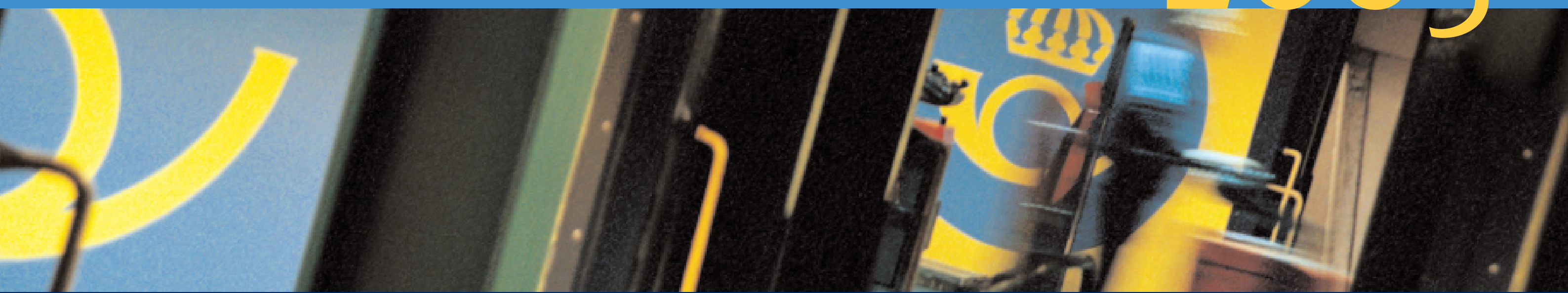
Posten Year End Report

January–December 2005



Contents

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Financial calendar:

Jan.-March Interim report	April 26, 2006
Jan.-June Interim report	August 30, 2006
Jan.-Sept. Interim report	October 27, 2006
Year End Report	February 2007

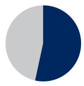
Every care has been taken in the translation of this interim report. In the event of discrepancies, however, the Swedish original will supersede the English translation.

Business Operations

Messaging & Logistics

Administrative Mail

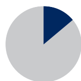
Share of consolidated operating income, 53%



Administrative Mail products account for the majority of Posten's revenue. The services embrace Mail Distribution, Periodical Distribution and several associated pre-market and after-market services. Mail Distribution generates the most revenue in this segment. The customer base mainly comprises businesses. Sweden is the primary market.

Direct Mail

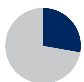
Share of consolidated operating income, 14%



Posten distributes un-addressed and addressed direct mail. Additionally, Posten offers a number of value-added services that support the entire DM campaign, such as Target Audience Analysis, Addressing, Reply Mail and Effect Surveys. Sweden is the primary market.

Logistics

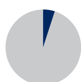
Share of consolidated operating income, 28%



Posten's logistics solutions span basic services such as Palletized Logistics, Parcels and Express Delivery, and In-Night Transportation, and fulfil stringent requirements regarding time precision and service. Within Third-Party Solutions, Posten is a full-service supplier, responsible for custom logistics and distribution functions. Parcels are the basis of Posten's logistic activities. The Nordic region is the primary market.

Cashier Service

Share of consolidated operating income, 5%



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

Year End Report January–December 2005

- Net sales totaled SEK 25,277m (25,120)
- Operating earnings totaled SEK 1,281m (1,115). Last year's operating earnings included capital gains of SEK 206m
- After-tax earnings totaled SEK 1,478m (1,297)
- Equity-assets ratio was 33 percent (25)
- Cash flows from operating activities totaled SEK 2,251m (1,753)

Quarterly data

	2005					2004 1)				
Key financials (SEK m unless otherwise specified)	**Full year**	**Oct.-Dec.**	**July-Sep.**	**April-June**	**Jan.-March**	**Full year**	**Oct.-Dec.**	**July-Sep.**	**April-June**	**Jan.-March**
Net sales	25,277	6,992	5,933	6,261	6,091	25,120	6,905	5,699	6,263	6,253
Operating earnings	1,281	339	548	221	173	1,115	331	436	131	217
After-tax earnings	1,478	539	558	204	177	1,297	413	401	123	360
Operating margin, %	5	5	9	4	3	4	5	8	2	3
Equity, end of period	5,068	5,068	4,533	3,985	3,896	3,702	3,702	3,291	2,920	2,802
ROE, %, rolling 12 months	34	34	35	35	33	42	42	2)	2)	2)
Equity-assets ratio, %, end of period	33	33	30	27	26	25	25	24	20	20
Cash flows from operating activities	2,251	1,228	–98	612	509	1,753	1,151	–91	333	360
CSI, Customer Satisfaction Index	61	61	61	62	63	63	63	63	62	61
ViP, Employee Satisfaction Index (excl Cashier Service)	63	63	63	62	63	62	62	62	61	61
ViP, Employee Satisfaction Index Cashier Service	73	73	72	71	71	67	67	66	66	65
Average number of employees, 1/1/2005 to end of period	33,520	33,520	33,771	33,192	33,117	35,731	35,731	36,068	35,465	35,302

1) Restated to IFRS, see pages 14–30 for more information.
2) Comparative data have not been provided, since 2003 figures have not been restated under IFRS.

Message from the CEO

Posten has again reported stronger earnings. We have exceeded our financial targets for the second year running. I am proud of what we have achieved over a short period of time. Since fall 2003, we have turned from financial crisis to financial stability. We have achieved this through successfully compensating loss of income within messaging with implemented efficiency measures and increased revenue within logistics and direct mail. This gives us the necessary prerequisites for further developing our business in the face of increased competition.

Nordic postal companies and international players stepped up acquisitions during 2005. This will mean tougher competition and continued price pressure throughout the Nordic message forwarding and logistics markets, in which the Swedish market is the only postal market fully subjected to competition.

No decision regarding the future of Svensk Kassaservice, Swedish Cashier Service, has been given. Unfortunately, this means continued uncertainty and disquiet for employees, and continued unfortunate lack of clarity in relation to customers.

We have a good financial position, we have the world's best delivery performance, our measures for reducing sickness absenteeism have begun to give results, and our Group operations in the Nordic region are developing positively. We are now focusing on enabling our customers from a holistic perspective to experience Posten's service as of world class standard

Erik Olsson, President and CEO

Operating income

January–December

Net sales were SEK 25,277m (25,120) and other operating income totaled SEK 304m (440), taken together, SEK 25,581m (25,560). Excluding capital gains and business divestments totaling SEK 50m, operating income increased by SEK 522m or 2 percent. This increase in revenue is attributable to higher direct mail and logistics sales, while sales of mail services, periodical services and cashier services were lower.

Fourth quarter

Year on year, net sales totaled SEK 6,992m (6,905), and other operating income totaled SEK 94m (68).

Operating earnings

January–December

Operating earnings totaled SEK 1,281m (1,115). The operating earnings figure includes capital gains totaling SEK 5m (206) and provisions of SEK 65m (397). Excluding these, operating earnings totaled SEK 1,341m (1,306), an improvement of SEK 35m or 3 percent. Productivity grew by 2.5 percent year on year.

Personnel costs totaled SEK 12,244m (12,227). Personnel costs include business divestments of SEK 0m (67), excluding these, the increase was SEK 84m. Posten's payroll increases of SEK 294m (450) have been compensated by efficiency improvements and reduced sickness absenteeism.

Transportation costs totaled SEK 4,688m (4,327), an increase of SEK 361m or 8 percent. Higher transportation costs are due to higher sales of direct mail and logistics and also increased fuel prices. Other costs amounted to SEK 6,098m (6,583), a decrease of SEK 485m or 7 percent. The decrease in other costs is primarily due to lower provisions. Write-downs of certain fixed assets amounted to SEK 271m (237).

Fourth quarter

Operating earnings totaled SEK 339m (331). Operating earnings include provisions of SEK 57m (262) and capital gains of SEK 1m (0). Excluding these, operating earnings declined by SEK 198m. The decline is attributable to last year's adjustment of pension costs, as an effect of changed accounting principles. Write-downs of certain fixed assets amounted to SEK 271m (210).

After-tax earnings

January–December

After-tax earnings totaled SEK 1,478m (1,297), an improvement of SEK 181m.

Net financial items totaled SEK 21m (–36). Financial income totaled SEK 127m (78). The increase is attributable to recovered written-down receivables, and by the increase in interest-bearing assets giving a positive cash flow. The financial costs amounted to SEK –106m (–114), primarily attributable to interest expenses regarding financial leasing and loans.

Tax comprises SEK 176m (218), of which current tax of SEK –33m (–25) and deferred tax of SEK 209m (243). The deferred tax includes a value adjustment of SEK 203m (82). For the year-ago period included a previously written down deferred tax credit totaling SEK 163m owing to a 2004 accounting change (RR 29).

Fourth quarter

After-tax earnings totaled SEK 539m (413), an improvement of SEK 126m. The tax expense was SEK 198m (71), of which current tax was SEK –3m (–9) and deferred tax was SEK 201m (80). The deferred tax includes a value adjustment of SEK 203m (82).

Financial position

Total assets amounted to SEK 15,552m (14,823), an increase of SEK 729m. The improvement in total assets is primarily due to the positive earnings of the year, which improved equity and liquid funds and short-term investments. Goodwill totaled SEK 1,010m (963), the change is attributable to exchange-rate effects.

Equity

Equity totaled SEK 5,068m (3,702), an increase of SEK 1,366m. See also Changes in equity, page 11. Return on equity amounted to 34 (42) percent, which exceeds the target set at 10 percent, to be achieved by 2006.

Equity-assets ratio

The equity-assets ratio was 33 (25) percent, which exceeds the target set at 25 percent, to be achieved by 2006.

Cash flows

January–December

Operating activities

Cash flows from operating activities before changes in working capital amounted to SEK 2,075m (1,860), primarily attributable to improved earnings. Changes in working capital amounted to SEK 176m (–107), through which cash flows from operating activities totaled SEK 2,251m (1,753). Cash flows related to the funding of pensions and pension payments totaled SEK 620m (686).

Investing activities

Cash flows from investing activities totaled SEK –1,254m (-230). The higher investment level of the year is primarily attributable to investments in interest-bearing securities, and last year's disposals of Group companies. Investments were also primarily made in intangible and tangible fixed assets amounting to SEK 823m (753), of which tangible were SEK 813m (693). Adapting the Swedish terminal network to a heavier parcel volume and weaker volumes of priority mail has entailed investments in machinery and sorting equipment of SEK 240m. Investments were also primarily made in new transportation vehicles of SEK 313m and tangible investments in Posten's Danish and Norwegian Direct Parcel Distribution (DPD) businesses totaling SEK 100m.

Financing Activities

Cash flows from financing activities totaled SEK –522m (–28), explained primarily by issuance of dividends, and amortized loans.

Cash flows for the period

At the end of the reporting period, liquid assets amounted to SEK 4,588m (4,113), an increase of SEK 475m.

CSI, Customer Satisfaction Index

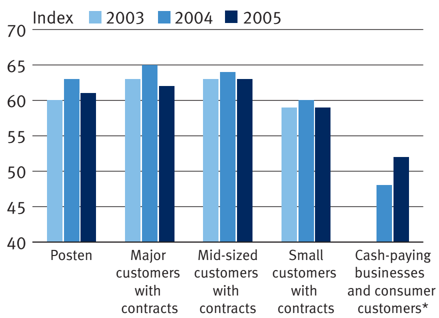
The CSI rating is unchanged since the previous quarter, but during 2005 declined from 63 to 61. Major and mid-size customers accounted for most of the decline of the CSI. There are, however, signs that the negative trend for the year was broken during the fourth quarter. For smaller customers and cash-paying customers, the CSI continued to rise slowly. The CSI target is that it shall be 66 by the end of 2006.

In order to improve the CSI, the following areas will be prioritized during 2006: Increased clarity will be achieved by profiling Posten's agents and Company Centers. Posten's administrative routines, such as ordering and invoicing, shall be made easier for customers. Posten will focus on becoming an even better business partner to its customers. Posten's handling of complaints and returns will be improved.

Employees

The average number of employees was 33,520 (35,731), a decline of 2,211 (2,174). Of the decline, 660 (486) were attributable to divested businesses. Rationalization within production units and Cashier Service have reduced the average number of employees by 1,099 (1,123). The remaining decline of 452 was within administration. Sickness absenteeism during the full year of 2005 amounted to 8.2 percent (8.8) of work time. In the so-called ViP, Employee Satisfaction Index, Posten's personnel target of "Committed Employees" was followed up. Compared with the previous year, the Group, excluding Cashier Service, increased its index by one point to 63 (62), and Cashier Service increased its index by six points to 73 (67). The target is to improve commitment by employees further through increased insight and participation in ongoing processes of change.

CSI TREND
POSTEN GROUP OVERALL AND BY CUSTOMER GROUP



*) No survey in 2003

Reporting of business segments

Messaging & Logistics

January–December

- Operating income totaled SEK 24,500m (24,430)
- Operating earnings totaled SEK 1,126m (1,173)
- Investments totaled SEK 815m (708)
- Average number of employees was 32,072 (33,984)

See also Note 2, Segment Reporting, page 12.

Market trends

The stable growth of the logistics market continued during the year. The market is characterized by heavy competition and price pressure. The Nordic logistics market is assessed to have higher long-term growth than the message forwarding market. Posten's assessment is that it will grow somewhat faster than GNP.

International consolidation continued during the year: A few global logistics companies strengthened their position, also in the Nordic region, through acquisitions and alliances in which a number of venture capital companies have also participated. At the same time, specialists have also become established within niche areas. It has been clearly noted during the year that the domestic driving force of e-commerce and mail-order has accelerated distance trading in the retail sector. The market is assessed to have had a turnover of about SEK 10 billion during 2005.

Structural changes in the message forwarding market continued during 2005. Customer needs changed and competition hardened. During the year, developments within administrative mail, which constitute the bulk of Posten's messaging business, were characterized by a continued weak decline in volume, primarily resulting from increased competition, and also from substitution of conventional mail by e-services. One example of the background forces driving this process was the initiative of the Swedish Tax Authority to pay tax refunds before midsummer to those who submitted income tax returns over the Internet or via SMS. This resulted in a doubling of those who made tax returns electronically compared with the previous year. Developments are driven primarily by large companies and organizations focusing on increasing the efficiency of their administrative communication flows.

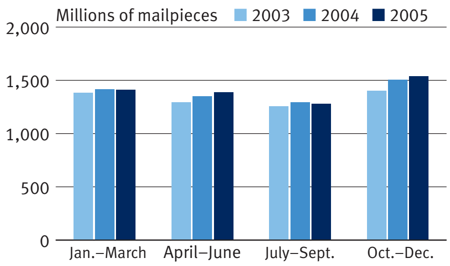
The direct mail market, which is the other part of Posten's messaging business, continued to grow in pace with a more stable business climate. Demands for efficient marketing from purchasers of advertising mean that direct communication advertising, such as DR, becomes increasingly important. The IRM (Institute for Advertising and Media Statistics) forecast indicates that the direct mail market grew 7 percent during 2005, a somewhat weaker increase than in 2004. However, this is the same growth rate as with investments in media as a whole, estimated at SEK 27 billion.

In the rest of Europe, national postal operators continue to be protected to varying extents by national competition rules, and up to now, work for increasing competition in the mail delivery market has been actively worked for in the Netherlands and Great Britain. In Great Britain, the postal market opened to competition on January 1, 2006. Additionally, during the year the Nordic postal operators continued to acquire various types of operation. Some of the driving forces behind the acquisitions are attempts to attain economies of scale or broadening service offerings.

Operating income

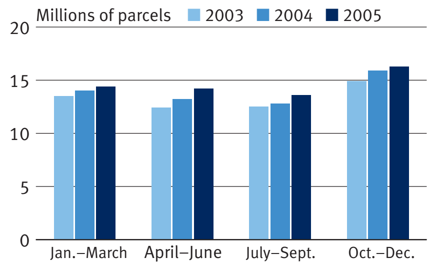
Operating income by product category (SEK m)	2005 Full Year	2004 Full Year	Changes	
Administrative mail (mail and periodicals)	13,385	13,503	–118	–1%
Direct mail	3,588	3,415	173	5%
Logistics	6,966	6,749	217	3%
Other	561	763	–202	–26%
Total	**24,500**	**24,430**	**70**	**0.3%**

MAIL VOLUME, EXCLUDING PARCELS



Volumes encompass mail, periodicals and direct mail. In the fourth quarter volumes increased by 2 percent in total compared with the same period in 2004. For the full year 2005, volumes increased in total by 1 percent compared with last year. Priority Mail declined by 3 percent during the same period.

PARCEL VOLUME



Parcel volumes are shown excluding that of divested companies. In the foruth quarter, volumes grew by 3 percent compared with the fourth quarter last year. For the full year 2005, parcel volumes increased by 4 percent during the same period last year.

Administrative Mail (mail and periodicals)
Operating income totaled SEK 13,385m (13,503). Excluding capital gains and business divestments, the change was SEK –40m. Rate increases have partly compensated for lower volumes of mail and periodicals.

Direct Mail
Operating income totaled SEK 3,588m (3,415). The improved income is attributable to heavier volumes of both addressed and un-addressed direct mail.

Logistics
Operating income totaled SEK 6,966m (6,749). Excluding business divestments of SEK 0m (253), the increase was SEK 470m or 7 percent. The increased volume refers primarily to DPD parcels, both from Sweden and in the Nordic DPD operations. Domestically, palletized shipping, in-night transportation, and postal parcels increased compared with the previous year.

Other business
The decline owes to last year's capital gain.

Operating earnings
Operating earnings totaled SEK 1,126m (1,173). Operating earnings includes capital gains of SEK 5m (206) and provisions of SEK 5m (211). Excluding these, operating earnings totaled SEK 1,126m (1,178), a change of SEK –52m.

Personnel costs totaled SEK 11,713m (11,629). Personnel costs include business divestments of SEK 0m (67), excluding these, the increase was SEK 151m. Payroll increases were compensated by efficiency improvements and reduced sickness absenteeism. Transportation costs totaled SEK 4,653m (4,293), an increase of SEK 360m. Higher transportation costs are due to heavier volumes in Direct Mail and Logistics, and also increased fuel prices. Other costs totaled SEK 5,802m (6,092), a decrease of SEK 290m. The reduced other costs are attributable primarily to lower provisions. Write-downs of certain fixed assets amounted to SEK 271m (237).

Investments
Investments totaled SEK 815m (708). Adaptation of the Swedish terminal network to a heavier parcel volume and weaker volumes of Priority Mail has entailed investments in machinery and sorting equipment of SEK 240m. Additionally, investments primarily relating to the acquisition of new transportation vehicles of SEK 313m, and also investments of SEK 100m in Posten's Danish and Norwegian Direct Parcel Distribution (DPD) businesses.

Employees
The average number of employees totaled 32,072 (33,984), a decline of 1,912 (1,618) year on year. Of the decrease, 660 (486) were attributable to divested businesses. Rationalization within production units reduced the average number of employees by 800 (645). The remaining decrease of 452 was within administration. In the so-called Employee Satisfaction Index surveys (ViP) Posten's personnel target of "Committed Employees" was followed up. Compared with the previous year, the index rose by one percent to 63 (62).

Fourth quarter

Operating income

Operating income by product category (SEK m)	2005 Oct.–Dec.	2004 Oct.–Dec.	Change	
Administrative mail (mail and periodicals)	3,678	3,657	21	1%
Direct mail	991	994	–3	0%
Logistics	1,971	1,848	123	7%
Other	170	196	–26	–13%
Total	**6,810**	**6,695**	**115**	**2%**

Administrative Mail (mail and periodicals)
Operating income totaled SEK 3,678m (3,657). The increase is attributable to increased income from the postal services of other countries for mail to Sweden. Mail and periodical volumes declined during the quarter.

Direct Mail
Operating income totaled SEK 991m (994). The marginal change is a net effect of increased volumes and lower average revenue.

Logistics
Operating income totaled SEK 1,971m (1,848). The increased volumes refer primarily to DPD parcels, both from Sweden and in the Nordic DPD operations. Within Sweden, palletized shipping and in-night transportation, and postal parcels increased compared with the previous year.

Operating earnings
Operating earnings totaled SEK 347m (473). Operating earnings include provisions of SEK –4m (86) and capital gains of SEK 1m (0). Excluding these, operating earnings declined by SEK 217m. The decline is attributable to the adjustment last year of pension costs as an effect of changed reporting principles. Write-downs of certain fixed assets amount to SEK 271m (210).

Investments

Investments totaled SEK 292m (151). Adaptation of the Swedish terminal network to a heavier parcel volume and weaker volumes of Priority Mail entailed investments in machinery and sorting equipment of SEK 38m. Additionally, other investments primarily relate to the acquisition of new transportation vehicles of SEK 77m, and also investment of SEK 38m in Posten's Danish and Norwegian Direct Parcel Distribution (DPD) businesses. During the quarter, investments were also made in reprofiling signs and stands and improving mail proccessing efficiency, all in all of SEK 58m.

Cashier Service

January–December

- Operating income totaled SEK 1,405m (1,550)
- Operating earnings, including SEK 400m (400) in state reimbursements, totaled SEK 215m (–4)
- Operating earnings, including closure costs and state reimbursements, totaled SEK 68m (–245)
- Investments totaled SEK 8m (45)
- The average number of employees was 1,448 (1,747)

See also Note 2 Segment Reporting, page 12.

Market trends

The market for teller-facilitated transaction services has shrunk drastically during the last few years. New technological advancements have reduced customers' needs for visiting bank branches or cashier service. The banks are moving customer awareness from teller-facilitated transactions over the counter to use of Internet, credit card, mail giro and telephone services. This development will probably continue. For Svensk Kassaservice, this has entailed a steady shrinkage of the customer base, and thus transaction volumes. Transaction volumes declined during the period 1998-2004 by an average of 17 percent per year. During 2005, the decline was 20 percent.

The Swedish Government has not returned to the Swedish Parliament with the government bill regarding essential financial transaction services. In May 2004, the inquiry set up by the Swedish Government presented its findings of a lead report "Society's need for payment services" (SOU 2004:52). One of the inquiry's findings was that the law relating to the essential financial transaction services should be rescinded, and that instead, the services should be procured by the State. This means continued considerable uncertainty for the employees and customers of Svensk Kassaservice. On account of uncertainty concerning the timing of the government bill and parliamentary decision regarding Svensk Kassaservice, a contingent liability has been reported, see also Note 6, page 13.

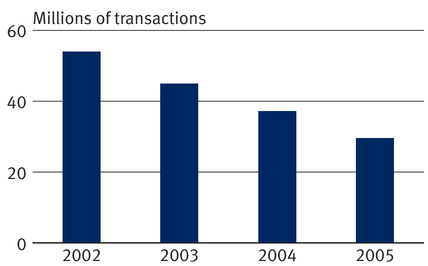
Operating earnings

Operating earnings totaled SEK 1,405m (1,550), a decrease of SEK 145m. Operating earnings, including state reimbursements of SEK 400m (400), totaled SEK 215m (–4). Operating earnings including closure costs and state reimbursements totaled SEK 68m (–245). The improvement in earnings is temporary and has been achieved through necessary adaptation of the cashier service network, which was primarily carried out during the reporting period 2002–2004. The earnings trend will be negative during future years. Production costs, mainly personnel costs, must therefore be continually adapted to lighter volume demand.

Employees

The average number of employees totaled 1,448 (1,747) a decrease of 299 (478) year over year. In the so-called Employee Satisfaction Index (ViP), Posten's personnel target of "Committed Employees" was followed up. Compared with the previous year, the index rose by six points to 73 (67).

CASHIER SERVICE TRANSACTION VOLUME



The number of transactions fell 20 percent in 2005, compared with 2004.

Parent Company

The subsidiary, Posten Sverige AB, was merged with the Parent Company, Posten AB (publ), on March 1, 2005. Under the merger, all operations in the subsidiary were transferred to Posten AB (publ). The Parent Company's income statement includes Posten Sverige AB's operations from January 1, 2005. Comparative figures for 2004 are not restated. Following the merger, the Parent Company's net sales account for 74 percent of Posten's total net sales, and the average number of employees comprise 79 percent of Posten's total average number of employees. The merger effect on equity amounted to SEK –1,301m.

Net sales totaled SEK 19,321m (0) and earnings after financial items were SEK 741m (–907). Investments totaled SEK 435m (0) and liquid assets were SEK 4,376m (3,357). In April, the Parent Company acquired a further 31.25 percent of the shares in its subsidiary, HIT Finland Oy, which now is wholly owned.

Reporting in accordance with IFRS

As of January 1, 2005, Posten reports its consolidated financial statements in accordance with IFRS. The changes precipitated by the conversion to IFRS, as well as the transitional effects on the consolidated income statements, balance sheets and statements of cash flows, are presented on pages 14–30.

Future prospects

Posten has a strong financial position. The message forwarding market is characterized by hardening competition, increased internationalization of corporate customers, and substitution by electronic communication with falling mail volumes as a result. Within the framework of Posten's action plan 2004–2006, cost efficiency improvements in mail processes which are necessary for Posten to continue to achieve the requirements of good postal service throughout the country, are being implemented. At the same time, Posten will continue to grow within logistics and direct mail, which have considerable growth and development potential. This imposes demands regarding exchange of competence in both production and sales. During 2006, Posten will also clarify the service network and continue development of premarket and aftermarket services, both to strengthen core business and develop relations with customers.

The decision on legislative change which will follow the completed state reports, primarily regarding the government bill on cashier service, may have considerable effects on Posten. On account of uncertainty regarding the timing of the government bill and parliamentary decision regarding Svensk Kassaservice, over and above provisions made, a contingent liability has been reported, see also Note 6, page 13.

Key events after the close of the fiscal year

Posten has entered into a declaration of intent to divest Falcon Air AB.

2006 meeting of shareholders

Annual General Meeting

The Meeting of Shareholders will be held on April 26, 2006 at Posten Headquarters, Terminalvägen 24, Solna, Kristinasalen. A printed Annual Report in Swedish and English can be ordered from Posten AB, SE-105 00 Stockholm or e-mail ir@posten.se as from mid April.
See also www.posten.se.

Proposed dividend

The Board of Directors's proposal regarding a dividend will be presented in connection to the notice of the Annual General Meeting.

Stockholm, February 21, 2006

Posten AB (publ)

Erik Olsson
President and CEO

The information contained in this report has not been audited.

Consolidated financial statements

Income statements

MSEK	Note	2005 Full Year	2005 Oct.-Dec.	2004[1] Full Year	2004[1] Oct.-Dec.
Net sales		25,277	6,992	25,120	6,905
Other operating income		304	94	440	68
Total operating income	2	**25,581**	**7,086**	**25,560**	**6,973**
Personnel costs		–12,244	–3,302	–12,227	–3,089
Transportation costs		–4,688	–1,299	–4,327	–1,134
Other costs	3	–6,098	–1,633	–6,583	–1,946
Depreciation and amortization of tangible and intangible fixed assets		–1,270	–513	–1,308	–473
Total operating costs		**–24,300**	**–6,747**	**–24,445**	**–6,642**
OPERATING EARNINGS		**1,281**	**339**	**1,115**	**331**
Financial income		127	27	78	24
Financial costs		–106	–25	–114	–13
Net financial items		**21**	**2**	**–36**	**11**
Earnings after financial items		**1,302**	**341**	**1,079**	**342**
Tax		176	198	218	71
NET EARNINGS		**1,478**	**539**	**1,297**	**413**
Attributable to					
Parent Company shareholders		1,475	540	1,293	416
Minority interest		3	–1	4	–3

[1] Restated in accordance with IFRS. For more information, see pages 14–30.

Balance sheets

SEK m	Note	12/31/2005	12/31/2004[1)]
ASSETS			
Intangible fixed assets		1,079	1,346
Tangible fixed assets		3,357	3,533
Participations in associated companies			1
Financial investments		79	69
Long-term receivables		1,550	1,342
Deferred income tax assets		811	608
Total fixed assets		**6,876**	**6,899**
Inventory		82	96
Tax credit		94	43
Accounts receivable		2,380	2,543
Pre-paid expenses and accrued income		753	712
Other receivables		233	323
Short-term investments		546	94
Cash and cash equivalents		4,588	4,113
Total current assets		**8,676**	**7,924**
TOTAL ASSETS		**15,552**	**14,823**
EQUITY AND LIABILITIES			
Equity			
Capital stock		600	600
Contributed equity		42	42
Reserves		29	–18
Retained earnings		4,389	3,071
Total equity attributable to Parent Company shareholders		**5,060**	**3,695**
Minority interest		**8**	**7**
Total equity		**5,068**	**3,702**
LIABILITIES			
Long-term interest-bearing liabilities		1,033	1,406
Other long-term liabilities		118	106
Pension provisions	4	681	593
Other provisions	5	2,946	3,214
Deferred income tax liabilities		3	9
Total non-current liabilities		**4,781**	**5,328**
Current interest-bearing liabilities		391	479
Accounts payable		980	857
Tax liabilities		53	95
Other liabilities		1,663	1,574
Accrued expenses and deferred income		2,157	2,335
Other provisions	5	459	453
Total current liabilities		**5,703**	**5,793**
TOTAL LIABILITIES		**10,484**	**11,121**
TOTAL EQUITY AND LIABILITIES		**15,552**	**14,823**

[1)] Restated under IFRS. For more information, see pages 14–30.

Statements of cash flows

SEK m	2005	2004[1]
OPERATING ACTIVITIES		
Earnings after financial items	1,302	1,079
Adjustments for non-cash-flow items:		
Reconciliation of depreciation according to plan	999	1,071
Reconciliation of write-downs of fixed assets, etc.	271	237
Capital gain/loss on sale of fixed assets	31	–162
Pension provisions	–120	–523
Other provisions	–262	158
Other items not affecting liquidity	–20	
Tax paid	–126	0
Cash flows from operating activities before changes in working capital	**2,075**	**1,860**
Cash flows from changes in working capital		
Increase (–)/decrease (+), accounts receivable	163	–94
Increase (+)/decrease (–), accounts payable	123	–86
Other changes in working capital	–110	73
Changes in working capital	**176**	**–107**
Cash flows from operating activities	**2,251**	**1,753**
INVESTING ACTIVITIES		
Investments in intangible fixed assets	–10	–60
Investments in tangible fixed assets	–813	–693
Acquisition/disposal of affiliated companies	–2	303
Divestment of financial fixed assets	1	0
Divestment of other fixed assets, etc.	34	32
Increase (–)/decrease (+), current financial liabilities	–464	188
Cash flows from investing activities	**–1,254**	**–230**
FINANCING ACTIVITIES		
Loans raised	1	221
Loans amortized	–262	–45
Amortization of leasing liability	–96	–74
Dividend paid	–152	–2
Increase (+)/decrease (–), other financial liabilities	–13	–128
Cash flows from financing activities	**–522**	**–28**
CASH FLOWS FOR THE YEAR	**475**	**1,495**
Liquid assets, beginning of the period	4,113	2,618
Liquid assets, close of the period	4,588	4,113

[1] Restated under IFRS, see pages 14–30.

Changes in equity

Changes in consolidated equity

SEK m	Capital stock	Contributed equity	Hedge reserve	Accumulated translation difference	Retained earnings	Total	Minority interest	Total equity
	Equity attributable to Parent Company shareholders							
Equity 01/01/2004	**600**	**42**			**2,085**	**2,727**		**2,727**
Adjustment for accounting change[1]					–307	–307	20	–287
Adjusted equity 01/01/2004	**600**	**42**			**1,778**	**2,420**	**20**	**2,440**
Translation differences for the year				–18		–18	–17	–35
Total changes in capital wealth charged directly against equity, excluding transactions with the Company's owner		–18		–18	–17	–35		
Net earnings					1,293	1,293	4	1,297
Total changes in capital wealth excluding transactions with the Company's owner	600	42		–18	3,071	3,695	7	3,702
Equity 12/31/2004	**600**	**42**		**–18**	**3,071**	**3,695**	**7**	**3,702**
Equity 01/01/2005	**600**	**42**		**–18**	**3,071**	**3,695**	**7**	**3,702**
Adjustment for accounting change [1]			–6			–6		–6
Adjusted equity 01/01/2005	**600**	**42**	**–6**	**–18**	**3,071**	**3,689**	**7**	**3,696**
Translation differences for the year				46		46		46
Total changes in capital wealth charged directly against equity, excluding transactions with the Company's owner				46		46		46
Net earnings			7		1,468	1,475	3	1,478
Total changes in capital wealth, excluding transactions with the Company's owner			7	46	1,468	1,521	3	1,524
Dividend[2]					–150	–150	–2	–152
Equity 12/31/2005	**600**	**42**	**1**	**28**	**4,389**	**5,060**	**8**	**5,068**

[1] Restated under IFRS, see pages 14–30.
[2] Dividend of SEK 150m issued by Parent Company to shareholders, and from Addresspoint International AB to minority interests of SEK 2m.

Notes

Note 1 Accounting principles

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 EU for application within the EU.

Interim accounting

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 the Swedish Financial Accounting Standards Council's Recommendation RR 31, Interim Reporting for Corporations.

Accounting change

As from January 1, 2005, the Posten Group began applying new accounting principles under IFRS. In application of IFRS 1, 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. Amortization of goodwill on combinations prior to conversion to IFRS has ceased.
– Tangible and intangible fixed assets. Posten applies reporting at acquisition value less depreciation and amortization.
– Accumulated translation differences. Posten has set translation differences to zero as per January 1, 2004.
– Financial instruments. Posten applies the exception under which it is not required to restate comparative 2004 figures.

The conversion to IAS 39 affects Posten mainly in relation to the valuation of derivative instruments which are valued at fair value and changes in value are reported on the income statement. Accumulated translation differences related to currency and electricity derivative instruments 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. Current receivables have increased by SEK 8m and non interest-bearing liabilities grew by SEK 14m.

For information of effects of the conversion to accounting principles according to International Financial Reporting Standards in Sweden, IFRS, see page 14.

The Parent Company

As from January 1, 2005, the Parent Company applies the Swedish Financial Accounting Standards Council's 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 for 2005, other costs and net financial items have decreased due to a revaluation of financial instruments (IAS 39). The reporting of liquid assets under RR 32 only comprises investments with a maturity of fewer than three calendar months at the time of acquisition. This affects reporting in the cash flow analysis (IAS 7) both for 2005 and for restated comparative figures.

Note 2 Reporting of business segments

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

Posten's primary segment grouping is based on its universal service obligation for mail and parcels, as well as its legal mandate to provide essential financial transaction services. 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 14–30.

INCOME AND EARNINGS	Messaging and Logistics		Cashier Service		Eliminations		Posten Group total	
SEK m	2005	2004	2005	2004	2005	2004	2005	2004
Operating income, external	24,216	24,071	965	1,089				
Reimbursement, Swedish Government			400	400				
Operating income, internal	284	359	40	61	–324	–420		
Total operating income	**24,500**	**24,430**	**1,405**	**1,550**	**–324**	**–420**	**25,581**	**25,560**
Operating earnings by business segment	1,126	1,173	215	-4			1,341	1,169
Unallocated provisions							–60	–54
Operating earnings							**1,281**	**1,115**
Financial items							21	–36
Earnings after financial items							**1,302**	**1,079**
Tax							176	218
After-tax earnings							**1,478**	**1,297**

Posten's secondary segment grouping is geographic with Sweden as main market. The company has a good position in the Nordic region through subsidiaries and cooperation with other players, and the ability to provide service throughout Europe and the greater part of the world. Customers with a Swedish billing address account for 86 percent of Posten's income. Because other geographic segments account for less than 10% apiece, figures relating to these segments appear only in the Annual Report.

Note 3 Other costs

	2005		2004	
MSEK	Full year	Oct.-Dec.	Full year	Oct.-Dec.
Cost of premises	–1,362	–355	–1,443	–373
Provisions [1]	–65	–57	–397	–262
Other	–4,671	–1,221	–4,743	–1,311
Total	**–6,098**	**–1,633**	**–6,583**	**–1,946**

[1] see Note 5

Note 4 Pension provisions

Pension provisions amounted to SEK 681m, an increase of SEK 88m since 2004. The increase in pensions is explained in the table below.

MSEK	
Pension liability, OB	593
Early retirements in 2005	288
Other pension income	342
Total pension liability before guarantee in Posten Pension Fund	**1,223**
Funds transferred to Posten Pension Fund for Posten AB (publ)	–542
Pension liability, CB	**681**

Posten Pension Fund

The Posten Group funds the Parent Company's pension commitments in the Posten Pension Fund. As from 2005, funds are transferred to the Pension Fund quarterly; this was previously done at year end. Transfers from the Parent Company amounted to SEK 542m (582), and compensation of SEK 627m (582) has been received. After deduction of compensation, the market value of the Posten Pension Fund net assets totaled SEK 13,051m (12,009).

Posten's Pension Fund assets

SEK m Type of asset	2005	%	2004	%
Real estate	161	1	324	3
Real interest bonds	4,768	37	4,515	37
Other interest-bearing assets	3,291	25	3,582	30
Shares and alternative assets	4,831	37	3,588	30
	13,051	**100**	**12,009**	**100**

Net return in 2005 after expenses and tax, amounted to 8.6 percent (7.0). During the year, the fund had a positive return from all types of asset. The market value exceeds outstanding commitments that are funded by the fund to the extent of SEK 2,169m (1,331). Consolidation was 120 percent (112).

Note 5 Other provisions

Other provisions totaled SEK 3,405m (3,667), of which current provisions accounted for SEK 459m (453), and long-term provisions for SEK 2,946m (3,214).

Review of changes in other provisions, SEK m	01/01/2005 OB	Provisions and reconciliations	Utilizations	12/31/2005 CB
Allocated provisions				
Provisions for future loss contract , Cashier service [1]	604			604
Closure provisions, Cashier service, including former post office network	866		–161	705
Closure provision, terminal network, Messaging & Logistics	70	–22	–36	12
Provision for downsizing, central administration, year 2003	17		–17	0
Provision for downsizing, central administration, year 2004	79		–63	16
Provision for reorganization, Production & Logistics Division	72		–52	20
Provision for workers' compensation	114		–14	100
Provision for future conditional pension benefits	1,417	74	–13	1,478
Provision for disability benefits, effect of conversion to IAS 19 Compensation to Employees	131	33		164
Other provisions	161	48	–39	170
Total allocated provisions	**3,531**	**133** [3]	**–395** [2]	**3,269**
Unallocated provisions				
Other provisions	136	60	–60	136
Total unallocated provisions	**136**	**60** [4] [5]	**–60** [5]	**136**
Total other provisions	**3,667**	**193**	**–455**	**3,405**

[1] Impact on Cashier service is on same basis as a loss contract

	Provisions and reconciliations	Utilizations
Allocated provisions		
[2] Impact on earnings distributed among operating costs and financial items, of which Messaging & Logistics account for SEK 234m and Cashier service, including the former post office network, for SEK 161m		395
[3] Impact on operating earnings, Messaging & Logistics SEK –133m of which other costs, provisions SEK –5m, see also Note 3 of which other costs, other SEK –18m, see also Note 3 of which personnel costs, SEK –110m	–133	
	–133	395
Unallocated provisions		
[4] Impact on operating earnings, other costs of which against other costs, provisions SEK -60m, see also Note 3	–60	
[5] Impact on earnings distributed among operating costs less provisions, as well as financial items		60
	–60	60
	–193	**455**

Note 6 Pledged assets and contingent liabilities

SEK m	2005	2004
Assets pledged		
– Endowment insurance policies for employees and former employees	92	85
– Assets pledged as security	27	0
Total assets pledged	**119**	**85**

MSEK	2005	2004
Contingent liabilities		
– Guarantee commitments, FPG	73	71
– Cashier service [1]	850	
– Residual value guarantee in real estate lease [2]	171	171
– Other security given	18	
Total contingent liabilities	**1,112**	**242**

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

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

Effects related to adoption of IFRS accounting principles

On January 1, 2005, Posten began applying consolidated accounting under IFRS. Until 2004, the company has applied the recommendations and statements of the Swedish Financial Accounting Standards Council. The conversion of IFRS is reported in accordance with IFRS 1 First Time Adoptation of International Financial Standards. 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 EU Commission for application within the EU as at December 31, 2005, shall be applied retroactively. In applying IFRS 1, Posten has chosen 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. Amortization of goodwill on acquisitions prior to the conversion to IFRS has ceased.
– Tangible and intangible fixed assets. Posten reports these assets at the acquisition value, less depreciation and amortization.
– Accumulated translation differences. Posten has set the translation differences to zero as per January 1, 2004.
– Financial instruments. Posten applies the exception under which it is not required to restate comparative 2004 figures.

IFRS 4 Insurance Contracts and IFRS 5 Non-Current Assets held for sale, and discontinued operations, are applied as of January 1, 2005, and are exempted from the restating comparative figures.

As from January 1, 2005, the Parent Company applies the Swedish Financial Accounting Standards Council's 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 for 2005, other costs and net financial items have decreased due to a revaluation of financial instruments (IAS 39). The reporting of liquid assets under RR 32 only comprise investments with a maturity of fewer than three calendar months at acquisition. This affects reporting of cash flow analyses (IAS 7) for both 2005 and for restated comparison figures.

Effect on earnings, RR 32, The Parent Company, SEK m	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	730
Effect RR 32, IAS 39	11
Earnings after financial items under RR 32	**741**

Liquid assets, The Parent Company, SEK m	2005	2004
Liquid assets under previous accounting principles	4,844	3,386
Effect RR 32, IAS 7	−468	−29
Liquid assets under RR 32	**4,376**	**3,357**

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 principles 1/1/2004	Effect of conversion to IFRS	IFRS 1/1/2004	Previous accounting principles 12/31/2004	Effect of conversion to IFRS	IFRS 12/31/2004
ASSETS							
NON-CURRENT ASSETS							
Intangible fixed assets	A	1,676	0	1,676	1,289	57	1,346
Tangible fixed assets	B, C	3,274	620	3,894	3,056	477	3,533
Participations in associated companies		4		4	1		1
Financial investments		75		75	69		69
Long-term receivables		680		680	1,342		1,342
Deferred inome tax assets		528		528	608		608
TOTAL NON-CURRENT ASSETS		**6,237**	**620**	**6,857**	**6,365**	**534**	**6,899**
CURRENT ASSETS							
Inventory		112		112	96		96
Tax credit		18		18	43		43
Accounts receivable		2,500		2,500	2,543		2,543
Prepaid expenses and accrued income		753		753	712		712
Other receivables		821		821	323		323
Short-term investments	G		282	282		94	94
Cash and cash equivalent	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 principles 1/1/2004	Effect of conversion to IFRS	IFRS 1/1/2004	Previous accounting principles 12/31/2004	Effect of conversion to IFRS	IFRS 12/31/2004
EQUITY AND LIABILITIES							
EQUITY							
Capital stock		600		600	600		600
Contributed equity		42		42	42		42
Reserves					−18		−18
Retained earnings	A, B, C	2,085	−307	1,778	3,306	−235	3,071
Total equity attributable to parent company shareholders		**2,727**	**−307**	**2,420**	**3,930**	**−235**	**3,695**
Minority interest	D		**20**	**20**		**7**	**7**
TOTAL EQUITY		**2,727**	**−287**	**2,440**	**3,930**	**−228**	**3,702**
MINORITY INTEREST	D	**20**	**−20**		**7**	**−7**	
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**
LIABILITIES							
Long-term interest-bearing liabilities	B	898	836	1,734	723	683	1,406
Other long-term liabilities		103		103	106		106
Pension provisions	F		366	366		593	593
Other provisions	F		3,037	3,037		3,214	3,214
Deferred income tax liabilities	F		172	172		9	9
TOTAL NON-CURRENT LIABILITIES		**1,001**	**4,411**	**5,412**	**829**	**4,499**	**5,328**
Current interest-bearing liabilities	B	582	71	653	413	66	479
Accounts payable		973		973	857		857
Tax liabilities		45		45	95		95
Other liabilities		1,561		1,561	1,574		1,574
Accrued expenses and deferred income	B	2,274	20	2,294	2,315	20	2,335
Other provisions	F		583	583		453	453
TOTAL CURRENT LIABILITIES		**5,435**	**674**	**6,109**	**5,254**	**539**	**5,793**
TOTAL LIABILITIES		**10,594**	**927**	**11,521**	**10,352**	**769**	**11,121**
TOTAL EQUITY AND LIABILITIES		**13,341**	**620**	**13,961**	**14,289**	**534**	**14,823**
Assets pledged and contingent liabilities							
Assets pledged		82		82	85		85
Contingent liabilities		459		459	171		171

Reconciliation, equity, SEK m	Not	2004-01-01	2004-12-31	2005-01-01
Equity under previous accounting principles		**2,727**	**3,930**	**3,930**
Effect of changing accounting principles, IAS 39				−6
Goodwill not amortized after conversion date	A	0	57	57
Leases	B	−301	−285	−285
Component depreciation	C	−6	−7	−7
Minority interest	D	20	7	7
		−287	**−228**	**−234**
Tax effects of above	E	0	0	0
Total adjustment of equity		**−287**	**−228**	**−234**
Equity under IFRS		**2,440**	**3,702**	**3,696**

Restated full-year 2004 income statement

SEK m	Note	Previous accounting principles Full Year 2004	Effect of conversion to 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
Transportation costs		–4,327		–4,327
Other costs	B	–6,696	113	–6,583
Depreciation and amortization of tangible and intangible fixed assets	A, B, C	–1,299	–9	–1,308
Total operating costs		**–24,549**	**104**	**–24,445**
Operating earnings		**991**	**124**	**1,115**
Financial income		78		78
Financial costs		–62	–52	–114
Net financial items		**16**	**–52**	**–36**
Earnings after net 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

Other operating costs

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

MSEK	Previous accounting principles Full Year 2004	Effect of conversion to IFRS	IFRS Full Year 2004
OPERATING ACTIVITIES			
Earnings after financial items	1,007	72	1 079
Adjustments for non-cash-flow items:			
Reconciliation of depreciation according to plan	1,062	9	1,071
Reconciliation of write-downs of fixed assets, etc.	237		237
Capital gain/loss on the sale of fixed assets	–142	–20	–162
Pension provisions	–523		–523
Other provisions	158		158
Tax paid	0		0
Cash flows from operating activities before changes in working capital	**1,799**	**61**	**1,860**
Cash flows from changes in working capital			
Increase(+)/decrease(-) in accounts receivable	–94		–94
Increase(+)/decrease(-) in accounts payable	–86		–86
Other changes in working capital	73		73
Changes in working capital	**–107**		**–107**
Cash flows from operating activities	**1,692**	**61**	**1,753**
INVESTMENT ACTIVITIES			
Investments in intangible fixed assets	–60		–60
Investments in tangible fixed assets	–693		–693
Divestment of other fixed assets, etc.	303		303
Divestment of financial fixed assets	0		0
Divestment of other fixed assets, etc.	32		32
Increase(+)/decrease(-) in current financial receivables	188		188
Cash flows from investing activities	**–418**	**188**	**–230**
FINANCING ACTIVITIES			
Loans raised	221		221
Amortized loans	–45		–45
Amortization of leasing liability	–13	–61	–74
Dividends paid	–2		–2
Increase(+)/decrease(-) in other financial liabilities	–128		–128
Cash flows from financing activities	**33**	**–61**	**–28**
Cash flows for the year	**1,307**	**188**	**1,495**
Liquid assets, beginning of the period	**2,900**	**–282**	**2,618**
Liquid assets, close of the period	**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				
NON-CURRENT ASSETS				
Intangible fixed assets	A	1,661	16	1,677
Tangible fixed assets	B,C	3,207	600	3,807
Participations in associated companies		5		5
Financial investments		70		70
Long-term receivables		677		677
Deferred income tax assets		528		528
Total non-current assets		**6,148**	**616**	**6,764**
CURRENT ASSETS				
Inventory		108		108
Tax credit		71		71
Accounts receivabler		2,674		2,674
Prepaid expenses and accrued income		753		753
Other receivables		485		485
Short-term investments		1,784		1,784
Cash and cash equivalents		1,462		1,462
Total current assets		**7,337**		**7,337**
TOTAL ASSETS		**13,485**	**616**	**14,101**

SEK m	Note	March 31, 2004 Previous accounting principles	Effect of conversion to IFRS	IFRS
EQUITY AND LIABILITIES				
EQUITY				
Capital stock		600		600
Contributed equity		42		42
Reserves		2		2
Retained earnings	A,B,C	2,426	−288	2,138
Total equity attributable to parent company shareholders		**3,070**	**−288**	**2,782**
Minority interest	D		**20**	**20**
Total equity		**3,070**	**−268**	**2,802**
MINORITY INTEREST	D	**20**	**−20**	
PROVISIONS				
Pension provisions	F	537	−537	0
Deferred tax provisions	F	9	−9	0
Other provisions	F	3,465	−3,465	0
Total provisions		**4,011**	**−4,011**	**0**
LIABILITIES				
Long-term interest-bearing liabilities	B	902	673	1 575
Other long-term liabilities		104	140	244
Pension provisions	F		537	537
Other provisions	F		2,665	2,665
Deferred income tax liabilities	F		9	9
Total non-current liabilities		**1,006**	**4,024**	**5,030**
Current interest-bearing liabilities	B	175	71	246
Accounts payable		903		903
Tax liabilities		35		35
Other liabilities		1,614	20	1,634
Accrued expenses and deferred income	B	2,651		2,651
Other provisions	F		800	800
Total current liabilities		**5,378**	**891**	**6,269**
Total liabilities		**10,395**	**904**	**11,299**
TOTAL EQUITY AND LIABILITIES		**13,485**	**616**	**14,101**

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

Balance sheet June 30, 2004

SEK m	Note	June 30, 2004 Previous accounting principles	Effect of conversion to IFRS	IFRS
ASSETS				
NON-CURRENT ASSETS				
Intangible fixed assets	A	1,597	30	1,627
Tangible fixed assets	B,C	3,188	584	3,772
Participations in associated companies		5		5
Financial investments		67		67
Long-term receivables		699		699
Deferred income tax assets		528		528
Total non-current assets		**6,084**	**614**	**6,698**
CURRENT ASSETS				
Inventory		106		106
Tax credit		114		114
Accounts receivable		2,851		2,851
Prepaid expenses and accrued income		765		765
Other receivables		599		599
Short-term investments		2,453		2,453
Cash and cash equivalents		1,064		1,064
Total current assets		**7,952**		**7,952**
TOTAL ASSETS		**14,036**	**614**	**14,650**

SEK m	Note	June 30, 2004 Previous accounting principles	Effect of conversion to IFRS	IFRS
EQUITY AND LIABILITIES				
EQUITY				
Capital stock		600		600
Contributed equity		42		42
Reserves		–3		–3
Retained earnings	A,B,C	2,525	–267	2,258
Total equity attributable to parent company shareholders		**3,164**	**–267**	**2,897**
Minority interest	D		**23**	**23**
Total equity		**3,164**	**–244**	**2,920**
MINORITY INTEREST	D	**23**	**–23**	
PROVISIONS				
Pension provisions	F	715	–715	0
Deferred tax provisions	F	9	–9	0
Other provisions	F	3,433	–3,433	0
Total provisions		**4,157**	**–4157**	**0**
LIABILITIES				
Long-term interest-bearing liabilities	B	898	655	1 553
Other long-term liabilities		98	135	233
Pension provisions	F		715	715
Other provisions	F		2,866	2,866
Deferred income tax liabilities	F		9	9
Total non-current liabilities		**996**	**4,380**	**5,376**
Current interest-bearing liabilities	B	316	72	388
Accounts payable		1,013		1,013
Tax liabilities		13		13
Other liabilities		1,602	19	1,621
Accrued expenses and deferred income	B	2,752		2,752
Other provisions	F		567	567
Total current liabilities		**5,696**	**658**	**6,354**
Total liabilities		**10,849**	**881**	**11,730**
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				
NON-CURRENT ASSETS				
Intangible fixed assets	A	1,542	45	1,587
Tangible fixed assets	B,C	3,086	568	3,654
Participations in associated companies		1		1
Financial investments		61		61
Long-term receivables		699		699
Deferred income tax assets		525		525
Total non-current assets		**5,914**	**613**	**6,527**
CURRENT ASSETS				
Inventory		101		101
Tax credit		20		20
Accounts receivable		2,592		2,592
Prepaid expenses and accrued income		684		684
Other receivables		709		709
Current investments		1,854		1,854
Cash and cash equivalents		1,435		1,435
Total current assets		**7,395**		**7,395**
TOTAL ASSETS		**13,309**	**613**	**13,922**

SEK m	Note	September 30, 2004 Previous accounting principles	Effect of conversion to IFRS	IFRS
EQUITY AND LIABILITIES				
EQUITY				
Capital stock		600		600
Contributed equity		42		42
Reserves		–33		–33
Retained earnings	A,B,C	2,922	–246	2,676
Total equity attributable to parent company shareholders		**3,531**	**–246**	**3,285**
Minority interest	D		**6**	**6**
Total equity		**3,531**	**–240**	**3,291**
MINORITY INTEREST	D	**6**	**–6**	
PROVISIONS				
Pension provisions	F	906	–906	0
Deferred tax provisions	F	9	–9	0
Other provisions	F	3,291	–3,291	0
Total provisions		**4,206**	**–4,206**	**0**
LIABILITIES				
Long-term interest-bearing liabilities	B	892	636	1,528
Other long-term liabilities		92	130	222
Pension provisions	F		906	906
Other provisions	F		2,797	2,797
Deferred income tax liabilities	F		9	9
Total non-current liabilities		**984**	**4478**	**5,462**
Current interest-bearing liabilities	B	116	74	190
Accounts payable		851		851
Tax liabilities		26		26
Other liabilities		1,597	19	1,616
Accrued expenses and deferred income	B	1,992		1,992
Other provisions	F		494	494
Total current liabilities		**4,582**	**587**	**5,169**
Total liabilities		**9,772**	**859**	**10,631**
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 costs		–3,216	0	–3,216
Other operating costs [1]				
– 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 costs		**–6,086**	**30**	**–6,056**
Operating earnings		**182**	**35**	**217**
Financial income		16		16
Financial costs		–20	–15	–35
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
Earnings for the period		**339**	**21**	**360**
Attributable to:				
Posten AB shareholders				359
Minority interest	D			1

[1] Other operating costs include transportation costs.

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 costs		−6,345	0	−6,345
Other operating costs [1)]				
– 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 costs		**–12,359**	**59**	**–12,300**
Operating earnings		**279**	**69**	**348**
Financial income		41		41
Financial costs		−42	−28	−70
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	D			3

1) Other operating costs include transportation costs.

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 costs		–9,138	0	–9,138
Other operating costs [1]				
– 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 costs		**–17,891**	**88**	**–17,803**
Operating earnings		**681**	**103**	**784**
Financial income		53		53
Financial costs		–55	–45	–100
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

[1] Other operating costs include transportation costs.

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

Statement of cash flows, January–March 2005

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

Statement of cash flows, January–June 2005

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

Statement of cash flows, January–September 2005

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

Notes to restated 2004 figures

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

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

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

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

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

C) Component Depreciation
Under IAS 16, tangible assets featuring material subcomponents with disparate useful lives are to be segregated and ascribed individual useful lives. 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.

Definitions

Return on equity: Net earnings divided by average equity.

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

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

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

Sickness absenteeism: The rate of sickness absenteeism is calculated by relating the number of sickness absenteeism hours in relation to contracted work time.

By contracted work time is meant collective agreements and employment agreements. Sickness absenteeism refers only to the absence of the individual.

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

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

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

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