Adopted by Posten Norden's Board of Directors, 11 November 2009

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; the Swedish Annual Accounts Act; and the Swedish Financial Reporting Board's rule RFR 1.2, Supplemental Financial Statements for Groups.

The parent company applies the same accounting principles as the group, with exceptions specified in the section Notes, parent company, Accounting Principles. The differences between the parent company's and the group's accounting principles result from the parent company's limitations in applying IFRS to the parent company as a consequence of the Swedish Accounts Act and the Act of Safeguarding of Pension Commitments, and are to some extent based on tax considerations.

BASIS OF PREPARATION

The parent company's functional currency is SEK, which is also the reporting currency for the consolidated and parent company accounts. This means that all financial reports are presented in SEK. Unless otherwise specified, all figures are rounded to the nearest million. Assets and liabilities are primarily carried at acquisition cost, with the exception of certain financial assets and liabilities that are reported at fair value. These financial assets and liabilities reported at fair value consist of derivatives as well as financial assets classified either as "financial assets reported at fair value in the income statement" or as "available-for-sale financial assets". (See the description of categories in the "Financial instruments" section). Available-for-sale fixed assets and disposable items held for trading are reported at the lower of their fair value less the cost of sale or the value at which they were previously reported.

The reporting under IRFS reporting requires the executive management to make assessments, estimates and assumptions that affect the application of the accounting principles and the reported values of assets, liabilities, income and costs. These estimates and assumptions are based on historical experience and a number of other factors considered reasonable under prevailing circumstances. The results of these estimates and assumptions are used to assess the reported values of assets and liabilities whose values cannot be clearly determined using other sources. Actual future values may differ from these estimates and assessments.

The estimates and assumptions used are reviewed regularly. Changes in estimates or valuations are reported in the period when the change is made, if the change only affects that period, or are reported in future periods as well, if the change affects the original as well as subsequent periods.

Assessments made by the executive management in the application of IFRS that have a material effect on the financial reports as well as estimates that can lead to significant adjustments in subsequent periods' financial reports are described in further detail in Note 2, Estimates and Assessments, and in relevant notes where estimates have been used.

The accounting principles for the group, described below, have been applied consistently during all periods presented in the group's financial statements. The consolidated accounting principles have been applied consistently to the reporting and consolidation of subsidiaries, associated companies and joint ventures.

CHANGES IN ACCOUNTING PRINCIPLES

New accounting principles that have come into effect and been applied during the year

IFRS 8, Operating Segments. Business segment accounting is based on management's segment reporting.

Revision of IAS 1, Preparation of Financial Reports. New format for income statement and revised treatment of changes in equity. A Consolidated Statement of Comprehensive Income is reported as of this interim report.

IAS 23, Borrowing Costs. Borrowing costs attributable to the acquisition, construction or production of assets that take a significant time to complete will be capitalized. Neither the nature of the business nor the group's financing of its development work have yet given rise to the capitalization of borrowing costs.

IAS 39, Financial Instruments: Recognition and Measurement. Clarifies accounting and measurement of issued hedging instruments in relation to actual changes in value or cash flows in financial instruments. No reclassification or changes in value have been made based on amendments to the regulations.

As of 2010, the new and revised principles listed below may affect the financial statements:

- IFRS 3 Business Combinations. Revised rules for determination of disclosed goodwill.
- IAS 27 Consolidated and Separate Financial Statements. Specifies the accounting for changes in the level of ownership interest in a subsidiary with respect to goodwill, profit and loss resulting from changes in ownership.

Application of the new IFRS 3 will have some effect on the group's position and earnings in relation to future business combinations, primarily with respect to advisory services and consulting fees that can no longer be capitalized as acquisition costs. The format for the group's earnings has been supplemented with a Consolidated Statement of Comprehensive Income and an amended Consolidated Statement of Changes in Equity. It is deemed that other future revisions will not have a material impact on the group's position and earnings.

The Company has opted against the early application of the new and revised future accounting principles or improvements to the standards ("Improvements to IFRSs").

REPORTING OF BUSINESS SEGMENTS

A segment is a component of the group that can be distinguished for financial reporting purposes, comprising operational divisions or geographical areas. A segment is identified by the fact that its divisions offer similar products and services and that it is exposed to different risks and opportunities from those of other segments. Segment accounting is based on management's segment reporting. Posten Norden group's segment grouping is based on Posten Norden universal service obligation for mail and parcel services in Sweden and Denmark, and on its mission to offer information logistics and logistics services in the Nordic region.

Information on primary segments is available only for the group.

CLASSIFICATION, ETC

Fixed assets and long-term liabilities essentially comprise amounts expected to be recovered or paid more than 12 months from the close of the accounting period. Current assets and current liabilities in the parent company and the group essentially comprise amounts expected to be recovered or paid within 12 months from the close of the accounting period.

BASIS OF CONSOLIDATION

The Swedish Ministry of Enterprise, Energy and Communications and the Danish Ministry of Transport announced on 2 February 2009 that Posten AB and Posten Danmark A/S had signed an agreement to merge the companies through a joint venture between the Swedish and Danish states. The owners founded a new company, Posten Norden AB, which became the parent company of the joint group as of 24 June 2009. The Posten AB and Post Danmark A/S groups were consolidated as of 1 July 2009.

The merger has been reported in accordance with the "carry-over method," meaning that consolidated net assets are reported at their book values as reported by Posten AB and Post Danmark A/S at the time of the merger.

Subsidiaries

Subsidiaries are companies in which Posten Norden AB exercises a controlling influence. This implies directly or indirectly holding the right to set the companies' financial and operational strategies with the aim of attaining financial benefits. Voting rights that can be exercised or immediately converted are considered when determining the existence of a controlling influence.

Subsidiaries are reported in accordance with the purchase method. Under the purchase method, an acquisition is treated as a transaction in which the group indirectly acquires the assets and assumes the actual and contingent liabilities of the subsidiary. The consolidated acquisition cost is calculated using an acquisition analysis performed upon acquisition. The analysis determines the acquisition cost of the shares or operations as well as the fair value of the assets acquired and the actual and contingent liabilities assumed at the acquisition date. The acquisition cost of a subsidiary's shares or its operations consists of the fair value on the acquisition date of assets, realized or assumed liabilities, equity instruments issued in exchange for the net assets acquired, and the transaction costs directly attributable to the acquisition. The difference between the acquisition cost of the shares in the subsidiary and the fair value of the acquired assets and assumed and contingent liabilities constitutes consolidated goodwill.

Subsidiaries' accounts are included in the consolidated statements from the date of acquisition until the date on which the controlling influence ceases to exist.

Associated companies

Associated companies are companies in which the group has a significant, but not controlling, influence on operational and financial mangement decisions, usually through ownership of 20-50 % of voting shares. Participations in associated companies are reported in the consolidated statements using the equity method from the date on which the significant influence is established. Under the equity method, the consolidated book value of a participation in an associated company corresponds to the group's share of that company's equity as well as consolidated goodwill and any residual value of consolidated surplus and deficit values. The group's share of associated companies' operating earnings, financial income, taxes and minority interests is reported in the group's income statement after being adjusted for any depreciation, impairments or dissolution of acquired surplus or deficit values. Dividends received from an associated company are deducted from the reported value of that investment.

The group's acquisition cost, goodwill and any deficit values are determined in the same way as for subsidiaries, using an acquisition analysis (see the "Subsidiaries" section above).

The equity method is applied until the date on which the significant influence ceases to exist.

Joint ventures

For reporting purposes, a joint venture is a company in which the group exercises a significant influence on operational and financial management decisions jointly with one or more partners based on an agreement. Joint ventures are consolidated in the accounts using the proportional method. Under the proportional method, the group's stake in each joint venture's income and costs as well as assets and liabilities are consolidated in the group's income statement and balance sheet. This is done by combining, item by item, the joint venture partner's stake in assets and liabilities and income and costs with the corresponding items in the partner's consolidated accounts. Only equity earned after the acquisition is reported in consolidated equity. The proportional method is applied from the date on which the joint controlling influence is established, until the date on which that influence ceases.

Transactions eliminated on consolidation

Intra-group receivables and liabilities, income and costs, and gains or losses arising from intercompany transactions are eliminated in their entirety upon consolidation. Intra-group losses that indicate impairment are included in the consolidated accounts.

Gains and losses resulting from transactions with associated companies or joint ventures are eliminated in proportion to the group's stake in those businesses. Losses are recognized to the extent they indicate impairment.

FOREIGN CURRENCY

Foreign currency transactions

A group's functional currency is the currency of the primary economies in which the companies in that group operates. The group consists of the parent company and its subsidiaries, associated companies and joint ventures.

Transactions in foreign currencies are translated into the functional currency at the rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate on the balance sheet date. Foreign exchange differences arising from these translations are reported in the income statement. Non-monetary assets and liabilities denominated in foreign currencies and reported at their acquisition costs are translated at the rate prevailing on the transaction date. Non-monetary assets and liabilities denominated in foreign currencies and reported at fair value are translated into the functional currency using the exchange rate on the date of valuation. Changes in exchange rates are then reported in the same way as other changes in the value of assets or liabilities.

Foreign entities' financial statements

Assets and liabilities held by foreign entities, including goodwill and other consolidated surplus and deficit values, are translated into SEK at the exchange rate prevailing on the balance sheet date. Income and costs in foreign entities are translated into SEK using an average exchange rate, approximately equal to the exchange rates prevailing on transaction dates. Translation differences arising from the translation of foreign entities are recognized directly in equity, accumulated translation difference.

INCOME

Income from services is reported in the income statement based on the stage of completion at the balance sheet date. The Letter and Messaging and Logistics business segments recognize income when a physical mail piece has been collected for physical transportation. Income related to services featuring an electronic component (hybrid service) is recognized once the object has been converted into a physical format and been received for physical transportation in the form of a mail piece. Mail processing facility fees relate to the handling period; that is, the period in which the mail piece was received from abroad. Distribution income is recognized in the period in which the service is performed. Income from post office boxes is accrued over the contract duration. Services in Informationlogistics are generally performed over a short period of time, the income is recognized when the service has been delivered.

The sale of goods is recognized upon delivery in accordance with the terms and conditions of sale, such that income is reported when the risks and rewards associated with the goods are transferred to the counterparty.

Income is not recognized if the financial rewards are unlikely to befall the group. Net sales are reported excluding value-added tax, discounts provided and similar income reductions.

OPERATING COSTS AND FINANCIAL INCOME AND EXPENSES

Operating costs

Personnel costs are attributed to the period in which duties are performed. Changes in vacation and wage liabilities are reported on an ongoing basis, as employee entitlements accrue. Thus, periods during which large numbers of employees are on vacation usually feature below-average personnel costs. Other operating costs are reported in the period during which the goods or services have been delivered or utilized (regarding e.g. rental costs).

Payments for assets leased under operational leases

Payments for operational leases are reported in the income statement on a straight-line basis over the leasing period. Rewards received upon signing a leasing contract are reported as part of the total leasing cost in the income statement on a straight-line basis over the leasing period. Variable costs are expensed in the period in which they arise.

Payments for assets leased under financial leases

Minimum lease payments are divided between interest and amortization of the remaining liability. Interest expenses are distributed over the leasing period so that each reporting period is charged with a payment corresponding to a fixed interest rate for the liability reported in that period. Variable costs are expensed in the period in which they arise.

Financial income and expenses

Financial income and expenses consist of interest income from bank deposits, receivables and interest-bearing securities; interest paid on loans; dividend income; foreign exchange differences; unrealized and realized gains and losses on financial investments; and derivatives used in financial operations.

Interest income on receivables and interest expense on liabilities are calculated using the effective interest method. When the effective interest rate is used, the present value of all receipts and disbursements during the fixed-interest term equals the reported value of the receivable or liability. The interest component of a financial lease payment is reported in the income statement using the effective interest method. Interest income and expense include accrued transaction costs and any discounts, premiums or other differences between the original reported value of the receivable or liability and the amount settled at maturity.

Issue expenses and similar direct transaction costs related to raising loans are included in the calculation of effective interest.

Dividend income is recognized when the right to receive dividends has been confirmed.

FINANCIAL INSTRUMENTS

Financial instruments reported on the assets side of the balance sheet include cash and cash equivalents, accounts receivable, shares, loan receivables, bond premiums and derivatives. Reported on the equity and liabilities side are accounts payable, debt and equity instruments issued, loans and derivatives.

Financial instruments are initially recognized at acquisition cost, equivalent to the instrument's fair value plus transaction costs, for all financial instruments except those classified as financial assets. Financial assets are reported at fair value in the income statement. Subsequent accounting differs, depending on how the financial instrument is classified, as detailed below.

A financial asset or liability is recognized on the balance sheet when the company becomes a party to the instrument's terms and conditions. Accounts receivable are recognized on the balance sheet once the invoice has been sent. Liabilities are recognized when a counterparty has rendered services and payment as due under the terms of the contract, even if an invoice has yet to be received. Accounts payable are recognized when an invoice is received.

Financial assets are taken off the balance sheet when the rights of the contract have been realized, when they mature or when they are no longer controlled by the company. The same applies to portions of financial assets. Financial liabilities are taken off the balance sheet when contractual obligations are fulfilled or otherwise cease. The same applies to portions of financial liabilities.

Acquisitions and disposals of financial assets are recorded on the date of transaction, which is the day on which the company becomes legally bound to acquire or dispose of the financial assets. This does not apply to the acquisition or disposal of listed securities, which are recorded on the settlement date.

The fair value of a listed financial asset corresponds to the asset's bid rate in the market on the balance sheet date. The fair value of unlisted financial assets, consisting of accounts receivable, endowment insurance policies and cash, is ascertained through various valuation methods such as the use of recent transactions, the price of comparable instruments and discounted cash flows.

The values of financial assets and groups of financial assets are assessed in every reporting period to discern any objective impairment. The criteria for determining the need for any impairment is primarily based on the counterparty's officially communicated inability to meet its obligations or on its ability to pay demonstrated by experience on the financial markets.

Financial instruments are classified into categories, depending on the purpose for which each instrument was acquired. The classification is determined at the time of acquisition. The categories are as follows:

Financial assets reported at fair value in the income statement

This category contains two subgroups: financial assets held for trading and other financial assets that the company has initially chosen to place in this category. A financial asset is classified as "held for trading" if acquired for the purpose of resale in the short term. Derivatives are classified as held for trading unless they are used for hedge accounting. Assets in this category are carried at their revalued amount (fair value), with changes in value recognized in the income statement.

Originated loans and receivables

Originated loans and receivables are financial assets that are not derivatives but have fixed payments or determinable payments and are not listed on an active market. They are created by the company when providing money, goods or services directly to the debtor, not for the purpose of trading in the right to recover the debt. This category includes acquired receivables. Assets in this category are valued at their accrued acquisition cost. The accrued acquisition cost is determined based on the effective interest rate calculated at the acquisition date.

Held-to-maturity investments
Held-to-maturity investments are financial assets with fixed or pre-determinable payments and fixed maturity, and which the company has the express intent and ability to hold to maturity. Assets in this category are valued at their accrued acquisition cost. The accrued acquisition cost is determined based on the effective interest rate calculated at the acquisition date. Thus, surplus and deficit values as well as direct transaction costs are distributed over the instrument's duration.

Available-for-sale financial assets
Available-for-sale assets are those financial assets that are not required to be classified in any other category, or financial assets which the company has initially chosen to place in this category. Assets in this category are carried at their revalued amount (fair value), with changes in value recognized in equity (except those attributable to impairments). When the assets are disposed of and removed from the balance sheet, unrealized gains and losses in the equity are reversed to the income statement. Interest measured with the effective interest rate method is recognized in the income statement.

Financial liabilities held for trading and other financial assets
Financial liabilities held for trading consist of interest-bearing liabilities and derivatives not used for hedge accounting. Liabilities in this category are reported at fair value, with changes in value recognized in the income statement.

Other financial liabilities
Financial liabilities not held for trading are valued at accrued acquisition cost. The accrued acquisition cost is determined based on the effective interest rate calculated at the acquisition date. Thus surplus and deficit values as well as direct issue expenses are distributed over the liability's duration. Borrowing costs attributable to the acquisition, construction or production of assets that take a significant time to complete will be capitalized.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents consist of cash, money in demand deposits at banks and similar institutions, and short-term liquid investments with maturities shorter than three months from the date of acquisition that are exposed to minimal risk of fluctuation in value. Funds in transfer on the statement of cash flows are not treated as cash and cash equivalents. They are accounting items that Posten Norden transfers on behalf of customers. These funds are therefore unavailable to Posten Norden and may not be used by its business operations. The Funds in transfer item fluctuates independently of operating earnings, investments and other payment streams in the business operations.

FINANCIAL INVESTMENTS
Financial investments are classified either as financial fixed assets or short-term investments, depending on the purpose of the investment. If the maturity or expected investment period is longer than one year, they are classified as financial fixed assets; if shorter than one year but longer than three months, they are short-term investments.

Interest-bearing securities acquired with the aim of being held to maturity belong to the category "financial investments held to maturity" and are valued at accrued acquisition cost. Interest-bearing securities that the company does not intend to hold to maturity are classified as "financial assets recognized at fair value in the income statement" or "available-for-sale financial assets."

When assets are reported at fair value in the income statement, changes in value are recognized under net financial items.

LONG-TERM RECEIVABLES AND OTHER SHORT-TERM RECEIVABLES
Long-term receivables and other short-term receivables are receivables created by the company when providing money not for the purpose of trading in the right to recover the debt. Those with an expected holding period longer than one year are classified as long-term receivables, those less than one year as other short-term receivables. These receivables belong to the category Originated loans and receivables.

ACCOUNTS RECEIVABLE
Accounts receivable are classified under Originated loans and receivables. Accounts receivable are reported at the amount expected to be received less doubtful receivables, assessed on an individual basis. Accounts receivable are written down when considered doubtful; that is, if more than 90 days past due or due from a customer with a history of payment difficulties. Accounts receivable from customers recognized as solvent and with good payment histories are not considered doubtful even if more than 90 days past due as long as the customer can be expected to pay appropriate interest. The expected maturity of accounts receivable is short, so they are reported at their non-discounted nominal value. Impairment on accounts receivable is reported under operating costs.

LIABILITIES
Liabilities are classified as other financial liabilities and are thus initially reported at the amounts received less transaction costs. After its acquisition date, a loan is valued at its accrued acquisition cost using the effective interest rate method. Those with an expected maturity of more than one year are classified as long-term liabilities, and those of less than one year as short-term liabilities.

ACCOUNTS PAYABLE
Accounts payable are classified under Other financial liabilities. The expected maturity of accounts payable is short, so they are valued at their non-discounted nominal value.

DERIVATIVES AND HEDGE ACCOUNTING
Derivatives held by the group are in the form of forward contracts used to minimize the group's exposure to fluctuations in exchange rates and electricity rates. Changes in the values of derivatives are recognized in the income statement, based on the purpose of the holding.

Foreign currency receivables and liabilities
Forward contracts are used to hedge assets and liabilities against foreign exchange risk. Hedge accounting is unnecessary for matching in the income statement, as the hedged item is translated at the exchange rate on the balance sheet date and the hedge instrument is measured at fair value with changes in value recognized in the income statement under foreign exchange differences. Posten Norden thereby achieves essentially the same matching of income and expenses as through hedge accounting. Changes in value related to operating receivables and liabilities are recognized under operating earnings, while changes in value related to financial receivables and liabilities are recognized under net financial items.

Transaction exposure – cash-flow hedges
Forward contracts are used to hedge exposure to fluctuations in exchange rates related to cash flows under contractual agreements and in electricity rates related to forecast future cash flows. Value changes are recognized in the income statement.

Net investments

Investments in foreign subsidiaries (net assets including goodwill) are not hedged. At year-end they are translated at the exchange rate on the balance sheet date. Foreign exchange differences recognized in the parent company's income statement are eliminated in the consolidated accounts through revaluation of the net assets in the subsidiary included in equity.

TANGIBLE FIXED ASSETS

Owned assets

Tangible fixed assets are entered as assets on the balance sheet when it is likely that the future financial rewards of ownership will befall the company, and if the acquisition cost of the asset can be reliably determined.

Tangible fixed assets are reported at acquisition cost less accumulated depreciation and impairments. The acquisition cost consists of the purchase price as well as costs directly related to bringing the asset to the necessary place and condition for its use in accordance with the purpose of the acquisition. Examples of directly related costs included in acquisition cost are delivery and handling, installation, registration of title, consulting fees and legal fees. Loan expenses are not included in the acquisition cost of fixed assets produced by the company. Accounting principles for depreciation are described below.

Tangible fixed assets consisting of parts with different useful lives are treated as separate components of tangible fixed assets.

The reported value of a tangible fixed asset is taken off the balance sheet when the asset is discarded or disposed of, or when no further financial rewards are expected to be gained from the use, discarding or disposal of the asset. Gains or losses arising from the discarding or disposal of an asset are calculated as the difference between the sale price and the asset's carrying value, less expenses directly related to the sale. Gains and losses are reported under other operating income/expenses.

Leased assets

Leases are classified in the consolidated financial statements as either financial or operational leases. Under financial leases, the economic risks and rewards associated with ownership are essentially transferred to the lessee. If such is not the case, the agreement is deemed an operational lease.

Assets leased through financial lease agreements are reported as assets in the consolidated balance sheets. Obligations to pay leasing payments in the future are reported as current and long-term liabilities. Leased assets are depreciated according to plan, while lease payments are reported as interest and amortization of the liability.

For operational leases, leasing fees are expensed during the term based on usage and thus may differ from the leasing fees actually paid during the year.

Additional costs

Additional costs related to tangible assets are added to the acquisition cost only when it is likely that the future financial rewards of ownership will befall the company and the acquisition cost can be determined reliably. All other additional costs are reported as expenses in the period in which they were incurred.

Critical to the determination of whether additional costs should be added to the acquisition cost is whether or not the charge is related to exchanges of identifiable components or subcomponents; if so, such charges are added. The cost of creating a new component is also added to the acquisition cost. Any reported value of an exchanged component or subcomponent not already depreciated is discarded and recognized as an expense at the date of exchange. Repairs are expensed as they arise.

Depreciation principles

Tangible fixed assets are depreciated on a straight-line basis over the estimated useful life of the asset. Land is not depreciated. The group applies component depreciation, such that the estimated useful lives of material subcomponents are a basis for depreciation.

The depreciation periods are as follows:

Mail processing equipment	5-10 years
Motor vehicles and other transportation equipment	4-8 years
Computer equipment	4-7 years
Strategic ERP systems	8 years
Office furniture and fittings	5 years
Communication buildings	20-50 years
Residential and commercial buildings	20-67 year

The residual values and estimated useful lives of assets are revised annually.

INTANGIBLE ASSETS

Goodwill

Goodwill represents the difference between the acquisition cost of a subsidiary and the fair value of the acquired assets and assumed and contingent liabilities.

The group has not applied IFRS retroactively to goodwill arising from business combinations occurring prior to 1 January 2004; rather, the reported value at that date has been taken as the consolidated acquisition cost, after impairment testing.

Goodwill is measured at acquisition cost less any accumulated impairments. Goodwill is allocated to cash-generating units and is no longer amortized but is tested for impairment annually. Goodwill arising from the acquisition of an associated company is included in the carrying amount of the holding in that associated company.

Goodwill relates mainly to the acquisition in 2001 of Posten's parcel distribution services, the 2006 acquisition of Stralfors and the acquisition of Tollpost AS. Goodwill from these acquisitions is denominated in SEK, NOK, EUR, GBP and DKK.

Capitalized development expenditures

Development-related expenditures are capitalized whenever it is deemed they will provide future financial benefits. The reported value includes direct expenses for services and materials. Other development expenditures are expensed in the income statement as they arise. Capitalized development expenditures are reported on the balance sheet at acquisition cost less accumulated amortization and impairments. Posten Norden defines development expenditures as costs related to the development of commercially viable services and products that can be incorporated into Posten Norden's offering. These costs include costs that are directly related to the newly developed offering. Development expenditures are capitalized when they satisfy IAS 38 criteria and are estimated to amount to a material sum for the overall development project. Other development expenditures are expensed as normal operating costs.

The main criteria for capitalization are that the development efforts will lead to proven future rewards and cash flows and that the necessary technical and financial conditions exist for completing the development work once it has been commenced.

Other development projects, such as projects related to essential ERP systems, are capitalized when they amount to or are estimated to amount to a material sum for the overall project. Otherwise, such charges are expensed.

Other intangible fixed assets
Other intangible fixed assets comprise acquired brands and other rights, which are reported at the acquisition cost less accumulated amortization and impairments. Straight-line amortization is used for the term of such rights, usually more than five years.

Additional costs
Additional costs related to capitalized intangible assets are recognized as assets on the balance sheet only when they enhance the future financial benefits that exceed the original assessments. All other payments are expensed as they arise.

Amortization principles
Amortization is reported in the income statement on a straight-line basis over each intangible asset's estimated useful life, where this can be ascertained. Goodwill and intangible assets with indeterminate useful lives are tested for impairment annually or as soon as there is an indication of impairment of the asset in question. Intangible assets are amortized from the date on which they were made available for use.

The following amortization periods are applied:

Capitalized, completed development efforts	5 years
Brands, customer relations, licenses and other rights	5-10 years

INVENTORY
Inventory is valued at the lower of acquisition value, determined using the first-in/first-out (FIFO) method, and net realizable value.

IMPAIRMENTS
The reported values of consolidated assets – with the exception of available-for-sale assets and disposal items reported in accordance with IFRS 5, investment properties, inventories, assets under management used for financing payments to personnel, and deferred tax credit – are tested at each balance sheet date to discern impairment. If such indications exist, the asset's recoverable value is calculated. The assets listed as exceptions above are tested to applicable standards.

The recoverable value of goodwill, other intangible assets with indeterminate useful lives and intangible assets not yet ready for use is calculated annually.

For impairment of financial assets, see the "Financial instruments" section.

An impairment loss is reported when the reported value of an asset of a cash-generating unit exceeds its recoverable value. Impairment losses are reported in the income statement.

Impairments on assets related to cash-generating units are primarily allocated to goodwill. Proportional impairments are subsequently charged to the rest of the assets in the unit.

Calculation of recoverable value
The reported values of the group's assets are tested at each balance sheet date to discern indications of impairment. If such indications exist, the recoverable value of individual or naturally affiliated assets is measured as the higher of the fair value less selling costs and the useful value. The measurement of useful values is based on Posten Norden's assessment of future payment flows. In the measurement of useful values, future cash flows are discounted using a discount rate that takes into account risk-free interest and the risk linked to each specific asset. The assessments are based on the corporate business plans and are augmented by other relevant information, used to enhance accuracy.

Reversal of impairment
Impairment losses on goodwill are never reversed. Impairment of other assets is reversed if there is both an indication that the impairment no longer exists and a change in the assumptions used as a basis for measuring such assets' recoverable values.

Impairment is reversed only to the extent that the reported value of an asset, after reversal, does not exceed the reported value that the asset would have had if no impairment had been recognized, taking into account the amortization that would have been charged instead.

DIVIDENDS PAID
Dividends are reported as liabilities after they have been approved for payment by the Annual General Meeting.

EMPLOYEE BENEFITS
Pension commitments
The Posten Norden group's pension commitments are met in part through defined-benefit plans featuring a contractually binding promise regarding a given future pension level for employees, and in part through defined-contribution plans for which premiums have been set aside and for which the employee assumes the risk as regards the future pension level. The group's obligations with respect to defined-contribution plans are reported as personnel costs in the income statement as they accrue through the employees' performance of their work duties. Most of the defined-benefit plans consist of a pension plan set up for Posten Norden AB (publ) in Sweden and some smaller plans in Norway and France. Actuarial calculations are prepared for all defined-benefit plans in accordance with the projected unit credit method in an effort to establish the present value of commitments concerning benefits for current and former employees. Actuarial calculations are prepared annually and are based on actuarial assumptions, which are made at the end of the fiscal year. These assumptions cover inflation, changes in the income base amount, personnel turnover, discount rates, rates of return and life expectancy.

The group's net commitments consist of the present value of pension commitments less the fair value of assets under management. Changes in the present value of commitments owing to changed actuarial assumptions are treated as actuarial gains or losses. Actuarial gains and losses are recognized as income over the employee's average remaining period of employment in cases where they exceed the "corridor" threshold for each plan. The corridor threshold equals 10 per cent of the higher of the value of the pension commitment and the fair value of assets under management. All actuarial gains and losses prior to 1 January 2004 have been reported. Pension provisions and similar commitments appearing on Posten Norden group's balance sheet equal the commitments' present value at fiscal year-end, less the fair value of assets under management, unreported actuarial gains or losses and unreported costs related to employment from earlier periods. If this calculation leads to an asset for the group, the reported value of the asset is limited to the sum of the reported actuarial losses plus the value that the company can be expected to attain in the future from the surplus in funded assets. If the pension cost and pension provision set for Swedish plans deviate from the corresponding amount in accordance with RedR 4, the difference is reported for special payroll tax in accordance with UFR 4 (published as URA 43). For pensions and similar benefits financed through defined-contribution plans, amounts corresponding to Posten Norden's annual fees for the plans are expensed.

Severance pay
Provisions for severance pay are made only if Posten Norden can be proven to have committed to terminate an employment contract before its expiration, without a reasonable possibility of withdrawal. If compensation is paid for voluntary termination, a provision is reported when the offer has at least been accepted by the concerned parties' representative and when the number of employees that will accept the offer can be reliably calculated. When Posten Norden terminates employee contracts, a detailed plan is prepared covering workplaces, positions and the estimated number of employees affected, as well as compensation paid to each personnel group or position and the period of implementation of the plan.

PROVISIONS

Provisions are made for commitments resulting from an event and for binding loss contracts, in which it is probable that an outflow of resources will be needed to settle the commitment. Provisions are reported on the balance sheet when there is a legal or informal obligation to do so and when the amount can be determined reliably. Provisions for restructuring are made when an adequately detailed plan is in place and has been communicated in a fashion that creates firm expectations among stakeholders, or their representatives, who will be affected by the measures.

TAXES

Tax on net earnings is comprised of current tax and deferred tax. Taxes are recognized in the income statement except when the underlying transaction is recognized directly in equity, provided that the subsequent tax effect is also reported in equity. Current tax is the tax calculated on the year's taxable income. Adjustments of current tax attributable to earlier periods are also included.

Deferred tax is calculated in accordance with the balance sheet method, based on the temporary differences between the reported and taxable values of assets and liabilities. The amounts are calculated based on how temporary differences are expected to be equalized, and by applying the tax rates and tax regulations that have been decided or announced as of fiscal year-end. Temporary differences are not treated in consolidated goodwill. Legal entities report untaxed reserves including the deferred tax liability. In the consolidated financial statements, however, untaxed reserves are divided into deferred tax liability and restricted equity. Tax credits in deductible temporary differences and loss carry-forwards are reported only to the extent that it is probable that they will lead to lower tax disbursements in the future. This probability is based on data contained in Posten Norden's business and operating plans.

ASSETS PLEDGE AND CONTINGENT LIABILITIES

Contingent liabilities are reported when there is a possible commitment arising from an event, the fulfilment of which can only be confirmed by one or more uncertain future events. Contingent liabilities are also reported when there is a commitment that is not reported as a liability or provision because an outflow of resources is not likely to be required. Pledged assets are reported for given guarantees and assets pledged as securities.