Posten Interim Report

January–March 2005

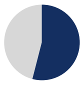
Contents

Business operations

Messaging & Logistics

Administrative Mail

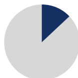
Share of consolidated operating income, 54%



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

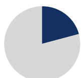
Share of consolidated operating income, 13%



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

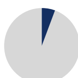
Share of consolidated operating income, 27%



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–March 2005

- Net sales grew totaled SEK 6,091m (6,253)
- Operating earnings totaled SEK 173m (217)
- After-tax earnings totaled SEK 177m (360)
- Equity-assets ratio was 26 percent (20)
- Cash flows from operating activities totaled SEK 509m (345)

Quarterly data

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

Quarter one is Posten's seventh consecutive quarter of positive operating earnings, though figures were slightly lower year on year.

Revenues from message-forwarding, which is Posten's biggest business stream, continue to decline due to growing substitution. Both companies and public agencies are actively replacing conventional mail with electronic communications. The effort to achieve further efficiency improvements and cut costs is proceeding. Demand is growing for Posten's logistics and direct mail services.

The dramatic decline in payment transactions continues. Originally planned for June 2005, the Government's proposition concerning the future of the payment transaction business has been delayed. The resolution of this question is of considerable consequence for the company's employees, customers and business planning activities.

Posten is a world leader when it comes to delivery performance. Our fantastic infrastructure and wealth of employee experience and know-how are unique strengths. At the same time, challenges lie ahead.

Erik Olsson

Operating income

Net sales were SEK 6,091m (6,253) and other operating income totaled SEK 86m (20). The SEK 162m decline in year-over-year net sales is attributable to business divestments totaling SEK 118m, lighter Administrative Mail volume as well as the continuing decline in Cashier Service volume. Logistics and Direct Mail volumes were higher. The rise in other operating income is mainly attributable to exchange-rate effects related to the settlement of accounts with other national postal operators.

Operating earnings

Operating earnings fell SEK 44m to SEK 173m (217). The operating earnings figure includes provisions totaling SEK 8m (0). The decline is primarily attributable to lower net sales. Though production is being successively adapted to lower Administrative Mail volume, the Company has been unable to adapt resource input to the rate of volume decline.

Personnel costs totaled SEK 3,117m (3,216). Of the SEK 99m decline, SEK 27m is attributable to divested businesses. Personnel cutbacks have offset pay increases.

The group's other external costs grew SEK 56m to SEK 2,627m (2,571). Higher costs are mainly attributable to exchange-rate effects related to the settlement of accounts with other national postal operators. This has a marginal effect on earnings due to a corresponding increase on the revenue side. Growing Logistics volume, too, has increased other external costs. Divested businesses reported marginal operating earnings for January–March 2004.

After-tax earnings

After-tax earnings fell SEK 183m to SEK 177m (360). Tax expense was SEK 1m (162), comprising current tax of SEK –13m (0) and deferred tax of SEK 14m (162).

Cash flow

Under previous accounting principles, cash flows before financing activities totaled SEK 380m (183).

In connection with the conversion to the new international accounting standards (IFRS), cash flows for the period have been affected by SEK –781m (–566) compared with the previous accounting standards. Under IFRS, cash flows before financing activities totaled SEK –401m (383). The effect arises because under the new standards, investments in securities with maturities of more than 3 months at the time of investment are to be recognized as investments and no longer as liquid assets.

Operating activities

Cash flows from operating activities totaled SEK 509m (345), of which SEK 273m (405) is attributable to cash flows before changes in working capital. Cash flows relating to expenses regarding previously made provisions totaled SEK –95m (–399) and from paid pensions to SEK –170m. Working capital changed by SEK 236m (–60). 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 –910m (–728). Under IFRS, investments in securities with maturities of more than 3 months are included in investment activities. Cash flows for the period have therefore been affected by investments made in securities during the period totaling SEK 781m. Investments in fixed assets primarily concern expenditures relating to modes of transportation and mail processing equipment.

Financing activities

Cash flows from financing activities totaled SEK –11m (49).

Cash flows for the year

Liquid funds decreased by SEK 412m. The reclassification of investments in securities with maturities of more than 3 months at the time of investment, under IFRS, has decreased liquid assets by SEK 876m compared to previous accounting principles. At the end of the period, liquid funds totaled SEK 3,701m.

Financial position

As of March 31, 2005, total assets amounted to SEK 15,106m, up SEK 283m 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.

Equity

Equity totaled SEK 3,896m, an increase of SEK 194m since December 31, 2004, when it totaled SEK 3,702m restated to IFRS. Of equity, SEK 3,888m is attributable to Parent Company shareholders and SEK 8m relates to minority interests.

The 2005 opening balance has been restated owing to the adoption of IAS 39 (see Accounting Change, page 9). Return on equity (ROE) was 33 percent, compared to 42 percent on December 31, 2004.

Equity-assets ratio

As of March 31, 2005, the equity-assets ratio was 26 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.

Customer Satisfaction Index, CSI

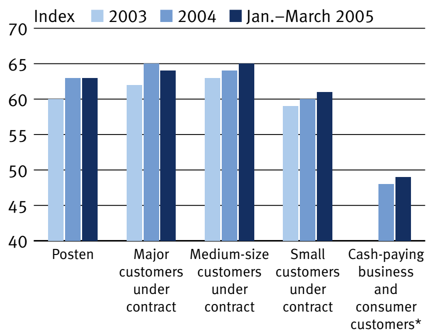
Quarter over quarter, Posten's customer satisfaction rating remained unchanged at 63. Last year this rating successively improved. Last fall's positive satisfaction trend among major customers with contracts has tapered off. Satisfaction grew among other customer groups during the quarter; this positive trend is expected to continue.

In fall 2004 the Marketing & Sales division launched a massive overhaul of its internal systems, creating, for instance, new administrative procedures. The move has had a certain effect on customers and contributed to a slightly negative trend when it comes to Posten's image as a business partner, which is incorporated into the CSI score. Customers were satisfied with Posten's reliability and delivery performance.

Employees

The average number of employees during quarter one was 33, 117, a decline of 2,185 year over year. Of the decrease, 1,024 was attributable to divested businesses. Cutbacks in production reduced the average number of employees by 417 and in Cashier Service by 363. The remaining decline of 381 is mainly attributable to cutbacks in the central administration.

**CSI TREND,
POSTEN OVERALL AND BY CUSTOMER GROUP**



CSI based on rolling full-year averages
*) No meaurement in 2003

Reporting of business segments

Messaging & Logistics

- Operating income totaled SEK 5,898m (5,984)
- Operating earnings totaled SEK 121m (205)
- Investments totaled SEK 135m (168)
- Average number of employees was 31,640 (33,462)

Market trends

Letter mail 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. In quarter one, Priority Mail and Non-priority Mail volume continued to decline. Direct Mail continues to show strong growth, and demand for special add-on services is on the rise.

The market for Posten's services is undergoing rapid change. Competition in the Swedish message forwarding market is rising steadily, primarily in and around the major cities.

In response to global competition a growing number of Posten's customers are centralizing or outsourcing parts of their administration functions in order to create cost-efficiencies. There are growing indications that national mail volume can become international. A recent study shows that about 20 percent of the Confederation of Swedish Enterprise's members are considering offshoring their business. The trend toward electronic substitution, or the transition from physical to electronic communications, continues. The Swedish tax authority is awarding early refunds for people filing their returns online. Banks and insurance companies are offering better incentives for consumers in a move to boost e-billing acceptance. The National Post and Telecom Agency's annual survey—conducted by the pollster Temo—shows that 53 percent of respondents usually pay their bills online.

For many businesses, efficient logistics solutions are key to creating profitability and gaining a competitive edge. Logistics is about delivery precision: delivering the right item, to the right recipient, on time and cost-effectively. The logistics industry is currently characterized by restructuring. International companies are increasingly reviewing their logistics flows. One trend is the outsourcing of companies' internal logistics businesses.

The Nordic logistics market is worth 200 billion Swedish kronor. The logistics market is growing at around 5 percent annually and features fierce competition and tight margins. Posten has a strong market position in parcels weighing up to 35 kilos.

Operating income and operating earnings

Operating income by product category (SEK m)	2005 Jan.–March	2004 Jan.–March	2004 Full Year
Administrative Mail	3,320	3,456	13,503
Direct Mail	810	759	3,415
Logistics	1,634	1,640	6,749
Other	134	129	763
Total operating income	**5,898**	**5,984**	**24,430**

Operating income totaled SEK 5,898m (5,984). The SEK 86m year-over-year decline is explained by business divestments totaling SEK 118m. Excluding these divestments, operating income grew 0.5 percent.

Administrative Mail revenue fell SEK 136m, of which SEK 35m relates to divested businesses. Exchange-rate differences grew revenue by SEK 49m. The other decline in revenue is attributable to lower letter mail and periodicals volumes. Direct Mail volume continues to grow. Logistics revenue was flat due to divested businesses totaling SEK 83m and an SEK 80m increase in sales.

Operating earnings fell SEK 84m to SEK 121m (205). Operating earnings includes provisions totaling SEK 8m (0). The lower result is mainly attributable to lower net sales. Further, production costs related to Priority and Non-priority Mail are largely fixed; hence, the Company has been unable to adapt resource input to the rate of volume decline. Personnel costs totaled SEK 2,976m (3,053). Of the SEK 77m decline, SEK 27m is attributable to divested businesses. Personnel cutbacks have offset pay increases. Other external costs grew SEK 86m to SEK 2,558m (2,472). Higher costs are mainly attributable to exchange-rate effects related to the settlement of accounts with other national postal operators. This has a marginal effect on earnings due to a corresponding increase on the revenue side. Growing Logistics volume, too, has increased other external costs. Divested businesses reported marginal operating earnings for January–March 2004.

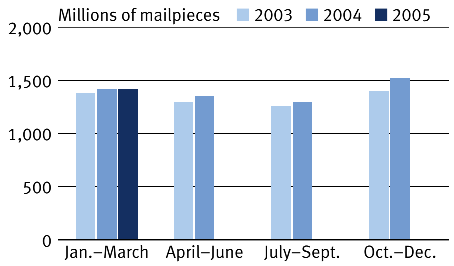
Investments

Investments totaled SEK 135m (168). 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 42m. Other investments primarily relate to the acquisition of new vehicles as well as SEK 10m in investments already being made in Posten's Danish and Norwegian parcel network, DPD.

Employees

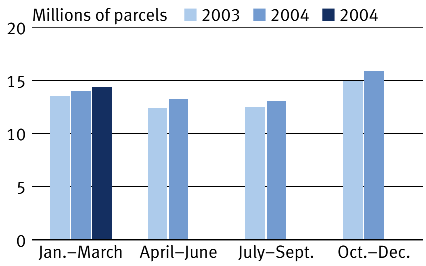
The average number of employees during quarter one 2005 was 31, 640 (33,642), a decline of 1,822 year over year. Of the decrease, 1,024 were attributable to divested businesses. Cutbacks in production reduced the average number of employees by 417. The remaining decline of 381 is mainly attributable to cutbacks in the central administration.

MAIL VOLUME, EXCLUDING PARCELS



Quarter-one volume was largely unchanged but fell 7 percent compared to quarter four 2004. The quarter-over-quarter decline is attributable to large holiday season volumes.

PARCEL VOLUME



Parcel volume is shown here excluding volume attributable to divested operations. Quarter-one volume grew 3 percent year over year. Quarter one 2005 volume fell 9 percent compared to quarter four 2004 due to seasonal variations.

Cashier Service

- Operating income totaled SEK 363m (394)
- Operating earnings, including compensation from the government totaling SEK 100m (100), totaled SEK 52m (12)
- Operating earnings including closure costs totaled SEK 9m (–33)
- Investments totaled SEK 1m (5)
- Average number of employees was 1,477 (1,840)

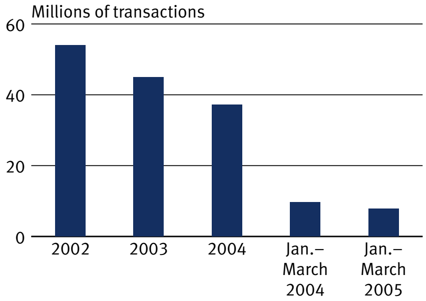
Market trends

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 775 branches or points of service, of which 275 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. At the same time, banks have steered customers away from teller-facilitated services in favor of bank cards as well as online, postal giro and phone services. Year over year, Svensk Kassaservice saw a 20-percent decline in transactions in quarter one.

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. The Government proposition originally slated for June 2005 has been delayed.

CASHIER SERVICE TRANSACTION VOLUME



Year over year, transaction volume fell 20 percent in quarter one 2005.

Operating income and operating earnings

Operating earnings, including compensation from the government totaling SEK 100m (100), totaled SEK 363m (394), a decline of SEK 31m.

Operating earnings including closure costs totaled SEK 9m (–33), an improvement of SEK 42m.The improvement is attributable to lower personnel costs of SEK 23m and lower external costs of SEK 50m, which has more than offset lower revenue.

Employees

The average number of employees was 1,477, a decrease of 363 year over year. The employee satisfaction rating (ViP) climbed 4 points to 71. The number of employees will continue to fall in line with further cutbacks.

Parent Company

Posten AB (publ) was merged with 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

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 less than 3 calendar months at the time of acquisition.

Financial results for the period

Net sales for the period totaled SEK 4,685m (0), and earnings after financial items totaled SEK 110m (19). Investments totaled SEK 80m (0), and liquid assets were SEK 2,985m (1,253).

Events after the final day of the fiscal period

In April the Parent Company acquired the remaining 31.25 percent stake in the subsidiary HIT Finland Oy.

Reporting in accordance with IFRS

From January 1, 2005, Posten will prepare its consolidated financial statements in accordance with IFRS. The interim report for quarter one 2005 is the first financial report filed 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.

Events after the final day of the fiscal period

On April 18, Posten announced that Deputy CEO and Executive Vice President, Marketing & Sales, Elisabeth Ström, has decided to step down. Ström will remain at Posten until a successor has been named. Ingmar Persson, Executive Vice President, Human Resources, will take up new duties as head of national and international regulatory affairs.

Stockholm, April 27, 2005

Posten AB (publ)
Board of Directors

This report has not been audited.

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Financial calendar:

Interim Report January–June	August 26, 2005
Interim Report January–September	October 28, 2005
2005 Full Year Report	February 21, 2006

Consolidated financial statements

Posten's consolidated income statements

		2005	2004[1]	
SEK m	Note	Jan.–March	Jan.–March	Full Year
Net sales		6,091	6,253	25,120
Other operating income		86	20	440
Total operating income	2	**6,177**	**6,273**	**25,560**
Personnel expenses		–3,117	–3,216	–12,227
Other external expenses				
– External costs		–2,627	–2,571	–10,513
– Provisions [2]	3	–8		–397
Depreciation and amortization of tangible and intangible fixed assets		–252	–269	–1,308
Total operating expenses		**–6,004**	**–6,056**	**–24,445**
Operating earnings		**173**	**217**	**1,115**
Financial items		**3**	**–19**	**–36**
Earnings after financial items		**176**	**198**	**1,079**
Tax		1	162	218
After-tax earnings		**177**	**360**	**1,297**
Attributable to:				
Posten AB shareholders		176	359	1,293
Minority interest		1	1	4

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

[2] Mainly comprises personnel costs.

Posten's consolidated statements of cash flows

	2005	2004[1]	
SEK m	Jan.–March	Jan.–March	Full Year
Cash flows from operating activities before changes in working capital	273	405	1,799
Changes in working capital	236	–60	–107
Cash flows from operating activities	**509**	**345**	**1,692**
Cash flows from investing activities	–910	–728	–230
Cash flows before financing activities	**–401**	**–383**	**1,462**
Cash flows from financing activities	–11	49	33
Cash flows for the period	**–412**	**–334**	**1,495**
Liquid funds, beginning of period	4,113	2,618	2,618
Liquid funds, close of period	3,701	2,284	4,113

[1] Restatement under IFRS. For more information see pages 11–23.

Posten's consolidated balance sheets

SEK m	Note	2005 March 31	2004 Dec. 31[1]
ASSETS			
Fixed assets			
Intangible fixed assets		1,337	1,346
Tangible fixed assets		3,439	3,533
Financial fixed assets		2,071	2,020
Total fixed assets		**6,847**	**6,899**
Current assets			
Inventory		94	96
Current receivables		3,588	3,621
Short-term investments		876	94
Liquid assets		3,701	4,113
Total current assets		**8,259**	**7,924**
TOTAL ASSETS		**15,106**	**14,823**

SEK m	Note	2005 March 31	2004 Dec. 31[1]
EQUITY AND LIABILITIES			
Equity			
Attributable to:			
Posten		3,888	3,695
Minority interest		8	7
Total equity		**3,896**	**3,702**
Long-term liabilities			
Interest-bearing liabilities		1,382	1,406
Non-interest-bearing liabilities		108	106
Pension provisions	3	610	593
Deferred tax liabilities		2	9
Other provisions	3	2,842	3,214
Total long-term liabilities		**4,944**	**5,328**
Current liabilities			
Interest-bearing liabilities		674	479
Non-interest-bearing liabilities		4,887	4,861
Other provisions	3	705	453
Total current liabilities		**6,266**	**5,793**
TOTAL EQUITY AND LIABILITIES		**15,106**	**14,823**
CONTINGENT LIABILITIES			
Assets pledged and contingent liabilities			
Assets pledged for debt			
Endovment isurance policies		85	85
Contingent liabilities		**171**	**171**

[1] Restatement under IFRS. For more information, see pages 11–23.

Changes in equity

SEK m	1/1–3/31 2005	1/1–3/31 2005	1/1–12/31 2005
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	23	2	–35
Net earnings	177	360	1,297
Equity, end of period	**3,896**	**2,802**	**3,702**
Attributable to:			
Parent Company shareholders	3,888	2,782	3,695
Minority interest	8	20	7
Total	**3,896**	**2,802**	**3,702**

[1] Effect of adoption of IAS 39 described below in Note 1.

Notes to the financial statements

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; and 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 tax credit. Current receivables increased by SEK 8m and non-interest-bearing liabilities grew by SEK 14m.

Note: For a complete overview of the Company’s 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 services. Amounts related to the comparative period are adjusted to IFRS. All effects of this are attributable to the Messaging & Logistics business segment (for more information, see pages 11–23).

January-March 2005 and 2004

INCOME AND EARNINGS	Messaging & Logistics		Cashier Service		Elimination		Consolidated	
SEK m	2005 Jan.–March	2004 Jan.–March	2005 Jan.–March	2004 Jan.–March	2005 Jan.–March	2004 Jan.–March	2005 Jan.–March	2004 Jan.–March
Operating income, external	5,822	5,890	255	283				
Reimbursement, Swedish Government			100	100				
Operating income, internal	76	94	8	11	–84	–105		
Total operating income	**5,898**	**5,984**	**363**	**394**	**–84**	**–105**	**6,177**	**6,273**
Operating earnings	**121**	**205**	**52**	**12**			**173**	**217**
Financial items							3	–19
Earnings after financial items							**176**	**198**
Tax expense							1	162
Net earnings							**177**	**360**

Within the group the full cost principle is applied to internal purchases, except for Posten’s range of services, for which market rates apply.

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.

Customers with a Swedish invoicing address account for 88 percent of Posten’s revenue. Because other geographic segments account for less than 10 percent apiece, figures relating to these segments appear only in the annual report.

Note 3: Provisions

As of March 31, 2005, consolidated provisions totaled SEK 4,159m, a decline of SEK 110m since 2004. Provisions relate mainly to conditional pension commitments and restructuring reserves for the cashier service arm.
Pension provisions totaled SEK 610m, an increase of SEK 17m since 2004. The increase is explained in the table below.

	SEK m
Pension liability, OB	593
Early retirement	74
Other pension income	88
Total pension liability before guarantee	**755**
Paid in to Posten Pension Fund for Posten AB	–145
Pension liability	**610**

Other provisions totaled SEK 3,547m, of which current liabilities totaled SEK 705m. Provisions have declined by SEK 120m since 2004. This is explained primarily by the utilization of restructuring reserves in the amount of SEK -112m. In addition, a new provision has been made for reorganization of the Production & Logistics division totaling SEK 8m.

Review of changes in Other provisions, SEK m	OB	Provisions and reversals	Utilizations	CB
Allocated provisions				
Provision for future losses, Cashier Service	604			604
Closure provisions, Cashier Services, including old post office network	866		–47[1]	819
Closure provisions, terminal network, Messaging & Logistics	70		–12[1]	58
Provision for downsizing, central administration year 2003	17		–13[1]	4
Provision for downsizing, central administration year 2004	79		–19[1]	60
Provision for reorganization, Production & Logistics	72	8[2]	–21[1]	59
Other provisions	62			62
Total allocated provisions	**1,770**	**8**	**–112**	**1,666**
Unallocated provisions				
Provision for workers' compensation	114	3[3]		117
Provision for future conditional pension benefits	1,417		–11[3]	1,406
Provisions for disability benefits, effect of conversion to IAS 19, Compensation to employees	131	11[3]		142
Other provisions	235	18[3]	–37[3]	216
Total unallocated provisions	**1,897**	**32**	**–48**	**1,881**
Total Other provisions	**3,667**	**40**	**–160**	**3,547**

Included in the closing balance as of March 31, 2005 are SEK 705m in current liabilities and SEK 2,842m in long-term liabilities.

Allocated provisions		
1) Impact on operating earnings distributed among operating costs excluding provisions, of which Messaging & Logistics SEK 65m, Cashier Service SEK 47m		112
2) Impact on operating earnings, "Other operating costs" line item, of which Messaging & Logistics SEK –8m, Cashier Service SEK 0m	–8	
	–8	112
Unallocated provisions		
3) Impact on operating earnings distributed among operating costs excluding provisions	–32	48
	–32	48

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. The interim financial report for quarter one 2005 is the first report filed in accordance with IFRS. 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, 2004, 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 the restatement of 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 be 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 have 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 less than 3 calendar months at the time of acquisition.

Effect on earnings, RR 32, Parent Company, SEK m	**Q1 2005**
(Income statement items affected by RR 32 not appearing on Parent Company financial statements prior to 2005)	
Earnings after financial items	99
Effect of RR 32, IAS 17	4
Effect of RR 32, IAS 39	7
Earnings after financial items under RR 32	**110**

Liquid assets, SEK m	**3/31/2005**	**3/31/2004**
Liquid assets	3,788	2,054
Effect of RR 32, IAS 7	–803	–801
Liquid assets under RR 32	**2,985**	**1,253**

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 principcles 1/1/2004	Effect of conversion to IFRS	IFRS 1/1/2004	Previous accounting principcles 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			**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			**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			**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

		January–March 2004		
SEK m	Note	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

		January–June 2004		
SEK m	Note	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

		January–September 2004		
SEK m	Note	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 1, long-term liabilities grew SEK 3,211m and current liabilities increased SEK 800m. The corresponding amounts for quarter 2 are SEK 3,590m and SEK 567m, and for quarter 3 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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