

Posten interim report

January–June  
2006



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## Financial calendar:

Jan.–Sep. Interim report October 27, 2006  
 Year End Report 2006 February 16, 2007

Every care has been taken in the translation of this interim report. In the event of discrepancies, however, the Swedish original will supersede the English translation.

# Business operations

## Messaging & Logistics

### Administrative Mail

Share of consolidated net sales, 52%



Administrative mail products account for the majority of Posten's revenue. Services encompass mail distribution, periodical distribution and several associated premarket and aftermarket services. 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 net sales, 14%



Posten distributes unaddressed and addressed direct mail. Additionally, Posten offers a number of value-added services that support the entire DM campaign, such as target audience analysis, addressing, reply mail and effect surveys. Sweden is the primary market.

### Logistics

Share of consolidated net sales, 27%



Posten's logistics solutions span basic services such as palletized logistics, parcels and express delivery, and in-night transportation, and they fulfill stringent requirements regarding time precision and service. Within third-party solutions, Posten is a full-service supplier, responsible for the customers logistics and distribution functions. Parcels are the basis of Posten's logistics activities. The Nordic region is the primary market.

## Strålfors

Share of consolidated net sales, 2%



Strålfors was acquired on May 22, 2006. Strålfors is an IT-focused Business-to-Business company with a graphic tradition, operative in complete solutions within the area of information transfer. Strålfors develops, produces and delivers systems, services and products for the effective communication of critical business information.

## Cashier Service

Share of consolidated net sales, 5%



Posten has a legal mandate from the State to provide nationwide financial transaction services. The subsidiary Svensk Kassaservice meets the terms of this mandate. A 2004 Government inquiry reviewed the mandate, but no decision regarding Svensk Kassaservice has been given.

## Continued strong performance in the first half of 2006

- Net sales totaled SEK 13,126m (12,352)
- Operating earnings totaled SEK 1,070m (394)
- After-tax earnings totaled SEK 864m (381)
- Equity-assets ratio was 33 (27) percent
- Cash flows from operating activities totaled SEK 1,143m (1,121)
- Strålfors AB was acquired on May 22

### Quarterly Data

Key financials (SEK m unless otherwise specified)	Jan.–Jun.			Apr.–Jun.			Full year 2005
	2006	2005	Change	2006	2005	Change	
Net sales	13,126	12,352	774	6,567	6,261	306	25,277
Operating earnings	1,070	394	676	424	221	203	1,281
Pretax earnings	1,133	395	738	449	219	230	1,302
After-tax earnings	864	381	483	323	204	119	1,478
Operating margin, %	8	3	5	6	4	2	5
Equity, end of period	5,742	3,985	1,757	5,742	3,985	1,757	5,068
ROE, % rolling 12 months	40	35	5	40	35	5	34
Equity-assets ratio, % end of period	33	27	6	33	27	6	33
Cash flows from operating activities	1,143	1,121	22	690	612	78	2,251
CSI, Customer Satisfaction Index	62	62	0	62	62	0	61
ViP, Employee Satisfaction Index <sup>1)</sup>	63	62	1	63	62	1	63
Average number of employees, from beginning of the year to end of period.	32,018	33,192	–1,174	32,018	33,192	–1,174	33,520

<sup>1)</sup> Excluding Cashier Service.

## Message from the CEO

Posten continues to show a strong financial development. Operating earnings for the first half of the year have nearly tripled compared to the same period last year, reaching SEK 1,070m. A strengthened focus on customers and the momentum of a strong economy mean that we can report growth in volume which has resulted in increased sales. Together with a 5 percent increase in productivity, this has led to an improvement in results. During the second quarter order intake has been strong and there has been a continued high level of business activity.

After focused change-efforts and two years of positive development, Posten has a strong financial position. After the necessary approvals by the authorities, the acquisition of Strålfors AB was completed on May 22. The acquisition means,

among other things, that Posten gains an improved position in the expanding market for information logistics services.

It has been decided that Posten will change its operational structure as of January 1, 2007. Messaging, Logistics and Strålfors will be run as three different companies with clear accountability for results. The Cashier Service will not be affected by the change. Aside from simpler and clearer management, our goal is to offer our corporate customers better and more specialized service. Posten will gain a clear position in the various markets while still running traditional postal operations under an unchanged brand, and private people can come to Posten at our service locations just as they do today.

*Erik Olsson, President and CEO*

## Net sales

### January–June

Net sales totaled SEK 13,126m (12,352), which is an increase of SEK 774m or 6 percent. SEK 272m of the increase comes from Strålfors. The increase in sales is mainly due to increased volumes within Direct mail and Logistics. The increase in volume is due to a combination of more intensive marketing efforts and a strong economy. The volumes of the cashier services have continued to decrease.

### Second quarter

Net sales totaled SEK 6,567m (6,261), which is an increase of SEK 306m or 5 percent. SEK 272m of the increase comes from Strålfors. Despite the fact that this quarter had fewer weekdays than the same quarter the previous year, net sales increased somewhat.

## Operating income

### January–June

Operating earnings totaled SEK 1,070m (394), which is an improvement of SEK 676m. The increase can be attributed to a combination of income growth and a higher level of capacity utilization, achieved through rationalizations carried out in production and administrative functions. These actions also led to a very strong improvement in productivity of approximately 5 percent. The acquisition of Strålfors has had only a marginal effect on earnings.

Personnel costs totaled SEK 6,254m (6,296). Excluding Strålfors, personnel costs have decreased by SEK 136m. Rationalizations of the production units and decreases in sickness absenteeism have compensated for the payroll and other cost increases caused by increased sales of logistics services.

Transportation costs totaled SEK 2,376m (2,232), an increase of SEK 144m or 6 percent. The higher costs of transportation are mainly due to the increased sales of logistics services. The acquisition of Strålfors has only marginally affected the costs of transportation.

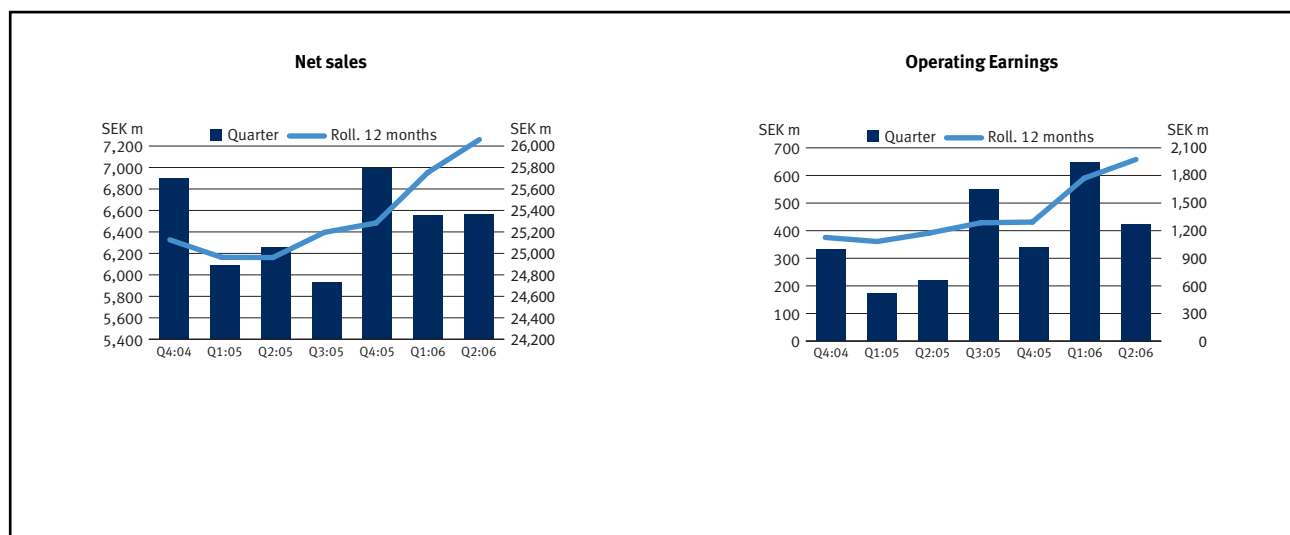
Other costs amounted to SEK 3,095m (3,086). Excluding Strålfors, costs decreased by SEK 149m. The decrease is primarily due to changes in handling accounts with foreign postal operators (see Note 3), but also due to lower IT costs.

Depreciation amounted to SEK 453m (504). Excluding Strålfors, depreciation has decreased by SEK 72m. The reduced depreciation is due mainly to impairments previously made in the full year's balance sheets for 2005.

### Second Quarter

Operating earnings totaled SEK 424m (221), which is an improvement of SEK 203m. The improvement can be attributed to a combination of income growth and a higher level of capacity utilization, achieved through rationalizations carried out in production and administrative functions. The acquisition of Strålfors has had only a marginal effect on earnings.

Personnel costs totaled SEK 3,138m (3,179), a reduction of SEK 41m or 1 percent. The acquisition of Strålfors has increased the personnel costs by SEK 94m. Transportation costs totaled SEK 1,171m (1,134), an increase of SEK 37m or 3 percent. The acquisition of Strålfors has increased the transportation costs only marginally. Other costs amounted to SEK 1,640m (1,549), an increase of SEK 91m. The acquisition of Strålfors has increased other costs by SEK 158m while other costs have fallen in other parts of the organisation. Depreciations totaled SEK 237m (252), a reduction of SEK 15m. The acquisition of Strålfors has increased the depreciations by SEK 21m.



## After-tax earnings

### January–June

After-tax earnings totaled SEK 864m (381), an improvement of SEK 483m.

Net financial items totaled SEK 63m (1). Financial income was SEK 106m (51) and financial costs totaled SEK –43m (–50). The major difference in comparison with 2005 is that the net interest income from pension liabilities was positive by SEK 54m (0). The change is due to the fact that pension calculations for 2006 used a lower discount basis rate for the liability, while the estimated return on assets under management has grown.

Tax totaled SEK –269m (–14), of which current tax accounted for SEK –281m (–22) and deferred tax for SEK 12m (8). The increase regarding current tax is due to the fact that Posten had no loss carryforwards left.

### Second Quarter

After-tax earnings totaled SEK 323m (204), an improvement of SEK 119m.

Net financial items totaled SEK 25m (–2). Financial income was SEK 48m (23), and the financial costs amounted to SEK –23m (–25). The increase in financial income is mainly a result of improved net interest income from pension liabilities.

Tax totaled SEK –126m (–15), of which current tax accounted for SEK –125 (–9) and deferred tax for SEK –1m (–6).

## Financial Position

On June 30, total assets amounted to SEK 17,341m, which is an increase of SEK 1,789m from December 31, 2005. The increase in total assets is primarily due to positive earnings of

SEK 864m made during the period and to the acquisition of Strålfors for SEK 1,228m (see Note 10 for more information). The effect of the acquisition is still preliminary.

### Equity

Equity totaled SEK 5,742m, which is an increase of SEK 674m from December 31, 2005. See also Changes in equity on page 14. Return on equity, rolling 12-months, was 40 percent, which compares to 34 percent for full-year 2005. Of total equity, SEK 5,727m is attributable to parent company shareholders and SEK 15m to minority interests.

### Equity-assets ratio

The equity-assets ratio was 33 percent which is unchanged from December 31, 2005.

## Cash Flows

### January–June

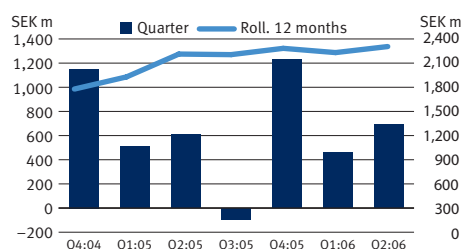
#### Operating Activities

Cash flows from operating activities before changes in working capital amounted to SEK 1,248m (689), primarily due to improved earnings. Changes in working capital amounted to SEK –105m (432), through which cash flows from operating activities totaled SEK 1,143m (1,121). Cash flows have been negatively affected by an amount of SEK 200m, since the state reimbursements for the provision of the basic cashier service have not yet been disbursed.

#### Investing activities

Cash flows from investing activities totaled SEK –2,078m (–2, 120). During the period corporations have been purchased and sold, which has affected investment activities by SEK –1,850m (–2). Of this amount, SEK –1,854m comprised the acquisition of Strålfors AB and the remainder accounts for the acquisition of Sal-Trans Oy and the sale of Falcon Air AB. For more information see Note 10 on Acquisitions of Operations. Investments made in tangible non-current assets amounted to SEK 488m (321). Of this total, SEK 174m went to increase the efficiency of the mail and parcel network and to re-profiling signs and display cases. Replacement investments in the postal vehicles amounted to SEK 178m. Investments in terminal equipment, other operational locations and equipment, and Posten's Nordic parcel operations totaled SEK 134m.

Cash Flows\*



\* Cash flows from operating activities.

### Financing activities

Cash flows from financing activities totaled SEK –463m (–203), explained primarily by amortizations of loans in April, as well as paid dividends of SEK 175m.

### Cash and cash equivalents

Cash and cash equivalents totaled SEK 3,190m (2,911) at the end of the period. In comparison to the year-end results of 2005, cash and cash equivalents have decreased by SEK 1,398m which can be explained by the acquisition of Strålfors, which was paid in cash.

## Employees

The average number of employees was 32,018 (33,192), which was a decrease of 1,174. The sale of companies has reduced the average number of employees by 38, while the purchase of companies has increased the average number of employees by 358.

Rationalizations and operational restructuring within production units reduced the average number of employees by 1,014. Rationalizations within Cashier Service reduced the average number of employees by 235. Rationalizations have also been made within the administration, partly through outsourcing the payroll-administration.

The rate of sickness absenteeism was 8.1 (8.6) percent of total work hours, which indicates an improvement compared the same period in 2005. This is a result of the company's focused health improvement efforts.

## Reporting of Business Segments

### Messaging and Logistics

#### January–June

- Net sales totaled SEK 12,243m (11,650).
- Operating earnings totaled SEK 979m (296).
- Investments totaled SEK 472m (327).

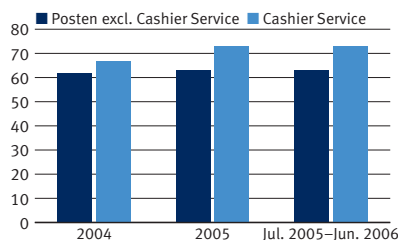
See also Note 2, Reporting of business segments.

#### Market trends

Currently Sweden and the rest of the Nordic region are experiencing strong economic growth. A report published by the Swedish National Institute of Economic Research predicts a 4.9 percent growth in global GDP and a 3.8 percent growth in Swedish GDP this year. Economic growth and customers' increasing activity has a positive effect on Posten's volumes, particularly in direct mail and logistics. For the past few years, mail volumes, particularly overnight deliveries, have decreased due to substitution by e-service and increased competition. The combination of the strong economic growth as well as a more intensive focus on marketing has led to a stabilisation of the mail volume.

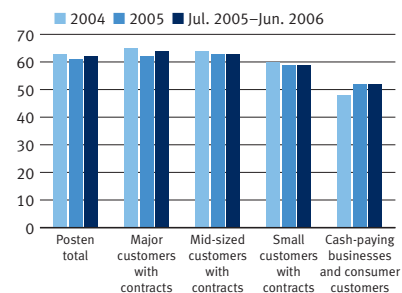
Signs of increased usage of electronic communication include the fact that the number of households with access to broadband has increased by 40 percent in 2005, and that about 2.6 million people submitted their tax returns via Internet or sms this year, which is an increase of 20 percent compared to last year.

ViP, Employee Satisfaction Survey



The ViP employee satisfaction survey is a follow-up to Posten's target of "Engaged Employees." The ViP score for the group excluding Cashier Service remained unchanged at 63 (63) from previous measurement. The Cashier Service score was also unchanged at 73 (73) from previous measurement.

CSI, Customer Satisfaction Index



The CSI increased during the second quarter to a score of 62, which is an improvement of one unit compared to measurements in the first quarter. The changes within the quality areas that are measured are small, but mostly positive for Posten's customers with contracts. For cash-paying businesses and private persons the result is largely unchanged.



The institute for Advertising and Media Statistics has revised its prognosis for media investments in 2006 to +8.8 percent compared to 2005. This is an increase of 2.3 percent compared to the previous prognosis. Reasons for the increase are said to include an advertising market that grew more than expected in the first half of 2006, increased consumer spending, and the national election. Addressed direct mail (ADM) is estimated to increase by 4 percent (and by 3.6 percent in 2007) and Unaddressed direct mail (UDM), by 5.1 percent in 2006 (and by 3.9 percent in 2007). UDM has had a long period of strong growth since many advertisers discovered the brand-building possibilities of this channel during the latest economic recession. In the third quarter both UDM and ADM are expected to be positively affected by the national election.

In the second quarter, the Nordic logistics market continues to be characterized by acquisitions, growth and increased competition. Growth is noticeable in an increased global trade and e-commerce. Measurements done by the Swedish Research Institute of Trade for the first four months of the year show that sales of goods over the Internet increased by 29 percent compared to the corresponding period the year before. The measurements also show that 31 percent of Swedes make purchases outside of Sweden via the Internet. It is most common that people purchase computers and accessories, books and music from foreign Internet stores. While this has affected the cross-border logistics business positively, it has led to a heightened interest among international logistics actors to establish new services adapted to the Swedish market.

### Net sales

Net sales by product category (SEK m)	2006 Jan.–Jun.	2005 Jan.–Jun.	Change		2005 Full year
Administrative Mail (mail and periodicals)	6,711	6,559	152	2%	13,270
Direct Mail	1,888	1,715	173	10%	3,588
Logistics	3,621	3,308	313	9%	6,962
Other	23	68	-45	-66%	102
<b>Total Messaging and logistics</b>	<b>12,243</b>	<b>11,650</b>	<b>593</b>	<b>5%</b>	<b>23,922</b>

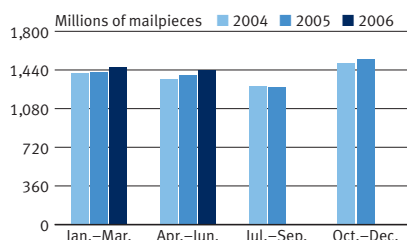
#### Administrative Mail (mail and periodicals)

Net sales totaled SEK 6,711m (6,559). Of the 2 percent increase in income from this segment, Priority Mail accounted for about half of the increase with the remainder evenly divided between Non-Priority Mail and Import mail. About half of the increase can be contributed to increasing volumes that have been achieved through a combination of more intensive marketing efforts and a strong economy. The increase was also attributed to higher prices for mail, periodicals and other services within the segment. In addition, there was an effect on the price of Priority Mail caused by higher average weights, which was due to the growth in distance trading.

#### Direct Mail

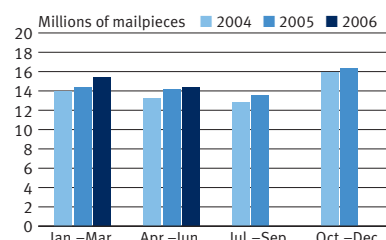
Net sales totaled SEK 1,888m (1,715), which meant a 10 percent increase. Addressed and unaddressed direct mail each accounted for half of the increase. The increase was attributed to volume increases from a number of large customers involved in the retail and mail order sectors. There were also volume increases on behalf of some new customers, including the Swedish Postcode lottery.

Mail volume, excluding parcels



Volumes encompass mail, periodicals and direct mail. In the second quarter volumes increased in total by 4 percent compared to the second quarter in 2005. Priority-Mail decreased by 2 percent during the same period, which is partly due to the fact that there were three fewer weekdays in the second quarter of 2006 than in 2005. The volume increase was mainly in Direct Mail.

Parcel volume



Parcel volumes are shown exclusive of divested companies' volumes. Despite the three fewer weekdays in the second quarter of 2006 compared to 2005, volumes were largely unchanged.

### Logistics

Net sales totaled SEK 3,621m (3,308). Of the 9 percent increase, parcel services accounted for 5 percentage points. This is due to volume increases in Sweden and in Nordic parcel operations. The increase in Sweden is generally due to a strong economy and increased business within the distance trading sector. Price pressure in the logistics industry means that price development is weak. Volumes also grew within third-party logistics, particularly in the health care sector after new agreements with two counties. Furthermore, pallet and system transport has increased compared to the previous year, which can be partly explained by increased volumes for new businesses for system transports in Norway and Finland.

### Operating earnings

Operating earnings totaled SEK 979m (296), an improvement of SEK 683m. The improvement in earnings is mainly attributable to higher income and improved capacity utilisation due to rationalisations carried out in production and administration functions.

Personnel costs totaled SEK 5,918m (6,019), a reduction of SEK 101m, or 2 percent. Rationalizations within production and reduced sickness absenteeism have compensated for cost increases caused by higher sales of primarily logistics services and for increased payroll.

Transportation costs totaled SEK 2,356m (2,214), an increase of SEK 142m or 6 percent. The higher transportation costs are mainly due to the higher sales of logistics services.

Other costs amounted to SEK 2,836m (2,961), a decrease of SEK 125m. The decrease is primarily due to changes in the way accounts with foreign posts offices are handled, (see Note 3), but also due to lower IT costs.

Depreciation totaled SEK 400m (472), a reduction of SEK 72m. The lower depreciation is largely due to a reduced basis for depreciation after impairments in the full year's balance sheet for 2005.

### Investments

Investments totaled SEK 472m (327). Of this total, just over SEK 100m was used for increasing the efficiency of the mail network. Replacement investments in the postal vehicles amounted to SEK 178m. Investments in terminal equipment, other operational locations and equipment have amounted to about SEK 80m. Additional investments of SEK 74m have been made in re-profiling signs and display cases as well as improving the effectiveness of the parcel distribution. Investments for SEK 34m have also been made in Posten's parcel operations in Denmark, Norway, and Finland.

## Second quarter

### Net sales

Net sales by product category (SEK m)	2006 Apr.–Jun.	2005 Apr.–Jun.	Change		2005 Full year
Administrative Mail (mail and periodicals)	3,251	3,294	-43	-1%	13,270
Direct Mail	954	905	49	5%	3,588
Logistics	1,778	1,677	101	6%	6,962
Other	11	35	-24	-69%	102
<b>Total Messaging and logistics</b>	<b>5,994</b>	<b>5,911</b>	<b>83</b>	<b>1%</b>	<b>23,922</b>

### Administrative Mail (mail and periodicals)

Net sales totaled SEK 3,251m (3,294). Of the 1 percent increase in income from the segment, periodicals and Non-Priority Mail comprise half. The volume development is lower for the quarter than for the full half-year period, which is due to three fewer weekdays in the quarter compared to the previous year. Price increases for mail and periodicals have partly compensated for lower volumes.

### Direct Mail

Net sales totaled SEK 954m (905). The segment's income increased by 5 percent.

The increase in income is mainly due to higher volumes of a number of customers. In addition, new business has contributed to the increase in volume.

### Logistics

Net sales totaled SEK 1,778m (1,677). Of the segment's 6 percent increase in income, 3 percent is attributable to third-party logistics, which is mainly a result of new agreements within the health care sectors of two counties. The increased income for parcels is mainly due to higher volumes in the Nordic parcel operations. Income for system transports has increased in comparison to the previous year and is a result of new operations in Norway and Finland.

### Operating earnings

Operating earnings totaled SEK 374m (175), an improvement of SEK 199m. The year-on-year increase is mainly attributable to higher income and improved capacity utilization levels. Personnel costs totaled SEK 2,930 m (3,043), a reduction of SEK 113m, or 4 percent. Transportation costs totaled SEK 1,162 (1,125), an increase of SEK 37m. Other costs amounted to SEK 1,432m (1,485), a decrease of SEK 53m. Depreciation totaled SEK 200m (236).

### Investments

Investments totaled SEK 221m (190). Replacement investments in the postal vehicles amounted to SEK 100m. Additional investments of SEK 60m have been made in re-profiling signs and display cases as well as improving the effectiveness of the mail and parcel distribution.



## Strålfors

**January–June** (information refers to the period after the acquisition on May 22, 2006)

- Net sales totaled SEK 272m.
- Operating earnings totaled SEK –1m.
- Operating earnings excluding amortizations of surplus value totaled SEK 6m.
- Investments totaled SEK 18m.

See also Note 2, Reporting of business segments.

As of May 22, 2006 Posten has established, with the acquisition of Strålfors AB, a new business segment.

Strålfors is an IT-focused Business-to-Business company with a graphic tradition, operative in complete solutions within the area of information transfer. Strålfors develops, produces and delivers systems, services and products for the effective communication of critical business information.

Posten's messaging business, which primarily includes mail volumes as well as addressed and unaddressed marketing communication, has a broad range of various combinations of physical and electronic services aimed mainly at Swedish customers. With the acquisition of Strålfors, Posten can broaden its available offers, which also enables Posten to be the most natural business partner for customers who want a complete Nordic solution for their customer communication.

In the messaging market, where rapid technology development has unlocked new possibilities for offering customers cost-effective communication solutions, a new area – information logistics – has emerged. Customers are always striving to both simplify and streamline their administrative processes and their customer communication. It is becoming increasingly important to be able to offer customers the ability to tailor both messages and communication forms to their target group.

The combination of Posten's and Strålfors' service portfolios, strong brands, infrastructures and competencies will open new possibilities for offering cost-effective and customised communication solutions for Posten's customers.

The acquisition of Strålfors will strengthen Posten's competitive edge in the Nordic countries, while Strålfors' European operation complement the international operation at Posten. This combination creates a strategic platform for growth.

The integration efforts have begun, so that Posten can quickly take advantage of the operational synergies.

See Note 10 on Acquisitions of Operation.

### Net sales

Net sales after the acquisition totaled SEK 272m. SEK 101m comes from Information Logistics, SEK 113m from Graphic Solutions, and SEK 58m from System and Product-related Information Transfer, SPI.

Net Sales for January–June (the entire period) totaled SEK 1,715m (1,670). SEK 659m (502) comes from Information Logistics, SEK 673m (708) from Graphic Solutions and SEK 383m (460) from System and Product-related Information Transfer, SPI. The increase within Information Logistics comes mainly from acquisitions in Finland, Denmark and England. The decreased sales within Graphic Solutions are mainly attributable to the financial statements from 2005, which include the sale of the Swiss daughter company Collamat Strålfors AG at the turn of the year. SPI's reduced sales are due to divestitures of businesses and to efforts by different parts of the organization to concentrate on more profitable products.

### Operating earnings

Operating earnings after the acquisition totaled SEK –1m. Excluding amortization of corporate surplus value for non-current assets, the operating earnings totaled SEK 6m.

Operating earnings for January–June (whole period) totaled SEK 1m (31) excluding amortization of corporate surplus value for non-current assets, which have resulted from Posten's acquisition.

The decrease is attributable to costs of SEK 17m pertaining to the merging of two factories in the Copenhagen area as well as a cost of SEK 16m in connection with Posten's acquisition of Strålfors.

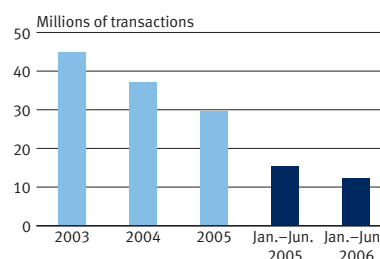
## Cashier Service

### January–June

- Net Sales totaled SEK 611m (702).
- Operating earnings, including state reimbursements of SEK 200m (200) totaled SEK 92m (98).
- Operating earnings, including closure costs and state reimbursements, totaled SEK –12m (22).
- Investments totaled SEK 1m (2).

See also Note 2, Reporting of business segments.

Cashier Service transaction volume



The number of cashier transactions is falling constantly. The decrease for the period January–June 2006 compared to the same period in 2005 was 21 percent.

*Market trends*

The market for teller-facilitated transaction services is characterized by a continued decline in demand, as a result of significantly changed payment patterns and conditions for handling cash. The number of cashier transactions decreased by 21 percent for the period January–June 2006 compared to the same period in 2005. The Swedish National Post and Telecom Agency has been commissioned by the Government to specify the need for nationwide cashier services in further detail, providing a report no later than October 31, 2006.

The report should even include a description of the types of payment methods used by various user groups, both consumers and businesses, in the present market conditions.

*Net sales and operating earnings*

Net sales totaled SEK 611m (702), a decrease of SEK 91m. Operating earnings, including state reimbursements of SEK 200m (200), totaled SEK 92m (98). The Government informs the EU Commission regularly regarding the subsidies granted for providing essential financial services. Awaiting an answer from the Commission, Posten has accounted for the reimbursements in accordance with expected levels, which are equivalent to the previous year at SEK 200m. Operating earnings, including closure costs and state reimbursements, totaled SEK –12m (22).

The decrease in earnings is due to the fact that Posten has been unable to fully adjust the costs for the cashier network to reflect a lower demand.

## Parent Company

After the March 1, 2005 merger of Posten AB (publ) with its subsidiary Posten Sverige AB, most of the Posten group's Swedish operations are run by the parent company, Posten AB (publ.)

Net sales for the first half-year totaled SEK 9,955m (9,527) and earnings after financial items were SEK 847m (322). Investments totaled SEK 259m (167). Cash and cash equivalents totaled SEK 2,559m (2,204). Compared to year-end 2005, cash and cash equivalents decreased by SEK 1,817m, mainly as a result of the acquisition of Strålfors. In the first half-year the parent company reduced its interest-bearing current liabilities by SEK 200m.

In May Posten AB acquired the majority of the shares in Strålfors AB, see Note 10. The acquisition of Strålfors complements Posten's operations mainly within the area of information logistics.

In January 2006 the parent company set up a wholly-owned subsidiary called HIT Norge AS, and in April Posten AB acquired the transportation company Sal-Trans OY in Finland. Posten also divested its subsidiary Falcon Air AB during the first quarter.

## Board of Directors and management

*New board member*

Annika Billström, Mayor of Stockholm, was elected into the board at the annual general meeting on April 26.

*New president for the Cashier Service*

Patrik Högberg has announced that he will be stepping down from his position as president of the Cashier Service in the fall of 2006. Recruitment for a replacement has begun.

## Annual General Meeting

Dividends of SEK 175m (150) were agreed upon at the annual general meeting.

## New operational structure

As of January 1, 2007, Posten will work through a new operational structure.

The purpose is to offer better and more specialized service to the customers and to simplify the management of Posten. The decision means that Posten will be run through four specialised subsidiaries.

The traditional postal operations for private persons and companies will continue operations under an unchanged brand; Posten. Logistics operations will be united in a specialized Business-to-Business company. Strålfors will continue to use its current brand. The Cashier Service will not be affected by the change.

Stockholm, August 30, 2006

**Posten AB (publ)**

*Erik Olsson*  
President and CEO

This report has not been audited.

## Consolidated Financial Statements

### Income Statements

SEK m	Note	2006		2005		
		Jan.–Jun.	Apr.–Jun.	Jan.–Jun.	Apr.–Jun.	Full year
Net sales		13,126	6,567	12,352	6,261	25,277
Other operating income		122	43	160	74	304
<b>Total operating income</b>	<b>2</b>	<b>13,248</b>	<b>6,610</b>	<b>12,512</b>	<b>6,335</b>	<b>25,581</b>
Personnel costs		–6,254	–3,138	–6,296	–3,179	–12,244
Transportation costs		–2,376	–1,171	–2,232	–1,134	–4,688
Other costs	3	–3,095	–1,640	–3,086	–1,549	–6,098
Depreciation and amortisation of tangible and intangible non-current assets		–453	–237	–504	–252	–1,270
<b>Total operating costs</b>		<b>–12,178</b>	<b>–6,186</b>	<b>–12,118</b>	<b>–6,114</b>	<b>–24,300</b>
<b>OPERATING EARNINGS</b>		<b>1,070</b>	<b>424</b>	<b>394</b>	<b>221</b>	<b>1,281</b>
Financial income		106	48	51	23	127
Financial costs		–43	–23	–50	–25	–106
<b>Net financial items</b>		<b>63</b>	<b>25</b>	<b>1</b>	<b>–2</b>	<b>21</b>
<b>Earnings after financial items</b>		<b>1,133</b>	<b>449</b>	<b>395</b>	<b>219</b>	<b>1,302</b>
Tax		–269	–126	–14	–15	176
<b>NET EARNINGS</b>		<b>864</b>	<b>323</b>	<b>381</b>	<b>204</b>	<b>1,478</b>
<b>Attributable to</b>						
Parent company shareholders		861	322	379	203	1,475
Minority interest		3	1	2	1	3

## Balance Sheets

SEK m	Note	2006 Jun. 30	2005 Dec. 31
<b>ASSETS</b>			
Intangible current assets		2,426	1,079
Tangible current assets		4,196	3,357
Financial investments		73	79
Long-term receivables		1,802	1,550
Deferred tax assets		852	811
<b>Total non-current assets</b>		<b>9,349</b>	<b>6,876</b>
Inventory		350	82
Tax credit		20	94
Accounts receivable		2,797	2,380
Pre-paid expenses and accrued income		997	753
Other receivables		343	233
Short-term investments		295	546
Cash and cash equivalents		3,190	4,588
<b>Total current assets</b>		<b>7,992</b>	<b>8,676</b>
<b>TOTAL ASSETS</b>		<b>17,341</b>	<b>15,552</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Capital stock		600	600
Contributed equity		42	42
Reserves		3	29
Retained earnings		5,082	4,389
<b>Total equity attributable to Parent Company shareholders</b>		<b>5,727</b>	<b>5,060</b>
<b>Minority interest</b>		<b>15</b>	<b>8</b>
<b>TOTAL EQUITY</b>		<b>5,742</b>	<b>5,068</b>
<b>LIABILITIES</b>			
Long-term interest-bearing liabilities		1,254	1,033
Other long-term liabilities		119	118
Pension provisions	4	883	681
Other provisions	5	2,911	2,946
Deferred tax liabilities		103	3
<b>Total long-term liabilities</b>		<b>5,270</b>	<b>4,781</b>
Current interest-bearing liabilities		343	391
Accounts payable		1,260	980
Tax liabilities		230	53
Other liabilities		1,609	1,663
Accrued expenses and deferred income		2,565	2,157
Other provisions	5	322	459
<b>Total current liabilities</b>		<b>6,329</b>	<b>5,703</b>
<b>TOTAL LIABILITIES</b>		<b>11,599</b>	<b>10,484</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>17,341</b>	<b>15,552</b>

## Statements of cash flows

SEK m	2006	2005	Full year
	Jan.–Jun.	Jan.–Jun.	
<b>OPERATING ACTIVITIES</b>			
Earnings after financial items	1,133	395	1,302
Adjustments for non-cash-flow items:			
Reconciliation of depreciation according to plan	453	505	999
Reconciliation of impairment of non-current assets, etc.	0	0	271
Capital gain/loss on sale of non-current assets	5	7	31
Pension provisions	–162	50	–120
Other provisions	–165	–190	–262
Other items not affecting cash	3		–20
Tax paid	–19	–78	–126
<b>Cash flows from operating activities before changes in working capital</b>	<b>1,248</b>	<b>689</b>	<b>2,075</b>
Cash flows from changes in working capital			
Increase (–)/decrease (+), accounts receivable	85	163	163
Increase (+)/decrease (–) accounts payable	–6	221	123
Other changes in working capital	–184	48	–110
<b>Changes in working capital</b>	<b>–105</b>	<b>432</b>	<b>176</b>
<b>Cash flows from operating activities</b>	<b>1,143</b>	<b>1,121</b>	<b>2,251</b>
<b>INVESTING ACTIVITIES</b>			
Investments in intangible non-current assets	–3	–8	–10
Investments in tangible non-current assets	–488	–321	–813
Acquisition/disposal of affiliated companies	–1,850	–2	–2
Divestment of financial non-current assets	0	0	1
Divestment of other non-current assets, etc.	12	15	34
Increase (–)/decrease (+), current financial liabilities	251	–1,804	–464
<b>Cash flows from investing activities</b>	<b>–2,078</b>	<b>–2,120</b>	<b>–1,254</b>
<b>FINANCING ACTIVITIES</b>			
Loans raised	18	10	1
Loans amortized	–218	–62	–262
Amortization of leasing liability	–61	–48	–96
Dividend paid	–177	–150	–152
Increase (+)/Decrease (–), other financial liabilities	–25	47	–13
<b>Cash flows from financing activities</b>	<b>–463</b>	<b>–203</b>	<b>–522</b>
<b>CASH FLOWS FOR THE PERIOD</b>	<b>–1,398</b>	<b>–1,202</b>	<b>475</b>
Cash and cash equivalents, beginning of the period	4,588	4,113	4,113
Cash and cash equivalents, close of the period	3,190	2,911	4,588

## Changes in equity

SEK m	Equity attributable to Parent Company shareholders						Minority interest	Total equity
	Capital stock	Contributed equity	Hedging reserve	Accumulated translation difference	Retained earnings	Total		
<b>Equity 01/01/2005</b>	<b>600</b>	<b>42</b>		<b>-18</b>	<b>3,071</b>	<b>3,695</b>	<b>7</b>	<b>3,702</b>
Adjustment for accounting change			-6			-6		-6
<b>Adjusted equity 01/01/2005</b>	<b>600</b>	<b>42</b>	<b>-6</b>	<b>-18</b>	<b>3,071</b>	<b>3,689</b>	<b>7</b>	<b>3,696</b>
Translation differences for the period				58		58		58
Total changes in capital wealth charged directly against equity, excluding transactions with the Company's owner.				58		58		58
Net earnings					379	379	2	381
Total changes in capital wealth excluding transactions with the Company's owner				40	379	437	2	439
Dividend					-150	-150		-150
<b>Equity 06/30/2005</b>	<b>600</b>	<b>42</b>	<b>-6</b>	<b>40</b>	<b>3,300</b>	<b>3,976</b>	<b>9</b>	<b>3,985</b>
<b>Equity 07/01/2005</b>	<b>600</b>	<b>42</b>	<b>-6</b>	<b>40</b>	<b>3,300</b>	<b>3,976</b>	<b>9</b>	<b>3,985</b>
Translation differences for the period				-12		-12		-12
Total changes in capital wealth charged directly against equity, excluding transactions with the Company's owner.				-12		-12		-12
Net earnings					1,096	1,096	1	1,097
Total changes in capital wealth excluding transactions with the Company's owner					1,096	1,096	1	1,097
Dividends							-2	-2
<b>Equity 12/31/2005</b>	<b>600</b>	<b>42</b>	<b>-6</b>	<b>28</b>	<b>4,396</b>	<b>5,060</b>	<b>8</b>	<b>5,068</b>
<b>Equity 01/01/2006</b>	<b>600</b>	<b>42</b>	<b>-6</b>	<b>28</b>	<b>4,396</b>	<b>5,060</b>	<b>8</b>	<b>5,068</b>
Translation differences for the period				-26		-26		-26
Additional capital from acquisitions							6	6
Change in hedging reserve			7			7		7
Total changes in capital wealth charged directly against equity, excluding transactions with the Company's owner			7	-26		-19	6	-13
Net earnings					861	861	3	864
Total changes in capital wealth excluding transactions with the Company's owner			7	-26	861	842	9	851
Dividends					-175	-175	-2	-177
<b>Equity 06/30/2006</b>	<b>600</b>	<b>42</b>	<b>1</b>	<b>2</b>	<b>5,082</b>	<b>5,727</b>	<b>15</b>	<b>5,742</b>

## Notes

## Note 1 Accounting principles

**Estimates and assessments**

In making this report in accordance with the International Financial Reporting Standards (IFRS), the company has made assessments, estimates and assumptions which affect the application of the accounting principles and certain recorded values. These valuations and assumptions are based on historical experience and a number of other factors which are considered to be applicable in the circumstances. Actual future values presented in other reports may differ from these estimates and assessments.

**Consolidated financial statements**

The consolidated interim report was made in accordance with IAS 34, Interim Financial Reporting, and therefore also with the Swedish Financial Reporting Standards Council's recommendation RR 31, Interim Reporting for Groups. The Posten Group has applied accounting principles according to IFRS since January 1, 2005 in the consolidated

financial statements. The same accounting principles and evaluation methods have been used in this Interim report as in the 2005 Annual Report. As previously described, comparative figures for 2004 have been restated in accordance with IFRS, with the exception of financial instruments, where the adoption of IAS 39 was implemented on January 1, 2005 without restatement of 2004 figures.

**Parent company**

As of January 1, 2005, the parent company applies the Financial Accounting Standards Council's Recommendation RR 32, Reporting for Legal Entities. The same accounting principles and evaluation methods have been used in this interim report as in the 2005 Annual Report. As previously described, comparative figures for 2004 have been restated in accordance with IFRS, with the exception of financial instruments, where the adoption of IAS 39 was implemented on January 1, 2005 without restatement of 2004 figures.



## Note 2 Reporting of business segments

Within the group the full cost principle is used for internal purchases, apart from those purchases which are included in Posten's service offering. For these, market prices are applied.

**Posten's primary segment grouping** is based on its universal service obligation for mail and parcels, as well as its legal mandate to provide essential financial transaction services. With the acquisition of Strålfors Posten has established a new segment, which is run in a way similar to Messaging and Logistics and the Cashier Service, respectively.

INCOME AND EARNINGS	Messaging and Logistics		Strålfors <sup>1)</sup>	Cashier Service		Eliminations		Posten Group total	
	2006	2005		2006	2005	2006	2005	2006	2005
	Jan.–Jun.	Jan.–Jun.		Jan.–Jun.	Jan.–Jun.	Jan.–Jun.	Jan.–Jun.	Jan.–Jun.	Jan.–Jun.
SEK m									
Net sales, external	12,243	11,650	272	411	502				
Reimbursement, Swedish Government				200	200				
Other operating income, external	119	160	2	1	0				
Operating income, internal	127	152	4	16	19	–147	–171		
<b>Total operating income</b>	<b>12,489</b>	<b>11,962</b>	<b>278</b>	<b>628</b>	<b>721</b>	<b>–147</b>	<b>–171</b>	<b>13,248</b>	<b>12,512</b>
<b>Operating earnings</b>	<b>979</b>	<b>296</b>	<b>–1</b>	<b>92</b>	<b>98</b>			<b>1,070</b>	<b>394</b>
Financial items								63	1
<b>Earnings after financial items</b>								<b>1,133</b>	<b>395</b>
Tax								–269	–14
<b>Net earnings</b>								<b>864</b>	<b>381</b>

<sup>1)</sup> Pertains to 22 May – 30 June 2006.

**Posten's secondary segment grouping** is geographic, with Sweden as a main market. The company has a good position in the Nordic region with through subsidiaries and cooperation with other players, and the ability to provide service throughout Europe and the greater part of the world. Customers with a Swedish billing address account for 85 percent of Posten's income. Because other geographic segments account for less than 10 percent, figures relating to these segments appear only in the annual report.

## Note 3 Other cost

SEK m	2006	2005	
	Jan.–Jun.	Jan.–Jun.	Full year
Costs of premises	727	675	1,362
Provisions	2	8	65
Other <sup>1)</sup>	2,366	2,403	4,671
<b>Total</b>	<b>3,095</b>	<b>3,086</b>	<b>6,098</b>

<sup>1)</sup> In January 2006 the handling of the currency-converting effects for accounts with foreign post offices was changed, which reduced the outcome. A similar effect is visible in other operating income.

## Note 4 Pension Provisions

Pension provisions amounted to SEK 883m, an increase of SEK 241m, compared to the corresponding period 2005.

SEK m	2006	2005	
	Jan.–Jun.	Jan.–Jun.	Full year
Pension Liability, OB	681	593	593
Early retirements in 2006	168	142	288
Additional pension liabilities <sup>1)</sup>	138		
Other pension income	163	176	342
<b>Total Pension liability before guarantee in Posten Pension Fund</b>	<b>1,150</b>	<b>911</b>	<b>1,223</b>
Funds transferred to Posten Pension Fund for Posten AB (publ.)	–267	–269	–542
<b>Pension liability, CB</b>	<b>883</b>	<b>642</b>	<b>681</b>

<sup>1)</sup> Pertains to the acquisition of Strålfors AB.

## Posten Pension Fund

The Posten Group funds the Parent Company's pension commitments in the Posten Pension Fund. As from 2005, funds are transferred to the Pension Fund quarterly; this was previously done at year end. Transfers from the Parent Company amounted to SEK 267m (269), and compensation of SEK 318m (299) has been received. After deduction of compensation, the market value of the Posten Pension Fund net assets totaled SEK 13,016m (12,642).

The expected return on assets under management amounted to a calculated income of SEK 108m on a yearly basis, which means SEK 54m for June 30, 2006.

Actuarial assumptions	2006	2005
Discount rate, %	4.00	4.50
Expected return on assets under management, %	5.00	4.80

## Posten's pension fund assets

SEK m	2006		2005			
	Jun. 30	%	Jun. 30	%	Dec. 31	%
Real estate	353	3	370	3	161	1
Real interest bonds	4,753	36	4,733	37	4,768	37
Other interest-bearing assets	3,348	26	3,399	27	3,291	25
Shares and alternative assets	4,562	35	4,140	33	4,831	37
	<b>13,016</b>	<b>100</b>	<b>12,642</b>	<b>100</b>	<b>13,051</b>	<b>100</b>

Net return after expenses and tax amounted to 0,1(5,5) percent. The market value exceeds the outstanding commitments by SEK 1,999m (1,847). Consolidation was 118 (117) percent.

## Note 5 Other provisions

Other provisions totaled SEK 3233m (3,405), of which current provisions accounted for SEK 322m (459), and long-term provisions for SEK 2,911m (2,946).

Changes in other provisions, SEK m	01/01/2006 OB	Additional provisions in connection with the acquisition of Strålfors	Provisions and reconciliations	Utilizations	06/30/2006 CB
<b>Allocated provisions</b>					
Provisions for future loss contract, Cashier Service <sup>1)</sup>	604				604
Closure provisions, Cashier Service	705			-110	595
Closure provision, terminal network, Messaging & Logistics	12			-7	5
Provision for downsizing, central administration, year 2004	16			-8	8
Provision for reorganization, Production & Logistics Division	20			-15	5
Provision for workers' benefits	100			-6	94
Provision for future conditional pension benefits	1,478		45		1,523
Provision for disability benefits	164				164
Other provisions	170	25	-31	-29	135
<b>Total allocated provisions</b>	<b>3,269</b>	<b>25</b>	<b>14</b>	<b>-175</b>	<b>3,133</b>
<b>Unallocated provisions</b>					
Other provisions	136			-36	100
<b>Total unallocated provisions</b>	<b>136</b>			<b>-36</b>	<b>100</b>
<b>Total other provisions</b>	<b>3,405</b>	<b>25</b>	<b>14</b>	<b>-211</b>	<b>3,233</b>

<sup>1)</sup> Impact on Cashier Service is on same basis as a loss contract.

Impact on earnings, SEK m 2006, Jan.–Jun.	Provisions and reconciliations				Utilizations		
	Messaging and Logistics	Cashier Service	Unallocated	Total	Messaging and Logistics	Cashier Service	Total
<b>Allocated provisions</b>							
Personnel costs	-50			-50	48	94	142
Other costs	36			36	17	10	27
Financial costs						6	6
	<b>-14</b>			<b>-14</b>	<b>65</b>	<b>110</b>	<b>175</b>
<b>Unallocated provisions</b>							
Personnel costs					35		35
Other costs					1		1
Financial costs							
					<b>36</b>		<b>36</b>
<b>Total</b>	<b>-14</b>			<b>-14</b>	<b>101</b>	<b>110</b>	<b>211</b>

Impact on earnings, SEK m 2005, Jan.–Jun.	Provisions and reconciliations				Utilizations		
	Messaging and Logistics	Cashier Service	Unallocated	Total	Messaging and Logistics	Cashier Service	Total
<b>Allocated provisions</b>							
Personnel costs	-65			-65	138	71	209
Other costs	-8			-8	6	8	14
Financial costs						6	6
	<b>-73</b>			<b>-73</b>	<b>144</b>	<b>85</b>	<b>229</b>
<b>Unallocated provisions</b>							
Personnel costs					33		33
Other costs					1		1
Financial costs							
					<b>34</b>		<b>34</b>
<b>Total</b>	<b>-73</b>			<b>-73</b>	<b>178</b>	<b>85</b>	<b>263</b>

## Note 6 Pledged assets and contingent liabilities

SEK m	2006 Jun. 30	2005 Dec. 31
<b>Assets pledged</b>		
Endowment insurance policies for employees and former employees	92	92
Assets pledged as security	47	27
<b>Total assets pledged</b>	<b>139</b>	<b>119</b>
SEK m	2006 Jun. 30	2005 Dec. 31
<b>Contingent liabilities</b>		
Guarantee commitments, FPG	73	73
Cashier Service <sup>1)</sup>	850	850
Residual value guarantee in real estate lease <sup>2)</sup>	171	171
Other security given	20	18
<b>Total contingent liability</b>	<b>1,114</b>	<b>1,112</b>

<sup>1)</sup> The decisions which will follow the completed state reports, primarily the government bill concerning cashier service that was previously advised for June 2005, may have a considerable effect on Posten. On account of uncertainty regarding the timing of the decision regarding Posten's involvement in cashier service, a contingent liability is reported for possible future losses on account of the legislative requirement to provide nationwide cashier service coverage. This can be compared with a loss contract. Over and above this, see also Note 5 Other provisions.

<sup>2)</sup> The contingent liability involves Posten being responsible at the conclusion of the contract for 90 percent of that part of the property's sale value that is less than SEK 190m. The market value of the property at beginning of 2000 amounted to a considerably larger amount than SEK 190m, subsequently, the market trend in the region has been positive. This means that the assessment is that the contingent liability as it appears at present will not be required.

## Note 7 Forward-looking statements

Certain information in this report reflects the company's views on future situations. Such forward-looking statements involve risks and uncertainties which may affect the actual values reported in future financial statements.

## Note 8 Significant transactions with associated parties

### Swedish State

Under the Essential Financial Transaction Services Act, Posten provides nationwide essential financial transaction services through its subsidiary Svensk Kassaservice AB. A subsidy of SEK 200m has been accounted for as a receivable from the Government to support the provision of services in commercially unviable areas lacking suitable alternatives. Disbursements have not yet been made.

Posten has paid SEK 6.6m (5.4) to the National Post and Telecom Agency for its permit to provide postal services, as well as SEK 3.2m (3.0) for handling undeliverables. The National Post and Telecom Agency appropriated SEK 21.2m (24.4) to Posten for physical disability compensation, corresponding to Braille services and services to senior citizens living in sparsely populated areas.

### Other organizations

Posten's insurance association insures Posten's commitments regarding employee disability and family pensions in accordance with ITP-P. During the quarter, Posten paid premiums totaling SEK 143m (140) to the association, and received compensation totaling SEK 35m (31).

For Posten's interaction with Posten's Pension Fund, see Note 4.

## Note 9 Investment commitments

As of June 30, 2006, Posten had some open commitments related to acquiring tangible non-current assets. These commitments were to the value of SEK 409m, and were mainly associated with sorting equipment and vehicles.

## Note 10 Acquisitions of Operations

### Strålfors

On May 22, 2006 Posten acquired Strålfors AB. By June 30, 2006, Posten AB was in possession of 99.0 percent of the shares and 99.4 percent of the votes in Strålfors AB. Cash paid for these shares totaled SEK 2,011m. Strålfors AB is the parent company of a corporation comprised of 36 companies in 12 countries, and had net sales of SEK 3,375m in 2005. Strålfors runs businesses in information logistics and graphic production.

Strålfors contributed SEK 2m to Posten's net earnings after tax in the first half of 2006. If the acquisition had been made on January 1, 2006 (with corresponding conditions) the Posten group's net sales would have amounted to SEK 14,659m, and the net earnings after tax for the first half of 2006 would have totaled SEK 821m. Strålfors net sales for January–June 2006 totaled SEK 1,715m (1,670) and the net earnings after tax would have totaled SEK –10m (16). Excluding the costs pertaining to Posten's acquisition of Strålfors as well as the merging of two factories in Denmark, the net earnings after tax were SEK 13m.

The surplus value reported through the acquisition of Strålfors for the non-current assets (excluding Goodwill) in the Posten group have been amortized according to plan by SEK 7m. If the acquisition had been made on January 1, 2006, the amortization would have totaled SEK 38m. For the brand and customer relations a depreciation period of 10 years is applied. The effect of the acquisition is still preliminary.

The acquisition of Strålfors has the following effects on Posten's assets and liabilities:

	Recognized value in Strålfors	Fair value adjustments	Reported value in the Posten group
Brand		339	339
Customer relations	134	387	521
Other intangible assets	19	16	35
Tangible non-current assets	744	84	828
Financial non-current assets	11		11
Deferred tax credits	34	7	41
<b>Total non-current assets</b>	<b>942</b>	<b>833</b>	<b>1,775</b>
Current assets	1,044		1,044
<b>TOTAL ASSETS</b>	<b>1,986</b>	<b>833</b>	<b>2,819</b>
Provisions	143	22	165
Deferred tax liabilities	102		102
Long-term liabilities	305		305
Short-term liabilities	685		685
Minority			6
<b>TOTAL LIABILITIES</b>	<b>1,235</b>	<b>22</b>	<b>1,263</b>
<b>NET ASSETS</b>	<b>751</b>	<b>811</b>	<b>1,556</b>
Goodwill on acquisitions			474
Purchase money <sup>1)</sup>			2,030
Cash (acquired)			176
Net cash flow			1,854

<sup>1)</sup> Including compensation for legal services and other acquisition costs totalling SEK 19m.

Goodwill is included in the acquisition of Strålfors in addition to the acquired customer relations and brand. Goodwill comprises synergy effects, potential for improved financial results, and additional competence and knowledge to develop Strålfors' area of operations.

### Sal-Trans Oy

In April 2006, Posten AB acquired 100 percent of the shares in the Finnish company Sal-Trans OY. The company's operations consist of system transportation, and the company works in cooperation with Posten's Finnish subsidiary, HIT Finland OY.

## Quarterly Data

	2004				2005				2006	
	Jan.–Mar.	Apr.–Jun.	Jul.–Sep.	Oct.–Dec.	Jan.–Mar.	Apr.–Jun.	Jul.–Sep.	Oct.–Dec.	Jan.–Mar.	Apr.–Jun.
Net sales, SEK m	6,253	6,263	5,699	6,905	6,091	6,261	5,933	6,992	6,559	6,567
Operating earnings, SEK m	217	131	436	331	173	221	548	339	646	424
Pretax earnings, SEK m	198	121	418	342	176	219	566	341	684	449
After-tax earnings, SEK m	360	123	401	413	177	204	558	539	541	323
Operating margin, %	3	2	8	5	3	4	9	5	10	6
Equity, SEK m, end of period	2,802	2,920	3,291	3,702	3,896	3,985	4,533	5,068	5,608	5,742
ROE, %, rolling 12 months	<sup>1)</sup>	<sup>1)</sup>	<sup>1)</sup>	42	33	35	35	34	39	40
Equity-assets ratio, %, end of period	20	20	24	25	26	27	30	33	35	33
Cash flows from operating activities, SEK m	360	333	–91	1,151	509	612	–98	1,228	453	690
CSI, Customer Satisfaction Index	61	62	63	63	63	62	61	61	61	62
ViP, Employee Satisfaction Index <sup>2)</sup>	61	61	62	62	63	62	63	63	63	63
Average number of employees, from beginning of the year to end of period	35,302	35,465	36,068	35,731	33,117	33,192	33,771	33,520	31,496	32,018

<sup>1)</sup> Comparative data have not been provided since 2003 figures have not been restated under IFRS.

<sup>2)</sup> Excluding the Cashier Service.

# Definitions

**Return on equity:** Net earnings divided by average equity.

**Average number of employees:** The total number of paid employee hours divided by the standard number of hours for a full-time employee.

**Customer Satisfaction Index (CSI):** CSI is a performance metric that reflects achievement relating to the "customer satisfaction target" has been achieved. 2,000 measurements are regularly conducted among business and consumer customers throughout the year. Statistical information is compiled quarterly. First-quarter results are counted as full-year results and measured against stated targets. Units responsible for providing customer services set and follow up goals using the CSI. The method yields information about key improvements that will enhance customer satisfaction. The results also provide an issue specific scorecard as well as a holistic assessment of service quality.

**Changes in productivity:** Result trend which is wholly dependent on volume-related revenue and cost changes, for example, more parcels or fewer employees. Price-related revenue and cost changes, for example postage increases or wage increases, have thus been excluded from the result trend as regards the calculation of productivity.

**After-tax earnings:** Earnings before minority share.

**Operating margin:** Operating earnings after depreciation expressed as a percentage of net sales.

**Sickness absenteeism:** The rate of sickness absenteeism is calculated by relating the number of sickness absenteeism hours in relation to contracted work time. By contracted work time is meant collective agreements and employment agreements. Sickness absenteeism refers only to the absence of the individual.

**Equity-assets ratio:** Equity plus the minority's share of equity divided by year-end total assets.

**ViP-Index:** ViP is a performance indicator that measures achievement relating to the employee dedication target. Measurements are performed regularly throughout the year via surveys. At least once a year, employees are provided the opportunity to evaluate their immediate supervisor and advancement horizons as well as rate their overall work situation.

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