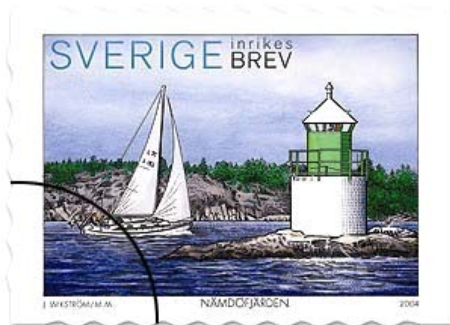
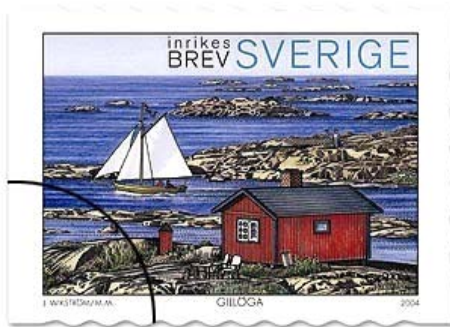


Posten
Interim Report
January - June 2004



- Net sales grew three percent to SEK 12,516m (12,127).
- Parcel volume increased eight percent, other mail classes rose by three percent. Financial-service transactions decreased by 17 percent.
- Operating earnings improved to SEK 279m (-513). Earnings include provisions of SEK -136m (-383) and capital gains of SEK 47m (-1).
- Measures for which provisions have been made will lead to annual savings of SEK 150m.
- After-tax earnings improved to SEK 405m (-483).
- Cash flows before financing activities totaled SEK 317m (-389).

Message from the CEO

Posten's financial results for the first six months of 2004 improved considerably compared to the same period last year. Over the past four quarters we have increasingly witnessed a positive earnings trend, spurred by cost-cutting and efficiency-enhancement measures. The swift improvement is exciting, not to mention critical for Posten's business going forward.

Aside from the steps taken to cut costs and grow revenues, we have begun implementation of the strategy devised last year to restore Posten's profitability and reputation. Five core objectives – targeting employees, corporate reputation, competitiveness, cost-efficiency and profitability – have been set and quantified. By year-end 2006 Posten will have achieved tangible improvements in all the afore-cited areas.

On July 1 Posten had switched over to a new and simplified two-division organizational structure: Marketing & Sales and Production & Logistics. [Svensk Kassaservice is not impacted by the changes.] A leaner organization will facilitate managerial and follow-up activities as well as foster enhanced customer interactions.

Consolidated net sales for the first six months grew by three percent, primarily due to an increase in volumes. Operating earnings were SEK 279m (-513). The improvement, though mainly attributable to continued cost-containment measures to lower personnel and consultant costs, also stems from higher revenue, which has provided a four-percent jump in productivity. Cash flow, too, has improved, totaling SEK 317m (-389).

Posten's strategy of focusing on Sweden and the Nordic region as principal markets has resulted in a string of structural transactions during the period. In a move to defend and evolve Posten's market position, a SEK 100m investment in our Danish parcel business was approved. Posten has also entered into agreements to divest itself of parcel delivery operations in the Baltic rim, Poland and Russia. The transaction is subject to regulatory approval in each country, respectively. Posten has completed the divestment of Swedgiro's business operations in the Baltics and Poland.

The commission created last year by the Swedish government has published a preliminary report on the future of essential financial-transaction services in Sweden. The matter is of crucial importance to Posten, its customers and the employees of our subsidiary Svensk Kassaservice.

Posten's earnings are trending very satisfactorily; however, creating freedom of action and stability requires continuing, goal-driven improvements.

Erik Olsson

Posten Group

Posten's mission is to connect people and businesses by delivering mail on time, reliably and cost-effectively. Posten aims to create outstanding customer and business value by combining conventional and electronic mail. Posten operates in the market for administrative messaging, direct mail and logistics services. Sweden and the Nordic region are Posten's principal markets. Internationally Posten serves customers via a premier strategic alliance network.

Quarterly data

	2004			2003					
	Jan.-June	April-June	Jan.-March	FY	Oct.-Dec.	July-Sept.	Jan.-June	April-June	Jan.-March
Net sales, SEK m	12,516	6,263	6,253	24,519	6,565	5,827	12,127	6,022	6,105
Operating earnings, SEK m	279	97	182	-278	139	96	-513	-497	-16
After-tax earnings, SEK m	405	102	303	-233	168	82	-483	-496	13
Operating margin, %	2,2	1,6	2,9	neg	2,1	1,6	neg	neg	neg
Equity, SEK m, end of period	3,032	3,032	2,938	2,308	2,308	2,121	2,066	2,066	2,585
ROE, %	14.3	3.4	11.6	neg	6.7	3.5	neg	neg	0.5
Equity-assets ratio, %, end of period	22	22	22	18	18	16	15	15	20
Cash flows before financing activities, SEK m	317	134	183	-524	344	-479	-389	126	-515
Investments in tangible and intangible fixed assets, SEK m	420	247	173	919	207	162	550	262	288
CSI, Customer Satisfaction Index	62	62	61	60	60	60	61	61	60
ViP employee satisfaction index (excl. Cashier Service)	61	61	61	61	61	61	61	61	61
ViP employee satisfaction index, Cashier Service	66	66	65	64	64	64	64	64	64
Average number of employees, 1/1/2004 to end of period	35,465	35,465	35,302	37,905	37,905	38,500	37,761	37,761	37,504

Beginning with the Q1 2004 report Posten no longer uses the term "Adjusted operating earnings." For more information see page 15, Accounting principles, etc.

Operating income

January-June fiscal period

Posten's net sales for the period totaled SEK 12,516m (12,127) and other operating income was SEK 122m (50). Overall, operating income rose to SEK 12,638m (12,177), a roughly four-percent increase compared to the same period last year. The increase in sales was primarily attributable to growing volumes in logistics, mass economy class mailings, unaddressed direct mail and daily newspapers, offsetting declining overnight addressed mail volume. Further, the European Union elections boosted year-over-year revenue. Rate increases introduced by the Cashier Service arm in 2004 have not offset volume attrition.

Q2

Revenue grew SEK 348m compared to the same period last year.

Operating earnings

January-June fiscal period

Consolidated operating earnings were SEK 279m (-513), a dramatic increase compared to the year-ago period. Operating earnings for the period include a provision of SEK -136m, mainly for personnel cutbacks in central administration. The measures are expected to reap annual savings of SEK 150m beginning already next year. Earnings have also been positively affected by a capital gain of SEK 47m attributable to subsidiary Swedgiro's divestment of all shares held in its subsidiaries. Last year's operating earnings included provisions totaling SEK -383m for personnel cutbacks in the administration function and terminal closures. Excluding capital gains and provisions, operating earnings were SEK 368m (-130), an improvement of SEK 498m.

The improvement is primarily attributable to lower personnel and consultant costs as well as higher income. Cutbacks have reduced personnel expenses by SEK 512m. Due to pay increases totaling SEK 244m, however, total personnel costs declined by SEK 268m. Other costs increased SEK 155m or three percent, mainly due to increased production costs owing to higher volume. Productivity has continued to improve.

Q2

Operating earnings improved by SEK 594m compared to the same period last year, mainly due to higher income (including capital gains) as well as lower provisions.

After-tax earnings

January-June fiscal period

After-tax earnings totaled SEK 405m (-483). Tax for the period was SEK 127m (-12), of which tax on net earnings totaled SEK 1m (-12) and the reconciliation of an earlier write-down of a deferred tax credit amounted to SEK 126m (0). The reconciliation was an effect of the introduction on January 1 of Recommendation RR 29, Employee Compensation, of the Swedish Financial Accounting Standards Council.

Q2

After-tax earnings decreased by SEK 201m compared to the preceding quarter. The decline is attributable to provisions made during the period and the reconciliation of deferred tax credit write-downs made previously in the first quarter.

Financial position

As of June 30, 2004, total assets amounted to SEK 13,904m, an increase of SEK 1,242m compared to year-end 2003. The increase in total assets is primarily attributable to the introduction on January 1 of Recommendation RR 29, Employee Compensation, of the Swedish Financial Accounting Standards Council.

Equity

As of June 30, 2004, equity totaled SEK 3,032m, an increase of SEK 724m since year-end 2003. The 2004 opening balance has been restated owing to new accounting pronouncements for employee compensation (For more information, see Accounting principles, etc., page 15). Return on equity (ROE) was 14 percent. Excluding the afore-cited accounting change, ROE was 11 percent. (Changes in equity, see page 15.)

Equity-assets ratio

As of June 30, 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 improved earnings and the above-cited accounting change (RR 29) introduced in Q1 2004. Excluding the accounting change, the equity-assets ratio was 19 percent.

Provisions

Since 1999 the group's provisions have been material, totaling SEK 4,157m as of June 30, 2004, an increase of SEK 259m since year-end. 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 715m as of June 30, 2004, an increase of SEK 349m 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 3,433m as of June 30, 2004, a decrease of SEK 90m since year-end 2003. The change is attributable to a new provision for personnel cutbacks in the central administration function in 2004 totaling SEK 125m, other provisions and reconciliations totaling SEK 11m, as well as utilizations amounting to SEK 322m. (For more information, see page 17.)

Cash flow

Cash flows before financing activities totaled SEK 317m for the fiscal period.

Operating activities

Cash flows from operating activities totaled 663m, of which SEK 928m relates to operating earnings after adjustments for non-cash items. Changes in working capital totaled SEK -265m and relate primarily to increased accounts receivable.

Investing activities

During the period cash flows from investing activities totaled SEK -346m. Investing activities primarily concern expenditures relating to modes of transportation and commercial real estate.

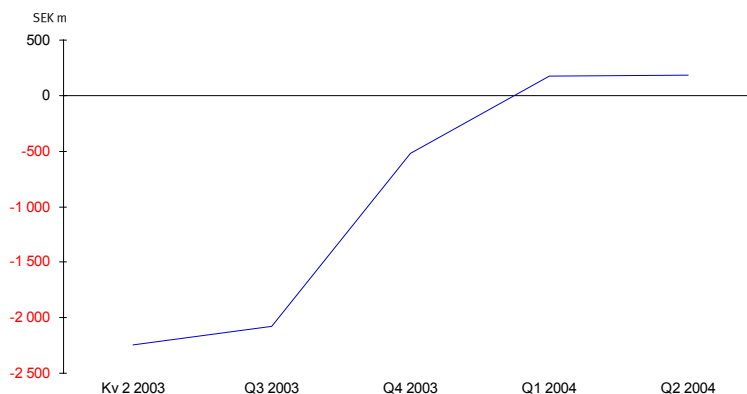
Financing activities

During the period cash flows from financing activities totaled SEK 57m, which is primarily explained by loans raised.

Cash flows for the fiscal period

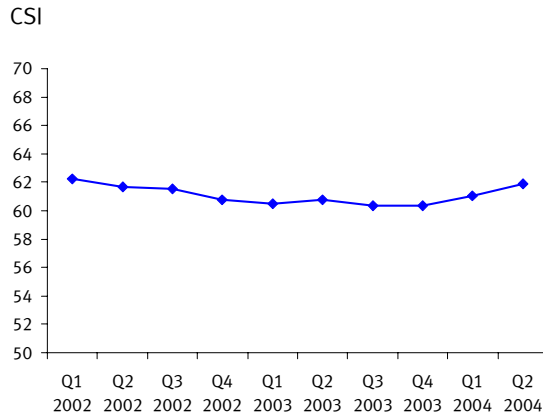
Liquid funds therefore have increased by SEK 374m since the beginning of the year. As of June 30, 2004, liquid funds totaled SEK 3,274m.

Rolling 12-month cash flows before financing activities totaled SEK 182m.



CSI, Customer Satisfaction Index

CSI (Posten's customer satisfaction metric) grew yet another point during the second quarter of 2004 to 62. The weak upward trend reported in fall 2003 for consumer and small business customers continued in the spring. The trend for major contract customers remained flat compared to the preceding quarter. Customer satisfaction is one of Posten's five core objectives. The goal is for customers to once again perceive Posten as embodying clarity and reliability, and by year-end 2006 confidence will return to 200 levels, i.e., a CSI score of 66. Posten has previously identified a number of areas for improvement targeting various customer groups. Therefore, in 2004 a number of projects have been launched.



Employees

ViP measurements enable Posten to follow up on its "Dedicated Employees" objectives. The results provide information on key areas that will improve employee engagement. The consolidated index, excluding Kassaservice, was 61 (61) and for Kassaservice alone 66 (64). The average number of employees was 35,465 (37,761), a decline of 2,296 compared to the same period last year and of 2,440 since year-end 2003.

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 and Logistics business segment

- Operating income SEK 12,195m (11,814)
- Operating earnings SEK 721m (132)
- Investments SEK 349m (392)
- Average number of employees 33,462 (35,284)
- Posten's production arm has received a prestigious honorable mention from the European Quality Award, EFQM.

The Nordic and global areas of Posten's business are seeing growth, whereas national business operations tapered off slightly compared to last year. Roughly 70 percent of Posten's major customers are present in a Nordic or international market. Posten is the only provider in Sweden with access to local, regional, national, Nordic and global delivery capacity.

A change process was launched in fall 2003 aimed at better meeting demands for improved channel clarity for consumer and business customers as well as enhanced product and service simplicity. As part of this effort it has been decided to reduce the number of postal areas in Sweden from 89 to 15. Posten will also sharpen its focus on sales to small and medium-size businesses. Posten's partners will gain clearer touchpoints at Posten through the specialists that will devote all their time to partner affairs. The new organization is expected to be in place on January 1, 2005.

Messaging & Logistics in Sweden

Letter mail services are single largest contributor to consolidated earnings. Posten has a very strong position in domestic addressed mail. Overnight delivery letter mail volume is declining somewhat. 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. The wider logistics sector is characterized by fierce competition. By offering mail concepts based on known core offerings to well-defined customer segments, we will maximize our competitive advantages in Sweden – reach, frequency, scope and access.

Messaging & Logistics outside Sweden

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.

The international consolidation of the logistics sector, marked by the emergence of a small number of global players and networks, has continued. We have observed an initial consolidation of the messaging sector through, among other things, the announced divestment of 25 percent of the shares of Denmark Post and the increasingly frequent consolidation of global mailings with administrative content.

Operating earnings and income

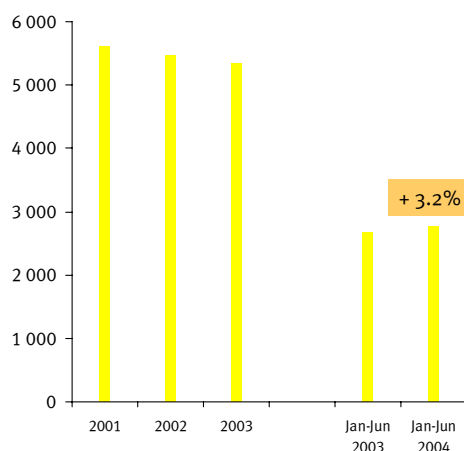
During the period the Messaging & Logistics business segment reported operating income of SEK 12,195m, an increase of SEK 381m compared to the same period last year. The increase in sales was primarily attributable to growing volumes in logistics, mass economy class mailings, unaddressed direct mail and daily newspapers, offsetting declining overnight addressed mail volume. Further, the European Union elections and currency effects in connection with accounts settled with other national postal service organizations boosted year-over-year revenue.

The dramatic year-over-year improvement is attributable to lower personnel costs, increased revenue as well as the fact that last year's earnings included a SEK 168m closure expense related to restructuring of the Swedish terminal network.

Mail volume, excluding parcels

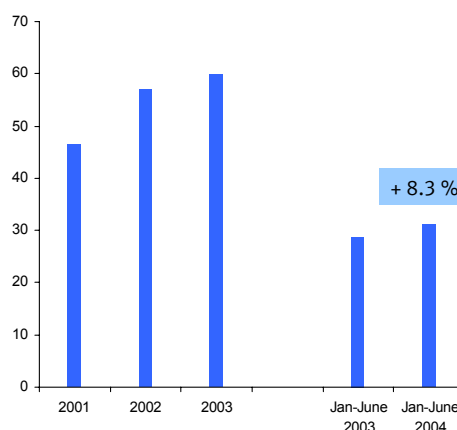
Parcel volume

Millions (pcs)



In the six-months ended June 30, 2004, mail volume grew 3.2 percent compared to the same period last year.

Millions (pcs)



In the six months ended June 30, 2004, parcel volume grew 8.3 percent compared to the same period last year.

Posten Production has received an honorable mention – “Recognized for Excellence” from The European Foundation for Quality Management, EFQM.

Posten's production has for several years undertaken a conscious and determined development and quality effort. Posten's letter mail network subsequently received the 2000 Swedish Quality Award, a culmination of this work. The letter mail network then continued its efforts, taking the European quality model, EFQM, as its starting point. It was “Recognized for Excellence” in 2002. Today Posten has merged its letter mail and parcel networks and the award has been bestowed on the entire production arm. The assessment from EFQM indicates a well-run business with good possibilities for achieving a world-class ranking according to the scale applied by EFQM.

Investments

Investments totaled SEK 349m (392) and primarily relate to the terminal network in Sweden and new vehicles.

In light of declining mail volume and increasing parcel volume, a decision was made already in 2003 to revamp the terminal network in Sweden. The business segment has therefore maintained a high level of investment. Investments have been made in new letter mail and parcel sorting machines and terminals have been revamped and, in certain instances, phased out. This effort will continue in FY 2004 and FY 2005.

In a move to defend and grow Posten's market position in the Nordic region, a decision has been made to invest SEK 100m in Posten's Danish parcel delivery network (DPD). This decision was made against the backdrop of solid volume growth for DPD in Denmark and to secure requisite capacity and quality as well as to achieve a satisfactory work environment for the entire Danish DPD network. The investment encompasses construction of a new terminal in Kolding and the construction of a depot in Herning and Aarhus, as well as leasing expenses for a new terminal in Aalborg.

Employees

The average number of employees was 33,462, a decrease of 1,822 since the same period last year that primarily concerns personnel in the retail service network, production and administration. Since year-end 2003 the average number of employees has declined by 2,013.

Cashier Service business segment

- Operating income SEK 786m (818)
- Operating earnings SEK 33m (-131)
- Investments SEK 36m (48)
- Average number of employees 1,814 (2,267)

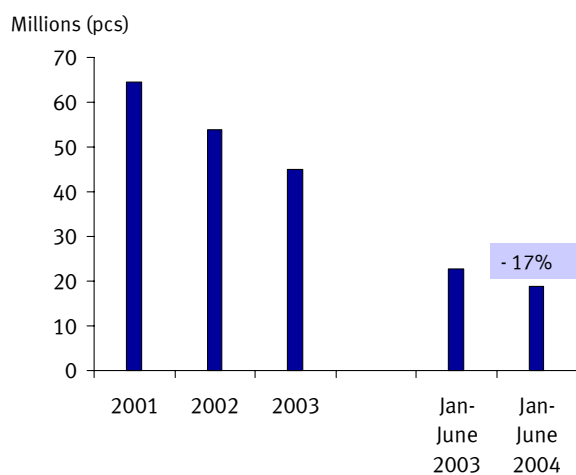
Cashier Service offers essential financial-transaction services within the framework of Posten's legal mandate. Services include those provided in partnership with Svensk Kassaservice member banks as well as a proprietary range, all of which are reliable and high-quality. The market for cash incoming and outgoing payments is steadily shrinking. In the first six months of 2004 transaction volume has declined by 17 percent. The financial-transaction service network comprises 900 branch outlets. 360 are operated by local partners, mostly in smaller towns. In addition, Posten's 2,500 rural letter carriers also transact incoming and outgoing payments.

The Postal and Essential Financial-Transaction Service Commission, a government inquiry into society's need for manually transacted essential financial services, presented a preliminary report in May 2004. The proposal is under review and Parliament is expected to make a decision regarding the future of the essential financial-transaction business in spring 2005.

Operating income and earnings

The Cashier Service business segment reported operating earnings of SEK 33m during the period, an improvement of SEK 164m compared to last year. The figure includes a reimbursement from the government totaling SEK 200m (200). The improvement is wholly attributable to implemented cost-containment measures. The phase-out expenditures related to revamping the cashier service network, totaling SEK 85m, have been covered by the utilization of a group provision. In light of volume decline and the business segment's breakeven target, further cutbacks will be necessary.

Transaction volume, Cashier Service



Owing to changes in consumer habits year-over-year transaction volume declined 17 percent in the six months ended June 30, 2004.

Investments

Investments totaled SEK 36m (48) and relate primarily to conversions and security equipment.

Employees

The average number of employees was 1,814, a decrease of 453 since the same period last year and 411 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 -339m (-430). 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. Därutöver har personalneddragningarna minskat lönekostnaderna och stora kostnadsbesparingar har gjorts inom reklam och PR. Further, personnel cutbacks have lowered payroll expenses and major cost-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 (0). Net financial income was SEK 72m (92). Earnings after financial items were SEK 18m (61). The value of the equity holdings in Swedgiro have been written down by SEK 30m in conjunction with the divestiture of Swedgiro's subsidiaries.

Cash flow

Cash flows before financing activities for the period totaled SEK -258m.

Cash flows from operating activities totaled SEK -680m, comprising SEK 50m relating to operating earnings after adjusting for non-cash items and SEK -730m relating to changes in working capital. Changes in working capital are primarily attributable to eliminated group contributions.

Cash flows from investing activities totaled SEK 422m during the period and are explained by reduced current financial receivables.

Cash flows from financing activities totaled SEK 628m during the period and are explained by increased current financial liabilities.

Liquid funds totaled SEK 2,444m at the close of the fiscal period, compared to SEK 2,074m at year-end 2003.

Other business

The parent company had issued SEK 159m in capital adequacy guaranties benefiting subsidiaries, a SEK 420m decline compared to year-end 2003. The decrease is explained primarily by the divestiture of Swedgiro's subsidiaries. Further, an unlimited capital adequacy guaranty has been issued for Svensk Kassaservice AB. The parent company's total guaranties amount to SEK 885m, a decrease of SEK 406m compared to year-end 2003.

Board of directors and executive management

On June 10, 2004, Sweden's State Audit Institution appointed authorized public accountant Staffan Nyström to serve as Posten AB's auditor up to the 2008 annual general meeting. Authorized public accountant Göran Selander was named Nyström's alternate for the same period.

The board has appointed the following directors to serve on the Audit Committee:
Jonas Iversen, Deputy assistant under-secretary, Ministry of Industry, Employment and Communication, chairman
Marianne Nivert, Chairman of Posten AB, new member
Christina Ragsten-Pettersson, assistant under-secretary, Ministry of Industry, Employment and Communication

Further, the board has appointed the following directors to serve on the Compensation Committee:
Marianne Nivert, Chairman of Posten AB, chairman
Mats Abrahamson, Professor, Linköping University
Katarina Mohlin, Communications Director, If Insurance Group

New organization in place on July 1, 2004

On July 1 the group adopted a new, leaner organizational structure. The Messaging & Logistics and group-wide operations will take the form of two divisions: Marketing & Sales and Production & Logistics. Corporate management was dramatically reduced in size, as well. The Cashier Service business segment was not affected by the organizational change. A leaner organization will help make it easier for customers, in addition to facilitating management, follow-up and decision-making.

Posten's five core objectives

A far-reaching strategy-setting effort aimed at repositioning Posten as a valued and profitable company was initiated in 2003. The implementation of the strategy focuses on five core objectives:

Employees

Healthy and engaged employees are a key element of Posten's success. Efforts targeting employee wellbeing and engagement are measured by among other things following up absenteeism and ViP scores (Posten follows up on the "Engaged Employees" metric). The goal is to reduce absenteeism by 1.3 percentage points and to achieve a ViP score of 65 by the end of 2006. At year-end 2003 absenteeism was 8.8 percent and the ViP score was 61 for Posten Group excluding Cashier Service.

Corporate Reputation

Posten aims to have satisfied customers. Posten's reputation among customers and the wider public is measured through the Customer Satisfaction Index (CSI) and Corporate Image. Posten's goal is to achieve a customer perception characterized by clarity and reliability. By year-end 2006 Posten's reputation will be on par with that of 2000, with a CSI score of 66 and a Corporate Image value of 0.4. At year-end 2003 Posten had a CSI score of 61 and a negative Corporate Image value.

Competitiveness

Posten will achieve high levels of service quality and offer competitive prices. Posten measures competitiveness by surveying customers on its services' prices, delivery performance and ease of use. At year-end 2003 one index was 68; the goal for year-end 2006 is an index of 71.

Cost-efficiency

Posten will have efficient and reliable processes. The goal, in nominal terms, is to ensure at least flat costs per manufactured unit, regardless the volume trend. Posten's cost-efficiency is measured by total operating costs expressed as a percentage of income and by process quality. The goal is to reduce cost-to-revenue ratio by 1.4 percentage points and to improve process quality by 0.8 percentage points by year-end 2006. At year-end 2003 the cost-to-revenue ratio was 98.9 percent and process quality was 96.3 percent.

Profitability

Posten will be profitable and the operation will be rooted in a healthy financial situation that boosts its reputation among all stakeholder groups. The group's return on net earnings divided by average reported equity will be 10 percent by year-end 2006 at the latest. The group's equity-assets ratio will be at least 25 percent. At year-end 2003 Posten had an equity-assets ratio of 18 percent and negative ROE.

Stockholm, August 26, 2004

Posten AB (publ)

Board of Directors

The information contained in this report has not been audited.

The financial calendar has been amended. The next financial report, Posten's January-September Interim Report, will be published on November 8, 2004.

Financial Statements

Income Statements

SEK m	2004		2003		
	Jan-June	April-June	Jan-June	April-June	FY
Net sales	12,516	6,263	12,127	6,022	24,519
Other operating income	122	107	50		122
Total operating income	12,638	6,370	12,177	6,022	24,641
Personnel expenses	-6,345	-3,129	-6,613	-3,248	-12,821
Other external expenses	-5,311	-2,708	-5,156	-2,623	-10,481
Depreciation and amortization of tangible and intangible fixed assets	-567	-300	-538	-265	-1,076
Earnings from shares of associated companies	0	0	0	0	-2
Provisions	-136	-136	-383	-383	-539
Total operating expenses	-12,359	-6,273	-12,690	-6,519	-24,919
Operating earnings	279	97	-513	-497	-278
Financial items	-1	3	42	10	30
Provisions					-5
Total financial items	-1	3	42	10	25
Earnings after financial items	278	100	-471	-487	-253
Tax expense for the year	127	2	-12	-9	20
After-tax earnings	405	102	-483	-496	-233
Minority's share of net earnings	-3	-2	0	-1	-5
Net earnings	402	100	-483	-497	-238

Statements of Cash Flows

SEK m	2004	2003	
	Jan-June	Jan-June	FY
Cash flow from operating activities before changes in working capital	928	360	611
Changes in working capital	-265	-246	-330
Cash flow from operating activities	663	114	281
Cash flow from investing activities	-346	-503	-805
Cash flow before financing activities	317	-389	-524
Cash flow from financing activities	57	315	100
Cash flow for the period	374	-74	-424
Liquid funds, beginning of period	2,900	3,324	3,324
Liquid funds, close of period	3,274	3,250	2,900

Balance Sheets

SEK m	2004		2003
	Jun 30	Mar 31	Dec 31
ASSETS			
Fixed assets			
Intangible fixed assets	1,597	1,661	1,676
Tangible fixed assets	3,188	3,207	3,274
Financial fixed assets	1,167	1,148	608
Total fixed assets	5,952	6,016	5,558
Current assets			
Inventory	106	108	112
Current receivables	4,330	3,983	3,520
Short-term investments	2,210	1,670	1,264
Cash and cash equivalents			
Own funds	1,064	1,462	1,636
Funds in transfer	242	114	572
Total cash and cash equivalents	1,306	1,576	2,208
Total current assets	7,952	7,337	7,104
TOTAL ASSETS	13,904	13,353	12,662
EQUITY AND LIABILITIES			
Equity			
Restricted equity	1,863	1,863	1,413
Non-restricted equity	1,169	1,075	895
Total equity	3,032	2,938	2,308
Minority interest	23	20	20
Provisions			
Pension provisions	715	537	366
Deferred tax liabilities	9	9	9
Other provisions	3,433	3,465	3,523
Total provisions	4,157	4,011	3,898
Long-term liabilities			
Interest-bearing liabilities	898	902	898
Non-interest-bearing liabilities	98	104	103
Total long-term liabilities	996	1,006	1,001
Current liabilities			
Interest-bearing liabilities	316	175	582
Non-interest-bearing liabilities	5,380	5,203	4,853
Total current liabilities	5,696	5,378	5,435
TOTAL EQUITY AND LIABILITIES	13,904	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
New opening balance 1/1/2004	600	1,137	1,133	-238	2,632
Appropriated earnings			-238	238	0
Transfers between restricted and non-restricted reserves		126	-126		0
Translation difference			-2		-2
Net earnings for the period				402	402
Closing balance 06/30/2004	600	1,263	767	402	3,032

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 (see "Accounting Change" below).

From 2004 Posten will no longer use the term "Adjusted operating earnings." The decision is intended to add clarity to and facilitate benchmarking of consolidated and business segment earnings.

In the segment report Posten reports operating income rather than, as was previously done, only net sales. Further, we have revised the geographic markets due to Posten's new business strategy. All benchmark 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 the fact 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.

The preparatory efforts to facilitate the introduction of IFRS are on track.

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-June	Jan-June	Jan-June	Jan-June	Jan-June	Jan-June	Jan-June	Jan-June	Jan-June	Jan-June
External operating income	11 888	11 402	549	574	1	1				
Reimbursement, state			200	200						
Internal operating income	307	412	37	44	23	25	-367	-481		
Total operating income	12 195	11 814	786	818	24	26	-367	-481	12 638	12 177
Operating earnings by business segment	721	132	33	-131	-339	-430			415	-429
Utilization of provisions corresponding to earnings, Cashier Service				131						131
Unallocated provisions/reversals									-136	-215
Operating earnings									279	-513
Financial items									-1	42
Earnings after financial items									278	-471
Tax expense									127	-12
Minority's share of net earnings									-3	0
Net earnings									402	-483

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-June	Jan-June	Jan-June	Jan-June	Jan-June	Jan-June
Sweden	11 053	10 673	12 936	12 619	380	531
Rest of Nordic region	778	801	605	506	33	11
Rest of world	807	703	363	547	8	8
Total	12 638	12 177	13 904	13 672	421	550

Other provisions

Review of changes in Other provisions for the interim reporting period, SEK m	OB	OB adj ^{*)} RR 29	New OB	Provisions and reversals	Utilizations	CB
Allocated provisions						
Provision for future losses, Cashier Service	604		604			604
Closure provisions, terminal network, Messaging & Logistics	178		178		-22 ¹⁾	156
Total allocated provisions	782		782		-22	760
Unallocated provisions						
Provision for workers' compensation	128		128		-6 ²⁾	122
Provision for future conditional pension benefits	1,133		1,133		-4 ²⁾	1,129
Closure provisions, Cashier Service, including old post office network	1,016		1,016	13 ³⁾	-137 ²⁾	892
Provision for downsizing, central administration year 2003	207		207		-99 ²⁾	108
Provision for downsizing, central administration year 2004				125 ³⁾		125
Provisions for disability benefits, effect from adjustment to RR29, Compensation to employees		96	96			96
Other provisions	257		257	-2 ³⁾	-54 ²⁾	201
Total unallocated provisions	2,741	96	2,837	136	-300	2,673
Total Other provisions	3,523	96	3,619	136	-322	3,433

Allocated provisions

1) Impact on operating earnings, "Operating costs" line	22
	<u>22</u>

Unallocated provisions

2) Impact on operating earnings, "Operating costs" line	300
3) Impact on operating earnings, "Provisions" line	-136
	<u>300</u>

*) Provision for disability benefits costs, an effect of the application of the RR 29 accounting principle, Employee Compensation.

Posten AB (publ)

SE-105 00 Stockholm

Visiting address: Terminalvägen 24, Solna

Phone: +46 8-781 10 00

Domicile: Stockholm

Corporate Identity: 556128-6559

Posten's Contact Center

Box 1840

SE-171 29 Solna

Consumer: +46 8-23 22 20

Business: +46 8-20 23 22 20

email: kundtjanst@posten.se

www.posten.se

