Annual Report
| **2012**

postnord

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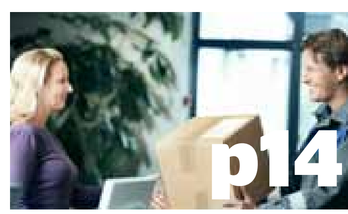

PostNord's strategy and targets

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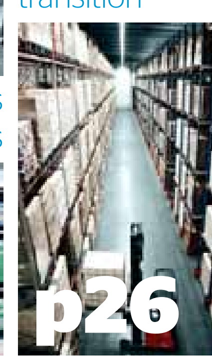


2012 financial development

Read more about PostNord's sustainability initiatives in the Sustainability Report.

The Board of Directors and the CEO hereby submit the Annual Report and consolidated financial statements for PostNord AB (publ) for the financial year 2012. The company's corporate identity number is 556771-2640. The group's consolidated financial review comprises all information through page 3, pages 8–59, 99 and 101. Financial data before July 2009 is pro forma.

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

This is PostNord

postnord =

+ POST + postnord LOGISTICS + Strålfors

PostNord in brief

PostNord AB was formed in 2009 through the merger of Post Danmark A/S and Posten AB. We offer communication and logistics solutions to, from and within the Nordic region. In 2012 PostNord had net sales of SEK 39 billion and 40,000 employees.

The parent company, PostNord 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.

Operating activities are run in three areas: Mail (business areas Mail Denmark and Mail Sweden), Logistics and Strålfors.

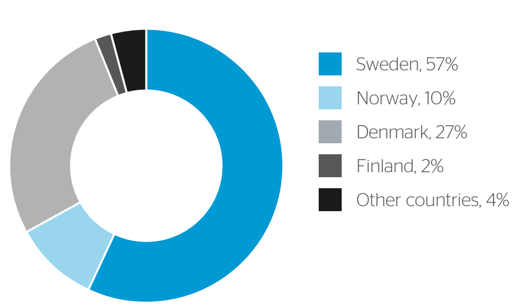
11
million letters

400,000
parcels

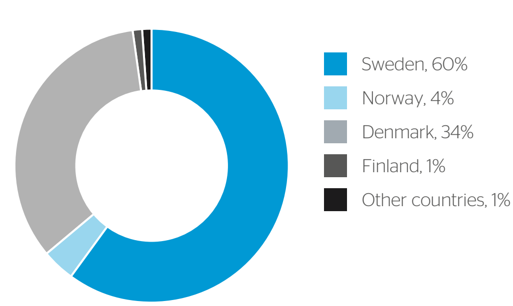
11,000
pallets of goods

to **25 million**
Nordic residents and
2 million companies
every business day

Net sales 2012



Average number of employees 2012



Our operations

Mail Communication services for businesses and consumers.

Distributes **7 billion** mail and other items per year.

Net sales:
SEK **23,164**m

Operating margin[1]:
3.0% / 5.6%

Average number of employees:
30,207

Logistik Logistics services for flows to, from and within the Nordic region.

Distributes **100 million** parcels and **3 million** pallets per year.

Net sales:
SEK **13,426**m

Operating margin[1]:
0.8% / 1.9%

Average number of employees:
6,718

Strålfors Communication solutions for companies with large customer bases.

Produces **886 million** digital and physical mailings per year.

Net sales:
SEK **2,665**m

Operating margin[1]:
neg / 2.9%

Average number of employees:
1,509

1) Refers to reported operating margin/adjusted operating margin (excluding restructuring costs and non-recurring effects).

Originally, we were two national postal operators active in two separate monopoly markets. Today PostNord is a Nordic service company active in a competitive international arena.

We are operating in the midst of a paradigm shift. Digitization is creating new communication opportunities. Mail volumes are declining and trade is increasingly borderless. International transports are growing and care for the environment is in focus.

These structural changes have already radically altered our business environment, and will continue to do so. This presents challenges as well as opportunities for PostNord.

Our journey.

Our values.

You need to be able to reach your recipients. On time. Securely and cost-effectively. This is what we are passionate about, and we are never complacent when it comes to fulfilling our duties and improving our services. We have a set of core values that guide us in terms of what we give our customers and how we want to continue our development.

PostNord keeps its promises and delivers mail everywhere securely, on time and to the right place. We have the market's best accessibility and we listen to our customers' views.

PostNord is a business partner to its customers, and we help them meet their communication and logistics challenges. We are also dedicated to reducing our own – and thereby our customers' – climate impact.

We are the reliable, accessible and environmentally sound business partner for communication and logistics.

Reach your recipients. On time. Securely and effectively.

Business communication that hits the mark

Effective communication is always conducted on the recipient's terms. We have the effective solutions for both physical and digital communication with customers.

Marketing communication that creates added value

PostNord is one of the largest operators in the Nordic advertising market. We have direct marketing expertise and resources. We know how to market products and services most effectively.

World-class postal service

We offer high-quality postal service, with perhaps the best accessibility in Europe, to private and business customers in Sweden and Denmark.

Unbeatable logistics solutions

PostNord is one of the leading logistics companies in the Nordic region. We take responsibility for your deliveries. Light or heavy, all the way and anywhere in the world.

Home deliveries and product distribution you can rely on

A good product isn't worth much if it doesn't arrive on time. We guarantee safe and secure delivery for our customers.

The strongest e-commerce partner

PostNord has a wide range of services for e-commerce. Our 4,879 distribution points and our mail delivery are an unbeatable combination. We have the Nordic region's best delivery coverage.

2012 highlights

- Continued implementation of the group's strategy, Roadmap PostNord 2015.
- Rationalizations within Mail – adjusted operating margin of 5.6 percent, despite sharp volume reduction.
- Continued build-up of new terminal structure in Sweden.
- Improved overall delivery quality for overnight delivery of 1st-class mail.
- Growth under profitability for Logistics – logistics services now account for 34 per cent of net sales.
- Acquisition of Green Cargo Logistics, Harlem Transport, Byrknes Auto, Svensk Morgondistribution and Distribution Services.
- Turn-around for Strålfors to profitability.
- Carbon dioxide emissions reduced by 5 percent.

Satisfactory results – fast-paced conversions

PostNord reported 2012 results that were marked by the structural changes undertaken by the group. Implementation of Roadmap PostNord 2015 continued during the year, a strategy aimed primarily at repositioning the business relative to the market development, securing profitability within Mail and continuing to expand within Logistics.

PostNord's net sales fell 1 percent in 2012, representing a stabilization relative to the trend of recent years.

Group operating profit was impacted by significant restructuring costs. Extraordinary write-downs were also taken. Together, these items burdened operating profit by over SEK 1,400m. The adjusted operating margin was 4.0 percent. Three of our four business areas reported improved adjusted operating profit during the year, and cash flows from operating activities are stable. The group's capital structure was further optimized while financial stability was maintained.

In view of the market development, this should be regarded as a satisfactory result. We can safely say that the implementation of our strategy, Roadmap PostNord 2015, is starting to produce results.

Challenging structural change for Mail

Due to continued digitization and the macroeconomic trend, demand for mail distribution continues to fall. Mail volumes fell a total of 7 percent during the year. The volume development is within the scope of our expectations.

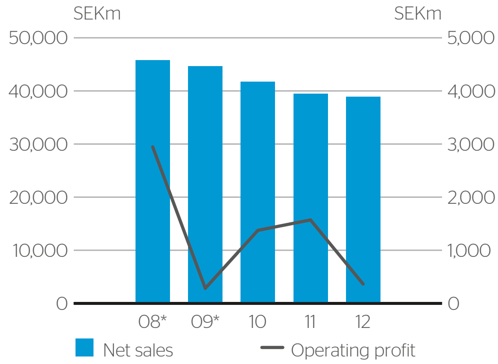
The volume reductions in Denmark in recent years are among the most dramatic in comparable markets, and result from the implementation of coordinated, very long-range public and private sector digitization strategies. Types of communication that other European residents are largely used to receiving in letter format are now fully digitized in Denmark. This trend may well be difficult for some European citizens to imagine, but it promises challenges to come for many postal operators.

The drop in volumes continued to put pressure on profitability in the Mail businesses, although impact on profit was mitigated with streamlining and cost-cutting measures. The Swedish Mail business reported a good full-year result. Our Danish Mail business has carried out extensive efficiency efforts in 2012 and has created favorable conditions for generating new profitability. The efficiency improvements in Denmark were made possible in particular by the new legislation that came into effect in 2011. We expect that regulatory provisions will be further adjusted to prevailing market conditions in Denmark.

Growing Logistics business

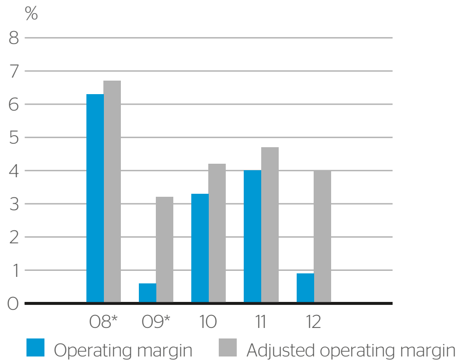
The Logistics business is growing and underlying profitability improved during the year. Net sales for Logistics also improved organically. Logistics accounted for over one-third of PostNord's net sales in 2012, and this share will continue to grow.

Net sales and operating profit



* pro forma

Operating margin



* pro forma

We have continued to implement our strategy of creating end-to-end solutions and cross-border logistics capacity in the Nordic region. We also strengthened our existing Logistics business with complementary businesses. One of Scandinavia's leading players in the growing 3PL market was acquired during the year. We also acquired logistics businesses in Norway, a market where we currently hold a strong position. The logistics acquisitions contributed SEK 720m to net sales for the year and made a positive contribution to operating profit.

» The Logistics business now accounts for over one-third of our net sales.

Growing e-commerce volumes

The Mail and Logistics businesses both continue to benefit from the growth of e-commerce. Parcel volumes rose, particularly during the fourth quarter, as did the number of distributed light parcels in the mail flows. We also saw increased volumes at our distribution points. We expect continued positive effects from the e-commerce trend in 2013.

Streamlining of Strålfors completed

We turned around the previous negative trend for Strålfors. Strålfors offers services that create stronger, more personal customer relationships, something that is increasingly important for companies with large customer bases. Strålfors reported positive operating profit from the second quarter of 2012 and is now set to generate growth and further improve profitability.

High quality and reduced carbon dioxide emissions

PostNord is a large company in the Nordic region, and our operations are of great importance to many companies and individuals. We play an important role in the communities

Financial development

SEKm, unless otherwise specified	2012	2011	Change
INCOME STATEMENT			
Net sales	38,920	39,466	-1%
Other income	253	274	-8%
Income	**39,173**	**39,740**	**-1%**
Operating expenses, excl. depreciation and impairments	-36,917	-36,501	1%
Participations in the earnings of associated companies	7	-2	>100%
Operating profit (EBITDA)	**2,263**	**3,237**	**-30%**
Depreciation and impairments	-1,899	-1,666	14%
Operating profit (EBIT)	**364**	**1,571**	**-77%**
Net financial items	16	100	-84%
Profit before tax	**380**	**1,671**	**-77%**
Tax	-123	-446	-72%
Net profit	**257**	**1,225**	**-79%**
CASH FLOWS			
Cash flows from operating activities	1,625	1,634	
FINANCIAL POSITION			
Cash and cash equivalents, end of period	3,046	2,107	45%
Equity, end of period	11,559	11,930	-3%
Net debt	3,085	578	>100%
KEY RATIOS			
Operating margin (EBIT), %	0.9	4.0	
Adjusted operating margin, %	4.0	4.7	
Earnings per share, SEK	0.13	0.61	
Equity-Assets ratio, end of period, %	39	47	
Net debt/EBITDA, times	1.36	0.18	
ROE, rolling 12-month, %	2	10	
Average number of employees	39,713	41,714	-5%

where we operate. One of the issues of particular concern to our stakeholders is the capacity to deliver high-quality postal services. It is therefore gratifying to note that the overall delivery quality for overnight first-class mail improved in the group.

Our business is based to a large degree on transportation, and we continually work to reduce our environmental impact. When we consume less fuel we reduce our costs and enhance our competitiveness – while protecting the environment. We therefore have an explicit goal to reduce our carbon dioxide emissions. We reduced our emissions by 5 percent in 2012.

Important dialogue with legislators and authorities

A crucial part of our strategy is the dialogue we maintain with social agencies and lawmakers on how service requirements and legislation should be designed in the future. Contrary to what many people believe, PostNord does not receive any government subsidies for providing comprehensive universal postal services in Sweden and Denmark.

It is therefore vital that the regulatory postal service framework is harmonized with changes in the market. There need to be opportunities for PostNord to offer an efficient, self-financed postal service in the future as well.

» 2012 and 2013 are two important conversion years for PostNord.

Fast-paced conversions

Our conversion efforts continued at a high pace during the year and we will maintain this tempo in 2013.

During 2012 the group worked to reduce costs by continuously adjusting operations to lower mail volumes. Another key cost-reduction measure was our program to streamline the group's central administration, which was concluded during the year. We reduced the group's underlying cost base by nearly SEK 1.7 billion in 2012.

We maintain our focus on reducing costs. As we have previously reported, 2013 results will also be charged with restructuring costs as a result of the conversions. Through active efforts to reduce costs, we have laid the foundation for improved profitability in 2013.

Investments in production facilities and systems in the Mail businesses to improve scalability, efficiency and profitability are proceeding according to plan. The group will continue to develop the Logistics businesses under profitability and expand our offer and market presence in the Nordic region.

These are changes that PostNord needs to make. They create opportunities for growth and improved profitability. They also improve PostNord's capacity to continue to deliver high levels of service and quality in tomorrow's communication and logistics markets and to meet universal postal service demands.

A vital function

I am now stepping down as President and CEO of PostNord. After my years here I can say with confidence that PostNord serves a vital function, one of great value to our customers and the communities in which we operate. We would have been unable to create this value without our employees, the people who meet our customers' communication and logistics challenges on a daily basis. Each and every day, thousands of people at PostNord work hard so that you will be able to reach your recipient on time, securely and efficiently. I would therefore like to close by thanking PostNord's customers and employees for excellent cooperation and work efforts during the past year.

Solna, February 2013

Lars Idermark
President and Chief Executive Officer

95.0%

Delivery quality for PostNord's first-class mail improved to 95.0 percent in 2012

How we create value for our customers

PostNord offers communication and logistics services. We strive to enhance our customers' competitiveness by meeting their communication and logistics needs on time, securely and effectively.

BUSINESSES	SERVICES	
MAIL Posten and Post Danmark offer communication solutions for businesses and consumers.	**Business communication** Mail distribution and other services for physical or digital communication with large customer groups. **Marketing communication** Consulting and distribution of physical and digital marketing communication. **Consumer postal services** Postal services for the consumer market in Sweden and Denmark. **Goods distribution** Distribution services for materials supply, supplier control, inventories and customer deliveries.	**Home deliveries** Home delivery of goods, food and drink to consumers. **Facility services** Outsourcing services for corporate customers' mail management for e.g. e-commerce, city logistics, municipal distribution, medical logistics, etc. **Newspaper distribution** Distribution of newspapers and periodicals. *Operates PostNord's network of distribution points in Sweden and Denmark*
LOGISTIK PostNord offers logistics services for flows to, from and within the Nordic region.	**Parcel distribution** Solutions for management of B2B and B2C parcel flows. Distribution of C2C parcels. **Groupage/pallet** Solutions for flows of pallet freight and other consolidated shipments.	**Solutions** – Third-party logistics/Outsourcing – management of all or parts of a company's logistics flows, stock-keeping and logistics administration. – InNight – just-in-time logistics with overnight deliveries. – Courier/Delivery services – Consignment freight/part loads – solutions for flows of loads larger than pallets. *Operates PostNord's network of distribution points in Norway and Finland*
STRÅLFORS Strålfors offers services in the area of information logistics. The company develops and offers communication solutions that create stronger, more personal customer relationships for companies with large customer bases.	**Business communication** Solutions for efficient, individualized communication with large customer groups. **Data Management** Maintenance and development of information databases.	**Marketing communication** Solutions for physical and digital individualized marketing communication. **Service Fulfilment** Supply chain solutions for delivery fulfillment of personalized products or information to end consumers.

OUR VALUES

HOW WE STRIVE TO MEET OUR CUSTOMERS

Reliable – PostNord keeps its promises and delivers anywhere securely, on time and to the right place.

Accessible – PostNord is always close to its customers, listens to their views and helps them meet their challenges.

Business partner – PostNord is a professional business partner to its customers, helping them meet their communication and logistics challenges.

Environmentally sound – PostNord is dedicated to reducing its climate impact.

MAIN MARKETS AND CORE CUSTOMERS

Core markets
Sweden and Denmark.

Core customers
Businesses and organizations with large information flows to, from and within Sweden and Denmark. Examples include financial service companies, e-retailers, telecom companies, the public sector, publishing companies and other service companies.

Core markets
Sweden, Denmark, Norway and Finland.

Core customers
Businesses with large logistics flows to, from and within the Nordic region. Examples include wholesalers, e-retailers, retail companies and industrial enterprises.

Core markets
Sweden, Denmark, Norway, Finland, the UK, France and Poland.

Core customers
Businesses with large customer bases, large information flows and those that require personalized messaging.

Growing e-commerce. More parcels.

New communication solutions create more opportunities to shop from home via the Internet. An increasing share of consumer and business trade is being done electronically. E-commerce has grown sharply in the Nordic region in recent years.

PostNord is the primary e-commerce partner in its Nordic markets. We have a start-to-finish offer with a variety of services within distribution, notification, marketing and customer communication.

We make life easier for e-retailers. With the Nordic region's most extensive distribution network, we shrink the distance between e-retailer and end consumer.

» PostNord is an exceptionally reliable and flexible partner.

"Free delivery and returns are a key element of our corporate philosophy. So having a well-functioning collaboration with the right logistics partner is a crucial, unavoidable part of Zalando's commitment to value. With PostNord, we've found the best solution for our Nordic market customers."

Michael Lindskog,
Nordic representative for German e-retailer Zalando.

Photo: Zalando, Logistics center in Brieselang.

New conditions. New opportunities.

Technology-driven innovations create new patterns for how we communicate and shop. This means that the playing field for postal and logistics operators is changing – and this change is happening fast.

A new playing field

Digitization has redrawn the communication map and created new behavioral patterns. For one thing, we communicate less and less frequently with physical letters.

This trend also means that there is more information out there and businesses find it increasingly difficult to make their voices heard through all the noise. Despite the availability of a multitude of communication alternatives, it is becoming harder and harder for businesses to effectively reach consumers. For those who want to achieve results, it is therefore increasingly important to communicate on the recipient's terms.

Globalization, population growth and technological development are driving trade and demand for transports. Companies and consumers are channeling more and more trade via the Internet.

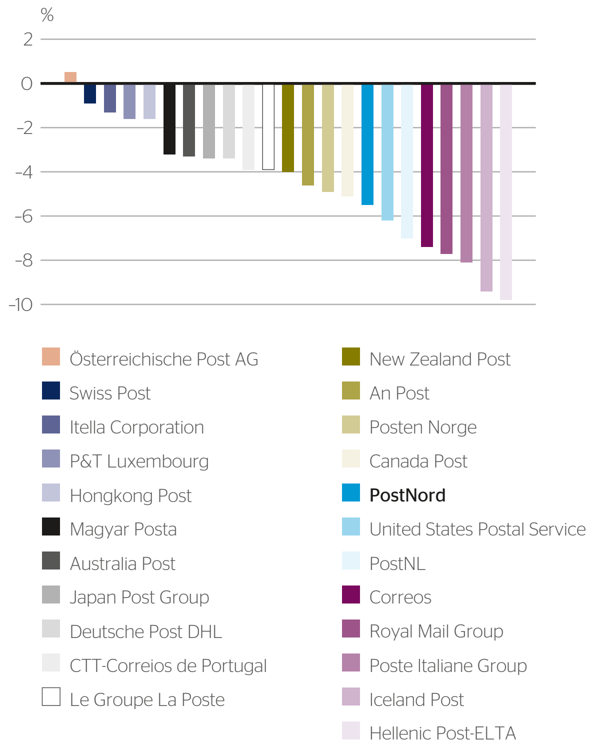
This trend presents a challenge for traditional postal operators. But for those that are flexible, forward-thinking and have the capacity to reposition production systems and service offers, there are great opportunities to capitalize on the changes that are underway.

Declining mail volumes

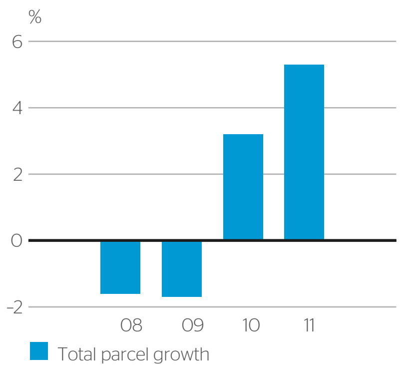
The substitution of digital alternatives is the single largest competitive factor for mail as a form of communication. Companies and public authorities are looking for new ways to digitize their communication with customers and citizens. For postal operators throughout the world, this trend is evident and tangible. Volumes have declined significantly for the most operators in recent years.

PostNord is active in some of the markets where this trend is most evident. In Denmark, mail volumes have fallen sharply in recent years. This reflects the coordinated, far-reaching initiatives adopted by the country's public and business sectors aimed at establishing digital infrastructures and new e-services for communication with citizens and customers. Denmark leads Europe in this development in many respects. The Danish economy has also been weak in recent years, which has hastened substitution.

Average annual mail volume development 2008–2011



Total parcel growth for sector companies 2008–2011[1)]



1) Canada Post, CTT-Correios de Portugal, Deutsche Post DHL, FedEx, Hellenic Post-ELTA, Itella Corporation, Japan Post Group, Korea Post, Magyar Posta, New Zealand Post, Posten Norge, Österreichische Post AG, P&T Luxembourg, Poste Italiane Group, Swiss Post, United States Postal Service, UPS.

This type of coordinated, wide-spread digitization strategy has not yet been adopted in the Swedish market. So far, demand for mail as an effective communication channel has also been somewhat more robust in Sweden, although mail volumes have declined significantly in recent years.

The decline in mail volumes is expected to continue in both Sweden and Denmark going forward. PostNord projects that mail volumes will fall approximately 6% in Sweden and 12% in Denmark in 2013.

Increasing power for recipients

PostNord forecasts that mail volumes will eventually stabilize at a new lower level that is sustainable in the long term. The need for physical communication will remain in place for the foreseeable future, though mail content and conditions for business opportunities may change. The physically delivered message is a powerful tool, especially when combined with digital communication.

PostNord also believes that senders of information will increasingly need to take into account recipients' preferences for receiving information. This is essential for achieving results with communication. Market research shows that many recipients prefer to have important information delivered physically (read more about mail habits on page 13 of PostNord's Sustainability Report).

The growth of e-commerce also increases the focus on recipients. Demand from customers and their recipients for flexible terms of delivery – including when and how a parcel should be delivered to the end consumer – is expected to increase. Recipient-controlled deliveries are an increasingly important part of PostNord's offer.

Growth of e-commerce

PostNord estimates that physical product e-commerce increased by some 15% in the Nordic countries in 2012.

This strong growth has a clear positive effect for PostNord, with increased flows of large and small consignments in the group's mail and logistics businesses. The growth of e-commerce is particularly driving growth on B2C flows, but also has a positive impact on B2B flows.

The distribution network is a key competitive advantage for national postal operators. Offering both mail delivery and distribution points allows retailers to efficiently reach all the way to the end consumer.

This development is moving ahead very quickly. According to industry association International Post Corporation (IPC), parcel revenues for an average national postal operator are expected to exceed mail revenues within a few years. In 6–7 years, revenues from B2C parcels alone are expected to exceed mail revenues' for an average operator.

More and increasingly complex logistics solutions

The logistics market is largely driven by global growth and the growth of international trade. The Nordic logistics market is highly correlated with GDP. As of the publication date of this annual report, PostNord's projection was that the Nordic logistics market grew slightly more than regional GDP in 2012. PostNord expects the continued value growth in the logistics market to exceed GDP growth.

The logistics market is characterized by growing demand for more and increasingly advanced services. More services need to be carried out as part of a whole. The outsourcing of logistics services is on the rise in the Nordic region as more and more businesses choose to outsource all or parts of their supply chains. Meanwhile, transport and logistics costs are increasing for many businesses. This development is driving the demand for professional, cost-effective logistics solutions. PostNord's view is that volumes, scale and regional strength in one or more markets are key success factors in terms of being able to meet this development.

Communication and logistics trends

- Declinging mail volumes due to digitization.
- More personalization of business and marketing communication.
- More recipient influence over how communication is delivered.
- Continued deregulation of postal operations within the EU.
- Growth of e-commerce leads to increased parcel flows.
- High environmental standards call for energy-efficient transports.
- Outsourcing trend and increased demand for end-to-end logistics solutions in the Nordic region.
- Rising logistics costs lead to more cost focus.

Smart communication creates added value.

Strålfors develops and offers communication solutions that create stronger, more personal customer relationships for companies that have large customer bases.

Strålfors offers a broad range of communication solutions in both physical and digital channels.

Through the analysis of a company's communication needs, data flows and customer communication can be optimized and streamlined.

This involves conveying the right information to the right person and the right place – in the right way and at the right price. In other words – smart communication.

» We receive many tips and ideas through our collaboration with Strålfors. For us, working with Strålfors isn't just buying a service.

"We introduced a new type of invoice that generated a 20–30 percent increase in recipients' willingness to pay. There is no doubt that customers know it's an invoice, but they are now more willing to pay than they previously were."

Peter Ahnell, DNB Finans.

Roadmap PostNord 2015

PostNord strives to create long-term value for its owners and other stakeholders and to ensure the provision of universal postal service on a commercial basis. In 2011 PostNord adopted a new group strategy for the period through 2015 – Roadmap PostNord 2015.

Structural market changes challenge PostNord's ability to run a profitable mail business. Meanwhile, the logistics market is growing and holds potential for a strong regional operator like PostNord to further expand its Nordic presence. An enhanced market position in logistics is also important in terms of meeting competition in the logistics industry.

PostNord's strategy is to develop the company in accordance with our mission, vision and core values. The strategy involves a repositioning of the group's operations in line with market changes in order to ensure profitability for Mail and develop the position of Logistics. The strategy was implemented according to plan during 2012.

The strategy's management by objectives includes quality, environment and employee aspects – areas of key importance to PostNord's long-term sustainable development.

Overall target picture

Fulfill rationale of the merger

PostNord will continue to fulfill the rationale of the 2009 Posten AB-Post Danmark A/S merger by securing a position as a leading operator on the Nordic logistics market and by maintaining good postal service in all of Sweden and all of Denmark, in view of the market's ongoing structural changes.

Create financial value

PostNord will increase value for its owners by creating growth, improving profitability and utilizing the group's capital resources more effectively.

IPO-ready business

PostNord will lay the groundwork for an IPO. This choice of direction involves factors such as focus on the growth of the Logistics business, profitability of the Mail businesses, returns for our owners and optimization of our capital structure – all of which are key to PostNord's development, regardless of form of ownership.

ONE group

Changes being implemented within the group in areas such as organization, management and governance of operations are aimed at improving coordination and efficiency and creating a more cohesive and strategically run group.

Strategies and activities

1. Invest in adaptation of Mail businesses – ensure profitability

PostNord is making vigorous efforts to reorganize the Mail businesses. The aim is to secure profitable mail operations based on a lower, but more sustainable, demand for physical mail:

- Reduce cost base and increase share of variable costs by adjusting workforce to lower mail volumes. Accomplished through continuous cost adjustments in combination with specific cost-reduction programs within production and administration.
- Investments within the framework of the new production strategy for Mail, adopted in 2010 and continued during 2012. The strategy includes reinvestments, chiefly in eco-efficient vehicles, equipment and buildings. It also includes the establishment of a new terminal structure in Sweden and associated investments in equipment to improve scalability and eco-efficiency. A similar terminal structure streamlining has already been carried out within the Danish operations.
- Dialogue with society and legislators regarding how future USOs and regulations should be designed in Sweden and Denmark to promote efficient, profitable future mail businesses that provide good service.

2. Development within Logistics – a leading Nordic logistics company

PostNord will develop its Logistics business towards a market leading position in the Nordic region. PostNord will take action and make investments to meet business sector demands for end-to-end solutions and cross-border capacity. This involves broadening the group's product offer and market coverage in the Nordic region. This growth will take place:

- Organically within existing structures through additional sales and possibly through partnerships.
- Through add-on acquisitions.

With a broader logistics offer and added strength in sub-markets where PostNord currently holds a weaker position, as well as a wider geographic coverage, the group will be better able to meet customer demand and to create additional opportunities for organic growth.

3. Increase in value of Strålfors

Services within information logistics are a key part of the group's digital and physical communication offer for customers with large customer bases. Strålfors has taken measures in recent years to streamline the business in a number of key areas. Strålfors will continue to implement measures, including further improvement of profitability and growth through increased sale of services, chiefly in the areas of data management, marketing communication and service fulfillment.

4. Strategic development areas

PostNord is conducting a number of activities in areas that offer potential for synergies with existing services or services involving new fields of application for existing production resources. These areas include the continued development of our customer offer in the e-commerce market and PostNord's advisory role within marketing communication.

5. Realize group synergies

Continuous efforts to improve efficiency and reduce costs are an integral part of PostNord's daily operations. A special program to reduce administration costs was initiated and completed in 2012. PostNord will continue to lower overhead costs through continuous streamlining and coordination efforts within IT, purchasing and other administrative processes.

Roadmap PostNord 2015

MISSION, VISION AND VALUES	TARGET PICTURE	STRATEGIES	ACTIVITIES
MISSION PostNord connects people and businesses reliably, efficiently and on time	**Fulfill rationale of the merger** • Leading Nordic logistics business • Meet USO requirements	1. Reorganize to meet mail volume decreases and ensure profitability	• Cost adjustments • Implementation of new production strategy • Dialogue on tomorrow's USO
	Create financial value • Growth • Improved profitability • Effective capital utilization	2. Development within Logistics – broaden offer and market presence	• Organic growth through additional sales and partnerships • Potential add-on acquisitions
VISION PostNord delivers world-class communication and logistics solutions to satisfied customer		3. Increase value of Strålfors	• Cost reductions – increase profitability • Growth within data management, marketing communication, fulfillment
	IPO-ready business • Profitable Mail businesses • Growth within Logistics • Appropriate capital structure • Attractive dividend	4. Strategic development projects	• Continued development of e-commerce offer • Marketing communication advisor role
VALUES • Reliable • Accessible • Business partner • Environmentally sound	**ONE group** • Increased coordination • Improved efficiency	5. Realize group synergies	• Increased coordination • Reduce costs within IT, purchasing and administration

Investments

PostNord is currently implementing one of the largest investment programs in the Nordic region. The group's investment requirements for fixed assets will total approximately SEK 7 billion for the 2013–2015 period. The largest investments are:

- Reinvestments in the Mail businesses, chiefly vehicles and equipment.
- Establishment of a new terminal structure for the Swedish Mail business and associated investments in equipment (including establishment of new terminals in Hallsberg and Rosersberg).
- Investments in a new terminal structure for the Logistics business in Sweden and investments to increase capacity in the logistics business in Norway.

Financial strategy

The strategy for the period through 2015 gives rise to significant financing requirements for restructuring measures, investments and acquisitions. These requirements will be financed through:

- Improve cash flows from operating activities through increased profitability, etc.
- Release of capital through improved capital efficiency and utilization of invested capital.
- Optimize capital structure, including utilization of external financing.
- Allocation of capital and resources to the most value-driving activities.

Dividend policy

PostNord's intention is to distribute 40% of net profit to the owners, taking into account the implementation of group strategy and the group's financial position and targets.

2013 outlook

PostNord anticipates continued strong volume decline for mail in Denmark and Sweden due to competition from digital alternatives. PostNord projects that mail volumes will fall approximately 6% in Sweden and 12% in Denmark in 2013.

Continued strong growth for e-commerce in the Nordic countries is projected for 2013, with positive effects for parcel and goods distribution volumes within Mail and Logistics. PostNord also anticipates growth in excess of GDP in the Nordic logistics market.

PostNord's strategy through 2015 entails repositioning group operations to meet market trends within Mail, develop Logistics's position and improve group profitability over the long term. The strategy includes major conversions, with cost reductions alongside investments in Mail production facilities, to improve profitability, scalability and efficiency. This includes an expansion of the logistics business under profitability, organically and through potential acquisitions.

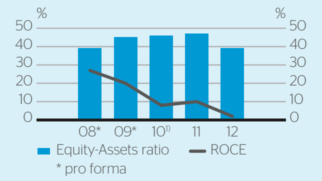
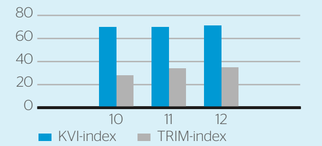
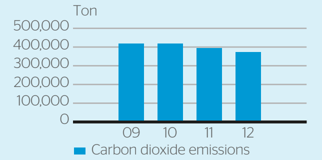
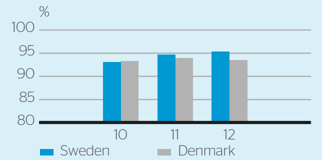
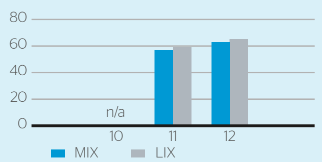
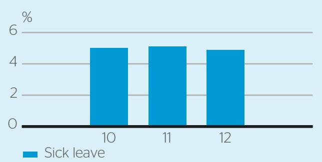
Changes implemented during 2013 have created favorable conditions for improving profitability, despite lower mail volumes and changes in the product mix. Accordingly, PostNord's assessment is that profitability will improve during 2013.

Operating profit will continued to be burdened with non-recurring restructuring costs.

Cash flows from operating activities are expected to remain stable going forward.

PostNord's targets

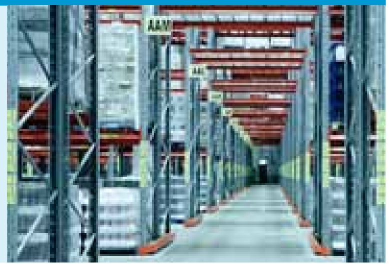
Targets and target fulfillment

	Target	Target fulfillment 2012	History[1]
FINANCIAL TARGETS			
CAPITAL STRUCTURE	Equity-Assets ratio of at least 35%.	39 (47)%	
RETURN	Return on equity exceeding 10% over a business cycle.	2 (10)%	
OTHER TARGETS			
CUSTOMERS	World-class communication and logistics solutions for satisfied customers.		
Customer value	Improve customer value index (KVI).	71 (70)	
Corporate image	Improve corporate image (TRIM index).	35 (34)	
ENVIRONMENT AND QUALITY	Reduce the group's climate impact. High-quality communication and logistics solutions.		
CO_2-emissions[2]	Reduce emissions by 40% 2009–2020.	372,981 (393,516) ton.	
Delivery quality, Sweden	Meet Swedish state's requirement that at least 85% of 1st-class letters are delivered on following business day and 97% within three days. *Internal 2012 targets:* Delivery quality, 1st-class letters (overnight), 95.0%[3]. Delivery quality, parcels, 97.0%.	95.4 (94.7)% of 1st-class letters delivered within one day. 99.9 (99.9)% of 1st-class letters delivered within three days. Delivery quality for parcels was 96.8 (97.5)%.	**Delivery quality, 1st-class mail** 
Delivery quality, Denmark	Meet Danish state's 93% quality requirement for all services falling under the delivery obligation. *Internal 2012 targets:* Delivery quality, 1st-class letters (overnight), 95.0%[3]. Delivery quality, parcels, 97.0%.	93.5 (94.0) % of 1st-class letters delivered within one day. Delivery quality for parcels was 96.6 (97.9)%.	
EMPLOYEES	An attractive and stimulating workplace with committed, motivated and healthy employees and managers.		
Employee commitment and leadership	Improve employee index (MIX) and leadership index (LIX).	MIX: 63 (57) LIX: 65 (59)	
Workplace equality	40% female managers by 2015.	29 (29)%	
Sick leave	Reduce sick leave levels.	4.9 (5.0)%	

1) Includes available historical data with comparable methods of measurement.
2) Figures include Nordic countries and non-Nordic operations of Strålfors. Historical figures have been adjusted for comparison purposes.
3) PostNord is internally governed by a total quality target for 1st-class letters. In 2012, 95.0 (94.5) % of the group's 1st-class letters were delivered on time.

Acquisitions

PostNord acquired several businesses in 2012. These acquisitions were made in accordance with PostNord's strategy to develop its position in the Nordic logistics market.

Company	Business area	Operation	Motive
GREEN CARGO LOGISTICS, SWEDEN			
	Logistics	Sweden's largest and one of Scandinavia's three largest third-party logistics operators. The acquisition included Green Cargo Logistics's property holdings. 2012 net sales: SEK 1,094m.	Complementary acquisition. Gives PostNord a leading Nordic position in an attractive and growing segment of the logistics market. 
SVENSK MORGONDISTRIBUTION, SWEDEN			
	Mail Sweden	Distribution of approximately 100 million morning papers per year, including Sundsvalls Tidning, Dalarnas Tidningar, Gefle Dagblad, Östersunds-Posten and Västerbottens-Kuriren.	Synergy-driven acquisition of assets. Strengthens group's position within newspaper distribution in Sweden and enables increased use of vehicle fleet and production capacity. 
DISTRIBUTION SERVICES, DENMARK			
	Mail Denmark	Packaging and management of unaddressed mail items.	Synergy-driven acquisition. Enables improved efficiency in production of unaddressed mail items. Part of PostNord as of January 1, 2013. 
HARLEM TRANSPORT, NORWAY			
	Logistics	Services for the transport of consignment cargo in four areas: Groceries, industry, shipping and recycling and waste. Strong position as groceries transport partner. 2012 net sales: SEK 346m.	Complementary acquisition. Further strengthens the group's position in the growing Nordic logistics market – chiefly within transportation of groceries. 
BYRKNES AUTO, NORWAY			
	Logistics	One of Norway's largest thermal carriers. Primary services are transportation of fish and groceries.	Complementary/synergy-driven acquisition of assets. Strengthens position within convenience goods and fish transports. The acquisition was finalized on February 1, 2013. 

See Note 31 for additional information on acquisitions and divestments.

Third-party logistics enables increased focus on the core business.

The demand for logistics outsourcing services is increasing in the Nordic region, as more and more companies choose to outsource all or parts of their supply chains. Meanwhile, transport and logistics costs are increasing for many businesses.

This development is driving the demand for professional, cost-effective logistics solutions.

By outsourcing logistics to PostNord, our customers can achieve greater flexibility, cost-efficiency and focus on their own core businesses.

» By working with PostNord we are able to manage our supply chain more effectively – and this benefits our customers.

"Apotek Hjärtat's own supply chain is focused on always getting our customers' medicines to them on time. It is crucial for us to have a logistics partner that shares our customer focus and offers daily deliveries to all of our pharmacies within 24 hours and with the quality level required for pharmaceutical transports."

Anders Nyberg, CEO of pharmacy chain Apotek Hjärtat.

Business operations

Mail

Post Danmark and Posten offer communication services for businesses and consumers in Denmark and Sweden.

The main offers are business communication and other mail services and services for marketing communication. PostNord holds a leading position in these areas in both countries.

Operations are run and reported in two business areas – Mail Denmark and Mail Sweden.

Logistics

PostNord offers logistics services for flows to, from and within the Nordic region. Focus is on parcel and pallet distribution and solutions for companies' logistics flows. PostNord holds a leading Nordic position in this area.

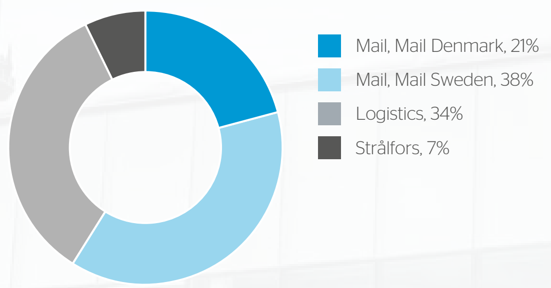
The business is primarily run under the Posten, Post Danmark and Tollpost Globe brands. As of 2012, the logistics business will be progressively marketed under one brand: PostNord Logistics.

Strålfors

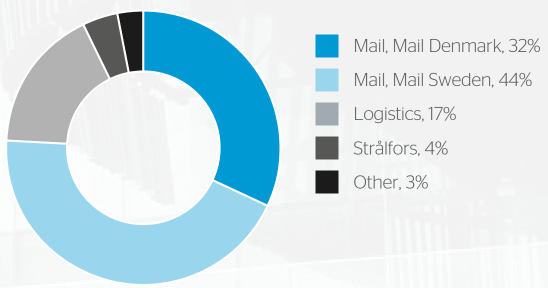
Strålfors operates in the area of information logistics. The company develops and offers communication solutions that create stronger, more personal customer relationships for companies with large customer bases.

The business is run in divisions: Business Communication, Data Management, Marketing Communication and Service Fulfillment. Strålfors is market leading within its area in the Nordic region and runs operations in several other European countries.

Share of external net sales 2012



Average number of employees 2012



Mail

Within its Mail operations, PostNord offers communication services for the corporate and private markets in Sweden and Denmark. PostNord holds a leading position in both countries. Focus is on distribution solutions and services for marketing communication.

Mail is comprised of two business areas:

- Mail Denmark operates primarily under the Post Danmark brand. Each business day, the business area handles approximately 7 million mail items sent to and from 2.6 million households and all businesses in Denmark.
- Mail Sweden operates primarily under the Posten brand. Each business day, the business area handles approximately 20 million mail items sent to and from 4.7 million households and all businesses in Sweden.

The business areas offer similar communication solutions in each country, although market conditions differ in many respects. The business areas fulfill key societal functions in Sweden and Denmark, while the postal markets in these countries are regulated in different ways, despite EU initiatives to improve harmonization. The Swedish and Danish markets also differ in terms of structural development for mail communication, with stronger substitution of digital alternatives at present in the Danish market.

Rapid change in the Danish market

The Danish economy remained weak in 2012, resulting in a deteriorated business climate for business area Mail Denmark. The market situation is characterized primarily by the ongoing structural transition caused by substitution, which had a sharp negative impact on business area mail volumes.

Denmark is at the forefront internationally when it comes to the digitization of society. The digitization of public and corporate communication in Denmark is proactively promoted by Danish companies and authorities, which have implemented long-term digitization strategies in recent years. New infrastructure and new e-services, which foster this development, have been set up in recent years. PostNord is active in this change process and offers, among other things, a digital post-office box service, eBoks.

Mail volumes have fallen 49% over the past ten years and 23% in the past two years. PostNord projects that mail volumes will continue to fall dramatically, by approximately 12% in 2013 for Mail Denmark.

Post Danmark is one of Denmark's largest operators within marketing communication and a major operator in the advertising market. The Danish advertising market remained weak in 2012 and was characterized by increased competition.

The strong growth of the e-commerce market resulted in increased flows of goods for Mail Denmark. Total e-commerce in Denmark is estimated to have grown 19% in 2012.

MAIL			
Services:	Communication services for businesses and consumers with a focus on business communication and other mail services for marketing communication.	**Market size:**	The communication markets in Sweden and Denmark are estimated to have total sales of SEK 290 bn. Relevant market for PostNord estimated at approx. SEK 120 bn.
Main brands:	Posten, Post Danmark.	**Position:**	Market leader in distribution solutions and one of the largest operators in marketing communication in Sweden and Denmark.
Geographic presence:	Sweden and Denmark.	**Competitors:**	Digital mail substitution. State-owned Norway Post through Bring Citymail in Sweden. KMD and Bladkompagniet in Denmark. Smaller operators within marketing communications.
Core customers:	Businesses and organizations with large information or goods flows.	**Average number of employees 2012:**	30,207 (32,077) of which 12,521 (13,766) in business area Mail Denmark and 17,686 (18,311) in business area Mail Sweden.
Sales channels:	Sales force, partner outlets, own service points, own Internet channels, customer e-commerce sites.		

Structural change in Sweden as well

The Swedish economy showed signs of year-on-year weakening in 2012. However, demand for Mail Sweden's services was characterized mainly by structural changes in the communication market. Demand for mail as a form of communication has been somewhat more robust in Sweden than it has been in Denmark. This is due partly to differences between the countries in terms of economic trends, customer structure, digital infrastructure and the scope of decisions on digitization taken by the business community and society.

Mail volumes have fallen 22% over the past ten years and 8% in the past two years, chiefly due to the substitution of digital alternatives. PostNord projects that mail volumes will continue to fall, and that Mail Sweden's letter volumes may decline approximately 6% in 2013.

Posten is one of Sweden's largest operators within marketing communication. The Swedish advertising market weakened in 2012. The newspaper market was negatively impacted by the economic situation.

E-commerce is also growing strongly in Sweden. E-commerce in goods is estimated to have grown 14% in 2012. This trend has resulted in increased consignment flows of goods for Mail Sweden.

Regulatory frameworks

The regulation of postal services in Sweden and Denmark sets standards for minimum service levels and pricing. For PostNord, it is important that national regulations are harmonized with communication market trends so that there is capacity to deliver services on a commercial basis.

Postal markets in Sweden and Denmark have been liberalized but remain regulated, albeit to differing degrees. The postal legislation of both countries is based on the EU's Third Postal Directive which is aimed at ensuring good postal service in member states. One of the effects of the Third Postal Directive is that previously regulated EU postal markets have been opened to competition. The Directive took effect at a time when mail volumes were still on the rise in many countries. For reasons including the recent years' digitization trend, many of the conditions on which the Directive was based, are no longer valid.

Legislation in Denmark and Sweden

A new Danish Postal Act came into effect on January 1, 2011. The new law contains provisions for market liberalization and the securing of universal postal obligations by Post Danmark A/S. The law also established conditions that allow Post Danmark to adapt and change the business so that the company can continue its commercial operations as supplier of the universal mail service. In conjunction with the enactment of the new law in 2010, a political agreement was made to revise the law at a later date. Post Danmark is in dialogue with the Ministry of Transport on this issue.

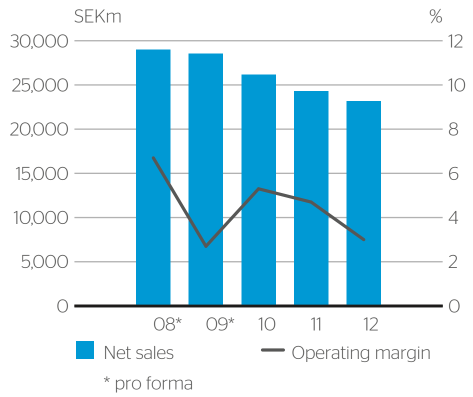
The Swedish postal market was liberalized back in 1993. A new Swedish Postal Act was enacted in 2010 following the EU's Third Postal Directive. Posten AB was designated by the Post and Telecom Agency (PTS) to provide universal postal services in Sweden. The new law includes far-reaching regulations and is not adapted to the structural market and volume changes that are taking place, making it harder for PostNord to adapt the business to demand.

Letter pricing

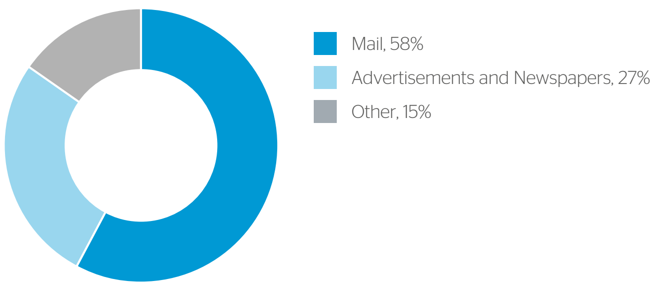
In Denmark, Post Danmark sets mail prices. However, prices for domestic non-priority letters weighing up to 50 grams and sent as single mail items must be approved by the Transport Authority. Due to the new law, Post Danmark has introduced several pricing changes that increase the price/cost correlation for different types of stamped letters.

Letter pricing in Sweden is regulated by postal statutes and the Postal Act. Pricing of the universal postal service must be transparent, non-discriminatory and cost-oriented. The postal operator that provides universal postal service may not raise the price on priority mail weighing up to 500 grams by more than the consumer price index. The price of stamped postage for single 20-gram letters was last changed on January 1, 2009, from SEK 5.50 to SEK 6.

Net sales and operating margin



Net sales 2012



Delivery quality

PostNord's quality levels are regulated in both Sweden and Denmark. In Denmark, the delivery requirement for both letters and parcels is 93% relative to the delivery terms of each service. Under Swedish postal statutes, at least 85% of 1st-class mail must be delivered on the following business day (overnight delivery). At least 97% of all mail in Sweden must be delivered within three business days.

Regulatory events outside Sweden and Denmark

The liberalization and opening to competition of the European postal markets continued in 2012, as several EU member states enacted the Third Postal Directive as national legislation. However, interpretation of the EU directive varies between national markets. Services provided under USOs (universal service obligations) are essentially defined in a similar way, but provisions for carrying out these services vary.

In connection with implementation of the EU directive, several member states revised their postal legislation and the design of their universal postal service. Such revisions resulted in, among other things, regulatory relief for postal operators in Denmark, Finland and the UK. Changes include more flexible pricing, adaptation of delivery obligations, reduced scope of what is covered by the universal postal service and requirements for the size of competing postal operators' market penetration. The changes improve both the ability of national operators to run profitable businesses and the long-term sustainability of universal service obligations in each national market.

Posten Norge, the government-subsidized postal operator in EEA member state Norway, competes with PostNord in Sweden. Norway does not intend enact liberalization pursuant to the EU Directive; the Norwegian market will therefore remain closed to competition for other postal operators.

Read more about the universal service obligations in Sweden and Denmark in the Corporate Governance Report (page 43).

2012 results

Net sales for Mail were down 5% in 2012, totaling SEK 23,164m (24,288). The group's mail volumes fell a total of 7% during the year. Expenses fell 2% and totaled SEK 24,824m (25,459).

Operating profit totaled SEK 775m (1,245) and the operating margin was 3.0 (4.7)%. The adjusted operating profit was SEK 1,436m (1,527) and the adjusted operating margin was 5.6 (5.6)%.

Mail Denmark

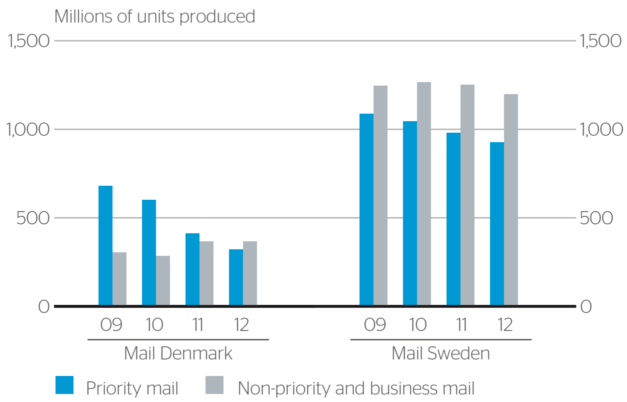
Net sales for business area Mail Denmark fell 11% to SEK 8,290m (9,347). Excluding acquisitions, divestments and exchange rate effects, net sales fell 9%. Net sales were impacted by extensive digitization in the Danish market. Mail volumes fell a total of 12% during the year. The decrease was primarily seen in priority mail volumes for small businesses and private customers. Volumes related to the distribution of goods increased due to the growth of e-commerce. Revenues from advertising and newspapers fell due to the weak advertising market and heavier competition.

Expenses fell 7% to SEK 9,962m (10,670). Excluding acquisitions, divestments and exchange rate effects, expenses fell 4%. The decrease was primarily attributable to continuing efforts to adjust to lower volumes, mainly through personnel cutbacks, and rationalizations within production and distribution. The average number of employees was reduced by over 1,200 year-on-year. Mail Denmark also made adjustments to its distribution center structure and converted several post offices to partner outlets. Two non-recurring effects had a net impact of SEK 35m on expenses in 2012.

Operating profit totaled SEK –18m (355) and the operating margin was negative (3.2)%. The adjusted operating profit was SEK 223m (254) and the adjusted operating margin was 2.2 (3.6)%.

Delivery quality for 1st-class mail fell to 93.5 (94.0)%.

Mail volumes



2012 results

SEKm	2012	2011
Net sales	23,164	24,288
of which Mail Denmark	*8,290*	*9,347*
of which Mail Sweden	*15,137*	*15,220*
Operating profit (EBIT)	775	1,245
of which Mail Denmark	*–18*	*355*
of which Mail Sweden	*793*	*890*
Operating margin[1]	3.0%	4.7%
Adjusted operating margin[1]	5.6%	5.6%
Volumes, millions of units produced		
Mail Denmark priority mail	320	411
Mail Denmark non-priority and business mail	365	366
Mail Sweden priority mail	925	980
Mail Sweden non-priority mail	1,198	1,251
Quality, %		
Delivery quality 1st-class mail, Denmark	93.5%	94.0%
Delivery quality 1st-class mail, Sweden	95.4%	94.7%

1) Calculation of operating margins includes other income.

Mail Sweden

Net sales for business area Mail Sweden fell 1% to SEK 15,137m (15,220). Excluding acquisitions, divestments and exchange rate effects, net sales fell 2%. The change was primarily attributable to reduced mail volumes, which fell 5% in 2012 due to competition from digital alternatives. The growth of e-commerce produced increased goods flows and there was a 13% increase in the number of mail items distributed at partner outlets during the year. Direct mail revenues developed negatively due to the continued weakness of the advertising market. Newspaper revenues increased due to the takeover of Svensk Morgondistribution operations in June 2012.

Expenses increased somewhat to SEK 15,131m (15,061). Excluding acquisitions, divestments and exchange rate effects, expenses fell 1%. Restructuring costs increased during year due to personnel cutbacks within administration and production and totaled SEK 419m (235). Personnel expenses were down due to rationalizations and adjustments made to reduced mail volumes. The average number of employees was reduced by over 620 year-on-year.

Operating profit fell to SEK 793m (890) and the operating margin to 5.0 (5.6)%. The adjusted operating profit was SEK 1,213m (1,125) and the adjusted operating margin was 7.6 (7.1)%.

Delivery quality for 1st-class mail improved to 95.4 (94.7)%.

Activities during 2012

Streamlining

In 2012 the Mail business areas focused on conversion efforts to adapt each business and reduce costs within production and administration, in order to meet the negative mail volume trend. Because personnel expenses constitute Mail's single largest cost item, this has involved a reduction in the number of employees in both the Danish and Swedish Mail businesses. Personnel expenses declined 3% in 2012.

These measures, underway for several years but intensified during 2012, have resulted in significant rationalizations. One major facilitating factor has been the regulatory easing in Denmark. To date, PostNord has been successful in implementing these changes while maintaining a high level of delivery quality. In the Swedish market, however, distribution chain problems that arose locally in 2012 required focused efforts to improve quality on the local level.

Investments in tomorrow's communication business

PostNord made significant investment in 2012 within the scope of the production strategy that was adopted in 2010 and continued through 2012. Investments in production are a crucial element of the group's conversion strategy to meet volume trends with improved scalability within Mail.

The strategy includes reinvestments in the entire Mail business, primarily in eco-efficient vehicles, equipment and buildings. It also includes the establishment of a new terminal structure in Sweden with associated investments in equipment. Similar terminal changes have already been implemented within the Danish business.

Business development and acquisitions

Measures were implemented in 2012 to increase market awareness of the value of physical mail in terms of business communication. The goal has been to strengthen the group's role as an operator within channel-independent marketing communication. Efforts were also made during the year to develop the businesses for goods distribution and home deliveries.

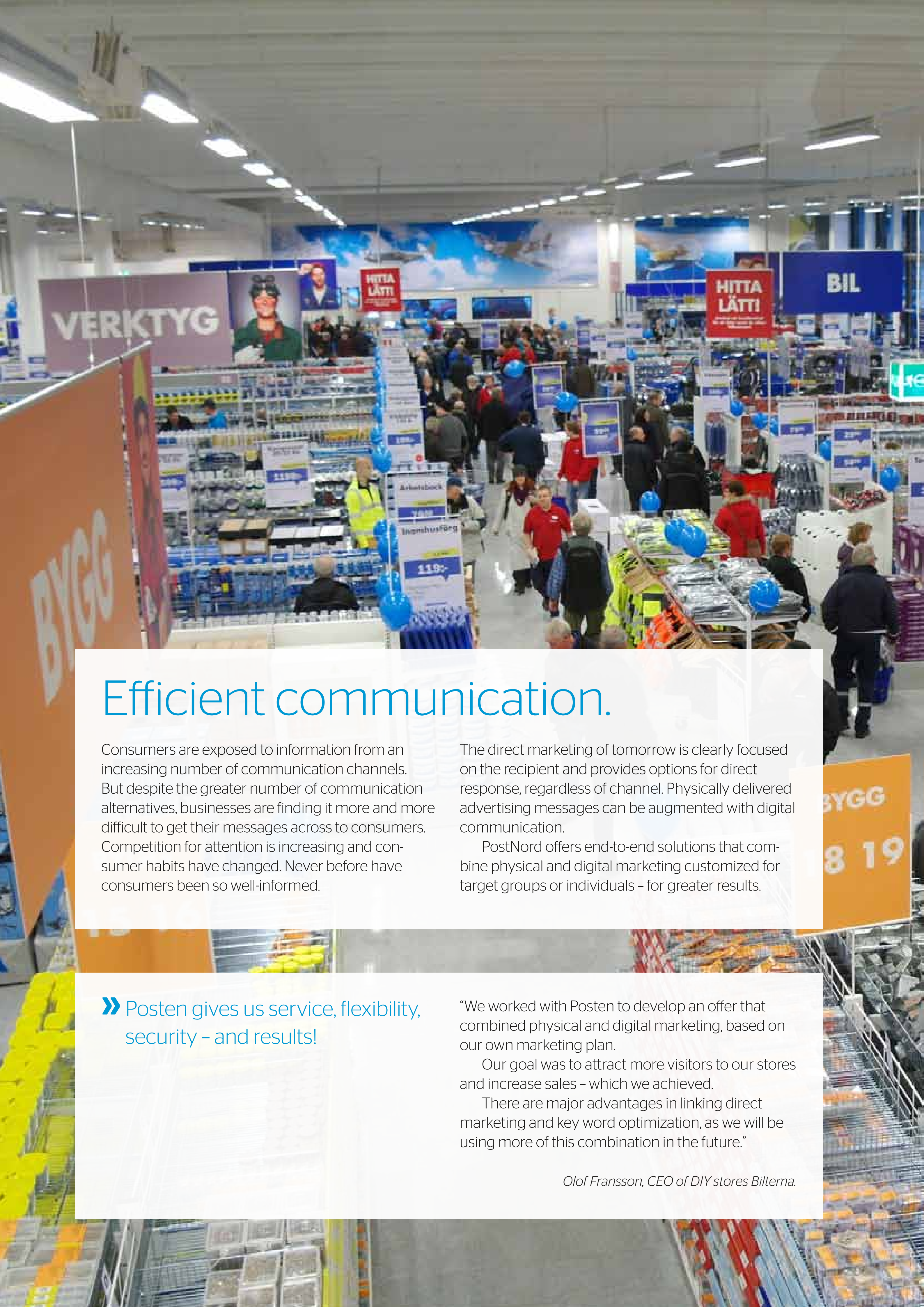
A few acquisitions were made within Mail in 2012. In Sweden, Posten took over the operations of Svensk Morgondistribution KB, including the multi-year distribution of the MittMedia and Västerbottens-Kuriren media groups' morning newspapers in Sweden. An agreement was also signed in 2012 for the acquisition of a strategic supplier in Denmark, Distribution Services A/S, a specialist in the packaging and handling of unaddressed mail. The transaction improves cost-efficiency within the production of unaddressed mail.

Environmental initiatives

Mail plays a key role in efforts to reduce PostNord's environmental impact. Efforts were primarily focused on reducing energy consumption in transports and buildings. The number of electric vehicles within the business increased to 5,050 (4,085) in 2012.

2013 strategic priorities

- Continue implementation of streamlining efforts and cost reductions within production and administration to meet mail volume trends and sustain profitability. Increase share of variable costs.
- Continued implementation of new production strategy, including investments in new terminal structure in Sweden, to meet volume declines with more efficient processes, improved scalability and less environmental impact.
- Dialogue with society and legislators on the design and regulation of tomorrow's universal service obligations.
- Service development in areas including marketing communication, goods distribution and home deliveries.
- Restructuring of PostNord's parcel business in Denmark, with Mail Denmark taking over domestic parcel operations from Logistics and consolidating efforts under the Post Danmark brand.
- Continue implementing environmental improvements, mainly through adaptations of vehicle fleet, property portfolio and fuel and energy consumption within production.



Efficient communication.

Consumers are exposed to information from an increasing number of communication channels. But despite the greater number of communication alternatives, businesses are finding it more and more difficult to get their messages across to consumers. Competition for attention is increasing and consumer habits have changed. Never before have consumers been so well-informed.

The direct marketing of tomorrow is clearly focused on the recipient and provides options for direct response, regardless of channel. Physically delivered advertising messages can be augmented with digital communication.

PostNord offers end-to-end solutions that combine physical and digital marketing customized for target groups or individuals – for greater results.

» Posten gives us service, flexibility, security – and results!

"We worked with Posten to develop an offer that combined physical and digital marketing, based on our own marketing plan.

Our goal was to attract more visitors to our stores and increase sales – which we achieved.

There are major advantages in linking direct marketing and key word optimization, as we will be using more of this combination in the future."

Olof Fransson, CEO of DIY stores Biltema.

Logistics

PostNord's logistics business offers logistics services for flows to, from and within the Nordic region. Focus is on parcel and pallet distribution and solutions for companies' logistics flows. The logistics offer will start to be marketed progressively under the PostNord Logistics brand.

PostNord is one of the leading Nordic logistics companies, delivering nearly 400,000 parcels to corporate and private customers every business day throughout the region. The parcel business accounts for over half of the business area's sales. PostNord also handles over 11,000 pallets per day. PostNord is a leading Nordic operator in parcel flows as well as flows of pallet freight and other consolidated shipments, and in complex logistics solutions with an offer that includes outsourcing services for e.g. wholesalers, e-commerce, retail businesses and industrial enterprises.

PostNord's logistics business offers the Nordic region's largest and most coordinated distribution network – no other operator has more terminals and service points in this part of the world. Logistics also has a franchise partnership with Europe's largest parcel network, DPD, to serve customers with flows to and from the Nordic region.

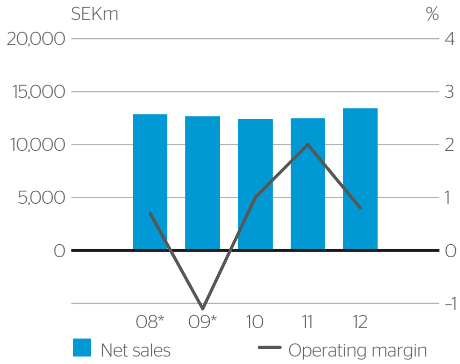
As of 2013 PostNord will progressively launch the PostNord Logistics brand. The change will be made gradually, beginning in the group's third-party logistics business.

Growing logistics market

The Nordic logistics market is highly correlated with the economic trend and the market situation in 2012 was challenging as a result of recession and competition. During the year, the Norwegian logistics market developed positively due to a stronger economic trend in Norway as compared to other Nordic countries. The Danish logistics market was negatively impacted by the weak Danish economy and the market is characterized by heavy competition. The logistics market in Sweden developed positively as a whole. The value growth in the Nordic logistics market is expected to exceed GDP going forward.

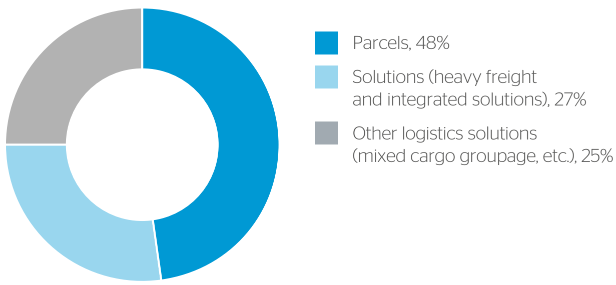
LOGISTICS			
Services:	Logistics services for flows to, from and within the Nordic region – parcel, groupage/pallet, third party logistics services and other logistics solutions.	**Market size:**	The overall Nordic market for logistics services is estimated at over SEK 700 bn. The portion of the market serviced by PostNord is estimated at approx. SEK 144 bn (2010).
Main brands:	PostNord Logistics, Tollpost Globe, Posten, Post Danmark.	**Position:**	One of Nordic region's largest logistics operators with approx. 10% of the market.
Geographic presence;	Sweden, Denmark, Norway, Finland and Germany.	**Competitors:**	Global logistics companies such as DB Schenker, DHL, TNT. Smaller operators holding major or minor positions within various service areas. The national postal operators in Norway and Finland.
Core customers:	Businesses with large logistics flows to, from and within the Nordic region.	**Average number of employees 2012:**	6,718 (6,381).
Sales channels:	Sales force, partner outlets, own service points, own Internet channels, customer e-commerce sites.		

Net sales and operating margin



* pro forma

Net sales 2012



As a region heavily dependent on exports, a large share of Nordic exports go to other Nordic or European countries. Nordic logistics customers often demand a combination of logistics services from partners that have a strong regional base and international scope.

The Nordic logistics market is characterized by heavy competition. Overcapacity, price pressure and distinct economies of scope and scale are driving consolidation of the industry. During 2012 PostNord implemented several corporate transactions in this direction in the Nordic markets.

Demand for outsourcing services has historically been lower in the Nordic region than in other parts of the EU, although the trend is towards more and more companies outsourcing all or parts of their supply chains.

The strong growth of e-commerce in the Nordic region results in increased flows of parcels. Expanding e-commerce is also driving demand for services for distributing goods in larger formats and for other logistics services. Distribution network scope all the way to end consumers, flexibility, security and efficiency are key competitive factors relative to the e-commerce market.

2012 results

Net sales for the business area were up 8% to SEK 13,426m (12,450). Excluding acquisitions, divestments and exchange rate effects, net sales rose 1%. The structural effects were attributable to acquisitions – Green Cargo Logistics, with third-party logistics operations – and the effects of acquisitions and divestments of other logistics businesses in 2011 and 2012. Group parcel volumes increased in 2012 due to the growth of e-commerce and strong growth in B2C volumes. This trend is strongest in the Swedish business. Parcel volumes fell in the Danish logistics business due to continued heavy competition and price pressure. The Norwegian and Swedish logistics businesses both reported an increase in net sales, while net sales fell in Denmark. Of the business area's smaller markets, Germany and Finland both reported increased net sales.

Expenses were up 8%, to SEK 14,612m (13,498). Excluding acquisitions, divestments and exchange rate effects, expenses rose 2% due to additional restructuring costs of SEK 178m and the higher costs associated with greater turnover rates in Sweden and Norway. Restructuring costs were primarily attributable to personnel cuts within production and administration, the integration of parcel production related to the DPD network in the Danish business and the closure of the terminal in Ånge in Sweden.

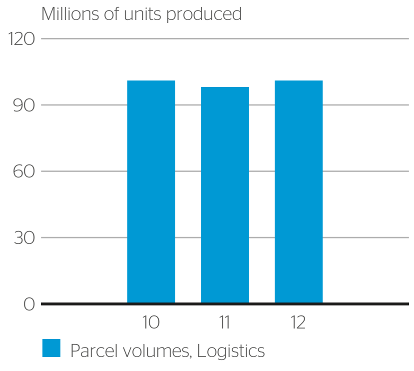
Operating profit totaled SEK 113m (269) and the operating margin was 0.8 (2.0)%. The adjusted operating profit was SEK 276m (254) and the adjusted operating margin was 1.9 (1.7)%. Acquired companies contributed SEK 27m to the group's operating profit.

Activities during 2012

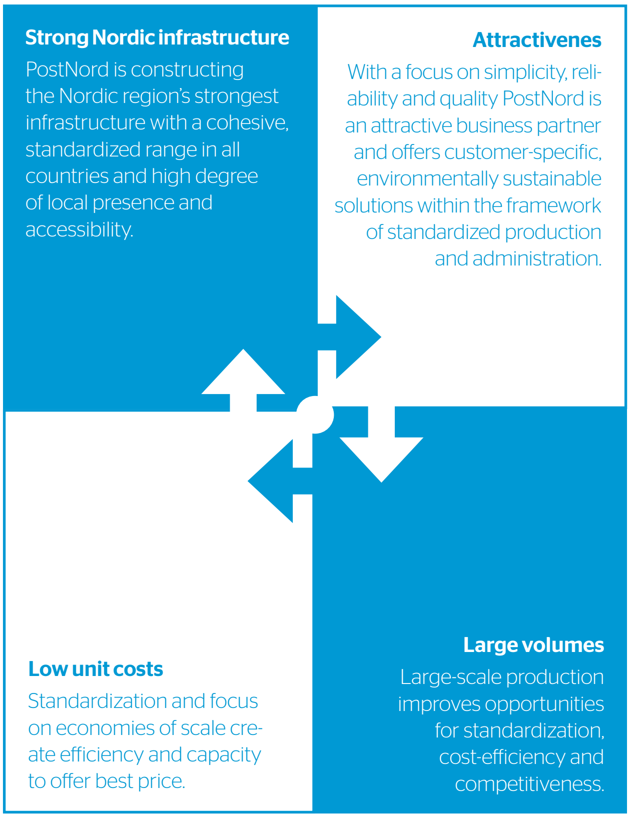
Growth under profitability

PostNord currently offers a broad spectrum of logistics services and the group holds a particularly strong position in parcel, pallet/groupage and 3PL in the Nordic region. During 2012 PostNord continued with the implementation of the strategy to create end-to-end solutions and offer cross-border logistics solutions. By broadening and standardizing the logistics offer, enhancing strength in selected submarkets and expanding geographic coverage, PostNord can better meet customer demand for services and end-to-end solutions and can generate additional growth.

Parcel volumes



Business model, Logistics



Organic growth for the Logistics business was driven chiefly by the development of the Norwegian business and beneficial effects from the growing e-commerce market. PostNord is a challenger in Norway and Finland, and defended and further developed its position in Sweden in 2012 in spite of a challenging market situation. PostNord is challenged in the Danish parcel market due to heavy competition.

During 2012 PostNord made or initiated three major acquisitions of logistics businesses:

- Green Cargo Logistics, one of the leading 3PL operators in Scandinavia.
- Harlem Transport, a highly reputed logistics company with strength in Norway in the areas of groceries, industry, shipping and recycling and waste.
- Byrknes Auto, one of Norway's largest thermal carriers.

The acquisition further strengthens PostNord's position as logistics operator in the Nordic region. Operational integration of previously completed acquisitions proceeded according to plan during the year.

In 2012 PostNord divested wholly-owned subsidiaries HIT Starintex BV in Holland and HIT Belgium SA, in line with the strategic decision to focus on logistics services to, from and within the Nordic region.

Streamlining efforts and capacity expansion

Efforts continued during the year to streamline production and invest in creating capacity for further volume growth, reduced unit costs and improved competitiveness. A key element of this work is the ongoing terminal change being carried out in Sweden. Among other things, this entails PostNord's establishment of a new combined parcel and pallet terminal in northern Stockholm in Sweden. Investments were also made in vehicles and handheld scanners. A significant portion of the investments were made in Norway to increase capacity in the growing Norwegian market.

Environmental initiatives

Targeted, methodical environmental efforts are absolute prerequisites for any company that aspires to be a leading logistics operator. Nordic logistics services purchasers have tightened up their environmental requirements in recent years. As a major industry operator, PostNord's logistics business takes active part in the development of alternative fuels and new vehicle technologies.

Carbon dioxide emissions per parcel continued to fall in the Danish and Swedish businesses due to efficiency improvements to transport flows and greater vehicle capacity utilization. The proportion of biofuel blended with diesel was increased during 2012, contributing to emissions reduction. The group's investments in logistics terminals will further increase capacity, allowing for more efficient capacity utilization and additional reductions of carbon dioxide emissions.

2013 strategic priorities

- Organic growth within existing structure and with existing range, through additional sales and partnerships.
- Potential add-on acquisitions to broaden service offer and strengthen geographic position. Continued operational integration of completed acquisitions.
- Establishment of "PostNord Logistics" brand.
- Restructuring of parcel business, with Mail Denmark taking over domestic parcel operations from Logistics and consolidating under the Post Danmark brand.
- Ongoing rationalizations and cost reductions.
- Continued environmental efforts, primarily through adjustments of fuel and energy consumption in production.

2012 results

SEKm	2012	2011
Net sales	13,426	12,450
Operating profit (EBIT)	113	269
Operating margin[1]	0.8%	2.0%
Adjusted operating margin[1]	1.9%	1.7%
Volumes, millions of units produced		
Parcels	101	98
Quality, %		
Delivery quality parcels Denmark[2]	96.7	97.9
Delivery quality parcels, Sweden[2]	96.8	97.5
Delivery quality parcels, Norway[2]	96.4	96.6
Delivery quality parcels, Finland[2]	95.7	95.7

1) Calculation of operating margins includes other income.
2) On-time delivery for selected services.

Strålfors

Strålfors offers services within the area of information logistics. The company develops and offers communication solutions that create stronger, more personal customer relationships for companies that have large customer bases. Strålfors is a Nordic leader in its field and has operations in several other European countries.

Strålfors focuses on the following areas, which also comprise the company's four divisions:

- Business Communication – communication solutions for efficient, individualized communication with large customer groups.
- Data Management – maintenance and development of information databases.
- Marketing Communication – solutions for customized physical and digital marketing communication.
- Service Fulfillment – supply chain solutions for delivery fulfillment of personalized products or information to end consumers.

Strålfors is the Nordic market leader in its field and has additional operations in the UK, France and Poland.

From information to communication

The market for customer communication is changing. With an increasing number of communication options and more "noise", the recipient's perspective is gaining importance in companies' efforts to reach customers with their messages. For companies and organizations with large customer bases, the ability to communicate on the recipient's terms is therefore becoming more important. There is an ongoing shift from "information disclosure" to communication.

For suppliers of customer communication solutions, this also means that a shift is underway from transaction-driven communication to multi-channel customer interaction that creates opportunities in the borderland between physical and digital communication, but also imposes more requirements for capacity in terms of data management and processing. It is increasingly important to be able to process large quantities of information in an intelligent way in order to identify new paths of communication with customers.

The growth of e-commerce and outsourcing is driving the need for services to fulfill the dialogue with customer bases. One example is telecom companies, with consumer customer relationships that involve large information flows and also hardware flows.

For Strålfors, the market trend of increased competition from digital alternatives entails reduced demand within Business Communication. Meanwhile, there is increasing demand for services based on stronger, more personal customer relationships. This benefits Strålfors' Data Management, Marketing Communication and Service Fulfillment businesses.

STRÅLFORS			
Services:	Communication solutions that create stronger and more personal customer relationships for companies with large customer bases.	**Market size:**	The communication markets in Sweden and Denmark have total sales of approx. SEK 290 bn. The relevant market for PostNord totals approx. SEK 120 bn, which includes Strålfors' market area.
Main brands:	Strålfors.	**Position:**	Market leading within pre-sorted large "mailings" in Nordic countries.
Geographic presence:	Nordic countries, the UK, France and Poland.	**Competitors:**	Digital substitution, Itella, KMD, CGI and others.
Core customers:	Companies with large customer bases, large information flows and the need to individualize their message.	**Average number of employees 2012**	1,509 (1,921).
Sales channels:	Sales force.		

2012 results

Net sales for Strålfors fell to SEK 2,665 (3,048). Excluding acquisitions, divestments and exchange rate effects, net sales rose 2%, mainly due to the influx of new business in the three growth divisions Data Management, Market Communication and Service Fulfillment that served to offset volume drops in the Business Communication division, which is subject to competition from digital alternatives. The divestment related to the sale of the Strålfors Identification Solutions (SIS) division, concluded on August 1, 2011, and the transfer of operations to the group's Danish mail business.

Expenses fell 14% to SEK 2,707 (3,147). Excluding acquisitions, divestments and exchange rate effects, expenses rose 2% due to additional restructuring costs. In addition to cost adjustments in France and the UK, restructuring costs were primarily attributable to the action program adopted in early 2012 that produced profit-improving cost savings. Structural effects related to the divestment of SIS and the transfer of operations to the group's Danish mail business.

Operating profit improved to SEK –25m (–76). The adjusted operating profit was SEK 77m (–77) and the adjusted operating margin was 2.9 (neg)%.

Activities during 2012

Streamlining and rationalization of operations

During 2012, streamlining of Strålfors' information logistics operations continued and was finalized. Strålfors sold the Strålfors Identification Solutions business to EsonPac Group AB in 2011; Strålfors remains a minority owner of the company for the time being. The divestment of non-operating properties continued during 2012.

Strålfors made focused efforts to reduce the cost base within Business Communication in order to counter a negative volume trend resulting from substitution. Strålfors also took measures to reduce administrative costs. Overall, the cost reduction programs generated the desired effect. Due to cost reductions and underlying sales growth, Strålfors reported positive quarterly results from Q2 2012.

Business Development

The market for Business Communication is a mature market in which Strålfors holds a strong position. To increase the company's rate of growth, Strålfors set up a new organization in 2011 with the current four divisions. This reorganization was finalized during 2012.

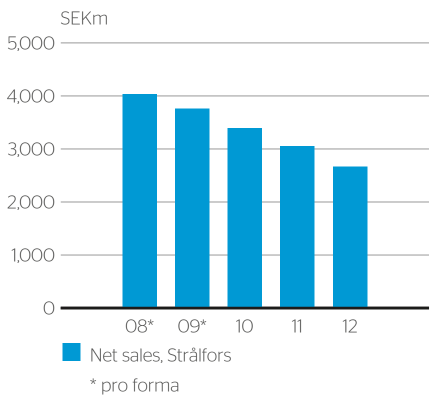
Environmental initiatives

Strålfors strives to reduce the use of chemicals and solvents in its graphics business and works continuously towards this goal. Emissions of volatile organic compounds (VOCs) can be reduced, for instance, by replacing isopropanol in dampening water with other chemicals that have a lower solvent concentration. During 2012, Strålfors continued its efforts to reduce VOC emissions. Strålfors also reduced energy consumption by replacing light fixtures in several buildings.

2013 strategic priorities

- The Data Management, Marketing Communication and Service Fulfillment divisions operate in submarkets under growth. Strålfors concentrates its growth efforts to these areas.
- Capitalize on leading position in the Nordic countries and continue as strong operator in other markets within Business Communication. Continue streamlining efforts in the area to counter volume trend and maintain profitability.

Net sales



2012 results

SEKm	2012	2011
Net sales	2,665	3,048
Operating profit (EBIT)	–25	–76
Operating margin[1)]	neg.	neg.
Adjusted operating margin[1)]	2.9%	neg.

[1)] Calculation of operating margins includes other income.

Risks and risk management

Risk management is a continuous group-wide process and an integrated part of operational governance and follow-up.

The ability to manage risks is crucial for the governance and control of PostNord's business. Taking controllable risks is a prerequisite for the attainment of the group's goals. PostNord works purposefully with risk management in the group's strategy process and operating activities.

Risk management

PostNord's risk management is an integral part of the group's operational governance. The group works continuously to identify, evaluate and manage risks in the group's business operations and units based on accepted methods and principles. The overall objective is to ensure that risks linked to the group's strategy and its implementation (strategic risks) and to the business (operational risks) are identified and managed in an effective, systematic and proper manner.

PostNord's Board of Directors and management team have overall responsibility for the group's risk management. The Audit Committee is tasked with supervising the efficacy of the company's internal governance and control as well as systems and processes for risk management with reference to the group's financial reporting.

Risks to the group are identified in the group's annual business planning process. Risk areas have been reclassified, and risk maps for strategic and operational risks are produced to effectively identify prioritized risk areas for the group. These risk areas were included in the group strategy Roadmap PostNord 2015 adopted by the Board of Directors.

Risk management work is conducted on a central level. The management teams of PostNord's business operations and local units are responsible for identifying and reporting operational risks, which are then consolidated at the central level with the group's strategic risks. A risk strategy is determined depending on the nature of the risk. The business is systematically monitored through regular reports in which business operation management teams update identified risks.

Summary of risks and risk management

RISK AREAS Identified risks	RISK DESCRIPTION Each risk area includes a number of concrete risks	RISK MANAGEMENT Risks are managed through one or more activities
Strategic risks	Weak economy and increased level of digitization. Adaptation of production and administration to market demands.	Implementation of adaptation of mail businesses, ensure profitable growth of logistics business, implementation of administrative restructuring.
Operational risks Regulatory risks	Changes to regulatory provisions (pricing, service levels, etc.).	Implementation of activities to highlight the importance of harmonizing the regulatory framework with market trends.
Security and continuity risks	Deterioration of quality resulting from disruptions to distribution and production networks.	Continuity plans and risk-based security standards that take into consideration customer demands and other factors.
Environmental risks	Climate impact.	Adaptation of transports and establishment of new terminal structure. Investments through the Climate Fund.
Financial risks	Refinancing risks, customer credit, changes in interest rates, exchange rate changes.	Establishment of payment readiness including planning, systematic customer and partner credit evaluation, limitation of translation exposure.

Risk areas and risk management

RISK AREAS	RISKS	RISK MANAGEMENT
STRATEGIC RISKS		
Macro-economic trends, restructuring and acquisitions	PostNord's business volumes are closely linked to macroeconomic trends. 2012 was characterized by continued weak economic development in many countries, including the Nordic countries. The economic trend has a significant effect on PostNord's earning capacity. The communication market is characterized by major changes, due primarily to increased digitization and liberalization. In Denmark, coordinated public initiatives to increase the level of digitization are extremely widespread and this trend is expected to continue in coming years. A similar development is possible for the Swedish market. Digitization imposes additional demands on PostNord's ability to adapt production and administration to market demand. PostNord's strategy involves significant investments and major non-recurring restructuring costs that will burden the group's earnings trend in 2013. These efforts will give rise to capital requirements for investments and growth measures that will be partially financed by external funding. The strategy involves a repositioning of the group's business, which per se presents a strategic risk to the group. The implementation of the group's strategy set high standards for leadership and governance of the business. PostNord has made a number of acquisitions in line with the adopted strategy. Acquisition-driven growth imposes great demand on the integration and coordination of the acquired businesses to capture synergies and ensure a positive earnings trend. PostNord also operates in competitive markets. Market changes and position shifts may present challenges to PostNord's position in various areas.	In 2011 PostNord adopted a new strategy for the period through 2015, aimed at repositioning the group's business in relation to current market changes, generating growth and improving profitability for the group. Implementation of the group's strategy commands the full attention of the Board of Directors and Group Management and is monitored on a continuous basis. The strategy includes investments to adapt the mail businesses to meet the anticipated drop in mail volumes, expansion within Logistics to enlarge the offer and increase market presence, and development of a position as a leading logistics company in the Nordic region. Meanwhile, extensive work is being done to reduce costs in the business operations and within administration. PostNord established new sources of financing in 2012 – a SEK 6 billion bond program and a SEK 3 billion commercial paper program, to ensure long-term financing options. Changes were also made to the group's management structure and governance methods in 2012, aimed at improving maneuverability, the follow-up of measures taken and acquisitions made, and earnings focus.
OPERATIONAL RISKS		
Regulatory risks	Several of the markets in which the group operates are strictly regulated, though to differing degrees. PostNord subsidiaries Posten AB and Post Danmark A/S are obliged to provide universal postal service in Sweden and Denmark, respectively. This obligation is based on the Third Postal Directive which regulates postal services within the EU and the Universal Postal Union treaty regulating international service. The terms of Posten and Post Danmark's concessions include provisions for pricing, service levels, quality, distribution networks, complaint management and supervision. Changes on the European or national level to regulations concerning the universal postal service obligation may have a significant impact on the group. The communications market is undergoing a structural change and is characterized by intense competition. It is essential that the regulatory framework is abreast of this development.	PostNord works to maintain a good dialogue with society, its owners (the Swedish state and the Danish state) and the supervisory authorities in each country in terms of how tomorrow's universal service obligation should be designed in Sweden and Denmark. Conditions must be in place for the continued operation of an efficient, profitable mail business that offers good service.
Security and continuity risks	PostNord's goal is that security and continuity characterize the group's services and delivery. These attributes are essential to our efforts aimed at protecting employees, customer property and our own assets against damage and loss. IT risks include external disturbances that affect the group's production and financial reporting. Disturbances also occur in connection with the consolidation of IT systems, the implementation of new systems and unforeseen consequences of changes.	PostNord's production facilities and distribution network are safeguarded through physical security measures and good continuity capacity. PostNord works consistently to achieve high levels of security and continuity in its services and deliveries. Production disturbance risks are managed within the continuity framework. A new group-wide continuity program is being established, aimed at ensuring the capacity to manage the consequences of any undesired events and thereby safeguard delivery. Security efforts are an integrated part of group processes. During 2012 these efforts were focused on prevention and innovative security protection against theft and fraud, with an emphasis on continued streamlining and the creation of a high level of capacity in terms of adjusting the security level to prevailing conditions and risk situations. Information security risk management is based on the international standard for information security, ISO 27001. The security policy is based on standards that are approved by the Board of Directors and Group Management. Basic guidelines have been prepared and must be followed by employees, consultants, outsourcing partners and others who perform work for PostNord. The results of these actions are measured through participation in international benchmarking.

RISK AREAS	RISKS	RISK MANAGEMENT
OPERATIONAL RISKS		
Environmental risks	PostNord's operations require transports and an extensive infrastructure of terminals, production facilities and other buildings. The business itself is energy intensive and its carbon dioxide emissions have an impact on the environment. External environmental performance demands are simultaneously increasing. PostNord has a goal of reducing group CO_2 emissions by 40% during the period 2009–2020.	PostNord works purposefully and in cooperation with various stakeholders to adjust its operations to reduce environmental impact. These efforts also involve the management of certain market risks, since lowering energy consumption levels serves to reduce vulnerability to fees and rising energy prices. Within the framework of the group's production strategy, PostNord is working to set up a new terminal structure in Sweden with fewer – though larger and better-situated – terminals. This project supports PostNord in its efforts to reduce the group's environmental impact. The group's Climate Fund – which earmarks budget resources for environmental investments – is a key component of the group's environmental improvement work. Read more about our work in the environmental area in PostNord's Sustainability Report.
Financial risks	The group's business includes financial risks that may affect its financial position. These risks, including the management of payment readiness and credit and market risks, are managed centrally based on the financial policy adopted by the Board of Directors. PostNord's goal is to maintain good payment readiness and good diversification of credit risks and limit the effects of interest and currency changes. In short, the group has limited exposure to financial risks.	Financial risks are managed by central Treasury Management and based on the guidelines of the group's financial policy adopted by the Board of Directors and Group Management. Treasury Management reports regularly to Group Management and the Board on financial risk limits.
	Liquidity risk Liquidity risk refers to the risk of a lack of available cash and cash equivalents and the availability of financing only at high cost. PostNord has established a minimum liquidity preparedness level for the coming 12-month period.	Financial preparedness is continuously appraised and is comprised of binding loan commitments and liquidity reserves. In 2012, PostNord has lowered the risk and improved flexibility through the establishment of new sources of financing.
	Credit risks PostNord is exposed to credit risk through customer credit, the investment of cash and cash equivalents and counterparty risk in financial instruments. PostNord had historically low losses due to its broad diversification of risks. PostNord's credit risk is therefore deemed to be very limited.	The group limits credit risk and counterparty risk in accounts receivable through systematic credit evaluations and monitoring of all customers and by diversifying its credit exposure. The group limits other credit and counterparty risks by working only with counterparties that have high credit quality. Credit limits are set on an ongoing basis.
Market risks	*Currency risk* Currency risk arises from exchange rate changes that have an effect on group profit and equity. The group has both transaction and translation exposure. PostNord's international presence and business operations give rise to translation exposure in the net assets of foreign subsidiaries and consolidation of foreign subsidiaries' income statements into SEK. The greatest exposure arises in DKK, NOK and EUR. Transaction exposure is comprised of loans, investments and supplier and customer flows in foreign currencies.	In accordance with the group's financial policy, translation exposure is not hedged. It is limited, however, by ensuring commercially sound solvency levels in group companies. Because PostNord's transaction exposure is limited, only contracted flows are hedged. The business operations report currency risks and Treasury Management manages subsequent hedging activities.
	Interest rate risk Interest rate risk arises from changes in the market rate of interest that negatively impact group profit. The group's goal is to limit profit sensitivity and try to attain an attractive capital cost.	In the short term, interest rate risk is controlled through a stress test on the existing net debt portfolio and anticipated loan portfolio. In the long term, interest rate risk is managed with a duration target.
Posten's Pension Fund	Posten's Pension Fund manages assets for pension commitments for Posten AB, Posten Meddelande AB and Posten Logistik AB. The companies capitalize new pension commitments in the fund and receive compensation for pensions paid. Company assets are allocated into multiple asset classes with a good diversification factor. However, a low consolidation ratio in the Pension Fund may negatively impact the group's cash flows if compensation for pensions paid is not received. Due to new pension valuation regulations, changes in the discount rate and actuarial assumptions increase the volatility of group equity.	Through board representation, PostNord advocates a prudently managed diversification between asset classes and a balanced withdrawal of compensation for paid pensions.

Sensitivity analysis

AREA	VARIABLE	CHANGE	IMPACT ON PROFIT, SEKm
Personnel risks	Change in personnel expenses	+/–1 percentage point	185
	Change in sick leave levels	+/–1 percentage point	123
Volume risks	Change in physical mail volumes	+/–1 percentage point	116
	Change in logistics volumes	+/–1 percentage point	50
Interest rate risk	Change in market rate of interest	+/–1 percentage point	9
Currency risk	Translation exposure	+/–1 percentage point	77
Pensions	Change in interest margin on pension liabilities	–0.1% percentage point	–14
	Change in discount rate and expected return on plan assets	–0.5% percentage point	–65
	Change in salaries and wages	+0.5% percentage point	–31
	Change in income base amount	–0.5% percentage point	–10
	Change in inflation	+0.5% percentage point	–55

The share

Ownership and capital stock

PostNord AB is owned 60% by the Swedish state and 40% by the Danish state. Votes are allocated 50/50 between the Danish and Swedish states. The Danish Ministry of Transport represents the Danish state's shares and the Swedish Ministry of Finance represents the Swedish state's share at PostNord AB's Annual General Meeting, where each owner nominates four members of PostNord's Board of Directors. The owner relationship is regulated by a shareholders' agreement between the two states.

PostNord's capital stock totals SEK 2,000m, allocated into 2,000,000,001 shares, 1,524,905,971 of which are A shares and 475,094,030 of which are B shares. Each share has a quota value of SEK 1 and carries a right to dividend. A shares carry the right of one vote per share; B shares carry the right of one-tenth vote per share.

Dividends paid and proposed

Dividends totaling SEK 368m were distributed in 2012, representing SEK 0.18 per share. The dividend represents 30% of 2011 net profit.

Earnings per share, before and after dilution, totaled SEK 0.13 (0.61) in 2012. The Board proposes a dividend of SEK 103m, which represents SEK 0.0515 per share and 40% relative to net profit.

Debt programs and corporate bonds

PostNord AB is a Swedish public company owned 40% by the Danish state and 60% by the Swedish state. Operations are financed via external loans in addition to internally generated funds. According to PostNord's financing strategy, the group aims for diversified financing with borrowing in both the fixed income and the money markets, with sufficient reserves in the form of committed loan facilities.

PostNord established a commercial paper program and a corporate bond program in 2012. The corporate bonds are listed on NASDAQ OMX Stockholm.

Debt programs

Program	Arranger	Dealers	Amount
Revolving credit facility (matures 2016)	Nordea Bank AB	Danske Bank, Handelsbanken Capital Markets, Nordea	SEK 2,000m
Commercial paper program	Nordea Bank AB	Danske Bank, Handelsbanken Capital Markets, Nordea, SEB	SEK 3,000m
MTN program	SEB	Danske Bank, Handelsbanken Capital Markets, Nordea, SEB, Swedbank	SEK 6,000m

Outstanding bonds

Type	Original amount	Coupon	Maturity date	ISIN
Medium Term Note	SEK 1,000m	3-m STIBOR + 150 pts	September 20, 2017	SE0004811099
Medium Term Note	SEK 1,000m	3.125%	September 20, 2017	SE0004811081
Medium Term Note	SEK 150m	2.00%	June 3, 2015	SE0004926830
Medium Term Note	SEK 390m	3-m STIBOR + 70 pts	June 3, 2015	SE0004926822

Financial development

Contents

Financial development

Net sales and profit

PostNord's 2012 net sales fell 1% to SEK 38,920m (39,466). Excluding acquisitions, divestments and exchange rate changes, net sales fell 2%. The change was primarily attributable to the sharp reduction in letter volumes, which totaled 7% during 2012. Net sales for Logistics rose due to acquisitions and organic growth. The growth of e-commerce is generating increased demand for the distribution of goods via mail and parcel post. Parcel volumes increased 3% in 2012. Excluding divestments, net sales for Strålfors increased.

Expenses increased 2% to SEK 38,816m (38,167). Excluding acquisitions, divestments and exchange rate changes, expenses rose 1%. The change was primarily attributable to increased restructuring costs following personnel cutbacks within production and administration, costs associated with changes in actuarial assumptions for pensions and non-recurring effects.

During 2012 the group worked to reduce costs by continuously adjusting the business to reduced mail volumes. The group also initiated and finalized a cost reduction program during the year to reduce the group's administrative costs. Personnel expenses fell 3%. The average number of employees was reduced by approximately 2,000 year-on-year and by approximately 2,500 before acquisitions. A large portion of the group's IT operations was outsourced in 2012. Group transport expenses increased during the year, attributable to acquisitions of businesses within business area Logistics and increased volumes within the business area's Swedish and Norwegian operations. Other costs increased, mainly as a result of increased restructuring costs.

Group operating profit totaled SEK 364m (1,571) and the operating margin was 0.9 (4.0)%. The adjusted operating profit (EBIT before restructuring costs and non-recurring items) was SEK 1,550m (1,884) and the adjusted operating margin was 4.0 (4.7)%.

Net financial items totaled SEK 16m (100). The change was mainly related to lower interest rates and higher borrowing.

Tax expenses totaled SEK 123m (446). The reduction of the Swedish corporate tax rate effective as of 2013, from 26.3 to 22 percent, reduced tax expenses for the year by SEK 6m, as this affected deferred tax in Sweden.

					Of which		
SEKm	2012	2011	Change		Acquisitions/ Divestments	Currency	Excl acquisitions/ divestments & currency
PostNord Group							
Net sales	38,920	39,466	-546	-1%	2%	-1%	-2%
Operating profit (EBIT)	364	1,571	-1,207	-77%	2%	0%	-79%
Operating margin, %[2]	0.9	4.0					
Adjusted operating margin, %[2]	4.0	4.7					
Mail							
Net sales[1]	23,164	24,288	-1,124	-5%	1%	-1%	-5%
of which Mail Denmark	*8,290*	*9,347*	*-1,057*	*-11%*	*1%*	*-3%*	*-9%*
of which Mail Sweden	*15,137*	*15,220*	*-83*	*-1%*	*1%*	*0%*	*-2%*
Operating profit (EBIT)	775	1,245	-470	-38%	0%	-1%	-37%
of which Mail Denmark	*-18*	*355*	*-373*	*> -100%*	*0%*	*0%*	*> -100%*
of which Mail Sweden	*793*	*890*	*-97*	*-11%*	*0%*	*0%*	*-11%*
Operating margin, %[2]	3.0	4.7					
Adjusted operating margin, %[2]	5.6	5.6					
Logistics							
Net sales	13,426	12,450	976	8%	7%	-1%	1%
Operating profit (EBIT)	113	269	-156	-58%	11%	-1%	-68%
Operating margin, %[2]	0.8	2.0					
Adjusted operating margin, %[2]	1.9	1.7					
Strålfors							
Net sales	2,665	3,048	-383	-13%	-14%	-1%	2%
Operating profit (EBIT)	-25	-76	51	-67%	-22%	1%	-46%
Operating margin, %[2]	neg	neg					
Adjusted operating margin, %[2]	2.9	neg					
Others and eliminations							
Net sales[1]	-335	-320	-15	5%			
Operating profit (EBIT)	-499	133	-632	> -100%			

1) Internal transactions between business areas was eliminated in the aggregated mail businesses.
2) Calculation of margins includes other income.

Net profit totaled SEK 257m (1,225). Net earnings per share totaled SEK 0.13 (0.61).

Adjusted operating profit

PostNord Group, SEKm	2012	2011
Operating profit (EBIT)	**364**	**1,571**
Restructuring costs[1]	1,171	393
Non-recurring effects[2]	15	–80
Adjusted operating profit	**1,550**	**1,884**
Adjusted operating margin, %	4.0	4.7

1) Of which provisions/reversals, see Note 6.

2) Refers to capital gains on the sale of businesses, impairment of Eson Pac Group AB shareholding and the group's Danish SAP platform, and VAT refund.

The businesses

Mail

Net sales for the Mail business were down 5% in 2012, totaling SEK 23,164m (24,288). The group's mail volumes fell a total of 7% during the year.

Expenses fell 2% and totaled SEK 24,824m (25,459).

Operating profit totaled SEK 775m (1,245) and the operating margin was 3.0 (4.7)%. The adjusted operating profit was SEK 1,436m (1,527) and the adjusted operating margin was 5.6 (5.6)%.

Mail Denmark

Net sales for business area Mail Denmark fell 11% to SEK 8,290m (9,347). Excluding acquisitions, divestments and exchange rate effects, net sales fell 9%. Net sales were impacted by extensive digitization in the Danish market. Mail volumes fell a total of 12% during the year. The decrease was primarily seen in priority mail volumes for small businesses and private customers. Volumes related to the distribution of goods increased due to the growth of e-commerce. Revenues from advertising and newspapers fell due to the weak advertising market and heavier competition.

Expenses fell 7% to SEK 9,962m (10,670). Excluding acquisitions, divestments and exchange rate effects, expenses fell 4%. The decrease was primarily attributable to continuing efforts to adjust to lower volumes, mainly through personnel cutbacks, and rationalizations within production and distribution. The average number of employees was reduced by over 1,200 year-on-year. Mail Denmark also made adjustments to its distribution center structure and converted several post offices to partner outlets.

Two non-recurring effects had a net impact of SEK 35m on expenses in 2012. A refund of SEK 187m was received for VAT paid. An impairment of SEK 152m was also taken, attributable to capitalized development expenditures for the group's Danish SAP platform. This impairment is a consequence of the implementation of a uniform Nordic SAP platform, the result of which is that many of the previous Danish SAP platform applications are no longer used or are used to a very limited extent.

Operating profit totaled SEK –18m (355) and the operating margin was negative (3.2)%. The adjusted operating profit was SEK 223m (254) and the adjusted operating margin was 2.2 (3.6)%.

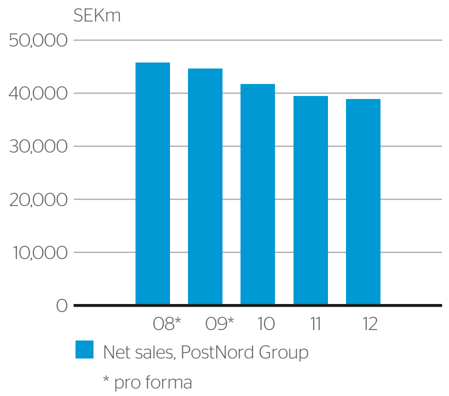
Mail Sweden

Net sales for business area Mail Sweden fell 1% to SEK 15,137m (15,220). Excluding acquisitions, divestments and exchange rate effects, net sales fell 2%. The change was primarily attributable to reduced mail volumes, which fell 5% in 2012 due to competition from digital alternatives. The growth of e-commerce produced increased flows of light parcels and there was a 13% increase in the number of mail items distributed at partner outlets during the year. Direct mail revenues developed negatively due to the continued weakness of the advertising market. Newspaper revenues increased due to the takeover of Svensk Morgondistribution operations in June 2012.

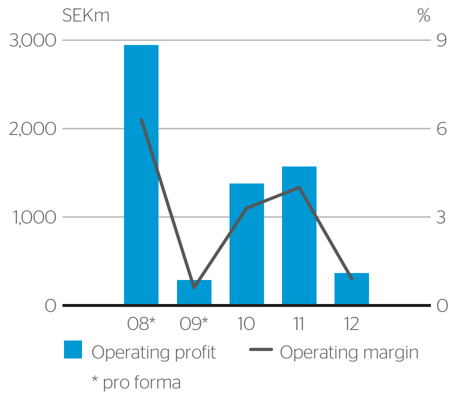
Expenses increased somewhat to SEK 15,131m (15,061). Excluding acquisitions, divestments and exchange rate effects, expenses fell 1%. Restructuring costs increased during year due to personnel cutbacks within administration and production and totaled SEK 419m (235). Personnel expenses were down due to rationalizations and adjustments made to reduced mail volumes. The average number of employees was reduced by over 620 year-on-year.

Operating profit fell to SEK 793m (890) and the operating margin to 5.0 (5.6)%. The adjusted operating profit was SEK 1,213m (1,125) and the adjusted operating margin was 7.6 (7.1)%.

Net sales, PostNord Group



Operating profit and operating margin, PostNord Group



Logistics

Net sales for the business area were up 8% to SEK 13,426m (12,450). Excluding acquisitions, divestments and exchange rate effects, net sales rose 1%. The structural effects were attributable to acquisitions – Green Cargo Logistics, with third-party logistics operations – and the effects of acquisitions and divestments of other logistics businesses in 2011 and 2012. Group parcel volumes increased in 2012 due to the growth of e-commerce and strong growth in B2C volumes. This trend is strongest in the Swedish business. Parcel volumes fell in the Danish logistics business due to continued heavy competition and price pressure. The Norwegian and Swedish logistics businesses both reported an increase in net sales, while net sales fell in Denmark. Of the business area's smaller markets, Germany and Finland both reported increased net sales.

Expenses were up 8%, to SEK 14,612m (13,498). Excluding acquisitions, divestments and exchange rate effects, expenses rose 2% due to additional restructuring costs of SEK 178m and the higher costs associated with greater turnover rates in Sweden and Norway. Restructuring costs were primarily attributable to personnel cuts within production and administration, the integration of parcel production related to the DPD network in the Danish business and the closure of the terminal in Ånge in Sweden.

Operating profit totaled SEK 113m (269) and the operating margin was 0.8 (2.0)%. The adjusted operating profit was SEK 276m (254) and the adjusted operating margin was 1.9 (1.7)%. Acquired companies contributed SEK 27m to the group's operating profit.

Strålfors

Net sales for Strålfors fell to SEK 2,665m (3,048). Excluding acquisitions, divestments and exchange rate effects, net sales rose 2%, mainly due to the influx of new business in the three growth divisions Data Management, Market Communication and Service Fulfillment that served to offset volume drops in the Business Communication division, which is exposed to competition from digital alternatives. The divestment related to the sale of the Strålfors Identification Solutions (SIS) division, concluded on August 1, 2011, and the transfer of operations to the group's Danish mail business.

Expenses fell 14% to SEK 2,707m (3,147). Excluding acquisitions, divestments and exchange rate effects, expenses rose 2% due to additional restructuring costs. In addition to cost adjustments in France and the UK, restructuring costs were primarily attributable to the action program adopted in early 2012 that produced profit-improving cost savings. Structural effects related to the divestment of SIS and the transfer of operations to the group's Danish mail business.

Operating profit improved to SEK –25m (–76). The adjusted operating profit was SEK 77m (–77) and the adjusted operating margin was 2.9 (neg)%.

Other and Eliminations

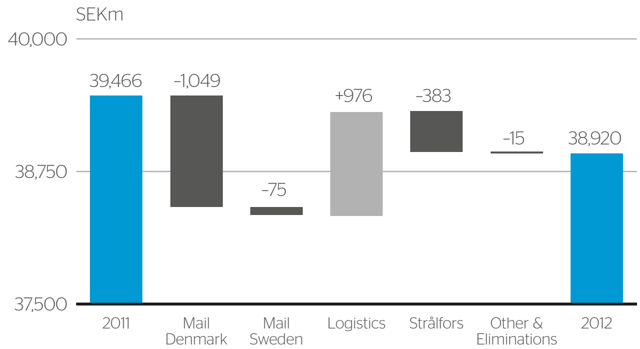
Operating profit totaled SEK 499m (133). The reduction of SEK 632m is primarily attributable to changes in actuarial assumptions related to the pension discount rate, increased restructuring costs for personnel cutbacks, last year's capital gain from the sale of Fastighets AB Kvasten 8 and impairment of SEK 55m of the shareholding in Eson Pac Group AB following PostNord's projection that realization of the previous valuation of the shareholding will not be possible.

Cash flows

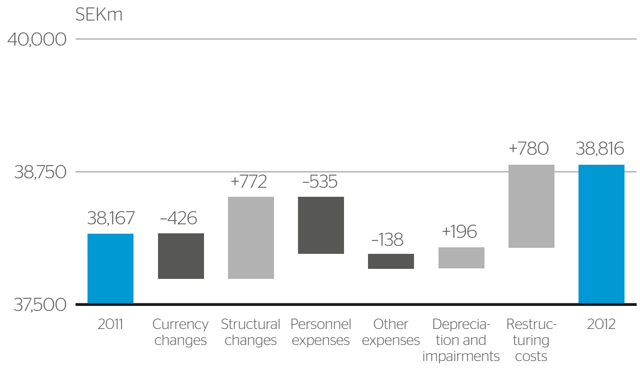
Cash flows from operating activities totaled SEK 1,625m (1,634). Cash flows from operating activities before changes in working capital totaled SEK 1,576m (1,976). The liquidity effect as regards pensions, chiefly pension payments, totaled SEK 1,203m (1,170). Transfer of pension commitments to the pension fund of SEK 482m (366) was made during the period and SEK 360m (251) of compensation for pension payments was received.

Cash flows from investing activities totaled SEK 3,533m (1,813). Investments in tangible fixed assets totaled SEK 1,994m

Net sales development



Expense development



(1,670). The net liquidity effect of the acquisition of subsidiaries totaled SEK 1,420m (344). The net liquidity effect of the sale of subsidiaries totaled SEK 46m (185). See also Note 31, Acquisitions and Divestments.

Cash flows from financing activities totaled SEK 2,854m (-1,353). The group raised loans of SEK 5,419m (0) during the period within the framework of the MTN and commercial paper programs and by raising bank credit and real estate loans. Loan amortization totaled SEK 2,137m (331) during the period, attributable to bank credit and commercial paper. Dividends of SEK 368m (1,000) and SEK 2m (4) were distributed to parent company owners and minority shareholders, respectively, in 2012.

Cash and cash equivalents at the end of the period totaled SEK 3,046m, up SEK 939m from December 31, 2011.

Financial position

Stable capital base

The group has a strong financial position and a strong capital base, with an equity-assets ratio of 39% as of December 31, 2012. The group's goal is an equity-assets ratio of at least 35%.

Interest-bearing liabilities

The group's net debt totaled SEK 3,085m (578). The group's interest-bearing net debt is comprised of pension provisions, long-term real estate and bond loans, short-term commercial paper and the group's cash and cash equivalents, which totaled SEK 3,046m (2,107). The increase in interest-bearing net debt is in line with PostNord's strategy adopted in 2011.

During the year, PostNord established a commercial paper program for short-term financing and a MTN program for long-term financing. Issues under the MTN and commercial paper programs were successful. Real estate loans of DKK 340m were raised during the fourth quarter and SEK 540m in MTN bonds was issued.

Strong financial preparedness

The group's financial preparedness totals SEK 5,046m (2,107) and is composed of cash and cash equivalents and unutilized committed credit of SEK 2 billion. The net debt/EBITDA ratio is 1.36.

Investments in fixed assets

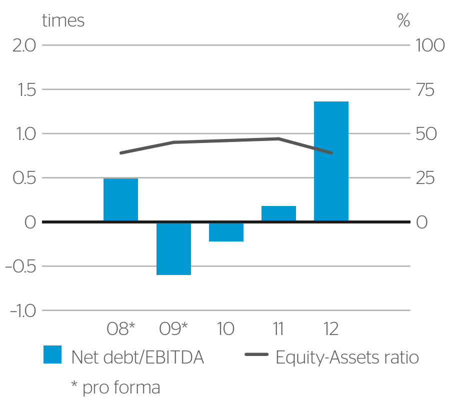
The group's investments in tangible and intangible fixed assets totaled SEK 2,331m (1,946) in 2012. The increase is primarily attributable to investments in tangible fixed assets of SEK 1,994m (1,670).

During the period, business area Mail Denmark made investments in fixed assets totaling SEK 463m (519).

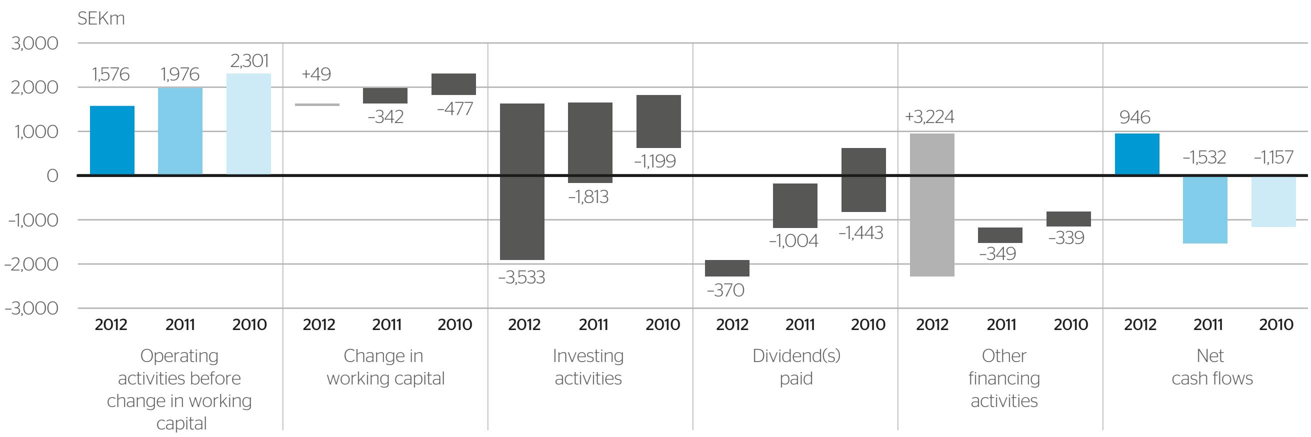
Net financial position

SEKm	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
Cash and cash equivalents	3,046	2,107	3,640
Interest-bearing debt	4,312	1,098	1,454
Pension provisions	1,819	1,587	1,458
Net debt	**3,085**	**578**	**-728**

Net debt/EBITDA and equity-assets ratio



PostNord Group cash flow



The investments were primarily attributable to investments in production vehicles, replacement investments for sorting equipment, and the purchase of postal vending/service machines and electric bicycles. Investments in business area Mail Sweden totaled SEK 1,066m (273) and were primarily attributable to investments in equipment – including for the new terminals in Hallsberg and Roserberg – and production vehicles. Investments in the Hallsberg and Rosersberg terminals totaling SEK 505m (188) and investments in production vehicles totaling SEK 183m (183) were reported last year in the Other segment.

Logistics invested SEK 401m (368) in fixed assets during the period. The largest investments during the year were replacement investments for vehicles, hand-held computer solutions, transport and sorting equipment.

In addition to investments in new printers, the investments made by Strålfors during the year – which totaled SEK 89m (156) – included the arrangement of premises in Ljungby, the development of IT applications and miscellaneous replacement investments.

The segment Other invested a total of SEK 312m (630) during the year, primarily in the integration of joint IT solutions.

See also Note 4, Segment Reporting.

Parent company and distribution of profits

The parent company, PostNord AB, ran a very limited intercompany service operation and had only three employees as of December 31, 2012: the President/CEO, the group CFO and the Head of Group Strategy. No net sales were reported during the year. Operating expenses totaled SEK 54m (29). Financial items totaled SEK 2,460m (1,007), of which SEK 2,473m is attributable to dividends from subsidiaries. Profit before tax totaled SEK 2,475m (990).

Proposed distribution of profits

The Board proposes that unappropriated profits be distributed as follows:

SEK	
Dividend, 2,000,000,001 shares * 0.0515 per share	103,000,000
Carried forward	154,000,000
Total	**257,000,000**

Highlights

- **On January 4, 2012** PostNord sold wholly-owned subsidiaries HIT Starintex B.V. in Holland and HIT Belgium S.A. to Hellmann Worldwide Logistics GmbH & Co KG as part of the group's strategy to focus on logistics flows to, from and within the Nordic region.
- **On March 26, 2012** PostNord signed an agreement with Green Cargo AB to acquire the subsidiary Green Cargo Logistics AB and its property holdings. Green Cargo Logistics is the second largest 3PL company in Sweden and one of the largest operators in Scandinavia. The acquisition was concluded on May 31, 2012. The company's name was changed to PostNord Logistik TPL AB.
- **On April 19, 2012** PostNord's wholly owned subsidiary Tidningstjänst AB entered into a contract for the take-over of Svensk Morgondistribution KB operations, including the multi-year distribution of the MittMedia and Västerbottens Kuriren media groups' morning newspapers. The deal was concluded on June 1, 2012.
- **On April 20, 2012** PostNord held its 2012 annual general meeting. The AGM resolved, among other things, to reelect all incumbent board members with Fritz H. Schur as chairman and to elect new board member Jonas Iversen. The AGM also resolved to distribute a dividend of SEK 368m (1,000) to the shareholders.
- **On April 23, 2012** PostNord AB made its first issue under an established commercial paper program. The program allows the issuance of commercial papers within a framework of SEK 3 billion.
- **On August 8, 2012** it was announced that PostNord subsidiary Post Danmark A/S signed an agreement with Zimmer-Group A/S to acquire all the shares in Distribution Services A/S, a specialist in the packaging and handling of unaddressed mail. The company, a Post Danmark subcontractor since 2003, has been part of PostNord since January 1, 2013.
- **On September 13, 2012** PostNord AB issued bonds for a total of SEK 2 billion. This was followed by another bond issue totaling SEK 540m on November 22. The issues were made under the Medium Term Note program established in June 2012 to improve the group's flexibility in the financing of conversions and further acquisitions. The bonds are listed on NASDAQ OMX Stockholm.

- **On September 14, 2012** PostNord AB signed an agreement for the cash acquisition of 100% of the shares of Norwegian logistics company Harlem Transport AS. The company focuses on providing services for consignment goods transport in four areas: convenience goods, industry, shipping and recycling and waste. The acquisition complements PostNord's existing operations in Norway and further strengthens the group's position in the growing Norwegian logistics market. The acquisition was concluded on November 1, 2012.
- **On September 18, 2012** the Danish National Tax Tribunal announced its decision in Post Danmark A/S's favor in a case concerning paid VAT. A VAT refund was made during the fourth quarter of 2012. The refund had an impact of SEK 187m on Mail Denmark's operating profit for the fourth quarter.
- **On November 13, 2012** it was announced that PostNord will reorganize its parcel business in Denmark. Mail Denmark will take over the parcel operations in Denmark from Logistics and concentrate efforts under the Post Danmark brand.
- **On December 17, 2012** PostNord signed an agreement to acquire the assets and liabilities of Norwegian company Byrknes Auto AS, one of Norway's largest thermal carriers. The acquisition further strengthens PostNord's position in the growing Norwegian logistics market, particularly within thermal shipping. The acquisition was concluded on February 1, 2013.

Changes in Group Management

- Henning Christensen took over as Head of business area Mail Denmark and joined Group Management on May 1, 2012. He succeeds Finn Hansen.
- Annemarie Gardshol took up the newly-established post of Head of Group Strategy on May 14, 2012.
- Henrik Rättzén took over as PostNord's CFO on August 7, 2012, succeeding Mats Lönnqvist.
- PostNord's HR Director, Palle Juliussen, retired as of October 1, 2012.
- On December 11, 2012 it was announced that Lars Idermark will step down as President & CEO of PostNord and will be taking up the post of President & CEO of forestry group Södra. Recruitment of his replacement is underway.

Subsequent events

- **On January 1, 2013** a transition to new IAS 19 accounting principles came into effect that impact, among other things, group equity and indebtedness. The financial effects of the new rules are reported in Note 1, Accounting Principles.
- **On January 21, 2013** Finn Hansen was appointed new HR Director. He joins Group Management and remains a member of Executive Management.
- **On February 8, 2013** Fritz H. Schur announced that he will decline reelection to PostNord's Board of Directors.
- **On February 15, 2013** the Supreme Court of Denmark held in favor of Post Danmark A/S in a case brought against the competition authorities concerning abuse of dominant position in the UDM market. Following the judgment, PostNord expects compensation claims against Post Danmark to be dismissed.

Environment

A part of PostNord's vision is to be the environmental sound choice for our customers.

Overall long-term targets

Transports account for the largest share of PostNord's environmental impact and our focus is on reducing the consumption of fossil fuels. PostNord's long-term environmental target is to reduce the group's carbon dioxide emissions by 40% by 2020 over base year 2009. In 2012 carbon dioxide emissions were reduced 5%, to 372,981 (393,516) tons (previous year's values were adjusted for comparison purposes). PostNord's carbon dioxide emissions have been reduced a total of 11% from base year 2009.

Environmentally licensed operations

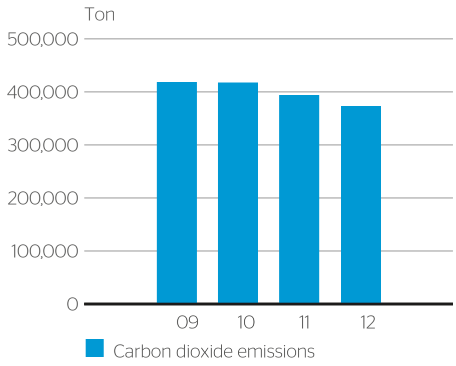
PostNord runs operations requiring registration under national legislation in Sweden, Denmark, France and Poland. These operations constitute a limited portion of the group's net sales. In Sweden Strålfors runs facilities in Ljungby that require registration under the Swedish Environmental Code. Corresponding registrations are made with the applicable authorities for Strålfors facilities in France and Poland. These environmentally licensed operations deal with graphic production and impact the external environment through emissions to air.

Other environmentally licensed operations subject to Environmental Code provisions are a number of cleaning bays used in PostNord's Swedish operations. No significant environmental incidents occurred during the year.

No environmentally licensed operations required renewal in 2012.

Read more about PostNord's environmental operations in PostNord's Sustainability Report.

Carbon dioxide emissions[1)]



1) Emissions data includes completed acquisitions. Previously reported values have been adjusted.

Employees[1)]

Dedicated and motivated employees are crucial to PostNord's success. PostNord is one of the largest employers in the Nordic region and strives to be an attractive, stimulating employer.

One of the Nordic region's largest workplaces

In 2012 PostNord had an average of 39,713 (41,714) employees at the group's approximately 1,400 workplaces. The total number of employees at the close of 2012 was 49,297 (48,568). Personnel turnover was 10.9 (10.6)%.

Leadership and commitment

PostNord monitors leadership and employee on a regular basis. Employee commitment (MIX) and leadership quality (LIX) are the results of the annual employee FOCUS survey. In 2012 the employee index was 63 (57) and the leadership index was 65 (59).

1) Average number of employees comprises the entire group. Other employee data covers the Nordic businesses, which represented approximately 99% of the group's average number of employees in 2012. See PostNord's Sustainability Report for additional information.

Workplace equality and diversity

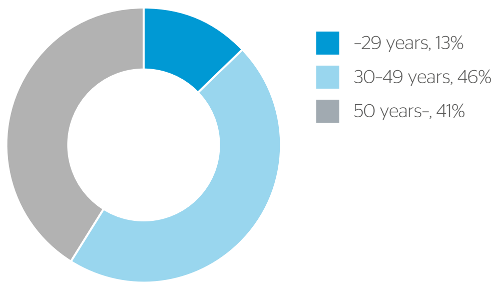
PostNord has a zero tolerance for discrimination. PostNord offers men and women equal opportunity in the workplace and opposes unfair pay differentials. To increase the pace of its workplace equality efforts, PostNord's goal is to have 40% female managers within the group by 2015. At year end, the share of female managers was 29 (29)% while the distribution between women and men was 35/65 (35/65)%.

Health and safe work environment

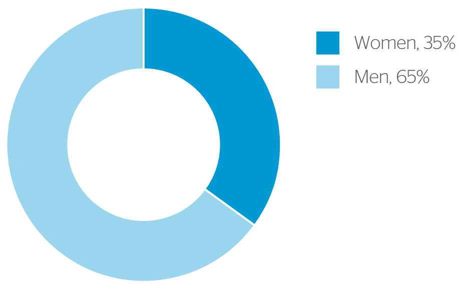
PostNord invests considerable resources and energy in work environment and health and has a group-wide policy in these areas. Sick leave in the group was 4.9 (5.0)% in 2012.

Read more about employees in the Sustainability Report.

Age distribution 2012



Gender distribution 2012



Corporate governance report

Contents

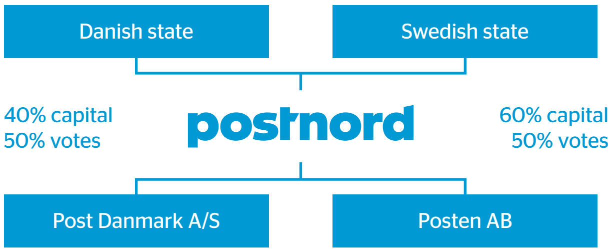
Governance of PostNord

PostNord aspires to generate long-term value for its owners and other stakeholders and to ensure the fulfillment of its universal service obligations. One prerequisite for this is well-functioning corporate governance.

Characteristics of good corporate governance include a clear ownership structure and an effective, well-appointed Board of Directors, as well as efficient processes and carefully prepared risk management. This Corporate Governance Report describes PostNord's corporate governance from this perspective, and has been prepared in accordance with the Companies Act, the Annual Reports Act and the Swedish Code of Corporate Governance ("Code").

Ownership structure

PostNord AB (publ), corporate identity number 556771-2640, is a Swedish corporation owned 40% by the Danish state and 60% by the Swedish state. PostNord AB is the parent company of the PostNord Group. Votes are allocated 50/50 between the Danish and Swedish states.



Key principles and regulations affecting the governance of PostNord

External rules and regulations

- Swedish Companies Act
- Swedish state's ownership policy and guidelines for state-owned companies and Danish state's ownership principles (The State as Shareholder)[1]
- Swedish Code of Corporate Governance
- Responsibility of Boards of Directors of state-owned companies (Swedish state)[1]
- NASDAQ OMX Stockholm's issuer regulations
- Swedish Annual Reports Act
- International Financial Reporting Standards, IFRS
- Laws and legislation concerned
- UN Global Compact

External postal regulations

- UPU Convention
- EU Postal Directive
- Postal Services Act (Sweden)
- Postal Ordinance (Sweden)
- Licensing terms for Posten AB (Sweden)
- Laws and ordinances on electronic communication (Sweden)
- Post Danmark A/S Act (Denmark)
- Postal Operations and Postal Services Act (Denmark)
- Postal Services and Postal Operations Ordinance (Denmark)
- Individual license for Post Danmark A/S (Denmark)
- Accounting Regulations, based on concession (Denmark)

Internal rules and regulations

- By-laws
- Rules of procedure for the Board of Directors
- Rules of procedure for the Audit Committee and for the Compensation Committee
- Board's instructions to the CEO
- Decision-making procedure for PostNord AB
- Operational governance of PostNord Group, including group policies (see below)
- Financial Accounting Manual
- Framework for internal governance and control of financial reporting
- Compliance program considering competition law, etc.
- Guidelines for compensation and other terms of employment for executives

Group policies

PostNord's group-wide policies include:

- Financial policy
- Environmental policy
- Quality policy
- Work environment policy
- Security policy (including IT and information security)
- Information and insider policy
- Codes of Conduct
- Risk policy
- Acquisition policy
- Media policy
- Credit policy

[1] Document available at www.regeringen.se and www.fm.dk

Governance structure

The principal decision-making bodies within PostNord are:

- The Annual General Meeting.
- The Board of Directors.
- The President & Group CEO assisted by Group and Executive Management.

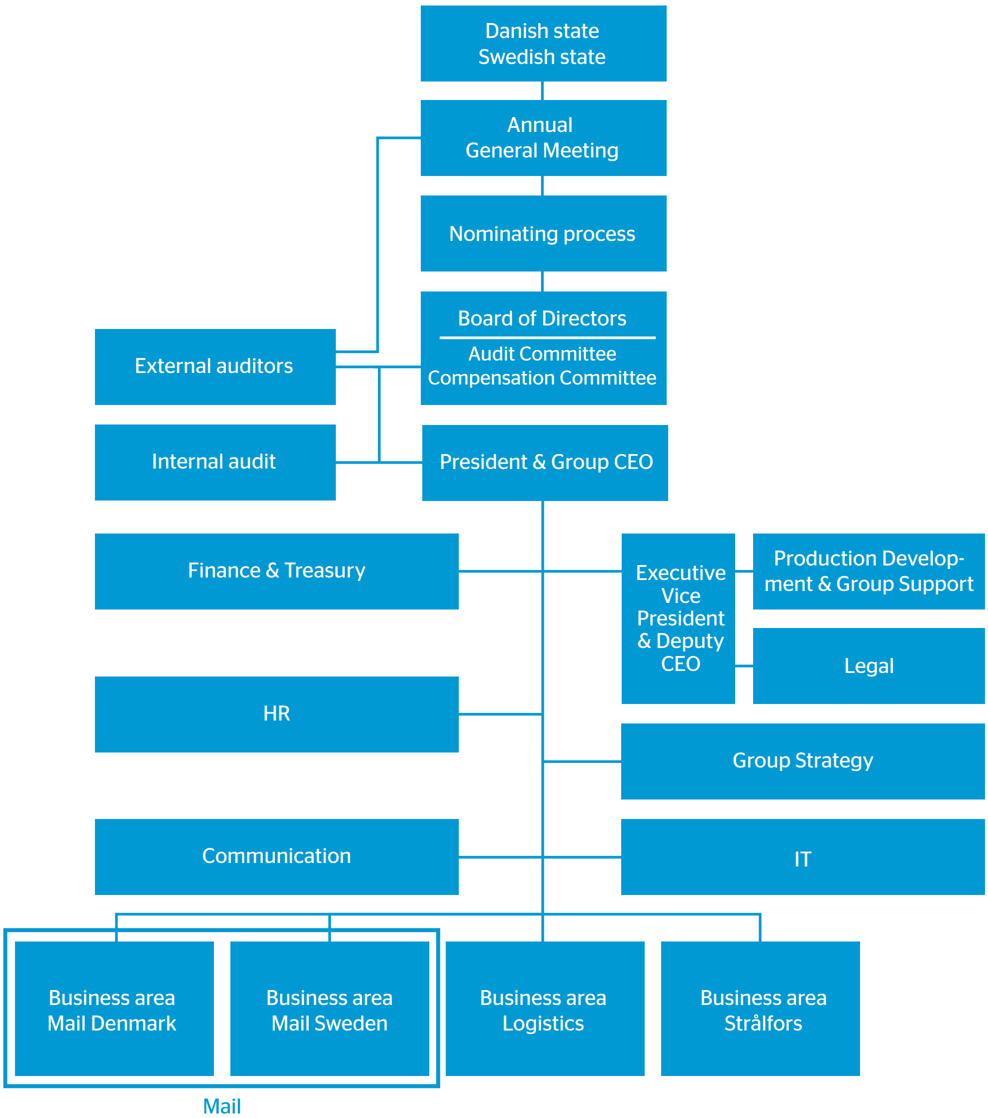
The owners jointly nominate the Chairman of the Board and other Board members, propose directors' fees and nominate the AGM chairman and external auditors. The AGM is PostNord's highest decision-making body.

The Board of Directors holds overall responsibility for organization and administration of the company through continuous monitoring and control of operations. The Chairman of the Board leads the Board's work. The Audit and Compensation Committees assist the Board in these efforts.

PostNord's President & CEO is responsible for and leads the day-to-day management of the group based on the Board's guidelines and instructions. The President & CEO is assisted by Group Management and by an executive management team comprised of members of Group Management.

The company's external auditor is selected by the AGM and examines the Annual Report and Consolidated Financial Statements, the Board's and CEO's administration and the annual reports of subsidiaries, and produces an auditor's report. PostNord's internal audit function evaluates the company's internal governance and control.

The group's operational structure differs from its legal structure. As a main principle, organization and governance are based on the operational structure. Postal concessions, however, are tied to the legal structure/legal entities (Post Danmark A/S, Posten AB); accordingly, formal responsibility for concessions follows the legal structure.



Governance model

The purpose of the governance model is to ensure and support maximum value creation for PostNord and the best possible development of the business. PostNord's governance model is composed of seven main elements. Core group governance includes Formal Governance, Functional Governance and Situation-specific Governance. Together with PostNord's strategy and plans, these determine the scope, conditions and direction for group operations.

The other elements are (1) management by objectives for the Group's top 250 managers, (2) management and operation of group projects and (3) operational management system with associated quality, environmental and work environment certification, as well as monitoring and assessment of operations with the EFQM Excellence Model. Sustainability aspects are integrated into the governance model.

Governance model pursuant to PostNord's operational governance

STRATEGY AND PLANS	Key documents, plans and processes for governance and development of the group's operations: strategy, business plans, operational plans, investment plans, financial plans/budgets.	
FORMAL GOVERNANCE	**FUNCTIONAL GOVERNANCE**	**SITUATION-SPECIFIC GOVERNANCE**
Proceeds from Group Board of Directors, President/Group CEO and assimilated throughout entire organization. Includes: • Responsibility structure • Formal decision-making procedure • Financial governance and reporting • Governance of legal entities • Internal governance and control • Compliance, including regulations	Prioritized functional areas in which the group has chosen to govern the business functionally. Includes: • Group functions • Group policies • Group committees • Group support • Shared services	Prioritized, fixed-term initiatives where the group has elected to "directly govern" the business through a specific program, project, etc. Examples: • Cost reduction program • Significant structural measures
MANAGEMENT BY OBJECTIVES	• Goal contract and management by objectives for top 250 managers	
GROUP PROJECTS	• Governance of group-level strategic / business critical initiative projects • Group-wide project methodology and model	
OPERATIONAL MANAGEMENT SYSTEM	• Operationalization through the Excellence Model (EFQM)	

Excellence Model (EFQM)

PostNord uses the EFQM (European Foundation of Quality Management) model to monitor and evaluate the operational management system. This model is based and focused on value creation for significant stakeholders – owners, customers, society and employees. The model has a holistic perspective in terms of the management and development of the business and is comprised of five action criteria and four result criteria. The Excellence Model aims to:

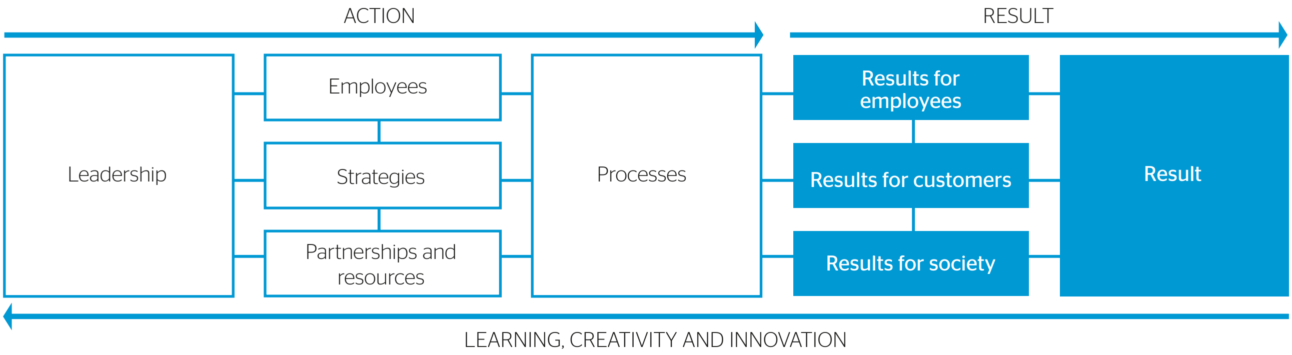
- Ensure a holistic perspective of the business.
- Strengthen competitiveness.
- Create understanding and cohesiveness between action and result.
- Create direction and progress by linking everyday actions and priorities to vision and desired position.
- Create clear customer value.

Deviations from the Code

PostNord applies the Swedish Code of Corporate Governance, with the exception of the following Code provisions:

- Chapter 2 requirement for nominating committee. PostNord does not have a nominating committee, as the nomination and appointment of Board members is performed in accordance with the principles agreed upon by the owners. Nominations are made in cooperation between the owners.
- Chapter 4.5 requirement for board members' independence from owners. The objective of the rule is to protect minority owners. Protection for minority owners is not relevant to the governance of PostNord, which has only two owners. The reporting of board members' independence is therefore not relevant.
- Chapter 9.7 requirement for AGM resolution on share- and share price-related incentive programs. The rules concerning share-related incentive programs are not applicable, as the Danish and Swedish states together own 100% of the company's shares.

Excellence Model



Annual General Meeting

Under the terms of the Companies Act, the AGM is the company's highest decision-making body. The Swedish Ministry of Finance and the Danish Ministry of Transport vote on behalf of the Swedish and Danish states at PostNord's Annual General Meeting. Each state nominates four Board members.

AGM resolutions are normally made by simple majority. In certain issues, however, the Companies Act and PostNord's by-laws stipulate that motions must be seconded by a higher proportion of the shares represented and votes cast. The Board of Directors is responsible for providing notification of time and place of the AGM. A Notice of Annual General Meeting is sent by mail to the shareholders and is advertised and published in PostNord's Annual Report and on the group website. Members of the Swedish and Danish Parliaments and the general public are invited to attend and ask questions at the AGM.

2012 Annual General Meeting

PostNord's 2012 Annual General Meeting was held on April 20, 2012. The AGM resolved as follows:

- To adopt the income statement and balance sheet and consolidated financial statements.
- To distribute a dividend to the owners, in accordance with the Board and CEO's proposal, of SEK 0.184 per share, totaling SEK 368m.
- To discharge the Board of Directors and the CEO from liability for financial year 2011.
- To approve the proposed guidelines for compensation and other terms of employment for executives.
- To approve the proposals concerning Board member and Committee member remuneration covering the period through the 2013 AGM. Board and Committee remuneration shall not be paid to members employed by the Swedish Government Offices. Auditor fees shall be paid upon invoice approval.
- That the Board of Directors shall be comprised of eight AGM-elected Board members and no deputy members.
- To reelect Board members Fritz H. Schur, Mats Abrahamsson, Ingrid Bonde, Gunnel Duveblad, Bjarne Hansen, Torben Janholt and Anne Birgitte Lundholt; to newly elect Jonas Iversen as Board Member; and to reelect Fritz H. Schur as Chairman of the Board.

The complete minutes of the 2012 AGM are published on the group's website: www.postnord.com.

2013 Annual General Meeting

PostNord's 2013 Annual General is planned for April 18, 2013. Information on the meeting time is published on the group's website: www.postnord.com.

Notice of Annual General Meeting is sent in letter format to the shareholders and is published in Post och Inrikes Tidningar (the Swedish Official Gazette) and in Dagens Nyheter. Notification of the time and place of the AGM is also sent to the central offices of the Danish and Swedish Parliaments in conjunction with the issuance of the notice.

AGM minutes are published as soon as they have been verified. The public and members of the Swedish and Danish Parliaments can register via e-mail to attend the AGM at ir@posten.se.

Proposed guidelines for executive compensation

The Board of Directors proposes the following guidelines for executive compensation (summary of proposed compensation policies):

Total compensation for executives shall be well balanced, competitive, reasonable, appropriate, subject to a salary ceiling and shall promote good ethics and a good corporate culture. Compensation shall not market leading in relation to comparable companies, but shall be characterized by moderation.

Individual money purchase pension plans are taken out for the President & CEO and other executives employed pursuant to Swedish labor law with contributions not to exceed 30 percent of fixed monthly salary. Required insurance – in the form of retirement, disability and survivor's pension – is taken out within the scope of this contribution. The retirement age is currently 62 or 65, and shall be 65 in future recruitments. For executives employed pursuant to Danish labor law, full premium-based pensions are applied and the retirement age is determined under Danish labor law.

In new employment contracts, the notice period should not exceed six months in cases where the employer terminates the contract. Previous employment contracts with a notice period of 12 months in cases where the employer terminates the contracts will remain in force. In cases where the employment contract is terminated by the employee, the notice period should be six months. If the employer terminates the contract, the employee may receive severance pay equal to a maximum of twelve months' salary. Income earned from subsequent employment or comparable business activities during the period of notice should be deducted from the aforementioned severance package.

Executives should not receive variable salaries. According to other principles included in the government's guidelines for employment terms for executives in state-owned companies, variable salaries may be paid to other employees.

Board of Directors

The Board of Directors holds overall responsibility for the organization and management of the company through regularly monitoring the business and ensuring appropriate organization, management, guidelines and internal controls. The Board decides on strategies and targets and makes decisions on major investments, acquisitions and divestment of operations.

Composition of the Board

The Board is appointed by the AGM, which has determined that the Board shall be composed of eight AGM-elected Board members and no deputies. The Board also includes three employee representatives and their three deputies. The Swedish state's ownership policy prescribes that each gender shall have at least 40% board representation. The female/male distribution of PostNord's Board of Directors was 38%/62% in 2012 (ordinary members).

Board's actions

Working methods

The Board of Directors annually establishes rules of procedure regulating matters such as the Chairman's duties, information to the Board and the roles and responsibilities of the CEO and Board members. There is no other division of Board tasks among Board members other than the committees presented in this report.

The Chairman of the Board is elected by the AGM, supervises the Board's work and is responsible for ensuring that this work is well-organized and carried out effectively. This includes the regular monitoring of the company's operations in dialogue with the CEO and making certain that other Board members receive the information and documentation necessary to ensure high quality discussions and Board decisions. The Chairman leads evaluation of the Board and CEO's work. The Chairman also represents the company in issues of ownership.

The CEO and other company officials participate in Board meetings in reporting or administrative capacities. Palle Juliussen served as secretary to the Board of Directors through October 1, 2012; Jørn Schmidt filled this role after that date.

Board meetings 2012

Date of meeting	Main topic	Additional key issues
02-22-2012	2011 annual financial statements	PostNord AB financial strategy
03-19-2012	Acquisition of Green Cargo Logistics AB	
04-20-2012	Statutory Board meeting	
05-09-2012	Interim Report	Contract re outsourcing IT workplaces, etc. Review of Board's liability insurance
06-15-2012	Personnel issues	
08-28-2012	Interim Report	Co-location of parcel and pallet terminal in Sweden PostNord's group strategy
11-06-2012	Interim Report	Financial policy Information and insider policy
12-10-2012	2013-15 business plan	Principles for CEO and executive compensation

Board attendance 2012

Board member	Number of Board meetings	Number of Audit Committee meetings	Number of Compensation Committee meetings
Fritz H. Schur	8/8	–	1/1
Mats Abrahamsson	8/8	–	1/1
Ingrid Bonde	7/8	–	1/1
Gunnel Duveblad	8/8	8/8	–
Bjarne Hansen	6/8	7/8	–
Torben Janholt	7/8	–	1/1
Anne Birgitte Lundholt	8/8	8/8	–
Jonas Iversen[1]	6/8	7/8	–
Richard Reinius[2]	0/8	0/8	–
Ann-Christin Fällén[3]	3/8	–	–
Alf Mellström	8/8	–	–
Kjell Strömbäck[4]	2/8	–	–
Lars Chemnitz	8/8	–	–

1) Elected to the Board and Audit Committee in April 2012.
2) Resigned from the Board and Audit Committee in February 2012.
3) Elected to the Board in May 2012.
4) Resigned from the Board in May 2012.

Board meetings and issues in 2012

The Board held eight meetings in 2012, including one statutory meeting. The Board's duties include the production of interim, year-end and annual reports. The Board dealt with these issues in 2012. The CEO presented the financial and market situation at all Board meetings. The Board also dealt with group strategy, acquisitions, employment issues and business plans during 2012. During the year the Board regularly dealt with Audit and Compensation Committee reports and reports on internal control and financial affairs. The company's auditor reported on the year's audit work and the Board discussed these issues.

The Board also dealt with issues regarding PostNord's sustainability work and its goals in this area, based on owner sustainability initiatives. Board members participated in seminars and discussions on sustainability with the Swedish owner.

Audit Committee

The Audit Committee is tasked with preparing the Board to perform its duties of supervising and assuring the quality of the group's financial reporting. The Committee supervises the effectiveness of the company's internal governance and control as well as risk management systems and processes with regard to financial reporting. The Committee's formal work plan is established by the Board. The Audit Committee has no decision-making authority.

The Committee also assists the owners in selecting auditors. The Audit Committee, in addition to reporting to the Board on its efforts, regularly reviews the auditors' reports and determines whether the auditors are performing their task independently, objectively and cost-efficiently. The Audit Committee is the principal of the internal audit and its monitoring of internal governance and control, and remains apprised of internal audit reports.

The Committee is comprised of at least three Board members and meets at least four times per year. The company's external auditors participate in meetings(s) at which the year-end report, annual report and auditor's report are presented, as well as when they are needed for assessment of the group's financial position. The Committee chair is responsible for continually apprising the Board of the Committee's activities.

Audit Committee members were Gunnel Duveblad (chair), Bjarne Hansen, Anne Birgitte Lundholt, Richard Reinius (resigned in February 2012) and Jonas Iversen (as of April 2012). The Audit Committee met eight times in 2012 and dealt with topics including:

- Implementation of reviews of internal audit of full-year report, semi-annual report and quarterly reports.
- Group auditor's reporting on year-end audit.
- Supervision of financial reporting and effectiveness of PostNord's internal governance and control.
- Supervision of risk management systems and processes.
- Procurement of external audit.

Compensation Committee

The Compensation Committee is tasked with preparing and presenting proposals to the Board regarding compensation and other benefits for corporate management and remuneration principles for external directors serving on the boards of group subsidiaries. The Compensation Committee has no decision-making authority.

The Compensation Committee is comprised of at least three members. The Chairman of the Board chairs the Committee. The Committee shall meet when warranted. The Committee chair is responsible for regularly apprising the Board of the Committee's activities. Compensation Committee members were Fritz H. Schur (chair), Mats Abrahamsson, Ingrid Bonde and Torben Janholt. The Compensation Committee met three times in 2012 and dealt with topics including:

- Compensation and other provisions for executives.
- Pension provisions for executives.
- Specific issues regarding compensation for members of Group Management.

Compensation at PostNord

Decisions on compensation for the President & CEO are made by the Board of Directors. The Board deals with compensation issues through the Compensation Committee.

Salaries and wages for PostNord employees shall conform to market conditions. For details on executive compensation, see Note 5, Employees, Personnel Expenses and Executive Compensation, in the consolidated financial statements.

Guidelines on executive compensation adopted by the 2012 AGM are outlined in the group's 2011 Annual Report and can be read in their entirety on the group's website.

Evaluation of Board and CEO actions

The Board conducts an annual evaluation of its own actions. The evaluation is carried out via a questionnaire and through discussions between the Chairman of the Board and Board members. Areas evaluated include the manner in which important decisions are prepared, discussed and managed; whether the right issues are brought up by the Board; the integrity of supporting documentation; and how well decisions and discussions are recorded in the minutes. Verbal and written feedback is provided to Board members.

The Board regularly evaluates the CEO's work by monitoring the business's progress toward set targets. A formal evaluation is performed once per year and is discussed with the CEO.

Board members' remuneration

Remuneration for Board members was determined by the 2012 AGM. Remuneration for each elected Board member for the period through the next AGM is SEK 250,000, while the Chairman's remuneration is SEK 600,000. Members of the Audit Committee are paid SEK 50,000, while the chair receives SEK 62,500. Members of the Compensation Committee are paid SEK 25,000, while the chair receives SEK 37,500. Board and Committee member remuneration is not paid to members employed by the Swedish Government Offices.

PostNord Board of Directors

1. Fritz H. Schur
Born 1951.
B.Sc. in Economics and Business Administration.
Chairman of the Board since April 2009.
Chairman of Compensation Committee since 2009.
Chamberlain and Consul-General. CEO or chairman of the board of Fritz Schur Group companies.
Chairman of the board of DONG Energy A/S, F. Uhrenholt Holding A/S, SAS AB and C.P.Dyvig & Co. A/S. Vice-chairman of Brd. Klee A/S. Board member of WEPA Industrieholding SE.

4. Bjarne Hansen
Born 1940.
BSc (Shipping). PMD (Harvard Business School).
Board member since August 2009. Member of Audit Committee since 2009.
Partner, WingPartners IS.
Chairman of the board of Billund Lufthavn A/S, Bel Air Group A/S and subsidiaries, PMG Construction A/S and Wrist Group A/S.
Board member of F. Uhrenholt Holding A/S, Bacher Work Wear A/S, Wrist Marine Supplies A/S, O.W. Bunker and Trading A/S, Ove Wrist A/S, Monali Aps, K/S Torvegade and K/S Alliance Bulk.
Director, Rosenborg Partners Aps. Director, Bjarne Hansen Aps.

2. Gunnel Duveblad
Born 1955.
Systems Engineer.
Board member since August 2009. Chair of Audit Committee since 2009.
Chairman of the board of Team Olivia AB, Contex Holding A/S and Stiftelsen Ruter Dam.
Board member of inter alia HIQ International AB, Sweco AB and Aditro AB.

5. Ingrid Bonde
Born 1959.
Master of Business Administration.
Board member since August 2009. Member of Compensation Committee since 2009.
CFO and Deputy CEO of Vattenfall AB.
Board member of the Center for Business and Policy studies (SNS).

3. Mats Abrahamsson
Born 1960.
PhD (Tech).
Board member since August 2009. Member of Compensation Committee since 2009.
Professor at Linköping University.
Board member of Dixma Consultant AB.

6. Torben Janholt
Born 1946.
Bachelor of Commerce.
Board member since August 2009. Member of Compensation Committee since 2009.
CEO of J Lauritzen A/S.
Board member of A/S United Shipping & Trading Company, Danmarks Rederiforening, European Community Shipowners' Association. Chairman of the board or board member of several Lauritzen Group companies.

Cont'd next page





PostNord Board of Directors, *cont.*

7. Anne Birgitte Lundholt
Born 1952.
BSc (foreign trade) and Master of Political Science.
Board member since April 2009. Member of Audit Committee since 2009.
Chairman of the board of Naviair, FOF Danmark and Bornholms Erhvervsfond. Board member of Svaneke Bryghus A/S.

8. Jonas Iversen
Born 1965.
Master of Business Administration.
Board member since April 2012. Member of Audit Committee since April 2012.
Investment Manager at the Division for State Owned Enterprises at the Ministry of Finance in Sweden.
Chairman of the nomination committee of SAS.

Employee representatives

9. Lars Chemnitz
Born 1957.
Union representative appointed by 3F.
Board member since January 2010.

10. Alf Mellström
Born 1956.
Union representative appointed by Union of Service and Communication Employees (SEKO).
Board member since August 2009.
Employed by Posten since 1978.

11. Ann-Christin Fällén
Born 1955.
Union representative appointed by Union of Civil Servants (ST).
Board member since May 2012.
Employed by Posten since 1977.

Deputy employee representatives

Peter Madsen
Born 1953.
Union representative.
Deputy employee representative since January 2010.
Employed by Post Danmark since 1990.

Isa Merethe Rogild
Born 1949.
Union representative.
Deputy employee representative since August 2009. Board member of Post Danmark A/S since 1995. Employed by Post Danmark since 1966.

Johan Lindholm
Born 1979.
Union representative appointed by SEKO.
Deputy employee representative since April 2012. Employed by Posten sincen 1998.

Richard Reinius resigned as Board member and member of the Audit Committee in February 2012. Kjell Strömbäck resigned as employee representative in May 2012.

Group Management

The Board of Directors is responsible for appointing and dismissing the CEO. Group Management is appointed by and assists the CEO. The CEO leads the work performed by Group Management and Executive Management. The CEO is responsible for the day-to-day management of the company and the group in accordance with the Board's guidelines and instructions.

The relationship between the Board and the CEO is regulated by the rules of procedure and the Board's instructions to the CEO. The President/CEO is personally accountable to the Board for the day-to-day operation of the business and responsible for carrying out the strategic direction determined for the business. Lars Idermark has been PostNord's President & CEO since March 1, 2011.

PostNord has three general management levels: Executive Management, Group Management and Business Operation Management.

Executive Management

To enable the best and most efficient implementation of decisions, PostNord's President/CEO has established an executive management team to support the fulfillment of its commission. PostNord's Executive Management is comprised of the:

- President/CEO
- Deputy CEO
- CFO
- HR Director
- Head of Group Strategy

Group Management

Group Management is jointly responsible for ensuring that the group's business is developed to the maximum possible extent and is in line with the direction established by the Board of Directors. Group Management is also jointly responsible for implementation of the decisions taken by Executive Management. PostNord's Group Management is comprised of:

- Executive Management and
- CIO
- Head of Group Communications
- Head of Group Support & Shared Services
- Head of business area Mail Denmark
- Head of business area Mail Sweden
- Head of business area Logistics
- Head of business area Strålfors AB

Collectively, Group Management is comprised of the decision makers within the group who have decisive influence on and responsibility for the group's overall operations, both line responsibility and functional responsibility. All aspects and perspectives of the business are thereby included in Group Management.

Business Operation Management

The heads of the business areas are responsible for running the daily operations within their respective areas, in line with the directives, instructions and goals established by the group. They have full responsibility for the business within their respective areas, including financial responsibility and personnel responsibility.

Auditors

Ernst & Young AB is the appointed auditor, with authorized public accountant Lars Träff as the managing auditor. The auditors meet with the Board at least once per year and also participate in a number of Audit Committee meetings. In 2012, the Board met with the auditors during one board meeting, during which Board members were able to present questions to the auditors.

See also Note 7, Audit Fees and Reimbursement of Expenses.

PostNord Group Management

1. Lars Idermark

Born 1957.
Master of Business Administration.
President & CEO since 2011.
Previous positions: President & CEO of KF, CEO of the Second AP Fund, Executive Vice President and Deputy CEO of FöreningsSparbanken AB/Swedbank, Executive Vice President & CFO of Föreningsbanken AB, President & CEO of LRF Holding AB.
Chairman of the Board of Swedbank AB.
Board member of Chalmers University of Technology Foundation.

4. Johanna Allert

Born 1975.
Master of Engineering.
Senior Vice President and Head of Operations Development including Group Support & Shared Services since 2011.
Member of Group Management since 2011.
Formerly Head of Development, group function Operations Development.

2. K. B. Pedersen

Born 1948.
Trained at the Danish Post and Telegraph Service.
Executive Vice President and Deputy CEO since 2011.
Member of Executive Management. Member of Group Management since 2009.
Previous positions: Executive Vice President and Head of group function Operations Development, Deputy CEO of Post Danmark A/S and P&T.
Board member of bpost and chairman of e-Boks A/S.

5. Henning Christensen

Born 1962.
Engineer.
Senior Vice President and Head of business area Mail Denmark since 2012. Member of Group Management since 2012.
Previous positions: Head of Production and Transport (PRT) at Breve Danmark A/S, Deputy Director of Mail Production & Transport at Post Danmark and Mail Center Director at Københavns Postcenter.

3. Henrik Rättzén

Born 1965.
Master of Business Administration.
Senior Vice President and CFO since 2012.
Member of Executive Management and Group Management since 2012.
Previous positions: Nordic CFO at Codan Trygg-Hansa, partner at KPMG.
Board member of Movestic Livförsäkrings AB.

6. Joss Delissen

Born 1963.
Master of Business Administration.
Senior Vice President and Chief Information Officer since 2009.
Member of Group Management since 2009.
Previous positions: CIO of Posten AB and various positions at Unilever, most recently as Director of Solutions Architecture.

7. Andreas Falkenmark

Born 1955.
Master of Laws.
Senior Vice President and Head of business area Mail Sweden since 2009. Member of Group Management since 2009.
Previous positions: President of Posten Meddelande AB, CEO of NK Förvaltnings AB, CEO of Duka AB, CEO of Coop Sverige AB, CEO of Observer Northern Europe.

10. Henrik Höjsgaard

Born 1965.
Studied economics.
Senior Vice President and Head of business area Logistics since 2009. Member of Group Management since 2009.
Previous positions: President of Posten Logistik AB; shipbroker in Denmark, the UK and Hong Kong; head of TNT International Express in Denmark; CEO of TNT International Express in Sweden; and President & CEO of Keolis Nordic AB.

8. Annemarie Gardshol

Born 1967.
Master of Engineering.
Senior Vice President and Head of Group Strategy since 2012. Member of Executive Management and Group Management since 2012.
Previous positions: executive positions at Gambro within strategy, global marketing and most recently as Senior Vice President for R&D; management consultant at McKinsey & Company.

11. Per Mossberg

Born 1953.
BSc (Econ.)
Senior Vice President and Head of Group Communications since 2009. Member of Group Management since 2009.
Previous positions: Head of Corporate Communications at Posten AB; partner at JKL AB; Executive Vice President of Telia AB; Senior Vice President at Trygg-Hansa SPP AB, Nobel Industrier and Bofors AB; and CEO of Näringslivets EU-fakta and Näringslivets Ekonomifakta.

9. Finn Hansen

Born 1956.
Master of Science.
Senior Vice President and Head of Group HR since 2013. Member of Group Management since 2009. Member of Executive Management since 2013.
Previous positions: Head of business area Breve Danmark, Deputy Director of Distribution, Deputy Director of Mail Production and Transport, various management positions at Post Danmark A/S.

12. Per Samuelson

Born 1957.
Master of Business Administration.
Senior Vice President and Head of business area Strålfors since 2009. Member of Group Management since 2009.
Previous positions: CEO of Strålfors: lecturer at Stockholm School of Economics and IFL: various positions within the Perstorp and PLM groups, most recently as divisional manager and member of PLM's group management.
Board member of BTJ Group AB, Chamber of Industry and Commerce of Southern Sweden, Priveq Advisory AB and Aniagra.

Palle Juliussen resigned as Head of Group HR and Director of Legal Affairs in October 2012. Subsequently, group function Legal reports to K. B. Pedersen.

Internal governance and control of financial reporting

Framework

PostNord's framework for internal governance and control is based on the framework developed by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). Internal governance and control constitute an integrated part of the business.

The group utilizes a "three lines of defense" model to illustrate the way in which responsibility for internal governance and control has been organized. The first line of defense is the management of PostNord's business operations, which are responsible for identifying and managing operational risks within their own areas of responsibility.

PostNord's group functions – a number of governance and control functions – constitute the second line of defense and are authorized to issue group-wide rules and guidelines within their own functional areas of responsibility and are responsible for monitoring compliance thereto. These rules and guidelines are meant to ensure that applicable laws and regulations are observed and that the business is managed in such a way as to achieve established goals. The second line of defense may also conduct its own inspections and take steps to identify and manage any risks and errors that may have gotten by the first line of defense.

The third line of defense is the independent review and control function comprised of the group's internal audit, tasked with examining the effectiveness and reliability of the group's internal governance and control.

Control environment

A good control environment is ensured by, among other things, clearly defining and communicating details about the organization, decision-making paths and allocation of authority within the group.

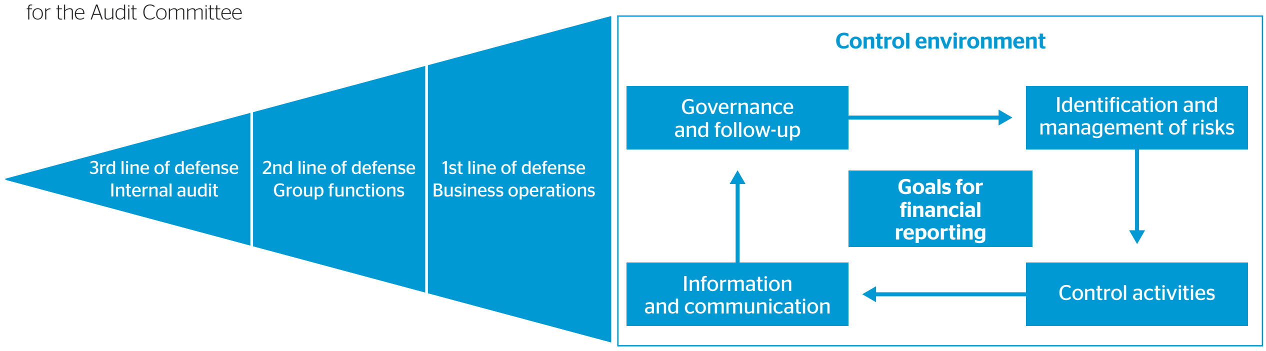
The Board's work and responsibilities are governed by the Board's rules of procedure. The Audit Committee is responsible for preparing the Board to monitor and assure the quality of the group's financial statements. The Committee oversees the effectiveness of the company's internal governance and control as well as risk management systems and processes concerning financial reporting. The Committee's work helps ensure that reporting is accurate and reliable through measures including regular discussions with PostNord's management and external auditors and the examination of accounting principles applied and accounting issues that are brought to the Committee's attention.

The duties and powers of the President & CEO are governed by instructions established by the Board of Directors. Decision-making authority within the group is governed by delegated authorities, which is based on the delegation of responsibilities established by the Board in its rules of procedure.

Internal governance and control at PostNord

Tools and governing instruments

- External regulations
- Business plan
- Codes of Conduct and policies
- Rules of procedure for the Board and formal work plan for the Audit Committee
- Process and routine descriptions
- Targets and measures
- Business systems
- Risk analysis
- Delegated authorities
- Framework for internal governance and control
- Audit plan
- Accounting handbook
- System of authority
- Continuity plan
- Compliance program
- Authorization plans



Monitoring of operations

- Financial reporting
- Evaluation of Board's work
- Follow-up of risk analysis
- Follow-up of business plan
- Incident reporting
- ISO certifications
- Observations and recommendations
- Follow-up of authorization
- Follow-up of outsourcing suppliers
- Self-evaluation
- Process follow-up

The delegated authorities set forth the decision-making authority delegated by the CEO to the managers who report to him. These managers may then further delegate their decision-making authority within their respective areas of responsibility.

Documents of importance are jointly signed by authorized signatories designated by the Board.

The internal audit function is tasked with examining the effectiveness of internal governance and control. This is performed regularly in accordance with an annual audit plan adopted by the Audit Committee. The function reports to the Board and to the CEO.

PostNord applies the ownership policy of the Swedish state, and this constitutes a major portion of the control environment. In addition, the group has Codes of Conduct and various policy documents that are also part of the control environment.

Identification and management of risks

In 2012 PostNord's operations were guided by the governance model presented on page 46. The Board's rules of procedure define internal governance and control of financial reporting as a process through which the Board, the CEO and employees ensure the reliability of financial reporting with a reasonable degree of certainty. Internal governance and control is based on analyses conducted by group companies and units of risks that the company's established targets will not be attainable. Risk analysis results are dealt with on a regular basis by the Audit Committee and the Board, which evaluate and monitor financial reporting risks. See also Risks and Risk Management, page 31.

Control activities

The group conducts control activities to eliminate or limit the occurrence or effects of identified risks.

These activities include rules covering decision-making and authorization, verification, compliance, manual and programmed controls, and the effective division of duties and responsibilities in processes and routines. Governing documents and processes concerning accounting and financial reporting provide additional assurance of accurate and reliable reporting. These documents and processes are updated by the group's Finance & Treasury function when amendments are made to legislation, accounting rules, reporting requirements, et cetera.

The Shared Services unit delivers accounting, finance administration, customer invoicing, supplier payments and payroll services to the group's central operations. In Sweden, these services are delivered via partners. Shared Services ensures that outsourced services are delivered with high quality to the consuming units. Delivery quality is ensured through the monitoring of partners' internal control activities and reporting on the achievement of agreed service levels and quality criteria to the cooperation forum.

The group's Finance & Treasury function is responsible for group accounts and consolidated financial statements and for the group's common business system, SAP. This responsibility includes regular analyses of the financial results of the business operations and group functions. The financial statement and reporting processes include controls for reporting, valuation, disclosure requirements and application of accounting principles.

Information and communication

The Swedish state's ownership policy specifies guidelines, which PostNord follows, for external reporting applicable to state-owned companies.

The group's Financial Accounting manual and supplementary internal guidelines for accounting and closing procedures are regularly updated and are communicated to relevant employees, for example via the group's intranet.

The Board and the Audit Committee receive financial reports on the group's position and earnings trends on a regular basis, and examine all quarterly accounts and group annual reports before they are published.

Information to the group's external stakeholders is communicated through press releases and PostNord's website. Financial reporting is also made directly to the Danish and Swedish owners.

Governance and monitoring

PostNord's business activities are reported and evaluated monthly based on business objectives. PostNord's financial situation is discussed at each Board meeting. Board committees play important roles in terms of compensation, financial reporting and internal governance and control.

The Audit Committee receives regular reports from the group's external and internal auditors. The Audit Committee monitors that action is taken to improve internal governance and control in view of the auditors' observations and recommendations.

All companies and group functions conduct an annual self-assessment of the internal governance and control of financial reporting. Results are compiled by PostNord's unit for financial reporting and tax, and self-assessment results are presented to the Audit Committee, the Board, business operations and group functions.

Based on the self-assessment responses received for 2012, the internal governance and control of financial reporting is deemed to function satisfactorily within the group.

Universal service obligations

PostNord's subsidiaries, Post Danmark A/S and Posten AB, are commissioned to provide universal postal services in Denmark and Sweden, respectively. National legislation is based on the EU directive regulating postal services within the EU and on the Universal Postal Union treaty that regulates international mail.

Provisions in Denmark

Postal services in Denmark are regulated by the Danish Postal Act (postloven) and associated ordinances as well as Post Danmark A/S's individual license. The Postal Act includes provisions stipulating that universal services will be ensured on a deregulated postal market. Under the Postal Act, the Ministry of Transport has the authority to designate Post Danmark to fulfill the delivery obligation. In conjunction with the enactment of the new law in 2010, a political agreement was made to revise the law at a later date. Post Danmark is in dialogue with the Ministry of Transport on this issue.

Commercial postal operations must be licensed and all postal operators that distribute mail or parcels may be required to contribute funding to the postal operation that holds the distribution obligation.

Nationwide postal services and associated rights and obligations are set forth in the "Individual License for Post Danmark A/S". The individual license includes provisions for service level, quality and prices and specifies that Post Danmark shall distribute products covered by the delivery obligation on every Danish weekday (Monday – Saturday, although parcels are not distributed on Saturdays).

Products covered by the distribution obligation are addressed letters; addressed daily, weekly and monthly periodicals; addressed mail items with standardized printed content (e.g., catalogs) weighing up to 2 kilos; addressed parcels weighing up to 20 kilos (with the exception of B2B parcels governed by contractual terms); and Braille material weighing up to 7 kilos. Addressed priority mail is delivered overnight and non-priority mail within 2–3 business days. Post Danmark sets the service requirement for C-mail (currently four business days). The quality requirement for letters and parcels is set at 93%.

Prices for services provided under the delivery obligation shall be cost-based, transparent and non-discriminatory. Only single mail items are required to be offered at uniform prices throughout the country. Single mail items include stamped letters and parcels not covered by agreement with Post Danmark. The Transport Ministry approves the price for domestic non-priority mail weighing up to 50 grams sent as single mail items. Post Danmark sets the price of other mail items.

Post Danmark shall maintain a nationwide service network of postal service points able to perform all services covered by the delivery obligation.

Provisions in Sweden

Universal postal services in Sweden are regulated by the Swedish Postal Services Act, postal statutes and concession terms issued by the Swedish Post and Telecom Agency (PTS).

The Postal Services Act mandates the provision of nationwide postal services that enable all residents of Sweden to receive letters and other addressed mail items weighing up to 20 kilos (universal postal service). Postal services must be of good quality, and it must be possible for everyone to receive such mailings delivered at reasonable prices. Pricing for universal postal services shall be transparent, non-discriminatory and cost-oriented. Single mail items shall be delivered at uniform prices.

Under Swedish postal legislation, mail weighing up to 20 kilos must be collected and delivered on every weekday and at least five days a week nationwide. The postal statutes specify that at least 85% of the mail posted before a specified time and stamped for overnight delivery must be delivered on the following business day, nationwide (overnight delivery). At least 97% of that mail shall be delivered within three business days. For overnight mail, a price limit applies to single mail items weighing up to 500 grams, so that their price may be raised no faster than the consumer price index.

The Postal Services Act imposes more stringent requirements on the operator appointed to provide universal postal services (Posten AB), including requirements for transparency and reporting with respect to pricing and a discrimination prohibition. The law also includes regulations that exceed those in the EU's Postal Directive, including a price ceiling.

Under the law, the market is also allowed to provide necessary universal postal services, meaning that no specific postal operator needs to be appointed. Nevertheless, PTS appointed Posten AB to provide universal postal services as part of its licensing terms. This increases opportunities for PTS to impose requirements on Posten, requirements that are not imposed on Posten's competitors.

PTS announced its decision on new licensing requirements for Posten AB in September 2012. The new terms, effective as of October 1, 2012, involve increased regulation. Among other things, Posten is required as of January 1, 2013 to publish on its website all volume discounts for each service, with discount rate and volume margins for all discount levels. As was the case with previous licensing requirements, these terms require Posten to publish complete price lists for mail deliveries and principles for customer-specific discounts.

Regulation in Sweden and various interpretations as to what it entails have given rise to a number of lawsuits.

In Sweden during 2012, the Administrative Court of Appeal in Stockholm rendered its decision on Posten AB's 2010 licensing requirements. The court upheld the 2011 decision of the Administrative Court in Stockholm, meaning, in brief, that the courts accept the grounds presenting by PTS for designating Posten to provide universal postal services. Posten has decided not to appeal this decision. The Administrative Court of Appeal has not yet rendered its decision in the case concerning Posten's calculation model (SAC).

Posten appealed the PTS decision on 2012 licensing requirements – specifically, the requirement to publish discounts – to the Administrative Court in Stockholm. The court granted a stay of enforcement (i.e., the PTS decision does not apply while the court has the matter under advisement). A decision is expected in 2013.

In May 2011 the Swedish Competition Authority conducted an on-site inspection of Posten Meddelande AB's pricing. In its decision of May 3, 2012, the Competition Authority validated the pricing of large mailings in full. Through its decision, the Competition Authority dismissed the case upon establishing that Posten has not abused its dominant position and that Posten's actions do not lock out equally efficient competitors.

Supervision in Denmark and Sweden

In Denmark, the Traffic Board (Trafikstyrelsen) is the national supervisory authority for postal services. The Traffic Board supervises Post Danmark and the other postal companies operating in the Danish market. In addition to Post Danmark A/S there are seven registered operators licensed to provide commercial postal services. Under Danish postal legislation, "postal operator" is defined as a business that provides commercial postal services for addressed mail items weighing up to 20 kilos. Upon request, postal operators must provide the Traffic Board with a number of details and must submit an audited statement of delivered postal volume quantity on an annual basis.

In Sweden, PTS supervision of postal operations to ensure compliance with postal legislation includes Posten's fulfillment of government requirements for universal postal services. PTS has granted licenses to conduct postal operations in Sweden to approximately 30 companies.

According to the PTS report "Service and Competition 2011", PostNord Group fulfills government requirements in terms of service quality. In terms of the percentage of mail distributed on the following day, the group continues to exceed by a wide margin the minimum requirements stipulated by the terms of its license.

Special provisions – including provisions for sparsely populated areas

In Denmark, postal operator and service ordinances set forth regulations for the installation of mailboxes and apartment mailboxes. Mailboxes for all households must be located on the property line (in rural areas, no farther than 50 meters from the house). All multi-storey buildings must install apartment mailboxes in the entrance area or outside the main entrance. People who are unable to collect their mail are entitled to have mail delivered to their door. The Ministry of Transport may limit mail distribution in fringe areas, such as particularly remote areas and islands lacking ferry service. An extra day is added to the delivery time for parcels from Bornholm addressed nationwide.

In Sweden, PTS has issued general suggestions concerning the delivery of mail in the provision of the universal postal service. Among other things, the general guidelines state that, outside urban areas, mail should be delivered to mailbox clusters along the mail carrier's route. Mail items addressed to mail recipients living less than 200 meters down a side road should be delivered to the mailbox cluster on the main route. If there are at least two mail recipients who reside or work permanently for every kilometer of the side road, mail should be delivered along that road. However, elderly and physically handicapped people are entitled to have their mail delivered to their property line, as opposed to the mailbox cluster, upon request. The PTS licensing requirements state that "mailing and drop-off points" shall be located close enough to each other as to take users' needs into account. This provision particularly affects Posten AB's partner outlet network in Sweden.

Financial statements

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Income statement

SEKm	Note	2012	2011	Change
	1, 2			
Net sales		38,920	39,466	-1%
Other income	3	253	274	-8%
Income	4	**39,173**	**39,740**	**-1%**
Personnel expenses	5	-18,485	-19,110	-3%
Transport expenses		-8,084	-7,540	7%
Other expenses	6, 7, 24	-10,348	-9,851	5%
Depreciation and impairments	8	-1,899	-1,666	14%
Expenses		**-38,816**	**-38,167**	**2%**
Participations in the earnings of associated companies		7	-2	>100%
OPERATING PROFIT		**364**	**1,571**	**-77%**
Financial income	9	238	367	-35%
Financial expenses	9	-222	-267	-17%
Net financial items		**16**	**100**	**84%**
Profit before tax		**380**	**1,671**	**-77%**
Tax	10	-123	-446	-72%
Net profit		**257**	**1,225**	**-79%**
Net profit attributable to				
Parent company shareholders		255	1,223	-79%
Minority interests		2	2	
Earnings per share, SEK		0.13	0.61	-79%

Comprehensive income statement

SEKm	2012	2011
Net profit	**257**	**1,225**
Other comprehensive income for the period		
Translation differences[1]	-258	-44
Comprehensive income	**-1**	**1,181**
Comprehensive income attributable to		
Parent company shareholders	-1	1,185
Minority interests		-4

[1] Translation differences are attributable to translation of the Group's equity in foreign currencies.

Balance sheets

SEKm	Note	Dec 31, 2012	Dec 31, 2011
	1, 2		
ASSETS			
Goodwill	12	3,190	2,830
Other intangible fixed assets	12	1,579	1,483
Tangible fixed assets	13, 14	8,762	7,924
Participations in associated companies and joint ventures	11	79	88
Financial investments	15, 29	216	182
Long-term receivables	16	4,945	3,990
Deferred tax assets	17	134	145
Total fixed assets		**18,905**	**16,642**
Inventory	18	193	218
Tax receivable		278	168
Accounts receivable	19	4,718	4,370
Prepaid expenses and accrued income	20	1,122	1,205
Other receivables	29	1,092	544
Short-term investments	15, 29	4	1
Cash and cash equivalents	21, 29	3,046	2,107
Assets held for sale	8	100	155
Total current assets		10,553	8,768
TOTAL ASSETS		29,458	25,410
EQUITY AND LIABILITIES			
Equity			
Capital stock		2,000	2,000
Contributed equity		9,954	9,954
Reserves		-1,810	-1,552
Retained earnings		1,412	1,525
Total equity attributable to parent company shareholders		11,556	11,927
Minority interests		3	3
TOTAL EQUITY		11,559	11,930
LIABILITIES			
Long-term interest-bearing liabilities	22, 29	3,845	985
Other long-term liabilities		37	55
Pension provisions	23	1,819	1,587
Other provisions	24	1,568	1,403
Deferred tax liabilities	17	1,250	1,158
Total long-term liabilities		**8,519**	**5,188**
Current interest-bearing liabilities	22, 29	467	113
Accounts payable		2,514	2,130
Tax liabilities		78	41
Other current liabilities		1,897	1,578
Accrued expenses and prepaid income	25	4,065	4,079
Other provisions	24	359	351
Total current liabilities		9,380	8,292
TOTAL LIABILITIES		17,899	13,480
TOTAL EQUITY AND LIABILITIES		29,458	25,410

For information on the Group's pledged assets and contingent liabilities, see Note 26.

Statement of cash flows

SEKm	Note	2012	2011
OPERATING ACTIVITIES			
Profit before tax		380	1,671
Adjustments for non-cash items			
Reversal of depreciation and impairments		1,899	1,666
Profit on sale of subsidiaries		-5	-102
Capital gain/loss on sale of fixed assets		17	131
Pension provisions		506	324
Other provisions		579	-352
Other items not affecting liquidity		-8	-9
Pensions, net liquidity effect		-1,203	-1,170
Other provisions, liquidity effect		-405	-112
Taxes paid		-184	-71
Cash flows from operating activities before changes in working capital		**1,576**	**1,976**
Cash flows from changes in working capital			
Increase (-)/decrease(+) in inventories		27	57
Increase (-)/decrease(+) in accounts receivable		-163	-7
Increase (-)/decrease(+) in other operating assets		-395	-454
Increase (+)/decrease (-) in accounts payable		306	123
Increase (+)/decrease (-) in other operating liabilities		230	-73
Other changes in working capital		44	12
Changes in working capital		**49**	**-342**
Cash flows from operating activities	28	**1,625**	**1,634**
INVESTING ACTIVITIES			
Investment in tangible fixed assets		-1,994	-1,670
Sale of tangible fixed assets		201	241
Capitalized development expenditures		-301	-180
Investment in other intangible assets		-36	-96
Sale of intangible assets			4
Acquisition of subsidiaires, net liquidity effect	31	-1,420	-344
Acquisition of associated companies, net liquidity effect	11		-8
Sale of subsidiaires, net liquidity effect	31	46	185
Change in financial assets		-29	55
Cash flows from investing activities		**-3,533**	**-1,813**
FINANCING ACTIVITIES			
Amortized loans		-2,137	-331
New loans raised		5,419	
Amortized finance leasing liabilities		-25	-37
Dividend(s) paid to parent company shareholders		-368	-1,000
Dividend(s) paid to minority interests		-2	-4
Increase (+)/decrease (-) in other interest-bearing liabilities		-33	19
Cash flows from financing activities		**2,854**	**-1,353**
CASH FLOWS FOR THE PERIOD		**946**	**-1,532**
Cash and cash equivalents, beginning of the period		2,107	3,640
Translation difference in cash and cash equivalents		-7	-1
Cash and cash equivalents, end of the period	21	**3,046**	**2,107**

Statement of changes in equity

SEKm	Capital stock[1]	Contributed equity	Currency translation reserve	Retained earnings	Total	Minority interest	Total equity
	Equity attributable to parent company shareholders						
Balance as of 01-01-2011	2,000	9,954	-1,512	1,302	11,744	9	11,753
Net profit				1,223	1,223	2	1,225
Other comprehensive income for the period[2]			-40		-40	-4	-44
Dividend[3]				-1,000	-1,000	-4	-1,004
Balance as of 12-31-2011	2,000	9,954	-1,552	1,525	11,927	3	11,930
Balance as of 01-01-2012	2,000	9,954	-1,552	1,525	11,927	3	11,930
Net profit				255	255	2	257
Other comprehensive income for the period[2]			-258		-258		-258
Dividend[3]				-368	-368	-2	-370
Balance as of 12-31-2012	2,000	9,954	-1,810	1,412	11,556	3	11,559

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

2) Refers to translation differences in group equity.

3) The parent company distributed a dividend of SEK 368m (1,000), representing SEK 0.18 (0.50) per share, to shareholders; Svensk Adressändring AB and Adresspoint AB distributed a dividend of SEK 2m (4) to minority shareholders.

Consolidated notes

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Note 1 Accounting principles

Compliance with legislation and regulations

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

The parent company applies the same accounting principles as the group, with exceptions specified in Note 1, Accounting Principles for the parent company. The differences between the parent company's and the group's accounting principles result from the parent company's limitations in applying IFRS as a consequence of the Swedish Accounts Act and the Act of Safeguarding of Pension Commitments, and are to some extent based on tax considerations.

Basis of preparation

The parent company's functional currency is SEK, which is also the reporting currency for the consolidated and parent company accounts. This means that all financial reports are presented in SEK. Unless otherwise specified, all figures are rounded to the nearest million. Assets and liabilities are primarily carried at acquisition cost, with the exception of certain financial assets and liabilities that are reported at fair value. These financial assets and liabilities reported at fair value consist of derivatives as well as financial assets classified either as "financial assets reported at fair value in the income statement" or as "available-for-sale financial assets". (See the description of categories in the "Financial instruments" section). Available-for-sale fixed assets and disposable items held for trading are reported at the lower of their fair value less the cost of sale or the value at which they were previously reported.

The reporting under IRFS requires the executive management to make assessments, estimates and assumptions that affect the application of the accounting principles and the reported values of assets, liabilities, income and costs. These estimates and assumptions are based on historical experience and a number of other factors considered reasonable under prevailing circumstances. The results of these estimates and assumptions are used to assess the reported values of assets and liabilities whose values cannot be clearly determined using other sources. Actual future values may differ from these estimates and assessments.

The estimates and assumptions used are reviewed regularly. Changes in estimates or valuations are reported in the period when the change is made, if the change only affects that period, or are reported in future periods as well, if the change affects the original as well as subsequent periods.

Assessments made by executive management in the application of IFRS that have a material effect on the financial reports as well as estimates that can lead to significant adjustments in subsequent fiscal year's financial reports are described in further detail in Note 2, Estimates and Assessments, and in relevant notes where estimates have been used.

The consolidated accounting principles have been applied consistently during all periods presented in the group's financial statements and in the consolidation of subsidiaries, associated companies and joint ventures.

Changes in accounting principles

Changes in standards in 2012 have not been applicable to the company's or the group's reporting.

Future changes in accounting princoples that take effect in 2013 or later, following EU approval

IAS 19, Employee Benefits. The "corridor method" will be removed under the amendment. Actuarial gains and losses that are currently not reported to the extent that they are not amortized during the coming year will be reported in "other comprehensive income". The new regulations also stipulate that reporting of return on assets under management for pension benefits shall be based on the discount rate used to calculate pension commitments. The difference between actual return and estimated return shall be reported in "other comprehensive income". The change affects the group's "operating profit" (EBIT), as amortization of actuarial gains and losses will no longer be reported as part of personnel expenses. In the current situation, with unreported actuarial losses, the change will have a positive effect on "operating profit". Net financial items will be adversely affected as compared to current reporting, as the presumed return is and has been 1 percentage point over the discount rate. The impact on equity and other comprehensive income may produce major fluctuations due primarily to varying discount rates between reporting periods. The change will apply as of January 1, 2013. The effect of the transition to the new rules is shown in the tables below.

The group's consolidated balance sheet as of January 1, 2013 will be adjusted as follows:

SEKm	Current	Adjustment	New IAS 19
Financial receivables, pensions	4,894	-3,931	963
Deferred tax assets	134	1,279	1,413
Other assets	24,430		24,430
Total assets	**29,458**	**-2,652**	**26,806**
Equity	11,559	-4026	7,533
Pension liabilities	2,772	1,231	4003
Deferred tax liabilities	1,250	143	1,393
Other liabilities	13,877		13,877
Total equity and liabilities	**29,458**	**-2,652**	**26,806**

The effect on the group's income statement is shown using 2012 profit figures as they would have been reported if the new IAS 19 had been applied:

Income statement, SEKm	2012	Adjustment	New IAS 19
Total income	39,173		39,173
Total expenses	-38,816	147	-38,669
of which, pension expenses	*-555*	*147*	*-408*
Participations in associated companies	7		7
Operating profit	**364**	**147**	**511**
Net financial items	16	-160	-144
of which, pensions	*72*	*-160*	*-87*
Tax	-123	3	-120
Net profit	**257**	**-10**	**247**

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Income statement, SEKm	2012	Adjustment	New IAS 19
Comprehensive income statement, SEKm			
Translation differences	-258		-258
Revaluation, pension liability		-683	-683
Revaluation, pension assets		-308	-308
Payroll tax		-241	-241
Deferred tax		271	271
Comprehensive income	**-1**	**-970**	**-971**

IFRS 9 Financial Instruments will replace the current IAS 39. To be applied no later than January 1, 2015. Under the changes, current valuation categories will be replaced by two valuation principles: fair value and amortized cost. Classification and valuation principle will be determined by the company's objectives and conditions. The changes also mean that impairment of receivables will be based on anticipated losses and collectability, and that the amortized costs of such financial assets will be directly reduced. Changes with regard to hedge accounting have been so amended that the criteria for applying hedge accounting are eased somewhat and clarify that net accounting of financial assets and liabilities can be done as prescribed by law.
IFRS 10 Consolidated Financial Statements is a new standard for consolidated financial statements to be applied as of January 1, 2014. The standard does not include any changes as compared to the current IAS 27 regarding rules for the consolidation of acquisitions and sales, but rather describes a model for assessing whether control exists for all of a company's investments.
IFRS 12 Disclosure of Interests in Other Entities is a new standard for information on investments in subsidiaries, joint ventures and associated companies to be applied as of January 1, 2014. The standard includes increased requirements for information concerning risks associated with investments in the above, as well as description of the consequences of changes of ownership and degree of control.
IFRS 13 Fair Value Measurement is a new standard to establish uniform principles for ways in which fair value measurements should be conducted. It clarifies and describes the valuation methods' precedence and validity for fair value and shall be applied as of January 1, 2013.
IAS 1 Presentation of Financial Statements. Amended so that "other comprehensive income" items are divided into two categories: items that will be reclassified as net profit and items that will not be reclassified. Items to be reclassified include translation differences and gains and losses for cash flow hedges, while items such as actuarial gains and losses and application of revaluation methods for intangible and tangible assets will not be classified. The amendment shall be applied to the financial year beginning July 1, 2012, which is January 1, 2013 for PostNord.

Changes in other forthcoming standards have not been applicable to the company's or the group's reporting.

The company has elected not to apply new and future changes to accounting principles, interpretations or improvements ("Improvements to IFRSs") in advance.

Segment reporting

A segment is a component of the group that can be distinguished for financial reporting purposes, comprising operational divisions or geographical areas. A segment is identified by the fact that its divisions offer similar products and services and that it is exposed to different risks and opportunities from those of other segments. Segment accounting is based on management's segment reporting. PostNord's segment grouping is based on its universal service obligation for mail and parcel services in Sweden and Denmark, and on its mission to offer information logistics and logistics services in the Nordic region.

Information on segments is available only for the group.

Classification, etc.

Fixed assets and long-term liabilities essentially comprise amounts expected to be recovered or paid more than 12 months from the close of the accounting period. Current assets and current liabilities essentially comprise amounts expected to be recovered or paid within 12 months from the close of the accounting period.

Basis of consolidation

The Swedish Ministry of Enterprise, Energy and Communications and the Danish Ministry of Transport announced on February 2, 2009 that Posten AB and Posten Danmark A/S had signed an agreement to merge the companies through a joint venture between the Swedish and Danish states. The owners founded a new company, PostNord AB, which became the parent company of the joint group as of June 24, 2009. The Posten AB and Post Danmark A/S groups were consolidated as of July 1, 2009.

The merger has been reported in accordance with the "carry-over method", meaning that consolidated net assets are reported at the reported values in the accounts of Posten AB and Post Danmark A/S respectively at the time of the merger. For reported values as of December 31, 2009, this means that PostNord's consolidated balance sheet comprises the book values that the two companies would have had if each were reported individually. The group's opening balances are the book values of each company's balance sheet at the time of the merger. Therefore, pension liabilities were not recalculated actuarially as of the merger date and no revaluation of assets was performed. In compiling the group's Notes, opening balances (as required and not reported at time of merger) were calculated based on 12-31-09 balances and reported changes and income items.

Subsidiaries

Subsidiaries are companies in which PostNord exercises a controlling influence. This implies directly or indirectly holding the right to set the companies' financial and operational strategies with the aim of attaining financial benefits. Voting rights that can be exercised or immediately converted are considered when determining the existence of a controlling influence.

Subsidiaries are reported in accordance with acquisition method. Under this method, an acquisition is treated as a transaction in which the group indirectly acquires the assets and assumes the actual and contingent liabilities of the subsidiary. The consolidated acquisition cost is calculated using an acquisition analysis performed upon acquisition. The analysis determines the acquisition cost of the shares or operations as well as the fair value of the assets acquired and the actual and contingent liabilities assumed at the acquisition date. The acquisition cost of a subsidiary's shares or its operations consists of the fair value on the acquisition date of assets, realized or assumed liabilities and equity instruments issued in exchange for the net assets acquired. Acquisition costs attributable to the acquisition are only capitalized for legal entities in line with local accounting and taxation regulations, and are expensed in the consolidated financial statements. Conditional purchase consideration is fixed at fair value at acquisition date. Adjustments made to the related liability for the conditional purchase consideration through the settlement date are reported in total income. The difference between the acquisition cost for subsidiary shares and the fair value of acquired identifiable assets, assumed liabilities and contingent liabilities comprise consolidated goodwill. Ownership changes are reported as equity transactions as long as control is maintained. When controlling influence ceases, gains and losses are reported in net profit; the remainder is revalued in income.

Subsidiaries' accounts are included in the consolidated statements from the date of acquisition until the date on which the controlling influence ceases to exist.

Associated companies

Associated companies are companies in which the group has a significant, but not controlling, influence on operational and financial management, normally between 20 and 50% of the voting rights. Participations in associated companies are reported in the consolidated statements using the equity method from the date on which the significant influence is established. Under the equity method, the consolidated book value of a participation in an associated company corresponds to the group's share of that company's equity as well as consolidated goodwill and any residual value of consolidated surplus and deficit values. The group's share of associated companies' operating earnings, financial income, taxes and minority interests is reported after being adjusted for any depreciation, impairments or dissolution of acquired surplus or deficit values. Dividends received from an associated company are deducted from the reported value of that investment. The group's acquisition cost, goodwill and any deficit values are determined in the same way as for subsidiaries, using an acquisition analysis (see the "Subsidiaries" section above), except that acquisition costs are capitalized in the group.

The equity method is applied until the date on which the significant influence ceases to exist.

Joint ventures

For reporting purposes, a joint venture is a company in which the group exercises a significant influence on operational and financial management decisions jointly with one or more partners based on an agreement. Joint ventures are consolidated in the accounts using the proportional method. Under the proportional method, the group's stake in each joint venture's income and costs as well as assets and liabilities are consolidated in the group's income statement and balance sheet. This is done by combining, item by item, the joint venture partner's stake in assets and liabilities and income and costs with the corresponding items in the partner's consolidated accounts. Only equity earned after the acquisition is reported in consolidated equity. The proportional method is applied from the date on which the joint controlling influence is established, until the date on which that influence ceases.

Transactions eliminated on consolidation

Intra-group receivables and liabilities, income and costs, and gains or losses arising from intercompany transactions are eliminated in their entirety upon consolidation. Intra-group losses that indicate impairment are included in the consolidated accounts.

Gains and losses resulting from transactions with associated companies or joint ventures are eliminated in proportion to the group's stake in those businesses. Losses are recognized to the extent they indicate impairment.

Foreign currency

Foreign currency transactions

A group's functional currency is the currency of the primary economies in which the companies in that group operate. The group consists of the parent company and its subsidiaries, associated companies and joint ventures.

Transactions in foreign currencies are translated into the functional currency at the rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate on the balance sheet date. Foreign exchange differences arising from these translations are reported in the income statement. Non-monetary assets and liabilities denominated in foreign currencies and reported at their acquisition costs are translated at the rate prevailing on the transaction date. Non-monetary assets and liabilities denominated in foreign currencies and reported at fair value are translated into the functional currency using the exchange rate on the date of valuation. Changes in exchange rates are then reported in the same way as other changes in the value of assets or liabilities.

Foreign entities' financial statements

Assets and liabilities held by foreign entities, including goodwill and other consolidated surplus and deficit values, are translated into SEK at the exchange rate prevailing on the balance sheet date. Income and costs in foreign entities are translated into SEK using an average exchange rate, approximately equal to the exchange rates prevailing on the transaction date. Translation differences arising from the translation of foreign entities are recognized directly in equity as a translation reserve.

Income

Income from services is reported in the income statement based on the stage of completion at the balance sheet date. The Letter and Messaging and Logistics business segments recognize income when a physical mail piece has been collected for physical transportation. Income related to services featuring an electronic component (hybrid service) is recognized once the object has been converted into a physical format and been received for physical transportation in the form of a mail piece. Mail processing facility fees relate to the handling period; that is, the period in which the mail piece was received from abroad. Distribution income is recognized in the period in which the service is performed. Income from post office boxes is accrued over the contract duration. Services in Information Logistics are generally performed over a short period of time, the income recognized when the service has been delivered.

The sale of goods is recognized upon delivery in accordance with the terms and conditions of sale, such that income is reported when the risks and rewards associated with the goods are transferred to the counterparty.

Income is not recognized if the financial rewards are unlikely to befall the group. Net sales are reported excluding value-added tax and in view of intended discounts and similar income reductions.

Operating expenses and financial income and expenses

Operating expenses

Personnel expenses are attributed to the period in which duties are performed. Changes in vacation and wage liabilities are reported on an ongoing basis, as employee entitlements accrue. Thus, periods during which large numbers of employees are on vacation usually feature below-average personnel expenses. Other expenses are reported in the period during which the goods or services have been delivered or utilized (e.g. rental costs).

Payments for assets leased under operational leases

Payments for operational leases are reported in the income statement on a straight-line basis over the leasing period. Rewards received upon signing a leasing contract are reported as part of the total leasing cost in the income statement on a straight-line basis over the leasing period. Variable costs are expensed in the period in which they arise.

Payments for assets leased under finance leases

Minimum lease payments are divided between interest and amortization of the remaining liability. Interest expenses are distributed over the leasing period so that each reporting period is charged with a payment corresponding to a fixed interest rate for the liability reported in that period. Variable costs are expensed in the period in which they arise.

Financial income and expenses

Financial income and expenses consist of interest income from bank deposits, receivables and interest-bearing securities; interest paid on loans; dividend income; foreign exchange differences; unrealized and realized gains and losses on financial investments; and derivatives used in financial operations. The interest on pension liabilities and the return on assets under management for pensions calculated according to IAS 19 are reported in net financial items.

Interest income on receivables and interest expense on liabilities are calculated using the effective interest method. When the effective interest rate is used, the present value of all receipts and disbursements during the fixed-interest term equals the reported value of the receivable or liability. The interest component of a finance lease payment is reported in the income statement using the effective interest method. Interest income and expense include accrued transaction costs and any discounts, premiums or other differences between the original reported value of the receivable or liability and the amount settled at maturity.

Issue expenses and similar direct transaction costs related to raising loans are included in the calculation of effective interest.

Dividend income is recognized when the right to receive dividends has been confirmed.

Financial instruments

Financial instruments reported on the assets side of the balance sheet include cash and cash equivalents, accounts receivable, shares, loan receivables, bond premiums and derivatives. Reported on the equity and liabilities side are accounts payable, debt and equity instruments issued, loans and derivatives.

Financial instruments are initially recognized at acquisition cost, equivalent to the instrument's fair value plus transaction costs, for all financial instruments except those classified as financial assets. Financial assets are reported at fair value in the income statement. Subsequent accounting differs, depending on how the financial instrument is classified, as detailed below.

A financial asset or liability is entered on the balance sheet when the company becomes a party to the instrument's terms and conditions. Accounts receivable are recognized on the balance sheet once the invoice has been sent. Liabilities are recognized when a counterparty has rendered services and payment is due under the terms of the contract, even if an invoice has yet to be received. Accounts payable are recognized when an invoice is received.

Financial assets are taken off the balance sheet when the rights of the contract have been realized, when they mature or when they are no longer controlled by the company. The same applies to portions of financial assets. Financial liabilities are taken off the balance sheet when contractual obligations are fulfilled or otherwise cease. The same applies to portions of financial liabilities.

Acquisitions and disposals of financial assets are recorded on the date of transaction, which is the day on which the company becomes legally bound to acquire or dispose of the financial assets. This does not apply to the acquisition or disposal of listed securities, which are recorded on the settlement date.

The fair value of a listed financial asset corresponds to the asset's bid rate in the market on the balance sheet date. The fair value of unlisted financial assets, consisting of accounts receivable, endowment insurance policies and cash, is ascertained through various valuation methods such as the use of recent transactions, the price of comparable instruments and discounted cash flows.

The values of financial assets and groups of financial assets are assessed in every reporting period to discern any objective impairment. The criteria for determining the need for any impairment is primarily based on the counterparty's officially communicated inability to meet its obligations or on its ability to pay demonstrated by experience in the financial markets.

Financial instruments are classified into categories, depending on the purpose for which each instrument was acquired. The classification is determined at the time of acquisition. The categories are as follows:

Financial assets reported at fair value in the income statement

This category contains two subgroups: financial assets held for trading and other financial assets that the company has initially chosen to place in this category. A financial asset is classified as "held for trading" if acquired for the purpose of resale in the short term. Derivatives are classified as held for trading unless they are used for hedge accounting. Assets in this category are carried at their fair value, with changes in value recognized in the income statement.

Loan receivables and accounts receivable

Loan receivables and accounts receivable are financial assets that are not derivatives but have fixed payments or determinable payments and are not listed in an active market. They are created by the company when providing money, goods or services directly to the debtor, not for the purpose of trading in the right to recover the debt. This category includes acquired receivables. Assets in this category are valued at their amortized cost. The amortized cost is determined based on the effective interest rate calculated at the acquisition date.

Held-to-maturity investments

Held-to-maturity investments are financial assets with fixed or predeterminable payments and fixed maturity, and which the company has the express intent and ability to hold to maturity. Assets in this category are valued at their amortized cost. The amortized cost is determined based on the effective interest rate calculated at the acquisition date. Thus, surplus and deficit values as well as direct transaction costs are distributed over the instrument's duration.

Available-for-sale financial assets

Available-for-sale assets are those financial assets that are not required to be classified in any other category, or financial assets which the company has initially chosen to place in this category. Assets in this category are carried at their fair value, with changes in value recognized in equity, except those attributable to impairments. When the assets are disposed of and removed from the balance sheet, unrealized gains and losses in the equity are reversed to the income statement. Interest measured with the effective interest rate method is recognized in the income statement.

Financial liabilities held for trading and other financial assets

Financial liabilities held for trading consist of interest-bearing liabilities and derivatives not used for hedge accounting. Liabilities in this category are reported at fair value, with changes in value recognized in the income statement.

Other financial liabilities

Financial liabilities not held for trading are valued at amortized cost. The amortized cost is determined based on the effective interest rate calculated at the acquisition date. Thus surplus and deficit values as well as direct issue expenses are distributed over the liability's duration. Borrowing costs attributable to the acquisition, construction or production of assets that take a significant time to complete will be capitalized.

Cash and cash equivalents

Cash and cash equivalents consist of cash, money in demand deposits at banks and similar institutions, and short-term liquid investments with maturities shorter than three months from the date of acquisition that are exposed to minimal risk of fluctuation in value. Funds in transfer on the statement of cash flows are not treated as cash and cash equivalents. They are accounting items that PostNord transfers on behalf of customers. These funds are therefore unavailable to PostNord and may not be used by its business operations. The Funds in Transfer item fluctuates independently of operating earnings, investments and other payment streams in the business operations.

Financial investments

Financial investments are classified either as financial fixed assets or short-term investments, depending on the purpose of the investment. If the maturity or expected investment period is longer than one year, they are classified as financial fixed assets; if shorter than one year but longer than three months, they are short-term investments.

Interest-bearing securities acquired with the aim of being held to maturity belong to the category "financial investments held to maturity" and are valued at amortized cost. Interest-bearing securities that the company does not intend to hold to maturity are classified as "financial assets recognized at fair value in the income statement" or "available-for-sale financial assets".

When assets are reported at fair value in the income statement, changes in value are recognized under net financial items.

Long-term receivables and other short-term receivables

Long-term receivables and other short-term receivables are receivables created by the company when providing money not for the purpose of trading in the right to recover the debt. Those with an expected holding period longer than one year are classified as long-term receivables, those less than one year as other short-term receivables. These receivables belong to the category Loans Receivable and Accounts Receivable.

Accounts receivable

Accounts receivable are classified under Loans Receivable and Accounts Receivable. Accounts receivable are reported at the amount expected to be received less doubtful receivables, assessed on an individual basis. Accounts receivable are written down when considered doubtful; that is, if more than 90 days past due or due from a customer with a history of payment difficulties. Accounts receivable from customers recognized as solvent and with good payment histories are not considered doubtful even if more than 90 days past due as long as the customer can be expected to pay appropriate interest. The expected maturity of accounts receivable is short, so they are reported at their non-discounted nominal value. Impairments on accounts receivable are reported under expenses.

Liabilities

Liabilities are classified as other financial liabilities and are thus initially reported at the amounts received less transaction costs. After its acquisition date, a loan is valued at its amortized cost using the effective interest rate method. Those with an expected maturity of more than one year are classified as long-term liabilities, and those of less than one year as short-term liabilities.

Accounts payable

Accounts payable are classified under other financial liabilities. The expected maturity of accounts payable is short, so they are valued at their non-discounted nominal value.

Derivatives and hedge accounting

Derivatives held by the group are in the form of forward contracts used to minimize the group's exposure to fluctuations in exchange rates and electricity rates. Changes in the values of derivatives are recognized in the income statement, based on the purpose of the holding.

Foreign currency receivables and liabilities

Forward contracts are used to hedge assets and liabilities against foreign exchange risk. Hedge accounting is unnecessary for matching, as the hedged item is translated at the exchange rate on the balance sheet date and the hedge instrument is measured at fair value with changes in value recognized in the income statement under foreign exchange differences. PostNord thereby achieves essentially the same matching of income and expenses as through hedge accounting. Changes in value related to operating receivables and liabilities are recognized under operating earnings, while changes in value related to financial receivables and liabilities are recognized under net financial items.

Transaction exposure – cash-flow hedges

Forward contracts are used to hedge exposure to fluctuations in exchange rates related to cash flows under contractual agreements. Value changes are recognized in the income statement.

Net investments

Investments in foreign subsidiaries (net assets including goodwill) are not hedged. At year-end they are translated at the exchange rate on the balance sheet date. Foreign exchange differences recognized in the parent company's income statement are eliminated in the consolidated accounts through revaluation of the net assets in the subsidiary included in equity.

Tangible fixed assets

Owned assets

Tangible fixed assets are entered as assets on the balance sheet when it is likely that the future financial rewards of ownership will befall the company, and if the acquisition cost of the asset can be reliably determined.

Tangible fixed assets are reported at acquisition cost less accumulated depreciation and impairments. The acquisition cost consists of the purchase price as well as costs directly related to bringing the asset to the necessary place and condition for its use in accordance with the purpose of the acquisition. Examples of directly related costs included in acquisition cost are delivery and handling, installation, registration of title, consulting fees and legal fees. Loan expenses are not included in the acquisition cost of fixed assets produced by the company. Accounting principles for depreciations are described below.

Tangible fixed assets consisting of parts with different useful lives are treated as separate components of tangible fixed assets.

The reported value of a tangible fixed asset is taken off the balance sheet when the asset is discarded or disposed of, or when no further financial rewards are expected to be gained from the use or disposal/sale of the asset. Gains or losses arising from the discarding or disposal of an asset are calculated as the difference between the sale price and the asset's carrying value, less expenses directly related to the sale. Gains and losses are reported under other income/expenses.

Leased assets

Leases are classified in the consolidated financial statements as either finance or operational leases. Under finance leases, the economic risks and rewards associated with ownership are essentially transferred to the lessee. If such is not the case, the agreement is deemed an operational lease.

Assets leased through finance lease agreements are reported as assets in the consolidated balance sheets. Obligations to pay leasing payments in the future are reported as current and long-term liabilities. Leased assets are depreciated according to plan, while lease payments are reported as interest and amortization of the liability.

For operational leases, leasing fees are expensed during the term based on usage and thus may differ from the leasing fees actually paid during the year.

Additional costs

Additional costs related to tangible assets are added to the acquisition cost only when it is likely that the future financial rewards of the asset will befall the company and the acquisition cost can be determined reliably. All other additional costs are reported as expenses in the period in which they were incurred.

Critical to the determination of whether additional costs should be added to the acquisition cost is whether or not the charge is related to exchanges of identifiable components or subcomponents; if so, such charges are capitalized. The cost of creating a new component is also added to the acquisition cost. Any reported value of an exchanged component or subcomponent not already depreciated is discarded and recognized as an expense at the date of exchange. Repairs are expensed as they arise.

Depreciation principles

Tangible fixed assets are depreciated on a straight-line basis over the estimated useful life of the asset. Land is not depreciated. The group applies component depreciation, such that the estimated useful lives of material subcomponents are a basis for depreciation.

01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33

The depreciation periods are as follows:

Buildings, land improvements and improvements to leased properties	20–50 years
Equipment and installations for leased premises	5–10 years
Sorting equipment	5–10 years
Vehicles	4–10 years
Computer equipment	3–7 years
Other machinery and equipment	3–10 years

The residual values and estimated useful lives of assets are evaluated annually.

Intangible assets

Goodwill

Goodwill represents the difference between the acquisition cost of a subsidiary and the fair value of the acquired identifiable assets and assumed and contingent liabilities.

The group has not applied IFRS retroactively to goodwill arising from business combinations occurring prior to January 1, 2004; rather, the reported value at that date has been taken as the consolidated acquisition cost, after impairment testing.

Goodwill is measured at acquisition cost less any accumulated impairments. Goodwill is allocated to cash-generating units and is not amortized but is tested for impairment annually. Goodwill arising from the acquisition of an associated company is included in the reported value of the holding in that associated company.

Goodwill relates mainly to the acquisition of DPD parcel distribution services in 2001, of Strålfors businesses in 2006 and of Tollpost AS. Goodwill from these acquisitions is denominated in SEK, NOK, EUR, GBP and DKK.

Capitalized development expenditures

Development-related expenditures are capitalized whenever it is deemed they will provide future financial benefits. The reported value includes direct expenses for services and materials. Other development expenditures are expensed in the income statement as they arise. Capitalized development expenditures are reported on the balance sheet at acquisition cost less accumulated amortization and impairments. PostNord defines development expenditures as costs related to the development of commercially viable services and products that can be incorporated into PostNord's offering. These costs include costs that are directly related to the newly developed offering. Development expenditures are capitalized when they satisfy IAS 38 criteria and are estimated to amount to a material sum for the overall development project. Other development expenditures are expensed as normal expenses.

The main criteria for capitalization are that the development efforts will lead to proven future rewards or cost savings and cash flows and that the necessary technical and financial conditions exist for completing the development work once it has been commenced.

Other development projects, such as projects related to essential ERP systems, are capitalized when they amount to or are estimated to amount to a material sum for the overall project. Otherwise, such charges are expensed.

Other intangible fixed assets

Other intangible fixed assets comprise acquired brands and other rights, which are reported at the acquisition cost less accumulated amortization and impairments. Straight-line depreciation is used for the term of such rights, usually 5–10 years.

Additional costs

Additional costs related to capitalized intangible assets are recognized as assets on the balance sheet only when they enhance the future financial benefits that exceed the original assessments. All other payments are expensed as they arise.

Amortization principles

Amortization is reported in the income statement on a straight-line basis over each intangible asset's estimated useful life, where this can be ascertained. Goodwill and intangible assets with indeterminate useful lives are tested for impairment annually or as soon as there is an indication of impairment of the asset in question. Intangible assets are amortized from the date on which they were made available for use.

The following amortization periods are applied:

Capitalized, completed development efforts	5–10 years
Brands, customer relations, licenses and other rights	5–10 years

Inventory

Inventory is valued at the lower of acquisition value, determined using the first-in - first-out (FIFO) method, and net realizable value.

Impairments

The reported values of consolidated assets – with the exception of available-for-sale assets and disposal items reported in accordance with IFRS 5, investment properties, inventories, assets under management used to meet pension commitments, and deferred tax credit – are tested at each balance sheet date to discern impairment. If such indications exist, the asset's recoverable value is calculated. The assets listed as exceptions above are tested to applicable standards.

The recoverable value of goodwill, other intangible assets with indeterminate useful lives and intangible assets not yet ready for use is calculated annually.

For impairment of financial assets, see the "Financial Instruments" section.

An impairment loss is reported when the reported value of an asset of a cash-generating unit exceeds its recoverable value. Impairment losses are reported in the income statement.

Impairments on assets related to cash-generating units are primarily allocated to goodwill. Proportional impairments are subsequently charged to all other assets in the unit.

Calculation of recoverable amount

The reported values of the group's assets are tested at each balance sheet date to discern indications of impairment. If such indications exist, the recoverable value of individual or naturally affiliated assets is measured as the higher of the fair value less selling expenses and the useful value. The measurement of useful values is based on PostNord's assessment of future cash flows. In the measurement of useful values, future cash flows are discounted using a discount rate that takes into account risk-free interest and the risk linked to each specific asset. The assessments are based on the corporate business plans and are augmented by other relevant information, used to enhance accuracy.

Reversal of impairment

Impairment losses on goodwill are never reversed. Impairment of other assets is reversed if there is both an indication that the impairment no longer exists and a change in the assumptions used as a basis for measuring such assets' recoverable values.

Impairment is reversed only to the extent that the reported value of an asset, after reversal, does not exceed the reported value that the asset would have had if no impairment had been recognized, taking into account the amortization that would have been charged.

Dividends paid

Dividends are reported as liabilities after they have been approved for payment by the AGM.

Employee benefits

Pension commitments

The PostNord Group's pension commitments are met in part through defined benefit plans featuring a contractually binding promise regarding a given future pension level for employees, and in part through defined contribution plans for which premiums have been set aside and for which the employee assumes the risk as regards the future pension level. The Group's obligations with respect to defined contribution plans are reported as personnel expenses in the income statement as they accrue through the employees' performance of their work duties. Most of the defined benefit plans consist of a pension plan set up for PostNord AB (publ) in Sweden and some smaller plans in Norway and France. Actuarial calculations are prepared for all defined benefit plans in accordance with the projected unit credit method in an effort to establish the present value of commitments concerning benefits for current and former employees. Actuarial calculations are prepared annually and are based on actuarial assumptions, which are made at the end of the fiscal year. These assumptions cover inflation, changes in the income base amount, personnel turnover, discount rates, rates of return and life expectancy.

The group's net commitments consist of the present value of pension commitments less the fair value of assets under management. Changes in the present value of commitments owing to changed actuarial assumptions are treated as actuarial gains or losses. Actuarial gains and losses are recognized in the income statement over the employee's average remaining period of employment in cases where they exceed the "corridor" threshold for each plan. The corridor threshold equals 10% of the higher of the value of the pension commitment and the fair value of assets under management. Pension provisions and similar commitments appearing on PostNord Group's balance sheet equal the commitments' present value at fiscal year-end, less the fair value of assets under management, unreported actuarial gains or losses and unreported costs related to employment from earlier periods. If this calculation leads to an asset for the group, the reported value of the asset is limited to the sum of the reported actuarial losses plus the value that the company can be expected to attain in the future from the surplus in funded assets. If the pension cost and pension provision set for Swedish plans deviate from the corresponding amount in accordance with RedR 4, the difference is reported for special payroll tax in accordance with UFR 4 (originally published as URA 43). For pensions and similar benefits financed through defined contribution plans, amounts corresponding to PostNord's annual fees for the plans are expensed.

Severance pay

Provisions for severance pay are made only if PostNord can be proven to have committed to terminate an employment contract before its expiration, without a reasonable possibility of withdrawal. If compensation is paid for voluntary termination, a provision is reported when the offer has at least been accepted by the concerned parties' representative and when the number of employees that will accept the offer can be reliably calculated. When PostNord terminates employee contracts, a detailed plan is prepared covering workplaces, positions and the estimated number of employees affected, as well as compensation paid to each personnel group or position and the period of implementation of the plan.

Provisions

Provisions are made for commitments resulting from an event and for binding loss contracts, in which it is probable that an outflow of resources will be needed to settle the commitment. Provisions are reported in the balance sheet when there is a legal or informal obligation to do so and when the amount can be determined reliably. Provisions for restructuring are made when an adequately detailed plan is in place and has been communicated in a fashion that creates firm expectations among stakeholders, or their representatives, who will be affected by the measures.

Taxes

Tax on net earnings is comprised of current tax and deferred tax. Taxes are recognized in the income statement except when the underlying transaction is recognized directly in equity, provided that the subsequent tax effect is also reported in equity. Current tax is the tax calculated on the year's taxable income. Adjustments of current tax attributable to earlier periods are also included.

Deferred tax is calculated in accordance with the balance sheet method, based on the temporary differences between the reported and taxable values of assets and liabilities. The amounts are calculated based on how temporary differences are expected to be equalized, and by applying the tax rates and tax regulations that have been decided or announced as of fiscal year-end. Temporary differences are not treated in consolidated goodwill. Legal entities report untaxed reserves including the deferred tax liability. In the consolidated financial statements, however, untaxed reserves are divided into deferred tax liability and restricted equity. Tax credits in deductible temporary differences and loss carry-forwards are reported only to the extent that it is probable that they will lead to lower tax disbursements in the future. This probability is based on data contained in PostNord's business plans.

Assets pledge and contingent liabilities

Contingent liabilities are reported when there is a possible commitment arising from an event, the fulfillment of which can only be confirmed by one or more uncertain future events. Contingent liabilities are also reported when there is a commitment that is not reported as a liability or provision because an outflow of resources is not likely to be required. Pledged assets are reported for given guarantees and assets pledged as securities.

Transactions with associated parties

The company's disclosure of transactions with the Swedish and Danish states has been limited to reports of a non-commercial nature; consequently, specific commissions from the state and licenses from authorities have been reported as related party transactions.

Note 2 Estimates and assessments

In making 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 the group management considers reasonable under the current circumstances. The conclusions drawn by group management form the basis for the reported values in the accounts. Actual future values, estimates and assessments in future financial reports during the coming financial year 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, SEK 398m (405)
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, SEK 4,769m (4,313)
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, SEK 18,321m (17,432)
In order to arrive at a reasonable estimate for PostNord's defined pension commitments, the actuarial valuation of such commitments is based on a number of assumptions. The most significant assumptions are discount rate, expected rate of return on plan assets, future annual pay increases, and inflation. Changes in pension commitments due to altered external factors may affect PostNord's operating profit, net financial items and other comprehensive income as well as financial receivables and pension liabilities reported in the balance sheets. Changed commitments affect the forecast for the next year's costs. Pension commitment sensitivity to these changes, and subsequent impact on profit, is reported in Note 23.

Provisions for transition regulations, SEK 767m (807)
As a consequence of Posten AB becoming a Swedish corporate entity in 1994, PostNord assumed a contingent liability (transition regulations) such that certain categories of the workforce may choose to retire early, at the age of 60 or 63. The contingent liability is reported as a provision in the balance sheet and is calculated based on previous experience of the proportion of persons who have chosen to exercise their right to early retirement in accordance with these provisions. If the number of those who choose this option should change, the liability will change accordingly. A change in the utilization rate of 5 percentage points impacts operating profit by +/- SEK 10m.

Tax assets, SEK 134m (145)
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. Changed circumstances that impact the assumptions will also influence financial results for the year.

Note 3 Revenue distribution

Net sales
Net sales arise primarily from the sale of services.

Other income

SEKm	2012	2011
Rental income	31	41
Insurance compensation	9	6
Fee and commission income	0	
Capital gain, buildings	31	2
Capital gain, machinery and equipment	18	5
Capital gain, stocks	0	79
Capital gain, operating receivables/liabilities	0	4
Exchange gains	31	16
Other	133	121
Total	253	274

Note 4 Segment reporting

PostNord's organization into business units is based on the manner in which PostNord is governed and activities are reported to management. Market pricing applies to internal dealings between PostNord 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.

Mail Denmark 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 parcels.

Mail Sweden 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 parcels. In 2012 business area Mail Sweden reported investments in the new Hallsberg and Rosersberg terminals and in vehicles owned by Posten Leasing AB totaling SEK 688m (371). In previous years these investments were reported under Other.

Logistics is a leader in the Nordic logistics market and offers a comprehensive Nordic distribution network. The business area runs operations in parcel, pallet and mixed cargo groupage as well as messaging, express, third-party logistics, in-night freight forwarding and consignment freight.

Strålfors is the group's information logistics business. The company develops and offers communication solutions that create stronger, more personal customer relationships for companies that have large customer bases. Strålfors is a Nordic leader in its field and has operations in the Nordic region and several other European countries.

Other comprises shared services and corporate functions including the parent company, the Swedish Cashier Service, provisions for changes in group functions in Sweden and Denmark and group adjustments. The adjustments are primarily IFRS adjustments regarding pensions in accordance with IAS 19, Employee Benefits, and finance leasing in accordance with IAS 17, Leases. From Other, service costs for shared services and corporate functions are allocated to the business areas. Cost allocations are expensed in Other under Other Income, Internal. Within the business areas, cost allocations are expensed under Other Expenses.

Eliminations comprises the elimination of internal translations.

Note 4, cont.

2012 Jan–Dec

SEKm	Mail: Mail Denmark	Mail: Mail Sweden	Logistics	Strålfors	Other	Eliminations	PostNord Group
Net sales, external	8,040	15,020	13,281	2,576	3		38,920
Net sales, internal	250	117	145	89	6	-607	0
Net sales	**8,290**	**15,137**	**13,426**	**2,665**	**9**	**-607**	**38,920**
Other income, external	-2	75	52	17	111		253
Other income, internal	1,649	712	1,247		4,094	-7,702	0
Income	**9,937**	**15,924**	**14,725**	**2,682**	**4,214**	**-8,309**	**39,173**
Personnel expenses	-5,609	-7,532	-3,423	-821	-1,156	56	-18,485
Transport expenses	-650	-2,608	-6,089	-67	-16	1,346	-8,084
Other expenses	-3,307	-4,628	-4,727	-1,593	-3,000	6,907	-10,348
Depreciation and impairments	-396	-363	-373	-226	-541		-1,899
Expenses	**-9,962**	**-15,131**	**-14,612**	**-2,707**	**-4,713**	**8,309**	**-38,816**
Participations in the earnings of associated companies and joint ventures	7						7
OPERATING PROFIT	**-18**	**793**	**113**	**-25**	**-499**	**0**	**364**
Net financial items							16
Profit before tax							**380**
Tax							-123
Net profit							**257**
Assets	8,129	8,694	9,072	2,493	13,594	-12,524	29,458
Liabilities	4,442	6,399	4,766	1,488	13,328	-12,524	17,899
Investments in tangible and intangible fixed assets	463	1,066	401	89	312		2,331

2011 Jan–Dec

SEKm	Mail: Mail Denmark	Mail: Mail Sweden	Logistics	Strålfors	Other	Eliminations	PostNord Group
Net sales, external	9,068	15,103	12,309	2,982	4		39,466
Net sales, internal	279	117	141	66	11	-614	0
Net sales	**9,347**	**15,220**	**12,450**	**3,048**	**15**	**-614**	**39,466**
Other income, external	3	67	36	18	150		274
Other income, internal	1,682	664	1,281		4,125	-7,752	0
Income	**11,032**	**15,951**	**13,767**	**3,066**	**4,290**	**-8,366**	**39,740**
Personnel expenses	-6,332	-7,831	-3,158	-1,070	-875	156	-19,110
Transport expenses	-642	-2,675	-5,636	-98	-13	1,524	-7,540
Other expenses	-3,303	-4,356	-4,392	-1,739	-2,748	6,687	-9,851
Depreciation and impairments	-393	-199	-312	-240	-522		-1,666
Expenses	**-10,670**	**-15,061**	**-13,498**	**-3,147**	**-4,158**	**8,367**	**-38,167**
Participations in the earnings of associated companies and joint ventures	-7			5			-2
OPERATING PROFIT	**355**	**890**	**269**	**-76**	**132**	**1**	**1,571**
Net financial items							100
Profit before tax							**1,671**
Tax							-446
Net profit							**1,225**
Assets	8,679	6,745	7,036	2,786	10,254	-10,090	25,410
Liabilities	4,260	4,511	3,351	1,594	9,854	-10,090	13,480
Investments in tangible and intangible fixed assets	519	273	368	156	630		1,946

Note 4, cont.

Division by geographic area based on company domicile, SEKm	2012			2011		
	Income	Assets	Investments	Income	Assets	Investments
Sweden	22,490	16,228	1,663	22,217	13,676	1,236
Denmark	10,592	8,771	465	11,973	7,594	543
Norway	4,091	3,193	165	3,581	2,828	120
Finland	607	553	15	601	519[1]	20
Rest of the world	1,393	713	23	1,368	793[1]	27
Total	**39,173**	**29,458**	**2,131**	**39,740**	**25,410**	**1,946**

1) Values for 2011 are adjusted between Finland and Rest of the world numbers reclassified for 2011.

Note 5 Employees, personnel expenses and executive compensation

Average number of employees, per country	2012				2011			
	Women	Men	Total	Percentage men	Women	Men	Total	Percentage men
Sweden	8,434	15,478	23,912	65%	8,731	15,810	24,541	64%
Denmark	5,213	8,453	13,666	62%	5,688	9,450	15,138	62%
Finland	107	183	290	63%	100	164	264	62%
Norway	223	1,059	1,282	83%	200	920	1,120	82%
Other countries	218	345	563	61%	254	397	651	61%
Total	**14,195**	**25,518**	**39,713**	**64%**	**14,973**	**26,741**	**41,714**	**64%**

Personnel expenses, SEKm	2012	2011
Wages, salaries and other remuneration	14,082	14,792
Statutory social costs	2,628	2,532
Pension expenses[1]	1,698	1,641
Other personnel expenses	77	145
Total	**18,485**	**19,110**

1) SEK 3m (14) of the group's pension expenses is attributable to current and former presidents and executive vice presidents, for whom outstanding liabilities total SEK 126m (145).

Specification of wages, salaries and other remuneration, by country, SEKm	2012				2011			
	Presidents[1]	Of which, bonuses	Other employees	Total	Presidents[1]	Of which, bonuses	Other employees	Total
Sweden	28		7,457	7,485	27		7,495	7,522
Denmark	12		5,558	5,570	10		6,317	6,327
Finland	2		108	110	2		104	106
Norway	5		772	777	3		646	649
Other countries	3		137	140	2		186	188
Total	**50**		**14,032**	**14,082**	**44**		**14,748**	**14,792**

1) "Presidents" refers to current and former chief executive officers and executive vice presidents.

Specification of wages, salaries and other executive compensation, 11 persons, SEKm	2012				2011			
	Base salary	Pension expenses	Other benefits	Total	Base salary	Pension expenses	Other benefits	Total
Lars Idermark, President and Group CEO as of 03-01-11	8.7	2.6	0.1	11.4	7.5	2.1	0.1	9.7
Lars G Nordström, President and Group CEO through 02-28-11					1.5	0.4		1.9
K B Pedersen, Executive VP	4.5			4.5	4.1			4.1
Mats Lönnqvist, Executive VP and CFO from 11-01-11 through 05-31-11	3.6	0.6		4.2	0.8	0.2		1.0
Göran Sällqvist, Executive VP through 08-29-11					2.6	1.6	0.1	4.3
Total, CEOs and Executive VPs	**16.8**	**3.2**	**0.1**	**20.1**	**16.5**	**4.3**	**0.2**	**21.0**
Total, other members of group management	29.0	8.2	0.6	37.8	27.9	8.8	0.7	37.4
Total, all members of group management	**45.8**	**11.4**	**0.7**	**57.9**	**44.4**	**13.1**	**0.9**	**58.4**

Note 5, cont.

Approved guidelines for executive compensation

Pension provisions corresponding to a maximum of 30% of monthly salary apply to all executives in Sweden. Retirement plans and agreements stipulate a retirement age of either 65 or 62. Pension costs for the current CEO are fixed at an amount corresponding to 30% of monthly salary. The notice period is 6 months. The contracts of other members of group management stipulate a 6-12 month notice period when the employer terminates the contract and a 6 month notice period when the member terminates the contract. If the employer terminates the contract, the employee is entitled to severance pay equal to a maximum of 12 months' pay and automobile benefits. For members of group management, income earned from subsequent employment or comparable business activities is deducted from the aforementioned severance package.

For executives employed in accordance with Danish labor law, full premium-based pensions are applied and the retirement age is determined pursuant to Danish labor law.

	Dec 31, 2012		Dec 31, 2011	
Gender division of executives, %	Percentage women	Percentage men	Percentage women	Percentage men
Group Board of Directors	38	62	38	62
Group management	15	85	9	91
Board members and subsidiary CEOs	21	79	17	83

Compensation to the Boards of PostNord and PostNord AB, SEK thousands	Audit Committee	Compensation Committee	2012	2011
Fritz Schur (Chairman)		Chairman	638	638
Anne Birgitte Lundholt	Member		300	300
Jonas Iversen as of 04-20-12	Member			
Richard Reinius through 02-14-12	Member			
Mats Abrahamsson		Member	275	275
Ingrid Bonde		Member	275	275
Gunnel Duveblad	Chairman		313	313
Bjarne Hansen	Member		300	300
Torben Janholt		Member	275	275
Total			**2,376**	**2,376**

Remuneration approved by annual general meeting, 04-20-12, SEK thousands	Board	Audit Committee	Compensation Committee
Chairman	600	63	38
Member	250	50	25

Note 6 Other expenses

SEKm	2012	2011
Cost of premises	2,158	2,134
Provisions	898	68
Terminal fees	1,031	1,051
Cost of goods and material	1,177	1,279
Purchased IT resources	1,481	1,524
Capitalized development expenditures	–242	–236
Other	3,845	4,031
Total	**10,348**	**9,851**
Specification of provisions and reversals attributable to restructing measures		
Mail Denmark	187	47
Mail Sweden	101	–114
Logistics	74	–15
Strålfors	83	–1
Other and Eliminations	453	151
Total	**898**	**68**

Provisions within the business areas are mainly attributable to personnel expenses related to PostNord's cost reduction program and the continuing adaptation of production.

WIthin the Other and Eliminations segments, provisions were primarily attributable to early retirement pensions and to admittance to agencies that handle redundant personnel. Personnel redundancies were primarily attributable to ongoing cost reduction programs within group functions.

Note 7 Audit fees and reimbursement of expenses

SEKm	2012	2011
Audit engagement		
Ernst & Young	11	10
PWC	2	2
Total	**13**	**12**
Other audit activities		
PWC	1	1
Summa	**1**	**1**
Tax consultancy		
PWC	2	1
Total	**2**	**1**
Other services		
Ernst & Young	8	8
PWC	1	2
Total	**9**	**10**

"Audit engagement" refers to examiniation of the annual report, bookkeeping and administration of the Board and the CEO; other duties resting with the company's auditors; and advisory services and other types of support that arise in the course of such examination or the performance of such other duties. All other items are "Other services".

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Note 8 Depreciation and impairments

SEKm	2012	2011
Depreciation		
Licenses, brands, customer relations and similar assets	174	148
Capitalized development work	173	178
Buildings and land	159	155
Machinery and equipment	1,174	1,176
Total	**1,680**	**1,657**
Impairments		
Capitalized development work	152	
Buildings and land	4	
Machinery and equipment	7	
Inventory	1	
Participation in Eson Pac Group AB	55	
Assets for sale		9
Total	**219**	**9**

Impairments

PostNord Group implemented a common Nordic SAP platform in mid-2012. The background to this was a desire to secure a uniform system with standardized processes throughout the group. As a result of the conversion, most of the previous Danish R3 SAP platform applications were no longer used, or were used to a very limited extent, by Post Danmark A/S. Capitalized development costs for the Danish SAP platform were impaired by SEK 152m in 2012.

Strålfors reported impairments of SEK 12m in 2012, of which SEK 11m was attributable to tangible fixed assets and SEK 1m to inventory. The impairments were the result of early move-out from office premises, closure of production units and termination of unprofitable production.

To date, Eson Pac Group AB is developing significantly worse than the business plan prepared in conjunction with the acquisition of Strålfors Identification Solutions, due primarily to lower-than-expected sales volumes. The discrepancies are due to the economic situation and to the fact that a major customer had significantly reduced volumes for a period during the first six months of 2012. Although the second half of the year was much better than the first, the company failed to achieve satisfactory profitability. It is deemed that the previous valuation of shareholdings will not be realized, which prompted an impairment of SEK 55m.

Note 9 Net financial items

SEKm	2012	2011
Financial income		
Interest income	37	67
Interest income on pensions	155	298
Other financial income	46	2
Total	**238**	**367**
Financial expenses		
Interest expense[1]	-68	-29
Interest expense on pensions	-90	-195
Interest expense on finance leasing	-19	-28
Other financial expenses	-14	
Net exchange rate changes	-31	-15
Total	**-222**	**-267**
Net financial items	**16**	**100**

[1] The increase in interest expense is due to higher indebtedness in 2012.

Note 9, cont.

See Note 29, Financial Risk Management and Financial Instruments, page 87. For interest expenses regarding pensions, see also Note 23, Pensions, page 80.

Note 10 Taxes

SEKm	2012	2011
Current tax	**-119**	**-114**
Deferred tax		
Change in deferred tax on untaxed reserves	40	-100
Temporary difference in balance sheet items	-65	-358
Change in deferred tax on tax loss carry-forwards	21	126
Total	**-4**	**-332**
Total tax	**-123**	**-446**

	2012		2011	
Reconciliation of effective tax rate	**%**	**SEKm**	**%**	**SEKm**
Profit before tax	26.3	380	26.3	1,671
Tax according to parent company rate		-100		-439
Non-deductible expenses		-100		-22
Tax-exempt income tax		144		44
Effect of losses not capitalized accruing during the year		-8		
Tax attributable to previous years		-5		
Impairment of previously capitalized tax loss carry-forwards		-31		-25
Effect of changed tax rates and imposition of new taxes		6		
Effect of other tax rates for foreign companies		-4		1
Other		-25		-5
Total		**-123**		**-446**

Uncapitalized loss carry-forwards are attributable to Swedish and foreign operations.

Note 11 Participations in associated companies and joint ventures

Participations in associated companies

At the end of the fiscal year, Post Danmark A/S owned an equity interest in associated company e-Boks A/S valued at SEK 79m (88). e-Boks A/S is headquartered in Ballerup, Danmark and is 50%-owned by Post Danmark A/S.

Participations in joint ventures

Strålfors Tandsbyn AB owns 50% of the company Tand 2:103 Fastighets AB in Östersund, Sweden. The company's book value at year-end was SEK 0.4 (0.5).

Note 12 Intangible fixed assets

	Goodwill		Other intangible fixed asets					
			Licenses, brands, customer relations and similar assets		Capitalized development		Total other intangible fixed assets	
SEKm	2012	2011	2012	2011	2012	2011	2012	2011
Acquisition value, beginning balance	2,838	2,814	1,621	1,696	2,364	2,408	3,985	4,104
Acquisition of associated companies	434	79	260	96	29		290	96
Sale of affiliated companies	-42	-39	-8	-202			-9	-202
Other investments	2	7	34	89	301	180	335	269
Divestments/disposals	-1		-6	-48	-661	-215	-667	-263
Reclassifications		-1	189	1	-189	2		3
Translation differences	-33	-22	-5	-11	-63	-11	-68	-22
Accumulated acquisition value, end of year	3,198	2,838	2,085	1,621	1,781	2,364	3,866	3,985
Amortization, beginning balance			-859	-846	-1,269	-1,314	-2,128	-2,160
Acquisition of affiliated companies			-1	-4	-2		-3	-4
Sale of affiliated companies				1				1
Amortization for the year			-174	-148	-173	-178	-347	-326
Divestments/disposals			5	137	655	218	660	355
Reclassifications						-1		-1
Translation differences			6	1	49	6	55	7
Accumulated amortization, end of year			-1,023	-859	-740	-1,269	-1,763	-2,128
Impairments, beginning balance	-8	-8	-8	-85	-366	-366	-374	-451
Impairments for the year					-152		-152	
Divestments/disposals				77				77
Translation differences					2		2	
Accumulated impairments, end of year	-8	-8	-8	-8	-516	-366	-524	-374
Ending balance	3,190	2,830	1,054	754	525	729	1,579	1,483

Internally generated intangible assets are reported as capitalized development expenditures, which were chiefly attributable to integration of shared IT solutions. Other intangible fixed assets were chiefly attributable to brands and customer relations. Expensed development costs totaled to SEK 0 (0) during the year.

For information about assets resulting from acquisitions of affiliated companies, see Note 31, Acquisitions and Divestments of Operations, page 91.

Impairments on capitalized development work totaled SEK 152m (0) and is attributable to the Danish SAP platform; see also Note 8, Depreciation and Impairments, page 76.

Impairment test on intangible fixed assets

Goodwill is not subject to depreciation but rather to an annual impairment test. No impairment of goodwill occurred during the period. Goodwill is the only intangible assets with an indeterminate period useful life. A value assessment was conducted on all cash-generating segments with a discount factor of 8.3% after tax.

The SEK 3,190m (2,830) carrying amount of goodwill arose in the following cash-generating segments: SEK 1,507m (1,513) for international parcel and pallet operations (DPD and Tollpost Globe AS), SEK 691m (697) for Stralfors, SEK 300m (312) for Post Danmark A/S, 332m (0) for PostNord Logistik TPL AB, SEK 105m (0) for Harlem Transport AS and SEK 255m (308) for other businesses (Data Scanning A/S, Transportgruppen A/S, Budstikken Transport A/S, Eek Transport AS, Nils Hansson Logistics AB, HIT, Direct Link and Addresspoint). The recoverable value of each of these cash-generating segments was based on their value in use. The calculations were based on three-year business plans and forecasts adopted and formulated based on analyses of the external business environment and planned marketing and production activities. The assessments made in the business plans are based on group management's knowledge and experience.

The most significant amounts of goodwill lie in two cash-generating segments: SEK 1,507m (1,513) for international parcel and pallet operations, 332m (0) for PostNord Logistik TPL AB, SEK 300m (312) for Post Danmark A/S and SEK 691m (697) for Strålfors. The assumptions with the greatest impact on the impairment assessments are volume growth, profit margins and useful life. Calculations were made with different assumptions for the operating profit and discount rate to evaluate the sensitivity on the outcome of the tests.

Tollpost Globe AS is part of the international parcel and pallet operation and is considered integrated with DPD in the impairment test performed. For international parcel and pallet operations, average annual growth of 3% is forecast for the business plan period. The test did not show any impairment.

Goodwill in Post Danmark A/S is attributable to the 1995 conversion into a corporation. The cash-generating segment's recoverable amount is based on value in use. Average annual growth of 1% is forecast for Post Danmark A/S for the business plan period. Value in use exceeds book value. The test did not show any impairment.

With respect to Strålfors, the entire operation (that existed as of the 2006 acquisition) is viewed as a cash-generating segment at the time of testing. For Strålfors, average annual growth of 2% is forecast for the business plan period. The cash-generating segment's recoverable amount is based on value in use. Calculated value in use, including synergies with other business activities, exceeds book value. The test did not show any impairment.

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Note 13 Tangible fixed assets

	Buildings and land		Machinery and equipment		Ongoing construction and advances		Total	
SEKm	2012	2011	2012	2011	2012	2011	2012	2011
Acquisition value, beginning balance	5,761	5,836	14,228	14,323	519	228	20,508	20,387
Acquisition of affiliated companies	659	139	179	33	6	-3	844	169
Other acquisitions	32	68	999	1,159	963	443	1,994	1,670
Disposals	-99	-136	-1,274	-1,373	-17	-19	-1,390	-1,528
Reclassifications	-198	-131	175	105	-179	-129	-202[1)]	-155[1)]
Translation differences	-133	-15	-190	-19	-6	-1	-329	-35
Accumulated acquisition value, ending balance	6,022	5,761	14,117	14,228	1,286	519	21,425	20,508
Depreciation, beginning balance	-2,306	-2,278	-10,233	-10,196			-12,539	-12,474
Depreciation for the year	-159	-155	-1,174	-1,176			-1,333	-1,331
Acquisition of affiliated companies	-59	1	-90	-14			-149	-13
Disposals	3	69	1,147	1,135			1,150	1,204
Reclassifications	80	51		3	-1		79[1)]	54[1)]
Translation differences	52	6	133	15			185	21
Accumulated depreciation, ending balance	-2,389	-2,306	-10,217	-10,233	-1	0	-12,607	-12,539
Impairments, beginning balance	-6	-6	-39	-40			-45	-46
Impairments for the year	-4		-7				-11	
Disposals				1				1
Reclassifications								
Translation differences								
Accumulated impairments, ending balance	-10	-6	-46	-39	0	0	-56	-45
Ending balance	3,623	3,449	3,854	3,956	1,285	519	8,762	7,924

1) Reclassified as Asset held for Sale; totals SEK 123m (102).

Note 14 Leased machinery and equipment, property leases

Operating lease agreements

The group's leasing fees for the year totaled SEK 1,364m. At the balance sheet date, the group had outstanding leasing fees of SEK 6,105m. The minimum payments for operating leases falls due as follows:

	Machinery and equipment		Properties	
SEKm	2012	2011	2012	2011
Within one year	207	232	1,253	1,253
Between one and five years	275	277	2,723	2,645
Five or more years			1,647	1,368
Total	482	509	5,623	5,266

The majority of the machinery and equipment at the group's disposal is held by Mail Sweden and consists of machines for the production of PostNord's electronic mail services.

Finance lease agreements

Fees due under finance lease agreements mature as follows:

	Minimum leasing expenses		Interest		Present value	
SEKm	2012	2011	2012	2011	2012	2011
Within one year	64	59	13	9	51	50
Between one and five years	9	59	1	12	8	47
Total	73	118	14	21	59	97

Finance leasing assets

Finance leasing assets reported as tangible fixed assets are as follows:

SEKm	2012	2011
Acquisition value		
Machinery and equipment	52	
Properties	533	533
Ending balance	585	533
Accumulated depreciation		
Machinery and equipment	-30	
Properties	-504	-473
Ending balance	-534	-473
Book value	51	60

In 2012, finance leasing fees totaled SEK 87m.

The maturities of the long-term liabilities attributable to finance leasing are presented in Note 29, Financial Risk Management and Financial Instruments.

The finance leases primarily comprise two processing facilities in Sweden and vehicles in Norway. See also Note Pledged Assets and Contingent Liabilities.

Note 15 Financial investments

SEKm	2012	2011
Financial investments that are fixed assets		
Endowment insurance policy	143	134
Other long-term investments	73	48
Ending balance	**216**	**182**
Short-term investments that are current assets		
Other short-term investments	4	1
Ending balance	**4**	**1**

Note 16 Long-term receivables

SEKm	Dec 31, 2012	Dec 31, 2011
Carrying amount related to funded defined benefit retirement and early retirement pension plans appraised in accordance with IAS 19	3,599	2,960
Carrying amount related to funded defined-benefit disability pension plans appraised in accordance with IAS 19	447	313
Payroll tax receivbles 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	982	833
Payroll tax health insurance	-134	-139
Deposits, property leases	51	23
Total	**4,945**	**3,990**

Note 17 Deferred tax

	2012				2011			
SEKm	Beginning balance	Reported in income statement	Acquisition/ Divestment of operations, translation differences	Ending balance	Beginning balance	Reported in income statement	Acquisition/ Divestment of operations, translation differences	Ending balance
Deferred tax assets								
Other provisions	529	-191		338	658	-129		529
Loss carry-forwards	266	21		287	140	126		266
Finance leases	18	-14		4	10	8		18
Offset against liabilities	-668		173	-495	-672		4	-668
Total	**145**	**-184**	**173**	**134**	**136**	**5**	**4**	**145**
of which, outside Sweden	*128*			*109*	*136*			*128*
Deferred tax liabilities								
Intangible fixed assets	-320	125	-86	-281	-380	83	-23	-320
Tangible fixed assets	-481	40	-13	-454	-381	-102	2	-481
Current assets	-9	-30		-39	16	-25		-9
Pension provisions	-1,016	45		-971	-724	-293	1	-1,016
Offset against receivables	668		-173	495	672		-4	668
Total	**-1,158**	**180**	**-272**	**-1,250**	**-797**	**-337**	**-24**	**-1,158**
of which, outside Sweden	*-223*			*-149*	*-338*			*-223*

In Sweden receivables and liabilities have been reported net, at SEK 569m (715), while other receivables and liabilities have been reported gross. Foreign receivables totaled SEK 109m (128), and foreign payables SEK 149m (223).

Non-reported receivables for deferred tax relating to loss carry-forwards from previous years totaled SEK 104m (80). SEK 93m (71) pertained to France, SEK 4m (5) to Denmark, SEK 2m (0) to Sweden and SEK 0m (12) to Germany. None of these receivables has a due date.

Note 18 Inventory

SEKm	Dec 31, 2012	Dec 31, 2011
Goods for resale, etc.	101	125
Raw materials	91	93
Total	**192**	**218**

The majority of raw materials and goods for resale in inventory are with Strålfors.

Inventory depreciation for 2012 totaled SEK 1 (0). For 2012, the cost of goods sold totaled SEK 1,117m (1,192).

Note 19 Accounts receivable

Accounts receivable, taking into account accumulated bad debt from the period January-December, totaled SEK 33m (33). Estimated losses on accounts receivable totaled SEK -20m (-13). With respect to accounting treatment, refer to Note 1, Accounting Principles, page 65. For risk management and ageing of overdue but non-written-off receivables, see Note 29, Financial Risk Management and Financial Instruments, page 87.

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Note 20 Prepaid expenses and accrued income

SEKm	Dec 31, 2012	Dec 31, 2011
Accrued interest income	2	8
Accrued postage charges	107	115
Accrued commission income	1	
Prepaid rent	242	264
Prepaid insurance premiums	24	4
Prepaid wages and salaries	148	175
Terminal fees	282	265
Forward currency contracts	5	14
Other items	311	360
Ending balance	**1,122**	**1,205**

Note 21 Cash and cash equivalents

SEKm	Dec 31, 2012	Dec 31, 2011
Cash and bank balances	1,885	1,385
Short-term investments comparable to cash and cash equivalents	1 161	722
Ending balance	**3,046**	**2,107**

Short-term investments are classified as cash and cash equivalents if they are easily convertible into cash and have a maximum maturity of three months from the acquisition date, with minimal risk for value fluctuations.

Note 22 Interest-bearing liabilities

SEKm	Dec 31, 2012	Dec 31, 2011
Long-term interest-bearing liabilities		
Debt to credit institutions	3,677	799
Finance leases	22	52
Other long-term liabilities	146	134
Ending balance	**3,845**	**985**
Current interest-bearing liabilities		
Debt to credit institutions		7
Commercial paper	397	
Utilized credit line	18	50
Finance leases	52	56
Ending balance	**467**	**113**

See Note 29, Financial Risk Management and Financial Instruments, page 87.

Note 23 Pensions

PostNord's pension plans are described in Note 1, Accounting Principles (page 65). There are both defined benefit and defined contribution plans. Some personnel categories are eligible for pensions at an earlier age based on specific provisions in connection with incorporation. Posten's Pension Fund safeguards the pension commitments of Posten AB, Posten Meddelande AB and Posten Logistik AB. See the Plan Assets section and Note 30, Transactions with Associated Parties (page 91) for information concerning dealings between the Group and Posten's Pension Fund.

Balance sheet items for defined benefit pension plans

Pension commitments and plan assets

	Dec 31, 2012				Dec 31, 2011			
Pension commitments and plan assets, net amount, SEKm	Funded pension plans	Unfunded pension plans, future unconditional pension benefits	Unfunded pension plans, future conditional pension benefits	Total	Funded pension plans	Unfunded pension plans, future unconditional pension benefits	Unfunded pension plans, future conditional pension benefits	Total
Present value of defined benefit commitments	16,455	1,866	781	19,102	15,843	1,589	808	18,240
Fair value of plan assets	-16,408			-16,408	-15,967			-15,967
Net commitment	**47**	**1,866**	**781**	**2,694**	**-124**	**1,589**	**808**	**2,273**
Unreported actuarial gains (+) and losses (-)	-4,093	-47	-14	-4,154	-3,149	-2	-1	-3,152
Net indebtedness on balance sheet	**-4,046**	**1,819**	**767**	**-1,460**	**-3,273**	**1,587**	**807**	**-879**
Reference:								
Note 24, Other Provisions			*767*	*767*			*807*	*807*
Balance sheet, Pension provisions		*1,819*		*1,819*		*1,587*		*1,587*
Note 16, Long-term Receivables	*-4,046*			*-4,046*	*-3,273*			*-3,273*
Net amount attributable to plans in the following countries, SEKm								
Sweden				-1,467				-887
France				6				6
Norway				1				2
Total				**-1,460**				**-879**

Note 23, cont.

Specification of present value of defined benefit commitments, SEKm	2012 Funded pension plans	2012 Unfunded pension plans, future unconditional pension benefits	2012 Unfunded pension plans, future conditional pension benefits	2012 Total	2011 Funded pension plans	2011 Unfunded pension plans, future unconditional pension benefits	2011 Unfunded pension plans, future conditional pension benefits	2011 Total
Beginning balance	**15,843**	**1,589**	**808**	**18,240**	**14,533**	**1,450**	**795**	**16,778**
Costs, employment service during current year	377	7	24	408	343	7	28	378
Costs, employment service duringprevious year						11		11
Interest expense	589	60	32	681	619	63	36	718
Early retirement pensions		242		242		284		284
Payment of benefits	-895	-259		-1,154	-928	-205		-1,133
Curtailments and settlements					-57			-57
Transfers	-95	184	-90	-1	94	-12	-94	-12
Actuarial gains (-) and losses (+)	636	43	7	686	1,239	-9	43	1,273
Ending balance	**16,455**	**1,866**	**781**	**19,102**	**15,843**	**1,589**	**808**	**18,240**

Specification of fair value of plan assets, SEKm	2012	2011
Beginning balance	**15,967**	**15,808**
Expected return on plan assets	753	844
Funds paid by employer	573	465
Compensation	-360	-365
Payment of benefits	-59	-70
Curtailments and settlements		-50
Actuarial gains (+) and losses (-)	-466	-665
Ending balance	**16,408**	**15,967**

Return on plan assets, SEKm	2012	2011
Actual return on plan assets	287	179
Expected return on plan assets	753	844
Actuarial gains (+)/losses (-) on plan assets during the period	**-466**	**-665**

Net commitment, SEKm	Dec 31, 2012	Dec 31, 2011
Present value of defined benefit commitments	19,102	18,240
Fair value of plan assets	-16,408	-15,967
Surplus (-)/Deficit (+)	**2,694**	**2,273**

Experience-based adjustments, SEKm	Dec 31, 2012	Dec 31, 2011
Experience-based adjustments for commitments	-294	4
Experience-based adjustments for plan assets	466	665
Surplus (-)/Deficit (+)	**172**	**669**

The group expects to make payments in 2013 totaling SEK 1,119m for defined benefit plans.

Provisions, estimated future conditional pensions

PostNord is responsible for future conditional pension benefits under the transition regulations for Swedish subsidiaries. The transition regulations apply to certain employees who are entitled to retire at the age of 60 or 63. To qualify, employees must have reached 28 years of age by January 1, 1992 and have held the same position since then. The total commitment, calculated according to the Act on Safeguarding of Pension Commitments, totaled SEK 2,698m (2,771) as of December 31, 2012. Experience demonstrates that an average of 25% utilizes the transition regulations, and the provision is determined at that percentage of this commitment. Special payroll tax is taken into consideration, and the liability totals SEK 838m (861) including special payroll tax. For accounting in accordance with IAS 19 see unfunded pension plans, future conditional pension benefits in the tables in this Note, and future conditional pension benefits in Note 24, Other Provisions (page 85).

Final responsibility provision

PostNord assumed "final responsibility" for an obligation assumed in connection with its conversion into a corporation. Previously, this commitment was reported as a contingent liability. Provisions were made for the commitment in conjunction with the adoption of IAS 19. Based on available information, the commitment was estimated at SEK 112m (107) as of December 31, 2012, and includes a provision for special payroll tax. The commitment is included in the balance for unfunded pension plans, future conditional pension benefits in the table in this Note, and future conditional pension benefits in Note 24, Other Provisions (page 85).

Index-linked responsibility

In 2000, pension commitments previously safeguarded by Posten's Pension Fund were redeemed through the acquisition of insurance policies. As of December 31, 2012 the net present value of these was SEK 51m (65). PostNord bears index-linking and gross coordination responsibility for these pension commitments.

Note 23, cont.

Expenses and income for defined benefit and defined contribution pension plans, SEKm	2012 Funded pension plans	2012 Unfunded pension plans, future unconditional pension benefits	2012 Unfunded pension plans, future conditional pension benefits	2012 Total	2011 Funded pension plans	2011 Unfunded pension plans, future unconditional pension benefits	2011 Unfunded pension plans, future conditional pension benefits	2011 Total
Costs, employment service during current year	377	7	24	408	343	7	28	378
Costs, employment service during previous year						11		11
Interest expense	589	60	32	681	619	63	36	718
Expected return on plan assets	–753			–753	–844			–844
Actuarial gains (–) and losses (+)	154		–6	148	–4	–1	–11	–16
Early retirement pensions		242		242		284		284
Curtailments and settlements					–19			–19
Total defined benefit pensions	**367**	**309**	**50**	**726**	**95**	**364**	**53**	**512**
Defined contribution plans				1,001				1,070
Deducted as financial items				72				126
Utilization of restructuring provisions, costs of early retirement pensions				–123				–107
Other defined benefit pension expenses				22				40
Total pension expenses				**1,698**				**1,641**

Actuarial assumptions

The actuarial valuation of PostNord's defined benefit pension commitments and pension expenses are based on the following assumptions. These assumptions are provided as a total average value for each pension plan. A change in any of these key assumptions may have a significant impact on the projected benefit commitments, funding requirements and periodic pension cost.

Actuarial assumptions, %	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
Discount rate	3.50	3.90	4.50
Expected return on plan assets	3.50	4.90	5.50
Future annual wage increases	2.60	2.60	2.80
Change in income base amount	3.00	3.00	3.00
Inflation	2.00	2.00	2.00
Life expectancy	FFFS 2007:31	FFFS 2007:31	FFFS 2007:31
Personnel turnover	4.50	4.50	5.00
Average remaining employment service, years	10	10	10

The costs for 2012 are based on actuarial assumptions adopted at the beginning of 2012. At the end of 2012, PostNord adopted assumptions applicable to calculation of the results as of December 31, 2012. These actuarial assumptions are also used in the forecast for 2013 costs. In setting the assumptions the long-term, mutual compatibility of all assumptions used in the appraisal has been taken into account.

The discount rate is determined in accordance with IAS 19 with reference to prime corporate bonds traded in a functioning corporate bond market as per IFRS's view by referring to the Swedish mortgage bond market. Group management thus takes the view that the discount rate applied reflects the time value of the money and provides a reasonable present value of Posten's pension commitments. Expected return on plan assets corresponds to the expected average return on current (or future) investments in the Pension Fund, after all costs (including tax). With respect to interest-bearing assets, the expected return is based on risk-free market rates of interest; in terms of other assets, expected return is based on assumptions of risk premiums in excess of risk-free interest rates. The risk premiums are based on long-term, historical risk premiums with consideration taken of the assets' relative risk and covariance. The risk premiums vary between 2–5 (2–5) %, depending on the type of asset. Future annual pay increases reflect expected future salary increases as a compound of inflation, seniority and promotion. The income base amount is set annually by the Swedish government and is used, among other things, to set a cap on pensionable income in the social security system. With respect to inflation, the Group has chosen to use the Swedish Central Bank's inflation targets. Personnel turnover is an aggregate of expected future business development, increases in real wages and productivity growth needed to maintain profitability, as well as consideration of personnel turnover in recent years. The average remaining employment service factor is estimated based on employees' current age breakdown. Life expectancy assumptions are based on the Swedish Supervisory Authority's guidelines FFFS 2007:31 (FFFS 2007:31).

Note 23, cont.

Alecta

Retirement and family pension plans for salaried employees in Sweden can be insured by a policy underwritten by Alecta. Only a few companies within the group utilize insurance as a safeguarding solution. According to a pronouncement by the Swedish Financial Reporting Board, UFR 3, defined benefit pension commitments secured by Alecta insurance are considered to be a single pension plan that encompasses several employers. For fiscal year 2012, the company has not had access to information enabling the reporting of this plan as a defined benefit pension plan. The ITP pension plan insured by Alecta is therefore reported as a defined contribution plan. Pension insurance fees related to Alecta totaled SEK 7.2m (4.4). Anticipated fees for 2013 total SEK 8.3m (4.1). Alecta's surplus can be distributed to policy-holders and/or the insured. As of December 2012, Alecta's surplus in the form of the collective consolidation level was 129 (113) %. The collective consolidation level equals the market value of Alecta's assets divided by total insurance commitments and calculated in accordance with Alecta's actuarial assumptions, which do not comply with IAS 19.

Plan assets

The greatest portion of plan assets is included in Posten's Pension Fund. Other plan assets consist of assets in Posten's insurance association, pension insurance underwritten by Skandia. Total plan assets total SEK 16,408m (15,967).

Posten's Pension Fund assets per class, market value, SEKm	2012			2011		
	Dec 31	%	Total %	Dec 31	%	Total %
Interest-bearing securities[1]	2,991	21		3,621	26	
High Yield	1,244	8		623	4	
Liquidity[2]	769	5	34	1,760	12	42
Hedge funds	3,157	21	21	3,227	23	23
Infrastructure	871	6		764	5	
Property	1,546	10	16	1480	10	15
Swedish stocks	969	7		285	2	
Foreign stocks	2,197	15		1,523	11	
Commodities	368	2		578	4	
Private equity	694	5	29	481	3	20
Total	**14,806**	**100**		**14,342**	**100**	

[1] Includes accrued interest.
[2] Includes classes of assets that were classified as Other Assets in previous years.

Other fund assets, market value, SEKm	Dec 31, 2012	Dec 31, 2011
Posten's insurance associaton	1,544	1,548
Skandia pension insurance	58	79
Total other fund assets	**1,602**	**1,627**

The asset allocation of Posten's Pension Fund as of December 31, 2012 is presented in the table above. The overriding objective of the Fund is to manage the assets so as to best serve group's pension commitments, the funds for which have been entrusted to the Fund. The composition of and return on the assets should serve as reassurance that the Group can meet the pension commitments safeguarded by the Fund.

01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33

Note 23, cont.

Sensitivity analysis

At year-end 2012, PostNord had pension commitments of SEK 16,455m (15,843) and plan assets of SEK 16,408m (15,967). In addition to funded pension commitments, pension provisions are allocated as future unconditional pension commitments of SEK 1,819m (1,587) and future conditional pension commitments of SEK 767m (807). The Group's pension commitments are valued based on the above-referenced actuarial assumptions; plan assets are assessed at fair value.

Changes in pension commitments due to changed actuarial commitments are treated as actuarial gains or losses. These gains or losses have no effect on the income statement or balance sheet unless and until the net value exceeds the corridor. The corridor's limits are 10% of the pension commitment or the fair value of plan assets, whichever is greater. To the extent that the changes cause effects exceeding the corridor, the excess values are reported as income or cost. However, in these cases the impact on the income statement first appears in the entry of forecasted costs/income pursuant to IAS 19 the following year. See also the table below for the effect of changed actuarial commitments.

A provision of 25% of total commitments is made pursuant to the transition regulations. This number is based on the historical degree to which rights under the regulations are exercised. The special payroll tax has also been taken into account. Change in the commitments pursuant to the transition regulations and due to different levels of exercise of rights is reported as income or is expensed. See the table below for the effect of changed levels of exercise of rights under the transition regulations.

	Change	Impact on profit		Impact on balance sheet items and other comprehensive income		
Sensitivty analysis, SEKm		Personnel expense (EBIT)	Net financial items	Impact on pension liabilities	Impact on market value of assets	Net impact on other comprehensive income
Actuarial commitments						
Change in discount rate and expected return on fund assets	+0.1 percentage point	6	6	-247	0	-193
	-0.1 percentage point	-7	-6	257	0	201
Change in actual return on fund assets	+0.1 percentage point	0	1	0	16	13
	-0.1 percentage point	0	-1	0	-16	-13
Change in salaries and wages	+0.5 percentage point	-21	-10	289	0	226
	-0.5 percentage point	23	10	-295	0	-230
Change in income base amount	+0.5 percentage point	6	2	-65	0	-51
	-0.5 percentage point	-7	-3	83	0	65
Change av inflation	+0.5 percentage point	-17	-38	1,082	0	844
	-0.5 percentage point	20	36	-1,023	0	-798
Length of life	+1 year	-10	-23	652	0	509
	-1 year	11	23	-650	0	-507
Level of exercise of rights under transition regulations						
Change in level of exercise of rights under transition regulations	+5.0 percentage point	-4	-5	134	0	105
	-5.0 percentage point	5	5	-134	0	-104

Note 24 Other provisions

2012, Jan-Dec, SEKm	Beginning balance	Provisions	Reversals	Utilizations	Translation effect	Ending balance
Restructuring activities						
Personnel reductions, primarily early retirements	435	947	-58	-602	-2	720
Other closure costs	35	10	-1	-25		19
Future condtional pension commitments						
Payroll tax	196		-10			186
Future conditional pension commitments under IAS 19	807	50	-90			767
Other						
Job-related injuries	48	3		-8		43
Pension adjustments in relation to the Danish state	49	6		-14	-1	40
Provision, commemorative awards	171			-25	-5	141
Other provisions	13				-2	11
Total	**1,754**	**1,016**	**-159**	**-674**	**-10**	**1,927**
Of which, current provisions	*351*					*359*

Expected payments, SEKm	1 year	2 years	3 years	>3 years
Provisions, restructuring	444	190	59	46
Provisions, future conditional pensions[1] [2]	224	66	70	466
Other provisions[1]	58	24	21	150
Total	**726**	**280**	**150**	**662**

1) Expected payments are somewhat higher than the respective provision due to the fact that the provision is calculated as the present value of the expected payments.

2) Expected payments for future condtional pensions are calculated pursuant to IAS 19.

2011, Jan-Dec, SEKm	Beginning balance	Provisions	Reversals	Utilizations	Translation effect	Ending balance
Restructuring activities						
Personnel reductions, primarily early retirements	800	269	-181	-458	5	435
Other closure costs	52		-1	-16		35
Future conditional pension commitments						
Payroll tax	207		-11			196
Future conditional pension commitments under IAS 19	848	53	-94			807
Other						
Job-related injuries	58	3		-13		48
Pension adjustments in relation to the Danish state	39	67		-61	4	49
Provision, commemorative awards	162	17		-21	13	171
Other provisions	52	5	-19	-27	2	13
Total	**2,218**	**414**	**-306**	**-596**	**24**	**1,754**
Of which, current provisions	*515*					*351*

01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33

Provisions for restructuring measures

Restructuring provisions include expenses that are estimated to arise in future years as a consequence of the group's cost reduction program for administration and decision to streamline production.

Amounts are calculated based on corporate management's best estimates. Provisions are reviewed at each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources will be required to settle the obligation, the provision is reversed.

New provisions and reversals are reported in the business operation that makes the decision about closure.

During the quarter, provisions and reversals for restructuring measures with an earnings impact on other costs totaled SEK 898m; see also Note 6, Other Costs. The effect of provisions related to future conditional pension commitments, the reversal of pension payments to the Danish state and commemorative awards is reported as personnel expense.

The utilization of provisions totaled SEK 666m in 2012, of which SEK 640m were payments of personnel expenses. The net change in job-related injuries, SEK 8m, was not reported in the income statement.

The discount effect is reported in the income statement's financial items. Translation differences related to currency effects are reported in total comprehensive income.

Provisions, estimated future conditional pensions

PostNord is responsible for future conditional pension benefits under the transition regulations. The transition regulations apply to certain employees who are entitled to retire at the age of 60 or 63. Consideration has also been taken of special payroll tax.

See Provisions for estimated future conditional pensions, and the Final Responsibility Provision, Note 23, Pensions, page 80 for further information.

Other provisions

Provisions for job-related injuries refer to the payment of annuities in accordance with the Industrial Injuries Insurance Act, and to occupational injury annuities.

The pension settlement in relation to the Danish state refers to future commitments regarding a specific group of employees within the Post Danmark group.

Provisions for commemorative awards refer to anticipated commemorative awards in the form of extra salary and vacation received after 25 or 40 years of employment within the Post Danmark group.

Present value

Provisions with payment periods longer than one year are discounted to the present value. Discount effects included in changes for the year are shown separately where significant. Provisions for future conditional pension benefits have payment periods longer than one year. Present value calculations are not shown separately for this provision item, as it is included under IAS 19. See also Note 23, Pensions, page 80.

Expected payments for provisions

Stated amounts correspond to the estimated result that forms the basis for calculating the size of the provision but cannot be deemed to reflect real, total payment flows, as certain costs do not correspond to any payments. Such costs include some costs related to personnel cutbacks.

Note 25 Accrued expenses and deferred income

SEKm	Dec 31, 2012	Dec 31, 2011
Provision for stamps sold but unutilized	398	405
Accrued payroll expenses	507	514
Vacation pay liability	1,563	1,550
Special payroll tax on pension expenses	10	9
Social security expenses	555	559
Accrued interest expense	1	
Terminal fees	429	439
Finance leasing		9
Forward currency contracts	16	23
Other items	586	571
Ending balance	**4,065**	**4,079**

Note 26 Pledged assets and contingent liabilities

SEKm	Dec 31, 2012	Dec 31, 2011
Assets pledged for own liabilities		
Real estate mortgages[1]	1,153	800
Assets pledged as security[2]	20	8
Total	**1,173**	**808**
Contingent liabilities		
Guarantee commitments, PRI	89	90
Other guarantees	31	40
Total	**120**	**130**

1) Security for portion of Long-term interest-bearing liabilities..
2) Security for portion of Long-term receivables.

Disputes
PostNord operates extensive national and international businesses and is involved in disputes and lawsuits from time to time arising from its business operations. It is not anticipated that these disputes and lawsuits, either individually or collectively, will have a materially adverse effect on PostNord's earnings, profitability or financial position.

Note 27 Investment commitments

As of December 31, 2012, PostNord Group had committed to acquire tangible fixed assets. These commitments total SEK 510m (379) and related primarily to sorting equipment and vehicles. Investment commitments of SEK 361m were made in conjunction with the new terminal structure for Mail Sweden.

Note 28 Statement of cash flows, interest

Cash flows from operating activities include interest received totaling SEK 54m (59) and interest paid totaling SEK 104m (57).

Note 29 Financial risk management and financial instruments

PostNord's Treasury Policy, adopted by the Board of Directors, governs PostNord's financial risk management activities. The Treasury Policy includes guidelines for liquidity management, financing and financial risk management. For details on PostNord's financial risks and risk management policy, please see the Risks and Risk Management section.

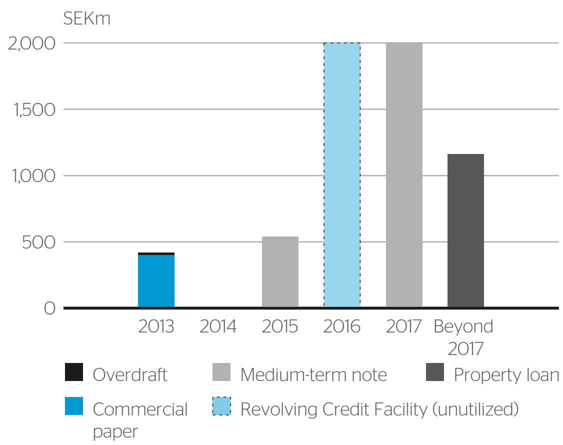
PostNord's financial risks are divided into the categories refinancing risk, credit risk and market risk.

Refinancing risk
PostNord shall ensure sufficient payment readiness through a combination of cash and cash equivalents, committed unutilized credit lines and unconfirmed credit lines. PostNord uses cash pools to optimize and centralize liquidity management. Treasury management shall maintain payment readiness of at least SEK 1,500m for the coming 360 days and shall ensure that the maturity structure of the financing portfolio is well diversified. At year-end, liquidity reserves were as follows:

Note 29, cont.

Cash and cash equivalents, SEKm	Dec 31, 2012	Dec 31, 2011
Bank balances	1,885	1,385
Treasury bills		299
Commercial paper	1,032	298
Other investments	13	
Unutilized confirmed credit limits	2,000	2,000
Total liquidity reserves	**4,930**	**3,982**
Unutilized amount, CERT program	2,600	
Unutilized amount, MTN program	3,460	
Unutilized amount, other credit limits	160	135
Total unutilized credit facilities	**6,220**	**135**
Total	**11,150**	**4,117**

Maturity Structure



Credit risk
The group's business activities give rise to credit risk exposure in relation to counterparties. Credit risk and counterparty risk refer to the risk of loss if the counterparty fails to meet its contractual obligations. Credit risk arises partly through sales to customers, extending advances to suppliers or accepting guarantees, and partly through Treasury's liquidity management or utilization of derivative contracts.

Credit risk from accounts receivable
Credit risk in connection with credit sales to customers is managed by the individual business areas. Before credit is granted, all customers undergo a credit check in which data on the customer's financial position is obtained from a credit-rating agency. Large lines of credit require head office approval. In 2012, the group's aggregate accounts receivable totaled SEK 4,718m (4,370) and the group's reported losses on accounts receivable totaled SEK 33m (33).

Note 29, cont.

Credit risk in finance activities

Credit risk in financial transactions is managed by Treasury with a credit limit based on ratings from Moody's, Standard & Poor's or a corresponding official rating agency. Trade is regulated through decisions on maximum credit risk per debtor. All counterparties undergo a credit check before qualifying as a debtor.

Ageing of accounts receivable	Dec 31, 2012	Dec 31, 2011
Accounts receivable, undue	3,784	3,890
Accounts receivable, due, not impaired		
1–5 days	534	204
6–20 days	139	122
21–30 days	79	83
31–60 days	162	32
61–90 days	14	29
>90 days	57	87
Total	**4,769**	**4,447**
Provision for bad debts	–51	–77
Total	**4,718**	**4,370**

Market risk

Currency risk

PostNord uses forward currency contracts and currency swap contracts to control its currency risk. Forward currency contracts are used to hedge risk associated with receivables and current liabilities and with the purchase of capital goods. Other future cash flows are not hedged. Currency swap contracts are used in conjunction with the group's management of excess liquidity.

PostNord's greatest currency exposure arises through the translation of the net assets of foreign subsidiaries (translation exposure). The greatest exposure arises in DKK, NOK and EUR. Pursuant to PostNord's Treasury Policy, translation exposure is not hedged. Translation exposure is limited, however, by securing commercial solvency levels in group companies.

Translation exposure

	Dec 31, 2012			Dec 31, 2011		
Currency	SEKm	%	+/-1%	SEKm	%	+/-1%
AUD	4	0.1		4		
DKK	5,077	67.2	51	5,383	67.1	54
EUR	429	5.7	4	552	6.9	6
GBP	107	1.4	1	93	1.2	1
HKD	20	0.3		14	0.2	
NOK	1,995	26.4	20	1,974	24.5	20
SGD	–118	–1.6		–12	–0.1	
USD	20	0.3		19	0.2	
PLN	18	0.2		–3		
Total	**7,552**	**100**	**76**	**8,024**	**100**	**81**

Interest rate risk

Fluctuations in interest-rate levels have a limited effect on PostNord's profit. A change of +/– 1 percentage point in the market rate as of December 31, 2012, all other things being equal, has a pre-tax effect on earnings of SEK 10m (17). At year-end, 62% of the group's debt portfolio had a variable rate of interest, as compared to 100% in 2011.

Debt Portfolio, Dec 31, 2012	Interest payable	SEKm	Duration, yrs
Property loan, variable rate	2013-06-30	759	0.5
Property loan, fixed rate	2015-03-31	393	2.2
MTN, variable rate	2013-03-20	1,000	0.2
MTN, fixed rate	2017-09-20	1,000	4.4
MTN, variable rate	2013-03-04	390	0.2
MTN, fixed rate	2015-06-03	150	2.4
Commercial paper	1–7 billion	400	0.3
Credit line		17	
Total		**4,109**	**1.5**
Investment portfolio			
Accounts		1,885	
Commercial paper		1,046	0.1
Total		**2,931**	**0.1**
Profit sensitivity, upcoming 12-month period, net			**9.5**

Debt Portfolio, Dec 31, 2011	Interest payable	SEKm	Duration, yrs
Property loan, variable rate	2012-06-30	801	0.5
Credit line		57	
Total		**858**	**0.5**
Investment portfolio			
Accounts		1,385	
Treasury bills		299	0.1
Commercial paper		298	0.2
Total		**1,982**	**0.0**
Profit sensitivity, upcoming 12-month period, net			**17**

Market risk in asset management

Asset management is carried out in the group's affiliated agencies Posten's Pension Fund and Posten's insurance association. The agencies manage assets that safeguard payments of certain of the group's commitments such as future pensions, sickness benefits and family pensions. Asset management includes the investment of capital in various markets and instruments. Through board representation, PostNord advocates a prudently managed diversification between asset classes in Posten's Pension Fund and Posten's insurance association in relation to PostNord's underlying commitment and expected returns.

Note 29, cont.

Financial assets and liabilities, Dec 31, 2012 SEKm, unless otherwise specified	Nominal amount in millions, local currency	Nominal amount in SEKm	Effective interest, %	Interest amount	Duration			
					< 3 months	3 months - 1 yr	1–5 years	>5 years
Investments								
Deposits, DKK	3.7	4.4					2.8	1.6
Deposits, EUR	0.1	1.3						1.3
Commercial paper	1,032	1,032	1.0–1.5%		1,032			
Other	14	14			14			
Other, EUR	0.6	5.3				0.8	2.0	2.5
Total		**1,057**			**1,046**	**0.8**	**4.8**	**5.3**
Liabilities								
Bank loans								
Credit line	0.9	0.9			0.9			
Credit line, DKK	15.0	17.3			17.3			
Other loans								
MTN loan	2,531	2,531	1.2–3.1%				2,531	
Commercial paper	397	397	2.3–2.8%		99	298		
Real estate credit	0.4	0.4	6.7%				0.2	0.2
Real estate credit, DKK	991	1,145	1–1.3%					1,145
Finance leasing	73	73				73		
Liabilities, payment transfers	6	6				6		
Total		**4,171**			**117**	**377**	**2,531**	**1,145**

Financial assets and liabilities, Dec 31, 2011 SEKm, unless otherwise specified	Nominal amount in millions, local currency	Nominal amount in SEKm	Effective interest, %	Interest amount	Duration			
					< 3 months	3 months - 1 yr	1–5 years	>5 years
Investments								
Treasury bills	299	299	2.1–2.7%	1	299			
Investments	298	298	1.2–2.1%		298			
Other, EUR	0.6	5					2	3
Total		**602**		**1**	**597**	**0**	**2**	**3**
Liabilities								
Bank loans								
Credit line	9	9			9			
Credit line, DKK	40	48	1.5–6.2%		48			
Other loans								
Real estate credit	1	1	6.7%				0.2	0.3
Real estate credit, DKK	665	800	1.5%	189				800
Finance leasing	108	108				56	52	
Liabilities, payment transfers		9				9		
Total		**975**		**189**	**57**	**65**	**52**	**800**

Financial instruments, accounting treatment and fair value valuation

The fair value of loans is calculated as the discount value of future cash flows as regards repayment of principal and interest. Value is discounted to actual lending rate.

For accounts receivable and accounts payable with a remaining credit period of less than one year, the book value is considered to constitute fair value. Accounts receivable and accounts payable with a remaining useful life of more than one year are discounted when the fair value is ascertained.

Some of the group's financial instruments are reported at fair value and valuation is determined in accordance with the three levels set forth in IFRS 7, described below.

Level 1

The fair value of financial instruments is determined based on listed market prices on balance sheet date without deducting transaction costs. Level 1 essentially includes treasury bills and standardized derivatives for which the listed price is used in valuation. PostNord Group currently has no financial assets or liabilities based on this valuation level.

Level 2

The fair value of financial instruments is determined based on valuation models that are based on other observable market data. Examples of level 2 observable data are market rates of interest and yield curves. In cases where listed price is unavailable, straight interpolation is applied.

Level 3

The fair value of financial instruments is determined based on valuation models under which considerable input is derived from non-observable market data. PostNord Group currently has no financial assets of liabilities based on this valuation level.

01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33

Note 29, cont.

Reported and fair value of instruments valued at fair value, SEKm	Dec 31, 2012				Dec 31, 2011			
	Reported value	Level 1	Level 2	Level 3	Reported value	Level 1	Level 2	Level 3
Financial assets reported at fair value in Income Statement								
Prepaid expenses and accrued income	1,122				1,205			
Of which: Forward currency contracts	*5*		*5*		*14*		*14*	
Terminal fees	*0.5*		*0.5*		*3*		*3*	
Other receivables	1,092				544			
Of which: Terminal fees	*2*		*2*		*2*		*2*	
Cash and cash equivalents[1]	3,046				2,107			
Of which: Commercial paper	*1,046*		*1,046*		*298*		*298*	
Treasury bills					*299*		*299*	
Loans and accounts receivable								
Long-term receivables[2]	4,945				3,990			
Accounts receivable	4,718				4,370			
Held-to-maturity investments								
Financial investments	216				182			
Of which: Endowment insurance policy	*147*				*134*			
Other	*69*				*48*			
Total assets	**15,139**		**1,054**		**12,398**		**616**	
Financial liabilities reported at fair value in Income Statement								
Accrued expenses and prepaid income	4,065				4,079			
Of which: Forward currency contracts	*16*		*16*		*16*		*16*	
Terminal fees	*1*		*1*		*3*		*3*	
Other liabilities								
Long-term interest-bearing liabilities	3,845				985			
Of which: Finance leasing	*22*				*52*			
Debt to credit institutions	*3,677*				*799*			
Short-term interest-bearing liabilities	467				113			
Of which: Commercial paper	*392*		*392*					
Debt to credit institutions	*0.2*				*7*			
Finance leasing	*52*				*56*			
Other liabilities	4,488				3,749			
Of which: Terminal fees	*3*		*3*		*3*		*3*	
Accounts payable	*2,514*				*2,130*			
Total liabilities	**12,865**		**412**		**8,926**		**22**	

[1] "Cash and cash equivalents" are cash in hand, bank balances and investments that normally mature in less than 3 months.
[2] For specification of Long-term receivables, see Note 16, page 79.

Note 30 Transactions with associated parties

Affiliated companies

Affiliated companies provide products and services to one another in accordance with the full costing principle plus a margin, except for services included in PostNord's service range, for which market rates and terms apply. Intra-group sales totaled SEK 23m (18). For a list of the parent company's holdings in affiliated companies, associated companies and joint ventures, see Note 6 to the parent company's financial statements, page 97.

Swedish state

PostNord has been mandated by the Swedish state to provide universal mail services in accordance with the Postal Services Act. Like other postal operators in Sweden, PostNord requires a permit to provide postal services. During the period, the National Post and Telecom Agency (PTS) received SEK 11m (12) from PostNord as payment for this permit. PostNord paid SEK 9m (9) to PTS for handling dead letters.

The PTS appropriated SEK 25m (24) to PostNord, as compensation in agreements for procured postal services for disabled persons.

Danish state

During the period, Post Danmark A/S paid the Danish state pension premiums of SEK 226m (233) for the group of civil servants employed prior to the corporatization date. A further SEK 27m (4) is reserved in the Statement of Financial Position for any additional obligations to the same group.

Other organizations in Sweden

Posten's insurance association is a PostNord group freestanding fund monitored by the Swedish Financial Supervisory Authority. The association insures PostNord's commitments regarding employee disability and family pensions in accordance with ITP-P. During the period, PostNord's Swedish companies received compensation totaling SEK 8m (9). Due to its well-consolidated position, the association did not charge any premiums in 2012 or 2011.

Posten's Pension Fund manages pension commitments for Posten AB, Posten Meddelande AB and Posten Logistik AB. The companies transfer new pension commitments to the fund and receive compensation for pensions paid. SEK 482m (366) was transferred to the fund during the period and compensation totaling SEK 360m (251) was received (related to pension payments made during 2011).

Executives

For information on compensation and benefits paid to executives and Board directors, see Note 5, Employees, Personnel Expenses and Executive Compensation, page 74.

All members of the group Board of Directors and group management were asked to provide written notification of any business relations they may have with PostNord and whether these occurred on a commercial basis. No such relations were reported in 2012.

Note 31 Acquisitions and divestments

Acquisitions and divestments had the followng effects on PostNord Group's assets and liabilities, SEKm	2012			2011		
	Acquisition	Divestment	Total	Acquisition	Divestment	Total
Goodwill	436	-44	392	79	-78	1
Customer relationships	260		260	92	-20	72
Other intangible fixed assets	27	-9	18	1		1
Other fixed assets	744	-46	698	233	-79	154
Total fixed assets	**1,467**	**-99**	**1,368**	**405**	**-177**	**228**
Current assets	313	-36	277	119	-269	-150
TOTAL ASSETS	**1,780**	**-135**	**1,645**	**524**	**-446**	**78**
TOTAL LIABILITIES	**-852**	**121**	**-731**	**-171**	**363**	**192**
NET ASSETS	**928**	**-14**	**914**	**353**	**-83**	**270**
Capital gain, divested operations/group companies		-5	-5		-80	-80
Other items affecting cash flow	-558	39	-519	-9	-22	-31
Purchase price paid/received	-928	19	-909	-344	219	-125
Cash and cash equivalents (acquired/divested)	66	-12	54		-34	-34
Net effect on cash and cash equivalents	**-1,420**	**46**	**-1,374**	**-344**	**185**	**-159**

Divestment of subsidiaries

Within Logistics, PostNord is maintaining its focus on the Nordic countries. Wholly-owned subsidiaries EBT Property B.V, HIT Starintex B.V Holland and HIT Belgium S.A were divested on January 4, 2012 for an aggregate purchase price of SEK 18m.

On January 1, 2012 business area Mail Denmark divested its 50%-owned subsidiary SPOT A/S for a purchase price of SEK 1m.

Acquisition of subsidiaries

Green Cargo Logistics AB

Posten AB acquired Green Cargo Logistics AB and its subsidiary Green Cargo Logistics A/S on May 31, 2012 for SEK 521m. The acquisition included two real estate companies, KB Sveterm and Kardinalmärket 1 AB. Green Cargo Logistics AB's name was changed to PostNord Logistik TPL AB as of June 29, 2012. Loans of SEK 755m were retired.

The acquisition strengthens PostNord's third-party logistics operations, in line with the group's strategic direction. The 3PL market is deemed to have significant growth potential. Green Cargo Logistics AB has been part of PostNord's Logistics business area since May 31, 2012.

Net sales from the acquisition totaled SEK 664m in 2012. The acquisition of PostNord Logistik TPL AB and its subsidiary contributed SEK 28m to operating profit in 2012. The surplus book value of PostNord Logistik TPL AB's fixed assets (excluding goodwill) acquired by the group was amortized according to plan at SEK 15m. The acquisition contributed SEK 13m to group profit.

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Note 31, cont.

If the acquisition had been made as of January 1, 2012 (under the same conditions), the group's net sales would have risen an additional SEK 429m and its operating profit SEK 22m, and an additional SEK 10m of surplus book value would have been amortized.

The acquisition gave rise to goodwill in the form of synergy effects, result improvement potential and knowledge to develop the business segment.

Harlem Transport AS

On November 1, 2012 Posten AB acquired 100% of the shares of Harlem Transport AS, a Norwegian transport and logistics company, for SEK 180m. Loans of SEK 97m were retired. The company offers services for the transport of consignment cargo in four areas: supermarkets, industry, shipping and recycling and waste. The acquisition is part of the strategy to create end-to-end solutions and cross-border logistics capacity in the Nordic region.

Net sales from the acquisition totaled SEK 56m in 2012. The acquisition of Harlem Transport AS contributed SEK 3m to operating profit in 2012. The surplus book value of Harlem Transport AS' fixed assets (excluding goodwill) acquired by the group was amortized according to plan at SEK 1m. The acquisition contributed SEK 2m to group profit.

If the acquisition has been made as of January 1, 2012 (under the same conditions), the group's net sales would have risen an additional SEK 291m and its operating profit SEK 13m, and an additional SEK 5m of surplus book value would have been amortized.

Rosersberg Brevterminal AB

As part of the new terminal structure, Posten AB acquired shares in three companies during the first half of the year 2011. Roserbergs Brevterminal AB was acquired in order to acquire land for the new terminal. The conditions for payment of the agreed additional purchase price of SEK 49m, for the purchase of land, were met in December 2012.

Other changes during 2012

Changes to the purchase price of acquired companies totaled SEK –4m in 2012.

2012 Jan-Dec, SEKm	Goodwill	Other intangible fixed assets	Other fixed assets	Current assets	Liabilities	Total assets
Acquired						
Green Cargo Logistics AB (including subsidiary Green Cargo Logistics A/S)	331	227	69	213	-319	521
Kardinalmärket 1 AB			314	3	-205	112
Kommanditbolaget Sveterm			285	12	-231	66
Reduction of purchase price, Nils Hansson Logistics AB	-1					-1
Adjustment of fixed purchase price, Eek Transport AS	1					1
Harlem Transport AS	105	60	27	85	-97	180
Additional purchase price, Roserberg Brevterminal AB			49			49
Total	**436**	**287**	**744**	**313**	**-852**	**928**
Divested						
EBT Property B.V.	39		1	25	-55	10
HIT Starintex B.V. Holland			45	5	-45	5
Hit Belgium S.A.	5	9		5	-21	-2
SPOT A/S				1		1
Total	**44**	**9**	**46**	**36**	**-121**	**14**

Acquisition of assets and liabilities

PostNord's wholly-owned subsidiary Tidningstjänst AB entered into a contract on June 1, 2012 for the takeover of Svensk Morgondistribution KB operations from the MittMedia and Västerbottens-Kuriren media groups. The deal covers the multi-year distribution of the media group's morning newspapers. The purchase price, equivalent to the residual book value of the assets, totaled SEK 6m. The assets were primarily comprised of capitalized development expenses and miscellaneous equipment. Svensk Morgondistribution has 740 full-time employees and had sales of approximately SEK 350m in 2011.

Note 32 Highlights after the end of the period

On January 1, 2013 a transition to new IAS 19 accounting principles took place and affected, among other things, Group equity and indebtedness. The financial effects of the new rules are reported in Note 1, Accounting Principles, page 65.

On January 21, 2013 Finn Hansen was appointed new HR Director, joining the PostNord executive team. He remains a member of Group Management.

On February 8, 2013 Fritz H. Schur announced that he will decline reelection to PostNord's Board of Directors.

On February 15, 2013 the Supreme Court of Denmark held in favor of Post Danmark A/S in a case brought against the competition authorities concerning abuse of dominant position in the UDM market. Following the judgment, PostNord expects compensation claims against Post Danmark to be dismissed.

Note 33 Definitions

Adjusted operating margin
Operating profit excluding restructuring costs and non-recurring effects as a percentage of income (net sales and other income). Sales to other group companies and parent company functions are included when calculating adjusted operating margin per business area.

ADM (addressed direct mail)
Direct mail personally addressed to an individual. ADM is sent with a personal message when companies want to build relationships with existing customers and identify new customers.

Average number of employees
The total number of paid employee hours divided by the standard number of hours for a full-time employee.

C-mail
In Denmark, mail with special posting conditions processed in a production flow for distribution within two to four days after mailing.

Corporate Image
Based on a survey in which individuals in Denmark and Sweden respond to questions on their perceptions of Post Danmark and Posten, respectively. Results are reported in an index covering three key dimensions: overall opinion, emotional appeal and rational appeal.

Customer value index
Based on PostNord's measuring tool used to continuously monitor customer satisfaction and customers' perceptions of the business.

Earnings per share
Share of net earnings attributable to the parent company's shareholders divided by the average number of shares outstanding.

EBITDA
Operating profit excluding depreciation and impairments.

Employee satisfaction index (MIX)
Part of the group's employee survey. Results show level of employee commitment.

Equity-Assets ratio
Equity (including minority shares) at the end of the period in relation to total assets at the end of the period.

Leadership index (LIX)
Part of the group's employee survey. Results show employees' perceptions of immediate supervisors' leadership.

Net debt/EBITDA
Interest-bearing liabilities, including pension provisions, less cash and cash equivalents in relation to EBITDA for the 12 months to the end of the period.

Non-priority mail
Mail processed in a production flow for distribution within three business days after mailing.

Operating margin
Operating earnings as a percentage of income (net sales and other income). The calculation of operating margin by business area includes sales to other business operations and to parent company functions.

Priority mail
Mail processed in a production flow for delivery on the first business day after mailing.

Return on equity (ROE)
Earnings for the 12 months to the end of the period divided by average equity for the 12 months to the end of the period.

Sick leave
Sick leave in relation to regular contracted working hours.

UDM (unaddressed direct mail)
Direct mail sent without personal address by companies that, for instance, do not have their own client register or wish to reach a new target group. Through UDM, the customer has the option of reaching out widely to all national households or businesses or targeting mailings to a specific audience.

Parent Company financial statements

Income statement

SEKm	Note	2012	2011
	1, 2		
Other income		23	18
Income		**23**	**18**
Personnel expenses	3	-28	-16
Other expenses	4	-26	-13
Expenses		**-54**	**-29**
OPERATING PROFIT		-31	-11
Dividends from subsidiaries		2,473	992
Interest income and financial income items	5	44	15
Interest expense and financial expense items	5	-57	
Financial items		**2,460**	**1,007**
Profit after financial items		**2,429**	**996**
Group contribution paid			-6
Group contribution received		46	
Appropriations		**46**	**-6**
Profit before tax		**2,475**	**990**
Tax			
NET PROFIT		2,475	990

Comprehensive income statement

SEKm	2012	2011
Net profit	2,475	990
COMPREHENSIVE INCOME	2,475	990

Balance sheets

SEKm	Note	Dec 31, 2012	Dec 31, 2011
	1, 2		
ASSETS			
Participations in group companies	6	12,476	12,476
Interest-bearing receivables		4	2
Total financial assets		**12,480**	**12,478**
Total fixed assets		**12,480**	**12,478**
Receivables from group companies, interest-bearing		6,257	1,257
Other receivables from group companies		48	
Prepaid expenses and accrued income		8	8
Total current receivables		**6,313**	**1,265**
Total current assets		**6,313**	**1,265**
TOTAL ASSETS		18,793	13,743
EQUITY AND LIABILITIES			
Restricted equity			
Capital stock		2,000	2,000
Share premium reserve		10,141	10,141
Non-restricted equity			
Retained earnings		1,225	603
Net profit		2,475	990
TOTAL EQUITY		15,841	13,734
LIABILITIES			
Interest-bearing liabilities		2,536	2
Total non-current liabilities		**2,536**	**2**
Liabilities to group companies			6
Other operating liabilities		402	
Accrued expenses and prepaid income		14	1
Total non-interest-bearing liabilities		**416**	**7**
Total current liabilities		**416**	**7**
TOTAL LIABILITIES		2,952	9
TOTAL EQUITY AND LIABILITIES		18,793	13,743
CONTINGENT LIABILITIES			
Warranty, PRI		103	574
Guarantees on behalf of subsidiaries[1]		256	78
Total		**359**	**652**

[1] As of December 31, 2012, PostNord AB's subsidiary Posten AB had pledged a total of SEK 98m (141) on behalf of subsidiaries.

Statement of cash flows

SEKm	2012	2011
OPERATING ACTIVITIES		
Profit before tax	2,475	990
Appropriations	-46	6
Anticipated dividend		-992
Dividend from subsidiaries	-2,473	
Taxes paid	-1	-1
Cash flows from operating activities before changes in working capital	**-45**	**3**
Cash flows from changes in working capital		
Increase (-)/decrease (+) in trade accounts receivable	3,472	991
Increase (+)/decrease (-) in operating liabilities	11	
Changes in working capital	**3,483**	**991**
Cash flows from operating activities	**3,438**	**994**
INVESTING ACTIVITIES		
Change in inter-group claims	-5,995	-71
Cash flows from investment activities	**-5,995**	**-71**
FINANCING ACTIVITIES		
Loans raised	4,031	2
Amortization of loans	-1,100	
Dividends paid to parent company's owner	-368	-1,000
Group contribution paid	-6	
Group contribution received		75
Cash flows from financing activities	**2,557**	**-923**
CASH FLOWS FOR THE PERIOD	**0**	**0**
Cash and cash equivalents, beginning of the period	0	0
Cash and cash equivalents, end of the period	0	0

Statement of changes in equity

	Restricted equity		Non-restricted equity	
SEKm	**Capital stock[1]**	**Surplus fund**	**Retained earnings incl. net profit for the year**	**Total**
Balance as of 01-01-2011	**2,000**	**10,141**	**1,603**	**13,744**
Net profit			990	990
Dividends			-1,000	-1,000
Balance as of 12-31-2011	**2,000**	**10,141**	**1,593**	**13,734**
Balance as of 01-01-2012	**2,000**	**10,141**	**1,593**	**13,734**
Net profit			2,475	2,475
Dividends			-368	-368
Balance as of 12-31-2012	**2,000**	**10,141**	**3,700**	**15,841**

[1] Number of shares is 2,000,000,001; quota value is SEK 1 per share.

Parent Company 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 income when the right to receive such 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 amount of the parent company's holding in the subsidiary, associated company or joint venture exceeds the carrying amount reported in the financial statements, this is considered an indication of an impairment and an impairment test shall be performed.

Employee benefits

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

In making 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 on historical experience and assumptions that group management considers reasonable under the current circumstances. The conclusions drawn by group management form the basis for the values reported in these accounts. Actual future values, estimates and assessments in future financial reports during the coming year may differ from those in this report, due to changing environmental factors and new knowledge and experience.

No significant estimates or assessments were made in the annual statements as of December 31, 2012 for PostNord AB.

Note 3 Employees and personnel expenses

Personnel expenses, SEKm	2012	2011
Wages, salaries and other remuneration	17	10
Statutory social costs	6	3
Pension expenses	5	3
Total	**28**	**16**

The parent company has three employees: the President & CEO, the Group CFO and the Head of Group Strategy. President & CEO Lars Idermark receives a monthly salary of SEK 713,018. The parent company also pays SEK 37,083 per month for occupational pension insurance and SEK 180,804 for endowment insurance to safeguard the pension liabilities.

Note 4 Other expenses, audit fees and reimbursement of expenses

SEKm	2012	2011
Audit engagement		
Ernst & Young	1	1
Total	**1**	**1**

"Audit engagement" refers to examination of the annual report, bookkeeping and administration of the Board and the CEO; other duties resting with the company's auditors; and advisory services and other types of support that arise in the course of such examination or the performance of such other duties.

Note 5 Interest income, interest expense and similar items

SEKm	2012	2011
Interest income from group companies	43	15
Exchange gain	1	
Total	**44**	**15**
Interest expense to group companies	-26	0
Interest expense	-19	
Other financial expenses	-12	
Total	**-57**	**0**

See also Note 29, Financial Risk Management and Financial Instruments, page 87.

Note 6 Participations in group companies, joint ventures and associated companies

SEKm	2012	2011
Opening accumulated acquisition value	12,476	12,476
Ending balance	12,476	12,476

Parent company's and group's holdings in group companies, joint ventures (JV) and associated companies (AC)

Shares owned directly or indirectly by parent company (PostNord AB), SEKm	Corporate Identity Number	Legal domicile	Country	Equity stake, % Direct	Equity stake, % Indirect	Number of shares	Book value, parent company Dec 31, 2012	Dormant
Posten AB	**556128-6559**	**Solna**	**Sweden**	**100**		**600,000**	**7,089**	
Posten Meddelande AB	556711-5695	Solna	Sweden		100	1,000		
Strålfors AB	556062-0618	Malmö	Sweden		100	21,381,288		
Strålforsbolagen AB	556158-7006	Ljungby	Sweden		100	1,000		d
Strålfors Svenska AB	556102-9843	Ljungby	Sweden		100	5,000		
Tand 2:103 Fastighets AB	556594-3650	Östersund	Sweden		JV 50	2,000		
Strålfors Tandsbyn AB	556203-4693	Östersund	Sweden		100	6,000		
Strålfors Göteborg AB	556126-6973	Göteborg	Sweden		100	1,000		
EsonPac Group AB	556838-0868				AC 20	4,800		
Strålfors NV		Sint-Niklaas	Belgium		100	1		d
Strålfors A/S	10068657	Brøndby	Denmark		100			
Strålfors Oy	0115061-7	Helsingfors	Finland		100	2,100		
Stralfors Finance SAS	77572776100055	Paris	France		100	200,000		d
Stralfors France S.A.	77572776100048	Evry	France		100	100		d
Stralfors SAS	77572776100063	Paris	France		100	620,776		
Strålfors AS	944997431	Oslo	Norway		100	200		
Stralfors Sp.zo.o		Krakow	Poland		100	100		d
Stralfors Sp.zo.o	000296330	Laskowice	Poland		100	2,000		
Stralfors (UK) Ltd.		Redruth	Great Britain		100	100		
Chacewater Properties Ltd.		Redruth	Great Britain		100	1,000		d
DPS Holding Ltd.		Orpington	Great Britain		100	45,000		d
DPS Direct Mail Ltd.		Orpington	Great Britain		100	45,000		d
Stralfors plc	1626027	Redruth	Great Britain		100	600,000		
Th Stralfors (Data Products) Ltd.		Redruth	Great Britain		100	10,000		d
Direct Link Worldwide GmbH	217864281	Mörfelden-Walldorf	Germany		100	150		
HIT Deutschland GmbH		Lübeck	Germany		100	1		
Tollpost Globe AS		Oslo	Norway		100	117,570		
Eek Transport AS	964368406	Noteodden	Norway		100	1,000		
Mereco Transport AS	963186487	Sandnes	Norway		100	50		
Posten Logistik AB	556711-5380	Solna	Sweden		100	1,000		
Nils Hansson Logistics AB	556147-4254	Ljungbyhed	Sweden		100	2,500		

Note 6, cont.

Parent company's and group's holdings in group companies, joint ventures (JV) and associated companies (AC)

Shares owned directly or indirectly by parent company (PostNord AB), SEKm	Corporate Identity Number	Legal domicile	Country	Equity stake, % Direct	Equity stake, % Indirect	Number of shares	Book value, parent company Dec 31, 2012	Dormant
DPD Danmark A/S	15482788	Brøndby	Denmark		100	2		
DPD Finland Oy		Helsingfors	Finland		100	250		
Posten Logistik SCM Oy		Vanda	Finland		100	5,817		
HIT Danmark A/S		Köpenhamn	Denmark		100	500,001		
Svensk Adressändring AB	556476-3562	Stockholm	Sweden		85	850		
Tidningstjänst AB	556039-7480	Stockholm	Sweden		100	7,500		
Direct Link Worldwide Ltd.	2911080	Middlesex	Great Britain		100	110,000		
Addresspoint AB	556587-5597	Stockholm	Sweden		85	1,700		
Posten Leasing AB	556341-0009	Stockholm	Sweden		100	5,000		
Postbolagen AB	556234-1353	Stockholm	Sweden		100	1,000		d
Direct Link Worldwide Inc		New Jersey	USA		100	100		
Direct Link Worldwide AS	994,072,889	Oslo	Norway		100	1,000		
Direct Link Worldwide Oy	2260087-5	Vanda	Finland		100	100		
Fastighets AB Penelope	556517-0544	Stockholm	Sweden		100	100		
Nässjöterminalen Kommanditbolag	916629-7458	Solna	Sweden		100			
Sigtuna Rosersberg Invest AB	556824-2852	Stockholm	Sweden		100	1,000		d
Rosersberg Brevterminal AB	556819-9862	Stockholm	Sweden		100	1,000		
Hallsberg Brevterminal AB	556848-8133	Stockholm	Sweden		100	500		
Fastighets AB Jönköping Barnarps-Kråkebo 1:69	556782-6903	Solna	Sweden		100	1,000		
Tidningstorget AB	556756-1211	Stockholm	Sweden		90	900		
Direct Link Worldwide Distribution Pte. Ltd.	199700772	Singapore	Singapore		100	700,000		
Direct Link Worldwide Pty. Ltd.		Sydney	Australia		100	1		
Direct Link Worldwide Company Ltd.	199700772	Hong Kong	China		100	1		
PostNord Logistik TPL AB	556161-7191	Haninge	Sweden		100	50,000		
PostNord Logistics A/S	22115396	Brøndby	Denmark		100	100		
KB Sveterm	916631-9492	Stockholm	Sweden		100			
Kardinalmärket 1 AB	556875-8899	Stockholm	Sweden		100	50,000		
Harlem Transport AS	928378926	Oslo	Norway		100	50		
Post Danmark A/S	**26663903**	**Köpenhamn**	**Denmark**	**100**		**25,000,000**	**5,387**	
Budstikken Transport A/S	69585728	Brøndby	Denmark		100	1,000		
Post Danmark Logistik A/S	33077556	Köpenhamn	Denmark		100	10,000		
Data Scanning A/S	19803376	Köpenhamn	Denmark		100	10		
Data scanning PST-filial		Solna	Sweden		100			
Post Danmark Leasing A/S	79203114	Hvidovre	Denmark		100	400		
Transportgruppen A/S	18598388	Brøndby	Denmark		100	23,858		
e-Boks A/S	25674154	Ballerup	Denmark		AC 50	6,000,000		
Total holdings in group companies							12,476	

Signatures of the Board of Directors and CEO

Signatures of the Board of Directors and CEO
PostNord's Board of Directors and CEO hereby affirm that the annual report and consolidated financial statements were prepared in compliance with International Financial Reporting Standards IFRS, as they have been adopted within the European Union, and with generally accepted accounting principles, and that they are a true and fair representation of the group's and the company's financial position and earnings. Nothing of a significant nature that could affect the representation of the company as described has been omitted. The consolidated financial review provides a fair and accurate overview of the development of the group's and parent company's operations, position and financial results, and describes significant risks and uncertainty factors facing group companies. The annual report and consolidated financial statements were approved for publication by the board of directors and the CEO on February 21, 2013.

Stockholm, February 21, 2013

Fritz H. Schur
Chairman

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

Jonas Iversen
Member of the Board

Lars Chemnitz
Employee representative

Alf Mellström
Employee representative

Ann-Christin Fällén
Employee representative

Lars Idermark
President and CEO

Our Audit Report was presented on February 21, 2013

Ernst & Young
Lars Träff
Authorized Public Accountant

Auditor’s report

To the annual meeting of the shareholders of PostNord AB (publ), corporate identity number 556771-2640

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of PostNord AB (publ) for the financial yearJanuary 1, 2012 – December 31, 2012. The annual accounts and consolidated accounts of the company comprises all information through page 3, pages 8–99 and 101.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company’s preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company’s profit or loss and the administration of the Board of Directors and the Managing Director of PostNord AB (publ) for the financial year January 1, 2012 – December 31, 2012.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company’s profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor’s responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company’s profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors’ proposed appropriations of the company’s profit or loss, we examined the Board of Directors’ reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm, February 21, 2013
Ernst & Young AB

Lars Träff
Authorized Public Accountant

Multi-year review

SEKm, unless otherwise specified	Pro forma 2008	Pro forma 2009	2010	2011	2012
PostNord Group					
Net sales	45,810	44,633	41,669	39,466	38,920
Other income	586	249	289	274	253
Expenses	43,454	44,605	40,589	38,167	38,816
Operating profit (EBITDA)	4,777	2,298	3,292	3,237	2,263
Operating profit (EBIT)	2,946	284	1,375	1,571	364
Profit before tax	3,640	2,439[1]	1,348	1,671	380
Net profit	2,749	2,414[1]	1,031	1,225	257
Operating margin (EBIT), %	6.3	0.6	3.3	4.0	0.9
Adjusted operating margin, %	6.7	3.2	4.2	4.7	4.0
Cash flows from operating activities			1,824	1,634	1,625
Net debt			–728	578	3,085
Return on equity, rolling 12-month, %	27	20[1]	8	10	2
Equity-Assets ratio, close of period, %	39	45	46	47	39
Average number of employees	51,783	47,625	44,060	41,714	39,713
Mail Denmark					
Net sales	12,727	13,094	10,882	9,347	8,290
Letters		*9,289*	*7,607*	*6,502*	*5,729*
Advertisements and Newspapers		*2,546*	*2,211*	*1,890*	*1,583*
Other		*1,259*	*1,064*	*955*	*978*
Other income	1,648	1,592	1,816	1,685	1,647
Operating profit (EBIT)	1,197	444	641	355	–18
Operating margin, %	8.3	3.0	5.0	3.2	neg
Adjusted operating margin, %	8.3	4.5	5.5	3.6	2.2
Average number of employees	17,649	16,320	15,187	13,766	12,521
Volumes, millions of units produced					
Priority mail		680	602	411	320
Non-priority and business mail		305	283	366	365
Mail Sweden					
Net sales	16,574	15,794	15,554	15,220	15,137
Letters		*8,817*	*8,571*	*8,142*	*7,811*
Advertisements and Newspapers		*4,639*	*4,670*	*4,699*	*4,786*
Other		*2,338*	*2,313*	*2,379*	*2,540*
Other income	842	728	711	731	787
Operating profit (EBIT)	967	397	879	890	793
Operating margin, %	5.6	2.4	5.4	5.6	5.0
Adjusted operating margin, %	10.1	7.4	7.9	7.1	7.6
Average number of employees	21,937	20,197	19,010	18,311	17,686
Volumes, millions of units produced					
Priority mail	1,237	1,088	1,045	980	925
Non-priority mail	1,245	1,245	1,266	1,251	1,198
Logistics					
Net sales	12,850	12,673	12,423	12,450	13,426
Parcels				*6,382*	*6,441*
Solutions (heavy freight and integrated solutions)				*2,830*	*3,672*
Other logistics services (mixed cargo groupage, etc.)				*3,238*	*3,313*
Other income	1,457	1,360	1,299	1,317	1,299
Operating profit (EBIT)	100	–158	139	269	113
Operating margin, %	0.7	neg	1.0	2.0	0.8
Adjusted operating margin, %	1.1	neg	1.5	1.7	1.9
Average number of employees	7,416	7,010	6,275	6,381	6,718
Volumes, millions of units produced					
Parcels			101	98	101
Strålfors					
Net sales	4,032	3,762	3,391	3,048	2,665
Information Logistics		*2,987*	*2,819*	*2,728*	*2,665*
Identification Solutions		*582*	*572*	*320*	
Supplies		*193*			
Other income	96	25	28	18	17
Operating profit (EBIT)	–3	–351	–170	–76	–25
Operating margin, %	neg	neg	neg	neg	neg
Adjusted operating margin, %	1.6	neg	neg	neg	2.9
Average number of employees	2,365	2,324	2,206	1,921	1,509

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

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