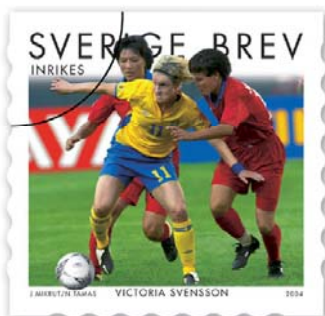
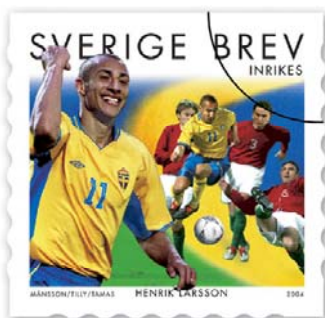


Posten
Interim Report
January - March 2004



- Net sales rose two percent to SEK 6,253m (6,105).
- Parcel volume grew seven percent; other mail classes increased two percent. Financial-service transactions declined 16 percent.
- Operating earnings improved to SEK 182m (-16).
- After-tax earnings improved to SEK 303m (13).
- Cash flows before financing activities totaled SEK 183m (-515).

Message from the CEO

Posten's Q1 2004 earnings improved visibly compared to the same period last year. The dramatically negative cash flow turned positive for the quarter as well as for the previous 12-month period. Over the past year Posten has strategized and reorganized the business to enhance simplicity and clarity. Posten's first-quarter results bear out these decisions. I'm also pleased to report volume growth for both parcels as well as other mail classes.

A year has passed since I was given the duty and privilege of leading this company. For 368 years Posten has continually reshaped and adapted its business. And though the challenges and changes of the past 12 months perhaps haven't been greater than those previously faced by Posten, it's been a rigorously demanding and educational time.

It gives me a profound sense of satisfaction to report that Posten's day-to-day business operations continue to run smoothly. Posten has achieved the highest delivery performance score for overnight-committed mail for the fourth consecutive year, outclassing competition from around the globe. Posten's parcel delivery business offers premier service quality, as well.

Net sales for the first quarter rose about two percent, chiefly due to increased volume. Parcel volume grew seven percent, whereas volumes for other mail classes increased two percent. The number of financial transactions continues to decline, though. Posten has seen a dramatic jump in earnings compared to the year-ago quarter. Operating earnings totaled SEK 182m (-16). The improvement is primarily attributable to lower personnel and consultant costs, but also to higher net sales. Productivity has climbed by more than two percent. Cash flows before financing activities totaled SEK 183m (-515) during the period, and Posten's rolling 12-month cash flow therefore is positive for the first time in several years. The difference between operating earnings and after-tax earnings is owed to an accounting change (RR 29) regarding pensions. The change has had a one-time positive tax effect because Posten's superbly managed pension fund had a surplus, which is now being taken up in the consolidated financial statements.

Posten's financials are trending in the right direction, but room for maneuver and stability will require continued action. Posten still has a long way to go. The effort to build a profitable and valued Posten continues.

Erik Olsson

Posten Group

Posten operates in the market for administrative messaging, direct mail and logistics services. Sweden is Posten's principal market. Internationally Posten serves customers via a premier strategic alliance network. Posten's mandate is to provide letter mail, parcel and essential financial-transaction services across Sweden, while at the same time growing shareholder value. Posten's mission is to connect people and businesses by delivering mail reliably, cost-effectively and on time. Posten aims to create outstanding customer and business value by combining conventional and electronic mail.

Key data

	2004	2003				Jan.-March
	Jan.-March	FY	Oct.-Dec.	July-Sept.	April-June	
Net sales, SEK m	6,253	24,519	6,565	5,827	6,022	6,105
Operating earnings, SEK m	182	-278	139	96	-497	-16
After-tax earnings, SEK m	303	-233	168	82	-496	13
Operating margin, %	2.9	neg	2.1	1.6	neg	neg
Equity, SEK m, end of period	2,938	2,308	2,308	2,121	2,066	2,585
ROE, %	11.6	neg	6.7	3.5	neg	0.5
Equity-assets ratio, %, end of period	22	18	18	16	15	20
Cash flows before financing activities, SEK m	183	-524	344	-479	126	-515
Investments in tangible and intangible fixed assets, SEK m	173	919	207	162	262	288
CSI, Customer Satisfaction Index	61	60	60	60	61	60
ViP employee satisfaction index (excl Cashier Service)	61	61	61	61	61	61
ViP employee satisfaction index, Cashier Service	65	64	64	64	64	64
Average number of employees, 1/1/2004 to end of period	35,302	37,905	37,905	38,500	37,761	37,504

Posten no longer uses the term "adjusted operating earnings." For more information, see page 13: Accounting principles, etc.

Operating income

Posten's net sales for the period totaled SEK 6,253m (6,105) and other operating income was SEK 15m (50). Overall, operating income rose to SEK 6,268m (6 155), a roughly two-percent increase compared to the same period last year. The increase in sales was primarily attributable to growing volumes in logistics, unaddressed direct mail and periodicals, which offset declining regular mail volume. The increase in sales is also attributable in part to slight price effects. Rate increases at the Cashier Service arm were insufficient to offset volume attrition.

Income declined by SEK 360m or five percent compared to the previous quarter. Normal seasonal variations account for the change; high holiday-season volume generates extremely strong fourth-quarter income. Further, accounts with other national postal service organizations were settled at year-end.

Operating earnings

Consolidated operating earnings were SEK 182m (-16), a dramatic increase compared to the year-ago period. The improvement is primarily attributable to lower personnel and consultant costs as well as higher income. Cutbacks have reduced personnel expenses by SEK 265m. Due to pay increases totaling SEK 116m, however, total personnel costs declined by SEK 149m. Other external costs increased SEK 70m or three percent, mainly due to increased production costs owing to higher volume. Productivity jumped more than two percent.

Operating earnings improved by SEK 43m or 31 percent compared to the preceding quarter. The improvement resulted from cost-containment measures, which offset lower revenue.

After-tax earnings

After-tax earnings totaled SEK 303m (13). Tax for the period was SEK 125m (-3), of which tax on net earnings totaling SEK -1m (-3) and reconciliation of an earlier write-down of a deferred tax credit amounting to SEK 126m (0). The reconciliation is an effect of the introduction of Recommendation RR 29, Employee Compensation, of the Swedish Financial Accounting Standards Council (For more information, see Accounting Change, page 13.)

After-tax earnings improved by SEK 135m compared to the preceding quarter. The improvement is attributable to improved operating earnings for the period and reconciliation of an earlier write-down of a deferred tax credit.

Financial position

As of March 31, 2004, total assets amounted to SEK 13,353m, an increase of SEK 691m compared to year-end 2003. The increase in total assets is primarily attributable to the introduction of Recommendation RR 29, Employee Compensation, of the Swedish Financial Accounting Standards Council (For more information, see Accounting Change, page 13.)

Equity

As of March 31, 2004, equity totaled SEK 2,938m, an increase of SEK 630m since year-end 2003. The 2004 opening balance has been restated owing to new accounting rules for employee compensation (For more information, see Accounting Change, page 13). Return on equity (ROE) was positive and totaled 12 percent. Excluding the accounting change, ROE was seven percent. (Changes in equity, see page 13.)

Equity assets ratio

As of March 31, 2004, the equity-assets ratio was 22 percent, a four-percentage-point increase since year-end 2003. The increase is attributable to higher equity owing to the above-cited accounting change. Excluding the accounting change, the equity-assets ratio was 20 percent.

Provisions

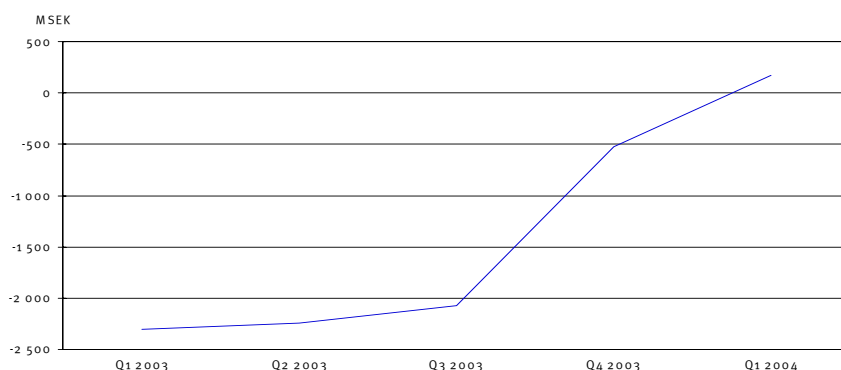
Since 1999 the group's provisions have been material, totaling SEK 4,011m as of March 31, 2004, an increase of SEK 113m since year-end, when they totaled SEK 3,898m. The provisions relate primarily to conditional pension commitments as well as restructuring and loss reserves for the financial-transaction services arm.

Pension Provisions totaled SEK 537m as of March 31, 2004, an increase of SEK 171m since year-end 2003. Over the course of the year the liability refers both to companies in the group that do not guarantee their pensions via the pension fund as well as those that are guaranteed via the pension fund. When it comes to the latter, the accrued liability is transferred to Posten's Pension Fund at year-end.

Other Provisions totaled SEK 3,465m as of March 31, 2004, a decrease of SEK 58m since year-end 2003. The change is attributable to an increase of SEK 96m attributable to new accounting rules for employee compensation, as well as utilizations. (For more information, see page 15.)

Cash flow

Rolling 12-month cash flows before financing activities, positive for the first time in several years, totaled SEK 174m.



Cash flows before financing activities, the key corporate-level operating internal benchmark, totaled SEK 183m for the period.

Operating activities

Cash flows from operating activities totaled 345m, of which SEK 405m relates to operating earnings after adjustments for non-cash items. Changes in working capital totaled SEK -60m. Changes in working capital are explained by decreased accounts payable and increased accounts receivable.

Investing activities

During the period cash flows from investing activities totaled SEK -162m. Investing activities primarily concern expenditures relating to modes of transportation and commercial real estate.

Financing activities

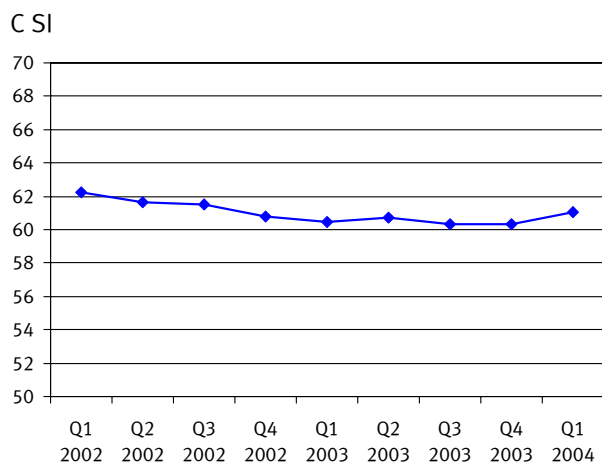
During the period cash flows from financing activities totaled SEK 49m, which is primarily explained by loans raised.

Cash flow for the period

Liquid funds therefore have increased by SEK 232m since the beginning of the year. As of March 31, 2004, liquid funds totaled SEK 3,132m.

CSI, Customer Satisfaction Index

CSI (Posten's customer satisfaction metric) grew one point during the first quarter of 2004 to 61. Posten's overall score has been weak in recent years, though discrepancies between various customer groups are considerable. The rollout of the new retail service network in 2002 led to a dramatic confidence decline, especially among consumer customers. The explosive expansion of Posten's market presence through partner-operated outlets extended access at the expense of clarity. The negative trend has been broken to a certain extent, and areas that first rolled out the new outlets are today reporting a slight uptick. Major business customers (which were not equally impacted by the rollout), have trended slightly upward since 2002.



Employees

ViP measurements enable Posten to follow up on its “Dedicated Employees” objectives. The results give us information on key areas that will improve employee engagement. The consolidated index, excluding Cashier Service, was 61 (61) and for Cashier Service alone 65 (64).

Operating earnings and operating income by business segment

The breakdown of business segments is based on Posten’s mandate to provide nationwide mail and essential financial transaction services.

Messaging & Logistics business segment

- Operating income SEK 6,046m (5,990)
- Operating earnings SEK 334m (198)
- Investments SEK 152m (141)
- Average number of employees 33,266 (35,046)

The Swedish as well as the Nordic and the global areas of the business segments are reporting growth. Roughly 70 percent of Posten’s major customers are present in a Nordic or international market. Posten is the only provider with access to local, regional, national and global delivery capacity. A change process was launched in fall 2003 aimed at better meeting demands for clearer channels for consumer and business customers as well as enhanced product and service simplicity.

Messaging & Logistics in Sweden

Letter mail and parcel services in Sweden are the bedrock of Posten’s business and no other company has a nationwide distribution network. Letter mail services are single largest contributor to consolidated earnings. Posten has a very strong position in domestic addressed mail. The direct mail market is growing, whereas the newspaper market has stabilized somewhat after trending down in recent years. Posten has long been the leading distributor of direct mail, newspapers and magazines. In Sweden Posten is the market leader for parcels weighing up to 35 kilos. By offering mail concepts based on known core offerings to well-defined customer segments, Posten will maximize Posten’s competitive advantages in Sweden – reach, frequency, scope and access.

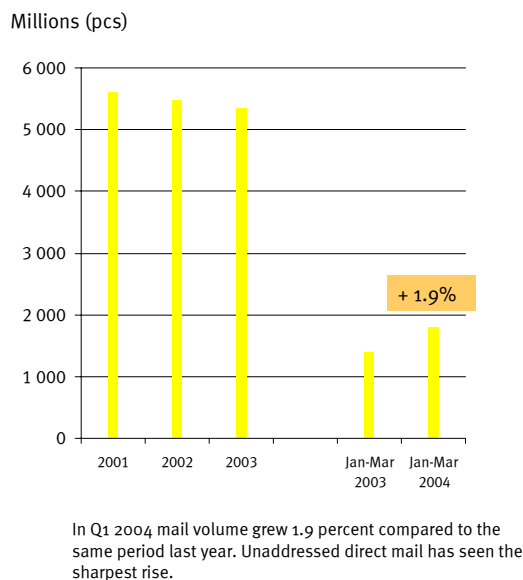
Messaging & Logistics outside Sweden

Outside Sweden Posten offers a limited range of products and services. In the rest of the Nordic region Posten will focus on developing service offerings that are key to competitiveness in Sweden and to Nordic companies. In the rest of the world Posten will have access to the capacity that is key to competitiveness in Sweden and to Nordic companies. Posten will achieve this through international postal alliances, other international strategic partners and through Posten's own operations.

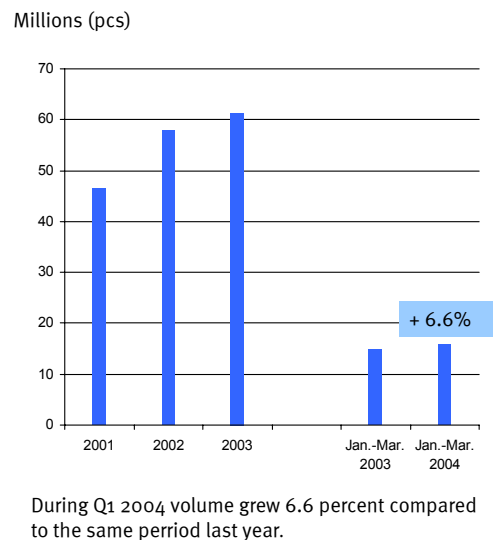
Operating income and earnings

During the period the Messaging & Logistics business segment reported operating income of SEK6,046m, an increase of SEK 56m compared to the same period last year. The increase in sales is primarily attributable to growing logistics, unaddressed direct mail and periodicals volumes. The increase in sales is also attributable in part to slight price effects. This has offset declining addressed mail volume. Of sales reported during the period, 88 (87) percent is attributable to operations in Sweden.

Mail volume, excluding parcels



Parcel volume



Investments

Investments totaled SEK 152m (141) and primarily relate to renovations, computer equipment and mail sorting machines.

Employees

The average number of employees was 33,266, a decrease of 1,780 since the same period last year and primarily concerns personnel in the retail service network, production and administration. Since year-end 2003 the average number of employees has declined by 2,209.

Cashier Service business segment

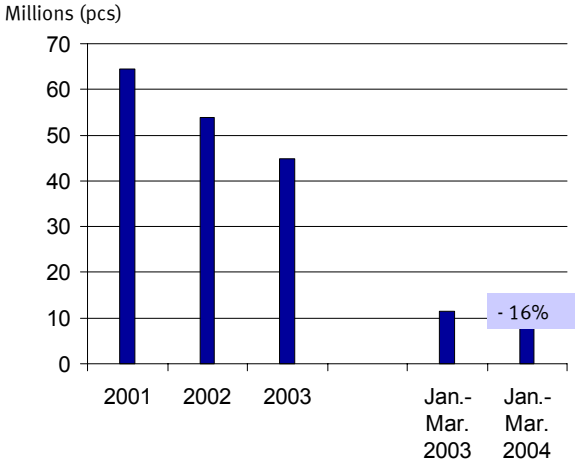
- Operating income SEK 394m (407)
- Operating earnings SEK 12m (-72)
- Investments SEK 5m (18)
- Average number of employees 1,840 (2,243)

Cashier Service offers essential financial-transaction services within the frame for Posten’s legal mandate. The market for cash incoming and outgoing payments has halved in four years and the market continues to shrink. Society’s need for essential financial-transaction services is the subject of a government inquiry, the findings of which will be presented in May 2004. The financial-transaction service network comprises 980 branch outlets. Local partners, mostly in smaller towns, operate 370 of these outlets. In addition, Posten’s 2,500 rural letter carriers also transact incoming and outgoing payments. Cashier Service offers customers a range of standard solutions and fast, reliable, high-quality service. Outlets provide services on behalf of partner banks as well as a proprietary range.

Operating income and earnings

During the period the Cashier Service business segment reported operating earnings of SEK 12m, an improvement of SEK 84m compared to last year. The improvement is attributable to rate increases and implemented cost-containment measures, which offset a 16-percent volume decline. The group utilized a SEK 36m provision to meet costs related to phase-outs aimed at adapting the cashier service network to declining volumes. Cashier Service will achieve operating earnings of SEK 0m in 2005. Measures include continued branch closures, personnel cutbacks, rate increases and renegotiation of agreements setting compensation from banks. Further, Cashier Service is continually adapting its service footprint to declining customer demand, e.g., by replacing branches with rural carrier service in some areas.

Transaction volume, Cashier Service



Owing to changed customer habits transaction volume declined 16 percent during Q1 2004 compared to the same period last year.

Investments

Investments totaled SEK 5m (18) and relate primarily to renovations.

Employees

The average number of employees was 1,840, a decrease of 403 since the same period last year and 385 fewer than year-end 2003. Despite major cutbacks, the ViP employee satisfaction index rose one point. The number of employees will decline further as additional cutbacks are made.

Group-wide

Group-wide includes, in addition to costs relating to the corporate functional areas, those costs associated with corporate projects. The period’s group-wide net costs fell dramatically compared to last year, and totaled SEK -164m (-214). The decline is primarily attributable to last year’s high costs related to the implementation (mainly consultant fees) of the new enterprise resource planning system. Further, major savings have been made in advertising and public relations.

Parent company

Operations

The business conducted by the parent company, Posten AB (publ), is limited in scope. Posten AB (publ) will be merged with 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.

Sales and earnings

Net sales for the period totaled SEK om (o). Net financial income was SEK 31m (57). Earnings after financial items totaled SEK 19m (48).

Cash flow

Cash flows before financing activities for the period totaled SEK -193m.

Operating activities

Cash flows from operating activities totaled SEK -504m, comprising SEK 23m relating to operating earnings after adjusting for non-cash items and SEK -527m relating to changes in working capital. Changes in working capital are primarily attributable to eliminated group contributions.

Investing activities

Cash flows from investing activities totaled SEK 311m during the period and are explained by reduced current financial receivables.

Financing activities

Cash flows from financing activities totaled SEK 381m during the period and are explained by increased current financial liabilities.

The parent company had issued SEK 579m in capital adequacy guaranties benefiting wholly owned subsidiaries, on level with year-end 2003. Further, an unlimited capital adequacy guaranty has been issued for Posten Sverige AB. Posten AB's total guaranties amount to SEK 1,322m, an increase of SEK 31m compared to year-end 2003.

Board of Directors and Executive Management

Annual General Meeting

The annual general meeting will be held Thursday, April 29, 2004. The owner nominates the following board directors:

Chairman, Marianne Nivert, reelection

Board Directors:

Mats Abrahamsson, reelection

Jonas Iversen, reelection

Jan Kvarnström, reelection

Katarina Mohlin, reelection

Ulla Litzén, reelection

Christina Ragsten Pettersson, reelection

Executive management

Per-Inge Olsson, CIO, joins the executive management. Director of corporate communications Inger Holmström steps down in June 2004.

Stockholm, April 28, 2004

Posten AB (publ)

Board of Directors

The information contained in this report has not been audited.

Next financial report August 26, 2004: Interim report January - June 2004

Financial section

Income statements

SEK m	2004	2003	2003
	Jan-Mar	Jan-Mar	FY
Net sales	6,253	6,105	24,519
Other operating income	15	50	122
Total operating income	6,268	6,155	24,641
Personnel expenses	-3,216	-3,365	-12,821
Other external expenses	-2,603	-2,533	-10,481
Depreciation and amortization of tangible and intangible fixed assets	-267	-273	-1,076
Earnings from shares of associated companies	0	0	-2
Provisions	0	0	-539
Total operating expenses	-6,086	-6171	-24,919
Operating earnings	182	-16	-278
Financial items	-4	32	30
Provisions	0	0	-5
Total financial items	-4	32	25
Earnings after financial items	178	16	-253
Tax expense for the year	125	-3	20
After-tax earnings	303	13	-233
Minority's share of net earnings	-1	1	-5
Net earnings	302	14	-238

Statements of cash flows

SEK m	2004	2003	
	Jan-Mar	Jan-Mar	FY
Cash flows from operating activities before changes in working capital	405	231	611
Changes in working capital	-60	-458	-330
Cash flows from operating activities	345	-227	281
Cash flows from investing activities	-162	-288	-805
Cash flows before financing activities	183	-515	-524
Cash flows from financing activities	49	-72	100
Cash flows for the period	232	-587	-424
Liquid funds, beginning of period	2 900	3 324	3 324
Liquid funds, close of period	3 132	2 737	2 900

Balance sheets

SEK m	2004 March 31	2003 Dec. 31
ASSETS		
Fixed assets		
Intangible fixed assets	1,661	1,676
Tangible fixed assets	3,207	3,274
Financial fixed assets	1,148	608
Total fixed assets	6,016	5,558
Current assets		
Inventory	108	112
Current receivables	3,983	3,520
Short-term investments	1,670	1,264
Cash and cash equivalents		
Own funds	1,462	1,636
Funds in transfer	114	572
Total cash and cash equivalents	1,576	2,208
Total current assets	7,337	7,104
TOTAL ASSETS	13,353	12,662
EQUITY AND LIABILITIES		
Equity		
Restricted equity	1,863	1,413
Non-restricted equity	1,075	895
Total equity	2,938	2,308
Minority interest	20	20
Provisions		
Pension provisions	537	366
Deferred tax liabilities	9	9
Other provisions	3,465	3,523
Total provisions	4,011	3,898
Long-term liabilities		
Interest-bearing liabilities	902	898
Non-interest-bearing liabilities	104	103
Total long-term liabilities	1,006	1,001
Current liabilities		
Interest-bearing liabilities	175	582
Non-interest-bearing liabilities	5,203	4,853
Total current liabilities	5,378	5,435
TOTAL EQUITY AND LIABILITIES	13,353	12,662

Changes in equity

Group, SEK m	Share capital	Restricted reserves	Non-restricted reserves	Net earnings	Total
Opening balance 1/1/2003	600	1,693	1,082	-788	2,587
Appropriated earnings			-788	788	0
Transfers between restricted and non-restricted reserves		-880	880		0
Translation difference			-41		-41
Net earnings for the year				-238	-238
Closing balance 12/31/2003	600	813	1,133	-238	2,308
Adjustment, RR29		324			324
Appropriated earnings			-238	238	0
Transfers between restricted and non-restricted reserves		126	-126		0
Translation difference			4		4
Net earnings for the period				302	302
Closing balance 03/31/2004	600	1,263	773	302	2,938

Accounting principles, etc.

This financial report was prepared in accordance with Recommendation RR 20, Interim Reporting, of the Swedish Financial Accounting Standards Council. This same principle has been used in preparing the annual report, aside from Recommendation RR 29 of the Swedish Financial Accounting Standards Council.

From 2004 Posten will no longer use the term adjusted operating earnings. The decision is intended to add clarity and facilitate follow-up of consolidated and business segment earnings.

In the segment report Posten reports operating income rather than, as was previously done, only net sales. Further, Posten has changed the division of Posten's geographic markets due to Posten's new business strategy. All comparative figures have been restated.

Accounting change

From January 1, 2004, Posten Group has adopted Recommendation RR 29, Employee Compensation, of the Swedish Financial Accounting Standards Council when preparing the consolidated financial statements. In accordance with RR 29, benefits-based pension plans at all subsidiaries are reported according to common principles and actuarial methods. In Posten Group's financial statements up to 2003 these plans have been reported according to local rules and regulations in each respective country.

Most of the group's pension commitments are financed through a pension fund. The pension fund had a surplus at the switch to RR 29. The surplus has thus far not been included in the consolidated financial statements; rather information has been disclosed in the notes to the financial statements. Through RR 29, pension fund surpluses are taken up in the consolidated financial statements. The net effect of the changed method of calculating pension commitments and that pension fund surpluses are taken into account is that the net commitment reported by the group as of January 1, 2004 had decreased SEK 450m compared to the calculation according to the former principles on December 31, 2003. Taking into account deferred tax, consolidated equity increases by SEK 324m.

Posten has revalued the deferred tax credit in conjunction with calculating the effect of the switch to RR 29. The loss carryforward can be used to service the latent tax liability reported as a result of

introducing RR 29. The deferred tax credit has therefore been raised SEK126m; consequently, tax revenue appears in period's financial results.

In accordance with the recommendation's transition rules, the company has not restated previous years. The pronouncement by the Swedish Financial Accounting Standards Council's Task Force, URA 43, has not yet been observed because the task force has not taken a final stance on how payroll taxes will be treated at the switch to the new recommendation.

Segment report – Business segments and geographic markets

The breakdown of business segments is based on Posten's mandate to provide nationwide mail and essential financial transaction services.

INCOME AND EARNINGS SEK m	Messaging & Logistics		Cashier Service		Group-wide		Elimination		Posten Group total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	Jan.-Mar.	Jan.-Mar.	Jan.-Mar.	Jan.-Mar.	Jan.-Mar.	Jan.-Mar.	Jan.-Mar.	Jan.-Mar.	Jan.-Mar.	Jan.-Mar.
External operating income	5 885	5 770	283	285	0	0				
Reimbursement, state			100	100						
Internal operating income	161	220	11	22	14	11	-186	-253		
Total operating income	6 046	5 990	394	407	14	11	-186	-253	6 268	6 155
Operating earnings by business segment	334	198	12	-72	-164	-214			182	-88
Utilization of provisions corresponding to earnings, Cashier Service				72						72
Unallocated provisions/reversals										
Operating earnings									182	-16
Financial items									-4	32
Earnings after financial items									178	16
Tax expense									125	-3
Minority's share of net earnings									-1	1
Net earnings									302	14

The full costing principle is applied to internal purchases, aside from services included in Posten's range of services, for which market rates apply.

Geographic markets

SEK m	Sales by market		Assets		Investments	
	2004	2003	2004	2003	2004	2003
	Jan.-March	Jan.-March	Jan.-March	Jan.-March	Jan.-March	Jan.-March
Sweden	5 491	5 383	12 303	12 102	161	281
Rest of Nordic region	384	403	599	575	6	5
Rest of world	393	369	451	453	6	2
Total	6 268	6 155	13 353	13 130	173	288

Other provisions

Review of changes in Other provisions for the interim reporting period, SEK m	OB	Provisions and reversals	Utilizations	CB
Allocated provisions				
Provision for future losses, Cashier Service	604			604
Closure provisions, terminal network, Messaging & Logistics	178		-10 ¹⁾	168
Total allocated provisions	782	0	-10	772
Unallocated provisions				
Provision for workers' compensation	128			128
Provision for future conditional pension benefits	1 133			1 133
Provision for disability benefits, effect from adjustment to RR29, Compensation to employees				96
Closure provisions, Cashier Service, including old post office network	1 016		-63 ¹⁾	953
Provision for downsizing, central administration	207		-45 ¹⁾	162
Other provisions	257		-36 ¹⁾	221
Total unallocated provisions	2 741	0	-144	2 693
Total Other provisions	3 523	0	-154	3 465
<u>Allocated provisions</u>				
1) Impact on operating earnings, "Operating costs" line thereof Messaging and logistics SEK-10m, thereof Cashier Service SEK 0m.			10	10
<u>Unallocated provisions</u>				
1) Impact on operating earnings, "Operating costs" line			144	144
		0	154	154

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