



Posten

Interim Report

January - September 2003



- Net sales totaled SEK17,954m (17,314).
- After-tax earnings totaled SEK-401m (356), including provisions totaling SEK-429m. Reversed provisions totaling SEK916m were included in the same period last year.
- Measures for which provisions are earmarked will provide annual cost savings of SEK325m, of which SEK225m will be achieved already by 2004.
- Adjusted operating earnings were SEK-147m (-425) including a provision of SEK-149m (0). Third-quarter adjusted operating earnings totaled SEK151m.
- Cash flow before financing activities amounted to SEK-868m. Negative third-quarter cash flow of SEK-479m is seasonal and entirely attributable to vacation liabilities.



### *Message from the CEO*

Posten is in the midst of a change effort that will put it on the road to a healthier financial condition and sharpened business clarity. In my opinion, Posten needs to provide added simplicity to its customers. We've taken the first step in this process by reorganizing the Messaging and Logistics business segment. M&L has been split into two divisions: Marketing & Sales and Production & Logistics. The Marketing & Sales division is responsible for our range of products and services, pricing and channel strategies as well as sales and market communications. At the same time, we have reduced the size of Posten's executive management. A simple and transparent organizational structure facilitates a sharper customer focus and internal efficiencies.

When we, moreover, look at Posten's business opportunities going forward, legislation sets the parameters for large areas of our operating environment. Under the Essential Financial Transactions Act, for instance, Posten is mandated to satisfy the nation's need for routine payment transaction services. According to the National Post and Telecom Agency (PTS), Posten fully satisfies its legislative obligations. Transaction volume, though, is decreasing significantly and the government's contributions have not been sufficient to cover the operation's extensive losses.

In June Posten formally petitioned the Swedish government to assess the Svensk Kassaservice situation and to review the case for capping postage rates. A special committee, I'm pleased to report, has been appointed. The group will release its preliminary report on essential transaction service in May 2004.

Adjusted operating earnings for the first three quarters of 2003 totaled SEK-147m, a SEK278m increase compared to last year – despite provisions totaling SEK-149m. The improvement is primarily attributable to rate adjustments made at year-end 2002. The major negative cash flow situation clearly shows that Posten's financial situation is worrisome. The initiative to create conditions for long-term customer satisfaction and profitability therefore is moving ahead undeterred.

The effort to shape a new business strategy is in full gear, and a new vision, business idea, goals and strategies as well as an action plan for the future will be formulated by year-end 2003.

***Erik Olsson***

## Posten Group

Posten operates in the market for letter mail and messaging as well as for parcel and logistics services. Posten's markets span regular letter-mail and parcel products, services that blend conventional and electronic mail flows and to some extent e-services. Though Sweden is Posten's core geographic market, subsidiaries and strategic alliances give the company a solid position in the Nordic region and provide the opportunity to service Europe and beyond.

Legislation regulates much of Posten's business. Included in the terms of Posten's postal operating permit in Sweden is a universal service clause. Under the Essential Financial Transactions Act, Posten is mandated to provide daily nationwide essential financial transaction service.

Part of Posten's strategy review addresses the financial impact of various regulatory frameworks. In June 2003, as part of this effort, Posten formally petitioned the Swedish government to assess the Svensk Kassaservice situation and to review the case for capping postage rates. On October 10, 2003, the Swedish government appointed a special committee to review how the postal services market ought to be regulated as well as to assess the need for governmental intervention with regards to essential financial transaction services. The committee will release its preliminary report on essential financial transactions service by May 1, 2004. The balance of the committee's report will be released by November 1, 2004.

### Key financial data

	2003				FY	2002			
	Jan-Sept	July-Sept	Apr-June	Jan-March		Oct-Dec	July-Sept	Apr-June	Jan-March
Net sales, SEK m	17,954	5,827	6,022	6,105	23,632	6,318	5,625	5,815	5,874
Adjusted operating earnings <sup>1)</sup> , SEK m	-147	151	-282	-16	-703	-278	-79	-413	67
Adjusted operating margin <sup>2)</sup> , %	neg	2.6	neg	neg	neg	neg	neg	neg	1.1
Unallocated provisions/reversals <sup>3)</sup> , SEK m	-270	-55	-215	0	732	-184		916	
Operating earnings, SEK m	-417	96	-497	-16	29	-462	-79	503	67
After-tax earnings, SEK m	-401	82	-496	13	-796	-1,152	-51	329	78
Total assets, SEK m, closing balance	12,976	12,976	13,672	13,130	13,863	13,863	14,509	15,142	15,954
Equity, SEK m, closing balance	2,121	2,121	2,066	2,585	2,587	2,587	3,671	3,710	3,377
Return on equity (ROE), %	neg	3.5	neg	0.5	neg	neg	neg	10.6	2.3
Return on capital employed (ROCE), %	neg	2.6	neg	0.6	3.7	neg	neg	8.6	1.5
Equity-assets ratio, %, closing balance	16	16	15	20	19	19	25	25	21
Cash flow before financing activities, SEK m	-868	-479	126	-515	-1,746	-1,141	-649	66	-22
Investments in tangible and intangible fixed assets, SEK m	712	162	262	288	1,740	654	356	432	298
Customer Satisfaction Index, CSI, rolling 12-month	61	61	61	60	61	61	62	62	62
Average no of employees, beginning of the year to the end of the period	38,500	38,500	37,761	37,504	39,554	39,554	39,630	38,776	38,132

1) Adjusted operating earnings: Operating earnings excluding unallocated provisions.

2) Adjusted operating margin: Adjusted operating earnings divided by net sales.

3) Unallocated provisions/reversals: Provisions in operating earnings not directly attributable to a specific business segment. (See page 8, Net sales and operating earnings by business segment.)

## Operating income

Net sales for the reporting period (January-September) totaled SEK17,954m (17,314); other operating income was SEK59m (114). Operating income therefore totaled SEK18,013m (17,428), a three-percent or SEK585m increase compared to the same period last year. Four percentage points of the increase are attributable to higher rates and one percentage point to corporate acquisitions, whereas exchange-rate fluctuations had only a marginal effect on operating income. Declining volumes lowered net sales by two percentage points.

### Third quarter

In the third quarter (July-September) operating income totaled SEK5,836m, down from SEK6,022m in the second quarter. The decline is attributable to a normal seasonal variation in the parcel operation.

## Adjusted operating earnings

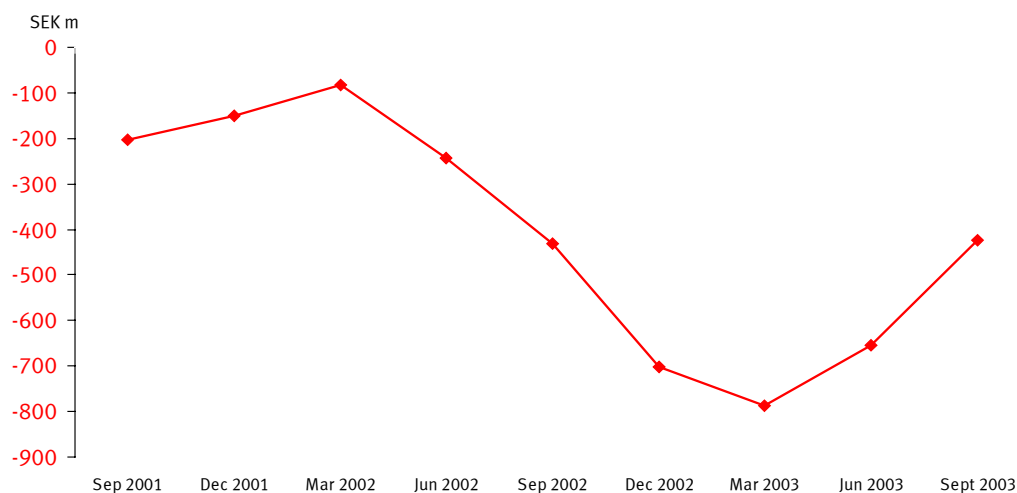
The group's adjusted operating earnings (operating earnings excluding unallocated provisions) for the reporting period totaled SEK-147m (-425), an improvement of SEK278m compared to the same period last year. The improvement is attributable to an increase of SEK585m in revenue. Further, operating expenses for the reporting period grew SEK158m, of which the majority comprises higher personnel costs and increased depreciation on investments related to the new retail service network. Costs have not increased to a greater degree due to SEK428m in network implementation costs incurred last year. Provisions, primarily established for terminal closures, totaling SEK-149m (o) further burdened the reporting period.

Despite an allocated provision totaling SEK-168m, the Messaging and Logistics business segment posted positive results of SEK413m. The Cashier Service business segment's shortfall was covered by previously allocated provisions. Group-wide efficiency costs have grown on schedule.

### Third quarter

Third-quarter operating earnings totaled SEK151m, an improvement of SEK433m compared to the second quarter. The improvement is primarily attributable to lower personnel costs during the vacation period. Cashier Service posted positive results in the third quarter due to a seasonal increase in the payment transaction flow as well as a one-time effect attributable to the euro referendum.

**Rolling 12-month operating earnings** remains negative at SEK-424m. Development costs accounting for SEK-202m in the rolling 12-month results relate to the major service network initiative in 2002. Results are further burdened by the above-cited SEK-149m provision.



## After-tax earnings

After-tax earnings for the reporting period totaled SEK-401m (356). After-tax earnings includes, in addition to unallocated provisions, as per the above-cited section titled "Adjusted operating earnings," provisions (see page 6). Provisions primarily concern SEK-265m related to cutbacks in the central administrative functions. This provision grew SEK50m since the second quarter. In addition, SEK397m in previously unallocated provisions were utilized to cover expenses primarily attributable to terminations.

A total of SEK528m in costs have been met by utilized provisions (see page 6).

Provisions/reversals have burdened after-tax earnings by a total of SEK-429m (916).

Measures taken will provide annual cost savings of SEK325m, of which SEK225m will be achieved already by 2004.

The period's tax expense totaled SEK-40m (-202). The difference is primarily attributable to a high deferred tax expense from the preceding year due to the reversal of a loss provision totaling SEK916m.

### Third quarter

Third-quarter after-tax earnings were positive and totaled SEK82m, a SEK578m increase compared to the second quarter. The improvement is due primarily to higher costs in previous quarters.

## Financial position

As of September 30, 2003, total assets amounted to SEK12,976m, a decrease of SEK887m compared to the year-end 2002. During the third quarter total assets have declined SEK696m, mainly due to lower current liabilities. Impairment tests are continually performed on assets in accordance with Recommendation RR 17 of the Swedish Financial Accounting Standards Council. Amortization has not been deemed necessary. During the reporting period the parent company, Posten AB (publ), has issued MTN bonds totaling SEK400m, which explains the change in long-term liabilities.

### Equity

As of September 30, 2003, equity totaled SEK2,121m, a SEK466m decrease since the year-end 2002 but a SEK55m increase during the third quarter. Return on equity (ROE) for the reporting period was negative; however, third-quarter ROE was 3.5 percent. For more information, see page 13.

### Equity-assets ratio

As of September 30, 2003, the equity-assets ratio was 16 percent, a three-percentage-point decrease since the year-end 2002. The decline is primarily due to lower equity as a result of negative second-quarter results.

Compared to the second quarter of 2003 the equity-assets ratio has grown by one percentage point. This is primarily due to lower total assets, of which lower current liabilities and liquid funds comprise the major changes.

### Provisions

**Pension provisions** totaled SEK851m as of September 30, 2003, an increase in earned pension rights of SEK508m since the beginning of the year. Most of the liability is transferred at year-end to Posten Pension Fund.

**Other provisions** total SEK3,678m, a decrease of SEK74m since year-end 2002. The changes are outlined in the table below. Since 1999 the group's provisions have been significant. The provisions were primarily established to cover costs relating to a new basis for calculating pensions as well as for restructuring costs and losses relating to the network of financial transaction service outlets. Provisions that are not directly attributable to a specific business segment are reported as unallocated provisions since it is not entirely known to what extent each respective business segment will be affected. When costs are incurred by the various business segments, utilized provisions too are allocated accordingly.

During the year, the decision was taken to downsize Posten's central administration. A provision of SEK265m was established for this purpose; this provision grew SEK50m since the second quarter. A provision totaling SEK168m was established in light of a further decision to close two terminals. These measures will provide annual cost savings of SEK325m, of which SEK225m will be achieved already by 2004.

SEK-397m in unallocated provisions was utilized to cover costs primarily related to terminations.

Under "Provision for future losses, Cashier Service," SEK-131m was utilized to cover an operating loss totaling SEK-110m as well as a financial loss of SEK-21m. The provision was established when Posten was mandated to provide essential financial transaction service, which was prior to the formation of the Cashier Service business segment. The provision therefore was unallocated to the business segments, which explains why the 2002 reversal of SEK916m resulting from an increase in government contributions has not been allocated either. Starting this year, essential financial transaction services are provided through a standalone network; therefore, beginning this year, changes in this provision are allocated to the Cashier Service business segment.

A total of SEK-528m in costs has been covered by utilized, allocated and unallocated provisions. Provisions/reversals have burdened after-tax earnings by a total of SEK-429m (916).

Review of changes in Other provisions for the interim reporting period, SEK m	OB	Provisions and reversals	Utilizations	CB
<b>Unallocated provisions</b>				
Provision for workers' compensation	139		-9 <sup>1)</sup>	130
Provision for future conditional pension benefits	1,157		-8 <sup>1)</sup>	1,149
Closure provisions, Cashier Service, including old post office network	1,256		-188 <sup>1)</sup>	1,068
Provision for downsizing, central administration		265 <sup>2)</sup>	-17 <sup>1)</sup>	248
Other provisions	397	40 <sup>2), 4), 5)</sup>	-175 <sup>1)</sup>	262
<b>Total unallocated provisions</b>	<b>2,949</b>	<b>305</b>	<b>-397</b>	<b>2,857</b>
<b>Allocated provisions</b>				
Provision for future losses, Cashier Service (against operating costs -110, financial costs -21 and reversals -19)	803	-19 <sup>2)</sup>	-131 <sup>1), 3)</sup>	653
Closure provisions, terminal network		168 <sup>2)</sup>		168
<b>Total allocated provisions</b>	<b>803</b>	<b>149</b>	<b>-131</b>	<b>821</b>
<b>Total Other provisions</b>	<b>3,752</b>	<b>454</b>	<b>-528</b>	<b>3,678</b>

1) Impact on operating earnings, "Operating costs" line

507

2) Impact on operating earnings, "Provisions" line

-419

3) Impact on financial results

21

4) Impact on Tax

-10

5) Provisions not impacting net earnings, neg. goodwill

-25

## Cash flow

As of September 30, 2003, cash flow before financing activities, the key corporate-level operating internal benchmark, was SEK-868m. Third-quarter cash flow before financing activities was SEK-479m, a wholly seasonal decline in working capital due to the payment of vacation liabilities.

### Operating activities

As of September 30, 2003, cash flow from operating activities totaled SEK-276m. SEK843m accounts for operating earnings after adjustments for non-cash items. SEK-1,119m accounts for changes in working capital. Changes in working capital are explained, in addition to the above-cited seasonal reduction of the vacation liability, by decreased accounts payable and increased accounts receivable.

### Investing activities

As of September 30, 2003, cash flow from investing activities totaled SEK-592m. Investing activities primarily concern expenditures relating to a new ERP system, transportation and commercial real estate. During the third quarter SEK114m in fixed assets was divested in connection with the outsourcing of IT operations to IBM.

### Financing activities

As of September 30, 2003, cash flow from financing activities totaled SEK246m, relating primarily to the issuance of MTN bonds.

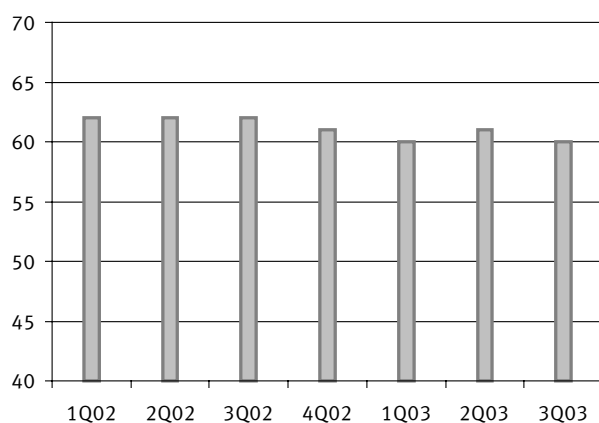
### Cash flow for the period

Liquid funds therefore have decreased SEK622m since the beginning of the year, and have declined SEK548m since the second quarter. As of September 30, 2003, liquid funds totaled SEK2,702m.

## Customer Satisfaction Index, CSI

Posten's CSI score was 60, a one-unit decline from the second quarter. Major business customers are more satisfied than small business owners and consumer customers. Posten's CSI score has stagnated in recent years and a number of key areas for improvement have been identified that target various customer groups. The effort to build trust in Posten is an integral component of the ongoing strategy-setting process.

CSI index



## Personnel

Personnel costs for the reporting period totaled SEK-9,480m (-9,356), a SEK124m increase compared to the same period last year. Neither the reduction in sick leave nor the lower average number of employees has yet sufficed to offset the higher pay, pension and disability benefit costs. The average number of employees was 38,500 (39,630), a decline of 1,130.

Sick leave (excluding employees on disability, who collect disability benefits), measured as a rolling 12-month figure, averaged 28 days for employees with monthly salaries working at the group's biggest companies. Sick leave therefore has declined 1.2 days since the beginning of the year. Including employees that collect disability benefits, sick leave averaged 34 days, a decline of one day since the beginning of the year. Sick leave is calculated based on a seven-day workweek. Measures aimed at reducing sick leave are proceeding on schedule.

## Net sales and operating earnings by business segment

SEK m	Messaging & Logistics		Cashier Service		Group-wide		Eliminations		Posten Group total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	Jan-Sept	Jan-Sept	Jan-Sept	Jan-Sept	Jan-Sept	Jan-Sept	Jan-Sept	Jan-Sept	Jan-Sept	Jan-Sept
<b>Net sales</b>	17,094	16,399	914	904	29	28				
Compensation (government)			300	300						
Elimination of internal net sales							-383	-317		
<b>Total net sales</b>	<b>17,094</b>	<b>16,399</b>	<b>1,214</b>	<b>1,204</b>	<b>29</b>	<b>28</b>	<b>-383</b>	<b>-317</b>	<b>17,954</b>	<b>17,314</b>
<b>Net earnings by business segment before changes in provisions below</b>	<b>581</b>	<b>-11</b>	<b>-110</b>	<b>-73</b>	<b>-579</b>	<b>-414</b>				
Utilization of provisions corresponding to results, Cashier Service			110	73						
Other changes in allocated provisions	-168	-	19	-	-	-				
<b>Operating earnings by business segment</b>	<b>413</b>	<b>-11</b>	<b>19</b>	<b>0</b>	<b>-579</b>	<b>-414</b>			<b>-147</b>	<b>-425</b>
As well as Adjusted operating earnings, except for Cashier Service <sup>1)</sup>										
Unallocated provisions/reversals <sup>2)</sup>									-270	916
<b>Operating earnings</b>									<b>-417</b>	<b>491</b>

### Notes:

As of the January-June 2003 interim report, net sales and earnings by business segment will be reported in accordance with changes to Recommendation RR 20, Interim Reporting, of the Swedish Financial Accounting Standards Council. The changes to RR 20 concern the application of RR 25, Reporting of segments – business segments and geographic areas, in interim reports. This change has not had any impact on the reporting of business segments other than the manner in which they are presented. The items presented in this table have been amended for purposes of enhanced clarity and to facilitate linkage to the specification entitled Provisions on page 6.

1) See page 9, Cashier Service business segment

2) Provisions not directly attributable to a specific business segment are reported under Unallocated provisions/reversals. The reversal in 2002 of SEK916m concerns an unallocable provision from 2000, at which time the cashier service operation was being operated by several of the group's business segments.

Further changes to the business segments exist compared to the interim reporting period of January-September 2002. The changes were instituted in conjunction with the 2002 year-end results and annual report. The comparative period, January-September 2002, has been restated.

The difference compared to the interim reporting period of January-September 2002 is as follows:

- Group-wide is now reported in a separate column. Group-wide was previously reported in Earnings by business segment (i.e., the adjusted operating earnings) for Messaging and logistics. Consequently, internal eliminations have also changed.

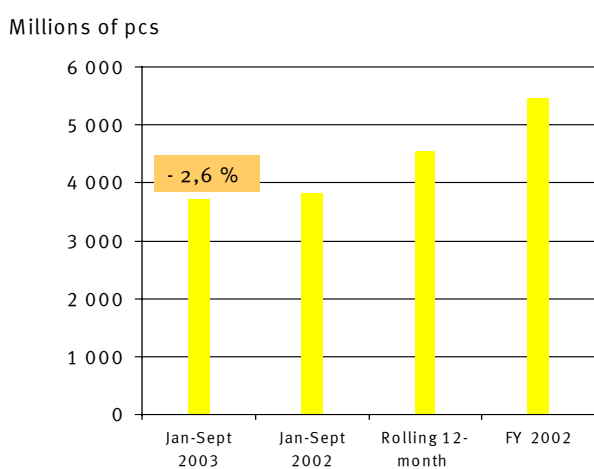
## Messaging and Logistics business segment

Net sales totaled SEK17,094m (16,399), a four-percent increase compared to the same period last year. Rate increases at the beginning of the year and an upsurge in parcel volume have offset the broader downturn in mail volume. Compared to the same period last year, the number of mail items excluding parcels declined 2.6 percent, whereas parcel volume grew five percent.

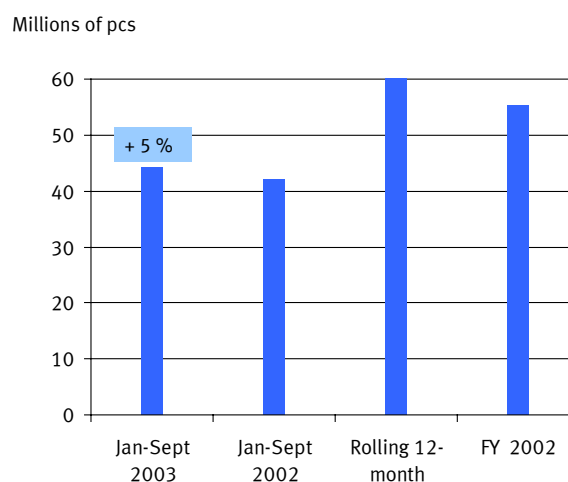
Net earnings were SEK413m (-11), a significant improvement compared to the same period last year, despite a SEK-168m provision established for the closure of two terminals: one in Norrköping and one in Växjö. The improvement was due largely to rate increases introduced at the beginning of the year and past years' costs relating to the new retail service network.

On a rolling 12-month basis, Posten's on-time delivery performance score for domestic First-Class letters was 96.2 percent; for DPD-företagspaket 16.00 Posten's score was 97.5 percent.

### Mail volume, excluding parcels



### Parcel volume



## Third quarter

Third-quarter net sales totaled SEK5,506m, compared to SEK5,748m the second quarter; adjusted operating earnings totaled SEK281m, compared to SEK-66m.

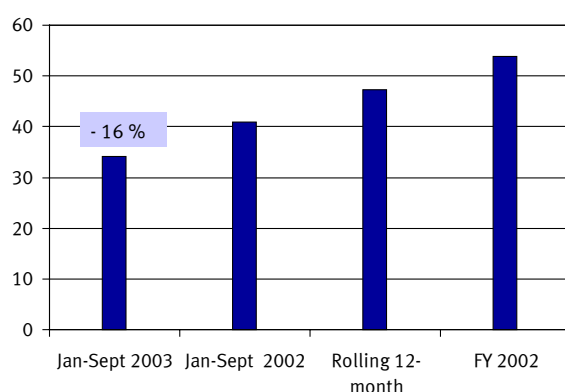
## Cashier Service business segment

Net sales totaled SEK1,214m (1,204). Adjusted operating earnings amounted to SEK-110m (-73), a substantial decline compared to the same period last year. The decrease is attributable to a 16-percent drop in transaction volume. Rate increases introduced at the beginning of the year have not offset the continuous decline in volume. The closure of branch offices in densely populated areas is proceeding on schedule; as of September 73 have been closed. Efficiency improvements will enable this operational area to achieve break-even by 2005.

Further, Cashier Service will continually adapt its service footprint to reflect declining demand, e.g., by replacing branch offices in some areas with service via rural letter carriers. Cashier Service has also announced that rates for Postgirot in- and out-payment transfers will rise on January 1, 2004.

## Transaction volume, Cashier Service

Millions of pcs



### Third quarter

Third-quarter net sales totaled SEK403m, compared to SEK407m in the second quarter. Adjusted operating earnings amounted to SEK21m, an improvement compared to SEK-59m in the second quarter. The improvement was due to a seasonal increase in the payment transaction flow as well as a one-time effect attributable to the euro referendum.

### Group-wide

Group-wide includes, in addition to costs relating to the corporate functional areas, those costs associated with corporate projects such as the E25 efficiency improvement program, which necessitated the introduction of a new ERP system: SAP. E25 aims to simplify, improve and enhance the efficiency of Posten's administration and sales functions, and will lead to new, less staff-intensive working methods.

Group-wide net costs for the period totaled SEK-579m (-414). The higher costs relate to the E25 program.

Third-quarter group-wide net costs totaled SEK-149m, compared to SEK-216m in the second quarter. The costs were scheduled.

## New executive management

Posten has scaled down its executive management from 18 to six people. A new executive management team has been appointed, comprising Erik Olsson, President and CEO, Elisabeth Ström, Executive Vice President, Marketing & Sales, Göran Sällqvist, Executive Vice President, Production & Logistics, Ingemar Persson, Executive Vice President, Human Resources, Inger Holmström, Senior Vice President, Corporate Communications, and Bo Friberg, CFO and Treasurer. Viveca Bergstedt Sten, General Counsel, is an associate member of the executive management.

## Parent Company

### Operations

The business conducted by the parent company, Posten AB (publ), is limited in scope. The decision has been taken to merge Posten AB (publ) and Posten Sverige AB. Under the merger, which is expected to be

completed in 2004, all Posten Sverige AB operations will be transferred to Posten AB. The merger offers a number of advantages – mainly a slimmed administrative function.

Posten AB (publ) owned 50 percent of Belgium-based Direct Link NV until April 16, when it acquired the remaining interest from Denmark Post. Posten AB (publ) also owned a 50-percent interest in HIT Finland Oy until June 1, when it acquired shares that increased its total shareholding interest to 68.75 percent. Posten AB divested a subsidiary, Netpay Oy, during the year. In September the subsidiary AddressPoint International AB repaid a conditional shareholder contribution totaling SEK17m.

On April 1, the parent company issued SEK400m in MTN bonds divided into two loans of SEK200m apiece. The loans mature in 2.5 and three years, respectively.

#### Sales and net earnings

The parent company had net sales of SEK2m (1). Net interest income was SEK127m (193); the change is primarily attributable to intra-group exchange-rate effects.

Earnings after financial items totaled SEK83m (115) and after-tax earnings totaled SEK60m (86).

As of September 30, 2003, the parent company's total assets amounted to SEK7,414m, a decrease of SEK1,179m compared to the beginning of the year. In the third quarter, total assets declined SEK521m. The decline over the past year is attributable to the financing of subsidiaries as well as an overall decline in inter-company payables and receivables.

Investments totaled SEK643m, a SEK1,122m decrease since the beginning of the year and a decline of SEK1,164m since June 30, 2003.

Released funds have been used to increase Cash and cash equivalents to SEK1,191m as well as to reduce inter-company payables. At the beginning of the year, Cash and cash equivalents totaled SEK696m.

Equity totaled SEK6,226m, an increase of SEK83m since the beginning of the year.

As of September 30, 2003, the equity-assets ratio was 84 percent, an increase since the beginning of the year of 12 percentage points and an increase from the second quarter of five percentage points. The improvement in the equity-assets ratio is primarily attributable to the reduction in total assets.

No investments were made in tangible fixed assets during the year.

As of September 30, 2003, Posten AB had issued SEK500m in capital adequacy guaranties benefiting wholly owned subsidiaries, an increase of SEK206m since the beginning of the year. Further, an unlimited capital adequacy guaranty has been issued for Posten Sverige AB. Posten AB's total guaranties amount to SEK1,247m, an increase of SEK225m compared to the beginning of the year.

Stockholm, October 30, 2003

Posten AB (publ)

The Board of Directors

The information contained in this report has not been audited.

## Financial Review

### Posten's consolidated balance sheets

SEK m	2003		2002
	Sept. 30	June 30	Dec. 31
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible fixed assets	1,682	1,691	1,640
Tangible fixed assets	3,372	3,589	3,742
Financial fixed assets	556	555	560
<b>Total fixed assets</b>	<b>5,610</b>	<b>5,835</b>	<b>5,942</b>
<b>Current assets</b>			
<b>Inventory</b>	<b>125</b>	<b>123</b>	<b>109</b>
<b>Current receivables</b>	<b>4,305</b>	<b>4,073</b>	<b>3,643</b>
<b>Short-term investments</b>	<b>700</b>	<b>1,835</b>	<b>1,831</b>
<b>Cash and cash equivalents</b>			
Own funds	2,002	1,415	1,493
Funds in transfer	234	391	845
<b>Total cash and cash equivalents</b>	<b>2,236</b>	<b>1,806</b>	<b>2,338</b>
<b>Total current assets</b>	<b>7,366</b>	<b>7,837</b>	<b>7,921</b>
<b>TOTAL ASSETS</b>	<b>12,976</b>	<b>13,672</b>	<b>13,863</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Restricted equity	2,203	2,266	2,293
Non-restricted equity	- 82	-200	294
<b>Total equity</b>	<b>2,121</b>	<b>2,066</b>	<b>2,587</b>
<b>Minority interest</b>	<b>16</b>	<b>18</b>	<b>12</b>
<b>Provisions</b>			
Pension provisions	851	696	343
Other provisions	3,678	3,725	3,752
<b>Total provisions</b>	<b>4,529</b>	<b>4,421</b>	<b>4,095</b>
<b>Long-term liabilities</b>			
Interest-bearing liabilities	905	920	555
Non-interest-bearing liabilities	76	76	60
<b>Total long-term liabilities</b>	<b>981</b>	<b>996</b>	<b>615</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	395	609	1 124
Non-interest-bearing liabilities	4,934	5,562	5,430
<b>Total current liabilities</b>	<b>5,329</b>	<b>6,171</b>	<b>6,554</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>12,976</b>	<b>13,672</b>	<b>13,863</b>

As of the January-June 2003 interim report Short-term investments and Cash and cash equivalents are reported separately.

## Posten's consolidated income statements

SEK m	2003		2002		FY
	Jan-Sept	July-Sept	Jan-Sept	July-Sept	
Net sales	17,954	5,827	17,314	5,625	23,632
Other operating income	59	9	114	34	130
<b>Total operating income</b>	<b>18,013</b>	<b>5,836</b>	<b>17,428</b>	<b>5,659</b>	<b>23,762</b>
Operating costs	-18,011	-5,704	-17,853	-5,738	-24,465
Provisions	-419	-36	916	0	732
<b>Total operating costs</b>	<b>-18,430</b>	<b>-5,740</b>	<b>-16,937</b>	<b>-5,738</b>	<b>-23,733</b>
<b>Operating earnings</b>	<b>-417</b>	<b>96</b>	<b>491</b>	<b>-79</b>	<b>29</b>
Financial items	56	14	67	16	-29
Provisions	0	0	0	0	69
<b>Earnings after financial items</b>	<b>-361</b>	<b>110</b>	<b>558</b>	<b>-63</b>	<b>69</b>
Tax expense for the year	-40	-28	-202	12	-865
<b>After-tax earnings</b>	<b>-401</b>	<b>82</b>	<b>356</b>	<b>-51</b>	<b>-796</b>
Minority's share of net earnings	0	0	7	6	8
<b>Net earnings</b>	<b>-401</b>	<b>82</b>	<b>363</b>	<b>-45</b>	<b>-788</b>

## Changes in equity

Group, SEK m	Share capital	Restricted reserves	Non-restricted reserves	Net earnings	Total
Opening balance 1/1/2002	600	693	-1,426	3,432	3,299
Appropriated earnings			3,432	-3,432	0
Transfers between restricted and non-restricted reserves		1,000	-1,000		0
Translation difference			76		76
Net earnings for the year				-788	-788
<b>Closing balance 12/31/2002</b>	<b>600</b>	<b>1,693</b>	<b>1,082</b>	<b>-788</b>	<b>2,587</b>
Appropriated earnings			-788	788	0
Transfers between restricted and non-restricted reserves		-83	83		0
Translation difference		-7	-58		-65
Net earnings for the period				-401	-401
<b>Closing balance 9/30/2003</b>	<b>600</b>	<b>1,603</b>	<b>319</b>	<b>-401</b>	<b>2,121</b>

## Posten's consolidated statements of cash flows

SEK m	2003	2002	
	Jan-Sept	Jan-Sept *)	FY
Cash flow from operating activities before changes in working capital	843	583	-81
<b>Cash flow from operating activities</b>	<b>-276</b>	<b>607</b>	<b>45</b>
Cash flow from investing activities	-592	-1,212	-1,791
<b>Cash flow before financing activities</b>	<b>-868</b>	<b>-605</b>	<b>-1,746</b>
Cash flow from financing activities	246	-1,612	-617
<b>Cash flow for the period</b>	<b>-622</b>	<b>-2,217</b>	<b>-2,363</b>
Liquid funds, beginning of the period	3,324	5,687	5,687
Liquid funds, close of the period	2,702	3,470	3,324

\*) Starting with the yearend results and 2002 annual report, second-party liquid funds are excluded from the period's cash flow since these are funds Posten merely transfers and does not use in its operating activities. The comparative period (January-September 2002) has been restated for comparability purposes.

## Accounting principles, etc.

This financial report was prepared in accordance with Recommendation RR 20, Interim Reporting, of the Swedish Financial Accounting Standards Council (including the change published June 5, 2003). This change has not had any impact on the reporting of business segments other than the manner in which they are presented.

The accounting principles and methods of calculation used in the most recent annual report have also been used in this financial report.

Impairment tests are continually performed on assets in accordance with Recommendation RR 17 of the Swedish Financial Accounting Standards Council. Amortization has not been deemed necessary for the interim reporting period of 2003. The full costing principle is applied to internal purchases, aside from services included in Posten's range of services, for which market prices apply.

## Geographic markets

SEK m	Sales by market	Assets	Investments
	Jan - Sept 2003	Sept 30, 2003	Jan - Sept 2003
Sweden	15,768	11,915	682
Other Nordic countries, Baltic Sea region	1,491	712	25
Other countries	754	349	5
<b>Total</b>	<b>18,013</b>	<b>12,976</b>	<b>712</b>

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