

Interim Report January-September 2012

Weakened market conditions – continued conversions

July-September 2012

- Net sales totaled SEK 8,959m (9,195).
- Operating profit totaled SEK 128m (295).
- Operating profit before restructuring costs and non-recurring items totaled SEK 232m (414).
- Net profit totaled SEK 126m (286).
- Operating margin was 1.4 (3.2) %.
- Adjusting operating margin was 2.6 (4.5) %.
- Cash flow from operating activities totaled SEK -354m (-361).

January-September 2012

- Net sales totaled SEK 28,439m (28,938).
- Operating profit totaled SEK 242m (926).
- Operating profit before restructuring costs and non-recurring items totaled SEK 1,001m (1,218).
- Net profit totaled SEK 185m (784).
- Operating margin was 0.8 (3.2) %.
- Adjusted operating margin was 3.5 (4.2) %.
- Cash flow from operating activities totaled SEK 369m (310).

Message from the CEO

PostNord's net sales were down 3 percent year-on-year during the third quarter of 2012. The development reflects the continued high levels of digital substitution and a weakened macroeconomic situation.

PostNord is going through a major conversion phase in 2012 and 2013, aimed at securing profitability for the mail businesses and developing the logistics business. We are making major cost reductions and investments in many areas of the business. Operating profit is therefore charged with significant restructuring costs, totaling SEK 764m to date.

Mail volumes in Denmark and Sweden were down in line with expectations. PostNord performed well in light of this trend. Due to focused efforts on streamlining and rationalizations, PostNord is showing continued profitability and a stable operating cash flow development. Excluding restructuring costs and non-recurring items, the operating margin was 2.6 percent for the quarter and 3.5 percent for the first nine months of the year.

Three of our four businesses are reporting improved operating profits this quarter. As expected, our Danish mail business is reporting lower earnings due to the continued dramatic decline in mail volumes. Changes in actuarial calculations for pensions and the comparative effect of capital gain from the sale of a real estate

company in 2011, contributed negatively to this quarter's earnings development.

Our logistics business is reporting continued growth and slightly improved profitability. The business area's net sales also grew organically. We continue to implement our strategy to create end-to-end solutions and cross-border logistics capacity in the Nordic region. We signed another agreement this quarter for the acquisition of a complementary logistics company in Norway.

We continue to benefit from the growth of e-commerce in both the mail and logistics businesses. Volumes for B2C parcels and goods mail are growing strongly and we are seeing increased flows at our partner outlets and distribution points.

Strålfors is reporting positive operating results again this quarter, and also improved profitability quarter-on-quarter. This confirms the importance of the actions we have taken to streamline and rationalize within the business.

During the quarter, PostNord raised capital totaling SEK 2 billion through a successful bond issue. This increases our flexibility in the ongoing conversions and future acquisitions.

Lars Idermark

Financial overview and key ratios

SEKm, unless otherwise specified	Jul-Sep 2012	Jul-Sep 2011	Change		Jan-Sep 2012	Jan-Sep 2011	Change		Jan-Dec 2011
INCOME STATEMENT									
Net sales	8,959	9,195	-236	-3%	28,439	28,938	-499	-2%	39,466
Other income	68	110	-42	-38%	191	206	-15	-7%	274
Income	9,027	9,305	-278	-3%	28,630	29,144	-514	-2%	39,740
Operating expenses, excl. depreciation and impairments	-8,485	-8,596	111	-1%	-27,146	-26,978	-168	1%	-36,501
Participations in the earnings of associated companies	4	1	3	>100%	5	-1	6	>-100%	-2
Operating profit (EBITDA)	546	710	-164	-23%	1,489	2,165	-676	-31%	3,237
Depreciation and impairments	-418	-415	-3	1%	-1,247	-1,239	-8	1%	-1,666
Operating profit (EBIT)	128	295	-167	-57%	242	926	-684	-74%	1,571
Net financial items	-6	30	-36	>-100%	12	92	-80	-87%	100
Profit before tax	122	325	-203	-62%	254	1,018	-764	-75%	1,671
Tax	4	-39	43	>-100%	-69	-234	165	-71%	-446
Net profit	126	286	-160	-56%	185	784	-599	-76%	1,225
CASH FLOWS									
Cash flows from operating activities	-354	-361	7		369	310	59		1,634
FINANCIAL POSITION									
Cash and cash equivalents, end of period	3,622	1,758	1,864	>100%	3,622	1,758	1,864	>100%	2,107
Equity, end of period	11,332	11,726	-394	-3%	11,332	11,726	-394	-3%	11,930
Net debt	3,098	745	2,353	>100%	3,098	745	2,353	>100%	578
KEY RATIOS									
Operating margin (EBIT), %	1.4	3.2			0.8	3.2			4.0
Adjusted operating margin, %	2.6	4.5			3.5	4.2			4.8
Earnings per share, SEK	0.06	0.18	-0.12		0.09	0.39	-0.30		0.61
Net debt/EBITDA, times	1.21	0.26	0.95		1.21	0.26	0.95		0.18
Equity-Assets ratio, end of period, %	40	47	-7		40	47	-7		47
Return on equity, rolling 12-month, %	5	7			5	7			10
Average number of employees	40,552	42,654	-2,102	-5%	39,476	42,162	-2,686	-6%	41,714

Net sales and profit

July-September

PostNord's net sales were down 3% during the third quarter, totaling SEK 8,959m (9,195). Net sales were also down 3% excluding the net effect of acquisitions, divestments and exchange rate fluctuations. The change was primarily attributable to the sharp reduction in letter volumes, which totaled 8% during the quarter. Sales for the Logistics business area increased due to acquisitions and organic growth. Growth within e-commerce generated increased demand for the distribution of goods via mail and parcel delivery. Acquisitions and divestments had a net effect on net sales of SEK 327m.

Expenses were down 1%, to SEK 8,903m (9,011). Excluding acquisitions, divestments and exchange rate fluctuations, expenses fell 2%. Restructuring costs totaled SEK 104m (199) for the quarter and were primarily attributable to personnel cutbacks. Excluding restructuring costs, expenses were unchanged and totaled SEK 8,799m (8,812). Acquisitions and divestments had a net effect on expenses of SEK 307m.

Personnel expenses fell as a result of streamlining activities within production and administration and a higher level of outsourcing. The average number of employees was 2,100 less than during the same period last year. The group's transport expenses increased during the quarter, attributable mainly to acquisitions of businesses within business area Logistics.

Group operating profit fell to SEK 128m (295) and the group operating margin to 1.4 (3.2)%. The adjusted operating margin (EBIT margin before restructuring costs and non-recurring items) fell to 2.6 (4.5)%. The operating profit development was negatively impacted by changes in actuarial calculations and capital gain from the sale of a real estate company in 2011. See also Other & Eliminations (page 6).

Net financial items totaled SEK -6m (30). The change was mainly related to lower interest rates.

Net profit totaled SEK 126m (286).

Return on equity, rolling 12-month, was 5 (7)%.

January-September

PostNord's net sales fell 2% during the first nine months of 2012 and totaled SEK 28,439m (28,938). Acquisitions and divestments had a net effect on net sales of SEK 425m.

Expenses rose 1% to SEK 28,393m (28,217). Excluding restructuring costs, expenses fell 1% to SEK 27,629m (27,845). Acquisitions and divestments had a net effect on expenses of SEK 378m.

Group operating profit fell to SEK 242m (926) and the group operating margin to 0.8 (3.2)%. The adjusted

operating margin fell to 3.5 (4.2)%. The operating profit trend was negatively impacted by changes in actuarial estimates and capital gain from the sale of a real estate company in 2011.

Net financial items totaled SEK 12m (92). The change was mainly related to lower interest rates and increased borrowing.

Net profit totaled SEK 185m (784). Earnings per share were SEK 0.09 (0.39).

Adjusted operating profit

SEKm	Mail Denmark		Mail Sweden		Mail		Logistics		Strålfors		PostNord Group			
	Jul-Sep		Jul-Sep		Jul-Sep		Jul-Sep		Jul-Sep		Jul-Sep		Jan-Sep	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Operating profit (EBIT)	-49	129	169	76	120	205	82	66	15	-31	128	295	242	926
Restructuring costs	0	0	80	133	80	133	14		5		104	199	764	372
Non-recurring items ¹⁾												-80	-5	-80
Adjusted operating profit (EBIT)	-49	129	249	209	200	338	96	66	20	-31	232	414	1,001	1,218
Adjusted operating margin, %	neg	5.0	6.8	5.8	3.5	5.5	2.7	2.0	3.2	neg	2.6	4.5	3.5	4.2

¹⁾ Refers to capital gains on the sale of businesses

Cost reduction program

PostNord established a special cost reduction program in 2011 to lower the group's administrative costs. In addition to the ongoing rationalizations made within the group, the program will generate a cost savings effect of approximately SEK 1 billion from the start of 2013. The cost reduction program measures are now essentially completed and the goal will be achieved.

Cash flows

July-September

Cash flows from operating activities before changes in working capital totaled SEK 157m (237). Cash flows as regard pension payments totaled SEK -272m (-260). Transfer for new pension commitments of SEK 68m (0) was made during the period and SEK 66m (0) of contributions were received.

Cash flows from changes in working capital totaled SEK -511m (-598).

Cash flows from investing activities totaled SEK 422m (138). Investments in tangible fixed assets totaled SEK 325m (293). Investments were primarily made in production vehicles, transport and sorting equipment and facilities in connection with the establishment of the new terminals in Hallsberg and Rosersberg in Sweden. These investments include the adaptation of the Swedish mail business to anticipated mail volume decline and to meet the group's environmental goals. Investments in intangible fixed assets totaled SEK 79m (88) and were primarily attributable to development ex-

penditures for the integration of joint IT solutions. The net liquidity effect of the acquisition of subsidiaries totaled SEK 28m (152).

Cash flows from financing activities totaled SEK 1,813m (13). The group raised loans of SEK 2,262m (0) during the quarter, primarily through issuing corporate bonds totaling SEK 2 billion. Amortized loans totaled SEK 416m (17) during the period.

Cash and cash equivalents at the end of the period totaled SEK 3,622m, up SEK 1,864 from September 30, 2011.

January-September

Cash flows from operating activities before changes in working capital totaled SEK 810m (944). Cash flows as regard pension payments totaled SEK -813m (-792). Transfer for new pension commitments of SEK 283m (251) was made during the period and SEK 281m (251) of contributions were received.

Cash flows from changes in working capital totaled SEK -441m (-634).

Cash flows from investing activities totaled SEK 2,448m (905). Investments in tangible fixed assets totaled SEK 1,123m (841). The net liquidity effect of the acquisition of subsidiaries totaled SEK 1,241m (293). The net liquidity effect of the divestment of subsidiaries totaled SEK 46m (196). Divested entities were the wholly-owned subsidiaries EBT Property B.V, HIT Starintex B.V Holland and HIT Belgium S.A. See also Note 12, Acquisitions and Divestments.

Cash flows from financing activities totaled SEK 3,602m (-1,292). Dividends of SEK 368m (1,000) and SEK 2m (4) were distributed to parent company shareholders and minority interests, respectively, in 2012.

Cash and cash equivalents at the end of the period totaled SEK 3,622m, up SEK 1,515m from December 31, 2011.

Financial position

The group holds a strong financial position and has a strong asset base, with an equity-assets ratio of 40% as of September 30, 2012. The group target is an equity-assets ratio of at least 35%.

The group's net debt totaled SEK 3,098m. The group's interest-bearing liabilities are comprised of pension liabilities, long-term property and bond loans, short-term commercial paper and the group's cash and cash equivalents, which totaled SEK 3,622m as of September 30, 2012.

During the third quarter PostNord issued bonds totaling SEK 2 billion. After the close of the period the proceeds were used, among other things, to refinance a bank credit of SEK 1 billion, which was repaid on October 4, 2012.

The group's financial preparedness totaled SEK 5,622m, including a committed credit line of SEK 2 billion.

The net debt/EBITDA ratio was 1.21.

Consolidated net financial position

SEKm	Sep 30 2012	Sep 30 2011	Dec 31 2011
Cash and cash equivalents	3,622	1,758	2,107
Interest-bearing liabilities	5,063	1,134	1,098
Pension provisions	1,657	1,369	1,587
Net debt	3,098	745	578

Future changes to accounting principles

In the 2011 Annual Report, PostNord announced that changes to IAS 19 regarding employee benefits, will impact the company. The transition to the new rules will occur as at January 1, 2013. The transition will have a negative effect on Group equity, but not parent company equity. The change will have no effect on cash flows. The financial effects of the new rules will be reported in the 2012 year-end report.

Highlights

On August 8, 2012 it was announced that PostNord's subsidiary Post Danmark A/S signed an agreement with ZimmerGroup A/S to acquire all the shares in Distribution Services A/S, a specialist in the packaging and handling of unaddressed mail. The company has been a Post Danmark subcontractor since 2003. The takeover is scheduled for January 1, 2013.

On September 13, 2012 PostNord AB launched a bond issue for a total of SEK 2 billion. The bonds have a 5-year maturity and fall due on September 20, 2017. One SEK 1 billion tranche bears a fixed interest rate of 3.125%, while the other SEK 1 billion tranche bears a 3-month STIBOR variable interest rate + 150 basis points. The bonds were issued within the scope of the Medium Term Note program established in June 2012, aimed at providing the group with more flexibility to finance conversions and continued acquisitions. The bonds are listed on NASDAQ OMX Stockholm.

On September 14, 2012 PostNord AB signed an agreement for the cash acquisition of 100% of the shares of Norwegian logistic company Harlem Transport AS. The company focuses on providing services for consignment goods transport in four areas: convenience goods, industry, shipping and recycling and waste. The acquisition complements PostNord's existing operations in Norway and further strengthens the group's position in the growing Norwegian logistics market. The acquisition was concluded on November 1, 2012, and Harlem Transport is included in PostNord's accounts as of this date.

On September 18, 2012 the Danish National Tax Tribunal announced its decision in Post Danmark A/S's favor in a case concerning paid VAT. A lump sum payment of DKK 220m, representing VAT payments, is expected to be returned to the group during the fourth quarter of 2012, if an appeal is not filed. The right of the opposing party, the Danish Tax Authority (SKAT), to file an appeal expires on December 18th.

Changes in Group Management

Henrik Rättzén took over as PostNord's new CFO on August 7, 2012. He comes most recently from insurance group Codan Trygg-Hansa where he served as Nordic CFO.

PostNord's HR Director, Palle Juliussen, retired as of October 1, 2012. Recruitment of his replacement is underway. Lo Hjorth, PostNord's Deputy HR Director, serves as acting HR Director.

Business operations

SEKm	Jul-Sep 2012	Jul-Sep 2011	Change		Jan-Sep 2012	Jan-Sep 2011	Change	
Mail								
Net sales ¹⁾	5,165	5,545	-380	-7%	16,996	17,783	-787	-4%
<i>of which, Mail Denmark</i>	1,797	2,177	-380	-17%	6,158	6,892	-734	-11%
<i>of which, Mail Sweden</i>	3,440	3,434	6	0%	11,043	11,090	-47	0%
Operating profit (EBIT)	120	205	-85	-41%	377	713	-336	-47%
<i>of which, Mail Denmark</i>	-49	129	-178	<i>n.a.</i>	-39	207	-246	<i>n.a.</i>
<i>of which, Mail Sweden</i>	169	76	93	>100%	416	506	-90	-18%
Operating margin, %	2.1	3.3	-1.2		2.0	3.6	-1.6	
Adjusted operating margin, %	3.5	5.5	-2.0		5.0	5.1	-0.1	
Logistics								
Net sales	3,258	3,042	216	7%	9,690	9,035	655	7%
Operating profit (EBIT)	82	66	16	24%	59	139	-80	-58%
Operating margin, %	2.3	2.0	0.3		0.6	1.4	-0.8	
Adjusted operating margin, %	2.7	2.0	0.7		1.5	1.4	0.1	
Strålfors								
Net sales	611	675	-64	-9%	1,983	2,334	-351	-15%
Operating profit (EBIT)	15	-31	46	<i>n.a.</i>	-34	-73	39	-53%
Operating margin, %	2.4	neg			neg	neg		
Adjusted operating margin, %	3.2	neg			2.6	neg		
Other & eliminations								
Net sales ¹⁾	-75	-67	-8		-230	-214	-16	
Operating profit (EBIT)	-89	55	-144		-160	147	-307	
PostNord Group								
Net sales	8,959	9,195	-236	-3%	28,439	28,938	-499	-2%
Operating profit (EBIT)	128	295	-167	-57%	242	926	-684	-74%
Operating margin, %	1.4	3.2	-1.8		0.8	3.2	-2.4	
Adjusted operating margin, %	2.6	4.5	-1.9		3.5	4.2	-0.7	

Margin calculation includes other income; see Quarterly Data table.

¹⁾ Internal transaction between business areas are eliminated in the aggregated mail businesses.

July-September

Mail

Net sales for the Mail businesses fell 7% during the third quarter to SEK 5,165m (5,545). Mail volumes fell a total of 8%.

Expenses were down 5% and totaled SEK 5,626m (5,937). Excluding restructuring costs, expenses fell 4% to SEK 5,546m (5,804).

Operating profit fell to SEK 120m (205) and the operating margin to 2.1 (3.3) %. The adjusted operating margin fell to 3.5 (5.5) %.

Mail Denmark

Net sales for business area Mail Denmark fell 17% during the quarter to SEK 1,797m (2,177). Excluding exchange rate effects, net sales fell 10%. The business area was affected by the extensive ongoing digitaliza-

tion in the Danish market. Mail volumes fell 15%, chiefly due to reduced volumes from small businesses and private customers. Volumes for the corresponding period were positively impacted by the parliamentary election in September 2011. Excluding this effect, Mail Denmark's mail volumes fell 13% during the quarter. Goods distribution volumes increased due to the growth of e-commerce. Revenues from Advertisements and Newspapers fell for reasons including a weaker advertising market.

Expenses fell 10% to SEK 2,233m (2,467). Excluding exchange rate effects, expenses fell 2%. The decline in expenses was attributable to continuous adjustments to lower volumes as well as streamlining activities within production and distribution which reduced the average number of employees by over 1,000 as compared to last year.

Operating profit fell to SEK -49m (129), and the operating margin and adjusted operating margin were negative.

Mail Sweden

Net sales for business area Mail Sweden were unchanged for the quarter, totaling SEK 3,440m (3,434). Mail volumes continued to be affected by competition from digital alternatives and fell a total of 5% during the quarter. The quarter had one less business day than the corresponding quarter in 2011, which had a negative effect on volumes and sales. This effect corresponds to approximately SEK 20m in net sales. The volume decrease was mitigated by an increase in national and international goods distribution volumes from the growing e-commerce sector. Sales development was negative for Advertisements while Newspaper sales rose as a result of the takeover of operations from Svensk Morgondistribution.

Expenses fell 2% to SEK 3,468m (3,535). Excluding the effect of the takeover of Svensk Morgondistribution's operations, personnel expenses fell due to streamlining and adjustments of the workforce to lower volumes. Excluding restructuring costs, expenses were largely unchanged and totaled SEK 3,388m (3,402).

Operating profit increased to SEK 169m (76) and the operating margin to 4.6 (2.1) %. The adjusted operating margin rose to 6.8 (5.8) %.

Logistics

Net sales for business area Logistics were affected by the negative economic trend and increased price pressure, but rose 7% to SEK 3,258m (3,042). The increase was primarily attributable to acquisitions in Sweden: Green Cargo Logistics, with third-party logistics operations, and NH Logistics, focused on forwarding. The acquisitions contributed SEK 280m and SEK 48m to net sales respectively during the quarter. The business area's sales grew 1% excluding acquisitions, divestments and currency effects.

The Norwegian logistics business reported increased sales. Excluding acquisitions, sales for the Swedish logistics business were down slightly due to negative economic effects and price pressure in certain areas. Sales and volumes continued to fall for the Danish logistics business due to tough competition and price pressure. However, total parcel volumes for the group were essentially unchanged due primarily to strong growth in B2C volumes based on the expansion of e-commerce.

Expenses rose 6% to SEK 3,498m (3,306). The increase was primarily attributable to completed acquisitions, which increased expenses by SEK 266m during the quarter. Excluding restructuring costs, expenses increased 5% to SEK 3,484m (3,306).

Operating profit rose to SEK 82m (66) and the operating margin to 2.3 (2.0) %. The adjusted operating margin rose to 2.7 (2.0) %. The acquired companies contributed SEK 14m to operating profit.

Strålfors

Net sales for Strålfors were down 9%, to SEK 611m (675). The decrease was primarily attributable to the divestment of the Strålfors Identification Solutions (SIS) division, completed on August 1, 2011. Net sales for the remaining operations grew 3% during the quarter.

Expenses fell 14% to SEK 601m (697). The decline was chiefly attributable to the divestment of SIS. Excluding the sale of SIS, expenses fell 8% due to focused efforts to reduce the cost base and create profitability in the business area.

Operating profit rose to SEK 15m (-31) and the operating margin to 2.4% (neg). The adjusted operating margin rose to 3.2% (neg).

Other & Eliminations

Operating profit totaled SEK -89m (55). The SEK -144m decrease was primarily attributable to changed actuarial calculations for the pension discount rate and to last year's capital gain from the sale of Fastighets AB Kvassten 8.

2012 outlook

The assessment of the group's outlook for full-year 2012, reported by the group in its fourth-quarter and full-year reports for 2011, remains unchanged.

PostNord anticipates continued strong volume decreases for mail in Denmark and Sweden due to competition from digital alternatives. PostNord's unchanged assessment for the full year 2012 is that mail volumes in Sweden will fall approximately 5% and that mail volumes in Denmark will follow the 2011 trend (i.e., fall approximately 12%). The group expects continued growth in the Nordic logistics market.

PostNord's strategy includes major conversions, mainly during 2012 and 2013, with cost reductions and significant investments in mail operation production facilities to improve flexibility, efficiency and profitability. This also includes the profitable expansion of the logistics operations, organically and through acquisitions. Following implementation of the corporate strategy, group operating profit is burdened with significant non-recurring restructuring costs in 2012.

Parent company

The parent company, PostNord AB, ran a very limited operation in the form of inter-company service and has three employees: the President/CEO, the group CFO and the Head of Group Strategy. No net sales were reported during the quarter or interim period. Operating expenses totaled SEK 11m (7) for the quarter and SEK 39m (18) for the interim period. Financial items totaled SEK -4m (6) for the quarter and SEK 2,474m (1,002) for the interim period. Of financial items, SEK 2,473m were attributable to distributions from subsidiaries during the second quarter. Net profit totaled SEK -9m (3) for the quarter and SEK 2,452m (997) for the interim period.

Risks and uncertainties for the group and the parent company

Risks, risk management and any factors that may affect the parent company and the group's businesses are described in PostNord's 2011 annual report. No new or changed significant risks or uncertainty factors were identified during the quarter.

Solna, November 6, 2012

PostNord AB (publ)

Lars Idermark

President and CEO

This report has been audited.

PostNord AB (publ) is required to disclose this information under the provisions of the Swedish Securities Market Act and/or the Financial Instruments Trading Act

The information was submitted for publication on November 7, at 8:30 A.M. CET.

Review report

Introduction

We have reviewed the condensed interim report for PostNord AB (publ) as at September 30, 2012 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the Swedish Standard on Review Engagements, SÖG 2410 *Review of Interim Reports Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Solna, November 6, 2012

Ernst & Young AB

Lars Träff
Authorized Public Accountant

Financial calendar

Full-year report 2012	February 22, 2013
2012 Annual Report and Sustainability Report	March 21, 2013
Interim report, January-March 2013	May 14, 2013
Interim report, January-June 2013	August 27, 2013
Interim report, January-September 2013	November 7, 2013

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

Consolidated financial statements

Income statement

SEKm	Note	Jul-Sep 2012	Jul-Sep 2011	Change	Jan-Sep 2012	Jan-Sep 2011	Change	Jan-Dec 2011
	1, 2							
Net sales		8,959	9,195	-3%	28,439	28,938	-2%	39,466
Other income		68	110	-38%	191	206	-7%	274
Income	3	9,027	9,305	-3%	28,630	29,144	-2%	39,740
Personnel expenses	4	-4,234	-4,360	-3%	-13,783	-14,107	-2%	-19,110
Transport expenses		-2,040	-1,913	7%	-5,919	-5,506	8%	-7,540
Other expenses	5	-2,211	-2,323	-5%	-7,444	-7,365	1%	-9,851
Depreciation and impairments		-418	-415	1%	-1,247	-1,239	1%	-1,666
Expenses		-8,903	-9,011	-1%	-28,393	-28,217	1%	-38,167
Participations in the earnings of associated companies	4	1	1	>100%	5	-1	>-100%	-2
OPERATING PROFIT		128	295	-57%	242	926	-74%	1,571
Financial income		46	61	-25%	151	205	-26%	367
Financial expenses		-52	-31	68%	-139	-113	23%	-267
Net financial items		-6	30	>-100%	12	92	-87%	100
Profit before tax		122	325	-62%	254	1,018	-75%	1,671
Tax		4	-39	>-100%	-69	-234	-71%	-446
NET PROFIT		126	286	-56%	185	784	-76%	1,225
Attributable to								
Parent company shareholders		125	285	-56%	182	782	-77%	1,223
Minority interests		1	1	0	3	2		2
Earnings per share, SEK		0.06	0.14	-56%	0.09	0.39	-76%	0.61

Comprehensive income statement

SEKm	Jul-Sep 2012	Jul-Sep 2011	Jan-Sep 2012	Jan-Sep 2011	Jan-Dec 2011
Net profit	126	286	185	784	1,225
Other comprehensive income for the period					
Translation differences ¹⁾	-245	69	-413	193	-44
COMPREHENSIVE INCOME	-119	355	-228	977	1,181
Attributable to					
Parent company shareholders	-117	354	-227	975	1,185
Minority interests	-2	1	-1	2	-4

¹⁾ Translation differences refer to the translation of group equity in foreign currencies

Statement of cash flows

SEKm	Jul-Sep 2012	Jul-Sep 2011	Jan-Sep 2012	Jan-Sep 2011	Jan-Dec 2011
OPERATING ACTIVITIES					
Profit before tax	122	325	254	1,018	1,671
Adjustments for non-cash items:					
Reversal of depreciation and impairments	418	415	1,247	1,239	1,666
Profit from sale of subsidiaries		-103	-5	-103	-102
Capital gain/loss on sale of fixed assets	-7	-11	35	8	131
Pension provisions	117	43	358	45	324
Other provisions	45	-1	420	9	-352
Other items not affecting liquidity	-2	-3	-7	-7	-9
Pensions, net liquidity effect	-272	-260	-813	-792	-1,170
Other provisions, liquidity effect	-165	-32	-314	-75	-112
Tax paid	-99	-136	-365	-398	-71
Cash flows from operating activities before changes in working capital	157	237	810	944	1,976
Cash flows from changes in working capital					
Increase(-)/decrease(+) in inventories	13	-12	17	11	57
Increase(-)/decrease(+) in accounts receivable	-259	-126	-46	51	-7
Increase(-)/decrease(+) in other trade accounts receivable	334	-217	75	-381	-454
Increase(+)/decrease(-) in accounts payable	-163	82	-340	-200	123
Increase(+)/decrease(-) in other operating liabilities	-510	-202	-128	13	-73
Other changes in working capital	74	-123	-19	-128	12
Changes in working capital	-511	-598	-441	-634	-342
Cash flows from operating activities	-354	-361	369	310	1,634
INVESTING ACTIVITIES					
Purchase of tangible fixed assets	-325	-293	-1,123	-841	-1,670
Sale of tangible fixed assets	10	173	88	205	241
Capitalized development expenditures	-64	-50	-202	-143	-180
Purchase of intangible assets	-15	-38	-29	-68	-96
Sale of intangible assets		11		11	4
Acquisition of subsidiaries, net liquidity effect	-28	-152	-1,241	-293	-344
Acquisition of associated companies, net liquidity effect				-8	-8
Sale of subsidiaries, net liquidity effect		196	46	196	185
Change in financial assets		15	13	36	55
Cash flows from investing activities	-422	-138	-2,448	-905	-1,813
FINANCING ACTIVITIES					
Amortized loans	-416	-17	-423	-341	-331
New loans raised	2,262		4,489		
Amortized finance leasing liabilities	23	-12	0	-26	-37
Dividend paid to parent company owners			-368	-1,000	-1,000
Dividend paid to minority interests		-1	-2	-4	-4
Increase(+)/decrease(-) in other interest-bearing liabilities	-56	43	-94	79	19
Cash flows from financing activities	1,813	13	3,602	-1,292	-1,353
CASH FLOWS FOR THE PERIOD	1,037	-486	1,523	-1,887	-1,532
Cash and cash equivalents, beginning of period	2,591	2,240	2,107	3,640	3,640
Translation difference in cash and cash equivalents	-6	4	-8	5	-1
Cash and cash equivalents, end of period	3,622	1,758	3,622	1,758	2,107

Balance sheets

SEKm	Note	Sep 30 2012	Sep 30 2011	Dec 31 2011
	1, 2			
ASSETS				
Goodwill		3,046	2,875	2,830
Other intangible assets		1,646	1,532	1,483
Tangible fixed assets		8,271	7,698	7,924
Participations in associated companies and joint ventures		75	92	88
Financial investments		181	192	182
Long-term receivables	6	4,542	3,669	3,990
Deferred tax assets		106	292	145
Total fixed assets		17,867	16,350	16,642
Inventories		202	221	218
Tax assets		501	624	168
Accounts receivable		4,550	4,253	4,370
Prepaid expenses and accrued income		1,073	1,236	1,205
Other receivables		667	584	544
Short-term investments			1	1
Cash and cash equivalents		3,622	1,758	2,107
Assets held for sale		155	153	155
Total current assets		10,770	8,830	8,768
TOTAL ASSETS		28,637	25,180	25,410
EQUITY AND LIABILITIES				
EQUITY				
Capital stock		2,000	2,000	2,000
Other contributed equity		9,954	9,954	9,954
Reserves		-1,964	-1,317	-1,552
Retained earnings		1,339	1,084	1,525
Total equity attributable to parent company shareholders		11,329	11,721	11,927
Minority interests		3	5	3
TOTAL EQUITY		11,332	11,726	11,930
LIABILITIES				
Long-term interest-bearing liabilities		2,922	1,031	985
Other long-term liabilities		37	56	55
Pension provisions		1,657	1,369	1,587
Other provisions	7	1,587	1,665	1,403
Deferred tax liabilities		1,207	1,097	1,158
Total long-term liabilities		7,410	5,218	5,188
Current interest-bearing liabilities		2,141	103	113
Accounts payable		1,849	1,774	2,130
Tax liabilities		58	167	41
Other current liabilities		1,604	1,666	1,578
Accrued expenses and prepaid income	8	3,971	4,038	4,079
Other provisions	7	272	488	351
Total current liabilities		9,895	8,236	8,292
TOTAL LIABILITIES		17,305	13,454	13,480
TOTAL EQUITY AND LIABILITIES		28,637	25,180	25,410

For information on the group's pledged assets and contingent liabilities, see Note 9.

Statement of changes in equity

SEKm	Equity attributable to parent company shareholders					Minority interests	Total equity
	Capital stock ¹⁾	Other contributed equity	Currency translation reserve	Retained earnings	Total		
Beginning balance as of 01-01-2011	2,000	9,954	-1,512	1,302	11,744	9	11,753
Net profit				782	782	2	784
Dividend ²⁾				-1,000	-1,000	-4	-1,004
Other comprehensive profit for the period ³⁾			195		195	-2	193
Ending balance as of 09-30-2011	2,000	9,954	-1,317	1,084	11,721	5	11,726
Beginning balance as of 10-01-2011	2,000	9,954	-1,317	1,084	11,721	5	11,726
Net profit				441	441		441
Other comprehensive income for the period ³⁾			-235		-235	-2	-237
Dividend ²⁾					0		0
Ending balance as of 12-31-2011	2,000	9,954	-1,552	1,525	11,927	3	11,930
Beginning balance as of 01-01-2012	2,000	9,954	-1,552	1,525	11,927	3	11,930
Net profit				182	182	3	185
Other comprehensive profit for the period ³⁾			-412		-412	-1	-413
Dividend ²⁾				-368	-368	-2	-370
Ending balance as of 09-30-2012	2,000	9,954	-1,964	1,339	11,329	3	11,332

¹⁾ Number of shares is 2,000,000,001: 1,524,905,971 ordinary shares and 475,094,030 series B shares.

²⁾ A dividend of SEK 368m (1,000), representing SEK 0.18 (0.50) per share, was distributed by the parent company to the owners. Svensk Adressändring AB and Adresspoint AB distributed a dividend of SEK 2m (4) to minority interests.

³⁾ Refers to translation differences in group equity.

Notes

Note 1 Accounting principles

Compliance with legislation and regulations

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), together with interpretation statements from the International Financial Reporting Interpretations Committee (IFRIC), to the extent that they have been approved by the European Commission for application within the European Union. In addition to IFRS, additional rules from the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's RFR 1, Supplemental Financial Statements for Groups, were also applied.

Consolidated financial statements

The group's interim report is prepared in accordance with IAS 34, Interim Financial Reporting, and with additional rules from the Annual Accounts Act. The same accounting principles and methods of calculation were used in this interim report as in the 2011 Annual Report.

Note 2 Estimates and assessments

In preparing these financial reports, Group Management has made assessments, estimates and assumptions that affect the group's reported accounts. These

estimates and assumptions are based on what is known at the time the financial reports are presented, as well as historical experience and assumptions that Group Management considers reasonable under the current circumstances. The conclusions drawn by Group Management form the basis for the reported values in the accounts. Actual results, estimates and assessments in future financial reports may differ from those in the 2011 Annual Report, due to changing environmental factors and new knowledge and experience. The most significant estimates and assessments for PostNord were made with reference to the postal obligation, intangible assets, pension commitments, provisions and taxes. No new areas have arisen and it has not been necessary to modify any significant assessments or estimates during the quarter.

Note 3 Segment reporting

The group is organized into business operations based on the manner in which the group is governed and activities are reported to Group Management. Market pricing applies to internal dealings between business units. There is no latitude for making external purchases where the service in question is available internally. In PostNord's operational structure, though not in its legal structure, cost distribution of corporate shared service functions is at cost price with full allocation of costs.

Mail Denmark is the leading supplier of distribution solutions in the Danish communication market, with a nationwide distribution network. The business area offers physical and digital mail, direct mail and newspaper services, facility management services as well as drop-off and collection of private parcels.

Mail Sweden is the leading supplier of distribution solutions in the Swedish communication market, with a nationwide distribution network. The business area offers physical and digital mail, direct mail and newspaper services as well as drop-off and collection of private parcels.

Logistics is a leader in the Nordic logistics market and offers a Nordic-wide distribution network. The business area runs operations in parcel, pallet and general cargo as well as courier, express, third-party logistics, in-night freight forwarding and consignment freight.

Strålfors develops, produces and delivers systems, services and products for efficient business communica-

tion. Strålfors is a Nordic leader in its field and has operations in the Nordic region and several other European countries.

Other & eliminations comprises corporate functions, the parent company and intra-group adjustments.

From Other & Eliminations, costs for shared services and corporate functions are allocated to the business operations. Cost allocations are taken up as income in Other & Eliminations under Other Operating Income, Internal. Within the business operations, cost allocations are taken up as expense under Other Expenses.

Remaining in Other & Eliminations are group IRFS adjustments regarding pensions in accordance with IAS 19, Employee Benefits; finance leasing in accordance with IAS 17, Leasing; and certain items that do not fall within the remit of any business area.

2012 Jul-Sep SEKm	Mail		Logistics	Strålfors	Other & Elim	Group
	Mail Denmark	Mail Sweden				
Net sales, external	1,740	3,413	3,221	585	0	8,959
Net sales, internal	57	27	37	26	-147	0
Total net sales	1,797	3,440	3,258	611	-147	8,959
Other income, external	7	23	17	5	16	68
Other income, internal	377	174	305	0	-856	0
Total income	2,181	3,637	3,580	616	-987	9,027
Personnel expenses	-1,287	-1,726	-771	-181	-269	-4,234
Transport expenses	-172	-646	-1,535	-14	327	-2,040
Other expenses	-679	-1,004	-1,103	-349	924	-2,211
Depreciation and impairments	-95	-92	-89	-57	-85	-418
Total expenses	-2,233	-3,468	-3,498	-601	897	-8,903
Participations in the earnings of associated companies and joint ventures	3	0	0	0	1	4
OPERATING PROFIT	-49	169	82	15	-89	128
Net financial items						-6
Profit before tax						122
Tax						4
Net profit						126
Assets	7,484	7,854	8,387	2,442	2,470	28,637
Liabilities	3,831	5,336	4,181	1,363	2,594	17,305
Investments in tangible and intangible fixed assets	70	79	50	23	182	404

2011 Jul-Sep SEKm	Mail		Logistics	Strålfors	Other & Elim	Group
	Mail Denmark	Mail Sweden				
Net sales, external	2,111	3,407	3,015	661	1	9,195
Net sales, internal	66	27	27	14	-134	0
Total net sales	2,177	3,434	3,042	675	-133	9,195
Other income, external	-2	18	8	-10	96	110
Other income, internal	421	159	322		-902	0
Total income	2,596	3,611	3,372	665	-939	9,305
Personnel expenses	-1,472	-1,764	-746	-225	-153	-4,360
Transport expenses	-156	-667	-1,444	-31	385	-1,913
Other expenses	-740	-1,055	-1,040	-385	897	-2,323
Depreciation and impairments	-99	-49	-76	-56	-135	-415
Total expenses	-2,467	-3,535	-3,306	-697	994	-9,011
Participations in the earnings of associated companies and joint ventures				1		1
OPERATING PROFIT	129	76	66	-31	55	295
Net financial items						30
Profit before tax						325
Tax						-39
Net profit						286
Assets	8,896	6,328	6,915	2,744	297	25,180
Liabilities	4,400	4,019	3,134	1,483	418	13,454
Investments in tangible and intangible fixed assets	117	49	45	55	131	397

2012 Jan-Sep SEKm	Mail		Logistics	Strålfors	Other & Elim	Group
	Mail Denmark	Mail Sweden				
Net sales, external	5,968	10,957	9,586	1,927	1	28,439
Net sales, internal	190	86	104	56	-436	0
Total net sales	6,158	11,043	9,690	1,983	-435	28,439
Other income, external	7	63	46	19	56	191
Other income, internal	1,181	522	914		-2,617	0
Total income	7,346	11,628	10,650	2,002	-2,996	28,630
Personnel expenses	-4,233	-5,696	-2,510	-605	-739	-13,783
Transport expenses	-466	-1,928	-4,462	-52	989	-5,919
Other expenses	-2,391	-3,315	-3,367	-1,210	2,839	-7,444
Depreciation and impairments	-299	-273	-252	-169	-254	-1,247
Total expenses	-7,389	-11,212	-10,591	-2,036	2,835	-28,393
Participations in the earnings of associated companies and joint ventures	4				1	5
OPERATING PROFIT	-39	416	59	-34	-160	242
Net financial items						12
Profit before tax						254
Tax						-69
Net profit						185
Assets	7,484	7,854	8,387	2,442	2,470	28,637
Liabilities	3,831	5,336	4,181	1,363	2,594	17,305
Investments in tangible and intangible fixed assets	280	327	190	65	492	1,354

2011 Jan-Sep SEKm	Mail		Logistics	Strålfors	Other & Elim	Group
	Mail Denmark	Mail Sweden				
Net sales, external	6,695	11,003	8,940	2,297	3	28,938
Net sales, internal	197	87	95	37	-416	0
Total net sales	6,892	11,090	9,035	2,334	-413	28,938
Other income, external	2	50	24		130	206
Other income, internal	1,221	484	939		-2,644	0
Total income	8,115	11,624	9,998	2,334	-2,927	29,144
Personnel expenses	-4,730	-5,795	-2,311	-823	-448	-14,107
Transport expenses	-465	-1,967	-4,110	-67	1,103	-5,506
Other expenses	-2,414	-3,207	-3,220	-1,330	2,806	-7,365
Depreciation and impairments	-295	-149	-218	-190	-387	-1,239
Total expenses	-7,904	-11,118	-9,859	-2,410	3,074	-28,217
Participations in the earnings of associated companies and joint ventures	-4			3		-1
OPERATING PROFIT	207	506	139	-73	147	926
Net financial items						92
Profit before tax						1,018
Tax						-234
Net profit						784
Assets	8,896	6,328	6,915	2,744	297	25,180
Liabilities	4,400	4,019	3,134	1,483	418	13,454
Investments in tangible and intangible fixed assets	328	214	120	110	296	1,068

2011 Jan-Dec SEKm	Mail		Logistics	Strålfors	Other & Elim	Group
	Mail Denmark	Mail Sweden				
Net sales, external	9,068	15,103	12,309	2,982	4	39,466
Net sales, internal	279	117	141	66	-603	0
Total net sales	9,347	15,220	12,450	3,048	-599	39,466
Other income, external	3	67	36	18	150	274
Other income, internal	1,682	664	1,281		-3,627	0
Total income	11,032	15,951	13,767	3,066	-4,076	39,740
Personnel expenses	-6,332	-7,831	-3,158	-1,070	-719	-19,110
Transport expenses	-642	-2,675	-5,636	-98	1,511	-7,540
Other expenses	-3,303	-4,356	-4,392	-1,739	3,939	-9,851
Depreciation and impairments	-393	-199	-312	-240	-522	-1,666
Total expenses	-10,670	-15,061	-13,498	-3,147	4,209	-38,167
Participations in the earnings of associated companies and joint ventures	-7			5		-2
OPERATING PROFIT	355	890	269	-76	133	1,571
Net financial items						100
Profit before tax						1,671
Tax						-446
Net profit						1,225
Assets	8,679	6,745	7,036	2,786	164	25,410
Liabilities	4,260	4,511	3,351	1,594	-236	13,480
Investments in tangible and intangible fixed assets	519	273	368	156	630	1,946

Note 4 Personnel expenses

SEKm	Jul-Sep 2012	Jul-Sep 2011	Jan-Sep 2012	Jan-Sep 2011	Jan-Dec 2011
Personnel expenses					
Wages, salaries and other compensation	3,174	3,369	10,398	10,920	14,792
Statutory social security contributions	578	538	1,925	1,867	2,532
Pension expenses	442	435	1,319	1,218	1,641
Other personnel expenses	40	18	141	102	145
Total	4,234	4,360	13,783	14,107	19,110
Specification of pension expenses					
Cost of retirement pensions ¹⁾	404	381	1,221	1,130	1,454
Net cost of early retirement pensions	38	54	98	88	187
<i>of which, gross cost of early retirement pensions</i>	71	91	220	150	294
<i>of which, utilized for early retirement pensions</i>	-33	-37 ²⁾	-122	-62	-107
Total	442	435	1,319	1,218	1,641
Average number of employees	40,552	42,654	39,476	42,162	41,714

¹⁾ Cost of retirement pensions includes an amortization effect of actuarial gains (+) and losses (-) of SEK -37m (4) for the Jul-Sep period and SEK -111m (12) for the Jan-Sep period.

²⁾ Previously reported quarterly values have been adjusted.

Note 5 Other expenses

SEKm	Jul-Sep 2012	Jul-Sep 2011	Jan-Sep 2012	Jan-Sep 2011	Jan-Dec 2011
Cost of premises	525	525	1,586	1,599	2,134
Provisions and reversals re: restructuring measures	27	105	538	191	68
Terminal fees	186	232	744	772	1,051
Cost of goods and materials	263	259	860	997	1,279
Purchased IT resources	306	369	1,039	1,130	1,524
Capitalized development expenditures, IT	-63	-31	-201	-98	-236
Other	967	864	2,878	2,774	4,031
Total	2,211	2,323	7,444	7,365	9,851
Specification of provisions and reversals re: restructuring measures					
Mail Denmark	1		113	38	47
Mail Sweden	12	33	97	33	-114
Logistics	1		31		-15
Strålfors			70		-1
Other and eliminations	13	72	228	120	151
Total	27	105	539	191	68

July-September

Provisions within the businesses are primarily attributable to personnel expenses related to PostNord's cost reduction program and to ongoing production adjustments. Within the Other & Eliminations segment, provisions chiefly refer to early retirement

pensions and admission into units that deal with redundant personnel. Redundant personnel are primarily attributable to ongoing cost reduction programs within group functions.

Note 6 Long-term receivables

SEKm	Sep 30 2012	Sep 30 2011	Dec 31 2011
Carrying amount related to funded defined benefit retirement and early retirement pension plans appraised in accordance with IAS 19	3,279	2,647	2,960
Carrying amount related to funded defined benefit disability pension plans appraised in accordance with IAS 19	414	384	313
Payroll tax receivables attributable to reporting lower pension commitments (under IAS 19) than amounts recognized in the financial statements for legal entities in Sweden in accordance with UFR 4	933	758	833
Payroll tax health insurance	-134	-140	-139
Deposits, property leases	50	20	23
Other			
Total	4,542	3,669	3,990

Note 7 Other provisions

2012 Jan-Sep SEKm	Beginning balance	Provisions	Reversals	Utilizations	Translation effects	Ending balance
Restructuring activities						
Personnel reductions	435	538	-11	-452	-9	501
Other closure costs	35	10		-13		32
Future conditional pension benefits						
Payroll tax	196	9				205
Future conditional pension benefits under IAS 19	807	38				845
Other						
Job-related injuries	48	3		-6		45
Pension adjustments in relation to the Danish state	49	33		-19	-3	60
Provision, commemorative awards	171	15		-20	-6	160
Other provisions	13			-2		11
Total	1,754	646	-11	-512	-18	1,859
Of which, current provisions	351					272

Restructuring provisions include the expenditures that are expected to arise in coming years as a result of the group's cost reduction program within administration and its decision to streamline production. Amounts are calculated based on Group Management's best estimates. The provisions are reviewed at the close of each reporting period and are adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources will be required to settle the obligation, the provision is reversed.

During the period, restructuring provisions and reversals with an earnings impact on Other Expenses totaled SEK 26m; see also Note 5, Other Expenses. The effect of provisions for future conditional pension benefits,

reversal of pension payments to the Danish state and provisions for commemorative awards is reported as personnel expense.

Utilization against expenditures during the quarter totaled SEK 165m, SEK 158m of which was personnel related. Quarterly change of SEK 2m with regard to work-related injuries was not reported in the income statement.

The discount effect is reported in the income statement's financial items. Translation difference with respect to currency effect is reported in the comprehensive income statement.

2011 Jan-Sep SEKm	Beginning balance	Provisions	Reversals	Utilizations	Translation effects	Ending balance
Restructuring activities						
Personnel reductions	800	192	-1	-315	11	687
Other closure costs	52			-6		46
Future conditional pension benefits						
Payroll tax	207	9				216
Future conditional pension benefits under IAS 19	848	40				888
Other						
Job-related injuries	58	2		-7		53
Pension adjustments in relation to the Danish state	39	57		-35	3	64
Provision, commemorative awards	162	10		-16	11	167
Other provisions	52	5		-26	1	32
Total	2,218	315	-1	-405	26	2,153
Of which, current provisions	515					488

Note 8 Accrued expenses and deferred income

SEKm	Sep 30 2012	Sep 30 2011	Dec 31 2011
Provision for sold, unutilized stamps	395	408	405
Accrued payroll expenses	508	495	514
Vacation pay liability	1,331	1,432	1,550
Special payroll tax, pension expenses	255	236	9
Social security contributions	503	493	559
Terminal fees	478	451	439
Tax on returns	4	4	
Accrued interest charges	4		
Finance leasing		9	9
Forward currency contracts	12	23	23
Other items	481	487	571
Total	3,971	4,038	4,079

Not 9 Pledged assets and contingent liabilities

SEKm	Sep 30 2012	Sep 30 2011	Dec 31 2011
Assets pledged for own liabilities			
Real estate mortgages	753	834	800
Assets pledge as securities	7	4	8
Total	760	838	808
Contingent liabilities			
Guarantee commitment, PRI	90	91	90
Other guarantees	39	41	40
Total	129	132	130

Disputes

PostNord operates extensive national and international businesses and is involved in disputes and lawsuits from time to time arising from its business operations. It is not anticipated that these disputes and lawsuits, either individually or collectively, will have a materially adverse effect on PostNord's earnings, profitability or financial position.

Discriminatory pricing

Østre Landsret ruled against Post Danmark A/S in a case concerning discriminatory pricing. Post Danmark A/S appealed the decision to Højesteret. In connection with this matter, a competitor filed a claim against Post

Danmark A/S. The claim for compensation of DKK 90m is contested in its entirety by Post Danmark A/S.

Claim filed with Danish Competition Council

A claim alleging abuse of dominant position was filed against Post Danmark A/S in the Danish Competition Authority by a competitor in 2011. Following Post Danmark A/S's appeal to the Danish Competition Appeals Tribunal, the Danish Competition Council is expected to readdress the matter.

Note 10 Related party transactions

Swedish state

Posten AB paid SEK 3m (3) to the Post and Telecom Agency (PTS) during the quarter and SEK 9m (9) during the interim period for permits to run postal operations, and Posten Meddelande AB paid SEK 2m (2) for the quarter and SEK 7m (7) for the interim period for handling dead letters. Posten Meddelande AB received disability compensation of SEK 7m (5) for the quarter and SEK 19m (18) for the interim period from the PTS as per agreement for provision of postal services for disabled persons and elderly persons in rural areas.

Danish state

Post Danmark A/S paid premiums of SEK 72m (55) during the quarter and SEK 170m (163) during the interim period for the group of civil servants employed prior to the date of incorporation. A further SEK 26m (49) is reserved in the balance sheet as of September 30, 2012 for any additional obligations on the part of the Danish state to the same group of employees.

Other organizations

Posten's Insurance Association insures group commitments in Sweden for employee disability and family pensions based on ITP-P. The group's Swedish companies paid premiums of SEK 31m (33) during the quarter and SEK 92m (99) during the interim period and received compensation of SEK 2m (2) for the quarter and SEK 6m (6) for the interim period. Other payments from the Insurance Association are paid directly to policy holders.

Posten's Pension Fund manages pension funds for Posten AB, Posten Meddelande AB and Posten Logistik AB. The companies transfer cash for new pension commitments in the fund and receive compensation for pensions paid. SEK 68m (0) was transferred during the quarter and SEK 283m (251) during the interim period; compensation totaling SEK 66m (0) was received during the quarter and SEK 281m (251) during the interim period.

Note 11 Investment commitments

As of September 30, 2012 PostNord Group had entered into agreements for the acquisition of fixed assets totaling SEK 663m (557), mainly for sorting equipment and vehicles. SEK 331m of this amount represented investment commitments associated with Mail Sweden's new terminal structure.

Note 12 Acquisitions and divestments

Divestment of subsidiaries

Within business area Logistics, PostNord continues to concentrate on the Nordic region. Wholly-owned subsidiaries EBT Property B.V, HIT Starintex B.V Holland and HIT Belgium S.A. were divested as of January 4, 2012 for a total of SEK 18m.

Business area Mail Denmark sold its 50%-owned subsidiary SPOT A/S as of January 1, 2012 for SEK 1m.

Acquisition of subsidiaries

Posten AB acquired Green Cargo Logistics AB and its subsidiary Green Cargo Logistics A/S as of May 31, 2012. Two real estate companies, KB Sveterm and Kardinalmörket 1 AB, were included in the acquisition. Green Cargo Logistics AB's name was changed to PostNord Logistik TPL AB as of June 29, 2012.

The acquisition strengthens PostNord's third-party logistics business, in line with group strategy. The third-party logistics market is deemed to be growing rapidly. Green Cargo Logistics AB became part of PostNord's Logistics business area as of May 31, 2012.

The acquisition of PostNord Logistik TPL AB and its subsidiary contributed SEK 22m to the net profit for the period. PostNord Group's acquisition of PostNord Logistik TPL AB's acquired surplus book value in fixed assets (excluding goodwill) was amortized according to plan at SEK 8m. Net sales for PostNord Logistik TPL AB totaled SEK 374m during the period. If the acquisition had been made as of January 1, 2012 (under comparable conditions), PostNord Group's net sales would have increased by SEK 429m and its operating profit by SEK 22m, and amortization of acquired surplus value would have totaled SEK 11m.

The acquisition resulted in goodwill comprised of synergy effects, result improvement potential and skills and expertise to develop the business segment.

As compared to June 30, 2012, there has been a change in the purchase price of acquired companies totaling SEK -4m.

Acquisition of assets and liabilities

PostNord's wholly-owned subsidiary Tidningstjänst AB signed an agreement on June 1, 2012 for the takeover of Svensk Morgondistribution KB operations from the MittMedia and Västerbottens-Kuriren media groups. The agreement covers several years' distribution of the media groups' morning newspapers. The purchase price, corresponding to the residual book value of assets, totaled SEK 6m. The assets were chiefly comprised of capitalized development costs and miscellaneous inventory. Svensk Morgondistribution has 740 full-time employees and its 2011 sales were approximately SEK 350m.

Effect of acquisitions and divestments on assets and liabilities

2012 Jan-Sep SEKm	Goodwill	Other intangible assets	Other fixed assets	Current assets	Liabili- ties	Net assets
Acquired						
Green Cargo Logistics AB (including subsidiary Green Cargo Logistics A/S)	331	227	69	213	-319	521
Kardinalmärket 1 AB			314	3	-205	112
Kommanditbolaget Sveterm			285	12	-231	66
Purchase price reduction, Nils Hansson Logistics AB	-1					-1
Fixed purchase price adjustment, Eek Transport AS	1					1
Total acquired	331	227	668	228	-755	699
Divested						
HIT Starintex B.V	39		1	25	-55	10
EBT Property B.V			45	5	-45	5
HIT Belgium S.A	5	9		5	-21	-2
SPOT A/S				1		1
Total divested	44	9	46	36	-121	14

Parent company financial statements

Income statement

SEKm	Note	Jul-Sep 2012	Jul-Sep 2011	Jan-Sep 2012	Jan-Sep 2011	Jan-Dec 2011
	1					
Other income		6	4	17	13	18
Income		6	4	17	13	18
Personnel expenses		-7	-3	-20	-10	-16
Other expenses		-4	-4	-19	-8	-13
Operating expenses		-11	-7	-39	-18	-29
OPERATING PROFIT		-5	-3	-22	-5	-11
Income from participations in group companies		0		2,473	992	992
Interest income and similar income items		17	6	31	10	15
Interest expense and similar expense items		-21		-30		
Net financial items		-4	6	2,474	1,002	1,007
Profit before tax		-9	3	2,452	997	996
Balance sheet appropriations		0				-6
Profit before tax		-9	3	2,452	997	990
Tax		0				
NET PROFIT		-9	3	2,452	997	990

Comprehensive income statement

SEKm	Jul-Sep 2012	Jul-Sep 2011	Jan-Sep 2012	Jan-Sep 2011	Jan-Dec 2011
Net profit	-9	3	2,452	997	990
COMPREHENSIVE PROFIT	-9	3	2,452	997	990

Balance sheets

SEKm	Note	Sep 30 2012	Sep 30 2011	Dec 31 2011
	1			
ASSETS				
Financial assets	2	12,478	12,476	12,478
Total fixed assets		12,478	12,476	12,478
Current receivables		7,637	1,270	1,265
Total current assets		7,637	1,270	1,265
TOTAL ASSETS		20,115	13,746	13,743
EQUITY AND LIABILITIES				
Equity		15,818	13,741	13,734
Long-term liabilities		1,994		2
Current liabilities		2,303	5	7
TOTAL EQUITY AND LIABILITIES		20,115	13,746	13,743
Contingent liabilities	3	355	735	652

Notes

Note 1 Accounting principles

The parent company essentially applies the same accounting principles as the group does, and thus applies RFR 2, Reporting of Legal Entities. The differences between the parent company's and the group's accounting principles result from the parent company's limitations in applying International Financial Reporting Standards (IFRS) as a consequence of the Swedish Annual Accounts Act and the Law on Safeguarding of Pension Commitments, and are to some extent also based on tax considerations. The accounting principles and methods of calculation used in this interim report are the same as those used in the 2011 annual report.

Note 2 Financial assets

Financial assets are comprised of shares held in subsidiaries with a value of SEK 12,476m and other long-term receivables of SEK 2m. The shares held are in subsidiaries Posten AB (book value SEK 7,089m) and Post Danmark A/S (SEK 5,387m). The value of financial assets is unchanged from December 31, 2011.

Note 3 Contingent liabilities

SEKm	Sep 30 2012	Sep 30 2011	Dec 31 2011
Warranty, PRI	121	656	574
Guarantees on behalf of subsidiaries	234 ¹⁾	79	78
Total	355	735	652

¹⁾ As of September 30, 2012 PostNord's subsidiary Posten AB had pledged a total of SEK 100m (147) on behalf of wholly-owned subsidiaries.

Quarterly data

	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
SEKm, unless otherwise specified	2010	2011	2011	2011	2011	2012	2012	2012
PostNord Group								
Net sales	10,871	10,032	9,711	9,195	10,528	9,993	9,487	8,959
Other income	75	38	58	110	68	63	60	68
Expenses	10,814	9,652	9,554	9,011	9,950	9,764	9,726	8,903
Operating profit (EBITDA)	650	833	622	710	1,072	704	239	546
Operating profit (EBIT)	132	420	211	295	645	293	-179	128
Profit before tax	116	447	246	325	653	306	-174	122
Net profit	61	344	154	286	441	210	-151	126
Operating margin (EBIT), %	1.2	4.2	2.2	3.2	6.1	2.9	neg	1.4
Adjusted operating margin, %	5.5	5.1	3.0	4.5 ¹⁾	6.3	6.4	1.3	2.6
Cash flows from operating activities	959	172	499	-361	1,324	271	452	-354
Net debt	-728	-602	308	745	578	669	2,301	3,098
Return on equity, rolling 12-month, %	8	8	8	7	10	9	7	5
Equity-Assets ratio, close of period, %	46	46	46	47	47	47	41	40
Average number of employees	43,040	42,189	41,643	42,654	40,370	38,791	39,085	40,552
Mail Denmark								
Net sales	2,724	2,406	2,309	2,177	2,455	2,308	2,053	1,797
Letters	1,890	1,698	1,614	1,487	1,703	1,630	1,422	1,221
Advertisements and Newspapers	553	473	471	461	485	434	392	367
Other	281	235	224	229	267	244	239	209
Other income	439	409	395	419	462	400	394	384
Operating profit (EBIT)	60	57	21	129	148	127	-117	-49
Operating margin, %	1.9	2.0	0.8	5.0	5.1	4.7	neg	neg
Adjusted operating margin, %	4.6	3.4	0.8	5.0	5.4	8.5	neg	neg
Average number of employees	14,795	14,550	13,861	13,662	12,995	12,733	12,278	12,605
Volumes, millions of units produced								
Priority mail	153	138	98	87	88	88	77	72
Non-priority and business mail	73	77	87	91	111	105	87	79
Mail Sweden								
Net sales	4,189	3,886	3,770	3,434	4,130	3,908	3,695	3,440
Letters	2,350	2,158	1,985	1,742	2,257	2,098 ¹⁾	1,906	1,681
Advertisements and Newspapers	1,230	1,160	1,197	1,108	1,234	1,176 ¹⁾	1,160	1,154
Other	609	568	588	584	639	634 ¹⁾	629	605
Other income	191	175	182	177	197	186	202	197
Operating profit (EBIT)	218	280	150	76	384	250	-3	169
Operating margin, %	5.0	6.9	3.8	2.1	8.9	6.1	neg	4.6
Adjusted operating margin, %	9.2	8.0	5.3	5.8	8.8	9.1	3.9	6.8
Average number of employees	18,698	18,070	18,174	19,202	17,798	16,778	17,364	18,220
Volumes, millions of units produced								
Priority mail	276	254	243	224	259	242	230	211
Non-priority mail	338	349	292	274	336	344	276	260
Logistics								
Net sales	3,284	3,037	2,956	3,042	3,415	3,210	3,222	3,258
Parcels		1,587	1,510	1,547	1,738	1,629	1,561	1,480
Solutions (heavy freight and integrated solutions)		675	657	681	817	733	837	1,003
Other logistics services (mixed cargo groupage, etc.)		775	789	814	860	848	824	775
Other income	333	321	312	330	354	334	304	322
Operating profit (EBIT)	61	50	23	66	130	18	-41	82
Operating margin, %	1.7	1.5	0.7	2.0	3.5	0.5	neg	2.3
Adjusted operating margin, %	3.7	1.5	0.7	2.0	3.1	1.3	0.4	2.7
Average number of employees	6,269	6,150	6,212	6,577	6,585	6,407	6,649	6,915
Volumes, millions of units produced								
Parcels	27	25	23	24	26	25	24	24
Strålfors								
Net sales	845	845	814	675	714	717	655	611
Other income	8	4	6	-10	18	7	7	5
Operating profit (EBIT)	-128	-1	-41	-31	-3	-58	9	15
Operating margin, %	neg	neg	neg	neg	neg	neg	1.4	2.4
Adjusted operating margin, %	neg	neg	neg	neg	neg	3.0	1.7	3.2
Average number of employees	2,093	2,068	2,061	2,000	1,684	1,521	1,520	1,515

1) Previously reported quarterly values have been adjusted.