616**	**14,101**

Reconciliation, equity, SEK m	Note	1/1/2004	3/31/2004
Equity under previous accounting principles		**2,727**	**3,070**
Goodwill not amortized after conversion date	A	0	16
Leases	B	–301	–296
Component depreciation	C	–6	–8
Minority interest	D	20	20
		–287	**–268**
Tax effect of above	E	0	0
Total adjustment of equity		**–287**	**–268**
Equity under IFRS		**2,440**	**2,802**

Balance sheet June 30, 2004

SEK m	Note	June 30, 2004 Previous accounting principles	Effect of conversion to IFRS	IFRS
ASSETS				
FIXED ASSETS				
Intangible fixed assets	A	1,597	30	1,627
Tangible fixed assets	B, C	3,188	584	3,772
Financial fixed assets		1,299	0	1,299
Total fixed assets		**6,084**	**614**	**6,698**
CURRENT ASSETS				
Inventory		**106**	**0**	**106**
Current receivables		**4,572**	**0**	**4,572**
Short-term investments		**0**	**1,001**	**1,001**
Cash and bank balances		**3,274**	**–1,001**	**2,273**
Total current assets		**7,952**	**0**	**7,952**
TOTAL ASSETS		**14,036**	**614**	**14,650**
EQUITY AND LIABILITIES				
EQUITY				
Attributable to:				
Parent Company shareholders	A, B, C	3,164	–267	2,897
Minority interest	D		23	23
Total equity		**3,164**	**–244**	**2,920**
MINORITY EQUITY	D	**23**	**–23**	**0**
PROVISIONS				
Pension provisions		715	–715	0
Deferred tax provisions		9	–9	0
Other provisions		3,433	–3,433	0
Total provisions		**4,157**	**–4,157**	**0**
LONG-TERM LIABILITIES				
Interest-bearing liabilities	B	898	655	1,553
Non-interest-bearing liabilities		98	135	233
Pension provisions			715	715
Deferred tax provisions			9	9
Other provisions			2,866	2,866
Total long-term liabilities		**996**	**4,380**	**5,376**
CURRENT LIABILITIES				
Interest-bearing liabilities	B	316	72	388
Non-interest-bearing liabilities		5,380	19	5,399
Other provisions			567	567
Total current liabilities		**5,696**	**658**	**6,354**
TOTAL EQUITY AND LIABILITIES		**14,036**	**614**	**14,650**

Reconciliation, equity, SEK m	Note	1/1/2004	6/30/2004
Equity under previous accounting principles		**2,727**	**3,164**
Goodwill not amortized after conversion date	A	0	30
Leases	B	–301	–290
Component depreciation	C	–6	–7
Minority interest	D	20	23
		–287	**–244**
Tax effect of above	E	0	0
Total adjustment of equity		**–287**	**–244**
Equity under IFRS		**2,440**	**2,920**

Balance sheet September 30, 2004

SEK m	Note	September 30, 2004 Previous accounting principles	Effect of conversion to IFRS	IFRS
ASSETS				
FIXED ASSETS				
Intangible fixed assets	A	1,542	45	1,587
Tangible fixed assets	B, C	3,086	568	3,654
Financial fixed assets		1,286	0	1,286
Total fixed assets		**5,914**	**613**	**6,527**
CURRENT ASSETS				
Inventory		**101**	**0**	**101**
Current receivables		**4,057**	**0**	**4,057**
Short-term investments		**0**	**744**	**744**
Cash and bank balances		**3,237**	**–744**	**2,493**
Total current assets		**7,395**	**0**	**7,395**
TOTAL ASSETS		**13,309**	**613**	**13,922**
EQUITY AND LIABILITIES				
EQUITY				
Attributable to:				
Parent Company shareholders	A, B, C	3,531	–246	3,285
Minority interest	D		6	6
Total equity		**3,531**	**–240**	**3,291**
MINORITY EQUITY	D	**6**	**–6**	**0**
PROVISIONS				
Pension provisions		906	–906	0
Deferred tax provisions		9	–9	0
Other provisions		3,291	–3,291	0
Total provisions		**4,206**	**–4,206**	**0**
LONG-TERM LIABILITIES				
Interest-bearing liabilities	B	892	636	1,528
Non-interest-bearing liabilities		92	130	222
Pension provisions			906	906
Deferred tax provisions			9	9
Other provisions			2,797	2,797
Total long-term liabilities		**984**	**4,478**	**5,462**
CURRENT LIABILITIES				
Interest-bearing liabilities	B	116	74	190
Non-interest-bearing liabilities		4,466	19	4,485
Other provisions			494	494
Total current liabilities		**4,582**	**587**	**5,169**
TOTAL EQUITY AND LIABILITIES		**13,309**	**613**	**13,922**

Reconciliation, equity, SEK m	Note	1/1/2004	9/30/2004
Equity under previous accounting principles		**2,727**	**3,531**
Goodwill not amortized after conversion date	A	0	45
Leases	B	–301	–285
Component depreciation	C	–6	–6
Minority interest	D	20	6
		–287	**–240**
Tax effect of above	E	0	0
Total adjustment of equity		**–287**	**–240**
Equity under IFRS		**2,440**	**3,291**

Income statement, January–March 2004

SEK m	Note	January–March 2004 Previous accounting principles	Effect of conversion to IFRS	IFRS
Net sales		6,253	0	6,253
Other operating income	B	15	5	20
Total operating income		**6,268**	**5**	**6,273**
Personnel expenses		–3,216	0	–3,216
Other external expenses				
– External costs	B	–2,603	32	–2,571
Depreciation and amortization of tangible and intangible fixed assets	A, B, C	–267	–2	–269
Total operating expenses		**–6,086**	**30**	**–6,056**
Operating earnings		**182**	**35**	**217**
Financial items		**–4**	**–15**	**–19**
Earnings after financial items		**178**	**20**	**198**
Tax		162	0	162
After-tax earnings		**340**	**20**	**360**
Minority share of net earnings	D	–1	1	0
Net earnings for the period		**339**	**21**	**360**
Attributable to:				
Posten AB shareholders				359
Minority interest	D			1

Reconciliation, earnings, SEK m, Jan.–March 2004	Note	Operating earnings	Pretax earnings	Net earnings
Earnings under previous accounting principles		**182**	**178**	**339**
Goodwill amortization	A	16	16	16
Leases	B	19	4	4
Component depreciation	C	0	0	0
Minority share of net earnings	D			1
Total adjustment of earnings		**35**	**20**	**21**
Earnings under IFRS		**217**	**198**	**360**

Income statement, January–June 2004

SEK m	Note	January–June 2004 Previous accounting principles	Effect of conversion to IFRS	IFRS
Net sales		12,516	0	12,516
Other operating income	B	122	10	132
Total operating income		**12,638**	**10**	**12,648**
Personnel expenses		–6,345	0	–6,345
Other external expenses				
– External costs	B	–5,311	64	–5,247
– Provisions		–136	0	–136
Depreciation and amortization of tangible and intangible fixed assets	A,B,C	–567	–5	–572
Total operating expenses		**–12,359**	**59**	**–12,300**
Operating earnings		**279**	**69**	**348**
Financial items		**–1**	**–28**	**–29**
Earnings after financial items		**278**	**41**	**319**
Tax		164	0	164
After-tax earnings		**442**	**41**	**483**
Minority share of net earnings	D	–3	3	0
Net earnings for the period		**439**	**44**	**483**
Attributable to:				
Posten AB shareholders				480
Minority interest				3

Reconciliation, earnings, SEK m, Jan.–June 2004	Note	Operating earnings	Pretax earnings	Net earnings
Earnings under previous accounting principles		**279**	**278**	**439**
Goodwill amortization	A	30	30	30
Leases	B	39	11	11
Component depreciation	C	0	0	0
Minority share of net earnings	D			3
Total adjustment of earnings		**69**	**41**	**44**
Earnings under IFRS		**348**	**319**	**483**

Income statement, January–September 2004

SEK m	Note	January–September 2004: Previous accounting principles	Effect of conversion to IFRS	IFRS
Net sales		18,215	0	18,215
Other operating income	B	357	15	372
Total operating income		**18,572**	**15**	**18,587**
Personnel expenses		–9,138	0	–9,138
Other external expenses				
– External costs	B	–7,791	96	–7,695
– Provisions		–135	0	–135
Depreciation and amortization of tangible and intangible fixed assets	A,B,C	–827	–8	–835
Total operating expenses		**–17,891**	**88**	**–17,803**
Operating earnings		**681**	**103**	**784**
Financial items		**–2**	**–45**	**–47**
Earnings after financial items		**679**	**58**	**737**
Tax		147	0	147
After-tax earnings		**826**	**58**	**884**
Minority share of net earnings	D	–7	7	0
Net earnings for the period		**819**	**65**	**884**
Attributable to:				
Posten AB shareholders				877
Minority interest	D			7

Reconciliation, earnings, SEK m, Jan.–Sept. 2004	Note	Operating earnings	Pretax earnings	Net earnings
Earnings under previous accounting principles		**681**	**679**	**819**
Goodwill amortization	A	45	45	45
Leases	B	58	13	13
Component depreciation	C	0	0	0
Minority share of net earnings	D			7
Total adjustment of earnings		**103**	**58**	**65**
Earnings under IFRS		**784**	**737**	**884**

Statement of cash flows, January–March 2005

SEK m	Note	January–March 2004 Previous accounting principles	Effect of conversion to IFRS	IFRS
Cash flows from operating activities before changes in working capital		405		405
Changes in working capital		–60		–60
Cash flows from operating activities		**345**	**0**	**345**
Cash flows from investing activities	G	–162	–566	–728
Cash flows before financing activities		**183**	**–566**	**–383**
Cash flows from financing activities		49		49
Cash flows for the fiscal period	G	**232**	**–566**	**–334**
Liquid assets, beginning of year		2,900	–282	2,618
Liquid assets, end of year		3,132	–848	2,284

Statement of cash flows, January–June 2005

SEK m	Note	January–June 2004 Previous accounting principles	Effect of conversion to IFRS	IFRS
Cash flows from operating activities before changes in working capital		928		928
Changes in working capital		–265		–265
Cash flows from operating activities		**663**	**0**	**663**
Cash flows from investing activities	G	–346	–719	–1,065
Cash flows before financing activities		**317**	**–719**	**–402**
Cash flows from financing activities		57		57
Cash flows for the fiscal period	G	**374**	**–719**	**–345**
Liquid assets, beginning of year		2,900	–282	2,618
Liquid assets, end of year		3,274	–1,001	2,273

Statement of cash flows, January–September 2005

SEK m	Note	January–September 2004 Previous accounting principles	Effect of conversion to IFRS	IFRS
Cash flows from operating activities before changes in working capital		1,613		1,613
Changes in working capital		–1,056		–1,056
Cash flows from operating activities		**557**	**0**	**557**
Cash flows from investing activities	G	–268	–462	–730
Cash flows before financing activities		**289**	**–462**	**–173**
Cash flows from financing activities		48		48
Cash flows for the fiscal period	G	**337**	**–462**	**–125**
Liquid assets, beginning of year		2,900	–282	2,618
Liquid assets, end of year		3,237	–744	2,493

Notes to restated 2004 figures

A) Goodwill
Under IFRS 3, Business Combinations, goodwill and other intangible assets with indefinite useful lives are no longer amortized but rather tested for impairment in part at the time of conversion to IFRS on January 1, 2004, and in part annually or more frequently if there are indications of value erosion. Assets are written down if the reported amount exceeds the recoverable amount. The Company has performed impairment tests as of January 1, 2004, and December 31, 2004. These tests revealed no need for write-downs.

Under Swedish accounting principles, all intangible assets, including goodwill, are written down over the assessed useful life. This change does not affect equity at the time of conversion because goodwill amortization before January 1, 2004 is not reversed. As a consequence of the conversion to IFRS, 2004 goodwill amortization reported in accordance with Swedish accounting principles totaling SEK 57m has been reversed, decreasing the depreciation and amortization of the tangible and intangible fixed assets line item. The goodwill line item increased by the corresponding amount. Operating earnings, pretax earnings and net earnings have therefore improved by SEK 16m in quarter 1, SEK 30m in quarter 2 and SEK 45m in quarter 3 as well as SEK 57m for full-year 2004.

B) Leases
In its 2004 annual report Posten 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, four commercial properties have been classified as financial leases. This is because the present value of all future 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. As a result of the conversion to IFRS assets and liabilities increase by SEK 484m and equity decreases by SEK 285m. IFRS's effect on 2004 earnings is presented in the table below.

Accumulated amounts, SEK m	Q 1	Q 2	Q 3	Full Year
Operating earnings	19	39	58	67
Pretax earnings	4	10	13	15
Net earnings	**4**	**10**	**13**	**15**

The positive affect on operating earnings stems from a reduction in rental expenses in 2004; instead, this cost has been divided into interest expenses and amortization. Pretax earnings and net earnings are in agreement because Posten has been unable to utilize the deferred tax credit arising from the conversion to IFRS (for more information, see E).

C) Component Depreciation
Under IAS 16, tangible assets featuring material subcomponents with disparate useful lives are to be segregated and ascribed individual useful lives. Previously, generally accepted account principles have only recommended this method, known as component depreciation. Posten has identified buildings as the asset class for which component depreciation will have an effect on the company's reported values. The buildings line item appearing on the balance sheet has been adjusted by SEK – 6.3m for the reported value as of January 1, 2004 and SEK – 6.6m for the reported value as of December 31, 2004. The adjustment has also increased the depreciation and amortization of tangible and intangible fixed assets line item on the income statement by SEK 0.3m for full-year 2004. The effect on quarterly earnings is SEK 86,000.

D) Minority Interest
Under IAS 1, Presentation of Financial Statements, minority interest is reported as a separate component under equity on the balance sheet rather than between liabilities and equity. On the income statement, the minority's share of earnings will no longer be removed; rather it

will be included in the financial results reported for the period. The share of net earnings attributable to the owners of the parent company and the minority interests in subsidiaries, respectively, will appear below the income statement. Total reported equity thereby increases SEK 20m as of January 1, 2004, and SEK 7m as of December 31, 2004. Net earnings increase SEK 4m for full-year 2004 as well as by SEK 1m in quarter 1, SEK 3m in quarter 2, and SEK 7m in quarter 3, since the minority interest is not reported on a separate line.

E) Treatment of tax for conversion to IFRS

For all adjustments attributable to the conversion to IFRS, the deferred tax credit and deferred tax liability have been treated in the opening balance. In net terms, deferred tax concerning IFRS adjustments comprises a deferred tax credit totaling SEK 84m. Because Posten already reported the tax credits it determined could be utilized in the foreseeable future, based on the business plan for the coming six years, the net tax credit arising through IFRS adjustments has not been recognized as a receivable. For the same reason, Posten will not report the ongoing effects on deferred tax relating to IFRS adjustments.

F) Other information

Reclassification of balance sheet items

Under IAS 1, Provisions will not be treated as a heading; rather, provisions are to be classified either as long-term or current liabilities. Exceptions are made, meanwhile, for provisions attributable to pension commitments, for which there is no articulated requirement for segregation into current and long-term. Posten has chosen to report pension provisions as interest-bearing long-term liabilities. IAS 1 also stipulates that deferred tax is to be reported as a long-term liability in its entirety. Other provisions have been segregated. Hence, the provisions heading will be removed and long-term liabilities increases by SEK 3,575m and current liabilities by SEK 583m as of January 1, 2004. As of December 31, 2004, the corresponding increase in long-term liabilities is SEK 3,816m and SEK 453m for current liabilities. All provisions, apart from pension provisions, are deemed to be non-interest bearing. For quarter one, long-term liabilities grew SEK 3,211m and current liabilities increased SEK 800m. The corresponding amounts for quarter two are SEK 3,590m and SEK 567m, and for quarter three SEK 3,712m and SEK 494m.

Accumulated translation differences

Under IAS 21, translation differences related to investments in foreign-based operations are reported as a separate line item under equity. When foreign-based businesses are divested, accumulated translation differences are reported as part of the divestment proceeds. Posten has chosen to set accumulated translation differences to zero as of January 1, 2004 in accordance with the transition rules stipulated in IFRS 1.

G) Restated statement of cash flows

Under IAS 7, only liquid assets with a remaining maturity of no more than 3 months at the time of acquisition may be reported as liquid assets. Previously, Posten classified liquid assets as funds reported as cash and bank balances as well as short-term investments. Under this accounting change, liquid assets appearing on the statement of cash flows decreased by SEK 282m as of January 1, 2004, and by SEK 94m as of December 31, 2004. This affects cash flows from investing activities, which subsequently increased SEK 188m for full-year 2004 as well as decreased by SEK 566m in quarter 1, SEK 719m in quarter 2 and SEK 462m in quarter 3.

The reported effect on liquid assets in the 2004 annual report has been restated because the definition of the remaining maturity has been changed from 90 days to 3 calendar months.

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