

# Posten Norden

## Interim Report January-September 2010

- Net sales totalled SEK 30,798m (32,997)
- Operating earnings totalled SEK 1,243m (969)
- Earnings before tax totalled SEK 1,232m (3,135)
- Net earnings totalled SEK 970m (670), excluding participations in the earnings of and capital gains from the sale of bpost (formerly De Post – La Poste) in July 2009
- Reported net earnings totalled SEK 970m (2,906)



**POST**

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## Financial calendar 2011

Year-end Report 2010

24 February 2011

Annual Report 2010

21 March 2011

Annual General Meeting

14 April 2011

Interim Report January-March 2011

18 May 2011

Interim Report January-June 2011

30 August 2011

Interim Report January-September 2011

9 November 2011

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

## Posten Norden's mission

- Posten Norden connects people and businesses reliably, efficiently and on time.

## Posten Norden's vision

- Posten Norden delivers world-class communication and logistics solutions to satisfied customers.
  - Posten Norden develops strong, profitable international logistics and information logistics operations through ownership, partnership and collaboration.
  - Posten Norden is an attractive, stimulating workplace with committed, motivated employees.
  - Posten Norden is an environmentally correct choice for its customers.

# Strong increase in earnings – extensive cost adjustments and synergy realisation according to plan

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## Key ratios

SEKm, if not otherwise specified	Jan-Sep 2010	Pro forma <sup>5)</sup>			Jul-Sep 2010	Pro forma <sup>5)</sup>			
		Jan-Sep 2009	Change			Jul-Sep 2009	Change	Jan-Dec 2009	
Net sales	30,798 <sup>1)</sup>	32,997	-2,199	-7% <sup>1)</sup>	9,649 <sup>2)</sup>	10,222	-573	-6% <sup>2)</sup>	44,633
Operating earnings	1,243	969	274	28%	450	279	171	61%	284
Operating margin, %	4.0	2.9	1.1		4.6	2.7	1.9		0.6
Earnings before tax	1,232	3,135 <sup>3)</sup>	-1,903	-61%	436	2,241 <sup>3)</sup>	-1,805	-81%	2,439 <sup>3)</sup>
Net earnings	970	2,906 <sup>3)</sup>	-1,936	-67%	363	2,198 <sup>3)</sup>	-1,835	-83%	2,414 <sup>3)</sup>
Cash flow from operating activities	865				-76	-416			
ROE, %, rolling 12-month period	4	30 <sup>3)</sup>	-26		4	30 <sup>3)</sup>	-26		20
Equity-assets ratio, % at end of period	45	47	-2		45	47	-2		45
Average number of employees	44,400	48,083	-3,683		45,332	48,331 <sup>4)</sup>	-2,999		47,625

<sup>1)</sup> Net sales decreased 2% excluding structural and currency changes.

<sup>2)</sup> Net sales decreased 1% excluding structural and currency changes.

<sup>3)</sup> Includes capital gain of SEK 2,002m from the sale of Post Danmark A/S's shares of Belgian Post bpost (formerly De Post-La Poste) in July 2009.

<sup>4)</sup> Previously reported quarterly data has been adjusted.

<sup>5)</sup> The group was formally established on 24 June 2009 and consolidated as of 1 July 2009. Information for calendar year 2009 and quarterly data prior to July 2009 are pro forma.

## Message from the CEO

The third quarter of 2010 was marked by continued economic recovery, primarily in Sweden and Norway, though economic uncertainty prevails in many European countries, including Denmark. The market for communication services is characterised by strong competition from digital alternatives, which is impacting mail volumes negatively, while the economic recovery marks the logistics market.

We are pleased with the efforts we've made during the first nine months of the year to adjust capacity and costs to changed market conditions. Following the merger, synergies have also been realised according to plan. The effects on the cost side have exceeded our expectations, and operating earnings improved by 33 per cent, excluding currency and structural effects. Net sales fell 2 per cent during the period.

Mail Danmark saw its revenues fall due to a continued sharp drop in volume, though extensive cost adjustments led to a distinct increase in earnings. The volume trend stabilised for Mail Sweden due to the improvement of the

economy. It is important that the cost development for these business areas continues to address the problem of declining letter volumes, although costs are not expected to decline to the same extent that they have done to date. Informationlogistics was impacted by the economic uncertainty in Denmark, France and Great Britain, and cost adjustments were not sufficient to produce positive earnings, though there was a significant year-on-year improvement. The recovery in demand for logistics services, the growth of e-commerce and cost cuts had a positive effect on revenues and earnings for Logistics.

In September, the Post and Telecom Agency issued an order for Posten AB to change its pricing model in Sweden for sorted business mail by the end of the year. Our interpretation of the Postal Services Act differs from the Agency's and we have therefore chosen to appeal the order.

The Danish government's bill to amend the Danish Postal Act includes a provision that secures universal service obligations on a deregulated postal market in

Denmark. The same bill includes an option for price differentiation, which would render production more efficient.

We are continuing our efforts to transform our operations through necessary efficiency measures and the development of new business opportunities, so that we will continue to be a competitive player on tomorrow's communication and logistics market.

*Lars G Nordström*

## Significant events

- On 1 September 2010 a new Postal Act came into effect in Sweden. The new law includes regulations that exceed those in the EU's Postal Directive. The requirements for pricing transparency for the national operator have been increased and the maximum price level has been retained. At the same time, Posten Norden's main competitor – owned by the state-owned Norwegian Post – is not subject to these EU-specific regulations.
- On 29 September 2010 Posten Norden announced the Board of Directors' appointment of Lars Idermark as new President and Group CEO. Mr Idermark is currently President and Group CEO of the Swedish Co-operative Union, KF. He will succeed Lars G Nordström after the turn of the year, 2010/2011.
- On 29 September 2010 Posten Norden announced the Board of Directors' decision to invest in a new terminal structure in Sweden, which will increase production flexibility and counter the major changes that are expected in letter and parcel volumes. The investment enhances competitiveness and service. More mail items will be transported by rail as opposed to by air or road, which benefits the environment. The total investment is SEK 2.5 billion, and the terminal changes involve an annual savings of over SEK 300m from 2014. The number of employees will be reduced by just over 500 over a four-year period as an effect of the change.
- On 30 September 2010 the Swedish Post and Telecom Agency (PTA) issued an order stipulating that the group company, Posten AB (Posten), must change its pricing model for sorted letters no later than 1 January 2011. After the close of the period, on 21 October 2010, Posten appealed the PTA's order and requested that the order be set aside. Posten's position is that the PTA's order is based on an erroneous interpretation of the Postal Services Act and the requirements thereunder for cost-oriented pricing that promotes the efficient provision of postal service. On 3 November 2010 the Administrative Court in Stockholm ruled in favour of a stay of enforcement, thereby rendering the PTA's order unenforceable pending further adjudication.

## Significant events after the close of the period

- On 20 October 2010 the Group announced its partnership with Google that will combine physical and digital channels. Through a web-based service that includes Posten Norden's Swedish direct mail services as well as Google's AdWords search term tool, small businesses can easily reach new and existing customers. The Posten Norden-Google partnership is the first to make integrated physical and digital marketing possible for businesses. It is also an example of Posten Norden's strategy to become a communications operator in both physical and digital services.
- On 27 October 2010 the Danish government presented a bill amending the Danish Postal Act. The bill contains a provision, effective as of 1 January 2011, securing universal service obligations on a deregulated postal market. Denmark previously announced its intention to introduce differential rates for various types of stamped letters and to increase the price variance for priority mail vis-à-vis non-priority and business mail. Format-based taxation for stamped letters will be abolished. Post Danmark is also planning to introduce two new types of parcels, one including delivery and one without delivery. In addition, under the new law all households in Denmark, with the exception of disabled households, will have their letterboxes located on the property line. The new rates are expected to take effect as of 1 April 2011.

## Net sales and earnings

The group was formally established on 24 June 2009 and consolidated as of 1 July 2009. Information for calendar year 2009 and quarterly data prior to July 2009 are pro forma.

### Jan-Sep

SEKm	Net sales				Operating earnings			
	2010	Pro forma 2009	Change	Change excl. structural and currency	2010	Pro forma 2009	Change	Change excl. structural and currency
Mail Denmark	8,158	9,789	-17%	-8%	581	513	13%	26%
Mail Sweden	11,365	11,535	-1%	-1%	661	674	-2%	-2%
Informationlogistics	2,546	2,863	-11%	0%	-42	-160	74%	78%
Logistics	9,139	9,320	-2%	1%	78	-46	n/a	n/a
Other and eliminations	-410	-510			-35	-12		
<b>Posten Norden Group</b>	<b>30,798</b>	<b>32,997</b>	<b>-7%</b>	<b>-2%</b>	<b>1,243</b>	<b>969</b>	<b>28%</b>	<b>33%</b>

### Jul-Sep

SEKm	Net sales				Operating earnings			
	2010	2009	Change	Change excl. structural and currency	2010	2009	Change	Change excl. structural and currency
Mail Denmark	2,428	2,855	-15%	-6%	133	133	0%	10%
Mail Sweden	3,591	3,564	1%	1%	242	186	30%	30%
Informationlogistics	764	873	-12%	-5%	-21	-81	74%	74%
Logistics	2,989	2,937	2%	5%	100	57	75%	69%
Other and eliminations	-123	-7			-4	-16		
<b>Posten Norden Group</b>	<b>9,649</b>	<b>10,222</b>	<b>-6%</b>	<b>-1%</b>	<b>450</b>	<b>279</b>	<b>61%</b>	<b>65%</b>

### Change in net sales over previous year

	Jan-Sep		Jul-Sep	
	SEKm	%	SEKm	%
2009 (Jan-Sep pro forma)	32,997		10,222	
Structural changes	-194	-1% <sup>1)</sup>	-25	0% <sup>1)</sup>
Currency changes, translation of foreign net sales	-1,372	-4% <sup>2)</sup>	-420	-4% <sup>2)</sup>
Price and volume changes	-633	-2%	-128	-1%
<b>2010</b>	<b>30,798</b>		<b>9,649</b>	

<sup>1)</sup> Change is attributable to business area Informationlogistics's divestment of the Supplies division.

<sup>2)</sup> Currency change is primarily attributable to the weakening of the Danish krone against the Swedish krona.

### January-September

Net sales totalled SEK 30,798m (32,997), down 2% excluding structural and currency changes. Mail Denmark was adversely affected by a sharp (10%) drop in letter volumes as a result of competition from digital alternatives and continued economic uncertainty on the Danish market. Mail Sweden's volumes for non-priority mail and unaddressed direct mail were positively impacted by the economic recovery in Sweden, while priority mail volumes continued to decline. Informationlogistics's

market was characterised by the economic uncertainty in Denmark, France and Great Britain in particular, and by depressed prices and competition from digital alternatives. Demand for Logistics's services was marked by continued recovery. Despite overcapacity and depressed prices in the logistics market, the business area's earnings rose excluding currency changes, which reflected the economic recovery underway in Sweden and Norway.

Operating earnings totalled SEK 1,243m (969), an increase of 33%, excluding structural and currency changes. The improved operating earnings are attributable primarily to the adjustment of costs to lower volumes and to the effects of the ongoing action programme. Mail Denmark's costs were reduced by 5% during the period, excluding currency changes.

The previously identified synergy effects of approximately SEK 1 billion are being realised according to plan. IT system co-ordination is an essential part of the integration, and development expenditures of SEK 73m were capitalised during the period to create joint business solutions.

The average number of employees was roughly 3,700 less than last year. Most personnel reductions were made in business areas Mail Denmark and Mail Sweden. Group operating costs decreased by 3%, excluding structural and currency changes.

Net financial items totalled SEK -11m (2,166). The year-on-year difference is due mainly to the divestiture of Post Danmark A/S's shareholdings in the Belgian Post, bpost (formerly De Post-La Poste), in July 2009. Net financial items, excluding participations in associated companies and joint ventures, totalled SEK -11m (-70).

Earnings for the period totalled SEK 970m (2,906). Tax amounted to SEK -262m (-229).

Return on equity (rolling 12-month) totalled 4 (30)%. The year-on-year reduction in return is primarily attributable to the capital gain from the Belgian post, bpost.

### July-September

Net sales for the third quarter totalled SEK 9,649m (10,222), down 1% excluding structural and currency changes. Mail Denmark's third-quarter performance was in line with performance during the cumulative January-September period. Net sales for Mail Sweden were positively impacted by higher volumes attributable to the Swedish general election and to increased UDM revenues following the economic recovery. The decline in sales for Informationlogistics reflects the economic uncertainty in Denmark, France and Great Britain, and stronger competition from digital alternatives. Logistics's revenues rose as a consequence of higher volumes, chiefly in Sweden and Norway.

Operating earnings totalled SEK 450m (279), an increase of 65%, excluding structural and currency changes. The improved operating earnings are attributable primarily to the adjustment of costs to lower volumes and to the effects of the ongoing action programmes.

Net financial items totalled SEK -14m (1,962). The explanation for this result is the same as for the nine-month period. Earnings for the period totalled SEK 363m (2,198). Tax amounted to SEK -73m (-43).

## Financial position

Group equity totalled SEK 11,796m as of 30 September 2010, down SEK 1,562m from 31 December 2009. The result was impacted by the dividend of SEK 1,440m distributed in April 2010. Currency changes, primarily in SEK versus DKK, EUR and NOK, produced a translation effect of SEK -1,070m. The equity to assets ratio as of 30 September 2010 totalled 45%, which is unchanged as compared to 31 December 2009.

Net financial position totalled SEK 3,623m, down SEK 919m from 31 December 2009. Excluding pensions, the net financial position totalled SEK 1,883m, a decrease of

SEK 1,330m from 31 December 2009. The change is attributable primarily to a reduction in cash and cash equivalents due to the dividend of SEK 1,440m distributed in April 2010. Compensation for pension payments totalling SEK 299m (0) was received from Posten's Pension Fund.

### Consolidated statement of net financial position

Net financial position, SEKm	2010 30 Sep	2009 30 Sep	2009 31 Dec
Financial investments	148	140	149
Long-term receivables	15	17	14
Short-term investments		1	1
Cash and cash equivalents	3,425	4,896	4,852
<b>Total financial assets</b>	<b>3,588</b>	<b>5,054</b>	<b>5,016</b>
Long-term interest-bearing liabilities	743	1,833	1,193
Current interest-bearing liabilities	962	432	610
<b>Total financial liabilities</b>	<b>1,705</b>	<b>2,265</b>	<b>1,803</b>
<b>Net financial position excl. pensions</b>	<b>1,883</b>	<b>2,789</b>	<b>3,213</b>
Long-term receivables, pension-related assets	3,286	2,756	2,994
Pension provisions, pension-related liabilities	1,546	1,339	1,665
<b>Net financial position incl. pensions</b>	<b>3,623</b>	<b>4,206</b>	<b>4,542</b>

## Cash flow

### January-September

Cash flow from operating activities totalled SEK 865m, of which change in working capital totalled SEK -1,467m. The change in working capital is attributable primarily to pensions of SEK -789m, of which SEK -1,088 is attributable to pension payments and SEK 299m to compensation for pension payments from Posten's Pension Fund. Cash flow fluctuates on a seasonal basis and the third quarter is adversely affected by the holiday period.

Cash flow from investment activities totalled SEK -702m, SEK -637m of which is attributable to investments in tangible fixed assets and SEK -134m to investments in intangible fixed assets. The tangible investments were made primarily in vehicles. The intangible investments were made primarily in the integration of joint IT solutions.

Cash flow from financing activities totalled SEK -1,541m. Dividends of SEK 1,440m and SEK 3m were distributed to parent company shareholders and to minority shareholders, respectively, in 2010.

Cash and cash equivalents totalled SEK 3,425m at the end of the period, down SEK 1,427m from 31 December 2009, SEK -49m of which is attributable to translation differences.



## July-September

Cash flow from operating activities totalled SEK -76m (-416), of which changes in working capital totalled SEK -917m (-1 065). Cash flow fluctuates on a seasonal basis and the third quarter is adversely affected by the holiday period. The cash flow from changes in working capital during the period is also attributable to pensions of SEK -261m (-257), of which SEK -560m (-257) is attributable to pension payments and SEK 299m (0) to compensation for pension payments from Posten's Pension Fund.

Cash flow from investment activities totalled SEK -237m (3,841), SEK -212m (-296) of which is attributable to investments in tangible fixed assets and SEK -37m (-104) to investments in intangible fixed assets. The tangible investments were made primarily in vehicles. The intangible investments were made primarily in the integration of joint IT solutions.

Cash flow from financing activities totalled SEK -43m (-155). Cash and cash equivalents totalled SEK 3,425m at the end of the period, down SEK 365m from 30 June 2010.

## Parent company

The parent company has run an extremely limited operation and has only one employee, the CEO. No net sales were reported for the nine-month period. Of the total incurred costs of SEK 14m, SEK 10m was attributable to personnel costs for the CEO. Financial items totalled SEK -43m, SEK -45m of which is attributable to currency effects. Earnings before tax totalled SEK -57m. No cash and cash equivalents were reported and no investments in tangible fixed assets were made.

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

The risks, risk management and factors that may impact the operations of the parent company and the group are described in Posten Norden's 2009 Annual Report. Changes thereto are set forth below.

Swedish and Danish postal legislation is being amended in light of new EU regulations (the Postal Directive) which are aimed at breaking up remaining postal monopolies.

In Sweden, the parliament adopted a resolution that came into effect on 1 September 2010. The new Swedish law also includes regulations that exceed those in the EU's Postal Directive. The requirements for pricing transparency for the national operator have been increased and the maximum price level has been retained. At the same time, Posten Norden's main competitor – owned by the state-owned Norwegian Post – is not subject to these EU-specific regulations. Accordingly, Posten Norden deems that there is a risk of distorted competition, a risk that the owner's return requirements may not be attainable and a risk that it may be unable to fulfil its universal service

obligation. Posten AB has appealed an order issued by the Post and Telecom Agency based on licensing terms relative to the new law.

On 27 October 2010, the Danish government presented a bill amending the Postal Act. The bill contains a provision, effective as of 1 January 2011, securing universal service obligations on a deregulated postal market. Post Danmark is commissioned to maintain its distribution obligation during the period 2011-13. This means that six-day-per-week postal distribution will continue and that Post Danmark is obliged to transport letters weighing up to 2 kilos and parcels weighing up to 20 kilos. At the same time, the remaining liberalisation of the Danish postal market will be implemented as of 1 January 2011. Postal operators will be licenced and the Ministry of Transport has been commissioned to establish a fund to finance the net costs of the universal postal service obligation to which all postal operators shall contribute. There is also political consensus to enable Post Danmark to continue its commercial operations by means of reductions within selected high-cost areas and by adjusting the letter pricing framework. Format-based taxation of stamped letters will be abolished. Post Danmark has also announced its intention to introduce differential price rates for various types of stamped letters and to raise the rate for priority mail vis-à-vis non-priority and business mail. If the bill amending the Postal Act is enacted in its present form, the new postal rates are expected to take effect as of 1 April 2011. The Danish mail market experienced a 10% drop in volume during the first 9 months of the year, intensifying the need for continued significant cost savings. The new Postal Act creates more favourable conditions for efficient production; price differentiation produces a better correlation between price and cost for various types of stamped letters. The introduction of two new types of parcels, as well as a decision that letterboxes for all households, with the possibility for exceptions for households with disabled people, shall be located on the property line, is in line with this change.

On 30 September 2010 the Swedish Post and Telecom Agency (PTA) issued an order requiring a group company, Posten AB (Posten), to establish a threshold value that must be applied, without exception, when categorising normal and low-price pricing zones for sorted letters. According to the PTA's opinion, Posten's pricing model and current zoning does not comply with the Postal Services Act's requirement that pricing must be cost-oriented. The PTA ordered Posten to change its zoning no later than 1 January 2011. After the close of the period, on 21 October 2010, Posten appealed the PTA's order and requested that the order be set aside. Posten's position is that the PTA's order is based on an erroneous interpretation of the Postal Services Act and the requirements thereunder for cost-oriented pricing that promotes the efficient provision of postal services. On 3 November

2010 the Administrative Court in Stockholm ruled in favour of a stay of enforcement, thereby rendering the PTA's order unenforceable pending further adjudication. The Court's ruling regarding a stay remains in force until the Court decrees otherwise or renders its final judgment. The only way for Posten to avoid violating the order is to

switch to a flat rate system; i.e., apply the same rate throughout Sweden by either lowering all rates to the current low-price level or raising all rates to the current normal rate. Complying with the PTA's order would therefore be likely to have a significant impact on earnings or have negative market effects.

This report has been audited. Pro forma information was not included in this audit.

Stockholm, 9 November 2010  
Posten Norden AB (Publ)

Lars G Nordström  
President and CEO



# Review report

To the Board of Directors of Posten Norden AB  
Corp Identity Number 556771-2640

## Introduction

We have reviewed the interim report for Posten Norden AB for the period from January 1, 2010 to September 30, 2010. It is the Board of Directors and the Managing Director who are responsible for the 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, which include the following exception. Our review do not comprehend the pro-forma figures presented in the interim report.

## The Scope of the Review

We conducted our review in accordance with the Standard on Review Engagements, SÖG 2410, Review of the Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Federation of Authorized Public Accountants. A review of the interim report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review substantially smaller less in scope compared to an audit conducted according to Standards on Auditing in Sweden

(RS) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, the conclusion expressed based on a review does not constitute the same level of assurance as a conclusion based on an audit.

## Conclusion

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

*Stockholm, 9 November 2010*

Ernst & Young AB

*Lars Träff*

Certified Public Accountant

# Consolidated financial statements

## Income statement

SEKm	Note	Jan-Sep 2010	Pro forma Jan-Sep 2009	Change	Jul-Sep 2010	Jul-Sep 2009	Change	Pro forma Jan-Dec 2009
	1, 2							
Net sales		30,798	32,997	-7%	9,649	10,222	-6%	44,633
Other operating income		214	184	16%	44	55	-20%	249
<b>Operating income</b>	3	<b>31,012</b>	<b>33,181</b>	-7%	<b>9,693</b>	<b>10,277</b>	-6%	<b>44,882</b>
Personnel costs	4	-15,300	-16,713	-8%	-4,520	-5,018	-10%	-22,633
Transportation costs		-5,489	-5,593	-2%	-1,820	-1,934	-6%	-7,561
Other costs	5	-7,587	-8,413	-10%	-2,442	-2,563	-5%	-12,397
Depreciation and impairment of tangible and intangible fixed assets		-1,399	-1,483	-6%	-462	-479	-4%	-2,014
<b>Operating costs</b>		<b>-29,775</b>	<b>-32,202</b>	-8%	<b>-9,244</b>	<b>-9,994</b>	-8%	<b>-44,605</b>
Participations in the earnings of associated companies		6	-10		1	-4		7
<b>OPERATING EARNINGS</b>		<b>1,243</b>	<b>969</b>	28%	<b>450</b>	<b>279</b>	61%	<b>284</b>
Financial income		136	113	20%	34	38	-11%	188
Financial costs		-147	-183	-20%	-48	-60	-20%	-251
Participations in the earnings of associated companies and joint ventures			2,236			1,984		2,218
<b>Net financial items</b>		<b>-11</b>	<b>2,166</b>		<b>-14</b>	<b>1,962</b>		<b>2,155</b>
<b>Earnings before tax</b>		<b>1,232</b>	<b>3,135</b>	-61%	<b>436</b>	<b>2,241</b>	-81%	<b>2,439</b>
Tax		-262	-229	14%	-73	-43	70%	-25
<b>NET EARNINGS</b>		<b>970</b>	<b>2,906</b>	-67%	<b>363</b>	<b>2,198</b>	-83%	<b>2,414</b>
<b>Attributable to</b>								
Parent company shareholders		966	2,908		360	2,199		2,421
Minority interests		4	-2		3	-1		-7
Earnings per share, before and after dilution, SEK		0.48	1.45		0.18	1.10		1.21

## Comprehensive income statement <sup>1)</sup>

SEKm	Jan-Sep 2010	Jul-Sep 2010	Jul-Sep 2009
<b>Net earnings</b>	<b>970</b>	<b>363</b>	<b>2,198</b>
Other comprehensive earnings, translation differences <sup>2)</sup>	-1,070	-339	-482
<b>COMPREHENSIVE EARNINGS</b>	<b>-100</b>	<b>24</b>	<b>1,716</b>
<b>Attributable to</b>			
Parent company shareholders	-99	21	1,719
Minority interests	-1	3	-3

<sup>1)</sup> See Accounting Principles for the group, Consolidated Financial Statements

<sup>2)</sup> Translation differences are attributable to translation of the group's equity in foreign currency

## Balance sheet

SEKm	Note	30 Sep 2010	30 Sep 2009	31 Dec 2009
	1, 2			
<b>ASSETS</b>				
Goodwill		2,827	2,964	3,055
Other intangible fixed assets		1,596	2,058	1,962
Tangible fixed assets		7,941	9,127	9,173
Participations in associated companies and joint ventures		97	100	117
Financial investments		148	140	149
Long-term receivables	6	3,301	2,773	3,008
Deferred tax assets		135	142	168
<b>Total fixed assets</b>		<b>16,045</b>	<b>17,304</b>	<b>17,632</b>
Inventory		287	329	299
Tax assets		505	739	215
Accounts receivable		4,306	5,006	4,495
Prepaid expenses and accrued income		1,336	1,066	1,623
Other receivables		513	557	454
Short-term investments			1	1
Cash and cash equivalents		3,425	4,896	4,852
<b>Total current assets</b>		<b>10,372</b>	<b>12,594</b>	<b>11,939</b>
<b>TOTAL ASSETS</b>		<b>26,417</b>	<b>29,898</b>	<b>29,571</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Capital stock		2,000	2,000	2,000
Other contributed equity		9,954	9,898	9,898
Reserves		-1,408	-480	-343
Retained earnings		1,238	2,199	1,712
<b>Total equity attributable to parent company shareholders</b>		<b>11,784</b>	<b>13,617</b>	<b>13,267</b>
<b>Minority interests</b>		<b>12</b>	<b>412</b>	<b>91</b>
<b>TOTAL EQUITY</b>		<b>11,796</b>	<b>14,029</b>	<b>13,358</b>
<b>LIABILITIES</b>				
Long-term interest-bearing liabilities		743	1,833	1,193
Other long-term liabilities		60	307	199
Pension provisions		1,546	1,339	1,665
Other provisions	7	1,909	1,709	1,919
Deferred tax liabilities		808	1,141	742
<b>Total long-term liabilities</b>		<b>5,066</b>	<b>6,329</b>	<b>5,718</b>
Current interest-bearing liabilities		962	432	610
Accounts payable		1,721	1,933	1,896
Tax liabilities		223	108	145
Other current liabilities		1,768	1,973	1,859
Accrued costs and prepaid income	8	4,505	4,690	5,274
Other provisions	7	376	404	711
<b>Total current liabilities</b>		<b>9,555</b>	<b>9,540</b>	<b>10,495</b>
<b>TOTAL LIABILITIES</b>		<b>14,621</b>	<b>15,869</b>	<b>16,213</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>26,417</b>	<b>29,898</b>	<b>29,571</b>

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

# Cash flow statement <sup>1)</sup>

SEKm	Jan-Sep 2010	Jul-Sep 2010	Jul-Sep 2009
<b>OPERATING ACTIVITIES</b>			
Earnings before tax	1,232	436	2,241
Adjustments for non-cash items:			
Reversal of impairments and depreciation	1,399	462	479
Capital gain/loss on sale of fixed assets	42	31	38
Capital gain/loss on sale of joint venture companies			-2,001
Pension provisions	378	164	65
Other provisions	-329	-109	-53
Other items not affecting liquidity	-15	-5	-5
Tax paid	-375	-138	-115
<b>Cash flow from operating activities before changes in working capital</b>	<b>2,332</b>	<b>841</b>	<b>649</b>
Cash flow from changes in working capital			
Increase(-)/decrease(+) in accounts receivable	189	-170	141
Increase(+)/decrease(-) in accounts payable	-176	-74	-277
Pensions	-789	-261	-257
Other provisions	-74	-20	-70
Other changes in working capital	-617	-392	-602
<b>Changes in working capital</b>	<b>-1,467</b>	<b>-917</b>	<b>-1,065</b>
<b>Cash flow from operating activities</b>	<b>865</b>	<b>-76</b>	<b>-416</b>
<b>INVESTMENT ACTIVITIES</b>			
Investments in intangible fixed assets	-134	-37	-104
Investments in tangible fixed assets	-637	-212	-296
Sale of subsidiaries			36
Sale of joint venture companies			4,045
Sale of financial assets			156
Sale of other fixed assets, etc.	47	9	4
Increase(-)/decrease(+) in financial receivables	22	3	
<b>Cash flow from investment activities</b>	<b>-702</b>	<b>-237</b>	<b>3,841</b>
<b>FINANCING ACTIVITIES</b>			
Dividend	-1,443		
Amortised loans			-1
Amortised lease liabilities	-84	-27	-34
Redemption, minority Post Danmark A/S	-19		
Increase(+)/decrease(-) in other financial liabilities	5	-16	-120
<b>Cash flow from financing activities</b>	<b>-1,541</b>	<b>-43</b>	<b>-155</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-1,378</b>	<b>-356</b>	<b>3,270</b>
Cash and cash equivalents, beginning of the period	4,852	3,790	1,844
Translation difference in cash and cash equivalents	-49	-9	-218
Cash and cash equivalents, end of the period	3,425	3,425	4,896

<sup>1)</sup> See Accounting Principles for the group, Consolidated Financial Statements

## Changes in equity

### Equity attributable to parent company shareholders

SEKm	Capital stock <sup>1)</sup>	Other contributed equity	Accum. translation difference	Retained earnings	Total	Minority interest	Total equity
Issue in kind	2,000	10,141			12,141		12,141
Result of issue		-243			-243	415	172
1 Jul 2009	2,000	9,898			11,898	415	12,313
Redemption of Post Danmark A/S shares						-317	-317
Earnings for the period				1,712	1,712	-6	1,706
Other total earnings for the period			-343		-343	-1	-344
<b>Equity carried forward, 31 Dec 2009</b>	<b>2,000</b>	<b>9,898</b>	<b>-343</b>	<b>1,712</b>	<b>13,267</b>	<b>91</b>	<b>13,358</b>
Equity brought forward, 1 Jan 2010	2,000	9,898	-343	1,712	13,267	91	13,358
Redemption of Post Danmark A/S shares		56			56	-75	-19
Dividend <sup>2)</sup>				-1,440	-1,440	-3	-1,443
Earnings for the period				966	966	4	970
Other total earnings for the period			-1,065		-1,065	-5	-1,070
<b>Equity carried forward, 30 Sep 2010</b>	<b>2,000</b>	<b>9,954</b>	<b>-1,408</b>	<b>1,238</b>	<b>11,784</b>	<b>12</b>	<b>11,796</b>

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

<sup>2)</sup> A dividend of SEK 1,440m (SEK 0.72 per share) was distributed to the owners; Svensk Adressändring AB distributed a dividend of SEK 3m to minority shareholders.

## Notes

Pro forma information has not been prepared with the exception of Note 3, Report of Business Segments.

### 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 1.3, 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 the Annual Accounts Act. The same accounting principles and methods of calculation were used in this interim report as in the 2009 Annual Report.

Pro forma statements have been prepared in order to enable year-to-year comparisons. Pro forma information was prepared for the Income Statement and the Balance Sheet.

#### CHANGES IN ACCOUNTING PRINCIPLES

The following changes to IFRS and IAS are part of the accounting principles applied in the consolidated financial statements. Changes in principles and subsequent effect on the company's consolidated financial statements are as follows:

- IFRS 3, Business Combinations. Stipulates revised rules for determination of disclosed goodwill and that acquisition costs may not be capitalised; expands definition of 'business combination'; specifies that fair value of consideration shall be determined at acquisition date and that changes in liability related to contingent consideration occurring up to settlement shall be adjusted in other total

results. The new rules also allow the choice between two methods of calculating the minority and specify that additional acquisitions shall be reported as equity transactions after a stipulated level of influence is achieved. The standard shall be applied from 1 January 2010. Application of the new IFRS 3 has not yet had any effect, as no acquisitions have been made.

- IAS 24, Related Party Disclosures. Amendment stipulates that state-owned companies are not automatically considered to be related parties. To be applied from 1 January 2010. The company's disclosures to date concerning transactions with the government have been limited to reports of a non-commercial nature, meaning that related party transactions have involved specific mandates from the state and licences from authorities. The amendments to the standard have therefore not had any bearing on the company's related party disclosure.
- IAS 27, Consolidated and Separate Financial Statements, has been changed with respect to the way in which changes of ownership interest in subsidiaries, effects of goodwill, and profit and loss resulting from changes in ownership shall be reported. Changes of ownership in entities in which controlling influence is retained shall be reported as equity transactions. Profits and losses resulting from the cessation of controlling influence of an entity shall be reported in net profit; the remainder shall be re-valued. In addition, losses shall be allocated to non-controlling interest holdings even where this results in a negative share of equity. The changed standard has not to date affected reported acquisitions.
- Improvements to Standards
  - Change to IFRS 8, Operating Segments. Total assets and liabilities shall be reported in the financial statements in the manner in which they are reported to company management for the management of operations. Information on assets and liabilities per business segment is reported as for the preceding year. Business segment reporting of assets and liabilities will be reviewed in conjunction with the review of the group's governing principles.

- Change to IAS 1, Presentation of Financial Statements. Refers to a change of classification of current liabilities. The short- or long-term liability's convertibility into an equity instrument shall not affect its classification. The change has not had any effect on the company's reporting.
- Change to IAS 7, Statement of Cash Flows. Costs related to transactions resulting in book assets may be classified within investing activities. The change has not had any effect on the company's reporting.
- Change to IAS 17, Leases. Classification of land and buildings shall allow for the fact that land has an unlimited economic life. The change has not had any effect on the company's reporting of concluded financial leasing contracts.
- Change to Appendix of IAS 18. A further example describing the difference between a selling entity and an entity that operates as agent or intermediary. The change has not affected the company's reporting.
- Change to IAS 36, Impairment of Assets. Goodwill shall be allocated to cash-generating units in the manner in which these units and goodwill are reported to management, although not to exceed the operating unit level. The change has not affected the company's application of the standard.
- Change to IAS 39, Financial Instruments: Recognition and Measurement. Reclassification of cash flow hedges shall be made in the income statement by application of hedge accounting and clarification of the valuation of embedded derivatives. The company's application of the standard has not been affected by the changes.
- Change to IFRIC 9, Reassessment of Embedded Derivatives. Refers to clarification of the interpretation describing that the standard shall not be applied to acquisitions and participations in joint ventures. The clarification has not led to any change in the company's reporting.
- Change to IFRIC 16, Hedges of a Net Investment in a Foreign Operation. Refers to the removal of the restriction to hold hedged instruments for operations that are themselves being hedged. The change has not affected the company's reporting.

## NOTE 2 Estimates and assessments

In making these financial reports, the 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 the 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 future values, estimates and assessments in future financial reports may differ from those in this report, due to changing environmental factors and new knowledge and experience.

The most significant estimates and assessments for Posten Norden have been made in the areas described below.

### POSTAL OBLIGATION

Posten Norden's postal obligation is calculated for stamps which have been sold but not used. Assumptions used in calculating the postal obligation affect the size of the obligation. Assumptions are based on the number of stamps sold to but not used in Sweden and Denmark. Investigations are conducted in Sweden and Denmark to ensure that the assumptions are reasonable. The size of the obligation may be affected in cases where investigations show changes in the behaviour of the population or where a sample group is not representative of the population.

### INTANGIBLE ASSETS

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

### PENSION COMMITMENTS

In the actuarial calculations of Posten Norden's pension commitments, a number of estimates are made in order to set reasonable assumptions. The most significant are the assumption of the discount rate, future expected return on assets under management, wage trends and inflation. Modifications of the assumptions due to changing environmental factors may influence Posten Norden's financial statements if the effects of the revised assumptions should fall outside the "corridor". Modified assumptions also affect the cost forecasts for the upcoming year. A change in the balance between the rate of return and the interest on debt of +/- 0.1 percentage point, other things being equal, impacts earnings by SEK 15m increased or decreased financial cost/income. A change in the discount rate of +/- 0.1 percentage point, other things being equal, leads to an impact on earnings through increased or decreased amortisation of actuarial losses of SEK 30-40m. Changes in inflation or wage trends, individually and all other things being equal, of +/- 0.1 percentage point leads to an impact on earnings through increased or decreased amortisation of actuarial losses of SEK 20-25m.

### PROVISIONS

In its conversion into a corporation in Sweden in 1994, Posten Norden assumed a contingent liability (special temporary provisions) such that certain categories of the workforce may choose to retire early, at the age of 60 or 63. The contingent liability is reported as a provision in the balance sheet and is calculated based on previous experience of the proportion of persons who have chosen to exercise their right to early retirement in accordance with these provisions. If the number of those who choose this option should change, the liability will change accordingly. A change of 5 percentage points to the number choosing this option causes an impact on earnings of SEK 15-20m.

### TAXES

The capitalisation of tax loss carry-forwards has been assessed based on business plans and estimates of future taxable profits that can utilise tax loss carry-forwards. Estimates have been made of non-deductible costs and non-taxable income in accordance with current tax regulations. Furthermore, consideration has been taken of the next six years' financial results in order to evaluate the reported tax claim at the currently applicable tax rate. Changes to tax legislation in Sweden and other countries where Posten Norden operates and changes in interpretation and application of applicable legislation may influence the size of the reported tax assets and liabilities. Changed circumstances that impact the assumptions will also influence financial results for the year.

### NOTE 3 Report of business segments

Posten Norden's organisation into business units is based on the manner in which Posten Norden is governed and activities are reported to management. Market pricing applies to internal dealings between Posten Norden business units. There is no latitude for making external purchases where the service in question is available internally. In Posten Norden'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 responsible for Posten Norden's messaging operations in Denmark. The business unit is the leader in distribution solutions to, from and within Denmark. Its nationwide messaging services include distribution of letters, periodicals and direct mail as well as drop-off and collection of private parcels.

**Mail Sweden** is responsible for Posten Norden's messaging operations in Sweden. The business unit is the leader in distribution solutions to, from and within Sweden. Its nationwide messaging services include distribution of letters, periodicals and direct mail as well as drop-off and collection of private parcels.

**Informationlogistics** is responsible for Posten Norden's information logistics operations. The business unit develops, produces and delivers systems, services and products for efficient customer communication. The business unit also includes labelling and identification solutions.

**Logistics** is responsible for Posten Norden's logistics operations. With its own capacity in Sweden, Norway, Denmark, Finland, Germany, Belgium and the Netherlands, the business unit offers standard parcel, pallet and express services as well as in-night freight forwarding, third-party logistics and shipping.

**Other and Eliminations** comprises shared services and corporate functions including the parent company, the Swedish Cashier Service and intra-group adjustments. The adjustments are primarily internal eliminations; IFRS adjustments regarding pensions in accordance with IAS 19, Employee Benefits; and financial leasing in accordance with IAS 17, Leases. From Other and Eliminations, service costs for shared services and corporate functions are allocated to the business areas. Cost allocations are taken up as income in Other and Eliminations under Other Operating Income, Internal. Within the business areas, cost allocations are taken up as income under Other Costs.

Shared services and corporate functions and the Swedish Cashier Service are included as of 1 January 2010, and comparative figures for previous years have been adjusted.

2010 JAN – SEP

SEKm	Mail Denmark	Mail Sweden	Information-logistics	Logistics	Other and eliminations	Posten Norden Group
Net sales, external	7,950	11,275	2,513	9,054	6	30,798
Net sales, internal	208	90	33	85	-416	
<b>Total net sales</b>	<b>8,158</b>	<b>11,365</b>	<b>2,546</b>	<b>9,139</b>	<b>-410</b>	<b>30,798</b>
Other operating income, external	-5	50	20	19	130	214
Other operating income, internal	1,382	470		947	-2,799	
<b>Total operating income</b>	<b>9,535</b>	<b>11,885</b>	<b>2,566</b>	<b>10,105</b>	<b>-3,079</b>	<b>31,012</b>
Personnel costs	-5,501	-5,939	-880	-2,284	-696	-15,300
Transportation costs	-506	-1,929	-83	-4,097	1,126	-5,489
Other costs	-2,607	-3,210	-1,421	-3,424	3,075	-7,587
Depreciations and impairments	-340	-146	-230	-222	-461	-1,399
<b>Total operating costs</b>	<b>-8,954</b>	<b>-11,224</b>	<b>-2,614</b>	<b>-10,027</b>	<b>3,044</b>	<b>-29,775</b>
Participations in the earnings of associated companies and joint ventures			6			6
<b>OPERATING EARNINGS</b>	<b>581</b>	<b>661</b>	<b>-42</b>	<b>78</b>	<b>-35</b>	<b>1,243</b>
Net financial items						-11
<b>Earnings before tax</b>						<b>1,232</b>
Tax						-262
<b>Net earnings</b>						<b>970</b>
Assets	10,488	6,813	3,110	6,188	-182	26,417
Liabilities	5,034	4,397	1,652	2,868	670	14,621
Investments in fixed assets	363	56	118	75	159	771



note 3, cont'd.

2009 JAN - SEP PRO FORMA

SEKm	Mail Denmark	Mail Sweden	Information- logistics	Logistics	Other and eliminations	Posten Norden Group
Net sales, external	9,533	11,433	2,813	9,218		32,997
Net sales, internal	256	102	50	102	-510	
<b>Total net sales</b>	<b>9,789</b>	<b>11,535</b>	<b>2,863</b>	<b>9,320</b>	<b>-510</b>	<b>32,997</b>
Other operating income, external	11	79	17	24	53	184
Other operating income, internal	1,181	468		997	-2,646	
<b>Total operating income</b>	<b>10,981</b>	<b>12,082</b>	<b>2,880</b>	<b>10,341</b>	<b>-3,103</b>	<b>33,181</b>
Personnel costs	-6,454	-6,005	-979	-2,516	-759	-16,713
Transportation costs	-557	-1,971	-130	-4,101	1,166	-5,593
Other costs	-3,067	-3,289	-1,671	-3,515	3,129	-8,413
Depreciations and impairments	-390	-143	-250	-255	-445	-1,483
<b>Total operating costs</b>	<b>-10,468</b>	<b>-11,408</b>	<b>-3,030</b>	<b>-10,387</b>	<b>3,091</b>	<b>-32,202</b>
Participations in the earnings of associated companies and joint ventures			-10			-10
<b>OPERATING EARNINGS</b>	<b>513</b>	<b>674</b>	<b>-160</b>	<b>-46</b>	<b>-12</b>	<b>969</b>
Net financial items						2,166
<b>Earnings before tax</b>						<b>3,135</b>
Tax						-229
<b>Net earnings</b>						<b>2,906</b>

2010 JUL - SEP

SEKm	Mail Denmark	Mail Sweden	Information- logistics	Logistics	Other and eliminations	Posten Norden Group
Net sales, external	2,369	3,564	752	2,962	2	9,649
Net sales, internal	59	27	12	27	-125	
<b>Total net sales</b>	<b>2,428</b>	<b>3,591</b>	<b>764</b>	<b>2,989</b>	<b>-123</b>	<b>9,649</b>
Other operating income, external	-3	15	7	5	20	44
Other operating income, internal	426	146		318	-890	
<b>Total operating income</b>	<b>2,851</b>	<b>3,752</b>	<b>771</b>	<b>3,312</b>	<b>-993</b>	<b>9,693</b>
Personnel costs	-1,599	-1,800	-259	-682	-180	-4,520
Transportation costs	-158	-646	-25	-1,370	379	-1,820
Other costs	-843	-1,016	-434	-1,088	939	-2,442
Depreciations and impairments	-118	-48	-75	-72	-149	-462
<b>Total operating costs</b>	<b>-2,718</b>	<b>-3,510</b>	<b>-793</b>	<b>-3,212</b>	<b>989</b>	<b>-9,244</b>
Participations in the earnings of associated companies and joint ventures			1			1
<b>OPERATING EARNINGS</b>	<b>133</b>	<b>242</b>	<b>-21</b>	<b>100</b>	<b>-4</b>	<b>450</b>
Net financial items						-14
<b>Earnings before tax</b>						<b>436</b>
Tax						-73
<b>Net earnings</b>						<b>363</b>
Assets	10,488	6,813	3,110	6,188	-182	26,417
Liabilities	5,034	4,397	1,652	2,868	670	14,621
Investments in fixed assets	106	37	25	28	53	249

note 3, cont'd.

2009 JUL – SEP

SEKm	Mail Denmark	Mail Sweden	Information- logistics	Logistics	Other and eliminations	Posten Norden Group
Net sales, external	2,762	3,505	860	2,975	120	10,222
Net sales, internal	93	59	13	-38	-127	
<b>Total net sales</b>	<b>2,855</b>	<b>3,564</b>	<b>873</b>	<b>2,937</b>	<b>-7</b>	<b>10,222</b>
Other operating income, external	10	28	3	2	12	55
Other operating income, internal	423	152		354	-929	
<b>Total operating income</b>	<b>3,288</b>	<b>3,744</b>	<b>876</b>	<b>3,293</b>	<b>-924</b>	<b>10,277</b>
Personnel costs	-1,934	-1,825	-295	-766	-198	-5,018
Transportation costs	-147	-655	-69	-1,333	270	-1,934
Other costs	-950	-1,030	-509	-1,053	979	-2,563
Depreciations and impairments	-124	-48	-80	-84	-143	-479
<b>Total operating costs</b>	<b>-3,155</b>	<b>-3,558</b>	<b>-953</b>	<b>-3,236</b>	<b>908</b>	<b>-9,994</b>
Participations in the earnings of associated companies and joint ventures			-4			-4
<b>OPERATING EARNINGS</b>	<b>133</b>	<b>186</b>	<b>-81</b>	<b>57</b>	<b>-16</b>	<b>279</b>
Net financial items						1,962
<b>Earnings before tax</b>						<b>2,241</b>
Tax						-43
<b>Net earnings</b>						<b>2,198</b>

2009 JAN – DEC PRO FORMA

SEKm	Mail Denmark	Mail Sweden	Information- logistics	Logistics	Other and eliminations	Posten Norden Group
Net sales, external	12,751	15,645	3,704	12,533		44,633
Net sales, internal	343	149	58	140	-690	
<b>Total net sales</b>	<b>13,094</b>	<b>15,794</b>	<b>3,762</b>	<b>12,673</b>	<b>-690</b>	<b>44,633</b>
Other operating income, external	12	90	25	46	76	249
Other operating income, internal	1,580	638		1,314	-3,532	
<b>Total operating income</b>	<b>14,686</b>	<b>16,522</b>	<b>3,787</b>	<b>14,033</b>	<b>-4,146</b>	<b>44,882</b>
Personnel costs	-8,509	-8,177	-1,303	-3,425	-1,219	-22,633
Transportation costs	-787	-2,628	-167	-5,581	1,602	-7,561
Other costs	-4,538	-5,129	-2,305	-4,846	4,421	-12,397
Depreciations and impairments	-408	-191	-370	-339	-706	-2,014
<b>Total operating costs</b>	<b>-14,242</b>	<b>-16,125</b>	<b>-4,145</b>	<b>-14,191</b>	<b>4,098</b>	<b>-44,605</b>
Participations in the earnings of associated companies and joint ventures			7			7
<b>OPERATING EARNINGS</b>	<b>444</b>	<b>397</b>	<b>-351</b>	<b>-158</b>	<b>-48</b>	<b>284</b>
Net financial items						2,155
<b>Earnings before tax</b>						<b>2,439</b>
Tax						-25
<b>Net earnings</b>						<b>2,414</b>
Assets	12,786	7,604	3,543	6,544	-906	29,571
Liabilities	6,082	5,578	2,123	2,947	-517	16,213
Investments in fixed assets	402	117	141	175	66	901

Pro forma figures for 2009 have not been prepared for the Notes with the exception of Note 3, Report of Business Segments.

<b>NOTE 4 Personnel costs</b>	
SEKm	Jan-Sep 2010
<b>Personnel costs</b>	
Wages, salaries and other remuneration	11,720
Statutory social costs	1,953
Pension costs	1,482
Other personnel costs	145
<b>Total</b>	<b>15,300</b>
<b>Specification of pension costs</b>	
Cost of retirement pensions	1,386 <sup>1)</sup>
Net cost of early retirement pensions	96
<i>of which, gross cost of early retirement pensions</i>	<i>208</i>
<i>of which, utilisation of provisions for early retirement pensions</i>	<i>-111</i>
<b>Total</b>	<b>1,482</b>
Average number of employees	44,400
<sup>1)</sup> Costs of retirement pensions include an amortisation effect of actuarial gains and losses totalling SEK -99m.	

<b>NOTE 5 Other costs</b>	
SEKm	Jan-Sep 2010
Cost of premises	1,658
Provisions <sup>1)</sup>	21
Terminal fees	820
Cost of goods and material	1,202
Purchased IT resources	999
Capitalised development expenditures, IT	-73
Other	2,960
<b>Total</b>	<b>7,587</b>
<sup>1)</sup> Of the total amount of SEK 21m, SEK 74m is attributable to the provisions and SEK -53m to reversals for personnel reductions. See also Note 7, Other Provisions, footnote 1.	

<b>NOTE 6 Long-term receivables</b>			
SEKm		30 Sep 2010	31 Dec 2009
Reported value related to funded defined-benefit retirement and early retirement pension plans appraised in accordance with IAS 19		2,463	2,342
Reported value related to funded defined-benefit disability pension plans appraised in accordance with IAS 19		239	180
Payroll tax receivables attributable to reporting lower pension commitments (under IAS 19) than amounts recognised in the financial statements for legal entities in Sweden in accordance with UFR 4		729	621
Payroll tax, health insurance		-145	-149
Deposits, property leases		7	12
Electricity derivatives			1
Other		8	1
<b>Total</b>		<b>3,301</b>	<b>3,008</b>

<b>NOTE 7 Other provisions</b>							
2010 Jan-Sep, SEKm	Balance brought forward	Reclassification <sup>6)</sup>	Provisions	Reversals	Utilisations	Translation effects	Closing balance
<b>Restructuring activities</b>							
Personnel reductions, primarily early retirements	1,052	28	74 <sup>1)</sup>	-53 <sup>1)</sup>	-354 <sup>2)</sup>	-21	726
Other closure costs	88				-32 <sup>2)</sup>		56
<b>Future conditional pension benefits</b>							
Payroll tax	222		8 <sup>5)</sup>				230
Future conditional pension benefits under IAS 19	911		36 <sup>5)</sup>				947
<b>Other</b>							
Job-related injuries	66		1 <sup>5)</sup>		-6 <sup>3)</sup>		61
Reversal of pension payments to the Danish state	26	31			-9 <sup>2)</sup>	-6	42
Provision, commemorative awards	174		9 <sup>5)</sup>		-13 <sup>2)</sup>	-17	153
Other provisions	91				-20 <sup>2)</sup>	-1	70
<b>Total other provisions</b>	<b>2,630</b>	<b>59</b>	<b>128</b>	<b>-53</b>	<b>-434</b>	<b>-45<sup>4)</sup></b>	<b>2,285</b>
Of which, current provisions	711	35					376
<sup>1)</sup> Impact on earnings: SEK 21m, of which SEK 74m is attributable to provisions and SEK -53m to reversals for personnel reductions.							
<sup>2)</sup> Change in other income statement items totals SEK -428m, of which SEK -374m is attributable to personnel costs.							
<sup>3)</sup> The change has not been reported in the income statement.							
<sup>4)</sup> A discount effect of SEK 8m is reported in the income statement's financial income and expenses. A translation difference regarding currency translation of SEK -53m is reported in the total result; see Comprehensive Income Statement - Group.							
<sup>5)</sup> The effect of provisions and reversals is reported as personnel cost.							
<sup>6)</sup> Reclassification from short- and long-term debt to other provisions.							

Pro forma figures for 2009 have not been prepared for the Notes with the exception of Note 3, Report of Business Segments.

#### NOTE 8 Accrued expenses and prepaid income

SEKm	30 Sep 2010	31 Dec 2009
Postal obligation, unused stamps	358	376
Accrued payroll expenses	457	612
Holiday pay liability	1,538	2,064
Special payroll tax on pension costs	260	3
Social security contributions	768	995
Accrued interest expense	3	1
Yield tax	5	
Terminal fees	537	620
Financial leasing	18	20
Forward currency contracts	20	6
Other structural costs	50	
Other items	491	577
<b>Closing balance</b>	<b>4,505</b>	<b>5,274</b>

#### NOTE 9 Assets pledged and contingent liabilities

SEKm	30 Sep 2010	31 Dec 2009
<b>Assets pledged</b>		
Real estate mortgages	896	1,013
Endowment insurance policy for current and previous employees	130	130
Assets pledged as securities	15	20
<b>Total</b>	<b>1,041</b>	<b>1,163</b>
<b>Contingent liabilities</b>		
Guarantee commitment, PRI	93	93
Guarantee commitment, other	72	127
Dispute <sup>1)</sup>	102	104
<b>Total</b>	<b>267</b>	<b>324</b>

<sup>1)</sup> Østra 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 is contested in its entirety by Post Danmark A/S.

#### NOTE 10 Transactions with associated parties

##### SWEDISH STATE

Posten AB paid SEK 9m to the Post and Telecom Agency (PTS) for permits to run postal operations and Posten Meddelande AB paid SEK 6m for handling dead letters. Posten received disability compensation of SEK 12m for Braille services and services for senior citizens living in sparsely populated areas.

##### DANISH STATE

During the period, Post Danmark A/S paid premiums of SEK 184m to the Danish state for the group of civil servants employed prior to the corporatisation date. A further SEK 2.3m is reserved in the balance sheet for any additional obligations to the same group of employees.

##### OTHER ORGANISATIONS

Posten's insurance association insures Posten Norden's commitments in Sweden for employee disability and family pensions based on ITP-P. During the period, Posten Norden paid premiums of SEK 129m to the association and received compensation totalling SEK 7m. Other compensation from the association was paid directly to the beneficiaries.

Posten's Pension Fund manages pension commitments for Posten AB, Posten Meddelande AB and Posten Logistik AB. The companies capitalise new pension commitments in the fund and receive compensation for pensions paid. Capitalisation of SEK 299m occurred during the period and the same amount of compensation was received.

#### NOTE 11 Investment commitments

As of 30 September 2010, Posten Norden had entered into agreements for the acquisition of fixed assets of SEK 266m, mainly for sorting equipment and vehicles.

# Parent company financial statements

## Income statement

SEKm	Note	Jan-Sep 2010	Jan-Sep 2009	Jul-Sep 2010	Jul-Sep 2009	1 Dec 2008 - 31 Dec 2009
	1					
Personnel costs		-10	-4	-3	-3	-7
Other costs		-4		-1		-3
<b>Total operating costs</b>		<b>-14</b>	<b>-4</b>	<b>-4</b>	<b>-3</b>	<b>-10</b>
<b>OPERATING EARNINGS</b>		<b>-14</b>	<b>-4</b>	<b>-4</b>	<b>-3</b>	<b>-10</b>
Earnings from participations in group companies						2,044
Interest income and similar income items		28		7		9
Interest expense and similar cost items		-71		-5		-14
<b>Total financial items</b>		<b>-43</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>2,039</b>
<b>Earnings before tax</b>		<b>-57</b>	<b>-4</b>	<b>-2</b>	<b>-3</b>	<b>2,029</b>
Tax		-4				4
<b>NET EARNINGS</b>		<b>-61</b>	<b>-4</b>	<b>-2</b>	<b>-3</b>	<b>2,033</b>

## Balance sheet

SEKm	Note	30 Sep 2010	30 Sep 2009	31 Dec 2009
	1			
<b>ASSETS</b>				
Financial assets	2	12,476	12,140	12,461
<b>Total non-current assets</b>		<b>12,476</b>	<b>12,140</b>	<b>12,461</b>
Current receivables		199	688	5,814
<b>Total current assets</b>		<b>199</b>	<b>688</b>	<b>5,814</b>
<b>TOTAL ASSETS</b>		<b>12,675</b>	<b>12,828</b>	<b>18,275</b>
<b>EQUITY AND LIABILITIES</b>				
Equity		12,672	12,137	14,173
Current liabilities		3	691	4,102
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12,675</b>	<b>12,828</b>	<b>18,275</b>
Contingent liabilities	3	810		741

# Notes

## NOTE 1 Accounting principles

The parent company essentially applies the same accounting principles as the group does. 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.

### PARTICIPATIONS IN SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

Participations in subsidiaries, associated companies and joint ventures are reported in the parent company using the acquisition cost method. Received dividends are reported as income. Dividends that exceed earnings arising after the acquisition date are viewed as a repayment of the investment and may reduce the reported value of the participation.

### DIVIDEND

Anticipated dividends from subsidiaries are reported if the parent company has the exclusive right to determine the size of the dividend and if the parent company has made a decision on the size of the dividend prior to publication of the parent company's financial statements.

### EMPLOYEE BENEFITS

Pension commitments for civil servants covered by pension insurance plans are reported in the parent company as defined contribution plans. Other pension costs are included under operating earnings.

### FINANCIAL GUARANTEES

The parent company's financial guarantees consist mainly of guarantees for the benefit of subsidiaries and joint ventures. Financial guarantees entail the company pledging to compensate the owner of a debt instrument for losses incurred in the event a debtor does not complete payment on the due date specified in the contract. To report financial guarantee agreements, the parent company applies RFR 2.3, which is somewhat more lenient than the rules in IAS 39 regarding financial guarantee contracts for the benefit of subsidiaries, associated companies and joint ventures. The parent company reports financial guarantee agreements as provisions on the balance sheet when Posten Norden has a commitment for which payment is likely to be required to settle the commitment.

### TAXES

The parent company reports untaxed reserves, including its deferred tax liability.

### BUSINESS SEGMENT REPORTING

The parent company's operations consist of a sole operation, group functions.

## NOTE 2 Financial assets

SEKm	Jan-Sep		1 Dec 2008 -
	2010	2009	31 Dec 2009
Balance brought forward	12,461		
Issue in kind		12,140	12,140
Redemption, minority shares in Post Danmark A/S	19		317
Deferred tax asset	-4		4
<b>Closing balance</b>	<b>12,476</b>	<b>12,140</b>	<b>12,461</b>

## NOTE 3 Contingent liabilities

SEKm	30 Sep		31 Dec
	2010	2009	2009
Warranty, PRI	740	-	740
Guarantees on behalf of subsidiaries <sup>1)</sup>	70	-	1
<b>Total</b>	<b>810</b>	<b>-</b>	<b>741</b>

<sup>1)</sup> As of 30 September 2010, Posten Norden AB's subsidiary Posten AB had pledged a total of SEK 168m (213) in guarantees for the benefit of wholly-owned subsidiaries.

## Quarterly data

SEKm, unless otherwise spec.	2010		2009		Pro forma				
	2010 Jul-Sep	2010 Apr-Jun	2010 Jan-Mar	2009 Oct-Dec	2009 Jul-Sep	2009 Apr-Jun	2009 Jan-Mar	2008 Oct-Dec	2008 Jul-Sep
<b>Posten Norden Group</b>									
Net sales	9,649	10,231	10,918	11,636	10,222	10,996	11,779	12,063	10,668
Other operating income	44	120	50	65	55	56	73	193	152
Operating earnings	450	261	532	-685	279	89	601	444	569
Operating margin, %	4.6	2.5	4.9	neg	2.7	0.8	5.1	3.6	5.3
Earnings before tax	436	254	542	-696	2,241	195	699	794	565
Net earnings	363	185	422	-492	2,198	177	531	649	388
ROE, %, rolling 12-month period	4	19	18	20	30	16 <sup>1)</sup>	20	27	27
Cash flows from operating activities	-76	808	133	1,056	-416				
Equity-assets ratio, % at end of period	45	43	46	45	47	42	43	39	38
Average number of employees	45,332	43,286	44,582 <sup>1)</sup>	46,010	48,331 <sup>1)</sup>	47,685	48,233	50,898	53,541
<b>Mail Denmark</b>									
Net sales	2,428	2,696	3,034	3,305	2,855	3,379	3,555	3,320	2,820
<i>Letters, etc.</i>	1,867	2,103	2,406	2,531	2,250	2,553	2,802	2,294	2,215
<i>Daily newspapers</i>	63	63	74	81	84	82	97	77	86
<i>UDM and local news magazines</i>	262	266	271	358	325	337	335	370	283
<i>Other</i>	236	264	283	335	196	407	321	111	236
Other operating income	423	467	487	400	433	311	448	653	422
Operating earnings	133	171	277	-69	133	113	267	169	205
Operating margin, %	4.7	5.4	7.9	neg	4.0	3.1	6.7	4.3	6.3
Average number of employees	15,228	14,908	15,817	15,228	16,294	16,641	17,117	17,265	17,767
Volume, millions of units produced									
<i>Letters, etc.</i>	232	249	281	280	251	276	299	311	278
<b>Mail Sweden</b>									
Net sales	3,591	3,796	3,978	4,259	3,564	3,868	4,103	4,437	3,757
<i>Letters</i>	1,884	2,083	2,254	2,421	1,921	2,138	2,337	2,467	1,970
<i>Advertisements and newspapers</i>	1,135	1,153	1,152	1,195	1,113	1,159	1,172	1,289	1,193
<i>Other</i>	572	560	572	643	530	571	594	681	594
Other operating income	161	185	174	181	180	169	198	235	198
Operating earnings	242	119	300	-277	186	192	296	21	239
Operating margin, %	6.4	3.0	7.2	neg	5.0	4.7	6.9	0.0	6.0
Average number of employees	20,080	18,584	18,678	19,522	21,204	20,087	19,975	21,697	23,033
Volume, millions of units produced									
<i>Priority mail</i>	223	258	271	283	248	269	288	315	280
<i>Non-priority mail</i>	284	299	345	339	269	284	353	335	271
<i>UDM</i>	570	587	500	620	510	590	501	657	574
<b>Informationlogistics</b>									
Net sales	764	874	908	899	873	951	1,039	1,031	913
<i>Information Logistics</i>	639	730	744	757	740	710	779	772	677
<i>Identification Solutions</i>	125	144	164	141	113	156	172	161	147
<i>Supplies</i>					20	85 <sup>1)</sup>	88	99	89
Other operating income	7	6	7	8	3	8	6	11	74
Operating earnings	-21	-10	-11	-191	-81	-77	-2	-89	66
Operating margin, %	neg	neg	neg	neg	neg	neg	neg	neg	6.7
Average number of employees	2,091	2,120	2,256 <sup>1)</sup>	2,324	2,286	2,323	2,291	2,365	2,424
<b>Logistics</b>									
Net sales	2,989	3,002	3,148	3,353	2,937	3,076 <sup>1)</sup>	3,307	3,324	3,149
Other operating income	323	320	323	339	356	294	371	400	379
Operating earnings	100	-20	-2	-112	57	-109	6	-66	41
Operating margin, %	3.0	neg	neg	neg	1.7	neg	0.2	neg	1.2
Average number of employees	6,379	6,212	6,240	6,923	7,089	6,995	7,033	7,410	7,910

<sup>1)</sup> Previously reported quarterly data has been adjusted.





Posten Norden was formed through the merger of Post Danmark A/S and Posten AB. The group offers communication and logistics solutions to, from and within the Nordic region, with sales exceeding SEK 40 billion and over 40,000 employees. Operations are run through business areas Mail Denmark, Mail Sweden, Logistics and Informationlogistics. The parent company is a Swedish public company headquartered in Solna, Sweden. Read more about Posten Norden at [www.postennorden.com](http://www.postennorden.com).

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