

# September 2007



## Posten Interim Report



- Net sales increased by 10% to total SEK 21,883m (19,883)
- Operating earnings improved by 22% to total SEK 1,948m (1,601)
- Net earnings increased 14% totaling SEK 1,498m (1,313)
- The Cashier Service and Nordea have entered into an agreement stating that Nordea will take over operations at approximately 70 Cashier Service offices

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### Upcoming reports:

Year-End Report 2007 February 2008

Read more at [www.posten.se](http://www.posten.se)

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.



In Tomtebodan, Posten is establishing, through Stralfors, one of the Nordic region's largest and most modern printing centers.

## Message from the CEO

With improved financial results in all core operations, Posten can present a strong report for the first nine months of the year. Operating earnings improved by 22 percent, totaling just over SEK 1.9 billion. Net sales increased by 10 percent, amounting to more than SEK 22 billion.

The organic growth of 2 percent stems mainly from increased volumes in the logistics operations. At the same time, the sustained high intensity of our sales efforts has resulted in a great deal of valuable new business in all core operations. I am also very pleased that our long-term focus on health is resulting in a steady decrease in sickness absenteeism. Not only does the reduced sickness absenteeism imply an improved quality of life for our employees, but it also has a positive and significant effect on costs.

The continued growth of import and export flows, together with the expanding distance trade are powerful forces driving Posten Logistics to develop into a full-service Nordic supplier. In the aggressive competition among international players, it is especially crucial to ensure efficient and competitive capacity with constant profitability. Therefore, it is very good news that Posten Logistics has now established its distribution network in Norway and has further secured its position on the Nordic logistics market through the acquisition of the Finnish logistics company Suomen Logistiikkatalo Oy.

Posten Messaging continues to successfully meet the challenges facing traditional mail thanks to its goal-oriented rationalization efforts. An ever-greater number of people see the advantages of being able to order goods over the Internet and then collect them while doing the shopping, getting gas, or running other errands. This is why the local presence at Posten's 1,600 service locations throughout Sweden is a key point of contact, and a competitive advantage in our service offer for the growing distance trade.

Stralfors' positive development continues, while the integration of Posten's and Stralfors' printing operations has entered its final phase and is scheduled to be complete by New Year. During the period, Stralfors has reinforced its position on the Nordic market for information logistics.

We have now submitted our closure schedule for the Cashier Service to The Swedish Post and Telecoms agency. In conjunction with this, we have entered into an agreement with Nordea, who will take over the operations of about 70 offices. Not only is this positive for many Cashier Service customers and employees, but it also means that Posten's image will become more defined towards its customers, enabling us to continue focusing on our core operations.

*Erik Olsson*

President and CEO



## Posten delivers strong financial results

- Net sales increased by 10% to total SEK **21,883m** (19,883)
- Operating earnings improved by 22% to total SEK **1,948m** (1,601)
- Net earnings increased 14% totaling SEK **1,498m** (1,313)
- The Cashier Service and Nordea have entered into an agreement stating that Nordea will take over operations at approximately 70 Cashier Service offices

SEKm, unless otherwise specified	Jan-Sep				Jul-Sep				Full year 2006
	2007	2006 <sup>2)</sup>	Change	%	2007	2006 <sup>2)</sup>	Change	%	
<b>Consolidated</b>									
Net Sales	21,883	19,883	2,000	10	6,821	6,757	64	1	27,823
Operating earnings	1,948	1,601	347	22	560	531	29	5	1,442
Operating margin, % <sup>4)</sup>	8.8	8.0	0.8		8.1	7.8	0.3		5.1
Earnings after financial items	2,103	1,697	406	24	622	564	58	10	1,578
Net earnings	1,498	1,313	185	14	453	449	4	1	1,013
Cash flows from operating activities	1,234	1,090	144		-212	-53	-159		2,602
ROE, % rolling 12 months	18	35	-17		18	35	-17		19
Equity-assets ratio, % at end of period	39	36	3		39	36	3		33
Average number of employees	32,955	33,146	-191	-1	33,887	35,402	-1,515	-4	33,395
ViP, Employee Satisfaction Index	66	64	2		66	64	2		64
Sickness Absenteeism as a percentage of work hours, rolling 12 months	7.0	8.0	-1.0		7.0	8.0	-1.0		7.8
CSI, Customer Satisfaction Index	63	62	1		63	62	1		62
<b>Posten Messaging</b>									
		1)				1)			1)
Net Sales <sup>3)</sup>	12,364	12,358	6	0	3,792	3,866	-74	-2	16,925
Operating earnings <sup>3)</sup>	1,630	1,346	284	21	460	344	116	34	1,801
Operating margin, % <sup>4)</sup>	12.6	10.4	2.2		11.5	8.5	3.0		10.1
<b>Stralfors</b>									
		2)				2)			1),2)
Net Sales <sup>3)</sup>	2,865	1,135			870	839	31	4	2,124
Operating earnings <sup>3)</sup>	30	-17			14	-8	22		-43
Operating margin, % <sup>4)</sup>	1.0	-1.5			1.6	-0.9	2.5		-2.0
<b>Posten Logistics</b>									
		1)				1)			1)
Net Sales <sup>3)</sup>	6,057	5,444	613	11	1,967	1,797	170	9	7,586
Operating earnings <sup>3)</sup>	214	-63	277		18	13	5	38	-4
Operating margin, % <sup>4)</sup>	3.0	-1.0	4.0		0.8	0.6	0.2		0.0

<sup>1)</sup> The previous year's values have been recalculated to correspond to the new organization

<sup>2)</sup> Stralfors was acquired on May 22, 2006. For a year-on-year comparison, see page 6

<sup>3)</sup> Including intra-group transactions

<sup>4)</sup> Operating earnings/total income (net sales and other operating income)

# Consolidated

## Net sales and earnings

### January–September

Net sales increased by 10% to total SEK 21,883m (19,883). Excluding the acquisition of Stralfors on May 22, 2006 and the Cashier Service, sales increased by 2% to total SEK 18,312m (17,955). Intensive efforts from the sales divisions and a sustained high level of economic activity both in Sweden and internationally lie behind the stable income level.

Net sales for Posten Messaging were largely unchanged compared to the previous year, despite an underlying decrease in mail volumes. The growing distance trade has had a positive impact on sales. The net sales level for direct mail is unchanged. Excluding income in conjunction with the 2006 election, the sales increased by 1%.

The sales increase for Stralfors, excluding structural changes, is relatively evenly divided between Stralfors' divisions, and can mainly be explained by an increase in sales to existing customers. Posten divested its formerly joint venture business Lasermix Roll Systems on August 2, 2007.

Growth of 11% in Posten Logistics may be explained by increased sales to retailers and wholesalers. The growing distance trade has had a positive impact on sales for Posten Logistics. As of September, the acquisition of the Finnish company Suomen Logistiikkatalo Oy was consolidated.

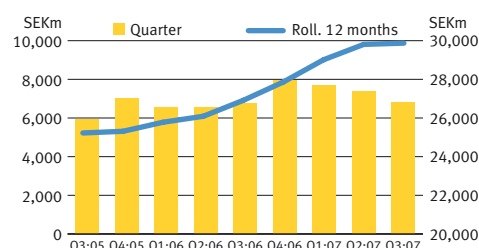
Consolidated operating earnings increased by 22%, totaling SEK 1,948m (1,601), an improvement stemming mainly from Posten Messaging and Posten Logistics. The positive developments in financial results are the effects of rationalizations and increases in sales. Posten's new operational structure, implemented in January 2007, has resulted in cost reductions of approximately SEK 225m, mainly within administration. Sickness absenteeism fell to 7% (8%), bringing cost reductions of approximately SEK 50m. Productivity improved by approximately 2%.

Net earnings totaled SEK 1,498m (1,313), an increase of SEK 185m. Tax amounted to SEK -605m (-384).

### July–September

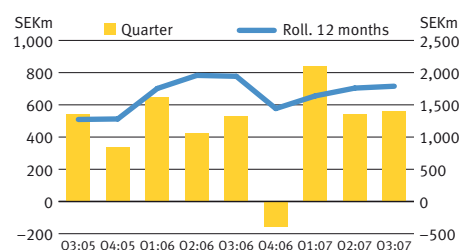
Net sales increased by 1% to SEK 6,821m (6,757). Excluding the Cashier Service, the increase was 2%, totaling SEK 6,582m (6,468). Operating earnings for the group totaled SEK 560m (531), an improvement of SEK 29m or 5%.

## NET SALES



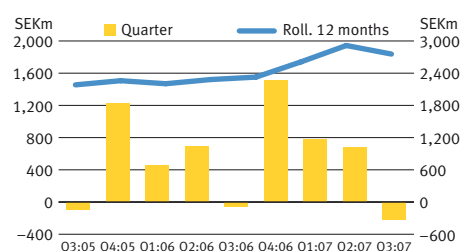
Net sales rolling 12 months increased by 11%. Excluding Stralfors, which was acquired in May 2006, the increase was 1%.

## OPERATING EARNINGS



Operating earnings rolling 12 months continued to steadily improve. The decrease in Q4 2006 was due to the restructuring costs of SEK 617m for Posten's new operational structure. Excluding these costs, the earnings level is now at approximately SEK 2.4 billion.

## CASH FLOWS FROM OPERATING ACTIVITIES



The cash flow has seasonal fluctuations. The 18% increase over the past twelve month period is in part due to the positive earnings trend. The third quarter was weighed down somewhat by the disbursement of pension payments as a result of rationalizations, mainly in the administration.

## Posten Messaging

Posten Messaging offers nationwide messaging services to private individuals and companies, including distribution of mail, periodicals and direct mail, as well as drop-off and collection of private parcels. This business segment also runs Posten's postal service location network and business centers.

SEKm, unless otherwise specified	Jan-Sep				Jul-Sep				Full year 2006 <sup>1)</sup>
	2007	2006 <sup>1)</sup>	Change	%	2007	2006 <sup>1)</sup>	Change	%	
Net Sales	12,364	12,358	6	0	3,792	3,866	-74	-2	16,925
<i>Mail</i>	7,315	7,293	22	0	2,220	2,216	4	0	10,038
<i>Direct mail</i>	2,202	2,212	-10	0	683	733	-50	-7	3,057
<i>Other</i>	2,847	2,853	-6	0	889	917	-28	-3	3,830
Other operating income	592	644	-52	-8	201	199	2	1	885
Operating earnings	1,630	1,346	284	21	460	344	116	34	1,801
Operating margin, %	12.6	10.4	2.2		11.5	8.5	3.0		10.1
Investments	182	227	-45	-20	38	42	-4	-10	353
Number of workdays	188	188	0		65	65	0		251
CSI, Customer Satisfaction Index	61	61	0		61	61	0		62
Average number of employees	22,783	24,102	-1,319	-5	23,837	25,243	-1,406	-6	24,061
VIP, Employee Satisfaction Index	65	<sup>2)</sup>			65	<sup>2)</sup>			<sup>2)</sup>
Sickness absenteeism %, rolling 12 months	7.4	<sup>2)</sup>			7.4	<sup>2)</sup>			<sup>2)</sup>
Priority mail volume, millions of units	970	1,003	-33	-3	294	311	-17	-6	1,367
Non-priority mail volume, millions of units	914	923	-9	-1	278	283	-5	-2	1,262
UDM volume, millions of units	1,840	1,826	14	1	572	604	-32	-5	2,527

<sup>1)</sup> The previous year's values have been recalculated to correspond to the new organization

<sup>2)</sup> Comparative values for the new business segments Posten Messaging and Posten Logistics are unavailable

### Net sales and operating earnings

#### January–September

Net sales totaled SEK 12,364m (12,358). The robust economy in combination with Posten's intensive sales efforts have attributed to the stable income level.

Mail is continuing to show increasing net sales despite an underlying decrease in volume. Posten Messaging has won a number of contracts during the period. The net sales level for direct mail remains unchanged. However, excluding sales income in conjunction with the 2006 election, income for direct mail increased by 1%. In the area "other", international mail showed a positive development, mainly through increased international mailings.

The number of parcels and addressed letters collected from Posten's 1,600 service locations increased by 14%. The growing distance trade increases traffic at the service locations.

Furthermore, Posten's measurements clearly show that more and more service locations see business advantages and development opportunities in their cooperation with Posten.

Operating earnings increased by 21%, totaling SEK 1,630m (1,346). The improvement in financial results stems mainly from rationalizations within production and administration.

#### July–September

Net sales totaled SEK 3,792m (3,866), a decrease of 2%. Mail continued to show a stable income level while direct mail, excluding the 2006 election, decreased by 2%. The Swedish Krona has appreciated, causing lower sales income for import mail in the category "other". Operating earnings increased by 34%, totaling SEK 460m (344).



## Stralfors

A specialist in information logistics and graphic production for the corporate market. Offers total solutions for the effective communication of critical business information.

Stralfors was acquired on May 22, 2006. The below figure for 2006 reflects Stralfors without taking into consideration Posten's acquisition of the company, and therefore differs from the table on page 1 and Note 3. The difference in operating earnings between the result of SEK 118m reported for 2007 and Note 3 is due to amortization of SEK 54m of acquired surplus value from fixed assets, as well as intra-group capital gains of SEK 34m.

SEKm, unless otherwise specified	Jan-Sep				Jul-Sep				Full year
	2007	2006	Change	%	2007	2006	Change	%	2006
Net Sales	2,865	2,482	383	15	870	763	107	14	3,393
Information Logistics	1,289	963	326	34	394	304	90	30	1,342
Graphic Solutions	1,059	971	88	9	345	294	51	17	1,287
System- and Productrelated Information Transfer, SPI	517	548	-31	-6	131	165	-34	-21	764
Other operating income	77	27	50	185	26	20	6	30	31
Operating earnings	118	33	85	258	32	17	15	88	29
Operating margin, %	4.0	1.3	2.7		3.6	2.2	1.4		0.8
Investments	160	116	44	38	41	38	3	8	173
Average number of employees	2,129	1,988	141	7	2,125	1,973	152	8	1,991
Sickness absenteeism %, rolling 12 months	3.3	4.2	-0.9		3.3	4.2	-0.9		4.2

### Net sales and operating earnings

#### January–September

Net sales totaled SEK 2,865m (2,482), an increase of SEK 383m. SEK 276m of the increase can be attributed to structural changes, including the takeover of operations from other parts of Posten, acquisitions of graphic operations in Sweden and Denmark, and divestment of the previously joint venture operations Lasermax Roll Systems. The remainder of the increase, SEK 107m, is relatively evenly divided among the divisions and is mainly a result of increased sales to existing customers.

Growth for the division Information Logistics was 34%, including the acquired operations from Posten, and 6% excluding these acquired operations.

Operating earnings totaled SEK 118m (33), an increase of SEK 85m. The increase is due among others to capital gains realized on the sale of properties and the divestment of Lasermax Roll Systems, in addition to the fact that the business area Supplies in the SPI division has turned what was once a loss into a profit.

#### July–September

Net sales totaled SEK 870m (763), an increase of SEK 107m. SEK 96m of this increase can be attributed to structural changes. Operating earnings totaled SEK 32m (17) in the third quarter, which is due among others to capital gains from the divestment of Lasermax Roll Systems.

## Posten Logistics

Logistics specialist for business customers, Offers palletized logistics, parcels and express delivery, and in-night freight forwarding.

SEKm, unless otherwise specified	Jan-Sep				Jul-Sep				Full year 2006 <sup>1)</sup>
	2007	2006 <sup>1)</sup>	Change	%	2007	2006 <sup>1)</sup>	Change	%	
Net Sales	6,057	5,444	613	11	1,967	1,797	170	9	7,586
<i>Parcels</i>	3,921	3,656	265	7	1,260	1,191	69	6	5,094
<i>Other</i>	2,136	1,788	348	19	707	606	101	17	2,492
Other operating income	961	905	56	6	320	313	7	2	1,276
Operating earnings	214	-63	277		18	13	5	38	-4
Operating margin %	3.0	-1.0	4.0		0.8	0.6	0.2		0.0
Investments	161	206	-45	-22	54	65	-12	-18	267
Number of workdays	188	188	0		65	65	0		251
CSI, Customer Satisfaction Index	66	65	1		66	65	1		65
Average number of employees	5,988	5,914	74	1	6,257	6,062	195	3	5,952
ViP, Employee Satisfaction Index	66	<sup>2)</sup>			66	<sup>2)</sup>			<sup>2)</sup>
Sickness absenteeism %, rolling 12 months	6.0	<sup>2)</sup>			6.0	<sup>2)</sup>			<sup>2)</sup>
Parcel volume, millions of units	48	44	4	9	15	14	1	5	62

<sup>1)</sup> The previous year's values have been recalculated to correspond to the new organization

<sup>2)</sup> Comparative values for the new business segments Posten Messaging and Posten Logistics are unavailable

### Net sales and operating earnings

#### January–September

Net sales increased by 11% to total SEK 6,057m. The increase is primarily attributable to the strong orders from existing customers, but also to the fact that Posten Logistics has entered into agreements with new customers. Growth during the period stems mainly from increased sales to retailers and wholesalers, who comprise almost 60% of sales for Posten Logistics. In September Posten acquired Suomen Logistiikkatalo Oy, Finland's largest independent third-party logistics company.

Growth for parcels is strongest in the business-to-business sector. There is also clear growth in the business-to-consumer sector, which is mainly due to the increasing distance trading for both large and small companies. There is growth in all product areas in the category "other" – palletized logistics, in-night freight forwarding, express and third party logistics.

Operating earnings totaled SEK 214m (-63), an improvement of SEK 277m. The improvement in earnings may be explained by a combination of stronger sales and increased capacity utilization as well as better cost efficiency as a result of implemented rationalizations.

#### July–September

Net sales increased by 9% to SEK 1,967m (1,797). As of September, the acquisition of Suomen Logistiikkatalo Oy is also included, with SEK 10m. Operating earnings amounted to SEK 18m (13).

The establishment of the MyPack concept in Norway, with collection points for parcels from companies to private individuals is proceeding according to plan. As of September 30, approximately 550 collection points had opened.

## Cashier Service

The Cashier Service fulfils Posten's legal mandate to provide nationwide financial transaction services.

### Net sales and operating earnings

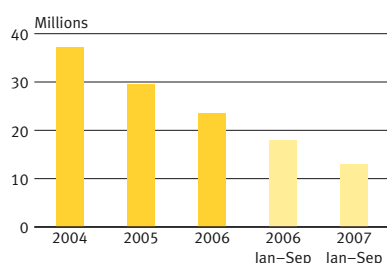
#### January–September

Net sales totaled SEK 750m (901), a decrease of SEK 151m or 17%. Operating earnings, including state reimbursements of SEK 300m (300), totaled SEK 146m (151). Operating earnings, including closure costs and state reimbursements, totaled SEK 19m (-18). The improvement is attributable to lower closure costs than the previous year.

Demand for essential financial transaction services from the Cashier Service has continued to decline. The payment transactions decreased by 23%, banking transactions by 31%, and the daily cash services by 31%. An explanation for the decreasing banking transactions is that Swedbank ceased to use the Cashier Service network as of January 1, 2007.

On June 14, 2007, the parliament came to a conclusion that concurred with the government's proposition, the "State's responsibility for certain essential financial transaction services." The decision means that, as of 2009, society's need for essential financial transaction services will be procured by the Swedish National Post and Telecoms Agency in those rural areas where the market is not financially viable. It also means that the payment services now provided by the Cashier Service will be available in other forms. In light of the Parliament's decision, Posten has eliminated its contingent liability of SEK 850m. For further details, see note 7 for the Group, Assets pledged and contingent liabilities.

TRANSACTION VOLUMES FOR CASHIER SERVICE



The number of cashier transactions is steadily declining. The year-on-year decrease during the period January – September was 28%.

## Parent Company

As of January 1, 2007, Posten has operated through a new operational structure, and the operations in Posten AB (publ) are comprised of the group's management functions and shared service units. Since the majority of the Posten group's Swedish operations in 2006 were run under the parent company, the comparative values below for last year may deviate considerably from the year's results.

Net sales for the period totaled SEK 1,539m (14,494) and earnings after financial items were SEK 144m (1,272). Estimated tax comprises 35% of the earnings after financial items. The deviation from normal tax percentage is due to the fact that the income statement contains non-deductible items. Investments in tangible fixed assets totaled SEK 37m (311), and cash and cash equivalents totaled SEK 3,389m (2,285). In September the company acquired the Finnish company Suomen Logisiikkatalo Oy. For further details see Note 10 for the group.

## Risks and uncertainties for the group and the parent company

The parent company and group risks, risk management and other factors that may impact operations are described in more detail in Posten's 2006 annual report (page 49 and 83, respectively.)

Aside from the risks described below, Posten does not believe that the risk assessment has changed in any significant way compared to the description in the annual report.

As a result of the parliament's decision on June 14, 2007 that the Swedish National Post and Telecom Agency (PTS) will procure services to meet the society's need for essential financial transaction services as of 2009, the previous uncertainties concerning this point are no longer relevant. However, there are still uncertainties about how volume will develop. In the approved budget proposition, compensation from the state for 2008 is reduced from SEK 400m to SEK 280m.

The EU Commission has formally encouraged Great Britain, Germany and Sweden to change their legislation for VAT-free postal services, since the commission considers such services to conflict with the VAT Directive. If these national legislations are not changed, the commission may eventually bring the case before the European Court of Justice. However, the countries in question assert that their legislation is in line with the directive.

In a separate development, the Swedish Competition Authority has stayed the proceedings for the case involving Posten's expansion of metropolitan areas in fall 2006 until the Swedish National Post and Telecom Agency completes its analysis.



## Key events after the close of the period

The Cashier Service and Nordea have entered into an agreement stating that Nordea will take over operations at approximately 70 Cashier Service offices. The Cashier Service is currently the agent for partner banks including Nordea, providing essential financial transaction services such as deposits and withdrawals from checking accounts, deposit and withdrawal cards via Plusgirot, and cash withdrawal from debit cards. The majority of Cashier Service customers are also Nordea customers, and the agreement means that almost half the Cashier Service customers may continue to do their banking errands at the same office as today. Approximately 350 employees at the concerned offices will be offered employ-

ment and training at Nordea. The purchase price is expected to be SEK 100m, and Nordea will assume control of the offices in July 1, 2008.

Furthermore, On October 1, 2007, Posten has submitted a closure plan for the Cashier Service to the Swedish Post and Telecoms Agency. This means the remaining parts of the Cashier Service will be closed as of December 31, 2008.

## Annual General Meeting

The Annual General Meeting of Shareholders will be held on April 3, 2008 at Posten's Headquarters at Terminalvägen 24, Solna, Sweden. The notice and invitation will be available at [www.posten.se](http://www.posten.se).

Stockholm, October 25, 2007

**Posten AB (Publ)**

*Erik Olsson*  
President and CEO

# Auditors' Review Report

**To the Board of Directors of Posten AB (publ)**

**Org nr 556128-6559**

## *Introduction*

We have reviewed the interim report for Posten AB (publ) for the period from January 1, 2007–September 30, 2007. It is the Board of Directors and the Managing Director who are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## *Scope of the Review*

We conducted our review in accordance with the Standard on Review Engagements, SÖG 2410, *Review of the Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Federation of Authorized Public Accountants. A review of the interim report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is less in scope compared to an audit conducted in accordance with the Standards on Auditing in Sweden (RS) and other generally accepted auditing practices in Sweden. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, the conclusion expressed based on a review does not constitute the same level of assurance as a conclusion based on an audit.

## *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act and for the parent company in accordance with the Swedish Annual Accounts Act.

Stockholm den 25 October, 2007

Ernst & Young AB  
Lars Träff  
Authorized Public Accountant

Staffan Nyström  
Authorized Public Accountant  
Appointed by the  
Swedish National Audit Office

## Consolidated financial statements

### Consolidated income statement

SEKm	Note	2007		2006		
		Jan-Sep	Jul-Sep	Jan-Sep	Jul-Sep	Full year
	1, 2					
Net Sales		21,883	6,821	19,883	6,757	27,823
Other operating income		130	53	176	54	213
<b>Total income</b>	3	<b>22,013</b>	<b>6,874</b>	<b>20,059</b>	<b>6,811</b>	<b>28,036</b>
Personnel costs		-9,567	-2,885	-9,219	-2,965	-12,917
Transportation costs		-3,843	-1,324	-3,538 <sup>1)</sup>	-1,224 <sup>1)</sup>	-4,871 <sup>1)</sup>
Other costs	4	-5,868	-1,843	-4,977 <sup>1)</sup>	-1,820 <sup>1)</sup>	-7,787 <sup>1)</sup>
Depreciations and impairments		-787	-262	-724	-271	-1,019
<b>Total operating costs</b>		<b>-20,065</b>	<b>-6,314</b>	<b>-18,458</b>	<b>-6,280</b>	<b>-26,594</b>
<b>OPERATING EARNINGS</b>		<b>1,948</b>	<b>560</b>	<b>1,601</b>	<b>531</b>	<b>1,442</b>
Financial income		248	91	185	79	258
Financial costs		-93	-29	-89	-46	-122
<b>Net financial items</b>		<b>155</b>	<b>62</b>	<b>96</b>	<b>33</b>	<b>136</b>
<b>Earnings after financial items</b>		<b>2,103</b>	<b>622</b>	<b>1,697</b>	<b>564</b>	<b>1,578</b>
Tax		-605	-169	-384	-115	-565
<b>NET EARNINGS</b>		<b>1,498</b>	<b>453</b>	<b>1,313</b>	<b>449</b>	<b>1,013</b>
<b>Attributable to Parent company shareholders</b>						
Attributable to Parent company shareholders		1,493	451	1,309	448	1,009
Minority interest		5	2	4	1	4

<sup>1)</sup> Reclassifications have been made from Transportation costs to Other costs, mail processing facility fees of SEK 95m for Jan-Sep 2006, SEK 33m for Jul-Sep 2006, and SEK 127m for the full year 2006

#### January–September

The increased sales are due to the fact that income from Stralfors has been included as of May 22, 2006, as well as increased income for the business segment Posten Logistics.

The improvement in earnings is due to intensified sales efforts combined with rationalizations in production and administration.

Personnel costs amounted to SEK 9,567m (9,219), an increase of SEK 348m. However, with the exception of Stralfors, the personnel costs fell by SEK 194m, mainly due to rationalizations in connection with the restructuring of Posten's operational structure. Sickness absenteeism fell to 7% (8%), which brought cost reductions of approximately SEK 50m.

Transportation costs totaled SEK 3,843m (3,538), an increase of SEK 305m. Excluding Stralfors, transportation costs increased by SEK 274m. The increase is mainly due to the increased sale of logistics services together with higher prices for transportation services.

Other costs totaled SEK 5,868m (4,977), an increase of SEK 891m. Excluding Stralfors, costs decreased by SEK 134m.

Depreciation and impairments amounted to SEK 787m (724), an increase of SEK 63m. Excluding Stralfors, depreciations decreased by SEK 40m.

Net financial items totaled SEK 155m (96). The year-on-year improvement can be explained by higher returns on cash and cash equivalents as well as an increase in average interest-bearing net claims.

Tax amounted to SEK -605m (-384). The higher tax costs, at the rate of 29%, can be explained by the improvement in earnings after net financial items, in addition to the last year's reversals of previously deferred tax credits.

#### July–September

Personnel costs amounted to SEK 2,885m (2,965), a decrease of SEK 80m. Transportation costs totaled SEK 1,324m (1,224), an increase of SEK 100m. Other costs totaled SEK 1,843m (1,820), an increase of SEK 23m. Depreciation and impairments amounted to SEK 262m (271), a decrease of SEK 9m. Net financial items totaled SEK 62m (33).

## Consolidated balance sheet

SEKm	Note	2007	2006
		Sep 30	Dec 31
	1, 2		
<b>ASSETS</b>			
Goodwill		1,832	1,690
Other intangible fixed assets		844	860
Tangible fixed assets		4,050	4,137
Financial investments		71	68
Long-term receivables	5	2,177	1,844
Deferred tax assets		55	315
<b>Total fixed assets</b>		<b>9,029</b>	<b>8,914</b>
Inventory		285	317
Tax credit		9	21
Accounts receivable		3,392	3,147
Prepaid expenses and accrued income		931	710
Other receivables		250	460
Short-term investments		99	101
Cash and cash equivalents		3,981	3,919
<b>Total current assets</b>		<b>8,947</b>	<b>8,675</b>
<b>TOTAL ASSETS</b>		<b>17,976</b>	<b>17,589</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Capital stock		600	600
Contributed equity		42	42
Reserves		-2	-55
Retained earnings		6,323	5,230
<b>Total equity attributable to parent company shareholders</b>		<b>6,963</b>	<b>5,817</b>
<b>Minority interest</b>		<b>14</b>	<b>14</b>
<b>Total equity</b>		<b>6,977</b>	<b>5,831</b>
<b>Liabilities</b>			
Long-term interest-bearing liabilities		761	912
Other long-term liabilities		121	130
Pension provisions	5	1,025	943
Other provisions	6	2,480	3,095
Deferred tax liabilities		3	3
<b>Total non-current liabilities</b>		<b>4,390</b>	<b>5,083</b>
Current interest-bearing liabilities		205	413
Accounts payable		1,284	1,387
Tax liabilities		85	307
Other current liabilities		1,904	1,605
Accrued expenses and deferred income		2,409	2,389
Other provisions	6	722	574
<b>Total current liabilities</b>		<b>6,609</b>	<b>6,675</b>
<b>Total liabilities</b>		<b>10,999</b>	<b>11,758</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>17,976</b>	<b>17,589</b>

For the Group's pledged assets and contingent liabilities, see Note 7.

Total assets as of September 30 totaled SEK 17,976m, which is an increase of SEK 387m from December 31, 2006.

The change is mainly attributable to the period's positive result of SEK 1,498m as well as newly utilized provisions.

Goodwill increased by SEK 142m, SEK 110m of which pertains to completed acquisitions, and the remaining portion to translation differences.

The equity-assets ratio was 39% compared to 33% on December 31, 2006.

Interest-bearing net claims totaled SEK 4,337m, an increase of SEK 452m compared to year-end.

## Consolidated statements of cash flows

		2007	2006	
SEKm	Note	Jan-Sep	Jan-Sep	Full year
<b>OPERATING ACTIVITIES</b>				
Earnings after financial items		2,103	1,697	1,578
Adjustments for non-cash-flow items:				
Reconciliation of depreciation according to plan		787	724	1,019
Capital gain/loss on sale of fixed assets		-19	22	38
Pension provisions		-251	-197	-159
Other provisions		-467	-246	284
Other items not affecting liquidity		-15	-2	-19
Tax paid		-584	-124	-31
<b>Cash flows from operating activities before changes in working capital</b>		<b>1,555</b>	<b>1,874</b>	<b>2,710</b>
Cash flows from changes in working capital				
Increase (-)/decrease (+), accounts receivable		-269	-148	-261
Increase (+)/decrease (-), accounts payable		-115	-11	131
Other changes in working capital		63	-625	22
<b>Changes in working capital</b>		<b>-321</b>	<b>-784</b>	<b>-108</b>
<b>Cash flows from operating activities</b>		<b>1,234</b>	<b>1,090</b>	<b>2,602</b>
<b>INVESTING ACTIVITIES</b>				
Investments in intangible fixed assets		-11	-7	-10
Investments in tangible fixed assets	9	-699	-706	-999
Acquisition of subsidiaries		-209	-1,872	-1,877
Disposal of subsidiaries		124	17	17
Divestment of other fixed assets, etc.		145	16	24
Increase (-)/decrease (+), current financial liabilities		5	451	456
<b>Cash flows from investing activities</b>		<b>-645</b>	<b>-2,101</b>	<b>-2,389</b>
<b>FINANCING ACTIVITIES</b>				
Loans raised		5	18	40
Loans amortized		-37	-489	-564
Amortization of leasing liability		-82	-90	-107
Dividend paid		-400	-177	-177
Increase (+)/decrease (-), other financial liabilities		-18	-21	-74
<b>Cash flows from financing activities</b>		<b>-532</b>	<b>-759</b>	<b>-882</b>
<b>CASH FLOWS FOR THE PERIOD</b>		<b>56</b>	<b>-1,770</b>	<b>-669</b>
Cash and cash equivalents, beginning of the period		3,919	4,588	4,588
Differences in exchange rates in cash and cash equivalents		5		
Cash and cash equivalents, end of the period		3,981	2,818	3,919

### January–September

Cash flows from operating activities amounted to SEK 1,234m (1,090). Cash flows from operating activities for the period are mainly due to the strong earnings after financial items. The third quarter was somewhat weighed down by payments for early retirements which resulted from Posten's new operational structure.

Cash flows from investing activities totaled SEK -645m (-2,101). Investments in tangible non-current assets totaled SEK 699m (706). Investments in new technologies and capacity in the letter and parcel network amounted to SEK 158m.

Replacement investments in premises, vehicles and IT amounted to SEK 528m. Acquisitions and divestments of group companies have affected investment activities by SEK -85m (-1,855).

Cash flows from financing activities amounted to SEK -532m (-759), explained primarily by dividends of SEK 400m (177) and amortizations of leasing liabilities.

Cash and cash equivalents at the end of the period totaled SEK 3,981m (2,818). Compared to the end of 2006, cash and cash equivalents have increased by SEK 62m, including SEK 5m in currency exchange rates.



## Consolidated changes in equity

SEKm	Equity attributable to parent company shareholders						Minority interest	Total equity
	Capital stock <sup>1)</sup>	Contributed equity	Hedging reserve	Accum. translation difference	Retained earnings	Total		
<b>Equity, beginning of period 1/01/06</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				-30		-30		-30
Change in hedging reserve			6			6		6
Due from acquisitions							5	5
Total changes in capital wealth recognized directly in equity, excl. transactions with the Company's owner			6	-30		-24	5	-19
Earnings for the period					1,309	1,309	4	1,313
Total changes in capital wealth, excl. transactions with the Company's owner					1,309	1,309	4	1,313
Dividends					-175	-175	-2	-177
<b>Equity, end of period 9/30/06</b>	<b>600</b>	<b>42</b>	<b>0</b>	<b>-2</b>	<b>5,530</b>	<b>6,170</b>	<b>15</b>	<b>6,185</b>
<b>Equity, beginning of period 10/01/06</b>	<b>600</b>	<b>42</b>	<b>0</b>	<b>-2</b>	<b>5,530</b>	<b>6,170</b>	<b>15</b>	<b>6,185</b>
Translation differences for the period				-53		-53	-1	-54
Change in hedging reserve								
Due from acquisitions								0
Total changes in capital wealth recognized directly in equity, excl. transactions with the Company's owner				-53		-53	-1	-54
Earnings for the period					-300	-300	0	-300
Total changes in capital wealth, excl. transactions with the Company's owner					-300	-300	0	-300
Dividends						0		0
<b>Equity 12/31/06</b>	<b>600</b>	<b>42</b>	<b>0</b>	<b>-55</b>	<b>5,230</b>	<b>5,817</b>	<b>14</b>	<b>5,831</b>
<b>Equity 1/01/07</b>	<b>600</b>	<b>42</b>	<b>0</b>	<b>-55</b>	<b>5,230</b>	<b>5,817</b>	<b>14</b>	<b>5,831</b>
Translation differences for the period				53		53		53
Due from acquisitions						0	-5	-5
Total changes in capital wealth recognized directly in equity, excl. transactions with the Company's owner				53		53	-5	48
Earnings for the period					1,493	1,493	5	1,498
Total changes in capital wealth, excl. transactions with the Company's owner					1,493	1,493	5	1,498
Dividends					-400	-400		-400
<b>Equity 9/30/07</b>	<b>600</b>	<b>42</b>	<b>0</b>	<b>-2</b>	<b>6,323</b>	<b>6,963</b>	<b>14</b>	<b>6,977</b>

<sup>1)</sup> number of shares 600,000

Equity totaled SEK 6,977m, which is an increase of SEK 1,146m from December 31, 2006. Return on equity, rolling 12 months, was 18% (35%) compared to 19% for the full-year 2006. The lower year-on-year returns are mainly attributable to restructuring costs in the fourth quarter of 2006 and to higher tax costs during the first half of 2007. The target for return on equity is 15% as of 2007. Of total equity, SEK 6,963m is attributable to parent company shareholders and SEK 14m to minority interests.

## Consolidated notes

### Note 1 Accounting principles

#### Compliance with legislation and regulations

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), together with interpretation statements from the International Financial Reporting Interpretations Committee (IFRIC), to the extent that they have been approved by the EC Commission for application within the EU.

#### Group 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 same accounting principles and evaluation methods have been used in this interim report as in the 2006 Annual Report, with the exception of what is stated below regarding changes in the reporting of business segments.

#### Changed accounting principles

As of January 1, 2007, the Posten Group operates in a new organizational structure with the business segments Messaging, Stralfors, Logistics, and Cashier Service. Parent company functions exist in addition to the business segments. As of January 1, 2007, the reporting of business segments (Note 3) has been changed to reflect Posten's new operational structure, which is comprised of the four business segments and the parent company functions. Comparative information from 2006 is reported according to the same principles that apply for 2007. Where there are recalculations of comparative figures in the income statements and balance sheets for Posten Messaging, Posten Logistics and Stralfors, estimates have been used. These comparative figures are therefore used for reasons of form.

### Note 2 Estimates and assumptions

In making these financial reports, the executive management has made estimates and assumptions which affect the Group's reported accounting. These estimates and assumptions are based on what is known at the time the financial reports are presented, as well as historical experience and assumptions that the executive management considers reasonable under the current circumstances. The conclusions drawn by the executive management form the basis for the reported values. Actual future values, estimates and assessments in future financial reports may differ from those in this report, due to changing environmental factors and new knowledge and experience. The most significant of those estimates and assessments for Posten have been made in the areas described below.

#### Intangible assets

Assumptions are made about future conditions in order to calculate future cash flows that determine the recoverable value of goodwill, brand, and customer relations. The recoverable value is compared with the reported value for these assets, and forms the basis for possible amortizations or reversals. The assumptions affecting recoverable value the most are future volume development, profit margin development, the discount rate, and estimated useful life of the asset. If future environmental factors and circumstances change, it may affect these assumptions, causing reported values of immaterial assets to change.

#### Pension commitments

In the actuarial calculations (as of December 31) for Posten's pension commitments, a number of estimates are made in order to set reasonable assumptions. The most significant is the assumption of the discount rate and future expected returns on assets under management. Modifications of the assumptions due to changing environmental factors may influence Posten's financial statements if the effects of the revised assumptions should exceed 10%, thereby falling outside the "corridor". Modified assumptions also affect the cost forecast for the upcoming year.

#### Provisions

Provisions are made for future closure costs and the negative financial results of Posten's legal obligation to provide cashier services in Sweden (equal to a loss contract). These contain estimates and forecasts for financial transaction volumes, which depend on successively changing consumer behavior and the geographic reach of the cashier service for fulfilling the obligations. These factors have a considerable effect on the size of the provisions. An assumption has been made that the state-budgeted subsidies of SEK 280m for 2008 will be primarily disbursed to Posten for the provision and closure of essential financial transaction services. The amount presupposes subsidies to PTS for procurement of essential financial transaction services after Posten's departure from these, which implies a certain uncertainty regarding the size of the subsidies. The sale of a number of Cashier Service offices to Nordea has been weighed into the assessment. Customers' actual changed behavior may deviate from what has been assumed, leading to more dramatically declining volumes and thus additional needs for provisions. The Swedish Post and Telecoms Agency (PTS) is responsible for reviewing Posten's closure plan for the Cashier Service, which was submitted to PTS on October 1, 2007. If PTS should be in opposition to the closure plan in any way, the provision may be affected.

In the process of becoming a corporate entity in 1994, Posten has assumed a contingent liability (special temporary provisions) which means that certain categories of the workforce may choose to enter early retirement at the ages of 60 and 63. The estimated commitment is recorded as a liability in the balance sheet and is calculated based on previous experience of the number of persons who choose to exercise their right to early retirement in accordance with these provisions. If the number of those who choose this option should change, the liability will change accordingly.

#### Taxes

The degree of activation of the tax loss carryforward has been made based on business plans and estimations of future taxable profits that can utilize tax loss carryforwards. Estimations have been made of non-deductible costs and non-taxable income in accordance with the tax rules that apply today. Furthermore, consideration has been taken of the next six years' future financial results in order to evaluate the reported tax claim at the currently applicable tax rate. Changes to the tax laws in Sweden and other countries where Posten operates, and changed interpretations and applications of applicable legislation may influence the size of the reported tax assets and liabilities. Changed circumstances that impact the assumptions will also influence the financial results for the year.

### Note 3 Reporting of business segments

Posten's organization into business segments is based on those services offered on the market.

Posten Messaging is mainly comprised of distribution services for mail, periodicals, and direct mail. This business segment also runs Posten's postal service location network and business centers. Stralfors offers start-to-finish solutions for information transfer. Posten Logistics provides services for palletized logistics, parcels and express delivery, and in-night freight forwarding. The Cashier Service fulfils Posten's obligation to provide nationwide essential financial transaction services.

Aside from the business segments, certain parent company functions comprise corporate management and shared service operations.

In addition to internal eliminations, adjustments and eliminations are reported as the effects of recalculating pensions according to IAS 19 Employee Compensation, financial leasing in accordance with IAS 17, and valuation of financial instruments in accordance with IAS 39.

The allocated assets include those incorporated into the calculations of operative capital in the internal management reporting.

The previous year's values have been recalculated to correspond to the new operational structure.

For intra-group purchases and sales, market prices are applied.

Jan-Sep 2007, SEKm	Posten Messaging	Stralfors	Posten Logistics	Cashier Service	Parent company functions	Adjust- ments and eliminations	The Posten Group
<b>INCOME AND EARNINGS</b>							
Net sales, external	12,304	2,822	6,006	449		2	21,583
State Reimbursement				300			300
Intra-group net sales	60	43	51	1		-155	0
Total net sales	12,364	2,865	6,057	750	0	-153	21,883
Other income, external	34	43	11	2	27	13	130
Other income, intra-group	558		950	20	1,809	-3,337	0
<b>Total income</b>	<b>12,956</b>	<b>2,908</b>	<b>7,018</b>	<b>772</b>	<b>1,836</b>	<b>-3,477</b>	<b>22,013</b>
<b>Operating earnings</b>	<b>1,630</b>	<b>30</b>	<b>214</b>	<b>146</b>	<b>-92</b>	<b>20</b>	<b>1,948</b>
Net financial items							155
<b>Earnings after financial items</b>							<b>2,103</b>
Tax							-605
<b>Earnings for the period</b>							<b>1,498</b>
<b>ASSETS</b>							
Allocated assets	3,300	3,177	3,608	88	892	384	11,449
Unallocated assets							6,527
<b>Total assets</b>							<b>17,976</b>

Jan-Sep 2006, SEKm	Posten Messaging	Stralfors	Posten Logistics	Cashier Service	Parent company functions	Adjust- ments and eliminations	The Posten Group
<b>INCOME AND EARNINGS</b>							
Net sales, external	12,311	1,123	5,408	600	141		19,583
State Reimbursement				300			300
Intra-group net sales	47	12	36	1	-12	-84	0
Total net sales	12,358	1,135	5,444	901	129	-84	19,883
Other income, external	28	18	9	1	78	42	176
Other income, intra-group	616		896	23	1,762	-3,297	0
<b>Total income</b>	<b>13,002</b>	<b>1,153</b>	<b>6,349</b>	<b>925</b>	<b>1,969</b>	<b>-3,339</b>	<b>20,059</b>
<b>Operating earnings</b>	<b>1,346</b>	<b>-17</b>	<b>-63</b>	<b>151</b>	<b>65</b>	<b>119</b>	<b>1,601</b>
Net financial items							96
<b>Earnings after financial items</b>							<b>1,697</b>
Tax							-384
<b>Earnings for the period</b>							<b>1,313</b>
<b>ASSETS</b>							
Allocated assets	3,329	2,985	3,311	426	921	464	11,436
Unallocated assets							5,942
<b>Total assets</b>							<b>17,378</b>

<sup>1)</sup> Stralfors was acquired on May 22, 2006

<sup>2)</sup> Comparative figures for 2006 are adjusted for the operations that Stralfors has taken over, and are reported under "Parent Company functions" up until the time Stralfors was acquired

**Note 4 Other costs**

SEKm	2007	2006	
	Jan-Sep	Jan-Sep	Full year
Cost of premises	1,079	1,074	1,492
Provisions	-25	2	622
Mail processing facility fees	700	698	952
Cost of goods and material	1,590	833	1,388
Other	2,524	2,370	3,333
<b>Total</b>	<b>5,868</b>	<b>4,977</b>	<b>7,787</b>

**Note 5 Pension provisions**

Pension provisions totaled SEK 1,025m, an increase of SEK 82m, compared to December 31, 2006.

Pension provisions, SEKm	2007	2006
	Jan-Sep	Jan-Dec
<b>OB</b>	<b>943</b>	<b>681</b>
Pension liability	241	234
Additional pension liabilities from acquisitions		138 <sup>1)</sup>
Early retirements	418	422
Funds for group companies that have been Transferred to Posten's Pension Fund	-577	-532
<b>CB</b>	<b>1,025</b>	<b>943</b>

<sup>1)</sup> Pertains to Stralfors

**Long-term receivables**

Long-term receivables include assets under management in excess of commitments for funded pension plans, as well as payroll tax receivables of SEK 2,165m, an increase of SEK 333m compared to December 31, 2006.

Actuarial assumptions (in accordance with IAS) %	2007	2006	2005
Discount rate	4.00	4.00	4.00
Expected return on assets under management	5.00	5.00	5.00

**Additional information****Posten Pension Fund, according to the Act on Safeguarding of Pension Undertakings**

Posten's Pension Fund guarantees the pension commitments for Posten AB, Posten Meddelande AB, and Posten Logistik AB. Transferred and realized funds from these companies totaled SEK 577m (400), and refunds issued from the Fund have totaled SEK 516m (476). After transfers of funds and disbursed refunds, the market value of the net assets totaled SEK 14,134m compared to SEK 13,712m on December 31, 2006. The market value exceeded outstanding commitments by SEK 2,572m compared to SEK 2,573m on December 31, 2006.

The fund's degree of consolidation as of September 30 totaled 122% (121%). The net return for the period January–September, less all costs and taxes, was 2.6% (3.0%).

Asset class at market value, SEKm	2007		2006	
	Sep 30	%	Dec 31	%
Index-linked bonds	4,962	35	4,979	36
Other interest-bearing assets	1,423	10	2,288	17
<b>Total interest-bearing assets</b>	<b>6,385</b>	<b>45</b>	<b>7,267</b>	<b>53</b>
Property	1,005	7	605	4
Stocks	3,780	27	3,434	25
Private Equity	404	3	218	2
Hedge funds	2,560	18	2,188	16
<b>Total other assets</b>	<b>7,749</b>	<b>55</b>	<b>6,445</b>	<b>47</b>
<b>Total</b>	<b>14,134</b>	<b>100</b>	<b>13,712</b>	<b>100</b>

**Note 6 Other provisions**

Statement of changes to other provisions, SEKm	2007	Provisions and reversals	Utilizations	2007
	Jan 1 OB			Sep 30 CB
<b>Allocated provisions</b>				
Closure provision, Cashier Service <sup>1)</sup>	1,109		-137	972
Closure provision, reorganization 2006	480	-1	-284	195
Other restructuring activities	52	-3	-42	7
Provision for disability benefits	102		-9	93
Provisions, future conditional pension benefits	1,496	69		1,565
Provision for payroll tax health insurance	155	3		158
Costs of premises, un-leased premises	45		-7	38
Early termination of contracts	37			37
Other provisions	193	-21	-35	137
<b>Total other provisions</b>	<b>3,669</b>	<b>47</b>	<b>-514</b>	<b>3,202</b>
<b>Of which current provisions</b>	<b>574</b>			<b>722</b>

Statement of changes to other provisions, SEKm	2006	Provisions, reversals and acquisitions	Utilizations	2006
	Jan 1 OB			Dec 31 CB
<b>Allocated provisions</b>				
Provision for future loss contract, Cashier Service <sup>2)</sup>	604			604
Closure provision, Cashier Service	705		-200	505
Closure provision, terminal network, Logistics	12	-2	-9	1 <sup>3)</sup>
Provision for downsizing, central administration, year 2004	16	-2	-10	4 <sup>3)</sup>
Provision for reorganization for former Production & Logistics	20	-1	-18	1 <sup>3)</sup>
Provision for downsizing and reorganization 2006		480		480
Provision for disability benefits	100	9	-7	102
Provisions, future conditional pension benefits	1,478	58	-40	1,496
Provision for payroll tax health insurance	164	12	-21	155
Other provisions	306	114	-124	296 <sup>5)</sup>
Additional in connection with acquisition of Stralfors		25		25 <sup>4)</sup>
<b>Total other provisions</b>	<b>3,405</b>	<b>693</b>	<b>-429</b>	<b>3,669</b>
<b>Of which current provisions</b>	<b>459</b>			<b>574</b>

<sup>1)</sup> The Parliament decided on June 14, 2007 that the Cashier Service may be closed, see page 6 for more details. Thus, all provisions for the Cashier Service are to be considered closure provisions.

<sup>2)</sup> The commitment regarding the Cashier Service is equivalent to a loss contract

<sup>3)</sup> The opening balance for 2007 includes the sum from the category "Other restructuring activities"

<sup>4)</sup> The opening balance for 2007 includes the sum from the category "Other provisions"

<sup>5)</sup> In the opening balance for 2007 the following were reported separately: SEK 45m for "Cost of premises, un-leased premises"; SEK 37 for "Early termination of contracts"; and SEK 46m for "Other re-structuring activities".

**Note 7 Assets pledged and contingent liabilities**

	2007	2006
SEKm	Sep 30	Dec 31
<b>Assets pledged</b>		
Endowment insurance policy for current and previous employees	96	96
Assets pledged as securities	27	22
<b>Total</b>	<b>123</b>	<b>118</b>
	2007	2006
SEKm	Sep 30	Dec 31
<b>Contingent liabilities</b>		
Warranty costs, FPG	78	78
Cashier Service <sup>1)</sup>		850
Residual value guarantee of leased property <sup>2)</sup>	18	171
Other guaranties	16	24
<b>Total</b>	<b>112</b>	<b>1 123</b>

<sup>1)</sup> On June 14, the Parliament decided to accept the Government's proposition concerning the state's responsibility to provide essential financial transaction services. Pending the Parliament's decision regarding Posten's involvement in the Cashier Service, Posten reported a contingent liability of SEK 850m for future losses due to the legal demand to provide a nationwide cashier service. Considering the Parliament's decision, these contingent liabilities have been eliminated.

<sup>2)</sup> Pertains to the Malmö mail terminal. This contingent liability means that, at the expiry of the contract, Posten must cover 90 percent of the part of the property's resale value which is below SEK 190m. The actual market value is estimated at SEK 170m. Thus, Posten's current liability is at SEK 18m.

**Note 8 Transactions with associated parties****Swedish State**

In accordance with the law for essential financial transaction services, Posten provides this via its fully-owned subsidiary Svensk Kassaservice AB. The Swedish Government appropriated SEK 300m (300) to support the provision of services in commercially unviable areas lacking suitable alternatives.

Posten has paid PTS SEK 8m (10) for permits to run postal operations, and 5m (4) for handling dead letters. Posten has received disability compensation of SEK 27m (30) from PTS for Braille services and services for 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 period, Posten paid premiums of SEK 181m (214) to the insurance association, and received compensation totaling SEK 10m (10). Other compensation from the association is paid directly to the beneficiaries. For Posten's interaction with Posten's Pension Fund, see Note 5.

**Note 9 Investment commitments**

As of September 30, 2007, Posten had entered into agreements for acquiring tangible fixed assets for a value of SEK 166m (346), primarily for sorting equipment and vehicles.

**Note 10 Acquisitions and divestments of operations**

In May 2007 Posten acquired through Stralfors AB 100 percent of the shares in Medigrafik A/S in Copenhagen, now called Stralfors Medigrafik A/S, and in AB Cerbo Göteborg, now called Stralfors Göteborg AB. Cash paid for these shares total SEK 123m. The acquisition has increased intangible assets by SEK 84m. The companies are leading manufacturers of printed packaging material to the pharmaceutical industry, and together have sales of SEK 146m, with approximately 100 employees.

In September, Posten AB has acquired 100% of the shares in Suomen Logistiikkatalo Oy. Cash paid for these shares total SEK 86m, and have increased intangible assets by SEK 85m. The company is in the business of third party logistics, and its customers supply fast-moving consumer goods and reserve parts. The acquisition analyses are still preliminary.

During the period Posten has divested its 50 percent holdings in Laser-max Roll Systems AB, with net sales of SEK 440m, and about 200 employees. The sale resulted in capital gains of SEK 22m in the business segment Stralfors.



## Parent company financial statements

### Income statement – parent company

SEKm	Note	2007		2006		
		Jan–Sep	Jul–Sep	Jan–Sep	Jul–Sep	Full year
Net Sales <sup>1)</sup>	1	1,539	492	14,494	4,538	20,033
Other operating income		138	49	310	108	401
<b>Total income</b>		<b>1,677</b>	<b>541</b>	<b>14,804</b>	<b>4,646</b>	<b>20,434</b>
Personnel costs		–461	–123	–7,043	–2,156	–9,800
Transportation costs				–2,651 <sup>2)</sup>	–887 <sup>2)</sup>	–3,683 <sup>2)</sup>
Other costs	2	–1,266	–402	–3,692 <sup>2)</sup>	–1,153 <sup>2)</sup>	–5,810 <sup>2)</sup>
Depreciation and impairments		–46	–15	–336	–106	–457
<b>Total operating costs</b>		<b>–1,773</b>	<b>–540</b>	<b>–13,722</b>	<b>–4,302</b>	<b>–19,750</b>
<b>OPERATING EARNINGS</b>		<b>–96</b>	<b>1</b>	<b>1,082</b>	<b>344</b>	<b>684</b>
Earnings from participations in group companies		178	45	148	64	163
Earnings from other securities and receivables which are fixed assets		3	3	0	0	0
Interest income and similar income items		161	57	88	27	126
Interest expense and similar cost items		–102	–51	–46	–10	–64
<b>Total financial items</b>		<b>240</b>	<b>54</b>	<b>190</b>	<b>81</b>	<b>225</b>
<b>EARNINGS AFTER FINANCIAL ITEMS</b>		<b>144</b>	<b>55</b>	<b>1,272</b>	<b>425</b>	<b>909</b>
Depreciation in excess of plan						–146
Tax		–51	–15	–368	–92	–183
<b>NET EARNINGS</b>		<b>93</b>	<b>40</b>	<b>904</b>	<b>333</b>	<b>580</b>

<sup>1)</sup> In the scope of Posten's new operational structure, the parent company operations include shared corporate services for the business segments as of January 1, 2007. Thus, net sales in 2007 refer to sales of these services. Net sales for 2006 however, are comprised of messaging and logistics services, which started being sold via the business segments Posten Messaging and Posten Logistics in January 1, 2007.

<sup>2)</sup> Reclassifications have been made from Transportation costs to other costs, mail processing facility fees of SEK 154m for Jan–Sep 2006, SEK 55m for Jul–Sep 2006, and SEK 215m for the full year 2006.

### Balance sheets – parent company

SEKm	Note	2007	2006
		Sep 30	Dec 31
<b>ASSETS</b>			
Intangible fixed assets		40	195
Tangible fixed assets		174	1,554
Financial fixed assets	3	6,081	4,239
<b>Total fixed assets</b>		<b>6,295</b>	<b>5,988</b>
Inventory		20	31
Current receivables		2,491	4,150
Short-term investments		2,550	2,913
Cash and bank balances		839	277
<b>Total current assets</b>		<b>5,900</b>	<b>7,371</b>
<b>TOTAL ASSETS</b>		<b>12,195</b>	<b>13,359</b>
<b>EQUITY, PROVISIONS AND LIABILITIES</b>			
Equity		4,544	4,851
Untaxed reserves		146	146
Provisions		1,451	3,041
Long-term liabilities		411	429
Current liabilities		5,643	4,892
<b>EQUITY, PROVISIONS AND LIABILITIES</b>		<b>12,195</b>	<b>13,359</b>

For the parent company's pledged assets and contingent liabilities, see Note 5.

## Notes – Parent Company

### Note 1 Accounting principles

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 2006 Annual Report.

### Note 2 Other costs

SEKm	2007	2006	
	Jan-Sep	Jan-Sep	Full year
Cost of premises	397	926	1,296
Provisions/reversals	-25	6	592
Mail processing facility fees		758	1,040
Costs of goods and material	102	151	233
Other	792	1,851	2,649
<b>Total</b>	<b>1,266</b>	<b>3,692</b>	<b>5,810</b>

### Note 3 Non-current financial assets

SEKm	2007	2006
	Jan-Sep	Jan-Dec
<b>OB</b>	<b>4,239</b>	<b>2,179</b>
Acquisition/establishment of subsidiaries	86	2,049
Capital infusion	2,205	5
Other changes	-449	6
<b>CB</b>	<b>6,081</b>	<b>4,239</b>

### Note 4 Transactions with associated parties

#### Swedish State

Posten AB has paid PTS SEK 8m (10) for permits to run postal operations.

#### Other organizations

Posten's insurance association insures Posten's commitments for employee disability and family pensions in accordance with ITP-P. During the period, Posten AB paid premiums of SEK 12m (184) to the insurance association, and received compensation totaling SEK 8m (8). Received compensation also includes payments for Posten Messaging AB and Posten Logistik AB.

For a more detailed description of Posten AB's relationship with Posten's Pension Fund, see note 5 under Group.

### Note 5 Assets pledged and contingent liabilities

SEKm	2007	2006
	Sep 30	Dec 31
<b>Assets pledged</b>		
Endowment insurance policy for current and previous employees	92	95
Assets pledged as securities		7
<b>Total</b>	<b>92</b>	<b>102</b>
SEKm	2007	2006
	Sep 30	Dec 31
<b>Contingent liabilities</b>		
Warranty costs, FPG	730	730
Guaranties for subsidiaries' benefit <sup>1)</sup>	158	148
Guaranties for joint ventures' benefit	93	85
Residual value of leased properties <sup>2)</sup>	18	171
Other guaranties	3	3
<b>Total</b>	<b>1,002</b>	<b>1,137</b>

<sup>1)</sup> As of September 30, 2007, Posten AB has pledged a total of SEK 76 (70)m in capital adequacy guarantees for the benefit of its subsidiaries.

<sup>2)</sup> Attributable to the Malmö mail processing facility. The contingent liability implies that upon expiry of the contract, Posten must cover 90 percent of the part of the property's resale value which is below SEK 190m. Current market value is estimated at SEK 170m. Thus Posten's current liability totals SEK 18m.

## Quarterly data

SEKm, unless otherwise specified	2007				2006				2005			
	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec
Net Sales	6,821	7,358	7,704	7,940	6,757	6,567	6,559	6,992	5,933	6,261	6,091	
Operating earnings	560	545	843	-159	531	424	646	339	548	221	173	
Operating margin, %	8,1	7,4	10,9	-2,0	7,8	6,4	9,7	4,8	9,2	3,5	2,8	
Earnings after financial items	622	588	893	-119	564	449	684	341	566	219	176	
Net earnings	453	431	614	-300	449	323	541	539	558	204	177	
Cash flows from operating activities	-212	673	773	1,512	-53	690	453	1,228	-98	612	509	
ROE, % rolling 12 months	18	19	18	19	35	40	39	34	35	35	33	
Equity-assets ratio, % at end of period	39	36	36	33	36	33	35	33	30	27	26	
Average number of employees	33,887	32,699	32,279	34,142	35,402	32,540	31,496	32,767	34,929	33,267	33,117	
Average number of employees, from the beginning of the year to end of period	32,955	32,489	32,279	33,395	33,146	32,018	31,496	33,520	33,771	33,192	33,117	
ViP, Employee Satisfaction Index	66	65	65	64	64	63	63	63	63	62	63	
CSI, Customer Satisfaction Index	63	63	63	62	62	62	61	61	61	62	63	

## Definitions

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

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

**Customer Satisfaction Index (CSI):** CSI is a performance metric that reflects achievement relating to the customer satisfaction target. A total of 15,000 customer interviews are conducted among Swedish businesses and consumers regularly throughout the year and reported on a quarterly basis. Fourth-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 and a holistic assessment of service quality. As of the first quarter of 2007 the principles for weighting of the total index have been changed but will have only a marginal impact.

**Distance trading:** Purchases of primarily finished products done from a distance when the physical store is replaced by the Internet, telephone, TV or mail-order - mainly to consumers.

**Equity-assets ratio:** Equity at the end of the period in relation to the year-end total assets.

**Interest-bearing net claims:** Net financial assets including cash and cash equivalents minus interest-bearing provisions and liabilities.

**Non-priority Mail:** Mail that enters the production flow for distribution within three days after acceptance.

**Operating margin:** Operating earnings as a percentage of operating income (net sales and other operating income).

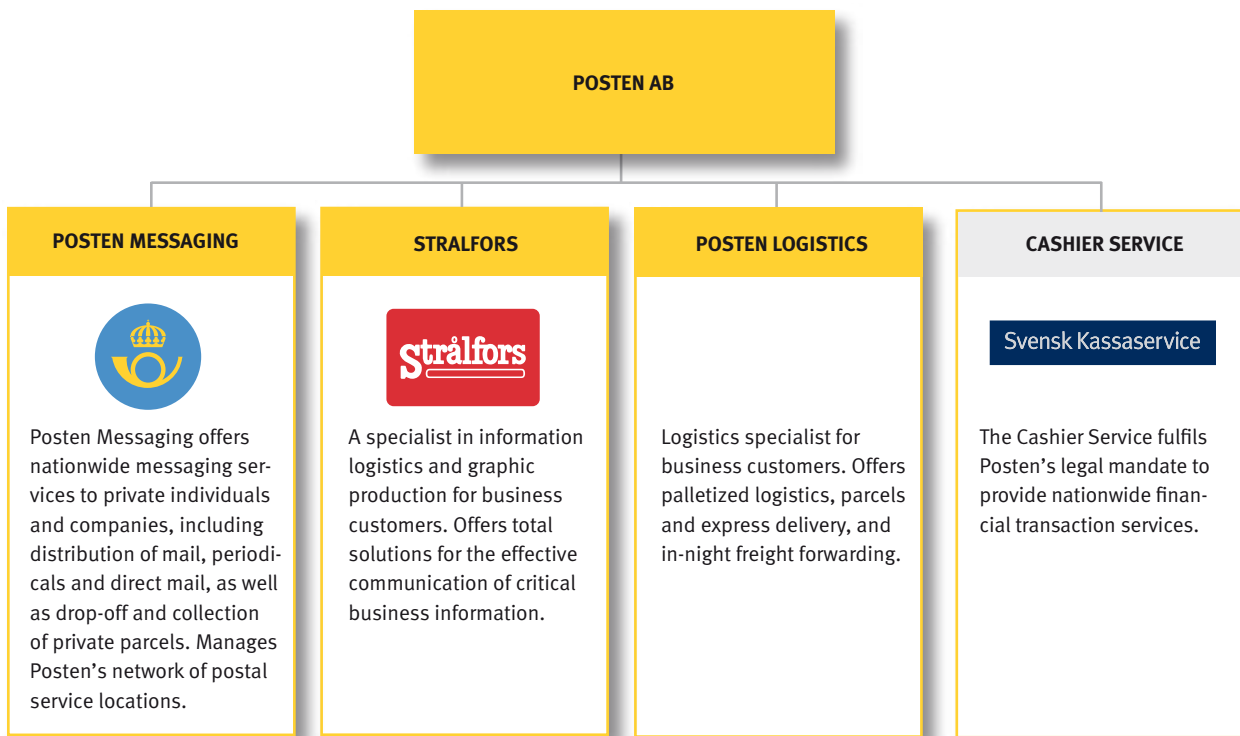
**Priority Mail:** Mail that enters the production flow for distribution one day after acceptance.

**Return on equity (ROE):** The period's earnings rolling 12 months in relation to average equity rolling 12 months.

**Sickness absenteeism:** The rate of sickness absenteeism is calculated by placing the number of sickness absenteeism hours in relation to contracted work time. Contracted work time refers to collective agreements and employment agreements. Sickness absenteeism information refers only to employees in Sweden.

**ViP Index:** ViP is a performance indicator that measures achievement relating to the employee dedication target. Measurements are performed regularly throughout the year through surveys. At least once a year, employees are provided the opportunity to evaluate their immediate supervisor and advancement horizons, as well as to rate their overall work situation. The ViP index includes all employees in Sweden with the exception of Cashier Service and Stralfors.

# Operational structure



## A corporation for increased effectiveness and competitiveness

In order to increase competitiveness for Posten as a whole and for the main business segments Messaging, Stralfors and Logistics, Posten has begun working in a new operational structure as of January 1, 2007. Between 2004–2006, Posten has worked with goal-oriented change processes within the framework of a functional organization. The acquisition of Stralfors and an identified need to further specialize the messaging and logistics segments meant that the organization was no longer optimal.

The new structure creates better conditions for the three main business segments to develop on their respective markets. With a more effective organization, a more defined service offer, and improved focus on cultivating customer relations, Messaging, Stralfors and Logistics can also boost their customers' competitiveness.

In a long-term perspective, the new and more effective structure is a condition for Posten to fulfill its universal service obligation and maintain world-class quality.



Posten connects people and organizations around the world by delivering mail promptly, reliably and cost-effectively. We drive value creation by combining conventional postal services and convenient electronic solutions, and integrating these services into customer businesses. With approximately 4,000 retail service outlets, we provide daily service to 4.5 million homes and 900,000 businesses in Sweden. Every day we handle close to 20 million pieces of mail. With sales of nearly SEK 30 billion and more than 30,000 employees, the group is one of the largest in Sweden. The group's parent, Posten AB (publ), is wholly owned by the Swedish state. For more information, please visit our website at [www.posten.se](http://www.posten.se)

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