Posten Interim Report

January–September 2005

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Financial calendar:
Interim Report Jan.–Sept. October 28, 2005

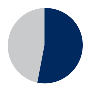
Every care has been taken in the translation of this interim report. In the event of discrepancies, however, the Swedish original will supersede the English translation.

Business operations

Messaging & Logistics

Administrative Mail

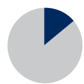
Share of consolidated operating income, 53%



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

Direct Mail

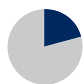
Share of consolidated operating income, 14%



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

Logistics

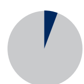
Share of consolidated operating income, 27%



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

Cashier Service

Share of consolidated operating income, 6%



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

Interim Report January–September 2005

- Net sales totaled SEK 18,285m (18,215)
- Operating earnings totaled SEK 942m (784). Last year's operating earnings included capital gains of SEK 206m
- After-tax earnings totaled SEK 939m (884). Last year's figure included a positive tax effect of SEK 163m resulting from an accounting change
- Equity-assets ratio was 30 percent (24)
- Cash flows from operating activities totaled SEK 1,023m (557)

Quarterly data

	2005				2004[1]					
Key financials (SEK m unless otherwise specified)	Jan.–Sept.	July–Sept.	April–June	Jan.–March	Full Year	Oct.–Dec.	Jan.–Sept.	July–Sept.	April–June	Jan.–March
Net sales	18,285	5,933	6,261	6,091	25,120	6,905	18,215	5,699	6,263	6,253
Operating earnings	942	548	221	173	1,115	331	784	436	131	217
After-tax earnings	939	558	204	177	1,297	413	884	401	123	360
Operating margin[2], %	5	9	4	3	4	5	4	8	2	3
Equity, end of period	4,533	4,533	3,985	3,896	3,702	3,702	3,291	3,291	2,920	2,802
ROE, %, rolling 12 months	35	35	35	33	42	[3]	[3]	[3]	[3]	[3]
Equity-assets ratio, %, end of period	30	30	27	26	25	25	24	24	20	20
Cash flows from operating activities	1,023	–98	612	509	1,692	1,135	557	–106	318	345
Cash flows before financing activities	–880	119	–598	–401	1,462	1,635	–173	229	–19	–383
CSI, Customer Satisfaction Index	61	61	62	63	63	63	63	63	62	61
ViP employee satifaction index (excl Cashier Service)	63	63	62	63	62	62	62	62	61	61
ViP employee satifaction index, Cashier Service	72	72	71	71	67	67	66	66	66	65
Average number of employees, 1/1/2005 to end of period	33,771	33,771	33,192	33,117	35,731	35,731	36,068	36,068	35,465	35,302

1) Restated to IFRS except for IAS 39, Financial Investments, which has been applied as of January 1, 2005, see pages 11–23 for more information.
2) Operating margin: operating earnings divided by net sales.
3) Comparative data have not been provided, since 2003 figures have not been restated under IFRS.

Message from the CEO

Posten reported earnings for the first three quarters of 2005 of nearly one billion Swedish kronor. The company has strengthened its financial position.

We are seeing growth both in Direct Mail and Logistics, and efficiency improvements are offsetting declining mail volume.

The change process outlined in Posten's 2004-2006 action plan is moving ahead on schedule. The change effort aims to cut costs and increase revenues. Productivity has during the year improved by two percent.

We continue to await a Government statement on the future of nationwide essential financial transaction services.

We have agreed to extend and broaden the scope of existing contracts with our key strategic partners ICA, Axfood and OKQ8. And in early 2006, Posten will more clearly define the range of products and services it offers consumer customers.

The rate of change in Europe's message-forwarding and logistics market has never been higher than during 2005, mainly due to pre-deregulation planning and tougher competition.

Our firm financial footing, recognized delivery performance quality and strong position in the Nordic region give us the freedom of action needed to respond to growing competition and changes in the marketplace.

Erik Olsson

Operating income

Interim reporting period, January–September

Net sales were SEK 18,285m (18,215) and other operating income totaled SEK 210m (372), an aggregate change of SEK –92m. Excluding capital gains, business divestments and exchange-rate effects related to the settlement of accounts with other national postal operators totaling SEK 446m, revenue grew by SEK 354m, which is attributable to higher Direct Mail and Logistics sales. Sales were lower for Administrative Mail and Cashier Service.

Quarter three

Year on year, net sales totaled SEK 5,933m (5,699) and other operating income totaled SEK 50m (240). Higher net sales are attributable to heavier Direct Mail and Logistics volumes. Lower other operating income is explained primarily by capital gains in the third quarter of 2004.

Operating earnings

Interim reporting period, January–September

Operating earnings totaled SEK 942m (784). The operating earnings figure includes capital gains totaling SEK 0m (206).

Operating earnings also includes provisions totaling SEK 8m (135). Excluding provisions and capital gains, operating earnings totaled SEK 950m (713), an improvement of SEK 237m. The improvement in operating earnings is attributable to operating improvements, lower costs and higher revenue. Productivity grew by two percent year over year.

Personnel costs totaled SEK 8,941m (9,138), a decline of SEK 196m mainly attributable to efficiency improvements. Personnel cutbacks have offset increased payroll expenses.

Other external costs grew SEK 151m to SEK 7,846m (7,695). Increased costs are mainly attributable to higher transportation costs owing to higher sales in Direct Mail and Logistics as well as fuel price increases. Costs pertaining to exchange-rate effects related to the settlement of accounts with other national postal operators have also increased but this had only a marginal effect on earnings due to a corresponding increase in revenues.

Depreciation and amortization decreased by SEK 78m, mainly due to an accounting change for goodwill as well as last year's write-downs.

Quarter three

Year on year, operating earnings totaled SEK 548m (436). Excluding the capital gain in the third quarter of 2004, operating earnings grew by SEK 271m.

After-tax earnings

Interim reporting period, January–September

After-tax earnings totaled SEK 939m (884), comprising net financial items of SEK 19m (–47) and tax expense of SEK –22m (147). The higher net financial items figure is explained by higher interest-bearing net receivables and lower interest expense on pension liabilities. Tax comprises current tax of SEK –30m (–17) and deferred tax of SEK 8m (164). After-tax earnings for the year-ago period included the reversal of a previously written down deferred tax credit totaling SEK 163m owing to a 2004 accounting change (RR 29).

Quarter three

After-tax earnings totaled SEK 558m (401). The tax expense was SEK –8m (–17) in the third quarter.

Cash flows

Interim reporting period, January–September

Operating activities

Cash flows from operating activities totaled SEK 1,023m (557), of which SEK 1,298m (1,613) is attributable to cash flows before changes in working capital.

Cash flows relating to expenses regarding previously made provisions totaled SEK –216m; cash flows relating to the funding of pensions and pension payments totaled SEK –496m. Working capital changed by SEK –375m, which is explained mainly by a seasonal decline in the vacation pay liability.

Investing activities

Cash flows from investing activities totaled SEK –1,903m (–730). Under the new international accounting standards, IFRS, investments in securities with maturities of greater than 3 months are treated as investments and are no longer included in liquid assets. Under this rule, investments in securities total SEK 1,385m (462).

Investments in tangible and intangible fixed assets totaled SEK 526m (595), of which tangible account for SEK 518m (543). Adapting the mail processing network to weaker volume of Priority Mail and heavier parcel volume has entailed investments in machinery totaling SEK 130m. Investments were also primarily made in new vehicles as well as in tangible fixed assets investments in Posten's Danish and Norwegian DPD businesses, Direct Parcel Distribution, totaling SEK 56m.

Cash flows before financing activities totaled SEK –880m (–173).

Financing activities

Cash flows from financing activities totaled SEK –248m (48). The change from January to September is explained mainly by the issuance of dividends totaling SEK 152m.

Cash flows for the period

Liquid assets have decreased by SEK 1,128m to SEK 2,985m. The reclassification of investments in securities with maturities greater than 3 months at the time of investment, under IFRS, has decreased liquid assets by SEK 1,479m as compared to previous accounting principles.

Financial position

Total assets amounted to SEK 14,880m, up SEK 57m since December 31, 2004, when it totaled SEK 14,823 restated to IFRS. The change in goodwill is attributable solely to exchange-rate differences, as goodwill is reported in functional currencies.

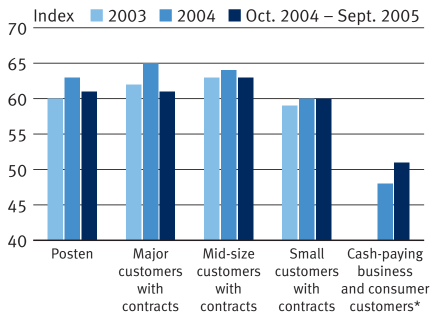
Equity

Equity totaled SEK 4,533m, an increase of SEK 831m since December 31, 2004, when it totaled SEK 3,702m restated to IFRS. A dividend totaling SEK 152m was issued during the period. Of equity, SEK 4,525m is attributable to Parent Company shareholders and SEK 8m relates to minority interests. The 2005 opening balance has been restated owing to the adoption of IAS 39, affecting equity by SEK –6m (see Accounting Change, page 12). Rolling 12-month return on equity (ROE) was 35 percent, compared to 42 percent for full-year 2004.

Equity-assets ratio

The equity-assets ratio was 30 percent (24). As of December 31, 2004, the equity-assets ratio was 25 percent. The increase is attributable to the period's positive financial results.

CSI TREND, POSTEN GROUP OVERALL AND BY CUSTOMER GROUP



CSI based on rolling full-year model

*) No survey in 2003

CSI, Customer Satisfaction Index

In the third quarter Posten's customer satisfaction rating declined one point to 61 compared to the preceding quarter. Business customers accounted for most of the decline. Posten's CSI rating for cash-paying business and consumer customers continued to rise.

Customers give Posten high ratings for delivery performance as well as for overall mail delivery. Most customers also are satisfied with the breadth of Posten's offering, and smaller customers note improvements in postal service.

Business customers are demanding custom solutions and simpler administrative routines. In the coming year Posten will focus on improving customer satisfaction across these customer groups. To achieve this Posten will initiate action early next year aimed at more clearly defining its local service network. Posten is growing its presence and moving ahead with efforts to simplify administrative and billing routines.

Employees

The average number of employees was 33,771, a decline of 2,297 year over year. Of the decrease, 867 were attributable to divested businesses. Cutbacks in the production and Cashier Service arms have reduced the average number of employees by 1,430.

Segment reporting

Messaging and Logistics

Interim reporting period, January–September

- Operating income totaled SEK 17,690m (17,735)
- Operating earnings totaled SEK 778m (700)
- Investments totaled SEK 523m (557)
- Average number of employees was 32,292 (34,267)

Market trends

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

Changing customer behavior leads to changes in the postal market. In the European Union there are discussions about the contours of deregulation in the run-up to the next postal directive.

Major postal operators are expanding through international acquisitions. Others are seeking strategic partner networks with the aim of tapping into customer business elsewhere in the world. The traditional partnerships between national postal operators are being dismantled in favor of individual networks.

The Nordic letter mail market is worth 50 billion Swedish kronor, of which Sweden accounts for 22 billion. Electronic substitution and growing competition, mainly in the major metropolitan regions, are weighing on traditional letter mail services, eroding Priority Mail and Economy Mail volume.

Posten customers are improving administrative efficiency and seeking new methods of communicating with customers by offering e-services. Growing Internet maturity makes possible new solutions and in turn drives development. In the consumer market, for instance, the number of e-bills grew from 1.5 million to 5 million in 2004.

Direct Mail is experiencing strong growth, driven both by increased overall media spending and a growing share of direct mail.

The logistics market is characterized by heavy competition from both multinational logistics groups as well as local companies. International offerings, broader service offerings and more efficient technology solutions are becoming increasingly important.

One of the biggest global mergers involved Deutsche Post World Net's acquisition of Exel. Finland Post recently acquired the Danish logistics company Combifragt, which is present in Denmark, Estonia, Latvia and Lithuania. The national Nordic postal companies also are growing their presence in the Swedish market. Efficient logistics solutions are key to creating profitability and competitive advantages for many companies. The Nordic logistics market is worth 200 billion Swedish kronor, with annual growth of five percent. Posten is strongest in parcels weighing up to 35 kilos.

Operating income

Operating income by product category (SEK m)	2005 Jan.–Sept.	2004 Jan.–Sept.	Change		2004 Full Year
Administrative Mail	9,707	9,847	–140	–1%	13,503
Direct Mail	2,598	2,421	177	7%	3,415
Logistics	4,995	4,901	94	2%	6,749
Other	390	566	–176	–31%	763
Total operating income	**17,690**	**17,735**	**–45**	**0%**	**24,430**

Administrative Mail

Excluding capital gains, business divestments and exchange-rate effects related to the settlement of accounts with other national postal operators totaling SEK 18m, the change was SEK –122m. Rate increases within Administrative Mail have partially offset lower Economy Mail and Priority Mail volume.

Direct Mail

Higher revenue is attributable to heavier volume in both addressed and unaddressed direct mail.

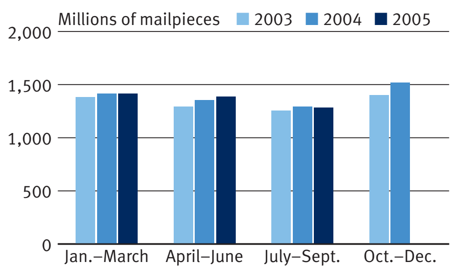
Logistics

Excluding business divestments totaling SEK 253m, the improvement was SEK 347m. The increase in sales relates mainly to DPD parcels as well as palletized shipping and in-night transportation within Sweden.

Other business

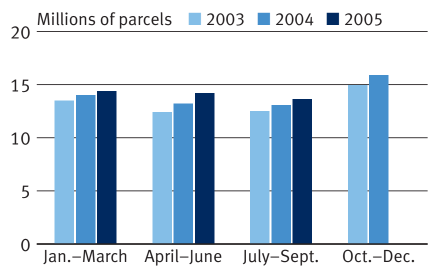
The change owes to last year's capital gain of SEK 175m.

MAIL VOLUME, EXCLUDING PARCELS



Volumes encompasses Priority Mail, EconomyMail, periodicals as well as addressed and unaddressed directmail. In quarter three volume declined by one percent compared to the same period last year. Priority Mail declined by 4 percent.

PARCEL VOLUME



Parcel volume shown excluding that of divested companies. In quarter three volume grew by 6 percent compared to the same period last year.

Operating earnings

Operating earnings totaled SEK 778m (700). Operating earnings includes provisions totaling SEK 8m (125) and capital gains totaling SEK 0m (206). The improvement in operating earnings is mainly attributable to efficiency improvements and lower costs.

Personnel costs totaled SEK 8,549m (8,688), a decline of SEK 138m mainly attributable to efficiency improvements. Personnel cutbacks have offset higher payroll costs.

Other external costs rose SEK 211m to SEK 7,645m (7,434). Increased costs are mainly attributable to higher transportation costs owing to higher sales in Direct Mail and Logistics as well as fuel price increases. Costs pertaining to exchange-rate effects related to the settlement of accounts with other national postal operators have also increased but this has a marginal effect on earnings due to a corresponding increase in revenues.

Depreciation and amortization decreased by SEK 80m, mainly due to an accounting change for goodwill as well as last year's write-downs.

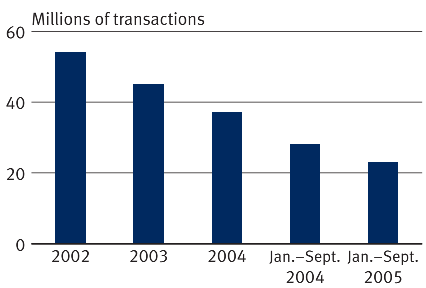
Investments

Investments totaled SEK 523m (557). The adaptation of the Swedish mail processing facility network in response to declining Priority Mail and growing parcel volume has entailed investments in machinery totaling SEK 130m. Other investments primarily relate to the acquisition of new vehicles as well as SEK 56m in investments already being made in Posten's Danish and Norwegian Direct Parcel Distribution (DPD) businesses.

Employees

The average number of employees was 32,292, a decline of 1,975 year over year. Of the decrease, 867 were attributable to divested businesses. The employee satisfaction ViP score was 63 (62).

CASHIER SERVICE TRANSACTION VOLUME



The number of transactions fell 20 percent compared to the same period last year.

Quarter three

Operating income by product category (SEK m)	2005 July–Sept.	2004 July–Sept.	Change		2004 Full Year
Administrative Mail	3,058	2,927	131	4%	13,503
Direct Mail	883	824	59	7%	3,415
Logistics	1,686	1,624	62	4%	6,749
Other	101	275	–174	–63%	763
Total operating income	**5,728**	**5,650**	**78**	**1%**	**24,430**

Administrative Mail

Higher revenue is mainly attributable to rate increases and higher stamp sales.

Direct Mail

Higher revenue is explained by heavier volume in both addressed and unaddressed direct mail.

Logistic

Excluding business divestments totaling SEK 72m, the improvement was SEK 134m. The increase in sales relates mainly to DPD parcels as well as palletized shipping and in-night transportation within Sweden.

Other business

The change owes to last year's capital gain of SEK 159m.

Operating earnings

Operating earnings totaled SEK 483m (374).

Investments

Investments totaled SEK 196m (173).

Cashier Service

Interim reporting period, January–September

- Operating income totaled SEK 1,061m (1,177)
- Operating earnings, including SEK 300m (300) in state reimbursements, totaled SEK 164m (94)
- Operating earnings, including closure costs and state reimbursements, totaled SEK 65m (–81)
- Investments totaled SEK 3m (38)
- Average number of employees was 1,479 (1,801)

Market trends

The subsidiary Svensk Kassaservice meets the terms of Posten's legal mandate to provide essential financial transaction services on a nationwide basis. Today there are 717 branches or points of service, of which 239 are operated by local strategic partners. In addition, Posten's rural letter carriers provide bill-payment and check-cashing services.

The market for teller-facilitated transaction services is steadily shrinking in Sweden. New technological advancements are helping to reduce customers' reliance on retail outlets. The incremental action taken by Posten in response to this trend has had tremendous results. Year over year, Svensk Kassaservice saw a 20-percent decline in transactions in quarter three.

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

Operating income and operating earnings

Operating earnings, including reimbursement from the Government totaling SEK 300m (300), totaled SEK 1,061m (1,177), a decline of SEK 116m. Operating earnings, including closure costs and reimbursements from the Government, totaled SEK 65m (-81).The improvement is temporary and has been achieved through the continual adaptation of production costs, mainly personnel costs, to lighter volume.

Employees

The average number of employees was 1,479, a decrease of 322 year over year. The employee satisfaction rating (ViP) increased one point to 72. The number of employees will continue to fall in line with further cutbacks.

Parent Company

The subsidiary Posten Sverige AB was merged with the Parent Company Posten AB (publ) on March 1, 2005. Under the merger, all Posten Sverige AB operations were transferred to Posten AB (publ). Comparative figures from 2004 have not been restated.

Following the merger, Parent Company net sales account for 73 percent of Posten's overall net sales, and the average number of employees comprise 78 percent of Posten's total average number of employees. After the merger, equity now totals SEK –1,301m.

Accounting principles

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

Posten will no longer report the effect of IAS 17 (Leases) on Parent Company earnings. Posten has chosen not to apply IAS 17 to legal entities for tax reasons. The effect on earnings was SEK 4m as of March 31 and SEK 9m as of June 30.

Financial results for the period

Net sales for the period totaled SEK 13,703m (0), and earnings after financial items totaled SEK 758m (17). Investments totaled SEK 257m (0), and liquid assets were SEK 2,893m (1,734).

In April the Parent Company acquired a further 31.25-percent equity position in the subsidiary HIT Finland Oy, which now is wholly owned.

Reporting in accordance with IFRS

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

2006 meeting of shareholders

The meeting of shareholders will be held on April 26, 2006 at Posten headquarters: Terminalvägen 24, Solna, Kristinasalen. For more information, point your web browser to www.posten.se.

Stockholm, October 28, 2005

Posten AB (publ)

Erik Olsson
President and CEO

Message from the auditors

We have reviewed this financial report in accordance with FAR's recommendation. A review is far more limited in scope and detail than an audit. During the course of our review we have not found any indication that the report does not meet the requirements set out in stock exchange regulations and annual report legislation.

Stockholm, October 28, 2005

KPMG Bohlins AB
Stefan Holmström
Authorized accountant

Staffan Nyström
Authorized accountant
Appointed by
State Audit Institution

Consolidated financial statements

Posten's consolidated income statements

SEK m	Note	2005 Jan.–Sept.	2005 July–Sept.	2004[1] Jan.–Sept.	2004[1] July–Sept.	2004[1] Full Year
Net sales		18,285	5,933	18,215	5,699	25,120
Other operating income		210	50	372	240	440
Total operating income	2	**18,495**	**5,983**	**18,587**	**5,939**	**25,560**
Personnel expenses		−8,942	−2,646	−9,138	−2,793	−12,227
Other external expenses						
– External costs		−7,846	−2,537	−7,695	−2,448	−10,513
– Provisions [2]	3	−8	0	−135	1	−397
Depreciation and amortization of tangible and intangible fixed assets		−757	−252	−835	−263	−1,308
Total operating expenses		**−17,553**	**−5,435**	**−17,803**	**−5,503**	**−24,445**
Operating earnings		**942**	**548**	**784**	**436**	**1,115**
Financial items		**19**	**18**	**−47**	**−18**	**−36**
Earnings after financial items		**961**	**566**	**737**	**418**	**1,079**
Tax		−22	−8	147	−17	218
After-tax earnings		**939**	**558**	**884**	**401**	**1,297**
Attributable to:						
Parent Company shareholders		935	556	877	397	1,293
Minority interest		4	2	7	4	4

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

2) Mainly personnel costs.

Posten's consolidated statements of cash flows

SEK m	2005 Jan.–Sept.	2004[1] Jan.–Sept.	2004[1] Full Year
Cash flows from operating activities before changes in working capital	1,398	1,613	1,799
Changes in working capital	−375	−1,056	−107
Cash flows from operating activities	**1,023**	**557**	**1,692**
Cash flows from investing activities	−1,903	−730	−230
Cash flows before financing activities	**−880**	**−173**	**1,462**
Cash flows from financing activities	−248	48	33
Cash flows for the period	**−1,128**	**−125**	**1,495**
Liquid funds, beginning of period	4,113	2,618	2,618
Liquid funds, close of period	2,985	2,493	4,113

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

Posten's consolidated balance sheets

SEK m	Note	9/30/2005	12/31/2004[4]
ASSETS			
Fixed assets			
Goodwill[1]		1,008	963
Other intangible fixed assets		317	383
Tangible fixed assets		3,363	3,533
Financial fixed assets[2]		1,641	1,412
Deferred tax credit[2]		608	608
Total fixed assets		**6,937**	**6,899**
Current assets			
Inventory		81	96
Current receivables		3,398	3,621
Short-term investments		1,479	94
Liquid assets		2,985	4,113
Total current assets		**7,943**	**7,924**
TOTAL ASSETS		**14,880**	**14,823**

SEK m	Note	9/30/2005	12/31/2004[4]
EQUITY AND LIABILITIES			
Equity			
Attributable to:			
Parent Company shareholders		4,525	3,695
Minority interest		8	7
Total equity		**4,533**	**3,702**
Long-term liabilities			
Interest-bearing liabilities		1,108	1,406
Non-interest-bearing liabilities		106	106
Deferred tax liabilities[3]		3	9
Pension provisions	3	658	593
Other provisions	3	3,125	3,214
Total long-term liabilities		**5,000**	**5,328**
Current liabilities			
Interest-bearing liabilities		609	479
Non-interest-bearing liabilities		4,392	4,861
Other provisions	3	346	453
Total current liabilities		**5,347**	**5,793**
TOTAL EQUITY AND LIABILITIES	**14,880**	**14,823**	

[1] Goodwill reported separately as of 2005.

[2] Deferred tax credit separate line item as of 2005; Financial fixed assets have been reclassified.

[3] Line item renamed as of 2005 (previously Deferred tax provision).

[4] Restated under IFRS. For more information see pages 11–23.

Changes in equity

Changes in consolidated equity

	2005	2004	
SEK m	1/1–9/30	1/1–9/30	1/1–12/31
Equity, beginning of period	**3,702**	**2,727**	**2,727**
Adjustment of opening balance, IFRS		–287	–287
Effect of accounting change, IAS 39[1]	–6		
Adjusted opening balance	**3,696**	**2,440**	**2,440**
Translation differences for the year	50	–33	–35
Dividend[2]	–152		
Net earnings	939	884	1,297
Equity, end of period	**4,533**	**3,291**	**3,702**
Attributable to:			
Parent Company shareholders	4,525	3,285	3,695
Minority interest	8	6	7
Total	**4,533**	**3,291**	**3,702**

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

[2] Dividend of SEK 150m issued by Parent Company to shareholders; and from Addresspoint International AB to minority interest of SEK 2m.

Notes

Note 1 Accounting and valuation principles

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

Accounting change
On January 1, 2005, Posten AB began applying new accounting principles under IFRS. Posten has elected to apply the following alternatives made available under IFRS 1:

- Business combinations. No application of IFRS 3 prior to the conversion to IFRS on January 1, 2004.
- Fair value or restated value, tangible and intangible fixed assets. Posten reports these assets at the acquisition value less depreciation and amortization.
- Translation differences related to the translation of foreign subsidiaries' financial statements up until December 31, 2003 will be transferred to equity as of January 1, 2004. Post-December 31, 2004 translation differences will be reported as a separate component in the equity line item.
- Financial instruments. Posten applies the exception under which it is not required to restate comparative 2004 figures.
- Effect of conversion to IAS 39 as of January 1, 2005.

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

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

Note 2 Reporting of business segments

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

January–September 2005 and 2004

INCOME AND EARNINGS	Messaging & Logistics		Cashier Service		Elimination		Consolidated	
SEK m	2005 Jan.–Sept.	2004 Jan.–Sept.	2005 Jan.–Sept.	2004 Jan.–Sept.	2005 Jan.–Sept.	2004 Jan.–Sept.	2005 Jan.–Sept.	2004 Jan.–Sept.
Operating income, external	17,463	17,459	732	828				
Reimbursement, Swedish Government			300	300				
Operating income, internal	227	276	29	49	–256	–325		
Total operating income	**17,690**	**17,735**	**1,061**	**1,177**	**–256**	**–325**	**18,495**	**18,587**
Operating earnings by business segment	**778**	**700**	**164**	**94**			**942**	**794**
Unallocated provisions								–10
Operating earnings							**942**	**784**
Financial items							19	–47
Earnings after financial items							**961**	**737**
Tax expense							–22	147
After-tax earnings							**939**	**884**

Within the group the full cost principle is applied to internal purchases, except for Posten's own services, for which market rates apply. Sweden is Posten's primary geographic market. Subsidiaries and strategic alliances give the company a solid position in the Nordic region and enable it to serve Europe and beyond.

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

Note 3 Provisions

As of September 30, 2005, consolidated provisions totaled SEK 4,129m, a decline of SEK 131m (excluding the reclassification of deferred tax) since year-end 2004. Provisions relate mainly to conditional pension commitments and restructuring reserves for the cashier service arm.

Pension provisions totaled SEK 658m, an increase of SEK 65m since 2004. The increase is explained in the table below.

	SEK m
Pension liability, OB	593
Early retirements in 2005	196
Other pension income	281
Total pension liability before guarantee	**1,070**
Paid in to Posten Pension Fund for Posten AB	–412
Pension liability, CB	**658**

Other provisions totaled SEK 3,471m, of which current liabilities accounted for SEK 346m. Other provisions have declined by SEK 196m since December 31, 2004. This is explained primarily by the utilization of reserves in the amount of SEK 329m, mainly restructuring, as well as SEK 133m in new provisions related primarily to future conditional pension benefits.

Review of changes in Other provisions, SEK m	1/1/2005 OB	Provisions and reversals	Utilizations	9/30/2005 CB
Allocated provisions				
Provisions for future losses, Cashier Service	604			604
Closure provisions, Cashier Service, including former post office network	866		–112[1]	754
Closure provision, terminal network, Messaging & Logistics	70		–27[1]	43
Provision for downsizing, central administration, year 2003	17		–17[1]	0
Provision for downsizing, central administration, year 2004	79		–58[1]	21
Provision for reorganization, Production & Logistics	72		–40[1]	32
Other provisions	62	8[2]		70
Total allocated provisions	**1,770**	**8**	**–254**	**1,524**
Unallocated provisions				
Provision for workers' compensation	114		–7[3]	107
Provision for future conditional pension benefits	1,417	93[3]		1,510
Provision for disability benefits, effect of conversion to IAS 19, Compensation to employees	131	32[3]		163
Other provisions	235		–68[3]	167
Total unallocated provisions	**1,897**	**125**	**–75**	**1,947**
Total Other provisions	**3,667**	**133**	**–329**	**3,471**

Included in the closing balance as of September 30, 2005, are SEK 346m in current liabilities and SEK 3,125m in long-term liabilities.

1) Impact on earnings distributed among operating costs less provisions, as well as financial items of which Messaging & Logistics accounts for SEK 142m and Cashier Service, including former post office network, for SEK 112m		254
2) Impact on operating earnings, "Other operating costs" line item Messaging & Logistics SEK –8m	–8	
3) Impact on operating earnings distributed among operating costs less provisions	–125	75

Note 4 Contingent liabilities and pledged assets

Posten Group, SEK m	2005 Sept. 30	2004 Dec. 31
Contingent liabilities		
Guarantees	171	171
Assets pledged		
Endowment insurance policies	81	85

Effects related to adoption of IFRS accounting principles

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

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

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

IFRS 4, Insurance Contracts, and IFRS 5, Non-Current Assets Held For Sale and Discontinued Operations, are applied as of January 1, 2005, and are exempted from restating comparative figures. The below effects are preliminary and may change, as the review of certain IAS/IFRS standards is ongoing and further IFRIC1) pronouncements can be expected in 2005. More, it may become possible to introduce new standards applicable from January 1, 2006 at an earlier date.

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

Posten will no longer report the effect of IAS 17 (Leases) on Parent Company earnings. Posten has chosen not to apply IAS 17 to legal entities for tax reasons. The effect on earnings was SEK 4m as of March 31, 2005 and SEK 9m as of June 30, 2005.

Effect on earnings, RR 32, Parent Company, SEKm	**Jan.–Sept. 2005**
(Income statement items affected by RR 32 not appearing on Parent Company financial statements prior to 2005)	
Earnings after financial items under previous accounting principles	738
Effect of RR 32, IAS 39	20
Earnings after financial items under RR 32	**758**

Liquid assets, Parent Company, SEK m	**9/30/2005**	**9/30/2004**
Liquid assets under previous accounting principles	4,286	2,421
Effect of RR 32, IAS 7	–1,393	–687
Liquid assets under RR 32	**2,893**	**1,734**

1) Pronouncement from International Financial Reporting Committee.

Restated full-year 2004 figures, Posten Group

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

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

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

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

Restated full-year 2004 income statement

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

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

Restated full-year 2004 statement of cash flows

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

Restated 2004 quarterly data, Posten Group

Balance sheet March 31, 2004

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

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

Balance sheet June 30, 2004

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

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

Balance sheet September 30, 2004

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

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

Income statement, January–March 2004

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

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

Income statement, January–June 2004

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

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

Income statement, January–September 2004

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

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

Statement of cash flows, January–March 2005

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

Statement of cash flows, January–June 2005

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

Statement of cash flows, January–September 2005

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

Notes to restated 2004 figures

A) Goodwill

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

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

B) Leases

In its 2004 annual report Posten classified leases as either financial or operational based on RR 6:99, thereby taking into consideration contractual options or suchlike formulated in a manner indicating the likely transfer of ownership to Posten. According to the stricter classification criteria under IAS 17, four commercial properties have been classified as financial leases. This is because the present value of all future minimum leasing charges over the term of the agreement amount to a material portion of the acquisition value. Posten therefore can be judged to bear the financial risk associated with the properties, despite the fact that they are not owned by Posten. As a result of the conversion to IFRS assets and liabilities increase by SEK 484m and equity decreases by SEK 285m. IFRS's effect on 2004 earnings is presented in the table below.

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

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

C) Component Depreciation

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

D) Minority Interest

Under IAS 1, Presentation of Financial Statements, minority interest is reported as a separate component under equity on the balance sheet rather than between liabilities and equity. On the income statement, the minority's share of earnings will no longer be removed; rather it will be included in the financial results reported for the period. The share of net earnings attributable to the owners of the parent company and the minority interests in subsidiaries, respectively, will appear below the income statement. Total reported equity thereby increases SEK 20m as of January 1, 2004, and SEK 7m as of December 31, 2004. Net earnings increase SEK 4m for full-year 2004 as well as by SEK 1m in quarter 1, SEK 3m in quarter 2, and SEK 7m in quarter 3, since the minority interest is not reported on a separate line.

E) Treatment of tax for conversion to IFRS

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

F) Other information

Reclassification of balance sheet items

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

Accumulated translation differences

Translation differences related to the translation of foreign subsidiaries' financial statements up until December 31, 2003 will be transferred to equity as of January 1, 2004. Post-December 31, 2004 translation differences will be reported as a separate component in the equity line item.

G) Restated statement of cash flows

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

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

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