

PostNord

Interim Report January – June 2011



postnord

Contents

Message from the CEO	4
Highlights	4
Net sales and profit	5
Financial position	6
Cash flows	7
Parent company	7
Risks and uncertainties for the group and the parent company	7
Consolidated financial statements	9
Parent company financial statements	21
Quarterly data	23

Financial calendar

Interim Report January-September 2011	November 9, 2011
Year-end Report 2011	February 2012
Annual Report and Sustainability Report 2011	March 2012

Mission

PostNord connects people and businesses reliably, efficiently and on time.

Vision

PostNord delivers world-class communication and logistics solutions to satisfied customers.

PostNord develops strong, profitable international logistics and information logistics operations through ownership, partnership and collaboration.

PostNord is an attractive, stimulating workplace with committed, motivated employees.

PostNord is an environmentally correct choice for its customers.

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

Challenging market reinforces need for additional changes

April-June 2011

- Net sales totaled SEK 9,711m (10,231), down 2% excluding currency changes
- Operating profit (EBIT) totaled SEK 211m (261), down 12% excluding structural and currency changes
- Profit before tax totaled SEK 246m (254)
- Net profit totaled SEK 154m (185)
- Operating margin (EBIT) was 2.2 (2.5) %
- Return on equity, rolling 12-month, was 8 (19) %
- The equity-assets ratio was 46 (43) % at the end of the period
- Signing of agreements to acquire logistics companies Eek Transport and Nils Hansson Logistics
- Cost savings program to reduce administrative costs by approximately SEK 1 bn, and adjustments to group management structure

SEKm, unless otherwise specified	Apr-Jun 2011	Apr-Jun 2010	Change		Jan-Jun 2011	Jan-Jun 2010	Change		Jan-Dec 2010
Net sales¹	9,711	10,231	-520	-5%	19,743	21,149	-1,406	-7%	41,669
Expenses	9,554	10,091	-537	-5%	19,206	20,531	-1,325	-6%	40,589
Operating profit (EBITDA)	622	724	-102	-14%	1,455	1,730	-275	-16%	3,292
Operating profit (EBIT)²	211	261	-50	-19%	631	793	-162	-20%	1,375
Net financial items	35	-7	42	>100%	62	3	59	>100%	-27
Profit before tax	246	254	-8	-3%	693	796	-103	-13%	1,348
Net profit	154	185	-31	-17%	498	607	-109	-18%	1,031
Balance sheet total, end of period	24,959	27,419	-2,460	-9%	24,959	27,419	-2,460	-9%	25,783
Cash and cash equivalents, end of period	2,240	3,790	-1,550	-41%	2,240	3,790	-1,550	-41%	3,640
Equity, end of period	11,372	11,772	-400	-3%	11,372	11,772	-400	-3%	11,753
Net financial position excl. pensions, end of period	1,255	2,200	-945	-43%	1,255	2,200	-945	-43%	2,354
Cash flows from operating activities	499	808	-309	-38%	671	941	-270	-29%	1,824
Operating margin (EBITDA), %	6.4	7.0	-0.6		7.3	8.1	-0.8		7.8
Operating margin (EBIT), %	2.2	2.5	-0.3		3.2	3.7	-0.5		3.3
ROE, rolling 12-month, %	8	19 ³	-11		8	19 ³	-11		8
Equity-Assets ratio, end of period, %	46	43	3		46	43	3		46
Average number of employees	41,643	43,286	-1,643	-4%	41,916	43,934	-2,018	-5%	44,060

¹ Net sales excluding currency changes decreased 2% for the Apr-Jun period and 3% for the Jan-Jun period.

² Operating profit excluding structural and currency changes decreased 12%; the decrease was 9% for the Jan-Jun period.

³ ROE, rolling 12-month, includes capital gain of SEK 2,002m from the sale of Post Danmark A/S's shares in Belgian bpost (formerly De Post-La Poste) in July 2009.

Message from the CEO

PostNord's development during the second quarter of 2011 is generally in line with the previous quarter. However, quarterly results were characterized by the challenging situation with a dramatic drop in volumes in Denmark and a more stable trend in Sweden.

All in all, the group's logistics business continued to develop according to plan. Agreements were signed during the second

quarter for the acquisitions of Eek Transport in Norway and Nils Hansson Logistics in Sweden, in line with our strategy to make acquisitions to broaden and further strengthen our logistics offer to our customers.

Business area Meddelande Sverige improved its operating profit, despite reduced revenues from traditional mail operations, while development for Information Logistics was weaker

than expected. A significant drop in sales for business area Breve Danmark was unable to be countered with corresponding cost reductions. The group therefore reports a decline in year-on-year operating profit for the second quarter. The operating margin was 2.2 percent.

Following a strong year start, the Swedish economy weakened slightly, although the full-year economic development is expected to be among the strongest in Europe. The Danish economy is weak and is expected to remain so for the remainder of 2011. Global economic uncertainty increased significantly during the second quarter and the beginning of the third quarter. The financial markets are deeply concerned about plunging stock markets. Demand for our services is strongly linked to macroeconomic development. Increased economic instability therefore involves an increased level of uncertainty in demand regarding PostNord's markets within communication and logistics.

Our Danish mail operation is characterized by an accelerated drop in mail volumes and reduced volumes for unaddressed direct mail (UDM). The volume trend reflects both the weak Danish economy and the strong competition from digital alternatives and other postal operators that currently prevails in the market, and which is exacerbated in turn by the economic situation. Our Swedish mail operation is also experiencing a drop in mail volumes, chiefly due to competition from rising levels of digitalization.

Most postal operators throughout the world are facing challenges similar to ours. There are ongoing discussions in many countries

regarding ways in which the postal services of the future will be regulated and financed. Global mail volumes are expected to fall over 40 percent in coming years, due to competition from digital alternatives. Our assessment is that Sweden and particularly Denmark are ahead of this trend, but we are nevertheless facing continued, significant reductions in volume.

Our goal is to be the leading communication and logistics operator in Northern Europe. PostNord is in a new conversion phase. Two years after the merger of Post Danmark and Posten and the establishment of the new group, we will take the next step to strengthen our efficiency, competitiveness and profitability. With an unstable global economy and structural market changes that, essentially, impact demand for our services, we need to make comprehensive changes to further reduce costs.

We are now implementing a special cost savings program to reduce the group's administrative costs by approximately SEK 1 bn from 2013. We are also making adjustments to the group's management structure, effective as of today, in order to increase manoeuvrability and focus on profitability.

We also need to step up our service development, intensify our marketing efforts and leverage growth opportunities in the logistics area.

Lars Idermark

Highlights

On April 1, 2011, Post Danmark introduced a more market-oriented and differentiated pricing system for various franking formats, which more closely links price and production cost. In connection with this, Post Danmark also introduced changes to improve accessibility for corporate customers, including the option of mailing non-priority items by dropping them directly in the mailbox. These changes follow the enactment of the new Danish Postal Act at the beginning of the year.

Posten Norden AB's AGM was held **on April 15, 2011**. President and CEO Lars Idermark spoke of the importance of continued development of group operations. The AGM resolved, among other things, to distribute a dividend of SEK 1 billion and to reelect all Board members. The AGM also adopted economic targets for the group and resolved to change the company's business name to PostNord AB, a change that was made effective as of May 17, 2011.

On May 18, 2011, PostNord announced its signing of an agreement with Eek Holding AS for the cash acquisition of Eek Transport AS. Eek Transport had sales of NOK 263m in 2010 and is among the ten largest suppliers of transport and logistics services in Norway. The acquisition, concluded on July 1, 2011, complements PostNord's operations in Norway and

strengthens the group's position and opportunities in Norway's growing logistics market ¹.

On May 23, 2011, the group announced that stamp operations would be coordinated between the Swedish and Danish mail operations. Stamps will be produced in and distributed from Stockholm while customer service has been moved to a new customer center in Copenhagen. Each country will be responsible for the selection of its own stamp motif and design.

On June 30, 2011, PostNord announced its signing of an agreement with Nordstjernen Industriutveckling AB for the acquisition of Nils Hansson Logistics AB. The company had sales of approximately SEK 350m in 2010. The acquisition complements PostNord's logistics operation with leading expertise in road transportation, which further strengthens the group's position as leading operator in logistics services to, from and within the Nordic region. The acquisition was approved by the Swedish Competition Authority on July 28, 2011 and is expected to be finalized during the third quarter of 2011 ¹.

On June 30, 2011, the Administrative Court in Stockholm set aside the PTS's decision requiring Posten AB to adjust its pricing model for sorted mail items ("zone pricing"). The

Administrative Court held that it would be impossible to adhere to PTS's decision and that Posten must be allowed to adjust its pricing model based on factors other than costs, including factors such as the competitive situation.

On July 1, 2011, PostNord launched the first pan-Nordic parcel service (the MyPack B2C service) and pallet service. The launch is an important step in strengthening the group's logistics offer, and allows PostNord's corporate customers to send parcels and pallets within the entire Nordic region as easily as they do for domestic deliveries.¹

On July 1, 2011, the group sold Fastighets AB Kvasten 8. The impact on operating profit is a realized gain estimated at approximately SEK 70m.¹

On August 8, 2011, the media group Herenco announced the closure of the Nässjö printing plant. Strålfors signed an agreement with the Nässjö printing plant for the acquisition of

the company's customer contacts and customer agreements, effective as of mid-November.¹

On August 30, 2011 PostNord announced that a special cost savings program will reduce the group's administrative costs by approximately SEK 1 bn from 2013. The group's management structure is also being adjusted in order to increase manoeuvrability and focus on profitability.¹

On August 30, 2011 PostNord announced that the group has acquired the remaining shares in logistics company Transportgruppen A/S. The group now holds 100% of the shares. Transportgruppen is one of Denmark's largest national pallet and mixed cargo groupage distributors and the change in ownership further strengthens the group's competitiveness in the logistics market in Denmark and in the Nordic region as a whole. Transportgruppen is consolidated within PostNord's business area Logistics.¹

¹ Event after the end of the period; not included in the period's financial statements.

Net sales and profit

The reporting structure has been changed as of this interim report; analyses are now based on the quarter as opposed to the cumulative interim period as was previously the case.

Net sales

SEKm	Apr-Jun 2011	Apr-Jun 2010	Change	Of which			Jan-Jun 2011	Jan-Jun 2010	Change	Of which		
				Struc-tural	Cur-rency	Change excl. structural & currency				Struc-tural	Currency	Change excl. structural & currency
Breve Danmark	2,309	2,696	-387 -14%		-6%	-8%	4,715	5,730	-1,015 -18%		-8%	-10%
Meddelande Sverige	3,770	3,796	-26 -1%		0%	0%	7,656	7,774	-118 -2%		0%	-1%
Information Logistics	814	874	-60 -7%		-3%	-4%	1,659	1,782	-123 -7%		-4%	-3%
Logistics	2,956	3,002	-46 -2%		-3%	2%	5,993	6,150	-157 -3%		-4%	2%
Other and eliminations	-138	-137	-1				-280	-287	7			
Group	9,711	10,231	-520 -5%		-3%	-2%	19,743	21,149	-1,406 -7%		-4%	-3%

Operating profit

SEKm	Apr-Jun 2011	Apr-Jun 2010	Change	Change, excl. structural & currency			Jan-Jun 2011	Jan-Jun 2010	Change	Change, excl. structural & currency		
Breve Danmark	21	171	-150 -88%	-137	-84%		78	448	-370 -83%	-288	-70%	
Meddelande Sverige	150	119	31 26%	32	27%		430	419	11 3%	11	3%	
Information Logistics	-41	-10	-31 >-100%	-31	>-100%		-42	-21	-21 -97%	-21	-97%	
Logistics	23	-20	43 >100%	41	>100%		73	-22	95 >100%	95	>100%	
Other and eliminations	58	1	57	63			92	-31	123	129		
Group	211	261	-50 -19%	-32	-12%		631	793	-162 -20%	-72	-9%	

April-June

Net sales totaled SEK 9,711 m (10,231). The group's reported net sales continued to be adversely impacted by exchange rate effects, although these were milder than they have been in the past few quarters. Net sales fell 2% excluding currency changes. This was primarily due to the weak Danish economy and strong and increasing competition from digital alternatives for the group's three communication business areas, including solutions for digitally sending mass mailings from government authorities and large companies.

Business area Breve Danmark (Mail) was affected by the continued weakness of the Danish economy. The decline in mail volumes accelerated during the quarter, to nearly 14%, due to the economic situation and increased competition from digital alternatives. A change in letter prices, implemented April 1, 2011, had a positive impact on income, although it accelerated a rush to lower priced mail services. Breve Danmark took steps to boost sales to small and medium corporate customers, and efforts are also being made to increase market awareness in terms of the value of physical mail.

Business area Meddelande Sverige (Mail) was affected by the strong Swedish economy and a favorable advertising market with increased UDM volumes. Despite the favorable Swedish macroeconomic situation, mail volumes fell 4%, chiefly due to competition from digital alternatives. The volume decrease originated mainly from the financial services customer category. Excluding currency changes, net sales were unchanged. Meddelande Sverige is also implementing marketing efforts to promote physical mail as a communication channel. The business area is also making efforts to develop new, digital interfaces towards customers and to further develop e-commerce services.

Net sales for business area Information Logistics also fell during the quarter. The change was mainly attributable to the Identification Solutions division, which experienced reduced business volumes from its largest customers in Denmark and Switzerland. Information Logistics was also, particularly in Denmark, affected by the digitalization, among for example financial services companies. The business area strives to increase the service content of its customer offer with communication tools and services for analyzing communication needs, as well as optimization and streamlining of data flows.

Adjusted for exchange rate fluctuations, net sales for business area Logistics continued to grow. Growth was driven by operations in Sweden and Norway while revenues fell in Denmark, reflecting the economic trends in these countries. The group's parcel volumes fell during the second quarter due to heavy competition in the Danish market. The business area took an important step this quarter in developing its standard line of services and strengthening its logistics offer by launching the industry's first pan-Nordic parcel service (the MyPack B2C service) and pallet service. PostNord's corporate customers are now able to send parcels and pallets within the entire Nordic region as if they were sending an item domestically.

Group operating expenses, excluding structural and currency changes, fell 3%. The reduction in expenses was attributable to the adjustment of costs to lower volumes, mainly reduced personnel expenses, and to other effects of ongoing action programs. The lower personnel expenses were primarily attributable to the reduced average number of employees and the annual revaluation of pension commitments. Structural effects amounted to SEK 27m (19).

Operating profit totaled SEK 211 m (261), a reduction of 12% excluding structural and currency changes. New activities to improve profitability were launched within the group to counter the market trend.

Net financial items totaled SEK 35m (-7). The change is due to a decrease in interest-bearing liabilities and to higher returns following higher interest rate levels.

Net profit totaled SEK 154m (185). Tax totaled SEK 92m (69).

Return on equity, rolling 12-month, was 8 (19) % for the quarter. Excluding a capital gain of SEK 2,002m from the sale of Post Danmark A/S's share in Belgian bpost (formerly De Post-La Poste) in July 2009, returns for the comparative period were 3%.

January-June

Net sales totaled SEK 19,743m (21,149), down 3% excluding currency changes. The decrease was mainly attributable to competition from digital alternatives and a weak economic trend in Denmark. During the period, the favorable Swedish economy had a positive effect on advertising and logistics services revenues.

Group operating expenses, excluding structural and currency changes, fell 3%. Structural measures applied to restructuring costs of SEK 86m (37); the increase primarily reflects costs for personal reductions within Breve Danmark.

Operating profit totaled SEK 631 m (793), down 9% excluding structural and currency changes.

Net financial items totaled SEK 62m (3). Net profit totaled SEK 498m (607). Tax totaled SEK -195m (-189).

Financial position

Group equity as of June 30, 2011 totaled SEK 11,372m, down SEK 381m from December 31, 2010.

Exchange rate fluctuations, primarily in SEK versus DKK, EUR and NOK, produced a translation effect of SEK 124m. The equity-assets ratio as of June 30, 2011 was 46%, unchanged from December 31, 2010.

Net financial position totaled SEK 3,308m, a decrease of SEK 571m from December 31, 2010. Excluding pensions, the net financial position totaled SEK 1,255m, down SEK 1,099m from December 31, 2010. The change is primarily attributable to a dividend distribution of SEK 1 billion.

Consolidated net financial position

SEKm	Jun 30, 2011	Jun 30, 2010	Dec 31, 2010
Financial investments	147	148	155
Long-term receivables	14	16	13
Cash and cash equivalents	2,240	3,790	3,640
Total financial assets	2,401	3,954	3,808
Long-term interest-bearing liabilities	1,033	872	1,047
Current interest-bearing liabilities	113	882	407
Total financial liabilities	1,146	1,754	1,454
Net financial position excl. pensions	1,255	2,200	2,354
Long-term receivables, pension-related assets	3,455	3,225	2,983
Pension provisions, pension-related liabilities	1,402	1,581	1,458
Net financial position incl. pensions	3,308	3,844	3,879

Cash flows

April-juni

Cash flows from operating activities before changes in working capital totaled SEK 442m (438). The liquidity effect as regards pensions totaled SEK -188m (-185). Posten's Pension Fund safeguards pension commitments for Posten AB, Posten Meddelande AB and Posten Logistik AB. The company transfers new pension commitments in the fund and receives compensation for pension payments. SEK 175m (78) was capitalized during period and compensation totaling SEK 251m (155) was received.

Investments totaled SEK 440m (292). Investments in tangible fixed assets totaled SEK 247m (280) and investments in intangible fixed assets totaled SEK 72m (27). Investments included sorting equipment, vehicles and capitalization of development expenditures in integrated joint IT solutions. Investment in subsidiaries totaled SEK 115m (0), primarily in land and buildings for the new terminal structure.

Cash flows from financing activities totaled SEK -1,324m (-1,531). Dividends of SEK 1,000m (1,440) and SEK 3m (3) were distributed during the period to the parent company's owner and minority interests, respectively. Loan amortization totaled SEK 324m (0).

Cash and cash equivalents totaled SEK 2,240m at the end of the period, down SEK 1,260m from March 31, 2011.

January-June

Cash flows from operating activities before changes in working capital totaled SEK 707m (910). The liquidity effect as regards pensions totaled SEK -532m (-527). SEK 251m (155) was transferred during the period and compensation of SEK 251m (155) was received.

Investments totaled SEK 767m (465). Investments in tangible fixed assets totaled SEK 548m (425).

Cash flows from financing activities totaled SEK -1,305m (-1,498).

Cash and cash equivalents totaled SEK 2,240m at the end of the period, down SEK 1,400m from December 31, 2010.

Parent company

The parent company, which changed its name to PostNord AB as of May 17, 2011, ran a very limited operation and has only one employee, the President/CEO. No net sales were reported for the quarter or the interim period. Operating expenses totaled SEK 8m (6) for the quarter and SEK 11m (10) for the interim period, of which SEK 4m (3) and SEK 7m (7) respectively were attributable to personnel expenses for the CEO. Financial items totaled SEK 995m (3) for the quarter and SEK 996m (-45) for the interim period. The amount for the interim period last year was primarily attributable to currency effects. SEK 992m (0) of financial items was attributable to dividends from subsidiaries during the second quarter. Profit before tax totaled SEK 992m (-3) for the quarter and SEK 994m (-55) for the interim period, and profit after tax totaled SEK 992m (-21) and SEK 994m (-59) respectively. No cash and cash equivalents were reported and no investments were made in tangible fixed assets.

Risks and uncertainties for the group and the parent company

Risks, risk management and factors that may affect the parent company's and the group's businesses are described in PostNord's (formerly Posten Norden) 2010 Annual Report. Changes thereto are set forth below.

The uncertainty surrounding the global economy increased significantly during the second quarter and the beginning of the third quarter of 2011, impacting all of PostNord's business areas due to increased uncertainty about demand in PostNord's markets within communication and logistics.

During the same period, competition from digital alternatives in Denmark was much heavier than expected, and mail volumes fell nearly 13% during the first six months of 2011, as compared to just over 10% during the corresponding period last year. The market situation and volume trend imposes requirements for implementation of further activities to reduce the group's cost base.

In Sweden, the Swedish Competition Authority conducted an on-site inspection of Posten Meddelande AB. The Authority's investigation is still underway.

In Sweden, decisions were handed down during the quarter in a number of lawsuits regarding Posten AB's licensing terms and models for costing and pricing. The Market Court also enjoined Posten from applying its sorting discount for special sortings employed from January 1, 2009.

* * *

The semi-annual report provides an essentially accurate summary of the parent company's and the group's businesses, financial position and results, and describes the significant risks and uncertainties facing the parent company and group companies.

Stockholm, August 30, 2011
PostNord AB (Publ)

Fritz H. Schur
Chairman of the Board

Mats Abrahamsson
Member of the Board

Ingrid Bonde
Member of the Board

Gunnel Duveblad
Member of the Board

Bjarne Hansen
Member of the Board

Torben Janholt
Member of the Board

Anne Birgitte Lundholt
Member of the Board

Richard Reinius
Member of the Board

Lars Chemnitz
Employee Representative

Alf Mellström
Employee Representative

Kjell Strömbäck
Employee Representative

Lars Idermark
President and Chief Executive Officer

This report has not been audited.

Consolidated financial statements

Income statement

SEKm	Note	Apr-Jun 2011	Apr-Jun 2010	Change	Jan-Jun 2011	Jan-Jun 2010	Change	Jan-Dec 2010
	1, 2							
Net sales		9,711	10,231	-5%	19,743	21,149	-7%	41,669
Other income		58	120	-52%	96	170	-44%	289
Income	3	9,769	10,351	-6%	19,839	21,319	-7%	41,958
Personnel expenses	4	-4,880	-5,273	-7%	-9,747	-10,780	-10%	-20,551
Transport expenses		-1,762	-1,787	-1%	-3,593	-3,669	-2%	-7,384
Other expenses	5	-2,501	-2,568	-3%	-5,042	-5,145	-2%	-10,737
Depreciation and impairment of tangible and intangible fixed assets		-411	-463	-11%	-824	-937	-12%	-1,917
Expenses		-9,554	-10,091	-5%	-19,206	-20,531	-6%	-40,589
Participations in the earnings of associated companies		-4	1	>-100%	-2	5	>-100%	6
OPERATING PROFIT		211	261	-19%	631	793	-20%	1,375
Financial income		70	45	56%	144	102	41%	174
Financial expenses		-35	-52	-33%	-82	-99	-17%	-201
Net financial items		35	-7	>100%	62	3	>100%	-27
Profit before tax		246	254	-3%	693	796	-13%	1,348
Tax		-92	-69	33%	-195	-189	3%	-317
NET PROFIT		154	185	-17%	498	607	-18%	1,031
Attributable to								
Parent company shareholders		154	185	-17%	497	606	-18%	1,030
Minority interests					1	1		1
Earnings per share, SEK		0.08	0.09	-17%	0.25	0.30	-18%	0.51

Comprehensive income statement

SEKm	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Dec 2010
Net profit	154	185	498	607	1,031
Other comprehensive income for the period					
Translation differences ¹	206	-177	124	-731	-1,174
COMPREHENSIVE INCOME	360	8	622	-124	-143
Attributable to					
Parent company shareholders	360	12	621	-120	-138
Minority interests	0	-4	1	-4	-5

¹ Translation differences refer to translation of the group's equity into foreign currencies.

Balance sheets

SEKm	Note	Jun 30, 2011	Jun 30, 2010	Dec 31, 2010
	1, 2			
ASSETS				
Goodwill		2,841	2,914	2,806
Other intangible fixed assets		1,467	1,722	1,493
Tangible fixed assets		7,879	8,345	7,868
Participations in associated companies and joint ventures		90	99	95
Financial investments		147	148	155
Long-term receivables	6	3,469	3,241	2,996
Deferred tax assets		157	164	136
Total fixed assets		16,050	16,633	15,549
Inventory		252	285	275
Tax assets		449	448	338
Accounts receivable		4,086	4,136	4,262
Prepaid expenses and accrued income		1,377	1,585	1,266
Other receivables		505	542	453
Cash and cash equivalents		2,240	3,790	3,640
Total current assets		8,909	10,786	10,234
TOTAL ASSETS		24,959	27,419	25,783
EQUITY AND LIABILITIES				
EQUITY				
Capital stock		2,000	2,000	2,000
Other contributed equity		9,954	9,954	9,954
Reserves		-1,388	-1,069	-1,512
Retained earnings		799	878	1,302
Total equity attributable to parent company shareholders		11,365	11,763	11,744
Minority interests		7	9	9
TOTAL EQUITY		11,372	11,772	11,753
LIABILITIES				
Long-term interest-bearing liabilities		1,033	872	1,047
Other long-term liabilities		85	68	68
Pension provisions		1,402	1,581	1,458
Other provisions	7	1,774	1,877	1,703
Deferred tax liabilities		936	763	797
Total long-term liabilities		5,230	5,161	5,073
Current interest-bearing liabilities		113	882	407
Accounts payable		1,710	1,795	1,992
Tax liabilities		89	305	162
Other current liabilities		1,573	1,759	1,593
Accrued expenses and deferred income	8	4,460	5,238	4,288
Other provisions	7	412	507	515
Total current liabilities		8,357	10,486	8,957
TOTAL LIABILITIES		13,587	15,647	14,030
TOTAL EQUITY AND LIABILITIES		24,959	27,419	25,783

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

Statement of cash flows

SEKm	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Dec 2010
OPERATING ACTIVITIES					
Profit before tax	246	254	693	796	1,348
Adjustments for non-cash items:					
Reversal of depreciation and impairments	411	463	824	937	1,917
Capital gain/loss on sale of fixed assets	12	5	19	11	55
Pension provisions	36	145	2	214	842
Other provisions	131	-109	10	-220	-367
Other items not affecting liquidity	-21	-3	-4	-10	-19
Pensions, net liquidity effect	-188	-185	-532	-527	-1,036
Other provisions, liquidity effect	-24	-25	-43	-54	-104
Tax paid	-161	-107	-262	-237	-335
Cash flows from operating activities before changes in working capital	442	438	707	910	2,301
Cash flows from changes in working capital					
Increase(-)/decrease(+) in inventories	16	4	23	14	24
Increase(-)/decrease(+) in accounts receivable	250	390	177	359	233
Increase(-)/decrease(+) in other trade accounts receivable	-79	-115	-164	-51	360
Increase(+)/decrease(-) in accounts payable	-31	132	-282	-102	96
Increase(+)/decrease(-) in other operating liabilities	-89	-81	215	-212	-1,307
Other changes in working capital	-10	40	-5	23	117
Changes in working capital	57	370	-36	31	-477
Cash flows from operating activities	499	808	671	941	1,824
INVESTING ACTIVITIES					
Purchase of tangible fixed assets	-247	-280	-548	-425	-1,050
Sale of tangible fixed assets	6	12	32	38	53
Capitalized development expenditures	-59	-2	-93	-62	-184
Purchase of other intangible fixed assets	-13	-25	-30	-35	-38
Sale of intangible fixed assets					4
Acquisition of subsidiary, net liquidity effect	-115		-141		
Acquisition of associated company, net liquidity effect	-8		-8		
Purchase of financial assets					-5
Sale of financial assets	-4	3	21	19	21
Cash flows from investing activities	-440	-292	-767	-465	-1,199
FINANCING ACTIVITIES					
Amortized loans	-324		-324		-123
Amortized finance leasing liabilities	-10	-23	-14	-57	-110
Dividend(s) paid to parent company's owner	-1,000	-1,440	-1,000	-1,440	-1,440
Dividend(s) paid to minority interests	-3	-3	-3	-3	-3
Buy-back, minority Post Danmark A/S		-15		-19	-19
Increase(+)/decrease(-) in other interest-bearing liabilities	13	-50	36	21	-87
Cash flows from financing activities	-1,324	-1,531	-1,305	-1,498	-1,782
CASH FLOWS FOR THE PERIOD	-1,265	-1,015	-1,401	-1,022	-1,157
Cash and cash equivalents, beginning of the period	3,500	4,814	3,640	4,852	4,852
Translation difference in cash and cash equivalents	5	-9	1	-40	-55
Cash and cash equivalents, end of the period	2,240	3,790	2,240	3,790	3,640

Statement of changes in equity

SEKm	Equity attributable to parent company shareholders						Minority interest	Total equity
	Capital stock ¹	Other contributed equity	Currency translation reserve	Accum. profit or loss	Total			
Beginning balance as of 01-01-2010	2,000	9,898	-343	1,712	13,267	91	13,358	
Net profit				606	606	1	607	
Other comprehensive income for the period ³			-726		-726	-5	-731	
Redemption, Post Danmark A/S shares		56			56	-75	-19	
Dividend ²				-1,440	-1,440	-3	-1,443	
Ending balance as of 06-30-2010	2,000	9,954	-1,069	878	11,763	9	11,772	
Beginning balance as of 07-01-2010	2,000	9,954	-1,069	878	11,763	9	11,772	
Net profit				424	424		424	
Other comprehensive income for the period ³			-443		-443		-443	
Ending balance as of 12-31-2010	2,000	9,954	-1,512	1,302	11,744	9	11,753	
Beginning balance as of 01-01-2011	2,000	9,954	-1,512	1,302	11,744	9	11,753	
Net profit				497	497	1	498	
Other comprehensive income for the period ³			124		124		124	
Dividend ²				-1,000	-1,000	-3	-1,003	
Ending balance as of 06-30-2011	2,000	9,954	-1,388	799	11,365	7	11,372	

¹ Number of shares is 2,000,000,001: 1,524,905,971 series A shares and 475,094,030 series B shares.

² A dividend of SEK 1,000m (1,440), corresponding to SEK 0.50 (0.72) per share, was distributed to the owners; Svensk Adressändring distributed a dividend of SEK 3m (3) to minority shareholders.

³ Refers to translation differences in group equity.

Notes

Note 1

Accounting principles

Compliance with legislation and regulations

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), together with interpretation statements from the International Financial Reporting Interpretations Committee (IFRIC), to the extent that they have been approved by the European Commission for application within the European Union. In addition to IFRS, additional rules from the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's RFR 1, Supplemental Financial Statements for Groups, were also applied.

Consolidated financial statements

The group's interim report is prepared in accordance with IAS 34, Interim Financial Reporting, and with additional rules from the Annual Accounts Act. The same accounting principles and methods

of calculation were used in this interim report as in the 2010 Annual Report, taking into account changes described below.

Changes in accounting principles

Accounting principles that came into effect in 2011

- **IAS 24 Related Party Disclosures.** Amendment stipulates that transactions between state-owned companies are not automatically considered to be related party transactions. The company's disclosures to date are limited to transactions with the government of a non-commercial nature, meaning that related party transactions have included specific mandates from the state and licenses from authorities. The amendments to the standard have not had any effect on PostNord's related party disclosure.
- **IFRIC 14 IAS 19, Limits on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.** Under the change, surplus for covering minimum pension funding requirements may be recognized as assets. The majority of defined benefit pension plans in Sweden are safeguarded

by a pension fund. Payments are not normally made to the pension fund to cover minimum funding requirements. Rather, other methods such as pension liability insurance would be used in such case to safeguard benefits. The change therefore has no effect on the company's reporting.

- *IAS 34*, Interim Financial Reporting. Clarifies disclosure requirements and adds disclosure requirements for, e.g., fair value and classification of financial instruments and changes to contingent liabilities. The change has had no effect on the company's interim reporting.

Note 2 Estimates and assessments

In preparing these financial reports, group management has made assessments, estimates and assumptions that affect the group's reported accounts. These estimates and assumptions are based on what is known at the time the financial reports are presented, as well as historical experience and assumptions that group management considers reasonable under the current circumstances. The conclusions drawn by group management form the basis for the reported values in the accounts. Actual future values, estimates and assessments in future financial reports may differ from those in this report, due to changing environmental factors and new knowledge and experience.

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

Postal obligation

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

Intangible assets

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

Pension commitments

In the actuarial calculations of PostNord's pension commitments, a number of estimates are made in order to set reasonable assumptions. The most significant are the assumption of the discount rate, future expected return on assets under management, wage trends and inflation. Modifications of the assumptions due to changing environmental factors may influence PostNord's financial statements if the effects of the revised assumptions should fall outside the "corridor". Modified assumptions also affect the cost forecasts for the upcoming year. A change in the balance between the rate of return and the interest on debt of +/- 0.1 percentage point, other things being equal, impacts profit before tax by SEK +/- 16m increase or decrease in net financial items. A change in the discount rate of +/- 0.5 percentage point, other things being equal, leads to an impact on operating profit of SEK 115/-124m. Changes in inflation or wage trends, individually and all other things being equal, of +/- 0.5 percentage point leads to an impact on operating profit of SEK +/- 100m for inflation and SEK +/- 40m for wage increases.

Provisions

In its conversion into a corporation in Sweden in 1994, PostNord assumed a contingent liability (special temporary provisions) such that certain categories of the workforce may choose to retire early, at the age of 60 or 63. The contingent liability is reported as a provision in the statement of financial position and is calculated based on previous experience of the proportion of persons who have chosen to exercise their right to early retirement in accordance with these provisions. If the number of those who choose this option should change, the liability will change accordingly. A change of 5 percentage points to the rate of utilization of this option leads to an impact on operating profit of SEK 10-20m.

Taxes

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

Note 3 Segment reporting

The group is organized into business areas based on the manner in which the group is governed and activities are reported to group management. Market pricing applies to internal dealings between business units. There is no latitude for making external purchases where the service in question is available internally. In PostNord's operational structure, though not in its legal structure, cost distribution of corporate shared service functions is at cost price with full allocation of costs.

Breve Danmark (Mail) is the leading supplier of distribution solutions in the Danish communication market, with a nationwide distribution network. The business area offers physical and digital letter, direct mail and newspaper services, facility management services as well as drop-off and collection of private parcels.

Meddelande Sverige (Mail) is the leading supplier of distribution solutions in the Swedish communication market, with a nationwide distribution network. The business area offers physical and digital letter, direct mail and newspaper services as well as drop-off and collection of private parcels.

Information Logistics, with Strålfors, develops, produces and delivers systems, services and products for efficient business communication. The business area is a Nordic leader in its field and has operations in the Nordic region and several other European countries.

Logistics is a leader in the Nordic logistics market and offers a unique scope of coverage within its distribution network throughout the entire region. The business area runs operations in parcel, pallet and general cargo as well as messaging, express, third-party logistics, in-night freight forwarding and consignment freight.

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

2011 Apr-Jun SEKm	Breve Danmark	Meddelande Sverige	Information Logistics	Logistics	Other and eliminations	Group
Net sales, external	2,248	3,739	803	2,920	1	9,711
Net sales, internal	61	31	11	36	-139	
Net sales	2,309	3,770	814	2,956	-138	9,711
Other income, external	6	20	6	9	17	58
Other income, internal	389	162		303	-854	
Income	2,704	3,952	820	3,268	-975	9,769
Personnel expenses	-1,603	-2,037	-309	-789	-142	-4,880
Transport expenses	-140	-639	-13	-1,318	348	-1,762
Other expenses	-836	-1,076	-472	-1,067	950	-2,501
Depreciation and impairments	-100	-50	-67	-71	-123	-411
Expenses	-2,679	-3,802	-861	-3,245	1,033	-9,554
Participations in the earnings of associated companies and joint ventures	-4					-4
OPERATING PROFIT	21	150	-41	23	58	211
Net financial items						35
Profit before tax						246
Tax						-92
Net profit						154
Assets	8,793	6,533	2,788	6,410	235	24,759
Liabilities	4,444	4,297	1,707	2,849	290	13,587
Investments in fixed assets	75	63	26	53	102	319

Note 3, cont'd.

2010 Apr-Jun SEKm	Breve Danmark	Meddelande Sverige	Information Logistics	Logistics	Other and eliminations	Group
Net sales, external	2,624	3,766	864	2,975	2	10,231
Net sales, internal	72	30	10	27	-139	
Net sales	2,696	3,796	874	3,002	-137	10,231
Other income, external	-2	22	6	8	86	120
Other income, internal	469	163		312	-944	
Income	3,163	3,981	880	3,322	-995	10,351
Personnel expenses	-1,863	-2,083	-310	-786	-231	-5,273
Transport expenses	-168	-625	-29	-1,329	364	-1,787
Other expenses	-852	-1,105	-476	-1,152	1,017	-2,568
Depreciation and impairments	-109	-49	-76	-75	-154	-463
Expenses	-2,992	-3,862	-891	-3,342	996	-10,091
Participations in the earnings of associated companies and joint ventures			1			1
OPERATING PROFIT	171	119	-10	-20	1	261
Net financial items						-7
Profit before tax						254
Tax						-69
Net profit						185
Assets	10,818	7,097	3,260	6,216	28	27,419
Liabilities	5,278	4,912	1,734	2,881	842	15,647
Investments in fixed assets	171	10	69	23	34	307

2011 Jan-Jun SEKm	Breve Danmark	Meddelande Sverige	Information Logistics	Logistics	Other and eliminations	Group
Net sales, external	4,584	7,596	1,636	5,925	2	19,743
Net sales, internal	131	60	23	68	-282	
Net sales	4,715	7,656	1,659	5,993	-280	19,743
Other income, external	4	32	10	16	34	96
Other income, internal	800	325		617	-1,742	
Income	5,519	8,013	1,669	6,626	-1,988	19,839
Personnel expenses	-3,258	-4,031	-598	-1,565	-295	-9,747
Transport expenses	-309	-1,300	-36	-2,666	718	-3,593
Other expenses	-1,674	-2,152	-945	-2,180	1,909	-5,042
Depreciation and impairments	-196	-100	-134	-142	-252	-824
Expenses	-5,437	-7,583	-1,713	-6,553	2,080	-19,206
Participations in the earnings of associated companies and joint ventures	-4		2			-2
OPERATING PROFIT	78	430	-42	73	92	631
Net financial items						62
Profit before tax						693
Tax						-195
Net profit						498
Assets	8,793	6,533	2,788	6,410	235	24,759
Liabilities	4,444	4,297	1,707	2,849	290	13,587
Investments in fixed assets	211	165	55	75	165	671

Note 3, cont'd.

2010 Jan-Jun SEKm	Breve Danmark	Meddelande Sverige	Information Logistics	Logistics	Other and eliminations	Group
Net sales, external	5,581	7,711	1,761	6,092	4	21,149
Net sales, internal	149	63	21	58	-291	
Net sales	5,730	7,774	1,782	6,150	-287	21,149
Other income, external	-2	35	13	14	110	170
Other income, internal	956	324		629	-1,909	
Income	6,684	8,133	1,795	6,793	-2,086	21,319
Personnel expenses	-3,902	-4,139	-621	-1,602	-516	-10,780
Transport expenses	-348	-1,283	-58	-2,727	747	-3,669
Other expenses	-1,764	-2,194	-987	-2,336	2,136	-5,145
Depreciation and impairments	-222	-98	-155	-150	-312	-937
Expenses	-6,236	-7,714	-1,821	-6,815	2,055	-20,531
Participations in the earnings of associated companies and joint ventures				5		5
OPERATING PROFIT	448	419	-21	-22	-31	793
Net financial items						3
Profit before tax						796
Tax						-189
Net profit						607
Assets	10,818	7,097	3,260	6,216	28	27,419
Liabilities	5,278	4,912	1,734	2,881	842	15,647
Investments in fixed assets	257	19	93	47	106	522

2010 Jan-Dec SEKm	Breve Danmark	Meddelande Sverige	Information Logistics	Logistics	Other and eliminations	Group
Net sales, external	10,581	15,433	3,339	12,307	9	41,669
Net sales, internal	301	121	52	116	-590	
Net sales	10,882	15,554	3,391	12,423	-581	41,669
Other income, external	-9	64	28	25	181	289
Other income, internal	1,825	647		1,274	-3,746	
Income	12,698	16,265	3,419	13,722	-4,146	41,958
Personnel expenses	-7,250	-8,007	-1,166	-3,093	-1,035	-20,551
Transport expenses	-679	-2,609	-113	-5,496	1,513	-7,384
Other expenses	-3,685	-4,576	-1,934	-4,700	4,158	-10,737
Depreciation and impairments	-443	-194	-382	-294	-604	-1,917
Expenses	-12,057	-15,386	-3,595	-13,583	4,032	-40,589
Participations in the earnings of associated companies and joint ventures				6		6
OPERATING PROFIT	641	879	-170	139	-114	1,375
Net financial items						-27
Profit before tax						1,348
Tax						-317
Net profit						1,031
Assets	10,153	7,102	3,206	6,200	-878	25,783
Liabilities	4,756	5,376	1,795	2,947	-844	14,030
Investments in fixed assets	519	122	169	183	284	1,277

Note 4 Personnel expenses

SEKm	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Dec 2010
Personnel expenses					
Wages, salaries and other compensation	3,784	4,045	7,551	8,289	15,780
Statutory social security contributions	666	688	1,329	1,408	2,648
Pension expenses	391	494	783	993	2,032
Other personnel expenses	39	46	84	90	91
Total	4,880	5,273	9,747	10,780	20,551
Specification of pension expenses					
Cost of retirement pensions ¹	367	458	749	939	1,852
Net cost of early retirement pensions	24	36	34	54	180
<i>of which, gross cost of early retirement pensions</i>	38	72	59	127	319
<i>of which, release of provisions for early retirement pensions</i>	14	110	25	73	-139
Total	391	494	783	993	2,032
Average number of employees	41,643	43,286	41,916	43,934	44,060

¹ Costs of retirement pensions include an amortization effect of actuarial gains and losses of SEK 4m (-33) for the Apr-Jun period. An amortization effect of actuarial gains and losses of SEK 8m (-66) is included for the Jan-Jun period.

Note 5 Other expenses

SEKm	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Dec 2010
Cost of premises	524	537	1,074	1,123	2,236
Provisions ¹	27	19	86	37	323
Terminal fees	272	265	540	556	1,072
Cost of goods and material	355	408	738	843	1,617
Purchased IT resources	396	361	761	659	1,463
Capitalized development expenditures, IT	-45	1	-67	-49	-138
Other	972	977	1,910	1,976	4,164
Total	2,501	2,568	5,042	5,145	10,737

¹ Of the quarter's provisions of SEK 27m (19), SEK 27m (20) was attributable to provisions for personnel reductions. Of the interim period's provisions of SEK 86m (37), SEK 86m (42) was attributable to provisions for personnel reductions. See also Note Other Provisions, footnote 1.

Note 6 Long-term receivables

SEKm	Jun 30, 2011	Jun 30, 2010	Dec 31, 2010
Carrying amount related to funded defined benefit retirement and early retirement pension plans appraised in accordance with IAS 19	2,563	2,438	2,266
Carrying amount related to funded defined benefit disability pension plans appraised in accordance with IAS 19	342	219	260
Payroll tax receivables attributable to reporting lower pension commitments (under IAS 19) than amounts recognized in the financial statements for legal entities in Sweden in accordance with UFR 4	689	714	601
Payroll tax health insurance	-139	-146	-144
Deposits, property leases	14	7	13
Other		9	
Total	3,469	3,241	2,996

Note 7 Other provisions

2011 Jan-Jun SEKm	Beginning balance	Provisions	Reversals	Utilizations	Translation effects	Ending balance
Restructuring activities						
Personnel reductions, primarily early retirements	800	86 ¹		-164 ²	6	728
Other closure costs	52			-7 ²		45
Future conditional pension benefits						
Payroll tax	207	6 ⁵				213
Future conditional pension benefits under IAS 19	848	27 ⁵				875
Other						
Job-related injuries	58	1 ⁵		-4 ³		55
Pension adjustments in relation to the Danish state	39	40 ⁵		-22 ²	1	58
Provision, commemorative awards	162	5 ⁵		-8 ²	5	164
Other provisions	52			-6 ²	2	48
Total	2,218	165		-211	14⁴	2,186
Of which, current provisions	515					412

1 Impact on income: SEK 86m, SEK 86m of which concerns provisions attributable to personnel reductions. See also Note Other Expenses.

2 Change in other income statement items totals SEK -207m, SEK -194m of which is attributable to personnel expenses.

3 The change has not been reported in the income statement.

4 A discount effect of SEK 6m is reported in the income statement's financial items. A translation difference regarding currency translation of SEK 8m is reported in the total result; see Comprehensive Income Statement - Group.

5 The effect of provisions and reversals is reported as personnel expense.

2010 Jan-Jun SEKm	Beginning balance	Reclassi- fication ⁶	Provisions	Reversals	Utilizations	Translation effects	Ending balance
Restructuring activities							
Personnel reductions, primarily early retirements	1,052	28	42 ¹	-5 ¹	-259 ²	-17	841
Other closure costs	88				-24 ²		64
Future conditional pension benefits							
Payroll tax	222		5 ⁵				227
Future conditional pension benefits under IAS 19	911		25 ⁵				936
Other							
Job-related injuries	66		1 ⁵		-5 ³		62
Pension adjustments in relation to the Danish state	26		3 ⁵		-7	-2	20
Provision, commemorative awards	174		4 ⁵		-7 ²	-12	159
Other provisions	91				-16 ²		75
Total	2,630	28	80	-5	-318	-31⁴	2,384
Of which, current provisions	711	3					507

1 Impact on income: SEK 37m, SEK 42m of which concerns provisions and SEK -5m reversals attributable to personnel reductions. See also Note Other Expenses.

2 Change in other income statement items totals SEK -313m, SEK -278m of which is attributable to personnel expenses.

3 The change has not been reported in the income statement.

4 A discount effect of SEK 6m is reported in the income statement's financial items. A translation difference regarding currency translation of SEK -37m is reported in the total result; see Comprehensive Income Statement - Group.

5 The effect of provisions and reversals is reported as personnel expense.

6 Reclassification from current and long-term liabilities to other provisions.

Note 7, cont'd.

2010 Jan-Dec SEKm	Beginning balance	Reclassi- fication ⁶	Provisions	Reversals	Utilizations	Translation effects	Ending balance
Restructuring activities							
Personnel reductions, primarily early retirements	1,066	14	385 ¹	-62 ¹	-579 ²	-24	800
Other closure costs	74	14			-36 ²		52
Future conditional pension benefits							
Payroll tax	222				-15 ³		207
Future conditional pension benefits under IAS 19	911		49 ⁵		-112 ³		848
Other							
Job-related injuries	66		3 ⁵		-11 ²		58
Pension adjustments in relation to the Danish state	26	31			-12 ²	-6	39
Provision, commemorative awards	174		19 ⁵		-18 ²	-13	162
Other provisions	91				-38 ²	-1	52
Total	2,630	59	456	-62	-821	-44 ⁴	2,218
Of which, current provisions	711	35					515

1 Impact on income: SEK 323m, SEK 385m of which concerns provisions and SEK -62m reversals attributable to personnel reductions. See also Note Other Expenses.

2 Change in other income statement items totals SEK -694m, SEK -622m of which is attributable to personnel expenses.

3 The change has not been reported in the income statement.

4 A discount effect of SEK 15m is reported in the income statement's financial items. A translation difference regarding currency translation of SEK -59m is reported in the total result; see Comprehensive Income Statement - Group.

5 The effect of provisions and reversals is reported as personnel expense.

6 Reclassification from current and long-term liabilities to other provisions and transfers between personnel reductions and other closure costs.

Note 8 Accrued expenses and deferred income

SEKm	Jun 30, 2011	Jun 30, 2010	Dec 31, 2010
Postal obligation, unused stamps	356	365	355
Accrued payroll expenses	525	475	585
Vacation pay liability	1,880	2,117	1,679
Special payroll tax on pension expenses	133	190	6
Social security contributions	595	960	648
Accrued interest expense		2	
Yield tax	3	4	
Terminal fees	426	544	418
Finance leasing	9	18	18
Forward currency contracts	14	36	23
Other items	519	527	556
Total	4,460	5,238	4,288

Note 9 Pledged assets and contingent liabilities

SEKm	Jun 30, 2011	Jun 30, 2010	Dec 31, 2010
Assets pledged for own liabilities			
Real estate mortgages	817	929	804
Endowment insurance policy for current and former employees	137	130	137
Assets pledged as securities	9	16	16
Total	963	1,075	957
Contingent liabilities			
Guarantee commitment, PRI	91	93	91
Other guarantees	25	116	20
Dispute ¹	110	106	100
Total	226	315	211

1 Østre Landsret ruled against Post Danmark A/S in a case concerning discriminatory pricing. Post Danmark A/S appealed the decision to Højesteret. In connection with this matter, a competitor filed a claim against Post Danmark A/S. The claim for compensation is contested in its entirety by Post Danmark A/S.

Note 10 Related party transactions

Swedish state

Posten AB paid SEK 3m (3) for the quarter and SEK 6m (6) for the interim period to the Post and Telecom Agency (PTS) for permits to run postal operations, and Posten Meddelande AB paid SEK 2m (1) and SEK 5m (4) respectively for handling dead letters. Posten Meddelande AB received disability compensation of SEK 7m (6) for the quarter and SEK 13m (13) for the interim period for Braille services and services for senior citizens living in sparsely populated areas ¹.

Danish state

During the period, Post Danmark A/S paid premiums of SEK 55m (33) for the quarter and SEK 108m (97) for the interim period to the Danish state for the group of civil servants employed prior to the date of incorporation. A further SEK 39m (21) is reserved in the balance sheet as of June 30, 2011 for any additional obligations to the same group of employees.

Other organizations

Posten's insurance association insures group commitments in Sweden for employee disability and family pensions based on ITP-P. The group's Swedish companies paid premiums of SEK 33m (43) for the quarter and SEK 66m (86) for the interim period to the association and received compensation totaling SEK 2m (2) and SEK 4m (5) respectively. Other compensation from the association was paid directly to the beneficiaries.

Posten's Pension Fund manages pension commitments for Posten AB, Posten Meddelande AB and Posten Logistik AB. The companies transfer cash for new pension commitments in the fund and receive compensation for pensions paid. SEK 175m (77) for the quarter and SEK 251m (155) for the interim period were transferred; SEK 251m (155) in compensation was received for the quarter and the interim period.

¹ Previously reported data has been adjusted.

Note 11 Investment commitments

As of June 30, 2011, the group had entered into agreements for the acquisition of fixed assets totaling SEK 456m (350), mainly for sorting equipment and vehicles.

Note 12 Acquisitions

Acquisition of associated company

On May 18, 2011, Post Danmark A/S acquired 50% of the shares in Spot A/S for SEK 8m in cash. The business was established in Copenhagen in late 2009 and is a collaboration between Breve Danmark and JP-Politiken. The company, which has five employees, sells targeted marketing to its customers. The consolidated operating profit included the impact of SEK -4m as from the acquisition date. The same impact would have occurred had the acquisition taken place as of January 1, 2011.

Acquisition of realty companies

As a stage in the establishment of the new terminal structure, Posten AB acquired 100% of the shares of three companies during the first half of 2011. All purchases were made in cash.

In order to acquire land for the new Rosersberg terminal, Rosersberg Brevterminal AB was acquired on January 17, 2011 for SEK 50,000 and Sigtuna Rosersberg Fastighetsutveckling AB on June 21, 2011 for SEK 100m. The Fastighets AB Jönköpings Barnarps Kråkebo 1:69 industrial building was acquired on March 8, 2011 for SEK 3m, for the purpose of constructing a pallet hub for Posten Logistik AB.

Establishment of realty company

AB Grundstenen 135576 was established on May 19, 2011 for the purpose of acquiring land for the Hallsberg terminal.

Parent company financial statements

Income statement

SEKm	Note	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Dec 2010
Other income	1	5		9		
Income		5		9		
Personnel expenses		-4	-3	-7	-7	-13
Other expenses		-4	-3	-4	-3	-5
Expenses		-8	-6	-11	-10	-18
OPERATING PROFIT		-3	-6	-2	-10	-18
Income for participations in group companies		992		992		1,000
Interest income and similar income items		3	8	4	21	30
Interest expense and similar expense items			-5		-66	-72
Net financial items		995	3	996	-45	958
Profit before tax		992	-3	994	-55	940
Tax			-18		-4	16
NET PROFIT		992	-21	994	-59	956

Comprehensive income statement

SEKm	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Dec 2010
Net profit	992	-21	994	-59	956
COMPREHENSIVE PROFIT	992	-21	994	-59	956

Balance sheets

SEKm	Not	Jun 30, 2011	Jun 30, 2010	Dec 31, 2010
	1			
ASSETS				
Financial assets	2	12,476	12,476	12,476
Total fixed assets		12,476	12,476	12,476
Current receivables		1,273	2,755	1,270
Total current assets		1,273	2,755	1,270
TOTAL ASSETS		13,749	15,231	13,746
EQUITY AND LIABILITIES				
Equity		13,739	12,674	13,744
Current liabilities		10	2,557	2
TOTAL EQUITY AND LIABILITIES		13,749	15,231	13,746
Contingent liabilities	3	731	799	728

Notes

Note 1 Accounting principles

The parent company essentially applies the same accounting principles as the group does, and thus applies RFR 2, Reporting of Legal Entities. The differences between the parent company's and the group's accounting principles result from the parent company's limitations in applying International Financial Reporting Standards (IFRS) as a consequence of the Swedish Annual Accounts Act and the Law on Safeguarding of Pension Commitments, and are to some extent also based on tax considerations.

Participations in subsidiaries, associated companies and joint ventures

Participations in subsidiaries, associated companies and joint ventures are reported in the parent company using the acquisition cost method.

Dividends

Dividends from subsidiaries, associated companies and joint ventures are reported as revenue when right to the dividend is established. Anticipated dividends from subsidiaries are reported in cases where the parent company has the exclusive right to determine the size of the dividend and has made a decision on the size of the dividend prior to publication of the parent company's financial statements. If the carrying value of the parent company's holdings in the subsidiary, associated company or joint venture company exceeds the carrying amount in the financial statements, it is considered an indication of impairment and an impairment test shall be conducted.

Employee benefits

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

Financial guarantees

The parent company's financial guarantees consist mainly of guarantees for the benefit of subsidiaries and joint ventures. Financial guarantees entail the company pledging to compensate the owner of a debt instrument for losses incurred in the event a debtor does not complete payment on the due date specified in the contract. To report financial guarantee agreements, the parent company applies RFR 2, which is somewhat more lenient than the rules in IAS 39 regarding financial guarantee contracts for the benefit of subsidiaries, associated companies and joint ventures. The parent company reports financial guarantee agreements as provisions on the balance sheet when PostNord has a commitment for which payment is likely to be required to settle the commitment.

Taxes

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

Segment reporting

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

Note 2 Financial assets

SEKm	Jan-Jun 2011	Jan-Jun 2010	Jan-Dec 2010
Beginning balance	12,476	12,461	12,461
Redemption, minority shares in Post Danmark A/S		19	19
Deferred tax asset		-4	-4
Ending balance	12,476	12,476	12,476

Note 3 Contingent liabilities

SEKm	Jun 30, 2011	Jun 30, 2010	Dec 31, 2010
Guarantee commitment, PRI	656	740	656
Guarantees on behalf of subsidiaries ¹	75	59	72
Total	731	799	728

¹ As of June 30, 2011 PostNord AB's subsidiary, Posten AB, had pledged a total of SEK 150m (175) on behalf of wholly-owned subsidiaries.

Quarterly data

	Jul-Sep 2009	Oct-Dec 2009	Jan-Mar 2010	Apr-Jun 2010	Jul-Sep 2010	Oct-Dec 2010	Jan-Mar 2011	Apr-Jun 2011
SEKm, unless otherwise specified								
Group								
Net sales	10,222	11,636	10,918	10,231	9,649	10,871	10,032	9,711
Other income	55	65	50	120	44	75	38	58
Expenses	9,994	12,403	10,440	10,091	9,244	10,814	9,652	9,554
Operating profit (EBITDA)	758	-154	1,006	724	912	650	833	622
Operating profit (EBIT)	279	-685	532	261	450	132	420	211
Profit before tax	2,241	-696	542	254	436	116	447	246
Net profit	2,198	-492	422	185	363	61	344	154
Cash flows from operating activities	-416	1,056	133	808	-76	959	172	499
Operating margin (EBITDA), %	7.4	neg	9.2	7.0	9.4	5.9	8.3	6.4
Operating margin (EBIT), %	2.7	neg	4.9	2.5	4.6	1.2	4.2	2.2
ROE, rolling 12-month, %	30 ¹	20 ¹	18 ¹	19 ¹	4	8	8	8
Equity-Assets ratio, close of period, %	47	45	46	43	45	46	46	46
Average number of employees	48,331	46,010	44,582	43,286	45,332	43,040	42,189	41,643
Breve Danmark								
Net sales	2,855	3,305	3,034	2,696	2,428	2,724	2,406	2,309
<i>Mail</i>	2,059	2,323	2,164	1,886	1,667	1,890	1,698	1,614
<i>DM and Newspapers</i>	600	647	587	546	525	553	473	471
<i>Other</i>	196	335	283	264	236	281	235	224
Other income	433	400	487	467	423	439	409	395
Operating profit (EBIT)	133	-69	277	171	133	60	57	21
Operating margin, %	4.0	neg	7.9	5.4	4.7	1.9	2.0	0.8
Average number of employees	16,294	15,228	15,817	14,908	15,228	14,795	14,550	13,861
Volume, millions of units produced								
<i>Priority mail</i>	154	173	163	148	138	153	138	98
<i>Non-priority and business mail</i>	69	75	82	66	62	73	77	87
<i>UDM</i>	383	425	325	319	340	360	279	298
Meddelande Sverige								
Net sales	3,564	4,259	3,978	3,796	3,591	4,189	3,886	3,770
<i>Mail</i>	1,921	2,421	2,254	2,083	1,884	2,350	2,158	1,985
<i>DM and Newspapers</i>	1,113	1,195	1,152	1,153	1,135	1,230	1,160	1,197
<i>Other</i>	530	643	572	560	572	609	568	588
Other income	180	181	174	185	161	191	175	182
Operating profit (EBIT)	186	-277	300	119	242	218	280	150
Operating margin, %	5.0	neg	7.2	3.0	6.4	5.0	6.9	3.8
Average number of employees	21,204	19,522	18,678	18,584	20,080	18,698	18,070	18,174
Volume, millions of units produced								
<i>Priority mail</i>	248	283	271	258	240	276	254	243
<i>Non-priority and business mail</i>	269	339	345	299	284	338	349	292
<i>UDM</i>	510	620	500	587	570	603	512	599
Information Logistics								
Net sales	873	899	908	874	764	845	845	814
<i>Information Logistics</i>	740	757	744	730	639	706	690	691
<i>Identification Solutions</i>	113	141	164	144	125	139	155	123
<i>Supplies</i>	20							
Other income	3	8	7	6	7	8	4	6
Operating profit (EBIT)	-81	-191	-11	-10	-21	-128	-1	-41
Operating margin, %	neg							
Average number of employees	2,286	2,324	2,256	2,120	2,091	2,093	2,068	2,061
Logistics								
Net sales	2,937	3,353	3,148	3,002	2,989	3,284	3,037	2,956
<i>Parcels</i>							1,587	1,510
<i>Solutions (heavier freight and integrated solutions)</i>							675	657
<i>Other logistics services (mixed cargo groupage, etc.)</i>							775	789
Other income	356	339	323	320	323	333	321	312
Operating profit (EBIT)	57	-112	-2	-20	100	61	50	23
Operating margin, %	1.7	neg	neg	neg	3.0	1.7	1.5	0.7
Average number of employees	7,089	6,923	6,240	6,212	6,379	6,269	6,150	6,212
Volume, millions of units produced								
<i>Parcels</i>							25	28

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

PostNord AB (formerly Posten Norden) was founded through the merger of Post Danmark A/S and Posten AB in 2009. The group offers communication and logistics solutions to, from and within the Nordic region. In 2010 the group had net sales of approximately SEK 42 billion. The group has over 40,000 employees. The parent company, PostNord AB, owner of the legal entities Post Danmark A/S and Posten AB, is a Swedish public company owned 40% by the Danish state and 60% by the Swedish state. Votes are allocated 50/50 between the owners. Operations are managed in business areas Breve Danmark (mail), Meddelande Sverige (mail), Information Logistics and Logistics. The group's headquarter is located in Solna, Sweden. www.postnord.com

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