

**Finland Post Corporation
Annual Report 2006**

**Finland Post Group
Key Figures of Business Groups, EUR million**

	Q4 2006	Q4 2005	Full year 2006	Full year 2005
Mail Communication				
Net sales	236.1	232.3	841.7	825.7
Operating profit	36.3	30.3	104.3	106.3
% of net sales	15.4 %	13.0 %	12.4 %	12.9 %
Information Logistics				
Net sales	53.7	49.4	197.5	186.0
Operating profit	-2.0	-33.7	1.2	-26.7
% of net sales	-3.7 %	-68.2 %	0.6 %	-14.4 %
Logistics				
Net sales	146.8	135.0	530.0	354.7
Operating profit	7.0	3.3	26.9	14.4
% of net sales	4.8 %	2.4 %	5.1 %	4.1 %
Other activities				
Net sales	12.5	11.1	23.3	19.8
Operating profit	-19.9	25.5	-43.4	3.8
% of net sales	-159.2 %	229.7 %	-186.3 %	19.2 %
Intra group sales				
	-19.1	-15.3	-41.9	-38.0
Group, total				
Net sales	430.0	412.5	1,550.6	1,348.2
Operating profit	21.4	25.4	89.0	97.8
% of net sales	5.0 %	6.2 %	5.7 %	7.3 %

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Key Figures and Ratios

	Q4 2006	Q4 2005	Full year 2006	Full year 2005
Net sales, EUR million	430.0	412.5	1,550.6	1,348.2
Operating profit, EUR million	21.4	25.4	89.0	97.8
Profit before tax, EUR million	23.5	26.8	94.4	103.7
Operating margin, %	5.0	6.2	5.7	7.3
Return on equity, %	-	-	10.1	10.0
Equity ratio, %	-	-	65.1	63.5
Gearing, %	-	-	-32.1	-34.3
Gross capital expenditure, EUR million	18.0	16.9	69.5	143.0
Average personnel	24,542	24,329	25,294	24,624

Income Statement
EUR million

	Q4 2006	Q4 2005	Full year 2006	Full year 2005
Net sales	430.0	412.5	1,550.6	1,348.2
Other operating income	2.4	61.1	8.7	69.1
Share of associated companies' results	0.1	0.3	1.4	0.8
Materials and services	109.9	109.3	409.5	273.8
Employee benefits	206.4	204.5	750.7	693.6
Depreciation, amortisation and imp.loss	19.0	51.2	63.8	91.6
Other operating expenses	75.7	83.6	247.6	261.4
Operating profit (EBIT)	21.4	25.4	89.0	97.8
% of net sales	5.0 %	6.2 %	5.7 %	7.3 %
Financial income and expenses	2.1	1.3	5.4	5.8
Profit before tax	23.5	26.8	94.4	103.7
% of net sales	5.5 %	6.5 %	6.1 %	7.7 %
Income tax	-7.1	-18.6	-26.7	-39.7
Net profit	16.4	8.2	67.7	64.0
% of net sales	3.8 %	2.0 %	4.4 %	4.7 %
Net profit attributable to				
Parent company shareholders	16.3	8.2	67.5	63.9
Minority interest	0.1	0.0	0.2	0.1

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Balance Sheet

EUR million

	31 December	31 December
	2006	2005
Assets		
Intangible assets	140.0	124.9
Goodwill	53.1	56.3
Investment property	3.8	4.8
Property, plant and equipment	347.0	355.8
Investments in associated companies	1.3	2.3
Other long-term investments	0.8	2.4
Non-current receivables	2.5	2.6
Deferred tax assets	6.3	5.4
Total non-current assets	554.8	554.5
Inventories	6.1	6.1
Current receivables	226.1	202.7
Deferred tax assets for taxable income for financial period	4.3	2.8
Available for sale financial assets	6.5	8.1
Cash and cash equivalents	253.7	265.1
Total current assets	496.7	484.8
Total assets	1,051.5	1,039.3
Shareholders' equity and liabilities		
Share capital	70.0	70.0
Other reserves	143.3	143.1
Retained earnings	466.2	441.7
Minority interest	0.5	0.3
Total shareholders' equity	680.0	655.1
Deferred tax liabilities	19.5	20.7
Non-current interest-bearing liabilities	24.8	28.7
Other non-current liabilities	7.0	4.7
Pension plans	8.4	8.3
Total non-current liabilities	59.7	62.4
Current interest-bearing liabilities	10.6	11.5
Trade payables and other liabilities	298.1	292.4
Deferred tax liabilities for taxable income for financial period	1.0	17.8
Provisions	2.1	0.1
Total current liabilities	311.8	321.8
Total shareholders' equity and liabilities	1,051.5	1,039.3
Interest-bearing liabilities	35.4	40.2

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Cash Flow Statement

EUR million	2006	2005
Profit for the financial period	67.7	64.0
Adjustments		
Depreciation	60.4	57.0
Impairment losses	3.4	34.6
Proceeds from sale of intangible assets and PPP	-0.3	-5.3
Losses from sale of intangible assets and PPP	0.2	0.3
Financial income	-10.2	-11.4
Financial expenses	4.8	5.6
Income tax	26.7	39.7
Other adjustments	-1.4	-0.8
Cash flow before change in net working capital	151.2	183.6
Change in trade receivables and other receivables	-15.0	15.4
Change in inventories	-0.1	0.4
Change in trade payables and other debts	1.1	39.4
Change in provisions	2.0	0.0
Change in net working capital	-11.9	55.2
Cash flow from operating activities before financial items and income tax	139.3	238.7
Interests paid	-3.5	-5.3
Interests received	9.9	10.9
Other financial items	0.2	1.7
Income tax paid	-48.5	-48.9
Cash flow from financial items and tax	-41.8	-41.6
Cash flow from operating activities (net)	97.5	197.1
Purchase of intangible assets and property, plant and equipment (PPP)	-29.1	-54.4
Proceeds from sale of intangible assets and PPP	4.6	25.9
Acquisition of subsidiaries less cash and cash equivalents at acquisition date	-27.3	-76.5
Cash flow from investing activities	2.1	0.7
Repayment of non-current loan receivables	1.1	14.7
Purchase of available for sale financial assets	1.9	-8.1
Dividends received	1.0	0.1
Cash flow from investing activities (net)	-45.7	-97.6
Draw-downs of current loans	-1.6	-12.5
Repayments of non-current loans	-4.9	-63.6
Payments of finance lease liabilities	-12.9	-8.6
Dividends paid	-43.0	-35.0
Cash flow from financing activities (net)	-62.4	-119.7
Change in cash and cash equivalents	-10.6	-20.2
Cash and cash equivalents at period-start	265.2	287.1
Change in cash and cash equivalents at fair value	-0.8	-1.8
Cash and cash equivalents at period-end	253.7	265.2

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Segment Information

EUR million	Q4 2006	Q4 2005	Full year 2006	Full year 2005
Net sales by business segment				
Mail Communication	236.1	232.3	841.7	825.7
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Logistics	146.8	135.0	530.0	354.7
Other activities	12.5	11.1	23.3	19.8
- eliminations	-19.1	-15.3	-41.9	-38.0
Total	430.0	412.5	1,550.6	1,348.2
Operating profit by business segment				
Mail Communication	36.3	30.3	104.3	106.3
Information Logistics	-2.0	-33.7	1.2	-26.7
Logistics	7.0	3.3	26.9	14.4
Other activities	-19.9	25.5	-43.4	3.8
Total	21.4	25.4	89.0	97.8
Personnel by business segment on average				
Mail Communication			17,004	16,961
Information Logistics			1,695	1,624
Logistics			5,933	5,359
Other activities			662	680
Total			25,294	24,624
Net sales by geographical segment				
Finland	331.9	323.6	1,197.7	1,134.6
Rest of Scandinavia and the Baltic countr.	75.7	65.2	256.8	127.7
Rest of Europe	20.4	20.5	85.3	71.5
Other countries	2.0	3.2	10.8	14.4
Total	430.0	412.5	1,550.6	1,348.2

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Changes in Shareholders' Equity (IFRS)

EUR million	Share capital	Other reserves	Fair value reserve	Translation difference	Retained earnings	Minority interest	Shareholders' equity
Shareholders' equity 1 Jan 2005	70.0	142.7	0.0	0.0	413.0	0.1	625.8
Translation differences				0.0	-0.1		-0.1
Financial assets available for sale			0.4				0.4
Items recognised directly in equity			0.4	0.0	-0.1	0.0	0.3
Net profit for the period					63.9	0.1	64.0
Total recognised income and expenses for period			0.4	0.0	63.8	0.1	64.3
Acquisitions						0.1	0.1
Dividends paid					-35.0		-35.0
Shareholders' equity 31 Dec 2005	70.0	142.7	0.4	-0.1	441.8	0.3	655.1
Shareholders' equity 1 Jan 2006	70.0	142.7	0.4	-0.1	441.8	0.3	655.1
Translation differences				-0.1	0.0	0.0	-0.1
Financial assets available for sale			0.2				0.2
Items recognised directly in equity			0.2	-0.1	0.0	0.3	0.1
Net profit for the period					67.5	0.2	67.7
Total recognised income and expenses for period			0.2	-0.1	67.5	0.2	67.8
Acquisitions						0.1	0.1
Dividends paid					-43.0		-43.0
Shareholders' equity 31 Dec 2006	70.0	142.7	0.6	-0.2	466.3	0.5	680.0

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Reconciliation 2005

Reconciliation of profit for the period

EUR million

January-Dec.
2005

Net profit for the period (FAS)	95.1
Effects of IFRS adoption:	
IAS 38 Intangible assets	
Capitalisation and amortis.of development costs	-3.0
IFRS 3 Business combinations	
Reversal of goodwill amortisation	18.0
IAS 36 Impairment test	-24.3
IAS 19 Employee benefits	
Changes in pension obligations	-21.7
IAS 17 Leases	
Finance leases	-0.1
IAS 39 Financial instruments	
Changes in measurem.of financial instruments	0.0
Total adjustments	-31.2
Net profit for the period (IFRS)	63.9

Reconciliation of equity

EUR million

31 Dec
2005

1 January
2005

Shareholders' equity (FAS)	657.8	596.3
Effects of IFRS adoption:		
IAS 38 Intangible assets		
Capitalisation and amortis.of development costs	9.2	12.2
IFRS 3 Business combinations		
Reversal of goodwill amortisation	18.0	0.0
IAS 36 Impairment tests	-24.3	
IAS19 Employee benefits		
Changes in pension obligations	-5.0	16.7
IAS 17 Leases		
Finance leases	-0.8	-0.7
IAS 39 Financial instruments		
Changes in measurem.of financial instruments	0.0	1.1
Total adjustments	-2.9	29.4
Shareholders' equity (IFRS)	654.9	625.7

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Pledges and other contingent liabilities

EUR million

	31 Dec 2006	31 Dec 2005
Mortgages on property:		
Loans from financial institutions	-	6.1
Mortgages given	-	9.9
Other pledges given on own behalf	17.8	2.1

Derivative contracts

EUR million

	31 Dec 2006	31 Dec 2005
Forward exchange contracts		
Fair value	0.0	0.0
Value of underlying asset	64.5	40.4

Used for the purpose of hedging currency and interest-rate exposures, the Group uses derivative financial instruments measured at fair value available on the balance sheet date.

Figures are audited.