GROUP MANAGEMENT REPORT 2012

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1. BUSINESS ENVIRONMENT AND LEGAL FRAMEWORK

1.1 ECONOMIC AND MARKET ENVIRONMENT

In the spring of 2012, growth of the global economy perceptibly weakened once again following the upturn at the beginning of the year. On the one hand, this development is due to the sovereign debt crisis and the crisis of confidence in the eurozone. On the other hand, it can also be attributed to unfavourable macroeconomic developments in several countries outside of this region. The International Monetary Fund (IMF) assumes global economic growth of 3.2% for the entire year 2012. Whereas the countries of South East and Eastern Europe likely achieved GDP growth of 1.8% in 2012 (2013: 2.4%), the economy in the eurozone is expected to contract by 0.4% (2013: minus 0.2%). Most countries in this region suffered from an economic downturn. Germany continues to rank among the growth markets in the eurozone. German GDP rose by 0.9% in 2012, with growth expected to slow down somewhat to 0.6% in 2013 (IMF, forecast for January 2013).

The Austrian economy, which strongly depends on demand from its trading partners, developed similarly to the German market. Accordingly, the Austrian Institute of Economic Research (WIFO) predicts economic growth of 0.6% for 2012 as a whole. Growth will remain subdued throughout the entire forecast period as a result of extensive budgetary consolidation programmes in the eurozone combined with the ongoing difficult economic situation in neighbouring countries. In 2013 the domestic economy is expected to expand slightly again, with an expected GDP growth rate of 1.0%, however there remain considerable uncertainties relating to this forecast. Following an inflation rate of 2.4% in 2012, the upward price trend is anticipated to weaken slightly to 2.1% in 2013. Investment activity is expected to expand significantly over the entire forecast period in addition to a moderate but solid increase in private consumption (WIFO, December 2012 forecast).

In addition to the overall economic development, population growth and the increase in the number of households in a country are also important factors impacting the development of the letter mail and parcel business. In Austria, the population grew slightly again in 2012. However, due to the trend towards single-person households, the number of households tended to increase at a faster rate (Austrian Statistical Office, forecast from September respectively December 2012).

The trend towards the electronic substitution of letter mail will continue along with the related decline in shipment volumes. The total volume of direct mail items is dependent on the intensity of advertising activities by companies. The advertising barometer prepared by Media FOCUS Research showed a 0.6% increase in advertising expenditures on the Austrian market in the year 2012 (excl. online advertising). However, the year was characterised by high volatility in advertising spending. The volume of direct mail items is expected to rise once again in 2013 although the overall advertising market is predicted to contract in the first half of the year (Media FOCUS Research, forecast in January 2013).

Parcel volumes in the private customer segment are continually rising thanks to the growing importance of online shopping. The freight and express mail business increased again as a result of the improved economic situation and an expanded offering. The development of shipment volumes in the international parcel and freight business are considerably dependent on the strength of the economic upturn and trade flows as well as related price development. In this regard, parcel volumes tend to grow more strongly than the economy as a whole.

1.2 LEGAL FRAMEWORK

Based on the EU's Third Postal Directive, the Austrian legislator passed the new Postal Market Act, which took full effect as of January 1, 2011. The main changes were as follows:

Austrian Post's monopoly on transporting letter mail items weighing up to 50 grams was abolished on December 31, 2010. At the same time, as of January 1, 2011 Austrian Post will no longer receive any indirect compensation for the obligations arising in connection with fulfilling the Universal Service Obligation. Even after full-scale market liberalisation, Austrian Post remains the universal services provider guaranteeing high quality postal services throughout Austria.

The newly-defined Universal Service Obligation, as of 2011, limits the spectrum of basic services to mail items posted at the legally stipulated access points, i. e. postal service points or letterboxes. Postal services for mail items brought to sorting centres by large customers – with the exception of newspapers – are not considered to be an integral component of universal postal services. The regulatory authorities handed down a written decree defining the scope of universal postal services. Austrian Post has filed a complaint against this decision with the Austrian Administrative Court. Compensation for the net costs of providing universal postal services will take place on the basis of a public equalisation fund, which will be financed on a pro-rata basis corresponding to the market share held by Austrian Post and other licensed postal operators. However, only postal operators whose annual revenue derived from their licensed business operations exceed EUR 1.0m will be required to contribute to the equalisation fund. Moreover, the net costs incurred by Austrian Post in providing universal postal services will only be refunded if they comprise an excessively heavy

financial burden, i. e. if these net costs exceed 2% of the entire annual costs incurred by Austrian Post. No compensation was received for the 2011 financial year which has already been settled.

Austrian Post is legally required to carry out the conversion of cluster box units and rural drop-off boxes and must finance the related costs in advance. The costs for exchanging these facilities will be partially refunded to Austrian Post on the basis of a legally prescribed allocation key. No compensation was received for the 2011 financial year which has already been settled.

Since January 1, 2011, a licence must be obtained conferring the right to carry out postal delivery services for letters weighing up to 50 grams.

Since January 1, 2011, only those postal services encompassed in the legally prescribed Universal Postal Service Obligation are exempt from Value Added Tax (VAT). Universal postal services whose terms and conditions are individually agreed upon are subject to the value added tax at standard rates. Thus, changes arose in the VAT treatment of postal items.

As of May 1, 2011, new General Terms and Conditions for letter mail services took effect, defining a simplified, customer-oriented product and service portfolio featuring format-based postal rates. The General Terms and Conditions were extensively evaluated and approved by the regulatory authority.

2. BUSINESS DEVELOPMENT AND ECONOMIC SITUATION

2.1 CHANGES IN THE CONSOLIDATION SCOPE AND ACCOUNTING

Austrian Post agreed to dispose of its Dutch and Belgian subsidiaries of the trans-o-flex Group to PostNL. The closing of the disposal of trans-o-flex Nederland B.V. took place on March 15, 2012, whereas the closing of the divestment of trans-o-flex Belgium B.V.B.A took effect on May 31, 2012. The companies were deconsolidated at the respective closing date. Moreover, the Parcel & Logistics segment of Austrian Post acquired the Austrian logistics specialist Systemlogistik Distribution GmbH. The closing of the transaction, and thus the inclusion of the company in the consolidated financial statements, were carried out on May 31, 2012. Effective December 31, 2012, Austrian Post acquired the remaining 25.1% of the shares in trans-o-flex ThermoMed Austria GmbH.

Two acquisitions in prospective growth markets in South East and Eastern Europe took place in the mail segment. As at May 2, 2012, Austrian Post acquired a 100% stake in Kolportaż Rzetelny sp. z o.o., the Polish market leader in the delivery of unaddressed mail items, and also purchased a 26% interest in the Bulgarian company M&BM Express OOD, which operates in the fields of hybrid mail, addressed and unaddressed direct mail items as well as printing. Whereas Kolportaż Rzetelny sp. z o.o. is fully included in the scope of consolidation, M&BM Express OOD is recognised in the results of investments consolidated at equity. On November 1, 2012, Austrian Post exercised its option to acquire the remaining 74% stake in PostMaster s.r.l., Romania. Previously PostMaster s.r.l. had been included as an investment consolidated at equity in the consolidated financial statements, and is now fully consolidated.

With respect to its accounting policies, Austrian Post took advantage of the opportunity to apply the revised standard IAS 19 ahead of schedule. The prior-year figures for staff costs, results of investments consolidated at equity, income tax and the respective earnings items were adjusted accordingly in the following tables and notes.

2.2 REVENUE AND EARNINGS DEVELOPMENT

Austrian Post succeeded in increasing total revenue in 2012 by 0.7%, to EUR 2,366.1m. Adjusted to take account of the disposed and deconsolidated subsidiaries in the Benelux region, the year-on-year revenue increase would have totalled 1.9%. Thus Group revenue developed very satisfactorily against the backdrop of an uncertain economic situation.

At the beginning of 2012 the former Mail Division and Branch Network Division were merged to create the new Mail & Branch Network Division. This new segmentation reflects the current organisational, management and reporting structure of the company.

Revenue in the Mail & Branch Network Division rose slightly by 0.5%, to EUR 1,508.2m. Letter mail and direct mail volumes did not develop uniformly. The letter mail business continues to be impacted by the structurally-related volume decline caused by electronic substitution of traditional letters. In turn, advertising mail showed a high level of volatility during the course of the year. In particular, the uncertain cyclical development in the middle of the year dampened advertising expenditures. But division revenue was also impacted by positive effects: On the one hand, there was a volume shift from direct mail items to

higher quality letter mail products. In addition, online shopping shipments are increasingly being sent as letter mail items instead of parcels. Moreover, the change in the product portfolio of Austrian Post as of May 1, 2011, still led to positive effects in the first four months of the 2012 financial year compared to 2011.

Revenue and costs of Branch Services, which are now included in the Mail & Branch Network Division, declined during the period under review. On balance, Austrian Post featured a total of 1,931 postal service points as at December 31, 2012, of which 1,376 are third-party operated postal partner offices.

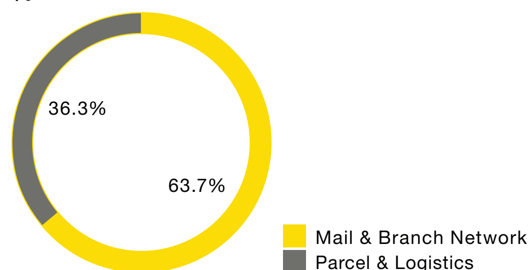
Revenue of the Parcel & Logistics Division rose by 1.4% in 2012, to EUR 858.1m. This figure includes the revenue of the disposed Benelux subsidiaries until their deconsolidation. The Dutch company was deconsolidated as at March 15, 2012, whereas the Belgian subsidiary was deconsolidated effective May 31, 2012. Adjusted for these companies, revenue in the 2012 financial year climbed 4.8%. From a regional perspective, the Austrian parcel market generated the highest growth.

REVENUE BY DIVISION[1]

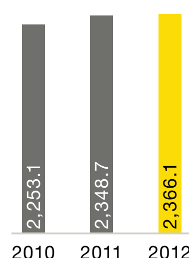
EUR m	2010	2011	2012	%	Change 2011/2012 EUR m	Structure 2012
Total revenue	**2,253.1**[4]	**2,348.7**	**2,366.1**	**0.7%**	**17.4**	**100.0%**
Revenue excl. Benelux subsidiaries[2]	**2,210.8**[4]	**2,304.4**	**2,348.9**	**1.9%**	**44.5**	**–**
Mail & Branch Network[3]	1,449.2[4]	1,500.7	1,508.2	0.5%	7.5	63.7%
Parcel & Logistics	802.0	846.5	858.1	1.4%	11.6	36.3%
Parcel & Logistics excl. Benelux subsidiaries[2]	758.6	802.2	840.9	4.8%	38.7	–
Corporate	5.1	5.4	15.4	>100%	9.9	0.6%
Consolidation	–3.1	–4.0	–15.6	<–100%	–11.6	–0.7%
Calendar working days in Austria	252	250	250	–	–	–

[1] External sales of the divisions
[2] The closing of the disposal of trans-o-flex Nederland B.V. took place as at March 15, 2012, for trans-o-flex Belgium B.V.B.A as at May 31, 2012
[3] Reporting according to the new segment structure as of January 1, 2012; figures for 2010 and 2011: pro-forma consolidation
[4] Figures for 2010 excl. meiller Group (pro-forma consolidation); as of 2011: joint venture MEILLERGHP consolidated at equity

REVENUE BY DIVISION
%



REVENUE
EUR m



2.2.1 INCOME STATEMENT

EUR m	2010	2011	2012	Change 2011/2012 %	Change 2011/2012 EUR m
Revenue	**2,253.1[1]**	**2,348.7**	**2,366.1**	**0.7%**	**17.4**
Other operating income	87.2[1]	74.6	72.0	–3.4%	–2.5
Raw materials, consumables and services used	–712.5[1]	–759.8	–766.9	0.9%	7.1
Staff costs	–1,086.9[1]	–1,050.8	–1,091.4	3.9%	40.6
Other operating expenses	–278.7[1]	–320.0	–294.8	–7.9%	–25.2
Results of investments consolidated at equity	1.0	–10.8	–13.9	–28.6%	–3.1
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**262.1**	**281.9**	**271.2**	**–3.8%**	**–10.7**
Depreciation and amortisation	–96.4	–86.8	–81.6	–6.0%	–5.2
Impairments	–8.8	–27.6	–7.2	–73.8%	–20.4
Earnings before interest and tax (EBIT)	**156.9**	**167.5**	**182.4**	**8.9%**	**14.9**
Other financial result	–8.2	–5.2	–30.8	<–100%	–25.6
Earnings before tax (EBT)	**148.7**	**162.3**	**151.6**	**–6.6%**	**–10.7**
Income tax	–30.3	–39.1	–28.4	–27.4%	–10.7
Profit for the period	**118.4**	**123.2**	**123.2**	**0.0%**	**0.0**
Earnings per share (EUR)	1.75	1.82	1.82	0.0%	0.00

[1]Figures for 2010 excl. meiller Group (pro-forma consolidation); as of 2011: joint venture MEILLERGHP consolidated at equity

In line with revenue development (plus 0.7%), operating expenses for raw materials, consumables and services used also climbed correspondingly by 0.9% to EUR 766.9m. For example, cost increases arose as a result of increased purchases of external transport services, the introduction of automatic pre-sorting for direct mail items in the collective advertising envelope KUVERT as well as higher commissions for postal partner offices, which is related to the structural changes in the branch network.

Staff costs rose by 3.9% year-on-year to EUR 1,091.4m. This figure mainly consists of operational staff costs as well as non-operational staff costs in the Group, which are primarily designed to enable a sustainable improvement in the cost structure.

On balance, non-operational staff costs in 2012 amounted to about EUR 55m, which encompass restructuring measures, provisions and severance payments. Severance payments totalling EUR 26.1m arose during the reporting period within the context of the ongoing redimensioning of the company's business operations. Furthermore, various provisions were set aside, for example for the voluntary social plan, uncertain liabilities related to charges and contributions, employee under-utilisation and for employees transferring to the federal public service. The adjustment of the parameters for the valuation of provisions, for example changes in the discount interest rate, resulted in an additional burden of EUR 11.0m.

Non-operational staff costs incurred by Austrian Post are related to the specific employment situation at the company. The provision for employee under-utilisation in the balance sheet remained virtually constant at EUR 229.1m during the reporting period, including the cash-related use of EUR 23.8m in the 2012 financial year. This includes provisions for tenured employees who cannot be integrated at all or only partly into normal business operations as well as for employees who are likely to transfer to the federal public service.

This possibility to transfer to the federal public service is based on agreements reached with the Ministry of Internal Affairs in 2009 as well as with the Ministries of Finance and Justice in 2010, enabling employees to transfer to the federal government, whereas the staff costs for these employees will be borne by Austrian Post until June 2014. On balance, a total of 370 former Austrian Post employees have declared their intention to transfer to the federal public service, with 316 of them already working for the above-mentioned ministries at the end of 2012.

Other operating income decreased slightly to EUR 72.0m during the reporting period. This development is primarily due to the lower proceeds from the disposal of property, plant and equipment totaling EUR 5.9m in 2012, down from EUR 8.8m in 2011. In contrast, income from rents and leases remained constant at the prior-year level, amounting to EUR 23.5m.

Other operating expenses fell by 7.9% in a year-on-year comparison, to EUR 294.8m. This decline is mainly due to the one-off effects in the year 2011 in connection with provisions relating to the commercial realisation of the operating subsidiaries in Belgium and the Netherlands.

The result of the investments consolidated at equity amounted to minus EUR 13.9m. This is mainly due to the impairment loss of EUR 9.6m reported for Austrian Post's stake in the joint venture company MEILLERGHP.

EBITDA BY DIVISION

EUR m	2010	2011	2012	Change 2011/2012 %	Change 2011/2012 EUR m
Total EBITDA	**262.1**	**281.9**	**271.2**	**–3.8%**	**–10.7**
Mail & Branch Network[1]	252.4	312.2	307.2	–1.6%	–5.0
Parcel & Logistics	37.0	12.0	46.6	>100%	34.6
Corporate	–24.9	–42.4	–81.6	–92.5%	–39.2

[1] Reporting according to the new segment structure as of January 1, 2012; figures for 2010 and 2011: pro-forma consolidation

In the 2012 financial year, earnings before interest, tax, depreciation and amortisation (EBITDA) of the Austrian Post Group decreased by 3.8% to EUR 271.2m in the light of the at equity impairment loss of EUR 9.6m. The EBITDA margin amounted to 11.5%, and was thus at the upper end of the targeted range of 10–12%, as forecast.

Depreciation, amortisation and impairment losses of Austrian Post totalled EUR 88.8m in the reporting period. This figure consisted of depreciation and amortisation of EUR 81.6m (thereof EUR 68.3m for property, plant and equipment) as well as impairment losses of EUR 7.2m. Earnings before interest and tax (EBIT) of Austrian Post improved by 8.9% in 2012 to EUR 182.4m, corresponding to an EBIT margin of 7.7%.

EBIT BY DIVISION

EUR m	2010	2011	2012	Change 2011/2012 %	Change 2011/2012 EUR m
Total EBIT	**156.9**	**167.5**	**182.4**	**8.9%**	**14.9**
Mail & Branch Network[1]	215.7	277.1	272.5	–1.7%	–4.6
Parcel & Logistics	10.5	–28.2	25.3	>100%	53.5
Corporate	–57.7	–81.4	–114.8	–41.1%	–33.4

[1] Reporting according to the new segment structure as of January 1, 2012; figures for 2010 and 2011: pro-forma consolidation

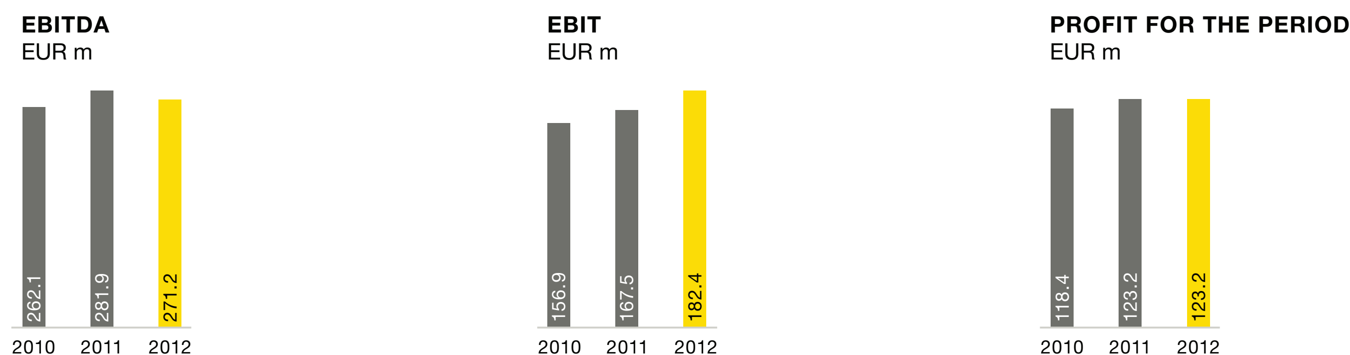
From a divisional perspective, the Mail & Branch Network Division generated an EBIT of EUR 272.5m in the 2012 financial year, slightly below the prior-year level due to the above-mentioned impairment loss. The Parcel & Logistics Division managed a gratifying leap in earnings. The division succeeded in achieving an EBIT of EUR 25.3m, compared to the 2011 financial year, which had been shaped by preparations for the disposal of the subsidiaries in Belgium and the Netherlands and the related negative effects on the consolidated financial statements. The improved earnings should serve as the basis for the further positive development of the division.

EBIT of the Corporate Division was down from minus EUR 81.4m in 2011 to minus EUR 114.8m in 2012. This difference can be mainly attributed to the non-operational staff costs described above. These expenses particularly involved severance payments, changes in the discount interest rate, and various provisions for the voluntary social plan and uncertain liabilities related to charges and contributions which arose in 2012. The Corporate segment encompasses costs for central departments, expenses in connection with unused properties as well as changes in staff-related provisions and restructuring.

The other financial result of Austrian Post amounted to minus EUR 30.8m in 2012, which is attributable to the write-down of the company's indirect shareholding in the bank BAWAG P.S.K. by EUR 28.4m. The underlying reasons for this impairment were on the one hand the reduced valuation of the investment itself, and on the other hand, a dilution of the share held by Austrian Post following the restructuring of the holding and financing structure of BAWAG P.S.K. and the stake in the bank acquired by a new large investor. Austrian Post did not participate in the capital increase implemented as part of the recapitalisation

of BAWAG P.S.K.. The objective of Austrian Post has primarily been and still is to ensure a successful cooperation on an operational level with respect to the jointly operated branch offices.

The tax burden in 2012 amounted to EUR 28.4m. The decline in the income tax expenses is due to the lower assessment base and the recognition of deferred tax assets on tax loss carryforwards. After deducting the income tax, the Group net profit (profit after tax for the period) amounted to EUR 123.2m, at precisely the same level as in the previous year. Thus earnings per share remained constant at EUR 1.82 for the 2012 financial year.



MANAGEMENT REPORT

2.3 ASSETS AND FINANCES

Austrian Post pursues a risk-averse business approach. This is demonstrated by the high equity ratio, the low level of financial liabilities and the solid investments of cash and cash equivalents at the least possible risk.

BALANCE SHEET STRUCTURE BY ITEM

EUR m	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2012	Structure Dec. 31, 2012
Assets				
Property, plant and equipment and intangible assets and goodwill	853.7	811.3	849.6	50.0%
Investment property	33.9	32.8	37.8	2.2%
Investments consolidated at equity	27.3	17.5	7.1	0.4%
Inventories, receivables and other assets	397.4	418.6	439.1	25.8%
Financial investments in securities	48.3	34.1	39.9	2.3%
Other financial assets	41.4	40.6	12.2	0.7%
Cash and cash equivalents	313.1	310.6	315.0	18.5%
Assets held for sale	0.0	2.8	0.0	0.0%
	1,715.1	**1,668.3**	**1,700.8**	**100.0%**
Equity and liabilities				
Capital and reserves	690.8	702.0	708.6	41.7%
Provisions	574.7	542.2	554.5	32.6%
Financial liabilities	79.1	29.2	22.9	1.3%
Payables and other liabilities	370.5	384.2	414.8	24.4%
Liabilities held for sale	0.0	10.6	0.0	0.0%
	1,715.1	**1,668.3**	**1,700.8**	**100.0%**

The analysis of the balance sheet of Austrian Post shows that assets, in addition to the two traditionally large items of property, plant and equipment and intangible assets and goodwill of EUR 849.6m, on the one hand, and inventories, receivables and other assets of EUR 439.1m on the other hand, also contain a considerable level of financial resources (cash and cash equivalents, investments in securities). On balance, Austrian Post had cash and cash equivalents of EUR 315.0m as at December 31, 2012, and financial investments in securities amounting to EUR 39.9m. Accordingly, the financial resources at the disposal of Austrian Post amounted to EUR 354.9m at the end of 2012. The payment of a dividend in May 2012 amounting to EUR 1.70 per share or a total of EUR 114.8m for the 2011 financial year was already taken into account.

Equity (capital and reserves) of the Austrian Post Group totalled EUR 708.6m as at December 31, 2012, corresponding to an equity ratio of 41.7%. On the equity and liabilities side, provisions amounting to EUR 554.5m, including the provisions for employee under-utilisation of EUR 229.1m, comprise one of the largest items corresponding to 32.6% of the balance sheet total. Current and non-current financial liabilities totalling EUR 22.9m as at December 31, 2012, continued to be at a low level.

Due to the fact that the existing financial resources on the balance sheet (EUR 354.9m) exceeds financial liabilities of EUR 22.9m by far, Austrian Post does not intend to make use of external funding nor does it require a credit rating at the present time.

BALANCE SHEET STRUCTURE BY TERM

EUR m	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2012	Structure 31.12.2012
Assets				
Non-current assets	1,067.6	1.005.1	1,047.6	61.6%
thereof other financial assets and financial investments in securities	89.4	62.5	51.9	3.1%
Current assets	647.5	660.4	653.2	38.4%
thereof cash and cash equivalents	313.1	310.6	315.0	18.5%
Assets held for sale	0.0	2.8	0.0	0.0%
	1,715.1	**1,668.3**	**1,700.8**	**100.0%**
Equity and liabilities				
Capital and reserves	690.8	702.0	708.6	41.7%
Non-current liabilities	479.4	452.9	445.2	26.2%
thereof provisions	414.6	396.7	393.0	23.1%
Current liabilities	544.9	502.8	547.0	32.2%
thereof provisions	160.1	145.5	161.5	9.5%
Liabilities held for sale	0.0	10.6	0.0	0.0%
	1,715.1	**1,668.3**	**1,700.8**	**100.0%**

Total assets of Austrian Post amounted to EUR 1,700.8m. Non-current assets predominate on the asset side, accounting for 61.6% of total assets, or EUR 1,047.6m. The largest non-current asset items are property, plant and equipment, totalling EUR 599.9m, as well as financial investments in securities and other financial assets at EUR 51.9m. The principal current asset items are receivables, at EUR 321.9m, and cash and cash equivalents, at EUR 315.0m.

On the equity and liabilities side, the main items are capital and reserves, which make up 41.7% of the balance sheet total, followed by non-current liabilities (26.2%) and current liabilities (32.2%). Non-current liabilities of EUR 445.2m largely consist of provisions totalling EUR 393.0m. Current liabilities amounting to EUR 547.0m primarily relate to trade payables, at EUR 229.5m.

2.4 FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

2.4.1 LIQUIDITY/NET DEBT

EUR m	2010	2011	2012
Interest-bearing liabilities	**–540.3**	**–471.6**	**–462.1**
thereof financial liabilities	–78.6	–29.2	–22.9
thereof interest-bearing provisions	–456.5	–437.6	–434.8
Interest-bearing assets	**413.7**	**410.1**	**393.6**
thereof financial investments in securities	48.3	34.1	39.9
thereof cash and cash equivalents	313.1	310.6	315.0
Net debt	**–126.6**	**–61.5**	**–68.5**
Net debt/EBITDA ratio	**0.48**	**0.22**	**0.25**
Gearing ratio[1]	**18.3%**	**8.8%**	**9.7%**

[1] Gearing ratio = Net debt/capital and reserves

At the end of 2012, Austrian Post had a net debt position of EUR 68.5m. This is defined as the difference between interest bearing assets (securities, other financial assets, and cash and cash equivalents) amounting to EUR 393.6m, and interest bearing liabilities (financial liabilities and other interest bearing liabilities, social capital and other provisions) of EUR 462.1m. The ratio of net debt to EBITDA at 0.25 as at the end of December 2012 remained at a very low level in the 2012 financial year. The gearing ratio was 9.7% at the end of the reporting period.

On the basis of the existing liquidity and the solid cash flow from operating activities, Austrian Post is able to self-fund its current financing requirements. The company does not plan to make use of borrowed capital at the present time.

Within the context of its dividend policy, Austrian Post aims to achieve a dividend payout ratio of at least 75% of the Group net profit attributable to the shareholders in coming years, assuming a continuation of Austrian Post's successful business development and that no extraordinary circumstances arise. The company also aims to distribute a sustainable dividend reflecting the earnings development going forward.

2.4.2 CASH FLOW

EUR m	2010	2011	2012
Operating cash flow before changes in working capital	**134.1**	**248.6**	**254.6**
Cash flow from changes in net working capital	44.9	–20.4	–7.9
Cash flow from operating activities	**178.9**	**228.2**	**246.7**
Cash flow from investing activities	–25.3	–65.8	–115.4
therefore CAPEX (investments in property, plant and equipment and intangible assets)	–53.2	–84.8	–86.2
thereof cash flow from acquisitions/divestments	–12.7	1.1	–39.3
Free cash flow	**153.6**	**162.5**	**131.3**
Free cash flow before acquisitions/divestments	**166.4**	**161.4**	**170.5**
Cash flow from financing activities	–134.4	–165.0	–126.8
Net change in cash and cash equivalents	**19.3**	**–2.5**	**4.5**

Operating cash flow before changes in working capital amounted to EUR 254.6m in 2012, or EUR 6.0m above the comparable prior-year period. Taking account of the cash flow from changes in net working capital totalling minus EUR 7.9m, the cash flow from operating activities was EUR 246.7m, a rise of EUR 18.5m from the previous year.

These funds were mainly devoted to future-oriented investments in 2012. EUR 86.2m was invested in property, plant and equipment and intangible assets (CAPEX), whereas EUR 39.3m involved acquisitions or divestments of subsidiaries. After deducting the entire cash flow from investing activities, free cash flow amounted to EUR 131.3m. The free cash flow generated during the reporting period thus once again surpassed the dividend of EUR 114.8m distributed in 2012 for the 2011 financial year.

2.4.3 INVESTMENTS AND ACQUISITIONS

Capital expenditure at Austrian Post reached a level of EUR 97.3m in the 2012 financial year, a rise of EUR 5.3m from the prior-year level. This includes EUR 87.0m in investments for property, plant and equipment and EUR 10.2m for investments in intangible assets and goodwill, which mainly relate to licenses and various types of software. The investments in property, plant and equipment primarily focused on office equipment, fixture and fittings (61.0%), for example branch office counters, letterboxes, different kinds of office equipment, handhelds for mail and parcel delivery services as well as replacement investments in the vehicle fleet.

In addition, Austrian Post continued its ongoing modernisation of its sorting facilities in 2012. Investments were made for the purpose of rationalisation and enhancing productivity, which are necessary in order to fulfil the high quality demands within Austria (delivery of 95% of all letters on the next working day, and 90% of all parcels within two working days). Accordingly, in 2012 the company's investment priorities were new flatsorters for the letter mail centres in Vienna, Graz, Salzburg and Hall in Tyrol, as well as the expansion and modernisation of the parcel distribution facilities. In the branch network Austrian Post pressed ahead with the remodelling and modernisation of the branch offices operated jointly with BAWAG P.S.K., and also introduced a new branch office design. A series of investments were also made at the Group subsidiaries located outside of Austria, for example a new distribution centre in Žilina, Slovakia.

The particular investment measure relating to both new and replacement investments is subject to a detailed analysis. Replacement investments are first made if the newer technology enables increased productivity or a corresponding reduction in costs for the company's own or external personnel or the purchase of transport services, or if the investments come at the optimal time so that the life cycle costs, especially maintenance costs for existing property, plant and equipment exceed those for the newer facilities.

Investments are also subject to an internal approval and authorisation process by a committee during the planning as well as in the procurement phase. This committee consists of area or department managers, one or all members of the Management Board and the Supervisory Board of Austrian Post depending on the total volume involved. In addition to actual and target comparisons, an investment review and evaluation takes place at the end of the investment phase, particularly in the case of large projects.

In addition to the return on investment (ROI), which serves as the main decision-making parameter for investments and acquisitions, the amortisation period and the present value of the investments are taken into consideration, both in the planning phase and in monitoring performance.

The cash outflow for the acquisition and sale of subsidiaries as well as investments consolidated at equity was EUR 39.3m in 2012. Every acquisition presupposes a unified Group-wide selection process. The decision-making basis is a due diligence test followed by an evaluation by means of the discounted cash flow method.

2.4.4 EARNINGS AND PERFORMANCE INDICATORS

	2010	2011	2012
EBITDA margin[1]	11.6%	12.0%	11.5%
EBIT margin[2]	7.0%	7.1%	7.7%
ROE[3]	20.7%	21.1%	21.0%
ROCE[4]	19.3%	22.7%	25.6%
Capital employed (EUR m)	767.5	708.9	713.2

[1] EBITDA margin = EBITDA/revenue (2010 excl. meiller Group)
[2] EBIT margin = EBIT/revenue (2010 excl. meiller Group)
[3] Return on equity = Profit for the period/capital and reserves on January 1st less dividends paid
[4] Return on capital employed = EBIT/average capital employed

CAPITAL EMPLOYED

EUR m	2010	2011	2012
+ Intangible assets and goodwill	242.8	223.8	249.7
+ Property, plant and equipment	610.9	587.5	599.9
+ Investment property	33.9	32.8	37.8
+ Investments consolidated at equity	27.3	17.5	7.1
+ Investments in non-consolidated companies	0.8	0.0	0.0
+ Inventories	16.3	14.4	16.1
+ Receivables[1]	319.4	324.8	332.7
+ Non-current assets held for sale	0.0	2.8	0.0
– Non interest-bearing debt	–483.9	–494.7	–530.1
Capital employed	**767.5**	**708.9**	**713.2**

[1] Less interest-bearing receivables

The capital employed by Austrian Post increased by EUR 2.7m to EUR 713.2m as at the end of 2012. During the year under review the return on capital employed improved from 22.7% to 25.6%.

The aim of Austrian Post is to optimise the capital employed in accordance with specific conditions in the postal sector. Against this backdrop, investments are made extremely selectively and purposefully, primarily to enable productivity increases. Subsidiaries are continually tested for impairment and written down in case there are indications of impairment. Shareholdings held in companies consolidated at equity are affected by the ongoing profits/losses of the related stakes.

The main priorities of Austrian Post's receivables management is to continually check the creditworthiness of customers in order to switch to advanced payment or payment in cash in case the customer is designated as a risk or to demand a bank guarantee. Furthermore, invoicing intervals are shortened depending upon the payment behaviour of the particular debtor. Management is regularly informed about the level of outstanding receivables in order to be able to take appropriate measures if necessary.

2.4.5 DELIVERY SPEED

Austrian Post aims to be a provider of high-quality postal services. In particular, prevailing legal regulations relating to the Universal Service Obligation stipulate the following high standards relating to delivery speed for letters and parcels: delivery of 95% of all letters on the next working day and 90% of all parcels within two working days. In 2012, Austrian Post managed to deliver 96.0% of all letters on the next working day, above the statutory level. With regard to parcel deliveries as defined by in the Universal Service Ordinance (primarily private parcels), Austrian Post delivered 93.3% of all parcels within two working days, once again surpassing the statutory target. Austrian Post also boasts an above-average delivery quality in European comparison with respect to international mail (inbound).

EMPLOYEES BY DIVISION (ANNUAL AVERAGE, FULL-TIME EQUIVALENTS)

Annual average, full-time equivalents	2010	2011	2012	Share in %
Mail & Branch Network	18,188[1]	17,482	17,192	74.2%
Parcel & Logistics	4,008	4,057	4,022	17.3%
Corporate	1,846	1,830	1,968	8.5%
Total	**24,042[1]**	**23,369**	**23,181**	**100.0%**

[1] Figures for 2010 excl. meiller Group (pro-forma consolidation); as of 2011: joint venture MEILLERGHP consolidated at equity

2.4.6 EMPLOYEES

During the period under review, the average number of full-time employees at Austrian Post fell by 188 people compared to the prior-year figure, to 23,181. The workforce in all operating divisions declined. Most of Austrian Post's labour force, namely 19,534 full-time equivalent employees, works for the parent company, Österreichische Post AG (Austrian Post). A total of 3,647 people are employed by subsidiaries.

2.4.7 PROFESSIONAL TRAINING AND CAREER DEVELOPMENT

The target group and competence-oriented training and professional development of employees comprise an important part of Austrian Post's human resources activities. The measures implemented consisted of specialised instruction, continuing education courses as well as coaching and training in all areas of the company. In an initial step, executives are called upon to identify employee potential and enhance their skills on the basis of individual career development. Accordingly, Austrian Post made it a priority in 2012 to instruct management staff within the framework of special executive training programmes. In 2012, more than 95 practice-oriented trainings were held for more than 300 distribution and group managers and 450 branch office managers throughout Austria on the key issues of leadership behaviour, leadership communications, leadership in difficult times and dealing with complaints. In addition, 270 executives took part in the programme "A day visiting customers" to enable them to gain a better understanding of what the delivery staff or branch managers actually do.

2.4.8 HEALTH AND OCCUPATIONAL SAFETY

Occupational safety, health protection and health care comprise key elements of Austrian Post's corporate policy. Motivated and productive employees are the backbone of a logistics concept based on human labour. For this reason, Austrian Post attaches considerable importance to the health and safety of its employees. The main focal points of the company's multi-faceted internal health care programme include training on safe and healthy workplace behaviour, tobacco and alcohol abuse prevention, ensuring health promoting and ergonomic working conditions as well as creating workplaces tailored to the needs of disabled or older employees.

2.4.9 ENVIRONMENT

Austrian Post is aware of its responsibility to the environment. For this reason, it continually strives to identify optimisation potential in order to minimise its ecological footprint. In the year 2012 Austrian Post once again delivered all letters, parcels and direct mail items in a CO_2 neutral manner, without exception, as part of its initiative CO_2 NEUTRAL DELIVERY. This initiative is being implemented in a three-phase programme. The top priority is always to avoid emissions in the company's own core processes. This primarily applies to its buildings and the vehicle fleet, and is achieved on the basis of optimised route planning, a modern vehicle fleet, driver training in fuel-saving driving techniques, the monitoring of energy consumption in building and the optimisation of floor space in buildings. In a second step, Austrian Post relies on alternative sources of energy. In this regard, Austrian Post significantly expanded its fleet of electric-powered vehicles, which already encompasses 265 vehicles in 2012. Moreover, since 2012 Austrian Post has only been using electricity generated from renewable energy sources, and is about to construct a photovoltaic facility on the roof of the Letter Mail Logistics Centre Vienna. Third, all greenhouse gas emissions which cannot be avoided at the present time are compensated by support provided to recognised and certified climate protection projects with a high ecological and socioeconomic value. The entire initiative is being monitored and assessed by independent experts at TÜV AUSTRIA.

2.4.10 RESEARCH AND DEVELOPMENT/ INNOVATION MANAGEMENT

As a company, which exclusively focuses on providing services, Austrian Post does not carry out any conventional research and development activities. Product innovations arise on the basis of an ongoing analysis of market and customer requirements.

An important success factor in changing markets is the development and market launch of innovative products and the expansion of the existing product portfolio. In the 2012 financial year, Austrian Post implemented a broad range of such solutions both in its online and other services.

Austrian Post further developed solutions offered within the context of its mail and parcel services, especially in the field of electronic mail, the online parcel stamp and online shop. The online services of Austrian Post are characterised by a high degree of security and trustworthiness. The Mail Solutions business is focusing on innovative system solutions to optimise the business and administrative processes of business customers, especially dual shipment and receiving (digital/physical), effective mailroom management, digital document processing and integrated printing services as well as effective CRM applications (geo-marketing, address management, etc.). These solutions together with innovative online services are designed to ensure greater efficiency and flexibility and generally a more customer-oriented optimisation of communications processes. In the 2012 financial year Austrian Post also resolutely pressed ahead with the further development of the Post Manager, a platform for sensitive electronic documents and news, and optimised its user-friendliness. Furthermore, the Posting Manager for business customers was also improved, enabling the online planning, calculation and organisation of mail.

In the 2012 financial year Austrian Post also continued its comprehensive service and quality drive focusing on private customers. In particular, self-service solutions were developed, including franking machines. In addition, the new concept of the self-service branch office was tested in 2012. In its Logistics Solutions business, Austrian Post is also continuously developing customised customer solutions in the field of warehousing and fulfillment, as well as diverse value added services.

2.5 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Effective February 1, 2013, Austrian Post acquired the remaining 50% shareholding in FEIPRO Vertriebs GmbH. As of this date the company is fully consolidated in the consolidated financial statements of Austrian Post.

As at January 31, 2013, Austrian Post's waiver of its exercising an option to acquire an additional 25% in the shares of M&BM Express OOD expired. Accordingly, as of February 1, 2013, the option of purchasing an additional 25% of the shares in the company can be exercised. This option has not yet been exercised up until now.

3. PERFORMANCE OF DIVISIONS

3.1 MAIL & BRANCH NETWORK

Market environment in 2012
The trend towards the electronic substitution of conventional letter mail and the related decline in shipment volumes is persisting. Austrian Post expects a volume decline of 3–5% each year. The company is responding to this development with new offerings linking physical and digital communications. In addition, studies have shown that 75% of private customers and 66% of business customers continue to prefer physical delivery (IFES study 2011/12), at least of important documents such as invoices.

In addition, the volume of addressed and unaddressed advertising mail depends on the intensity of the advertising carried out by companies, and is thus subject to cyclical fluctuations. The year 2012 was generally characterised by the high volatility of advertising revenue, as reflected in the volume development of direct mail items. However, surveys of consumers and the development of the business with large customers show that the advertising mail remains an indispensable part of the marketing mix of companies. This is because the use of direct mailings is considered to be a highly attractive advertising tool generating high quality responses. The newspaper and magazine segment continued to develop in a stable manner, whereas further growth potential is expected in the market for free newspapers.

Business development in 2012

EUR m	2010[1]	2011[1]	2012	%	Change 2011/2012 EUR m
External sales	**1,449.2[5]**	**1,500.7**	**1,508.2**	**0.5%**	**7.5**
Letter Mail & Mail Solutions	730.3	764.2	784.6	2.7%	20.3
Direct Mail	425.7[5]	445.7	445.2	–0.1%	–0.5
Media Post	135.3	137.7	143.7	4.4%	6.0
Branch Services[2]	157.9	153.1	134.7	–12.0%	–18.4
Internal sales	72.1[5]	76.3	70.6	–7.5%	–5.7
Total revenue	1,522.3[5]	1,577.1	1,578.8	0.1%	1.8
EBITDA	**252.4**	**312.2**	**307.2**	**–1.6%**	**–5.0**
Depreciation, amortisation and impairments	–36.7	–35.2	–34.7	–1.3%	–0.4
EBIT	**215.7**	**277.1**	**272.5**	**–1.7%**	**–4.6**
EBITDA margin[3]	16.6%	19.8%	19.5%	–	–
EBIT margin[3]	14.2%	17.6%	17.3%	–	–
Employees[4]	18,188[5]	17,482	17,192	–1.7%	–291

[1] Reporting according to the new segment structure as of January 1, 2012; figures for 2010 and 2011: pro-forma consolidation
[2] New segment structure leads to recognition of value logistics as part of the Parcel & Logistics Division as of January 1, 2012
[3] EBIT and EBITDA in relation to total revenue
[4] Average for the period, full-time equivalents
[5] Figures for 2010 excl. meiller Group (pro-forma consolidation); as of 2011: joint venture MEILLERGHP consolidated at equity

Divisional revenue rose slightly by 0.5% in 2012 to EUR 1,508.2m. The current financial year was shaped by economic uncertainties in addition to structural trends.

Letter Mail revenue improved by 2.7% from the prior-year period to EUR 784.6m. The trend towards decreasing letter mail volumes related to electronic substitution continued. However, this structural trend was counteracted by volume shifts from direct mail items to higher quality letter mail products as well as the increase in Internet orders, which customers no longer sent as parcels but as letter mail items. In addition, changes in the product portfolio in the field of Letter Mail, which took effect on May 1, 2011, still continued to deliver positive contributions to revenue growth in the first four months of the 2012 financial year.

Revenue in the field of Direct Mail fell slightly to EUR 445.2m in 2012. Increased volatility was perceptible during the course of the year, which is primarily attributable to the economic uncertainty. In particular, business was characterised by a negative volume development in the middle of 2012, but the situation improved towards the end of the

year. In addition, mail order customers face structural problems, leading them to reduce their shipment volumes.

In contrast, Media Post revenue improved by 4.4% in 2012, to EUR 143.7m.

Both revenue and costs declined in the former Branch Network Division, which is now reported under Branch Services. Half of the revenue decrease is due to the reclassification of the value logistics operations as part of the Parcel & Logistics Division, whereas the other half is the result of declining revenue from retail products and financial services.

On balance, EBIT of the Mail & Branch Network Division was down by 1.7% to EUR 272.5m, which includes an impairment loss of EUR 9.6m reported for Austrian Post's stake in the at equity consolidated company MEILLERGHP.

3.2 PARCEL & LOGISTICS DIVISION

Market environment in 2012

The market environment impacting the parcel and logistics business in 2012 was characterised by positive volume developments. In the business customer (B2B) segment, competition remained extremely intensive against the backdrop of a difficult economic environment. The specialised product of combined freight (parcels and pallets transported by one network) offered by Austrian Post in Germany benefited from the positive impetus generated, especially by the health care and pharmaceutical sector. In addition, the greater number of customer demands for integrated storage and distribution concepts, both from large customers as well as SMEs, confirm that fulfillment solutions from a single provider (e.g. storage, picking and various "value added services") will be even more intensely promoted in the future. Moreover, companies are increasingly outsourcing their cash management, and are thus looking for qualified partners to ensure the secure shipping of money and valuables.

Volume growth was posted in the private customer (X2C) segment in Austria and South East and Eastern Europe in 2012 thanks to intensive market development work and the promotion of end customer solutions. The online mail order business continues to be one of the main driving forces behind the growth of X2C segment. In 2012 Austrian Post also maintained its market leadership position in the private customer business in Austria, as demonstrated by a market share of approximately 75%. At the same time, the company's market share in the B2B business further climbed to 22% (study carried out by Kreutzer Fischer & Partner in 2012).

Business development in 2012

EUR m	2010	2011	2012	Change 2011/2012 %	Change 2011/2012 EUR m
External sales	**802.0**	**846.5**	**858.1**	**1.4%**	**11.6**
Premium Parcel	630.5	659.9	650.8	–1.4%	–9.1
Standard Parcel	160.8	166.8	177.8	6.6%	11.0
Other Parcel Services	10.7	19.9	29.6	48.8%	9.7
External sales excl. Benelux subsidiaries[1]	**758.6**	**802.2**	**840.9**	**4.8%**	**38.7**
Internal sales	24.4	24.9	8.8	–64.6%	–16.1
Total revenue	826.4	871.5	867.0	–0.5%	–4.5
EBITDA	**37.0**	**12.0**	**46.6**	**>100%**	**34.6**
Depreciation, amortisation and impairments	–26.5	–40.3	–21.4	–46.9%	–18.9
EBIT	**10.5**	**–28.2**	**25.3**	**>100%**	**53.5**
EBITDA margin[2]	4.5%	1.4%	5.4%	–	–
EBIT margin[2]	1.3%	–3.2%	2.9%	–	–
Employees[3]	4,008	4,057	4,022	–0.9%	–35

[1] The closing of the disposal of trans-o-flex Nederland B.V. took place as at March 15, 2012, of trans-o-flex Belgium B.V.B.A as at May 31, 2012
[2] EBIT and EBITDA in relation to total revenue
[3] Average for the period, full-time equivalents

External sales of the Parcel & Logistics Division climbed by 1.4% in 2012, to EUR 858.1m. As at March 15, 2012, an agreement was signed with PostNL regarding its acquisition of the Austrian Post subsidiaries in the Netherlands and Belgium. The deconsolidation of the Dutch company took place as at March 15, 2012, and the disposal of the Belgian subsidiary took effect on May 31, 2012. Adjusted to take account of the former Benelux subsidiaries, the division achieved a 4.8% revenue increase on a year-on-year comparison.

Since the beginning of the year, the company Post.Wertlogistik GmbH specialising in value logistics has been a new part of the portfolio offered by the Parcel & Logistics Division, whereas it was previously assigned to Austrian Post's former Branch Network Division. In addition, the firm Systemlogistik Distribution GmbH acquired as at May 31, 2012, expands the range of services offered by the division with respect to the warehousing, picking and packing of goods.

Premium Parcels (parcel delivery within 24 hours), which are mainly used in the business-to-business segment, generated revenue of EUR 650.8m in 2012 (EUR 635.4m excluding Benelux). The German trans-o-flex Group accounted for about three-quarters of this revenue. At present trans-o-flex is focusing on implementing an efficiency enhancement programme in its distribution logistics. As a result, revenue remained constant in 2012. In contrast, parcel volumes of business customers increased at an above-average rate in Austria, where Austrian Post increased its market share to 22%, as planned. Strong volume growth was achieved in South East and Eastern Europe against the backdrop of intensified price pressure.

Standard Parcels which mainly involve shipments to private customers also posted growth. Revenue rose by 6.6%, to EUR 177.8m, with growth primarily taking place on the Austrian market.

On balance, EBITDA of the Parcel & Logistics Division improved to EUR 46.6m. EBIT in 2012 amounted to EUR 25.3m, significantly above the prior-year level, which was considerably burdened by the negative impact on the balance sheet arising from the disposal of the Benelux subsidiaries. This earnings contribution, as reflected in an EBIT margin of 2.9%, is a good starting point for the further development of the division.

4. EXPECTED BUSINESS DEVELOPMENT/ OUTLOOK AND RISKS OF THE COMPANY

4.1 OUTLOOK 2013

Austrian Post assumes that its revenue development in 2013 will be dominated by three trends: the electronic substitution of letters, the development of the advertising industry, and the national and international volume development of parcels. The medium-term revenue growth target of 1–2% per year defined by Austrian Post remains unchanged. In the light of a 1.9% revenue increase in 2012 (excl. the Benelux subsidiaries), which is at the upper end of the targeted range, the company expects a stable or slightly positive revenue development in 2013.

The basis for this assessment is the ongoing volume decline in letter mail volumes. Austrian Post expects the decrease to amount to 3–5% p.a., reflecting international trends. In contrast, there could be a stabilisation in direct mail volumes in 2013 following the drop in advertising mail volumes in the period under review. Generally speaking, the advertising industry is more dependent on cyclical developments. However, Austrian Post expects that direct mail, an efficient advertising tool, will continue to maintain its importance in the future as part of the marketing mix of companies. With respect to parcel volumes, Austrian Post continues to anticipate robust growth in its business with the private customer segment, whereas the intense level of competition is likely to continue in the business customer segment.

A key focal point of the Group's activities is to enhance the profitability of the services offered. In particular, Austrian Post will continue to promote efficiency increases in its parcel and logistics business as a follow-up to the successes which have already been achieved. With respect to sustainable earnings development, Austrian Post confirms the targeted EBITDA margin in the range of 10%–12%. The company is also striving to achieve a further improvement in earnings before interest and tax.

The operating cash flow generated by Austrian Post will continue to be prudently used mainly to finance sustainable efficiency improvements, structural measures and future-oriented investments. Austrian Post anticipates total capital expenditure to reach a level of about EUR 90m in 2013. This will primarily focus on replacement investments in existing facilities as well as the continuous modernisation and efficiency enhancement. Acquisitions which aim to round off and safeguard Austrian Post's core business are possible.

The Management Board of Austrian Post will propose to the upcoming Annual General Meeting scheduled for April 18, 2013, to distribute a dividend of EUR 1.80 per share for the 2012 financial year. Once again, the company is continuing its attractive dividend policy, based on a solid balance sheet structure and the generated cash flow.

Austrian Post aims to achieve a dividend payout ratio to shareholders of at least 75% of Group net profits. The dividend should develop further in line with Group net profits assuming a continuation of the company's good business development

4.2 MAIN RISKS AND UNCERTAINTIES

4.2.1 RISK MANAGEMENT

Austrian Post operates a comprehensive risk management system integrating all business units and subsidiaries. Risks are identified and evaluated in their overall context and documented by a Group-wide risk management system.

The Group-wide risk management reports about risks and their development to the Management Board on a quarterly basis or immediately on an ad-hoc basis in the case of substantial risks which unexpectedly arise. The Supervisory Board and its Audit Committee are regularly informed about the status of the company's risk management.

The main identifiable risks Austrian Post is exposed to will be described in greater detail below. However, from today's perspective, none of the risks threaten the continuing existence of the company.

4.2.2 STRUCTURE OF EMPLOYMENT CONTRACTS

A large number of Austrian Post employees have the status of civil servants, which means that they are subject to public sector employment laws and all their particular features. This leads to complications in respect to existing labour regulations. For this reason, the prevailing legal regulations do not allow the company to make capacity adjustments for most of its employees in the event of declines in volumes. Similarly, no reductions in wage or salary levels are permitted in case of less favourable market conditions. Accordingly, laws governing the employment of civil servants generally lead to considerably reduced flexibility in terms of costs. Against the backdrop of a liberalised postal market, Austrian Post is increasingly confronted with the limits of its flexibility with regard to making good use of the civil servants it employs. The solution to this problem is the key to the discussions being held with political decision makers.

Changes made to the Postal Services Structure Act of 1996 (Poststrukturgesetz) and ongoing changes in civil service laws, to the extent that these new regulations do not take the special competitive situation of Austrian Post into account, could result in an additional burden on Austrian Post and unexpected additional costs to be borne by the company over which it has no influence.

Austrian lawmakers take the view that the applicability of the pension fund agreement concluded for civil servants in 2008 extends to the civil servants working for Austrian Post. This could lead to higher staff costs on the part of Austrian Post if, in fact, the company is obliged to implement the stipulations contained in this agreement.

According to the Postal Services Structure Act of 1996, changes in civil service laws for civil servants are fundamentally applicable to those civil servants working for Austrian Post. Thus, revisions to civil service laws could have a direct effect on the cost structure of the company. Austrian Post and the Austrian Federal Government have varying interpretations concerning the calculation of the pension contributions to be paid by Austrian Post for civil servants who are still actively working. For this reason, the Austrian Federal Government could potentially demand additional payments on the part of Austrian Post which exceed existing provisions made by the company, and thus lead to higher staff costs in the future. In principle, further risks arising from varying interpretations of the Postal Services Structure Act can also not be excluded.

Comprehensive measures have been taken to improve the qualifications of Austrian Post's employees. Beyond this initiative, a special company agreement has been reached with employees to cushion the effects of restructuring measures. Austrian Post deals with related employment issues by promoting more flexible working processes and working time models.

Similar to practices commonly used in the mail, parcel, newspaper delivery and advertising distribution businesses, companies belonging to the Austrian Post Group also make use of self-employed subcontractors who sometimes come from other EU member states to distribute shipments. The qualification of the activities of subcontractors as independent service providers depends on the specific circumstances prevailing in the individual cases, which are evaluated by taking account of the overall context.

It cannot be excluded that the responsible courts and administrative authorities may determine the unacceptability of this form of employment in individual cases, and subsequently impose administrative penalties and other administrative sanctions as well, in particular commercial ones.

Legal conflicts relating to the existence or non-existence of consecutive temporary employment contracts as well as the accelerated automatic salary progression could potentially have a considerable financial impact exceeding the existing provisions which have been set aside. Austrian Post strives to minimise such risks on the basis of appropriate contractual agreements.

Austrian Post changed the remuneration model for its delivery staff as of the beginning of 2012 and converted it to payment in line with the actual time worked. Additional costs could arise in the case of deviations from model assumptions and planning parameters.

4.2.3 TECHNICAL RISKS

To a significant degree, Austrian Post is dependent upon its complex technical systems. Its postal services rely heavily on the support provided by data processing systems, modern communications media and other technical equipment. Against this backdrop, Austrian Post has made extensive investments in recent years designed to modernise its distribution network. In this regard, the performance of the company is closely linked with the efficiency of a small number of key operational sites. Should the case arise that technical systems temporarily or permanently fail or should unauthorised data access or data manipulation occur or should there be collective strikes for longer periods, this could potentially lead to disruptions in Austrian Post's business operations, a loss of reputation, customer defections or additional expenses. A broad range of safety and security measures, processes and guidelines have been developed as a means of dealing with all these technical and operational risks, making provision for the various contingencies in order to ensure smooth business operations. Austrian Post is pursuing an outsourcing strategy to fulfil its computing and data processing requirements. Austrian Post ensures the availability of outsourcing resources by its service level management as well as by concluding appropriate contractual agreements. Contractual partners are required to show proof of relevant and valid certifications.

4.2.4 REGULATORY AND LEGAL RISKS

In the past, Austrian Post generated a considerable proportion of its revenues in the reserved area of postal services. The full-scale liberalisation of the Austrian postal market took effect on January 1, 2011. This development carries the risk of future shifts in market share. The legal framework for the full-scale liberalisation of the postal sector was defined in the new Postal Market Act, which fully came into effect on January 1, 2011. In many cases, this Postal Market Act does not prescribe equal treatment between Austrian Post and its competitors, but places an additional burden on Austrian Post.

The Universal Postal Service Obligation requires Austrian Post to provide standardised postal services of comparable quality across the country, and ensure a nationwide distribution network of at least 1,650 postal service points. Austrian Post is only allowed to convert company-operated post offices manned by its own staff to postal partner offices following a regulatory approval process. The possibility that Austrian Post will be required to continue operating unprofitable postal branches, at least in the short term, cannot be excluded.

The Postal Market Act stipulates that Austrian Post is the only postal services provider in Austria required to provide Universal Postal Services. Compensation for the net costs of providing Universal Postal Services will take place on the basis of a public equalisation fund, which will be financed on a prorata basis corresponding to the market share held by Austrian Post and other licensed postal operators. Only postal providers whose annual revenue derived from their licensed business operations exceeds EUR 1m will be required to contribute to the equalisation fund. Moreover, the net costs of providing Universal Postal Services will only be refunded in case these costs exceed 2% of the entire annual costs incurred by Austrian Post. Assuming that Austrian Post continues to have a significant market share even after the full liberalisation of the postal sector, it will be obliged to assume the lion's share of the net costs for providing Universal Postal Services and administering the equalisation fund.

The possibility of significant downward pressure on future earnings cannot be excluded, if the process of postal sector liberalisation is not accompanied by uniform regulations relating to employment contracts and performance standards applying to both Austrian Post and its competitors, and if no adequate compensation for universal postal services is forthcoming.

At present, Austrian Post does not assume that it will be obliged to grant its competitors access to all its services on an unbundled basis. If this did indeed happen, these firms could potentially provide services in segments of the postal market which are particularly lucrative, and rely on partial services provided by Austrian Post at regulated prices in less lucrative business segments. This could also potentially have a significantly negative effect on earnings.

The public relations activities of Austrian Post have made it a priority to engage in an ongoing dialogue with all its stakeholders with respect to the issue of liberalisation. The company considers itself responsible for making people aware of the unresolved issues in connection with compensation for Universal Postal Services, and the problems arising as the result of an asymmetric market liberalisation.

The regulatory authorities defined the scope of Universal Postal Services on the basis of a formal written decision. In this regard, differing legal opinions exist between Austrian Post and the regulatory authorities, for which legal proceedings are pending at the Austrian Constitutional Court. A difference in the definition of the limits to Universal Postal Services could be reflected in the market-oriented structure of the product portfolio and pricing policies.

Austrian Post is subject to legal restrictions by regulatory authorities in setting its business terms and conditions (including postal rates) in providing universal postal services. For this reason, the company only has limited flexibility to impose price adjustments for the Universal Postal Services as a means of reacting to market changes. Moreover, since January 1, 2011 exemptions to the value-added tax (VAT) have only applied to postal services defined as universal services in accordance with the Universal Postal Service Obligation. The VAT exemption does not apply to services for which terms and conditions are individually determined. The above-mentioned decision on the part of regulatory authorities has led to some

changes with respect to the definition of universal services and thus the fiscal treatment of postal items. In addition, tax authorities could have differing views on the VAT treatment of postal services and the scope of tax exemptions for universal postal services. If an external audit was required to determine any subsequent payments of Value Added Tax, this could result in a default risk due to the fact that customers will only partially be able to pay the subsequently invoiced Value Added Tax.

Austrian Post is also required to convert existing cluster box units and rural drop-off boxes which do not fulfil legal stipulations, and finance this in advance. Austrian Post assumes that it is properly fulfilling its replacement obligation by replacing all cluster box units in 2013 which had been reported by the building owners before the end of 2012. Corresponding provisions have been set aside on the balance sheet. The regulatory authorities could potentially take the view that the legal obligation to replace the cluster box units extends beyond December 31, 2012, and also encompasses cluster box units which were first reported in 2013. In this case Austrian Post would continue to be required to replace cluster box units which do not conform to legal requirements, which in turn could have an impact on future earnings. Additional costs cannot be excluded, but are not expected. Culpable non-compliance with the legal obligation to replace the existing cluster box units is penalised under administrative penal law. If a culpable violation is determined, Austrian Post could be subject to administrative penalties in each individual case. However, Austrian Post does not assume this will happen.

In the European postal business, the account settlement system known as the "Agreement for the Remuneration of Mandatory Deliveries of Cross-Border Mails" (REIMS III and IV) is replacing the former system adopted by the Universal Postal Union. REIMS III and IV comprise agreements governing terminal dues for cross-border postal services, but not all European postal companies are committed to complying with. Austrian Post withdrew from REIMS IV effective January 31, 2011, and signed REIMS V valid as of January 1, 2012. The signatories assume that this agreement – similar to its predecessors (REIMS II, III and IV) – will be exempted from antitrust regulations stipulated in Article 81 Para. 3 of the EU Treaty. At present, negotiations are taking place to conclude bilateral or multilateral agreements with other European postal companies which have not signed REIMS V to regulate the invoicing of cross-border postal services after December 31, 2012.

Beyond the regulatory environment governing the postal market, Austrian Post has to observe quite a few legal restrictions in carrying out its normal business operations. Due to competition law, the company only has limited flexibility with regard to its contractual and de facto ability to shape its business environment. In the past, Austrian Post was subject to antitrust investigations and processes evaluating the legitimacy of agreements and business practices on the part of Austrian Post in the light of existing antitrust regulations. Other legal risks may arise as the consequence of unexpected court cases initiated by competitors or customers.

In order to optimally avoid as far as possible any potential adverse effects on earnings resulting from regulatory and legal risks, Austrian Post strives to expand its value added chain and product portfolio in its core processes, as a means of offering its customers even better services and achieving an optimisation of service quality. Moreover, Austrian Post intends to generate increased revenue in the already liberalised areas.

4.2.5 FINANCIAL RISKS

Financial risks of Austrian Post encompass liquidity risk, credit, counterparty and product risk, interest rate risk, foreign exchange risk as well as organisational risks. A more detailed presentation of financial risks is included in the notes to the consolidated financial statements of Austrian Post.

Within the context of its international expansion, Austrian Post has recognised a considerable level of goodwill and non-depreciable assets in the balance sheet. Pursuant to IAS 36, goodwill is subject to an impairment test at least once annually. If there are indications of impairment, goodwill and non-depreciable trademarks must be written down.

4.2.6 MARKET AND COMPETITIVE RISKS

Austrian Post generates most of its revenue in Austria. If current economic growth forecasts have to be revised downwards, this would force a change in the planning assumptions upon which the company operates and thus limit the reliability of its planning.

In addition, the company generates a considerable share of its revenue from a small number of large customers. The sustained and successful existence of these large customers is an important prerequisite in ensuring the stable development of Austrian Post. Large customers are not contractually required to have their mail handled by Austrian Post, and could decide on a medium-term basis to contract the delivery of at least part of their mail items to competitors within the postal services market.

Traditional letter mail is being increasingly replaced by e-mail or other electronic media. The increasing electronic substitution of letter mail, in particular the trend towards electronic mail delivery, was intensified by the economic crisis in recent years, and will continue in the future. This development, which is being promoted by legislation, could lead to a significant decline in mail volumes and earnings. A one percent decrease in revenue in the letter mail segment would mean a negative revenue effect of about EUR 7m annually, which in turn would for the most part correspondingly reduce earnings in the short- and medium-term due to the fixed cost structure of the company's operations.

The letter mail and parcels business of Austrian Post is subject to increasing competition. In particular, the B2C parcel business, in which Austrian Post has a leading position in the Austrian market, is dependent on the economic development of its customers as well as in-

creased competition, which arises on the basis of market penetration of alternative providers. The possibility of a further decline in revenue cannot be excluded. The company is striving to maintain customer loyalty by offering an attractive range of services.

Austrian Post has taken steps to counteract the decline in mail volumes resulting from the greater use of e-mails by developing new products and services, for example in the Direct Mail business or in the B2B (business-to-business) segment, but above all, along the value chain. The possibility cannot be excluded that a change in legal regulations with regard to the delivery of government mail will put responsibility for delivering some of these mail items in the hands of competitors and not only Austrian Post. Diversifying business operations into different markets enables Austrian Post to more effectively spread or minimise risks in individual segments.

A key feature of Austrian Post's business strategy is to achieve growth through selective acquisitions and cooperation agreements. In this regard, it is important to identify suitable acquisition targets and to successfully integrate acquired companies. The future profitability of these projects depends, to a large extent, on investment requirements, acquisition costs as well as political, economic and legal factors. For this reason, all investments must be made in accordance with strict financial criteria. The earnings from financial services depend strongly on the market success of Austrian Post's cooperation partner BAWAG P.S.K..

All the above-mentioned market and competitive risks could lead to significant volume decreases and thus to a corresponding drop in earnings.

5. INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT WITH REGARD TO THE ACCOUNTING PROCESS

As an international postal and logistics services provider, Austrian Post is subject to a variety of risks in carrying out its business operations. The company proactively deals with these strategic and operational risks. The focus on its core business activities along with decades of experience in the business have enabled Austrian Post to identify risks at an early stage, evaluate them and quickly implement suitable precautionary measures.

5.1 SCOPE OF MONITORING

The Group financial accounting system is comprised of the organisation joining the local-level accounting departments of Group companies and of Group Accounting at Austrian Post.

Group companies use the accounting and valuation rules in force in and for the Group as a whole to compile comprehensive and correct IFRS-compatible individual financial statements in a timely manner. These are then processed by Group Accounting. Group Accounting is responsible for the compilation of the consolidated financial statements. Primarily entailed in this is the structured transfer of the reporting data stemming from Group companies, the carrying out of consolidation and elimination measures, the analytical processing of the data compiled in the consolidated accounts and the corresponding preparation of financial reports.

The organisation structuring the preparation of the consolidated accounts is based upon a schedule requiring strict adherence. The deadlines in the schedule are specified and published to cover the entire year. In addition, the Group companies receive an information bulletin issued by the Group on a quarterly basis, containing detailed information and Group guidelines on selected subjects relating to the compilation of quarterly financial statements. Detailed time schedules and work plans are drawn up for both local-level organisational units and by Group accounting for the purposes of preparing the financial statements and financial reporting in line with the deadlines established for the compilation and publication of monthly and quarterly financial statements.

5.2 RISK ASSESSMENT

To avoid erroneous depictions of transactions, measures comprised of a hierarchy of individual levels and designed to secure quality have been implemented. Their objective is to ensure the proper reporting of the IFRS accounts compiled for individual companies and incorporated into consolidated financial statements. These measures include the automatic checks (validations) performed in SAP SEM-BCS as well as the controlling procedures undertaken by staff members working for both subsidiaries and employees at Group Accounting.

Group Accounting takes the financial accounts compiled by the Group companies and subjects them to several levels of comprehensive plausibility and data checks. These measures are designed to ensure that the transactions undertaken by the Group companies has been correctly reported, and is thus suitable for consolidation and for the compilation of the Group's consolidated financial statements.

The carrying out of quality checks at all levels is a prerequisite for the authorisation to publish the Group's consolidated financial statements.

5.3 CONTROL MEASURES

The consolidated financial statements of Austrian Post are compiled on a monthly basis and use a simultaneous consolidation method carried out in SAP SEM-BCS. The entering of the notes to the accounts and the calculation of deferred taxes are also performed in SAP SEM-BCS.

The unified methods of accounting and evaluation applied throughout the Group are contained in the Group manual. Revisions to IFRS are monitored by Group Accounting on an ongoing basis and published on a quarterly basis as IFRS updates in the Group information letters. The incorporation of the updates into the Group manual and publication of the updated version of it are carried out once a year.

In addition to the Group manual, there are guidelines on specialised concepts on selected Group processes, particularly changes in the consolidation scope and acquisitions. Centralised processes for data entry and data changes have been defined for the master data area (which comprises SAP SEM positions, SAP Group account charts and customer data).

The consolidation processes are described in the consolidation manual, which provides a comprehensive overview of the processes to be employed when using SAP SEM-BCS to compile the Group's consolidated financial statements, of quality assurance measures, and of the system of reporting used in Group Accounting. The consolidation of business operations forms the basis of the documentation and specification of the methods of consolidation used by Austrian Post.

SAP R/3 is predominantly used to compile the accounts for individual companies according to IFRS. The transition to IFRS is accomplished employing parallel (dual) SAP accounting. The transfer of reporting data in SAP SEM-BCS is undertaken using automatic uploads.

5.4 INFORMATION AND COMMUNICATIONS

For monitoring and control purposes, the consolidated financial statements are subject to controlling on the basis of EBIT and earnings reconciliation. In this process, reconciliation from individual financial statements to Group financial statements is carried out, taking into account bookings as well as eliminations in the Group.

Top management is provided with preliminary data from the consolidated financial statements to enable them to fulfil their monitoring and control duties.

The following reports are issued in the context of preparing the consolidated financial statements:

- Reports to the Supervisory Board
- Interim reports
- Data analysis and evaluation
- Internal reports on the performance of subsidiaries and associates
- Condensed report

The preliminary and quarterly reports to the Supervisory Board are primarily for the Management Board and Supervisory Board of Austrian Post.

In addition to the reports for the Supervisory Board and the legally stipulated notes and interim financial reports pursuant to IAS 34, additional interim reports are prepared containing detailed comments on selected financial statement items, earnings reconciliations and performance indicators.

A key feature of the internal reporting system of the Austrian Post Group is data analysis and evaluation, primarily the calculation of the consolidated cash flow and a detailed evaluation. Reporting also includes earnings, performance and liquidity indicators.

The controlling department of Austrian Post prepares monthly internal reports focusing on the business development of Austrian Post subsidiaries and associated companies, which is also made available to the Management Board.

The monthly condensed report provides an overview of key financial and performance indicators of the company. Based on the four strategic areas of action and the related benchmarks, indicators are prepared, especially on sales and staff data. The other internal reporting structure is oriented to the condensed report.

The Investor Relations department is in charge of reporting to shareholders of Austrian Post, in line with the stipulations contained in the Austrian Corporate Governance Code. Communications is carried via the Investor Relations website at www.post.at/ir as well as through direct discussions with investors. Published information is made available to all investors simultaneously. In addition to legally stipulated publications, i.e. the annual financial report and annual report, the interim report for the first quarter, half-year financial report and interim report for the first three quarters, investors are also provided with extensive additional information, including investor presentations, share price information, ad-hoc announcements and the financial calendar.

5.5 MONITORING

The focal point of Austrian Post's operational risk management is the identification, evaluation and control of major risks which arise from the company's business operations. This process is coordinated by key managers in the divisions. The division-oriented organisation is structured into two operating divisions as well as central support and advisory service units.

The subsidiaries within Austrian Post are assigned to the various divisions in accordance with the particular focus of their business activities. The major business risks in these operational units are continuously identified and monitored, serving as the basis for determining appropriate risk management measures, e.g. backups or emergency plans.

A unified risk management system has been set up for the entire Austrian Post Group, encompassing all organisational units and important subsidiaries and an internal control system for important processes. This risk management system is basically oriented to the COSO Standard Enterprise Risk Management – Integrated Framework.

Additional key instruments to control and counteract risk include Group-wide guidelines for dealing with major risks, planning and control processes as well as ongoing reporting. These guidelines encompass, for example, the definition of limits and monitoring of adherence to these limits as well as compliance with internal rules designed to limit financial risks and the strict adherence to the principle of having two pairs of eyes oversee all business transactions.

These guidelines represent an integral part of the company's internal control system, and are designed, amongst other things, to ensure proper internal and external financial reporting. The planning and control processes serve as an early warning system, and simultaneously as the basis to evaluate the effectiveness of management procedures. Following the report to the Management Board containing the main indicators, there are also monthly performance reviews in the operating units, which will continue on a hierarchical manner in line with the integrated planning and reporting processes. In addition to vertical integration, the main feature of the planning and reporting processes is the convergence between internal and external reporting. Moreover, reporting already focuses in the planning phase on the opportunities and risks related to the plausibility of achieving planning targets.

The Internal Control System (ICS) serves as part of the risk management system and encompasses risk-oriented procedures integrated into day-to-day business operations. Accordingly, appropriate measures support project implementation or are carried out within the context of upstream or downstream operations. The ICS is based on precise information on accounting and financial reporting processes and also encompasses upstream processes. Changes in the company's organisation and business processes have direct effects on the ICS, which must be directly adapted to actual conditions. The particular business unit is responsible for carrying out controls. The effectiveness of the ICS is regularly evaluated by Group Auditing.

6. INFORMATION PURSUANT TO SECTION 243A AUSTRIAN COMMERCIAL CODE

The share capital of Austrian Post amounts to EUR 337,763,190 and is divided into 67,552,638 non-par value shares. There are no voting rights restrictions or syndicate agreements applying to Austrian Post of which the company is aware.

Through Österreichische Industrieholding AG (ÖIAG), Austria's privatisation and industrial holding company, the Republic of Austria has a 52.8% shareholding in Austrian Post, based on the number of outstanding shares (a total of 67,552,638). Austrian Post is not aware of any other shareholders holding more than 10% of the company's shares.

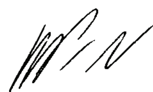
As far as the company knows, there are no shareholders who possess shares with special controlling interests. Employees who are shareholders of Austrian Post exercise their voting rights on an individual basis. No regulations exist which can be directly inferred from the law with regards to the appointment or dismissal of members of the Management Board or the Supervisory Board, or as regards changes to be made to the company's Articles of Association.

At present there is neither authorised capital nor conditional capital at Austrian Post.

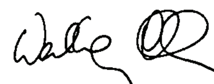
There are no significant contractual agreements to which the company is a party, which would take effect, cause major changes or expire in the event of a change in ownership resulting from a takeover. No compensation agreements exist between the members of the Management Board and Supervisory Board or with employees in case of a public takeover offer.

Vienna, February 28, 2013

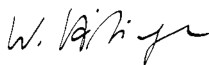
The Management Board



Georg Pölzl
Chairman of the Management Board
Chief Executive Officer



Walter Oblin
Member of the Management Board
Chief Financial Officer



Walter Hitziger
Member of the Management Board
Mail & Branch Network Division

Peter Umundum
Member of the Management Board
Parcel & Logistics Division

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CONSOLIDATED INCOME STATEMENT FOR THE 2012 FINANCIAL YEAR

EUR m	Note	2011 adjusted[1]	2012
Revenue	(7.1)	2,348.7	2,366.1
Other operating income	(7.2)	74.6	72.0
Total operating income		2.423.2	2.438.1
Raw materials, consumables and services used	(7.3)	–759.8	–766.9
Staff costs	(7.4)	–1,050.8	–1,091.4
Depreciation, amortisation and impairment losses	(7.5)	–114.4	–88.8
Other operating expenses	(7.6)	–320.0	–294.8
Total operating expenses		–2,245.0	–2,241.9
Profit from operations		**178.3**	**196.2**
Results of investments consolidated at equity	(8.5)	–10.8	–13.9
Financial income		7.4	6.9
Financial expenses		–12.6	–37.7
Other financial result	(7.7)	–5.2	–30.8
Total financial result		**–16.0**	**–44.7**
Profit before tax		**162.3**	**151.6**
Income tax	(8.17)	–39.1	–28.4
Profit for the period		**123.2**	**123.2**
Attributable to:			
equity holders of the parent company		123.2	123.2

EUR			
Basic earnings per share	(7.8)	**1.82**	**1.82**
Diluted earnings per share	(7.8)	**1.82**	**1.82**

EUR m			
Results of investments consolidated at equity	(8.5)	–10.8	–13.9
Earnings before interest and tax (EBIT)		**167.5**	**182.4**

[1] Adjusted due to the early application of IAS 19; refer to Note 2 – Summary of Accounting Principles

STATEMENT OF COMPREHENSIVE INCOME FOR THE 2012 FINANCIAL YEAR

EUR m	Note	2011 adjusted[1]	2012
Profit for the period		**123,2**	**123,2**
Currency translation differences	(8.12)	–1,3	0,4
Currency translation differences of investments consolidated at equity		–0,2	0,2
Revaluation of financial instruments held for sale	(8.12)	–4,2	4,1
Deferred taxes	(8.17)	1,0	–1,0
Revaluation of hedges	(8.12)	0,0	0,0
Deferred taxes	(8.17)	0,0	0,0
Revaluation of defined benefit obligations	(8.12)	0,7	–5,4
Deferred taxes	(8.17)	–0,2	1,4
Revaluation of defined benefit obligations of investments consolidated at equity		0,2	–1,1
Other comprehensive income		**–3,9**	**–1,6**
Total comprehensive income		**119,2**	**121,5**
Attributable to:			
equity holders of the parent company		119,2	121,5

[1] Adjusted due to the early application of IAS 19; refer to Note 2 – Summary of Accounting Principles

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2012

EUR m	Note	Jan. 1, 2011	Dec. 31, 2011 adjusted[1]	Dec. 31, 2012
Assets				
Non-current assets				
Goodwill	(8.1)	183.8	165.5	183.5
Intangible assets	(8.2)	58.9	58.2	66.2
Property, plant and equipment	(8.3)	610.9	587.5	599.9
Investment property	(8.4)	33.9	32.8	37.8
Investments consolidated at equity	(8.5)	27.3	17.5	7.1
Financial investments in securities	(8.6)	48.0	21.9	39.7
Other financial assets	(8.7)	41.4	40.6	12.2
Receivables	(8.9)	13.3	26.4	37.2
Deferred tax assets	(8.17)	49.9	54.6	63.9
		1,067.6	**1,005.1**	**1,047.6**
Current assets				
Financial investments in securities	(8.6)	0.2	12.3	0.2
Inventories	(8.8)	16.3	14.4	16.1
Receivables	(8.9)	317.9	323.2	321.9
Cash and cash equivalents	(8.10)	313.1	310.6	315.0
		647.5	**660.4**	**653.2**
Non-current assets held for sale	(8.11)	**0.0**	**2.8**	0.0
		1,715.1	**1,668.3**	**1,700.8**
Equity and liabilities				
Capital and reserves	(8.12)			
Share capital		337.8	337.8	337.8
Capital reserves		130.5	130.5	130.5
Revenue reserves		106.5	116.8	125.1
Revaluation of financial instruments		–1.8	–5.0	–1.9
Revaluation of defined benefit obligations		0.0	0.7	–4.5
Currency translation reserves		–0.6	–2.0	–1.6
Profit for the period		118.4	123.2	123.2
		690.8	**702.0**	**708.6**
Non-current liabilities				
Provisions	(8.13)	414.6	396.7	393.0
Financial liabilities	(8.15)	24.6	18.6	19.8
Payables	(8.16)	25.9	25.2	20.2
Deferred tax liabilities	(8.17)	14.2	12.4	12.2
		479.4	**452.9**	**445.2**
Current liabilities				
Provisions	(8.13)	135.1	132.8	149.6
Tax provisions	(8.14)	25.0	12.7	11.9
Financial liabilities	(8.15)	54.5	10.6	3.1
Payables	(8.16)	330.3	346.6	382.4
		544.9	**502.8**	**547.0**
Non-current liabilities held for sale	(8.11)	**0.0**	**10.6**	**0.0**
		1,715.1	**1,668.3**	**1,700.8**

[1] Adjusted due to early application of IAS 19: refer to Note 2 – Summary of Accounting Principles

CONSOLIDATED CASH FLOW STATEMENT FOR THE 2012 FINANCIAL YEAR

EUR m	Note	2011 adjusted[1]	2012
Operating activities			
Profit before tax		162.2	151.6
Depreciation. amortisation and impairment losses	(7.5)	114.4	88.8
Results of investments consolidated at equity	(8.5)	10.8	13.9
Write-ups. write-downs of financial instruments	(7.7)	0.4	28.3
Non-current provisions		–17.6	37.8
Gain/loss on the disposal of non-current assets		–5.4	–3.6
Gain/loss on the disposal of financial instruments		0.7	–0.1
Taxes paid		–42.0	–51.8
Net interest received/paid		–2.2	–4.0
Currency translation		–0.9	0.0
Other non-cash transactions	(9.1)	28.2	–6.3
Operating cash flow before changes in working capital		**248.6**	**254.6**
Changes in net working capital			
Receivables		–21.7	–3.8
Inventories		–0.3	–1.0
Current provisions		–2.3	–13.4
Payables		3.9	10.3
Cash flow from changes in net working capital		**–20.4**	**–7.9**
Cash flow from operating activities		**228.2**	**246.7**
Investing activities			
Purchase of intangible assets		–11.0	–7.3
Purchase of property, plant and equipment and investment property		–73.8	–78.9
Proceeds from the disposal of non-current assets		23.9	9.3
Acquisition of subsidiaries	(9.1)	–0.4	–18.0
Disposal of subsidiaries	(9.1)	0.0	–15.5
Acquisition of subsidiaries consolidated at equity	(8.5)	–2.1	–5.8
Disposal of subsidiaries consolidated at equity		3.6	0.0
Acquisition of financial investments in securities		–15.1	–16.8
Proceeds from the disposal of financial investments in securities		25.1	15.2
Dividends received from investments consolidated at equity	(8.5)	1.6	0.3
Loans granted		–23.3	–3.9
Interest received		5.7	5.8
Cash flow from investing activities		**–65.8**	**–115.4**
Free cash flow		**162.5**	**131.3**
Financing activities			
Changes in financial liabilities		–53.4	–10.2
Dividends paid		–108.1	–114.8
Interest paid		–3.5	–1.8
Cash flow from financing activities		**–165.0**	**–126.8**
Net change in cash and cash equivalents		**–2.5**	**4.5**
Cash and cash equivalents at January 1		313.1	310.6
Cash and cash equivalents at December 31		**310.6**	**315.0**

[1] Adjusted due to early application of IAS 19: refer to Note 2 – Summary of Accounting Principles

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2011 financial year adjusted[1] EUR m	Share capital	Capital reserves	Revenue reserves	Revaluation of defined benefit obligations[2]	Revaluation of financial instruments[3]	Currency translation reserves	Profit for the period	Consolidated equity
Balance at January 1, 2011	**337.8**	**130.5**	**106.5**	**0.0**	**–1.8**	**–0.6**	**118.4**	**690.8**
Changes in reserves			10.3				–10.3	0.0
Dividends paid							–108.1	–108.1
Profit for the period							123.2	123.2
Other comprehensive income				0.7	–3.1	–1.5		–3.9
Total comprehensive income	**0.0**	**0.0**	**0.0**	**0.7**	**–3.1**	**–1.5**	**123.2**	**119.2**
Balance at December 31, 2011	**337.8**	**130.5**	**116.8**	**0.7**	**–5.0**	**–2.0**	**123.2**	**702.0**

2012 financial year EUR m	Share capital	Capital reserves	Revenue reserves	Revaluation of defined benefit obligations	Revaluation of financial instruments[3]	Currency translation reserves	Profit for the period	Consolidated equity
Balance at January 1, 2012	**337.8**	**130.5**	**116.8**	**0.7**	**–5.0**	**–2.0**	**123.2**	**702.0**
Changes in reserves			8.3			–0.1	–8.3	–0.1
Dividends paid							–114.8	–114.8
Profit for the period							123.2	123.2
Other comprehensive income				–5.2	3.1	0.5		–1.6
Total comprehensive income	**0.0**	**0.0**	**0.0**	**–5.2**	**3.1**	**0.5**	**123.2**	**121.5**
Balance at December 31, 2012	**337.8**	**130.5**	**125.1**	**–4.5**	**–1.9**	**–1.6**	**123.2**	**708.6**

[1] Adjusted due to the early application of IAS 19 – refer to Note 2 – Summary of Accounting Principles
[2] The provision for the revaluation of the defined benefit obligations as at January 1, 2011, is contained in the revenue reserves and will not be presented separately.
[3] Held for sale

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2012 FINANCIAL YEAR

1. BASIS OF PREPARATION

Österreichische Post AG (Austrian Post) and its subsidiaries are logistics and service companies in the letter mail and parcel segments. Austrian Post's core business activities include post and parcel services, combined freight and specialised logistics, as well as the provision of financial services in cooperation with the bank BAWAG P.S.K. Moreover, the range of services encompasses data and output management as well as document collection, digitalisation and processing.

The headquarters of Austrian Post are in Vienna, Austria. The mailing address is Austrian Post, Haidingergasse 1, 1030 Vienna. The company is registered in the company register at the Vienna Commercial Court under the registry number FN 180219d.

2. SUMMARY OF ACCOUNTING PRINCIPLES

The consolidated financial statements of Austrian Post for the 2012 financial year have been prepared in accordance with the binding International Financial Reporting Standards (IFRS) valid as at December 31, 2012, as issued by the International Accounting Standards Board (IASB) and adopted by the European Union.

In the 2012 financial year, the following revised standards were binding or adopted ahead of schedule for the first time:

Binding revised standard		Effective date in the EU[1]
IFRS 7	Financial Instruments: Disclosures - Transfer of Financial Assets	July 1, 2011

Revised standard applied early		Effective date in the EU[1]
IAS 19	Employee Benefits	Jan. 1, 2013

[1] To be applied in the financial year beginning on or after the effective date

The amendments in IFRS 7 pertain to the expansion of obligations to make disclosures on the transfer of financial assets. They are intended to enable the parties addressed by the financial statements to understand the relationships between the assets that have been transferred but not totally derecognised and the corresponding financial liabilities. Also to be made more transparent is the derecognised financial assets' link to the nature of the continuing involvement and the risks associated with it. The amendments do not have any material effects on the consolidated financial statements of Austrian Post at the present time as there is no specific application.

The option of taking into account actuarial gains and losses through the application of the corridor method was removed through the amendment of IAS 19. This causes actuarial gains and losses to be taken into account in the period in which they have been incurred. The entry is made in the other comprehensive income and thus directly incorporated in equity. Furthermore, the reporting of past service cost was changed. In the future, it will be immediately recognised in profit or loss. The adapted IAS 19 also requires more extensive disclosure in the notes on defined benefit plans.

The revisions to IAS 19 “Employee Benefits” were applied in the Austrian Post Group ahead of schedule. The revised standard must be applied in accordance with the stipulations contained in IAS 8, which results in a retroactive application of the revisions. As a consequence the comparative periods as at January 1, 2011 and December 31, 2011 were adjusted. This led to a reclassification of actuarial gains and losses previously recognised in profit or loss as other comprehensive income, and as a consequence to a change in staff costs, results of investments consolidated at equity as well as other comprehensive income, deferred taxes and earnings per share. The carrying amount of provisions did not change, due to the fact that the corridor method was not applied by Austrian Post.

Accordingly, the adjusted amounts of the affected items are presented for the reporting and comparative periods.

Adjusted amounts for the consolidated income statement EUR m	**2011**	**2012**
Staff costs	–0.7	5.4
Total operating expenses	–0.7	5.4
Profit from operations	**–0.7**	**5.4**
Results of investments consolidated at equity	–0.2	1.1
Total financial result	**–0.2**	**1.1**
Profit before tax	**–0.9**	**6.6**
Income tax	0.2	–1.4
Profit for the period	**–0.7**	**5.2**
Attributable to equity holders of the parent company	–0.7	5.2

EUR	**2011**	**2012**
Basic earnings per share	**0.00**	**0.08**
Diluted earnings per share	**0.00**	**0.08**

Adjusted amounts for the statement of comprehensive income EUR m	**2011**	**2012**
Profit for the period	**–0.7**	**5.2**
Revaluation from defined benefit obligations	0.7	–5.4
Deferred taxes	–0.2	1.4
Revaluation of defined benefit obligations of investments consolidated at equity	0.2	–1.1
Other comprehensive income	**0.7**	**–5.2**
Total comprehensive income	**0.0**	**0.0**
Attributable to equity holders of the parent company	0.0	0.0

Adjusted amounts for the consolidated balance sheet EUR m	**December 31, 2011**	**December 31, 2012**
Equity and liabilities	**0.0**	**0.7**
Capital and reserves	**0.0**	**0.7**
Revaluation of defined benefit obligations	0.7	–4.5
Profit for the period	–0.7	5.2

Adjusted amounts for the consolidated cash flow statement EUR m	2011	2012
Profit before income tax	–0.9	6.6
Results of investments consolidated at equity	0.2	–1.1
Other non-cash transactions	0.7	–5.4
Operating cash flow before changes in working capital	**0.0**	**0.0**

The consolidated financial statements are presented in Euros. Unless otherwise stated, all amounts are stated in millions of Euros (EUR m). Where rounded, amounts and percentages are aggregated, rounding differences may occur due to the use of automated calculation aids.

3. CONSOLIDATION SCOPE

In addition to the parent company Österreichische Post AG (Austrian Post), a total of 26 domestic subsidiaries (December 31, 2011: 25) and 34 foreign subsidiaries (December 31, 2011: 33), in which the company directly or indirectly holds a majority of the voting rights, are included in the consolidated financial statements. Furthermore, 3 domestic companies (December 31, 2011: 3) and 5 foreign companies (December 31, 2011: 4) are consolidated at equity.

Changes in the consolidation scope

The following changes in the consolidation scope of the Austrian Post Group were carried out in the 2012 financial year:

Company name	Interest from	Interest to	Date of transaction	Note
Mail & Branch Network				
Post zehn Beteiligungs GmbH	–	100.0%	Feb. 28, 2012	Incorporation
feibra GmbH, (feibra West GmbH)[1]	100.0%	–	Jan. 11,2012	Merger
Kolportaż Rzetelny sp. z o.o.	–	100.0%	May 2, 2012	Acquisition
M&BM Express OOD	–	26.0%	May 2, 2012	Acquisition
PostMaster s.r.l.	26.0%	100.0%	Nov. 1, 2012	Step acquisition
Parcel & Logistics				
trans-o-flex Nederland B.V.[2]	100.0%	–	March 15, 2012	Disposal
trans-o-flex Belgium B.V.B.A.[2]	100.0%	–	May 31, 2012	Disposal
Eurodis GmbH	59.4%	39.8%	May 9, 2012	Stake sale
trans-o-flex Belgium Real Estate B.V.B.A.[3]	100.0%	100.0%	Feb. 29, 2012	Spin-off
Systemlogistik Distribution GmbH	–	100.0%	May 31, 2012	Acquisition
trans-o-flex ThermoMed Austria GmbH	74.9%	100.0%	Dec. 31, 2012	Increased shareholding
Corporate				
media.at GmbH	21.0%	20.5%	April 17, 2012	Reorganisation
ADELHEID GmbH	–	35.2%	Dec. 5, 2012	Incorporation

[1] The Group companies listed in parenthesis were merged with the initially named Group subsidiary and are thus no longer included in the consolidation scope.
[2] The disposal of the company trans-o-flex Nederland B.V. and trans-o-flex Belgium B.V.B.A. are described in Note 8.11.
[3] trans-o-flex Belgium Real estate B.V.B.A. emerged as a spin-off of trans-o-flex Belgium B.V.B.A.

Mail & Branch Network

On May 2, 2012, the Austrian Post Group acquired 100% of the shares in Kolportaż Rzetelny sp. z o.o., Krakow. Kolportaż Rzetelny sp. z o.o. is the market leader in non-addressed mailing in Poland. The purchase of this company represents the consistent further development of Austrian Post's growth strategy in Central and Eastern Europe.

The preliminary fair values of the identifiable assets and liabilities of Kolportaż Rzetelny sp. z o.o at the date of acquisition are as follows:

EUR m	Fair value
Non-current assets	
Property, plant and equipment	0.0
Customer relations	4.7
Other intangible assets	0.1
Other non-current assets	0.1
Current assets	
Cash and cash equivalents	0.3
Other current assets	2.5
Non-current liabilities	
Provisions and liabilities	–0.9
Current liabilities	
Provisions and liabilities	–1.5
Net assets acquired	**5.3**
Goodwill	9.7
Purchase price	**15.0**
Breakdown of cash outflow	
Cash and cash equivalents acquired	0.3
Purchase price	–15.0
Remaining purchase price liability	2.2
thereof contingent consideration	2.2
Net cash outflow	**–12.5**

The fair value of the trade receivables amounts to EUR 2.5m, which corresponds to the gross amount. None of the trade receivables was impaired, and thus the entire contractually stipulated amount will likely be recoverable.

Since the date of acquisition, Kolportaż Rzetelny sp. z o.o. has contributed EUR 6.8m in revenue and EUR 0.5m to the profit for the period of the Austrian Post Group. If the acquisition had taken place at the beginning of the year, the profit for the period would have amounted to EUR 1.1m and the revenue would have totalled EUR 9.4m.

The recognised goodwill results from the market entry premium and other advantages arising from the merger of the assets and activities of Kolportaż Rzetelny sp. z o.o. with those of Austrian Post Group.

The transaction costs of EUR 0.1m were recognised as an expense and are reported as other expenses in the consolidated income statement and in the cash flow from operating activities in the consolidated cash flow statement.

At the acquisition date the sum of EUR 2.2m was recognised for a contingent consideration, and was recognised as a liability on the balance sheet to the same amount. This amount is success-oriented and can total a maximum of EUR 2.2m.

On May 2, 2012, Austrian Post acquired a 26% stake in M&BM Express OOD, Sofia. M&BM Express OOD is the Bulgarian market leader among the alternative letter mail service providers as well as in the field of hybrid mail. The purchase agreement stipulates a call option for acquiring an additional 25% stake each in the years 2013 and 2014. The goodwill of EUR 4.7m arising from the purchase price allocation is recognised as part of the share of investments consolidated at equity. As at January 31, 2013, the right of Austrian Post to waive its option of acquiring the remaining 25% stake in M&BM Express OOD expired. Accordingly, as of February 1, 2013, the option of purchasing an additional 25% of the shares in the company can be exercised. This option has not yet been exercised up until now.

On November 1, 2012, Austrian Post exercised its option to acquire the remaining 74% stake in PostMaster s.r.l., Bucharest. Previously PostMaster s.r.l. had been included as an investment consolidated at equity in the consolidated financial statements.

The preliminary fair values of the identifiable assets and liabilities of PostMaster s.r.l. at the date of acquisition are as follows:

EUR m	Fair value
Non-current assets	
Property, plant and equipment	0.4
Customer relations	1.7
Other intangible assets	0.0
Other non-current assets	0.0
Current assets	
Cash and cash equivalents	1.3
Other current assets	1.7
Non-current liabilities	
Provisions and liabilities	–0.3
Current liabilities	
Provisions and liabilities	–0.7
Net assets acquired	**4.1**
Goodwill	11.8
Addition to the consolidation scope	**15.9**
Existing shares	**–4.1**
thereof purchase price of existing shares	–2.1
thereof valuation of existing shares	–2.1
Purchase price	**11.8**
Breakdown of cash outflow	
Cash and cash equivalents acquired	1.3
Purchase price	–11.8
Remaining purchase price liability	10.2
Net cash outflow	**–0.3**

The fair value of the trade receivables amounts to EUR 1.0m. An impairment loss was recognised on receivables totalling EUR 0.1m.

Since the date of acquisition, PostMaster s.r.l. has contributed EUR 1.7m to revenue and EUR 0.1m to the profit for the period of the Group. If the acquisition had taken place at the beginning of the year, the profit for the period would have amounted to EUR 1.9m and revenue would have totalled EUR 10.3m.

The recognised goodwill arises from the market entry premium and other advantages resulting from the merger of the assets and activities of PostMaster s.r.l. with the Austrian Post Group.

The minor transaction costs were recognised as an expense and are reported as other expenses in the consolidated income statement and in the cash flow from operating activities in the consolidated cash flow statement.

Effective February 1, 2013, the Austrian Post Group acquired the remaining 50% stake in FEIPRO Vertriebs GesmbH, Gaweinstal. FEIPRO Vertriebs GesmbH had been included as an investment consolidated at equity in the consolidated financial statements at the balance sheet date of December 31, 2012

The preliminary fair values of the identifiable assets and liabilities of FEIPRO Vertriebs GesmbH were not yet available at the time the consolidated financial statements were prepared.

Parcel & Logistics
On May 31, 2012, the Austrian Post Group acquired a 100% stake in Systemlogistik Distribution GmbH, Vienna. The fulfillment specialist operates in the field of contract logistics, and offers outsourcing of web shop logistics, order processing and warehousing. With the acquisition of Systemlogistik Distribution GmbH, Austrian Post is determinedly pursuing its strategy of enhancing its core competence in parcel distribution services along the value chain.

The preliminary fair values of the identifiable assets and liabilities of Systemlogistik Distribution GmbH at the date of acquisition are as follows:

EUR m	Fair value
Non-current assets	
Property, plant and equipment	7.2
Customer relations	0.4
Brand	0.3
Other non-current assets	0.1
Current assets	
Cash and cash equivalents	0.0
Other current assets	1.3
Non-current liabilities	
Provisions and liabilities	–5.1
Current liabilities	
Provisions and liabilities	–2.2
Net assets acquired	**2.1**
Goodwill	1.7
Purchase price	**3.7**
Breakdown of cash outflow	
Cash and cash equivalents acquired	0.0
Cash outflow of cash and cash equivalents	–3.7
Net cash outflow	**–3.7**

The fair value of the trade receivables amounts to EUR 1.1m, which corresponds to the gross amount. None of the trade receivables was impaired, and thus the entire contractually stipulated amount will likely be recoverable.

Since the date of acquisition, Systemlogistik Distribution GmbH has contributed EUR 3.7m in revenue and EUR 0.2m to the profit for the period of the Austrian Post Group. If the acquisition had taken place at the beginning of the year, the profit for the period would have amounted to EUR 0.1m and the revenue would have totalled EUR 6.2m.

The recognised goodwill results from the expected synergies and other advantages arising from the merger of the assets and activities of Systemlogistik Distribution GmbH with those of Austrian Post Group.

In the 2007 financial year the Parcel & Logistics Division of the Austrian Post Group acquired 74.9% of the shares of trans-o-flex ThermoMed Austria GmbH, formerly Scherübl GmbH, at a purchase price of EUR 1.8m. The purchase price consists of a fixed purchase price component to the amount of EUR 1.4m, and an exercisable put option of the non-controlling shareholders of trans-o-flex ThermoMed Austria GmbH totalling EUR 0.4m. Due to the existing put option, 100% of the shares in trans-o-flex ThermoMed Austria GmbH were consolidated. No non-controlling shares are reported in equity, and the entire goodwill is recognized. A financial liability arose towards the non-controlling shareholders as a result of the purchase obligation relating to the put option.

Effective December 31, 2012, the Austrian Post Group acquired the remaining 25.1% stake in trans-o-flex ThermoMed Austria GmbH for EUR 0.3m. The initial consolidation of the company is implemented in accordance with IFRS 3 (2004). For this reason, the purchase price liability reported in equity and liabilities which was too high in relation to the cost of acquisition was derecognised. This results in a change of goodwill of minus EUR 0.2m.

The stake held in the company Eurodis GmbH, Weinheim, which is consolidated at equity in the consolidated financial statements, declined from 59.4% to 39.8%, due to the fact that some of the shares were disposed of.

Corporate
In the 2012 financial year Omnimedia Werbegesellschaft mbH, Vienna, which is consolidated at equity in the consolidated financial statements, was renamed media.at GmbH. The share held by Austrian Post fell from 21% to 20.453% as a result of dilution.

In the 2012 financial year the company ADELHEID GmbH, Berlin was established. The entry into the commercial register took place on December 5, 2012. Austrian Post has a 35.19% shareholding in the company. The carrying amount of this stake according to the equity method is EUR 0.2m. The business activities of ADELHEID GmbH focus on trading in all kinds of goods.

4. ACCOUNTING POLICIES

4.1 CONSOLIDATION POLICIES

Subsidiaries are included in the consolidated financial statements starting from the time at which Austrian Post gains a controlling interest in the company. The capital consolidation for companies included in the consolidated financial statements for the first time is carried out in accordance with the purchase method. In this case, the respective acquisition costs are allocated to the identifiable acquired assets and liabilities including contingent liabilities.

The value of intangible assets is determined on the basis of an earnings-oriented valuation method (income approach), depending on the type of asset and the availability of information. For the valuation of customer relationships (customer list), the multi-period excess earnings method is used, which measures the current value of the cash flows resulting exclusively from the intangible assets. In determining the relevant incremental cash flow, estimated payments for the contributory asset charges are taken into account, based on the assumption that the intangible assets in question can only generate cash flow together with other tangible and intangible assets. The valuation of a trademark is carried out on the basis of the relief from royalty method, in which the value of the intangible asset is determined as a fictive current value for the respective licence payments, based on the assumption that the corresponding asset is owned by a third party.

Any remaining capitalised difference on the asset side between the acquisition costs and the value of the identifiable and revalued net assets is reported as goodwill. In turn, any remaining capitalised difference on

the liabilities side will be immediately recognised in profit or loss following the repeated valuation of the identifiable and revalued assets, liabilities, contingent liabilities and acquisition costs.

Shareholdings in companies on which a significant influence can be exercised (investments in associates), generally involving an interest of between 20% and 50%, as well as jointly managed companies are accounted for using the equity method. Shareholdings in companies in which a controlling interest is not possible due to contractually stipulated minority shareholder rights are also accounted for using the equity method.

Pursuant to the equity method, shareholdings are first reported at the cost of acquisition, and later increased or reduced by the respective changes in equity in proportion to the particular stake held by Austrian Post. The goodwill of an associated company or jointly managed company is part of the carrying amount of the investment.

Receivables and liabilities, income and expenses arising from the intra-Group exchange of deliveries and services as well as intra-Group profit and losses are eliminated, unless they are not of immaterial importance.

4.2 CURRENCY TRANSLATION

The reporting currency of the Austrian Post Group is the Euro. The Euro is both the functional currency of Group companies located in Austria and in those countries, which are members of the European Economic and Monetary Union. The functional currency of the foreign subsidiaries is the respective local currency, as they conduct their operations independently in financial, economic and organisational terms.

Business transactions in foreign currencies
Transactions of Group companies in foreign currencies are accounted for using the reference exchange rate at the date of transaction. The monetary assets and liabilities are converted into Euros at the valid European Central Bank reference rate on the balance sheet date. Foreign exchange gains and losses arising at the balance sheet date are reported as a net profit or loss in the course of the financial year.

Translation of individual accounts in foreign currencies
The modified closing rate method is used in the translation of the financial statements of Group companies in which the Euro is not the functional currency. All balance sheet items with the exception of capital and reserves items are translated at the reference rate of the European Central Bank on the balance sheet date, whereas capital and reserves items are translated at the prevailing rate on the date of acquisition or formation. Income and expense items are translated at the average reference rates for the financial year in question. The resultant currency translation differences are directly recognised in equity.

The movements in foreign exchange rate against the Euro used in translation were as follows:

1 EUR	Reference rate at balance sheet date		Average annual rate	
	Dec. 31, 2011	Dec. 31, 2012	2011	2012
Bosnian Convertible Mark	1.9558	1.9558	1.9558	1.9558
Croatian Kuna	7.5370	7.5575	7.4390	7.5217
Polish Zloty	n. a.	4.0740	n. a.	4.1847
Romanian Leu	4.3233	4.4445	4.2391	4.4593
Serbian Dinar	104.6409	113.7183	101.9372	113.1307
Czech Koruna	25.7870	25.1510	24.5898	25.1491
Hungarian Forint	314.5800	292.3000	279.3726	289.2494

4.3 RECOGNITION OF REVENUE AND EXPENSE

The recognition of revenue and other operating income is generally reported when the particular service has been provided, the level of the revenue can be reliably measured, and it is likely that the economic benefit from the transaction will flow to the entity. Contracted services which have not yet been provided by Austrian Post as at the balance sheet date are designated as deferred income.

Operating expenses are recognised when the service is utilised or when the expenses are incurred.

4.4 EARNINGS PER SHARE

The earnings per share are calculated on the basis of the profit for the period attributable to the shareholders of Austrian Post divided by the weighted average of the outstanding shares in 2012. Shares repurchased during a specific period are taken into account on a pro rata basis for the period of time in which they are still outstanding shares. A dilutive effect takes place when the average number of shares increases by adding the issue of potential shares from incentive plans, whereas the Group profit for the period is adjusted to take account of the effects of dilution.

4.5 GOODWILL

Goodwill arises as the excess of the purchase price over (the pro rata share of) the net assets of the acquired company recognised at their fair value. Goodwill is subject to annual impairment tests. In case particular events or changes take place, which would point to a potential impairment, the impairment test is to be carried out more frequently. Impairment tests are carried out in accordance with the principles described in Note 4.9 Impairment.

4.6 INTANGIBLE ASSETS

Intangible assets acquired in return for payment are reported at cost and are amortised on a straight-line basis over a period of three to ten years, depending on their economic useful lives or the contract period. When there are indications that an asset is impaired, and if the recoverable amount is lower than the amortised costs, the asset is written down to the recoverable amount. If the reasons for impairment cease to apply, the write-downs are reversed.

Trademark rights are usually considered having indefinite useful lives, due to the fact that there is no foreseeable end to their economic benefit.

Intangible assets with indefinite lives and goodwill are not subject to amortisation, but are subject to annual impairment tests. This also applies if there is no reasonable assumption that an impairment is necessary. In case particular events or changes take place, which would point to a potential impairment, then impairment tests will also be carried out if necessary.

Impairment tests in connection with intangible assets are carried out in accordance with the principles described in Note 4.9 Impairment.

4.7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment assets are carried at acquisition or production cost less depreciation and impairment losses. Depreciation rates are linked to the expected useful lives of the particular items.

Depreciation is calculated on a straight-line basis in accordance with the following useful lives which are applied uniformly throughout the company:

Useful lives	Years
Buildings	20–50
Technical plant and machinery	5–10
Vehicle fleet	2–8
IT equipment	3–5
Other equipment, furniture and fittings	5–20

Impairment tests are carried out for property, plant and equipment in accordance with the principles described in Note 4.9 Impairment in case there are any indications of impairment.

4.8 INVESTMENT PROPERTY

Investment property is property held to earn rental income and/or for the purpose of capital appreciation, and which could be sold in separate portions. Recognition of the owner-occupied portion of the property is carried out in accordance with the percentage of use. Investment property is carried in the balance sheet at acquisition cost less accumulated depreciation, which is performed on a straight-line basis, applying useful lives of between 20 and 50 years. The fair values of the investment properties included in the notes to the consolidated financial statements were determined by experts at Austrian Post, using generally accepted valuation methods. Measurement is carried out on the basis of a profit oriented valuation approach. As a rule, the income approach was used, while the dis-counted cash flow method was employed in the event of more complex investment property. The relevant method of valuation using comparable transactions in an active market was applied to the valuation of undeveloped property.

4.9 IMPAIRMENT

At every balance sheet date the company evaluates whether there are any indications of a potential impairment of assets in accordance with IAS 36. If such indications exist, an impairment test is carried out.

Property, plant and equipment and intangible assets are subject to annual impairment tests at every balance sheet date pursuant to IAS 36 if there are indications that a specific asset is impaired or if the reasons which led to an impairment in earlier reporting periods no longer apply.

Intangible assets with indefinite lives as well as goodwill are subject to annual impairment tests even if there are no indications for impairment. In case particular events or changes take place which would point to a potential impairment, impairment tests will also be carried out during the period.

Goodwill as well as individual assets whose recoverable amount cannot be separately determined for an individual asset, are assigned to cash generating units (CGU) for the purpose of the impairment tests. CGU are groups of assets on the lowest possible level that generate separately identifiable cash flows and which are monitored for internal management purposes. Accordingly, impairment tests are carried out at the level of sub-segments or Group companies.

The recoverable amount of a particular asset or the CGU is determined within the context of an impairment test. The recoverable amount is the higher amount of the fair value less costs to sell and the value in use. Subsequently the carrying amounts of the individual assets or the total of the assets and liabilities assigned to a CGU pursuant to IAS 36 are compared to the recoverable amount of the CGU. If the carrying amount is higher than the recoverable amount, the carrying amount of the CGU will be reduced by the difference to its recoverable amount. If the reasons for an impairment no longer apply, then the write-down is reversed (except goodwill). The carrying amount resulting from a reversal of impairment may not exceed amortised costs.

As a rule, the recoverable amount of a CGU is determined by taking the expected future cash flow and discounting it to its present value on the basis of an after-tax discount rate which reflects current market expectations relating to the interest effect and the specific risks of the asset. In this case the discounted cash flow method is applied. This calculation is based on the business planning for the year 2013, the medium-term planning for a period of three years (2014–2016), and perpetuity, which takes account of the expected long-term growth rates for the individual CGU representing up to 1.0% p.a. Capital costs are calculated according to the weighted average cost of capital (WACC) formula and in accordance with the capital asset pricing model (CAPM) in line with the individual conditions of the CGU. During the reporting period, the pre-tax weighted average cost of capital in the eurozone for CGUs ranged from 8.0% to 11.4% (2011: 7.7% to 10.1%), and for CGUs in other countries from 9.2% to 16.6% (2011: 9.7% to 15.1%).

4.10 FINANCE LEASES

If all the major risks and rewards related to the leased assets are transferred to Austrian Post (finance leases pursuant to IAS 17), these assets are capitalised as non-current assets at the lower of their fair value or the present value of the future minimum lease payments. The leased assets are depreciated over the expected useful life or the duration of the lease, if shorter. The future lease payments arising from these leasing agreements are reported under financial liabilities.

4.11 FINANCIAL ASSETS

At Austrian Post, financial assets are assigned to the following classes, pursuant to IFRS 7: financial investments in securities, other financial assets, receivables as well as cash and cash equivalents. These financial assets are classified as loans and receivables, held to maturity investments, available for sale financial assets, and financial assets at fair value through profit or loss in accordance with IAS 39.

Loans and receivables are recognised at amortised costs. The valuation is carried out at the fair value when recognised. Any existing difference between the acquisition costs and the repayment amount (e.g. for non-interest bearing or interest deviating from the prevailing market level) is accrued over the term to maturity using the effective interest rate method and included in the financial result. If there are any indications of an impairment, they are written down to the present value of the expected future cash flows. In the Austrian Post Group, the share of irrecoverable receivables is determined on the basis of a maturity analysis, taking the customer and market structure into account. Moreover, impairments are carried out if, on the basis of objective evidence, it is unlikely that the loan or receivable will be recovered. Impairments are generally reported in an impairment account. If the reason for impairment ceases to apply, the write-down is reversed up to the amortised costs.

Available for sale financial assets are carried at fair value. Unrealised gains and losses are separately disclosed in capital and reserves under revaluation of financial instruments until realised, taking account of deferred taxes. The carrying amounts of the available for sale financial assets are evaluated at every balance sheet date to determine if there is objective evidence of impairment. Objective evidence, for example, may comprise financial difficulties on the part of the debtor, default or delay in payments of interest or principal, the discontinuation of an active market, or significant changes in the economic, legal or market-related environment. If the reason for impairment ceases to apply, in the case of equity instruments the impairment loss is reversed and recognised directly in equity, whereas in the case of debt instruments the reversal is included in profit or loss. Sales and purchases are accounted for at the settlement date.

Other financial assets for which no regulated market exists, and whose fair value cannot be reliably measured using established valuation methods, are recognised at acquisition cost. Impairment is reported with recognition to profit or loss but may not be reversed.

4.12 INVENTORIES

Inventories are stated at the lower amount of acquisition costs and net realisable value at the balance sheet date. The measurement of the inventories is implemented in accordance with the moving average cost formula. Any impairments resulting from obsolescence or unviability are taken into account in determining the net realisable value.

4.13 NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE

Non-current assets or disposal groups are classified as held for sale if the related carrying amount is primarily realised by a disposal transaction and not by continued use. This prerequisite is only fulfilled if the disposal is considered to be highly likely and the non-current asset (or disposal group held for sale) in its (their) current state is available for immediate sale. The disposal of assets is highly likely, if the responsible management has decided upon a plan for the sale of the assets (or disposal group) and has actively begun searching for a buyer and implementing the plan, and it can be assumed that the disposal process will be concluded within one year after such a classification.

In the case that the disposal is highly likely for the Group and this sale is related with a loss of control over a subsidiary, all assets and liabilities of this subsidiary are to be classified as non-current assets held for sale, provided that the above-mentioned prerequisites are fulfilled. This is the case regardless of whether or not the Group maintains a non-controlling interest in its former subsidiary.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of the carrying amount and the fair value less costs to sell. If the fair value of a disposal group is negative after taking into account the impairment of non-current and current assets held for sale, a liability is recognised.

4.14 PROVISIONS FOR TERMINATION BENEFITS, PENSIONS AND JUBILEE BENEFITS

Provisions for termination benefits

The provisions for termination benefits apply to legal and contractual entitlements on the part of employees. Employees working for Group companies in Austria are entitled to severance pay when they reach the legally stipulated retirement age as well as when their employment contracts are terminated by the employer. Moreover, the interim regulations pursuant to the Pension Harmonisation Act 2003 as well as the step-by-step increase in the legally stipulated retirement age for women must be taken into account. The amount of the severance pay depends on the number of years of service of the affected employees and the relevant salary at the time the employment is terminated. Civil servants normally have no entitlement to termination benefits. The provisions are calculated on an actuarial basis, using the projected unit credit method. Actuarial gains and losses are immediately recognised in other comprehensive income.

Termination benefits in respect to salaried employees who are working for Group companies in Austria and whose employment commenced after December 31, 2002, are fulfilled by regular contributions of the respective amounts to the employee benefit fund. Except for this, there is no other obligation on the part of Austrian Post.

Provisions for pensions

The pension obligations on the part of Austrian Post encompass both a defined contribution plan as well as a defined benefit plan.

There are no pension fund obligations on the part of Austrian Post to civil servants. Pension obligations to civil servants are principally fulfilled by the Republic of Austria. Due to legal regulations, Austrian Post is obliged to pay a pension contribution margin to the Republic of Austria. Since October 1, 2005, these contributions, including the civil servants' own employee contributions, have totalled between 15.8% and 28.3% of the remuneration paid to active civil servants and are reported as staff costs.

Contributions are being made to a pension fund on behalf of members of the Management Board.

Austrian Post has defined benefit obligations to specific employees of the Group. The calculation of provisions for defined benefit pension obligations is based on the projected unit credit method. Actuarial gains and losses are recognised as other comprehensive income.

Provisions for jubilee benefits

In some cases Austrian Post is obliged to pay jubilee benefits to salaried employees and civil servants to mark service jubilees.

Benefits of two months' salary after 25 years of service and of four months' after 40 years are paid out in Austria. Certain employees with at least 35 years of service at retirement age also receive a jubilee benefit amounting to four months' salary. Employees subject to the collective agreement for Austrian Post employees pursuant to the first part of Section 19 Para. 3 Postal Service Structure Act, valid as of August 1, 2009 (Kollektivvertrag für Bedienstete der Österreichischen Post AG gemäß § 19 Abs. 3 Poststrukturgesetz (PTSG), Erster Teil) are entitled to an additional payment of one months' salary after 20 years of service on behalf of the company, which rises to one and a half months' salary after 25 years, two and a half months' salary after 35 years and three and a half months' salary after 40 years of employment with the company. Employees subject to the second part of the collective agreement are not entitled to any jubilee benefits.

The provisions for jubilee benefits are calculated in a similar manner to the provisions made for termination benefits and pensions, in accordance with the project unit credit method. Actuarial gains and losses are immediately recognised in profit or loss.

The interest expense resulting from provisions for termination benefits, pensions and jubilee benefits is reported in the financial result. Actuarial gains and losses from termination benefit and pension provisions are recognised under other comprehensive income, whereas the actuarial gains and losses from the provisions for jubilee benefits are reported as staff costs. All other changes in the provisions for termination benefits, pensions and jubilee benefits are also reported as staff costs.

The following parameters were used as the basis for calculating provisions for termination benefits, pensions and jubilee benefits at December 31, 2011, and December 31, 2012:

	2011	2012
Interest rate	4.5%	3.5%
Salary or pension increases	graduated (0–4%)	graduated (0–3.5%)
Staff turnover reduction	graduated (0–21%)	graduated (0–30%)
Retirement age		
Female employees	55–67	60–67
Male employees	60–67	62–67
Civil servants	60–65	60–67

4.15 PROVISIONS FOR UNDER-UTILISATION

Provisions for under-utilisation are made for future staff costs applying to those employees who have tenure (primarily female and male civil servants), and who can only be utilised partially to perform services on behalf of the company, or who cannot be utilised at all anymore.

These employment statuses are onerous contracts pursuant to IAS 37, in which the unavoidable costs to fulfil the contractual obligations are higher than the expected economic benefit.

The provisions for under-utilisation apply to those members of staff who have already been assigned to the "Internal Labour Market". Moreover, the provisions for under-utilisation are also recognised for employees whose transfer to the "Internal Labour Market" has been approved, but not yet fully concluded due to internal organisational processes, or whose transfer is not possible at present due to illness or a particular transfer clause in the employment contract.

The provisions are calculated based on the application of a unified average level of under-utilisation, taking account of a staff turnover reduction.

The provisions for under-utilisation also encompass those employees who are in the process of commencing retirement for reasons of physical disability. Moreover, provisions were allocated for Austrian Post employees who were transferred to various federal ministries. Staff costs of these employees will be refunded by Austrian Post according to the relevant agreements and their provisions are allocated until the expiration of the refund period.

For tenured employees who have been leased to a logistics company, for whom Austrian Post is only contractually remunerated in accordance with the collective labour agreement stipulating salary levels for this particular company, provisions are made for the salary expense surpassing the remuneration accorded to Austrian Post. Provisions are calculated as the current value of the underfunded salary for each particular employee up to retirement.

The provisions for under-utilisation are determined based on annual salary increases of 3.5% (2011: 4.0%) and a discount rate of 3.5% (2011: 4.5%).

4.16 OTHER PROVISIONS

In accordance with IAS 37, contingent legal or constructive obligations to third parties resulting from past events, which are likely to require an outflow of economic benefits and which can be reliably estimated are recorded as other provisions. The provisions are recognised at the amounts capable of reliable estimation at the time of preparation of the annual financial statements. Provisions are not recognised in those cases where a reliable estimate is not possible. In the event that the present value of a provision determined on the basis of a market interest rate differs materially from the nominal value, the present value of the obligation is recognised.

Provisions for onerous contracts are recognised, if the unavoidable costs required to fulfil the contractual obligations are higher than the expected economic benefit.

Pursuant to IAS 37, restructuring provisions are recognised upon development of a formal, detailed restructuring plan and the restructuring measures have already begun or the restructuring plan has been publicly announced before the balance sheet date.

4.17 FINANCIAL LIABILITIES

At Austrian Post, financial liabilities are classified, pursuant to IAS 39, as financial liabilities recognised at fair value through profit or loss, and those financial liabilities reported at amortised costs. Financial liabilities are stated at the amount actually received less transaction costs, plus or minus a premium/discount. In the recognition of financial liabilities at amortised costs, the difference between the amount received and the amount to be repaid is distributed over the maturity in accordance with the effective rate method and disclosed as part of the financial result.

Trade payables and other liabilities are measured at amortised costs.

4.18 INCOME TAX

The income tax expense reported for the year under review comprises the income tax calculated for individual Austrian Post companies on the basis of taxable income and the applicable tax rates in the countries concerned (current tax) as well as changes in deferred taxes.

Deferred taxes are calculated in accordance with the balance sheet liability method for all temporary differences arising between the carrying amount in the IFRS consolidated financial statements and the corresponding tax values. Furthermore, the probable utilisable tax advantage from existing tax loss carry forwards is included in the calculation. Exemptions from the full recognition of deferred taxes are differences arising from non-tax-deductible goodwill and temporary differences related to shareholdings in as much as these are not reversed in the foreseeable future. Deferred tax assets are recognised if it is likely that the tax advantage from them can actually be utilised. Deferred taxes on tax loss carry forwards are reported to the extent that taxable income will be available in the foreseeable future.

Deferred tax is calculated on the basis of the prevailing tax rates in the individual countries at the balance sheet date or which have been publicly announced as applicable at the point in time in which the deferred tax assets and tax liabilities are realised. For Group companies in Austria, the calculation of deferred taxes is based on a corporate tax rate of 25%.

The following table shows the corporate tax rates applied in calculating deferred taxes for foreign companies:

Country	Tax rate
Belgium	34.0%
Bosnia and Herzegovina	10.0%
Bulgaria	10.0%
Germany	26.3%–31.0%
Croatia	20.0%
Montenegro	9.0%

Country	Tax rate
Poland	19.0%
Romania	16.0%
Serbia	10.0%
Slovakia	23.0%
Hungary	10.0%

In December 2012 the corporate income tax rate in Slovakia was increased from 19% to 23% by the Slovakian Parliament. In accordance with IAS 12.47f, the higher tax rate for determining deferred taxes was already applied for the 2012 financial year.

4.19 DERIVATIVE FINANZINSTRUMENTE

Derivative financial instruments are utilised as a means of limiting and managing interest rate fluctuations.

All derivative financial instruments are reported as assets or liabilities. Derivative financial instruments and embedded derivatives, which comprise an integral part of specified contracts and which must be reported separately, are recognised at fair value at the time of acquisition and in subsequent periods. Unrealised valuation gains or losses from derivative financial transactions are reported in the consolidated income statement as a net profit or loss.

Derivative financial instruments (hedging transactions) used to hedge assets and liabilities contained in the balance sheet are reported at their fair value. Valuation gains and losses are immediately recognised in profit or loss.

Currently Austrian Post does not apply any hedge accounting at the present time.

4.20 SHARE-BASED INCENTIVE PROGRAMME

In December 2009, the Supervisory Board of Österreichische Post AG (Austrian Post) decided to introduce a sharebased payment programme. A share-based payment programme for the members of the Management Board and one for top executives was implemented in the 2010 to 2012 financial years. The basis for participation is the acquisition of a specified number of Austrian Post shares, which must be held uninterruptedly until the end of the subsequent financial year following the expiration of the performance period (tranche 1: December 31, 2013, tranche 2: December 31, 2014, tranche 3: December 31, 2015). The active and former Management Board members Georg Pölzl, Rudolf Jettmar and Walter Hitziger are taking part in all three tranches, whereas Herbert Götz is participating in the first two tranches and Walter Oblin in the third tranche.

The number of Austrian Post shares required to be purchased by members of the Management Board is oriented to a specified percentage of their gross fixed salaries divided by the reference price of the Austrian Post share for the fourth quarter of the respective year. The number of Austrian Post shares to be acquired by top executives is determined on the basis of the selected investment category in line with the terms and conditions of the share-based payment programme. The sum total of the required own investments for participation in the existing share-base payment programme as at December 31, 2012, amounted to 70,092 shares for members of the Management Board and 147,900 shares for top executives.

On the day of payment, the participants are either granted bonus shares or are paid in cash. The number of bonus shares is linked to achieving pre-defined performance criteria. Target values were defined for key performance indicators at the beginning of each programme. The primary indicators in use are earnings per share (EPS), free cash flow and total shareholder return (TSR), with each indicator considered to be equally important. The achievement of objectives is monitored over a period of three years.

The total bonus is oriented to the achievement of the objectives defined on the basis of the previously mentioned parameters as well as the share price development. The maximum and minimum bonuses to be paid after the three-year period are limited to 175% for the first tranche, 200% for the second tranche and 225% for the third tranche, with the minimum set at 25% respectively of the amount defined in case all objectives have been fully achieved.

As at December 31, 2012, the arithmetic current values for the three tranches amounted to EUR 5.4m, EUR 10.7m and EUR 11.4m respectively. This was calculated on the basis of a model derived from the expected achievement of performance criteria and the expected share price. The expected costs of the share-based payment programme are allocated over the performance period as a provision. In the 2012 financial year a total of EUR 2.5m was allocated for tranche 1, EUR 4.2m for tranche 2 and EUR 2.5m for tranche 3 of the share-based payment programme. As at the balance sheet date the pro rata provisions amounted to EUR 5.4m for tranche 1 (December 31, 2011: EUR 2.9m), EUR 6.6m for tranche 2 (December 31, 2012: EUR 2.4m) and EUR 2.5m for tranche 3 (December 31, 2011: EUR 0.0m).

5. ESTIMATES AND FUTURE-ORIENTED ASSUMPTIONS

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates in the application of its accounting and measurement policies, and to make assumptions about future developments which materially influence the recognition and valuation of assets and liabilities, the reporting of other obligations at the balance sheet date and the recognition of income and expense for the financial year. In particular, there is a risk that the use of the following assumptions and estimates may require adjustments to the carrying amounts of the following assets and liabilities in upcoming financial years.

5.1 PROVISIONS FOR TERMINATION BENEFITS, PENSIONS AND JUBILEE BENEFITS

The valuation of the existing provisions for termination and jubilee benefits as well as pensions (carrying amount as at December 31, 2012: EUR 184.0m; December 31, 2011: EUR 176.9m) is based on assumptions regarding the discount rate, retirement age, life expectancy, fluctuation rates and future salary increases.

If all other parameters remain constant, a change in the discount rate by +/– 1 percentage point, a change in salary increases by +/– 1 percentage point and a change in the fluctuation rate by +/– 1 percentage point would have the following effects on the provisions listed in the table below:

EUR m	Discount rate		Salary or pension increases		Fluctuation rate	
	–1% points	+1% points	–1% point	+1% point	–1% point	+1% point
Termination benefits	13.9	–11.4	–11.3	13.6	0.9	–0.9
Pensions	0.3	–0.3	0.0	0.0	0.0	0.0
Jubilee benefits	8.7	–7.9	–8.4	8.6	1.0	–1.0

5.2 PROVISIONS FOR UNDER-UTILISATION

The measurement of provisions for under-utilisation of individual organisational units (carrying amount as at December 31, 2012 EUR 229.1m; December 31, 2011: EUR 239.0m) is based on assumptions regarding staff turnover, retirement age, discount rate, future salary increases and the future degree of capacity utilisation per employee.

If all other parameters remain constant, a change in the avarage capacity utilisation of +/– 10 percentage points, or a change in the discount rate or salary increases of +/– 1 percentage point, respectively, would have the following effects on the provisions allocated:

EUR m	Average capacity utilisation		Discount rate		Salary increase	
	–10% points	+10% points	–1% point	+1% point	–1% point	+1% point
Under-utilisation	–25.2	25.2	17.2	–15.2	–15.3	17.0

5.3 ASSETS AND LIABILITIES IN CONNECTION WITH BUSINESS COMBINATIONS

Within the context of acquisitions, estimates and assumptions are required to be made in connection with the determination of the fair value of the acquired assets and liabilities as well as potential contingent purchase price liabilities.

All available information pertaining to the prevailing conditions at the date of acquisition is used for the initial accounting treatment of the acquired assets and liabilities at the end of the reporting period in which the business combination took place pursuant to IFRS 3. If the available information is not yet complete, preliminary amounts are disclosed. Additional information about the facts and conditions prevailing at the time of acquisition and which become known during the valuation period (up to one year) leads to a retroactive adjustment of the reported preliminary amounts. Changes relating to events after the date of acquisition are not included in the adjustments made during the valuation period.

The value of intangible assets is determined on the basis of a suitable valuation method, depending on the type of asset and the availability of information. (Refer to Note 4.1 Consolidation principles contained in the chapter "Accounting policies"). As a rule, the fair value of land and buildings is determined by independent experts or experts in the Austrian Post Group.

Similar to the reporting of acquired assets and liabilities, all available information about the underlying conditions at the date of acquisition is also used for the initial accounting treatment of contingent purchase price liabilities. In this case, additional information about the facts and conditions prevailing at the time of acquisition and which become known during the valuation period also leads to a retroactive adjustment of the reported preliminary amounts. Changes relating to events after the date of acquisition (for example achieving the desired earnings objectives) are not included in the adjustments made during the valuation period, but lead to an adjustment of the purchase price liability recognized in profit or loss.

5.4 IMPAIRMENT OF INTANGIBLE ASSETS, GOODWILL AND PROPERTY, PLANT AND EQUIPMENT

The assessment of the recoverability of intangible assets, goodwill and property, plant and equipment is based on future-oriented assumptions. The underlying assumptions used to determine the recoverable amount within the context of impairment tests are described in Note 4.9 Impairment in the section on "Accounting policies".

5.5 FINANCIAL INSTRUMENTS

Alternative financial valuation methods are applied to evaluate the recoverability of financial instruments if no active market exists for these financial instruments. The underlying parameters used to determine the fair value of these financial instruments are partially based on future-oriented assumptions, which are described in the corresponding sections of the notes to the consolidated financial statements.

6. STANDARDS WHICH ARE PUBLISHED BUT NOT YET APPLIED

In the 2012 financial year, the Austrian Post Group did not yet apply ahead of schedule the standards, interpretations and revisions to existing standards outlined below and published by the IASB. The Group is currently evaluating the applicability to and effects of the new and revised standards and interpretations upon the consolidated financial statements of Austrian Post.

New standards and interpretations		Effective date IASB[1]	Endorsed in EU
IFRS 9	Financial Instruments and consequential amendments	Jan. 1, 2015	–
IFRS 10	Consolidated Financial Statements	Jan. 1, 2013[2]	Dec. 2012
IFRS 11	Joint Arrangements	Jan. 1, 2013[2]	Dec. 2012
IFRS 12	Disclosure of Interests in Other Entities	Jan. 1, 2013[2]	Dec. 2012
IFRS 13	Fair Value Measurement	Jan. 1, 2013	Dec. 2012
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	Jan. 1, 2013	Dec. 2012

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Revised standards		Effective date IASB[1]	Endorsed in EU
IFRS 1	Government Loans	Jan. 1, 2013	–
IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters	July 1, 2011[3]	Dec. 2012
IFRS 7	Amendment to IFRS 7 Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities	Jan. 1, 2013	Dec. 2012
IAS 1	Presentation of Financial Statements – Presentation of Items in Other Comprehensive Income	July 1, 2012	June 2012
IAS 12	Deferred Tax: Recovery of Underlying Assets	Jan. 1, 2012[3]	Dec. 2012
IAS 27	Separate Financial Statements	Jan. 1, 2013[2]	Dec. 2012
IAS 28	Investments in Associates and Joint Ventures	Jan. 1, 2013[2]	Dec. 2012
IAS 32	Amendment to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	Jan. 1, 2014	Dec. 2012
Diverse	Changes in the transition provisions of IFRS 10, IFRS 11 and IFRS 12	Jan. 1, 2013	–
Diverse	Improvements to IFRSs (2009–2011)	Jan. 1, 2013	–
Diverse	Investment Entities (revisions to IFRS 10, IFRS 12 and IAS 27)	Jan. 1, 2014	–

[1] To be applied in the financial year beginning on or after the effective date
[2] To be applied by companies in the EU in the financial year beginning on or after January 1, 2014
[3] To be applied by companies in the EU in the financial year beginning on or after December 11, 2012

The new IFRS 9 standard is designed to replace, on a step-by-step basis, IAS 39 "Financial Instruments: Recognition and Measurement". A division into three phases was resolved upon. Up until now, Phase 1 (Classification and Valuation of Financial Instruments) is the only one that has been completed. The standard currently published refers to the classification and valuation of financial assets and financial liabilities and the derecognition of financial assets and financial liabilities. At present a draft version exists containing the revisions to Phase 1 of IFRS 9. Phases 2 (Impairment) and 3 (Hedge Accounting) still have to be completed.

IFRS 10 creates an universal definition of the term "control" and establishes a single basis for the proof of the existence of a corporate parent-subsidiary relationship. This, in turn, is associated with the classification of the consolidation scope. The new standard replaces the previously applicable IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation of Special Purpose Entities".

The new IFRS 11 regulates the accounting of circumstances in which a company exercises joint control over a joint company or joint operations. The previously existing option of the proportionate consolidation of jointly-managed companies has been eliminated. Such companies must always be recognised now in the accounts using the equity method. In cases in which a joint operation exists, assets, liabilities, income and expenses that are directly attributable to the participating company are to be directly incorporated into its consolidated financial statements.

IFRS 12 lays down the disclosure requirements for companies employing both of the new standards – IFRS 10 "Consolidated Financial Statements" and IFRS 11 "Joint Arrangements" – in the compilation of financial statements. It supersedes the obligations to disclose currently contained in IAS 28 "Investments in Associates".

The new IFRS 13 standard describes how fair value is to be measured, and expands the disclosures required to be made on it. The objective is the establishment of a unified definition of "fair value" applying to all standards, and of a set of methods universally applicable to this term's measurement, and in particular, also the disclosures in the notes associated with the measurement of fair value.

The IFRIC 20 interpretation governs the reporting of stripping costs incurred in the production phase of a surface mine.

The amendment to IFRS 1 "Government Loans" focuses on how a first-time adopter of IFRS should treat a government loan at an interest rate below the prevailing market rate at the transition period.

The amendment of IFRS 1 resulted in the replacement of the previously employed reference to the date of January 1, 2004 as being the firmly-set time of transition with the generally applicable formulation of "time of transition into IFRS". The amendment also features the incorporation of rules for all cases of companies not being able to meet all rules established by the IFRS due to hyperinflation.

The amendments to IAS 32 encompass the incorporation of further rules of disclosure contained in IFRS 7 and pertaining to the offsetting of financial instruments. These are intended to enable the reconciliation of the gross and net risk positions of financial instruments. These disclosures are also to be made for instruments forming part of comprehensive offsetting or similar agreements, even in cases in which the underlying instruments are not reported in an offsetting manner.

Both of the components of the income statement (profit/loss as well as other comprehensive income) can continue to be depicted in a single chart or in two successive ones. In accordance with the revision to IAS 1, companies have to subdivide the items depicted in the other comprehensive income into two categories – depending upon whether or not they will be recorded in the future in the income statement (so-called "recycling").

The amendment of IAS 12 "Deferred Tax: Recovery of Underlying Assets" contains a partial clarification on the treatment of temporary tax differences in connection with the application of the fair value model of IAS 40. It is often difficult to judge whether existing differences will be reversed in the course of the continuing use or of sale of property held as investment property. The amendment foresees the employment of the basic assumption of reversal through sale.

The rules on separate financial statements are still governed by IAS 27. The other components of IAS 27 have been replaced by IFRS 10 "Consolidated Financial Statements".

With the release of IFRS 10, IFRS 11 and IFRS 12, only consequential modifications were made to IAS 28.

An offsetting of financial instruments only remains possible in cases of meeting the conditions contained in IAS 32. The amendments to IAS 32 solely comprise the incorporation in the application guidance of clarifications of the terms of "at the present time" and "simultaneity".

The amendments to the transition provisions of IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities" contain clarifications on transition provisions in IFRS 10, as well as simplifications to the transition to the new standards, for example that comparative values must only be disclosed for directly preceding reporting periods.

Within the context of the annual "Improvements to IFRSs", minor changes are made to existing standards and interpretations. The improvements to IFRS 2009–2011 apply to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.

"Investment Entities" was published as an amendment to the consolidation standards IFRS 10, IFRS 12 and IAS 27. The revision contains an exceptional provision for investment companies, which will be exempt in the future from having to fully incorporate all the companies in which they have a controlling interest in the consolidated financial statements. Instead, their investments are to be recognized at fair value in profit or loss.

7. INCOME STATEMENT DISCLOSURES

7.1 REVENUE AND SEGMENT REPORTING

Within the context of the strategic realignment of Austrian Post Group, there were changes in the segment structure and reporting logic as of January 1, 2012. The segments "Mail" and "Branch Network" were merged to create the new segment, "Mail & Branch Network". At the same time, there was a further breakdown of the existing "Mail & Branch Network", "Parcel & Logistics" and "Corporate" segments into subsegments. The new segmentation reflects the strategic business areas of the Austrian Post Group, which are the basis for the internal organisational, management and reporting structures.

Whereas reporting reflected the old divisional organisational structure in the former 2011 financial year, as subdivided into the divisions "Mail", "Parcel & Logistics", "Branch Network" and "Corporate", the new segment reporting starting in the 2012 financial year breaks down business operations into the "Mail & Branch Network" and "Parcel & Logistics" divisions as well as "Corporate".

Mail & Branch Network Division
The core business of the Mail & Branch Network Division focuses on letters. The services of this division consist of the acceptance, sorting and delivery of letters, addressed and unaddressed direct mail items, newspapers and regional media as well as a range of complementary services relating to letters. Branch offices operated by the company as well as postal partners support the rendering of these services.

Services along the value chain complement the product range. This applies to data and output management, document scanning as well as the conception and production of documents and direct mailings. The branch network also offers financial services in cooperation with BAWAG P.S.K. as well as an extensive selection of retail and philatelic products.

Parcel & Logistics
Logistics services comprise the core business of the Parcel & Logistics Division. The services of this division consist of the acceptance, sorting and delivery of parcels and express mail items, an offering of specialty logistics such as combined freight, pharmaceutical and temperature-controlled logistics and value logistics (transport and handling of large quantities of cash).

Corporate
The core business of the Corporate Division is to provide services on behalf of the Group. This primarily involves the management of commercial properties owned by the Group, IT support services, financing and administrative activities as well as the administration of the Internal Labour Market of Austrian Post.

Consolidation
Intra-Group eliminations are shown in the Consolidation column.

2011 financial year EUR m adjusted[1]	Mail & Branch Network	Parcel & Logistics	Corporate	Consoli-dation	Group
External sales	1,500.7	846.5	5.4	–4.0	2.348.7
Internal sales	76.3	24.9	158.4	–259.7	0.0
Total revenue	**1,577.1**	**871.5**	**163.9**	**–263.7**	**2,348.7**
Profit/loss from operations	288.7	–28.2	–82.2	0.0	178.3
Results of investments consolidated at equity	–11.6	0.0	0.8	0.0	–10.8
EBIT	**277.1**	**–28.2**	**–81.4**	**0.0**	**167.5**
Segment assets	392.0	392.5	432.8	–7.7	1,209.5
Investments consolidated at equity	17.2	0.1	0.3	0.0	17.5
Segment liabilities	394.6	124.4	398.2	–9.3	907.9
Segment investments	52.3	18.4	21.3	0.0	92.0
Depreciation, amortisation and impairment losses	35.2	40.3	39.0	0.0	114.4
thereof impairment losses recognised in profit or loss	2.6	16.8	8.3	0.0	27.6
Employees[2]	17.482	4,057	1.830	–	23.369

[1] Adjusted due to the early application of IAS 19; refer to Note 2 – Summary of Accounting Principles
[2] Average for the period, full-time equivalents

2012 financial year EUR m	Mail & Branch Network	Parcel & Logistics	Corporate	Consoli-dation	Group
External sales	1,508.2	858.1	15.4	–15.6	2.366.1
Internal sales	70.6	8.8	172.6	–252.1	0.0
Total revenue	**1,578.8**	**867.0**	**188.0**	**–267.6**	**2,366.1**
Profit/loss from operations	286.6	25.3	–115.1	–0.6	196.2
Results of investments consolidated at equity	–14.1	0.0	0.3	0.0	–13.9
EBIT	**272.5**	**25.3**	**–114.8**	**–0.6**	**182.4**
Segment assets	436.2	403.5	420.6	–6.5	1,253.8
Investments consolidated at equity	6.1	0.0	1.0	0.0	7.1
Segment liabilities	429.8	111.8	417.8	–5.9	953.5
Segment investments	48.9	20.1	29.4	–1.0	97.3
Depreciation, amortisation and impairment losses	34.7	21.4	33.2	–0.5	88.8
thereof impairment losses recognised in profit or loss	4.9	0.1	2.1	0.0	7.2
Employees[1]	17,192	4,022	1,968	–	23,181

[1] Average for the period, full-time equivalents

NOTES TO THE SEGMENT REPORTING BY DIVISION

Internal and external accounting policies are harmonised at Austrian Post Group. There are no differences between the measurements of segment results, segment assets and segment liabilities and those of the Group.

External revenue corresponds to the total of segment revenue with external customers after consolidation of services provided within the Group. Internal sales are revenues derived from transactions with other segments.

Segment assets consist of non-current assets (excluding financial investments in securities and other assets, investments in associates and deferred taxes) and current assets (excluding financial investments in securities and other assets, cash and cash equivalents, tax receivables and deferred interest).

Non-current liabilities (excluding financial liabilities and deferred taxes) and current liabilities (excluding financial and tax liabilities, tax provisions and deferred interest) are shown as segment liabilities.

Segment investments include investments in intangible assets and goodwill, and in property, plant and equipment.

Depreciation, amortisation and impairment losses relate to the assets attributed to the respective divisions.

The figures for employees are the full-time equivalents of the average segment headcounts for the respective financial years.

RECONCILIATIONS

The reconciliation of segment assets and liabilities to the corresponding Group figures is presented as follows:

Reconciliation of assets EUR m	2011	2012
Segment assets	**1,209.5**	**1,253.8**
Investments consolidated at equity	17.5	7.1
Assets not assigned to segments:		
Securities and other financial assets	74.8	52.1
Deferred tax assets	54.6	63.9
Cash and cash equivalents	310.6	315.0
Other	1.4	8.8
Group assets	**1,668.3**	**1,700.8**

Reconciliation of liabilities EUR m	2011	2012
Segment liabilities	**907.9**	**953.5**
Liabilities not assigned to assets:		
Non-current and current financial liabilities	34.0	27.2
Deferred tax liabilities	12.4	12.2
Income tax provisions	12.7	11.9
Other	–0.8	–12.7
Group liabilities	**966.3**	**992.2**

NOTES TO THE GEOGRAPHICAL SEGMENT REPORTING

2011 financial year EUR m	Austria	Germany	Other countries	Group
External sales	1,687.4	523.2	138.0	2,348.7
Segment assets	871.0	259.0	79.5	1,209.5
thereof non-current	642.6	183.8	44.2	870.5
Segment investments	77.8	7.8	6.4	92.0

2012 financial year EUR m	Austria	Germany	Other countries	Group
External sales	1,720.7	530.0	115.4	2,366.1
Segment assets	936.3	247.4	70.2	1,253.8
thereof non-current	690.4	179.0	48.7	918.1
Segment investments	87.5	5.4	4.4	97.3

Revenue is presented according to the location of the company performing the service.

Segment assets and investments are reported according to the location of the assets.

Information about important customers
Austrian Post is not dependent on any important customers which require disclosure pursuant to IFRS 8.

7.2 OTHER OPERATING INCOME

EUR m	2011	2012
Work performed by the enterprise and capitalised	0.9	4.2
Disposal of property, plant and equipment	8.8	5.9
Rents and leases	23.7	23.5
Unchargeable expenses	4.8	4.3
Damages	2.3	1.9
Other	34.2	32.3
	74.6	**72.0**

Austrian Post derives rental income – mostly under terminable operating renting – from some of the investment property held by it. The concluding tenancy agreements are on a medium- to long-term basis and provide for the indexation of rentals.

The income from rents and leases in 2012 primarily relates to Österreichische Post AG (Austrian Post). The corresponding assets are recognised on the balance sheet as at December 31, 2012, with a carrying amount of EUR 186.6m (December 31, 2011: EUR 209.1m).

Other operating income also includes income from currency translation, totalling EUR 0.5m (2011: EUR 1.2m). In addition, the item other operating income includes income from personnel leasing and administration of EUR 5.9m (2011: EUR 6.3m), pallet income totalling EUR 5.4m (2011: EUR 5.6m) as well as proceeds from contractual penalties amounting to EUR 0.6m (2011: EUR 2.4m).

7.3 RAW MATERIALS, CONSUMABLES AND SERVICES USED

EUR m	2011	2012
Materials		
Transportation and heating fuel	33.7	31.7
Retail products	27.3	24.2
Stamps	2.3	2.3
Tools, equipment and clothing	15.5	20.4
Spare parts and other raw materials and consumables	1.7	1.9
Remeasurements	3.0	0.0
	83.5	**80.5**
Services used		
International postal carriers	66.3	68.2
Advertising distributors	37.8	38.7
Energy	21.3	18.2
Transport	513.7	514.8
Other	37.2	46.6
	676.3	**686.4**
	759.8	**766.9**

7.4 STAFF COSTS

EUR m	2011 adjusted[1]	2012
Wages and salaries	805.3	827.4
Severance payments	25.3	23.4
Pensions	0.2	0.2
Expense for statutory levies and contributions	210.1	228.8
Other staff costs	10.0	11.6
	1,050.8	**1,091.4**

[1] Adjusted due to early application of IAS 19; refer to Note 2 – Summary of Accounting Principles

In the 2012 financial year, contributions of EUR 2.2m (2011: EUR 1.8m) to the employee benefit fund in respect of defined contribution termination benefit obligations were recognised as an expense.

The breakdown of the severance payments is as follows:

EUR m	2011 adjusted[1]	2012
Management Board	0.5	0.1
Executive staff	1.5	0.3
Other employees	23.3	23.0
	25.3	**23.4**

[1] Adjusted due to the early application of IAS 19; refer to Note 2 – Summary of Accounting Principles

The legally stipulated charges and contributions includes a provision for uncertain liabilities amounting to EUR 13.0m. The pension contributions made to the Republic of Austria for the 2012 financial year (less the employee pension contributions by civil servants) amounted to EUR 72.3m (2011: EUR 63.2m).

The average number of employees during the financial year was as follows:

	2011	2012
Senior executives	1,468	1,643
Other employees	13,042	13,237
Civil servants	10,672	10,102
Trainees	57	59
Total number	**25,239**	**25,042**
Corresponding full-time equivalents	**23,369**	**23,181**

7.5 DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

EUR m	2011	2012
Impairment losses on goodwill	**15.3**	**5.0**
Amortisation of intangible assets		
Scheduled depreciation	10.1	9.8
Impairment losses	0.1	0.0
	10.2	**9.8**
Depreciation of property, plant and equipment		
Scheduled depreciation	73.1	68.3
Impairment losses	11.5	2.2
	84.6	**70.5**
Depreciation of investment property		
Scheduled depreciation	3.5	3.5
Impairment losses	0.7	0.0
	4.2	**3.5**
	114.4	**88.8**

The impairment tests resulted in the following impairments:

EUR m	2011	2012
Impairment loss on goodwill		
Mail & Branch Network Division		
CGU Feibra, Hungary	0.0	3.9
CGU Online Post, Austria	0.0	1.0
	0.0	**4.9**
Parcel & Logistics		
CGU trans-o-flex, Germany	13.0	0.0
CGU City Express, Serbia	2.3	0.0
CGU Overseas, Croatia	0.0	0.1
	15.3	**0.1**
	15.3	**5.0**

The grouping of assets for the identification of the previous CGU Online Post Austria changed in 2012. The business customer area contained in the CGU was assigned to the “Large Customer Sales” business area of Österreichische Post AG in the Mail & Branch Network segment. The underlying reason is the increasing link between physical and online product offerings. The planned earnings of Online Post Austria in the private customer business were assigned to the CGU Online Post Austria. In particular, hybrid solutions encompassing a product portfolio of online solutions and well-known physical delivery are increasing complementing each other in this business area.

The impairment tests were based on the medium-term planning of the respective CGU. The following post-tax discount rates (WACC) were used to determine the value in use:

%	2011	2012
Pre-tax WACC		
Mail & Branch Network		
CGU Feibra, Hungary	9.7%	10.7%
CGU Online Post, Austria	8.0%	8.8%
Parcel & Logistics		
CGU trans-o-flex, Germany	9.4%	10.2%
CGU City Express, Serbia	12.0%	13.1%
CGU Overseas, Croatia	12.1%	13.0%

Impairment losses on property, plant and equipment to the amount of EUR 2.2m (2011: EUR 11.5m), based on an evaluation of the utility value primarily in connection with technical ageing, include EUR 2.1m (2011: EUR 7.6m) assigned to buildings belonging to the Corporate segment as well as EUR 0.1m to buildings in the Parcel & Logistics segment. Moreover, in the previous year an impairment loss of EUR 2.5m was recognised on other equipment, furniture and fittings in the Mail & Branch Network Division of the parent company Österreichische Post AG along with an impairment loss to the amount of EUR 1.4m on property and buildings at trans-o-flex Belgium B.V.B.A. in the Parcel & Logistics segment.

7.6 OTHER OPERATING EXPENSES

EUR m	2011	2012
IT services	28.5	30.3
Maintenance	39.7	45.0
Leasing and rental payments	76.1	82.4
Travel and mileage	26.6	26.8
Contract and leasing staff	14.0	15.0
Consultancy	13.4	11.7
Waste disposal and cleaning	13.7	12.8
Communications and advertising	15.3	17.5
Telephone	5.0	5.0
Insurance	9.2	9.4
Other taxes (excl. income taxes)	8.0	7.7
Other	70.5	31.3
	320.0	**294.8**

Other operating expenses included expenses from currency translation of EUR 0.9m (2011: EUR 0.7m) recognised in profit or loss, as well as EUR 9.8m to settle claims for damages (2011: EUR 11.8m), losses from the disposal of property, plant and equipment to the amount of EUR 2.3m (2011: EUR 3.2m), expenditures for training and professional development measures totalling EUR 2.8m (2011: EUR 1.5m) and impairment losses on receivables of EUR 3.9m (2011: EUR 7.3m).

In the 2011 financial year, other operating expenses also included costs of EUR 18.3m in connection with the disposal group tof-Benelux as well as expenses amounting to EUR 8.9m for the statutory replacement of the existing cluster box units which do not conform to the stipulations of the Postal Market Act 2011.

7.7 OTHER FINANCIAL RESULT

EUR m	Note	2011	2012
Interest income		6.3	5.1
Income from securities		1.0	1.3
Gains on the disposal of securities and other shareholdings		0.0	0.2
Income from currency translation		0.1	0.1
		7.4	**6.7**
Interest expense (financial liabilities)		–3.7	–1.7
Interest expense (interest effects of provisions)	(8.13.1)	–7.7	–7.4
Impairment losses on financial instruments held for sale		0.0	–28.4
Losses on the disposal of securities and other shareholdings		–0.8	–0.1
Expenses from currency translation		–0.2	0.0
		–12.3	**–37.6**
Revaluation of derivative financial instruments	(9.2.5)	–0.4	0.1
		–5.2	**–30.8**

As a result of the stake acquired by a new investor in the 2012 financial year, a recapitalisation of the shareholding structure of BAWAG P.S.K. took place. The related dilution of the indirect stake held in the bank and a revaluation of the fair value of BAWAG P.S.K. led to an impairment loss of EUR 28.4m. The fair value was determined by taking the ratio of the market capitalisation of a comparative group of publicly listed European banks to their equity capital.

7.8 EARNINGS PER SHARE

		2011 adjusted[1]	2012
Profit for the period attributable to equity holders of the parent company	(EUR m)	123.2	123.2
Adjusted profit for the period for the identification of diluted earnings per share	(EUR m)	123.2	123.2
Weighted average number of outstanding no-par value shares used in calculating basic earnings per share	(Shares)	67,552,638	67,552,638
Weighted average number of outstanding no-par value shares used in calculating diluted earnings per share	(Shares)	67,552,638	68,552,638
Basic earnings per share	**(EUR)**	**1.82**	**1.82**
Diluted earnings per share	**(EUR)**	**1.82**	**1.82**

[1] Adjusted due to early application of IAS 19; refer to Note 2 – Summary of Accounting Principles

The weighted average number of outstanding no-par value shares used in determining the diluted earnings per share is calculated as follows:

		2011	2012
No-par value shares	(Shares)	67,552,638	67,552,638
Share issued without payment in return:			
Share-based payment – potentially dilutive in the future	(Shares)	384,399	498,326

FINANCIAL STATEMENT

8. BALANCE SHEET DISCLOSURES

8.1 GOODWILL

Mio EUR	2011	2012
Historical costs		
Balance at January 1	**219.2**	**216.3**
Additions arising from acquisitions	0.4	23.0
Additions	0.0	0.0
Disposals arising from final consolidations	3.3	6.8
Disposals	0.0	0.0
Transfers	0.0	0.0
Currency translation differences	0.0	0.0
Balance at December 31	**216.3**	**232.5**
Impairment losses		
Balance at January 1	**35.4**	**50.7**
Additions arising from acquisitions	0.0	0.0
Additions	15.3	5.0
Disposals arising from final consolidations	0.0	6.8
Disposals	0.0	0.0
Transfers	0.0	0.0
Currency translation differences	0.0	0.0
Balance at December 31	**50.7**	**49.0**
Carrying amount on January 1	**183.8**	**165.5**
Carrying amount on December 31	**165.5**	**183.5**

Disposals arising from final consolidations are related to trans-o-flex Nederland B.V., Dordrecht.

The following table shows the goodwill by segments:

EUR m	Dec. 31, 2011	Dec. 31, 2012
Mail & Branch Network		
feibra Gruppe	29.1	29.1
Online Post Austria GmbH	3.1	2.1
Kolportaż Rzetelny sp. z o.o.	0.0	9.7
PostMaster s.r.l.	0.0	11.8
South East and Eastern Europe	10.4	6.5
	42.6	**59.1**
Parcel & Logistics		
Systemlogistik Distribution GmbH	0.0	1.7
trans-o-flex Germany	111.6	111.4
South East and Eastern Europe	11.4	11.3
	123.0	**124.5**
	165.5	**183.5**

8.2 INTANGIBLE ASSETS

2011 financial year EUR m	Note	Customer relationships	Trademarks	Other intangible assets	Total
Historical costs					
Balance at January 1, 2011		**65.7**	**28.7**	**43.1**	**137.5**
Additions		0.0	0.0	11.0	11.0
Disposals		0.4	0.0	3.1	3.4
Depreciation investment property		0.0	0.0	–0.1	–0.1
Currency translation differences		–0.1	0.0	0.0	–0.1
Balance at December 31, 2011		**65.2**	**28.7**	**50.8**	**144.8**
Depreciation and impairment losses					
Balance at January 1, 2011		**42.0**	**2.7**	**33.9**	**78.6**
Additions	(7.5)	6.1	0.4	3.7	10.2
Disposals		0.0	0.0	2.1	2.1
Currency translation differences		–0.1	0.0	0.0	–0.1
Balance at December 31, 2011		**48.0**	**3.1**	**35.5**	**86.6**
Carrying amount on January 1, 2011		**23.7**	**26.1**	**9.2**	**58.9**
Carrying amount on December 31, 2011		**17.3**	**25.6**	**15.3**	**58.2**

2012 financial year EUR m	Note	Customer relationships	Trademarks	Other intangible assets	Total
Historical costs					
Balance at January 1, 2012		**65.2**	**28.7**	**50.8**	**144.8**
Additions		6.8	0.5	0.1	7.4
Disposals		0.6	0.0	9.6	10.2
Transfers		0.0	0.0	0.7	0.7
Balance at December 31, 2012		**72.7**	**29.2**	**61.2**	**163.1**
Depreciation and impairment losses					
Balance at January 1, 2012		**48.0**	**3.1**	**35.5**	**86.6**
Additions	(7.5)	4.4	0.6	4.7	9.8
Transfers		0.0	0.0	0.7	0.7
Currency translation differences		–0.1	0.0	0.0	–0.1
Balance at December 31, 2012		**52.3**	**3.7**	**40.9**	**96.9**
Carrying amount on January 1, 2012		**17.3**	**25.6**	**15.3**	**58.2**
Carrying amount on December 31, 2012		**20.4**	**25.5**	**20.2**	**66.2**

No external borrowing costs were capitalised in the 2012 financial year as in the previous year.

Intangible assets contain trademarks with indefinite useful lives amounting to EUR 25.4m (Dec. 31, 2011: EUR 25.2m).

Trademarks amounting to EUR 0.1m, which were not subject initially to scheduled amortisation due to their indefinite lives, are being amortised since the 2012 financial year over a period of three years.

Capitalised customer relationships are amortised on a straight-line basis and show a residual useful life of one to seven years.

The following table shows trademarks by segments at December 31, 2011 and December 31, 2012:

EUR m	2011	2012
Parcel & Logistics		
trans-o-flex Germany	25.2	25.1
Other	0.4	0.4
	25.6	**25.5**

8.3 PROPERTY, PLANT AND EQUIPMENT

2011 financial year EUR m	Note	Property and buildings	Technical plant and machinery	Other equipment, furniture and fittings	Prepay-ments and assets under construction	Total
Historical costs						
Balance at January 1, 2011		**814,9**	**180,6**	**288,0**	**6,0**	**1.289,4**
Additions		6,5	6,2	52,6	15,6	80,9
Disposals		13,4	2,0	46,9	0,0	62,3
Transfers		1,2	3,4	0,2	–4,8	0,0
Reclassification pursuant to IAS 40		–29,1	0,0	0,0	0,0	–29,1
Depreciation investment property		–4,1	–1,0	–5,6	0,0	–10,7
Currency translation differences		–0,3	0,0	–0,2	0,0	–0,5
Balance at December 31, 2011		**775,7**	**187,2**	**288,1**	**16,8**	**1.267,7**
Depreciation and impairment losses						
Balance at January 1, 2011		**373,8**	**129,4**	**175,2**	**0,0**	**678,5**
Additions	(7.5)	32,2	14,2	38,2	0,0	84,6
Disposals		10,6	1,9	43,4	0,0	56,0
Reclassification pursuant to IAS 40		–21,9	0,0	0,0	0,0	–21,9
Depreciation investment property		–1,4	–0,5	–2,9	0,0	–4,8
Currency translation differences		0,0	0,0	–0,1	0,0	–0,2
Balance at December 31, 2011		**372,2**	**141,1**	**166,9**	**0,0**	**680,2**
Carrying amount on January 1, 2011		**441,0**	**51,1**	**112,8**	**6,0**	**610,9**
Carrying amount on December 31, 2011		**403,6**	**46,0**	**121,2**	**16,8**	**587,5**

2012 financial year EUR m	Note	Property and buildings	Technical plant and machinery	Other equipment, furniture and fittings	Prepay-ments and assets under construction	Total
Historical costs						
Balance at January 1, 2012		**775.7**	**187.2**	**288.1**	**16.8**	**1,267.7**
Additions arising from acquisitions		6.9	0.0	1.0	0.0	7.9
Disposals arising from final consolidations		0.0	1.4	0.0	0.0	1.4
Additions		10.6	11.3	53.1	12.2	87.0
Disposals		11.1	9.1	35.1	0.0	55.3
Transfers		–19.6	9.6	1.4	–13.5	–22.1
Depreciation investment property		4.1	0.0	0.0	0.0	4.1
Currency translation differences		0.0	0.0	–0.2	0.0	–0.2
Balance at December 31, 2012		**766.6**	**197.6**	**308.2**	**15.4**	**1,287.8**
Depreciation and impairment losses						
Balance at January 1, 2012		**372.2**	**141.1**	**166.9**	**0.0**	**680.2**
Disposals arising from final consolidations		0.0	0.3	0.1	0.0	0.4
Additions	(7.5)	23.8	12.1	34.6	0.0	70.5
Disposals		8.0	8.9	34.0	0.0	51.0
Transfers		–12.7	0.0	0.0	0.0	–12.7
Depreciation investment property		1.4	0.0	0.0	0.0	1.4
Currency translation differences		0.0	0.0	–0.2	0.0	–0.2
Balance at December 31, 2012		**376.6**	**144.0**	**167.3**	**0.0**	**687.9**
Carrying amount on January 1, 2012		**403.6**	**46.0**	**121.2**	**16.8**	**587.5**
Carrying amount on December 31, 2012		**390.0**	**53.6**	**140.9**	**15.4**	**599.9**

No external borrowing costs were capitalised in the 2012 financial year as in the previous year.

The carrying amount of property, plant and equipment pledged as collateral amount to EUR 11.7m (Dec. 31, 2011: EUR 10.1m).

Cross Border Lease

In the 2002 business year, Österreichische Post AG (Austrian Post) completed a cross-border lease transaction with two U.S. trusts. The company granted these trusts a 99 year usufruct of the mail sorting facilities in Vienna, Graz, Salzburg and Innsbruck, in return for a grant payment of USD 117m. At the same time, a lease agreement was concluded, in which the facilities were leased back to the company for a period of 24 years. The carrying amount of the property, plant and equipment pledged as collateral totalled EUR 10.9m (Dec. 31, 2011: EUR 8.8m). The cross-border lease agreement also accords Austrian Post the right to repurchase the usufruct of the sorting facilities, either at a fixed price (EBO payment amount) on January 1, 2022, or at market value by the end of term of the lease agreement, at least though at the end-of-term purchase option price.

Österreichische Post AG (Austrian Post) has assigned its obligation to pay the lease instalments, including an EBO (expected benefit obligation) payment if made, to two payment undertakers. For this purpose, Österreichische Post AG (Austrian Post) has paid USD 108.3m and the corresponding liabilities to the payment undertakers, who, for their part, have undertaken to pay the requisite amounts at the agreed upon dates on behalf of Österreichische Post AG (Austrian Post). Österreichische Post AG (Austrian Post) is faced with the residual risk of a claim in the event of the insolvency of the payment undertakers. Österreichische Post AG (Austrian Post) provided additional collateral in the form of securities due to the lower credit rating assigned to the payment undertakers.

At the balance sheet date, the rating of the two payment undertakers was as follows:

	Dec. 31, 2011	Dec. 31, 2012
Standard & Poor's	A+ (Stable) / AA– (Stable)	AA– (Stable) / A+ (Negative)
Moody's	A1 (Positive) / Aa3 (Negative)	A1 (Positive) / A2 (Negative)

At December 31, 2012, the outstanding amount to be paid by the payment undertakers totalled EUR 85.4m (December 31, 2011: EUR 87.1m).

The net present value benefit originally accruing to the company is carried under deferred income (December 31, 2012: EUR 4.3m; December 31, 2011: EUR 4.8m) and recognised in profit or loss over the term of the agreement.

Finance Leases

NET CARRYING AMOUNTS AND USEFUL LIVES OF THE LEASED ASSETS

EUR m	Useful lives in years	Carrying amount 31.12.2011	Carrying amount 31.12.2012
Property and buildings	20–43	7.4	14.0
Technical plant and machinery	2–8	1.9	1.6
Other equipment, furniture and fittings	2–8	4.7	3.9

The following table shows the sum total of future minimum lease payments at the balance sheet date and their present value:

EUR m	2011	2012
Minimum lease payments		
Not later than one year	3.5	2.9
Later than one year and not later than five years	9.6	8.5
Later than five years	0.0	4.0
	13.1	**15.4**
Less:		
Future finance costs	**–1.6**	**–1.7**
Present value of the minimum lease payments		
Not later than one year	2.9	2.3
Later than one year and not later than five years	8.5	7.8
Later than five years	0.0	3.5
	11.5	**13.6**

The criteria underlying the classification as finance leases were primarily the present value and the lease maturity test. Furthermore, bargain purchase options existing at the end of the lease period as well as extension and price adjustment clauses were also taken into account.

For part of the lease contracts, payments are linked to a three-month EURIBOR. There were no such payments in connection with lease contracts in the 2012 financial year, as in the previous year.

8.4 INVESTMENT PROPERTY

EUR m	Note	2011	2012
Historical cost			
Balance at January 1		**105.2**	**122.5**
Additions		0.1	0.0
Disposals		11.9	3.4
Transfers		29.1	22.1
Balance at December 31		**122.5**	**141.3**
Depreciation and amortisation			
Balance at January 1		**71.3**	**89.7**
Additions	(7.5)	4.2	3.5
Disposals		7.7	2.4
Transfers		21.9	12.7
Balance at December 31		**89.7**	**103.5**
Carrying amount on January 1		**33.9**	**32.8**
Carrying amount on December 31		**32.8**	**37.8**

EUR m	Dec. 31, 2011	Dec. 31, 2012
Fair value	162.8	186.5
Rental income	11.8	12.2
Expenses arising from property generating rental income	3.1	3.2
Expenses arising from property not generating rental income	1.4	1.0

No external borrowing costs were capitalised in the 2012 financial year as in the previous year.

The income from rents and leases and operating expenses for leased properties only include income and expenses related to third parties. Intercompany expenses and income are not included in the table above.

8.5 INVESTMENTS CONSOLIDATED AT EQUITY

Composition of carrying amounts EUR m	Interest %	Dec. 31, 2011	Interest %	Dec. 31, 2012
D2D – direct to document GmbH, Vienna	30.0	0.0	30.0	0.2
Eurodis GmbH, Weinheim	59.4	0.1	39.8	0.0
FEIPRO Vertriebs GesmbH, Gaweinstal	50.0	0.3	50.0	0.3
Kolos Marketing s.r.o., Nyrany	10.0	0.0	10.0	0.0
MEILLERGHP GmbH, Schwandorf	65.0	14.7	65.0	0.0
media.at GmbH, Vienna	21.0	0.3	20.5	0.8
ADELHEID GmbH, Berlin	0.0	0.0	35.2	0.2
M&BM Express OOD, Sofia	0.0	0.0	26.0	5.7
PostMaster s.r.l., Bucharest	26.0	2.2	100.0	0.0
		17.5		**7.1**

MEILLERGHP GmbH is a joint venture pursuant to IAS 31 due to the contractually agreed rights of co-determination of Swiss Post. The shares in Kolos Marketing s.r.o. are consolidated at equity, due to the fact that the joint venture MEILLERGHP GmbH owns the remaining 90%.

Reconciliation of carrying amounts EUR m	2011 adjusted[1]	2012
Net carrying amount at January 1	**27.3**	**17.5**
Addition arising from acquisitions	2.1	5.8
Addition arising from shareholder contribution	4.0	0.0
Disposal arising from sale of investments consolidated at equity	–1.4	0.0
Disposal arising from business combinations in stages	0.0	–2.6
Impairment loss	–3.9	–9.6
Proportionate share of profit for the period	–9.0	–3.8
Dividends	–1.6	–0.3
Currency translation differences	–0.2	0.1
Revaluation of defined benefit obligation	0.2	0.0
Net carrying amount at December 31	**17.5**	**7.1**

[1] Adjusted due to the early application of IAS 19; refer to Note 2 – Summary of accounting principles

The addition from acquisitions amounting to EUR 5.8m is related to the purchase of M&BM Express OOD, Sofia, as well as the incorporation of ADELHEID GmbH, Berlin.

The disposal arising from business combinations in stages totalling EUR 2.6m is related to the exercising of the option to acquire the remaining shares in PostMaster s.r.l., Bucharest. The earnings resulting from the change in accounting amounts to minus EUR 0.6m, and is offset against the earnings from the fair value write-up of the existing shares to the amount of EUR 2.1m and reported as other operating income. The impairment loss of EUR 9.6m is the result of the valuation of MEILLERGHP GmbH, Schwandorf.

The results of investments consolidated at equity amounting to minus EUR 13.9m (2011: minus EUR 10.8m) is comprised of the following:

EUR m	2011 adjusted[1]	2012
Proportionate share of profit for the period	–9.0	–4.3
Proceeds from the disposal of Mader	2.1	0.0
Impairment loss D2D – direct to document GmbH	–3.9	0.0
Impairment loss on MEILLERGHP GmbH	0.0	–9.6
Results of investments consolidated at equity	**–10.8**	**–13.9**

[1] Adjusted due to the early application of IAS 19; refer to Note 2 – Summary of accounting principles

Of the pro rata share of the profit for the period amounting to minus EUR 4.3m, a total of minus 0.5m was no longer recognised in the carrying amount for the shareholding, but is offset against the other net investments due to the negative pro rata equity pursuant to IAS 28.29. Similarly, in other comprehensive income EUR 0.1m in currency translation differences as well as minus EUR 1.1m of the defined benefit obligations are no longer included in the carrying amount for the shareholding, but are offset against the other net investments.

The following table presents an aggregate report containing financial information about associated companies of Austrian Post:

EUR m	Dec. 31, 2011	Dec. 31, 2012
Assets	7.4	8.0
Liabilities	6.5	6.2

EUR m	2011	2012
Revenue	31.7	41.3
Profit for the period	1.4	1.4

The following table presents an aggregate report containing financial information about the joint ventures of Austrian Post:

EUR m	Dec. 31, 2011	Dec. 31, 2012
Non-current assets	38.1	28.5
Current assets	16.2	18.5
Non-current liabilities	11.6	10.5
Current liabilities	38.4	38.4

EUR m	2011 adjusted[1]	2012
Income	101.0	89.4
Expenses	111,2	94,6

[1] Adjusted due to the early application of IAS 19; refer to Note 2 – Summary of accounting principles

In addition to existing loans (EUR 17.0m; December 31, 2011: EUR 16.6m) towards the joint venture companies there is also a contractually stipulated financial obligation of EUR 4.6m (December 31, 2011: EUR 4.9m).

8.6 FINANCIAL INVESTMENTS IN SECURITIES

December 31, 2011 EUR m	Carrying amount	Recognised in other comprehensive income	Realised gains/ losses	Current value Due within 1 year	Current value Due in more than 1 year	Total
Available for sale securities						
Investment funds	0.2	0.0	0.0	0.2	0.0	0.2
Bond issues	33.9	–6.6	0.0	12.1	21.9	33.9
	34.1	**–6.6**	**0.0**	**12.3**	**21.9**	**34.1**

December 31, 2012 EUR m	Carrying amount	Recognised in other comprehensive income	Realised gains/ losses	Current value Due within 1 year	Current value Due in more than 1 year	Total
Available for sale securities						
Investment funds	0.2	0.0	0.0	0.2	0.0	0.2
Bond issues	39.7	–2.5	0.1	0.0	39.7	39.7
	39.9	**–2.5**	**0.1**	**0.2**	**39.7**	**39.9**

The interest rates for the fixed interest securities are at 3.4% (2011: 3.0% to 4.9%).

In the 2012 financial year, the proceeds from the disposal of available for sale securities amounted to EUR 0.1m (2011: EUR 0.0m).

8.7 OTHER FINANCIAL ASSETS

EUR m	Dec. 31, 2011	Dec. 31, 2012
Available for sale financial instruments		
Strategic and other stakes	40.6	12.2
	40.6	**12.2**

The carrying amount in other financial assets of the indirect strategic stake in BAWAG P.S.K. as at December 31, 2012 was EUR 8.0m (December 31, 2011: EUR 36.4m).

The carrying amount in other financial assets of the stake in Wiener Börse AG as at December 31, 2012, amounted to EUR 4.2m (December 31, 2011: EUR 4.2m).

8.8 INVENTORIES

EUR m	Dec. 31, 2011	Dec. 31, 2012
Materials and consumables	9.6	10.4
Less impairment losses	–5.1	–4.8
Retail products	13.4	13.8
Less impairment losses	–3.5	–3.3
	14.4	**16.1**

The carrying amount of inventories recognised at net realisable value amount to EUR 0.3m (December 31, 2011: EUR 0.2m). Value adjustments were necessary, particularly due to their limited commercial utility or long periods of storage.

8.9 RECEIVABLES

The following table shows receivables after impairments:

EUR m	Dec. 31, 2011			Dec. 31, 2012		
	Due within 1 year	Due in more than 1 year	Total	Due within 1 year	Due in more than 1 year	Total
Trade receivables	255.8	0.0	255.8	262.3	0.0	262.3
Receivables at equity and non-consolidated companies	2.9	15.0	18.0	1.0	17.3	18.2
Other receivables	64.4	11.4	75.8	58.6	20.0	78.6
	323.2	**26.4**	**349.6**	**321.9**	**37.2**	**359.1**

Due to the primarily short-term nature of this item, it is assumed that the fair values correspond to the carrying amounts.

The following table shows the development of impairments for receivables applying to the 2011 and 2012 financial years:

2011 EUR m	Jan. 1, 2011	Allocation	Use	Release	Dec. 31, 2011
Impairments on trade receivables	6.0	2.0	–2.3	–0.3	5.4
Impairments on receivables at equity and non-consolidated companies	0.0	0.0	0.0	0.0	0.0
Impairments on other receivables	11.9	5.7	–0.8	–0.5	16.4

2012 EUR m	Jan. 1, 2012	Allocation	Use	Release	Dec. 31, 2012
Impairments on trade receivables	5,4	3,6	–1,7	–0,6	6,7
Impairments on receivables from investments consolidated at equity	0,0	0,0	0,0	0,0	0,0
Impairments on other receivables	16,4	1,3	–0,4	–0,5	16,8

8.10 CASH AND CASH EQUIVALENTS

EUR m	Dec. 31, 2011	Dec. 31, 2012
Bank balances	22.6	37.7
Short-term deposits (demand deposits)	284.5	274.8
Cash on hand	3.4	2.5
	310.6	**315.0**

The average interest rate for demand deposits was 0.8% at December 31, 2012 (December 31, 2011: 1.9%).

The fair values correspond to the carrying amounts.

8.11 NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE

In the year 2011, Österreichische Post AG (Austrian Post) decided upon a plan to dispose of trans-o-flex Nederland B.V., Dordrecht, and trans-o-flex Belgium B.V.B.A., Turnhout, both of which were fully owned subsidiaries of Austrian Post.

Accordingly, the assets and liabilities of the two Group companies as at December 31, 2011, which were assigned to the Parcel & Logistics segment, were classified as "Non-current assets held for sale and discontinued operations" in line with the stipulations of IFRS 5. According to the disposal plan, specified fixed assets, cash and cash equivalents, financial liabilities as well as specified liabilities and provisions were excluded from the reclassification.

A liabilities item previously recognised in the liabilities of the disposal group has been discontinued with regard to the negative fair value of the disposal group after taking account of the impairment loss recognised on the non-current and current assets held for sale as at December 31, 2011.

Effective March 15, 2012, Austrian Post disposed of its 100% stake in trans-o-flex Nederland B.V., Dordrecht. The deconsolidation of trans-o-flex Nederland B.V. was carried out on the basis of the final transaction basis at the closing date.

Effective February 29, 2012, the operative business of trans-o-flex Belgium B.V.B.A., Turnhout, was spun off. The remaining company which exclusively deals with real estate was renamed trans-o-flex Belgium Real Estate B.V.B.A, Turnhout. Effective May 31, 2012, Austrian Post disposed of its 100% stake in trans-o-flex Belgium B.V.B.A. The derecognition of the assets and liabilities within the context of the deconsolidation of trans-o-flex Belgium B.V.B.A. took place using the final transaction basis at the closing date.

Within the context of the deconsolidation of trans-o-flex Nederland B.V. and trans-o-flex Belgium B.V.B.A., the derecognition of the liability item previously recognised as at December 31, 2011, and the liabilities of the disposal group was booked out. The changed net assets and liability items compared to December 31, 2011 resulted in a transaction result of EUR 0.9m recognised in profit and loss, which is reported as other operating income.

In the 2012 financial year there were no discontinued operations recognised for the parent company Österreichischen Post AG as in the previous year and thus no corresponding impact on earnings.

8.12 CAPITAL AND RESERVES

Capital and reserve items

The share capital of Österreichische Post AG (Austrian Post) amounts to EUR 337.8m, which is split into 67,552,638 non-par value bearer shares with voting rights and entitled to participate in profits and which have a nominal value of EUR 5.0.

The number of shares outstanding, which are entitled to dividends, developed as follows during the 2012 financial year:

	Shares
Balance at January 1, 2012	67,552,638
Balance at December 31, 2012	**67,552,638**
Weighted average number of shares in the 2012 financial year	**67,552,638**

The main shareholder of Österreichische Post AG (Austrian Post) is Österreichische Industrieholding AG (ÖIAG), Vienna, with a 52.8% shareholding based on the number of outstanding shares.

Austrian Post's capital reserves resulting from capital surplus and contributed capital by shareholders as reported in the consolidated statement of changes in equity correspond to those reported in the company's financial statements of the parent company Österreichische Post AG (Austrian Post).

The revenue reserves of Austrian Post comprise the statutory reserve as well as profits accumulated in previous years less dividend payments.

The item revaluation of defined benefit obligations is derived from adjustments and changes made to actuarial assumptions, whose effects are shown in other comprehensive income.

The item revaluation of financial instruments encompasses the revaluation of available for sale securities as well as the market value of hedging instruments. The item revaluation of available for sale securities encompasses gains and losses on changes in the market value measurements of available for sale securities, which are directly recognised in equity without recognition to profit or loss. The amounts are shown after tax.

The currency translation reserves comprise all exchange differences arising from the translation of the annual financial statements of the company's subsidiaries in foreign currencies.

The profit for the period in the 2012 financial year amounted to EUR 123.2m (2011: EUR 123.2m). In accordance with the provisions stipulated in the Austrian Stock Corporation Act, the basis for the distribution of dividends is the annual financial statements of Österreichische Post AG (Austrian Post) at the balance sheet date on December 31, 2012. The profit shown in the balance totalled EUR 133.1m (2010: EUR 134.6m).

The Management Board will propose a dividend for the 2012 financial year totalling EUR 121.6m, corresponding to a basic dividend of EUR 1.80 per share (2011: EUR 114.8m, basic dividend of EUR 1.70 per share).

Capital Management

The capital management of Austrian Post aims at ensuring a suitable capital structure to serve as the basis for achieving growth and acquisition targets as well as a sustainable increase in shareholder value.

Within the context of its dividend policy for the upcoming years, on the medium-term basis Austrian Post intends to continue its existing dividend policy based on a solid balance sheet structure and the generation of an appropriate cash flow. Assuming the continuation of the company's successful business development, Austrian Post will distribute at least 75% of the profit for the period (Group net profit) to its shareholders. The dividends should develop in line with the Group net profit.

Taking the balance sheet total of EUR 1,700.8m as at December 31, 2012 as a basis (December 31, 2011: EUR 1,668.3m), the equity ratio as at December 31, 2012 amounts to 41.7% (December 31, 2011: 42.1%).

8.13 PROVISIONS

EUR m	Dec. 31, 2011 Due within 1 year	Due in more than 1 year	Total	Dec. 31, 2012 Due within 1 year	Due in more than 1 year	Total
Provisions for termination benefits	0.0	80.2	80.2	1.9	84.1	86.0
Provisions for pensions	0.0	2.4	2.4	0.1	2.4	2.6
Provisions for jubilee benefits	0.0	94.3	94.3	6.3	89.0	95.4
Other employee provisions	87.9	214.7	302.6	88.7	212.4	301.2
Other provisions	44.9	5.1	50.0	52.4	5.0	57.4
	132.8	**396.7**	**529.5**	**149.6**	**393.0**	**542.6**

8.13.1 PROVISIONS FOR TERMINATION BENEFITS, PENSIONS AND JUBILEE BENEFITS

2011 financial year EUR m	Termination benefits	Pensions	Jubilee benefits	Total
Carrying amount of the obligation at January 1, 2011	**79.1**	**2.4**	**95.6**	**177.1**
Current service cost	5.4	0.1	4.9	10.4
Interest expense	3.5	0.1	4.1	7.7
Actuarial gains (–) and losses (+) from the change in demographic assumptions	–0.8	0.1	–4.4	–5.2
Actuarial gains (–) and losses (+) from the change in financial assumptions	0.1	–0.1	0.1	0.1
Actual payments	–7.1	–0.2	–5.9	–13.2
Carrying amount of the obligation at December 31, 2011	**80.2**	**2.4**	**94.3**	**176.9**

2012 financial year EUR m	Termination benefits	Pensions	Jubilee benefits	Total
Carrying amount of the obligation at January 1, 2012	**80.2**	**2.4**	**94.3**	**176.9**
Additions arising from acquisitions	0.1	0.0	0.0	0.1
Current service cost	5.1	0.0	4.7	9.8
Interest expense	3.4	0.1	3.9	7.4
Actuarial gains (–) and losses (+) from the change in demographic assumptions	–0.9	0.0	–6.0	–6.9
Actuarial gains (–) and losses (+) from the change in financial assumptions	6.1	0.3	4.1	10.4
Actual payments	–7.9	–0.2	–5.6	–13.7
Carrying amount of the obligation at December 31, 2012	**86.0**	**2.6**	**95.4**	**184.0**

Expenses for termination benefits, pensions and jubilee benefits are included in staff costs, with the exception of the interest expense, which is included in the financial result.

Actuarial gains and losses for severance payments and pensions are recognised in other comprehensive income.

In the 2012 financial year, contributions of EUR 2.2m (20111: EUR 1.8m) to the employee pension fund (MVK) relating to defined contribution severance payment obligations were recognised.

The weighted average term to maturity (duration) of the defined benefit obligation, which mainly refers to termination benefits, is between 6 and 22 years. On average, the duration is 17 years.

8.13.2 OTHER PROVISIONS FOR EMPLOYEES

2011 financial year EUR m	Employee under-utilisation	Other employee-related provisions	Total
Balance at January 1, 2011	**244.1**	**85.1**	**329.2**
Transfer	–13.5	–0.1	–13.6
Allocation	71.7	51.6	123.3
Use	–22.7	–56.9	–79.6
Reversals	–49.6	–13.8	–63.4
Accrued interest	9.1	0.7	9.8
Held for sale	0.0	–3.1	–3.1
Balance at January 31, 2011	**239.0**	**63.6**	**302.6**

2012 financial year EUR m	Employee under-utilisation	Other employee-related provisions	Total
Balance at January 1, 2012	**239.0**	**63.6**	**302.6**
Transfer	–11.3	0.0	–11.3
Allocation	65.5	61.6	127.1
Use	–23.8	–48.4	–72.2
Reversals	–47.9	–4.9	–52.9
Accrued interest	7.6	0.2	7.8
Balance at December 31, 2012	**229.1**	**72.1**	**301.2**

Other provisions for employees encompass provisions for under-utilisation and other employee-related provisions.

Provisions of EUR 65.5m were allocated for employee under-utilisation in the 2012 financial year on the basis of ongoing internal organisational processes designed to adjust capacities to changing market conditions. In particular, provisions amounting to EUR 6.1m were allocated for Austrian Post employees who transfer to various federal ministries and whose staff costs will be refunded by Austrian Post for a specified time.

The reclassification of EUR 11.3m in the 2012 financial year (2011: EUR 13.5m) related to liabilities for those employees who permanently transferred to the federal public service.

Those employees, who were no longer involved in the working process, continued to take advantage of opportunities offered by Austrian Post (voluntary termination benefits, stop-gap measures in line with the social plan, retirement pursuant to Section 14 Public Sector Employment Law) to leave the company, and

a number of employees were reintegrated into the working process once again. As a result, a total of EUR 47.9m in provisions for employee under-utilisation were reversed.

The other employee-related provisions largely related to provisions for employee profit-sharing schemes, other performancerelated bonuses and other outstanding employee entitlements.

The allocation to other employee-related provisions includes EUR 12.7m for the stop-gap measures in line with the social plan.

These other employee-related provisions also contain provisions of EUR 1.3m for restructuring, which primarily relate to planned personnel adjustments in the Branch Network Division.

8.13.3 OTHER PROVISIONS

2011 financial year EUR m	Services not yet rendered	Other	Total
Balance at January 1, 2011	**21.8**	**21.6**	**43.5**
Allocation	26.0	12.7	38.7
Use	–21.8	–8.8	–30.6
Reversals	0.0	–1.3	–1.4
Accrued interest	0.0	0.1	0.1
Held for sale	0.0	–0.4	–0.4
Currency translation	0.0	0.0	0.0
Balance at December 31, 2011	**26.0**	**23.9**	**50.0**

2012 financial year EUR m	Services not yet rendered	Other	Total
Balance at January 1, 2012	**26.0**	**23.9**	**50.0**
Change in the consolidation scope	0.0	–0.1	–0.1
Allocation	21.6	22.6	44.3
Use	–26.0	–7.8	–33.8
Reversals	0.0	–3.1	–3.1
Accrued interest	0.0	0.1	0.1
Currency translation	0.0	0.0	0.0
Balance at December 31, 2012	**21.6**	**35.8**	**57.4**

The provisions for services not yet provided encompass revenue recognition for orders for services not yet provided as at December 31, 2012 for sold stamps and frankings as at December 31, 2012, for which Austrian Post had not yet provided corresponding services as at the balance sheet date.

The item ‘Other provisions’ mainly relate to provisions for legal expenses, legal, auditing and consulting fees as well as provisions for damages. The item ‘Other provisions’ also includes provisions for uncertain liabilities from charges and contributions amounting to EUR 13.0m. A provision amounting to EUR 3.0m was set aside in connection with the legal obligation of Austrian Post to replace the existing cluster box units which do not conform to the stipulations of the Postal Market Act 2011.

8.14 TAX PROVISIONS

EUR m	2011	2012
Balance at January 1	**25.0**	**12.7**
Allocation	11.4	1.2
Use	–23.1	–2.0
Reversals	–0.5	–0.1
Balance at December 31	**12.7**	**11.9**

8.15 FINANCIAL LIABILITIES

EUR m	Dec. 31, 2011			Dec. 31, 2012		
	Due within 1 year	Due in more than 1 year	Total	Due within 1 year	Due in more than 1 year	Total
Borrowings from banks	5.0	9.4	14.4	0.8	7.7	8.5
Factoring liabilities	2.6	0.0	2.6	0.0	0.0	0.0
Finance lease liabilities	2.9	8.5	11.5	2.3	11.3	13.6
Derivative financial instruments	0.0	0.2	0.2	0.0	0.0	0.0
Other financial liabilities	0.1	0.5	0.6	0.0	0.7	0.7
	10.6	**18.6**	**29.2**	**3.1**	**19.8**	**22.9**

The fair values and principal terms and conditions of the financial liabilities are as follows:

EUR m	Fair value Dec. 31, 2011	Effective interest rate 2011	Fair value Dec. 31, 2012	Effective interest rate 2012
Borrowings from banks				
Fixed interest borrowings	12.6	2.1–3.6%	9.4	1.6–4.9%
Variable interest borrowings	2.9	6.0%	0.0	–
	15.4		**9.4**	
Factoring liabilities	2.6	2.5–3.0%	0.0	–
Finance lease liabilities	11.5	1.9–11.4%	13.6	1.8–11.6%
Derivative financial instruments	0.2	3.2%	0.0	–
Other financial liabilities	0.6	3.0–4.8%	0.7	4.9–7.4%
	30.3		**23.7**	

The fair values were determined by the respective banks, by discounting the future payments and applying the current market interest rate. In the case of variable rate items (money and capital market floaters), fair value was equated to the nominal value.

In the 2010 financial year, trans-o-flex Belgium B.V.B.A. concluded a factoring agreement. The sold receivables on the balance sheet date of December 31, 2011, amounted to EUR 3.9m. The sold and assigned trade receivables have been reported as trade receivables due to the remaining economic risk. The EUR 2.6m received from the factoring bank as at December 31, 2011, were reported as current liabilities. As a result of the disposal of trans-o-flex Belgium B.V.B.A. in the 2012 financial year, the factory agreement was transferred to the buyer.

8.16 PAYABLES

EUR m	Dec. 31, 2011			Dec. 31, 2012		
	Due within 1 year	Due in more than 1 year	Total	Due within 1 year	Due in more than 1 year	Total
Trade payables	202.6	0.0	202.6	229.5	0.4	229.9
Payables to investments consolidated at equity and unconsolidated companies	2.2	0.0	2.2	1.7	0.0	1.7
Payables on unused holidays	47.9	0.0	47.9	47.7	0.0	47.7
Other payables	93.8	25.2	119.1	103.6	19.8	123.4
	346.6	**25.2**	**371.8**	**382.4**	**20.2**	**402.6**

Due to the primarily short-term nature of this item, it is assumed that the fair values correspond to the carrying amounts.

8.17 INCOME TAX

EUR m	2011 adjusted[1]	2012
Income tax expense for the current year	44.1	39.0
Tax credits or tax arrears from prior tax years	–0.1	0.1
Changes in deferred tax	–4.9	–10.7
	39.1	**28.4**

[1] Adjusted due to the early application of IAS 19; refer to Note 2 – Summary of accounting principles

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The effects on the deferred tax reported in the balance sheet of the temporary differences between the amounts shown in the IFRS consolidated statements and those recognised for tax purposes were as follows:

EUR m	Dec. 31, 2011	Dec. 31, 2012
Deferred tax assets arising from temporary differences		
Intangible assets	0.1	0.1
Goodwill	0.3	0.1
Financial assets (current value tax depreciation)	32.0	32.2
Receivables	0.0	0.6
Provisions	17.0	22.1
Financial liabilities	0.5	0.2
	50.0	**55.3**
Deferred tax liabilities arising from temporary differences		
Customer relationships	–3.8	–3.8
Trademarks	–7.1	–7.1
Other intangible assets	0.0	0.0
Property, plant and equipment	–5.3	–8.5
Inventories	–0.1	–0.1
Receivables	–0.8	0.0
Liabilities	–0.1	–0.2
	–17.2	**–19.7**
Deferred tax arising from tax loss carry-forwards	**9.4**	**16.1**
Total net deferred tax	**42.2**	**51.7**
Deferred tax assets	54.6	63.9
Deferred tax liabilities	–12.4	–12.2
Total net deferred tax	**42.2**	**51.7**

The following deferred tax assets were not recognised:

EUR m	Dec. 31, 2011	Dec. 31, 2012
Deferred tax assets on:		
Unused tax loss carry-forwards	13.0	9.3
Other valuation differences	0.8	0.0

The development and the breakdown of all changes in deferred taxes affecting income or directly recognised in equity are presented in the following table:

EUR m	Deferred tax assets	Deferred tax liabilities
Balance at January 1, 2011	**49.9**	**14.2**
Changes affecting net income	**3.8**	**–1.8**
Changes recognised directly in equity		
Available for sale securities	1.0	0.0
Revaluation of defined benefit obligations[1]	–0.2	0.0
	0.8	**0.0**
Balance at December 31, 2011	**54.6**	**12.4**
Balance at January 1, 2012	**54.6**	**12.4**
Changes affecting net income	**8.8**	**–1.7**
Changes recognised directly in equity		
Available for sale securities	–1.0	0.0
Revaluation of defined benefit obligations	1.5	–0.1
Addition from acquisitions	0.0	1.6
	0.5	**1.5**
Balance at December 31, 2012	**63.9**	**12.2**

[1] Adjusted due to early application of IAS 19; refer to Note 2 – Summary of accounting principles

The corporate tax rate for the Group is the relation of the actual income tax expense for the period to the earnings before tax, and corresponded to a rate of 18.7% in the 2012 financial year (2011: 24.1%).

RECONCILIATION OF DEFERRED TAX EXPENSE

EUR M	2011 adjusted[1]	2012
Profit before tax	**162.2**	**151.6**
Expected taxes on income	**40.6**	**37.9**
Tax deductions due to		
Write-down of subsidiaries to lower going concern value	–15.3	–9.0
Adjustments to foreign tax rates	–1.2	–1.5
Other tax-reducing items	–4.0	–3.3
	–20.4	**–13.8**
Tax increase due to		
Impairment losses on goodwill	0.6	3.0
Non-deductible losses (at equity)	2.4	3.5
Deconsolidation trans-o-flex Benelux	0.0	0.4
Other tax increasing items	9.6	1.4
	12.6	**8.3**
Income tax expense for the period	**32.7**	**32.4**
Income tax expense/income from prior years	–0.1	0.1
Change in unrecognised deferred tax assets arising from carry-forwards	6.4	–4.1
Current tax expense	**39.1**	**28.4**

[1] Adjusted due to the earlier application of IAS 19; refer to Note 2 – Summary of accounting principles

9. OTHER DISCLOSURES

9.1 CASH FLOW DISCLOSURES

Cash and cash equivalents encompass cash in hand and demand deposits and current, liquid financial investments, which can be converted into specified cash amounts at any time, and are only subject to immaterial fluctuations in value. As a rule, financial investments with a remaining time to maturity as calculated from the acquisition date of not more than three months are classified as cash equivalents.

The cash and cash equivalents included in the consolidated cash flow statement contain time deposits redeemable at any time, and which can be converted into cash amounts at any time, even if the remaining time to maturity is no longer than three months. They serve to be able to fulfil short-term payment obligations, but they are not held for investment purposes. The primary goal is ongoing cash management or securing the liquidity of the company and not to achieve the highest possible return on investment. Interest rates on matching maturities are used in the case of the premature termination of time deposits.

When making investments considerable importance is attached to the first-class credit ratings of the issuers. Risks relating to value fluctuations for time deposits do not exist at the present time.

The following additional disclosures to the consolidated cash flow statement are provided:

Cash payments relating to the acquisition and divestments of subsidiaries
The cash flow arising from the acquisition and divestments of subsidiaries is comprised of the following:

EUR m	2011	2012
Acquisition of subsidiaries		
Purchase prices		
Acquisition date in the current financial year (purchase price)	0.0	–30.4
Outstanding purchase price liability	0.0	12.4
Acquisition date in previous years (remaining purchase price)	–0.4	–1.5
	–0.4	**–19.6**
Cash and cash equivalents acquired	0.0	1.6
	–0.4	**–18.0**
Divestments		
Cash outflow for the sale of subsidiaries		
Date of sale in the current financial year (selling price)	0.0	–14.2
	0.0	**–14.2**
Divested cash and cash equivalents	0.0	–1.2
	0.0	**–15.5**
Total	**–0.4**	**–33.5**

Other non-cash transactions
The other non-cash transactions neutralised in the operating cash flow from changes in working capital are comprised of the following:

EUR m	2011 adjusted[1]	2012
Non-cash expenses pursuant to IFRS 5	18.3	0.0
Results from deconsolidations and change in methodology	3.3	–2.4
Valuation of loans granted	4.4	0.4
Early application of IAS 19	0.7	–5.4
Other	1.5	1.2
Total	**28.2**	**–6.3**

[1] Adjusted due to the earlier application of IAS 19; refer to Note 2 – Summary of accounting principles

Sundry non-cash transactions
The initial recognition of assets and financial liabilities resulting from financial lease contracts first concluded in the 2012 financial year (December 31, 2012: EUR 1.2m; December 31, 2011: EUR 3.4m) did not lead to any change in the cash flow from investing and financing activities due to the fact that these represent non-cash transactions. The subsequent leasing payments will be reported in the cash flow from financing activities.

9.2 FINANCIAL LIABILITIES

The financial instruments include financial assets and liabilities (primary financial instruments) as well as derivative financial instruments.

9.2.1 FINANCIAL ASSETS

The following table shows the carrying amounts of the financial assets in the 2011 and 2012 financial years:

Financial assets EUR m	Available for sale	Loans and receivables	Fair value	Carrying amount
December 31, 2011				
Securities	34.1	0.0	0.0	34.1
Trade receivables	0.0	255.8	0.0	255.8
Receivables from investments consolidated at equity	0.0	18.0	0.0	18.0
Derivative financial assets	0.0	0.0	0.2	0.2
Other receivables	0.0	31.2	0.0	31.2
Strategic stakes and other investments	40.6	0.0	0.0	40.6
Cash and cash equivalents	0.0	310.6	0.0	310.6
	74.8	**615.5**	**0.2**	**690.5**
Other sundry assets				44.5
	74.8	**615.5**	**0.2**	**735.0**

Financial assets EUR m	Available for sale	Loans and receivables	Fair value	Carrying amount
December 31, 2012				
Securities	39.9	0.0	0.0	39.9
Trade receivables	0.0	262.3	0.0	262.3
Receivables from investments consolidated at equity	0.0	18.2	0.0	18.2
Other receivables	0.0	32.6	0.0	32.6
Strategic stakes and other investments	12.2	0.0	0.0	12.2
Cash and cash equivalents	0.0	315.0	0.0	315.0
	52.1	**628.1**	**0.0**	**680.2**
Other sundry assets				46.0
	52.1	**628.1**	**0.0**	**726.2**

9.2.2 FINANCIAL LIABILITIES

The following table shows the carrying amounts of financial liabilities for the 2011 and 2012 financial years:

Financial liabilities **EUR m**	**Recognised at amortised cost**	**Fair value**	**Carrying amount**
December 31, 2011			
Interest-bearing financial liabilities	28.6	0.0	28.6
Other non-current financial liabilities	0.5	0.0	0.5
Trade payables	202.6	0.0	202.6
Liabilities to investments consolidated at equity and non-consolidated companies	2.2	0.0	2.2
Derivative financial liabilities	0.0	0.2	0.2
Other liabilities	23.8	0.0	23.8
	257.6	**0.2**	**257.9**
Other sundry liabilities			143.2
	257.6	**0.2**	**401.1**

Financial liabilities **EUR m**	**Recognised at amortised cost**	**Fair value**	**Carrying amount**
December 31, 2012			
Interest-bearing financial liabilities	22.2	0.0	22.2
Other non-current financial liabilities	0.7	0.0	0.7
Trade payables	229.9	0.0	229.9
Liabilities to investments consolidated at equity and non-consolidated companies	1.7	0.0	1.7
Other liabilities	24.8	0.0	24.8
	279.2	**0.0**	**279.2**
Other sundry liabilities			146.2
	279.2	**0.0**	**425.5**

9.2.3 FAIR VALUE HIERARCHY

The following table presents financial instruments whose subsequent measurements are to be carried out at fair value. These market-based fair value measurements are classified according to three levels based on the inputs used in the valuation techniques:

Level 1: Fair value measurements arising from quoted prices (unadjusted) in active markets for identical financial assets or liabilities.

Level 2: Fair value measurements based on parameters other than quoted prices included within Level 1 (data) that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements arising from models using parameters for the valuation of assets or liabilities which are not based on applicable market data (inapplicable inputs).

December 31, 2011 EUR m	Level 1	Level 2	Level 3	Total
Financial assets in the category "Recognised at fair value through profit or loss"				
Derivative financial assets	0.2	0.0	0.0	0.2
Financial assets in the category "Available for sale"				
Securities	34.1	0.0	0.0	34.1
Strategic stakes and other investments	0.0	0.0	40.6	40.6
Financial liabilities in the category "Recognised at fair value through profit or loss"				
Other derivative financial liabilities	–0.2	0.0	0.0	–0.2

December 31, 2012 EUR m	Level 1	Level 2	Level 3	Total
Financial assets in the category "Available for sale"				
Securities	39.9	0.0	0.0	39.9
Strategic stakes and other investments	0.0	0.0	12.2	12.2

No transfers between the Levels 1, 2 and 3 took place during the year under review.

The reconciliation of Level 3 measurements at fair value applying to financial assets for the 2011 and 2012 financial years was as follows:

EUR m	Available for sale 2011	Available for sale 2012
Opening balance at January 1	**40.6**	**40.6**
Total gains and losses		
Recognised through profit or loss under Other financial result	0.0	–28.4
Closing balance on December 31	**40.6**	**12.2**

The impairment loss to the amount of EUR 28.4m relates to the indirect strategic stake held in BAWAG P.S.K..

9.2.4 DERIVATIVE FINANCIAL INSTRUMENTS

The following table shows the base value and market value of the different derivative financial instruments:

EUR m	Dec. 31, 2011		Dec. 31, 2012	
	Nominal (base value)	Market value	Nominal (base value)	Market value
Other derivative financial instruments				
Structured interest rate swaps	8.0	–0.1	0.0	0.0
Structured interest rate caps	38.1	0.0	0.0	0.0
		0.0		**0.0**

Austrian Post concluded no derivative financial instruments at the reporting date.

The fixed interest rates on the interest to be paid ranged between 1.7% and 4.8% as at December 31, 2011.

The variable interest rates which were subject to significant changes during the terms of the swap contracts, were linked to interbank interest rates.

The market value of various derivative financial instruments corresponded to the amount that Austrian Post would receive or be obliged to pay if the transactions were settled at the balance sheet date. Account was taken of current market conditions as well as current interest rate levels, and the creditworthiness of the counterparties.

9.2.5 NET GAINS AND LOSSES

The following table shows the net gains and losses as contained in the consolidated income statements for the 2011 and 2012 financial years:

EUR m	2011	2012
Available for sale financial assets		
Income from dividends and securities	1.0	1.3
Proceeds from the disposal of securities and other shareholdings	–0.7	0.1
Impairment charges	0.0	–28.4
	0.3	**–27.0**
Financial assets and liabilities recognised at fair value through profit or loss	–0.4	0.1
Financial liabilities recognised at amortised cost	–0.6	–0.9
Loans and receivables	–0.1	–2.7
	–1.1	**–3.5**
	–0.8	**–30.5**

In the 2011 financial year, the net losses from the disposal of available for sale financial assets amounting to EUR 0.1m were taken from the reserve for the revaluation of held-for-sale financial instruments to income and the net gains of EUR 0.3m were reported directly in the income statement. In the 2012 financial year, the net gains from the disposal of available for sale financial assets amounting to EUR 0.1m were taken from the reserve for the revaluation of held-for-sale financial instruments to income and the net losses of minus EUR 27.0m were reported directly in the income statement.

The result of financial assets and liabilities recognised at fair value through profit or loss corresponds to the gains/losses from the valuation and the disposal of derivative financial instruments.

9.2.6 TOTAL INTEREST INCOME AND EXPENSE

The total interest income and expenses for financial assets and liabilities excluding the financial instruments at fair value through profit or loss are presented as follows:

EUR m	2011	2012
Interest income from cash and cash equivalents	4.3	3.8
Other interest income	0.7	0.1
	5.0	**3.9**
Interest expense for loans and borrowings	1.3	0.9
Other interest expense	2.2	0.6
	3.4	**1.5**

9.3 RISKS AND RISK MANAGEMENT

9.3.1 TYPES OF RISK

Liquidity risk
The purpose of Austrian Post's liquidity risk management procedures is to maintain the solvency of the Group at all times. The liquidity management system is based on a liquidity plan which is regularly subject to target/performance comparisons and adjusted as necessary. Net interest income is maximised by actively managing payment systems.

The following table shows the maturity dates of the gross payment obligations on the part of Austrian Post as at December 31, 2011, and December 31, 2012:

December 31, 2011 EUR m	Carrying amount	Gross cash flow	Term to maturity Within 1 year	 1–5 years	 More than 5 years
Financial liabilities					
Borrowings from banks (fixed interest)	11.5	12.6	2.3	10.2	0.0
Borrowings from banks (variable interest)	2.9	2.9	2.9	0.0	0.0
Factoring liabilities	2.6	2.6	2.6	0.0	0.0
Finance lease liabilities	11.5	13.1	3.5	9.6	0.0
Derivative financial liabilities	0.2	0.2	0.0	0.0	0.2
Other financial liabilities (excl. derivatives)	0.6	0.6	0.6	0.0	0.0
	29.2	**31.9**	**11.9**	**19.8**	**0.2**
Liabilities – financial instruments					
Trade payables	202.6	202.6	202.6	0.0	0.0
Liabilities to investments consolidated at equity and non-consolidated companies	2.2	2.2	2.2	0.0	0.0
Other liabilities – financial instruments	23.8	23.8	22.3	0.5	1.0
	228.6	**228.6**	**227.2**	**0.5**	**1.0**
Total financial liabilities	**257.9**	**260.5**	**239.0**	**20.3**	**1.2**
Other sundry liabilities	143.2	143.3	119.7	23.5	0.0
Total liabilities	**401.1**	**403.8**	**358.8**	**43.9**	**1.2**

December 31, 2012 EUR m	Carrying amount	Gross cash flow	Term to maturity Within 1 year	1–5 years	More than 5 years
Financial liabilities					
Borrowings from banks (fixed interest)	8,5	9,4	1,5	7,8	0,0
Finance lease liabilities	13,6	16,0	3,5	8,5	4,0
Other financial liabilities (excl. derivatives)	0,7	0,7	0,7	0,0	0,0
	22,9	**26,0**	**5,8**	**16,3**	**4,0**
Liabilities – financial instruments					
Trade payables	229,9	229,9	229,9	0,0	0,0
Liabilities to investments consolidated at equity and non-consolidated companies	1,7	1,7	1,7	0,0	0,0
Other liabilities – financial instruments	24,8	24,8	23,0	1,8	0,0
	256,3	**256,3**	**254,5**	**1,8**	**0,0**
Total financial liabilities	**279,2**	**282,4**	**260,3**	**18,1**	**4,0**
Other sundry liabilities	146,2	146,2	128,2	18,0	0,0
Total liabilities	**425,5**	**428,6**	**388,5**	**36,1**	**4,0**

Credit/counterparty/product/payment undertaker risk
The amounts reported on the active side of the balance sheet represent the maximum creditworthiness and default risk, as there are no general netting agreements. The overall risk attached to the receivables is low, as most of the customers pay cash or have agreed to direct debit arrangements. Moreover, most of the outstanding amounts are owed by foreign postal operators, which have excellent credit ratings.

Where there are recognisable default risks in respect to the financial assets, specific provisions are made to account for them. In order to avoid credit risks, financial contracts are only made with contracting parties of the highest creditworthiness. The general credit risk associated with the financial instruments used is therefore regarded as low.

Money market transactions are subject to fixed trading limits. In order to limit the default risk associated with bonds and structured loans, Austrian Post's portfolio is restricted to papers from issuers with at least an investment grade rating or comparable creditworthiness. The security portfolio consists solely of securities on investor grade level. Likewise, as regards OTC transactions or instruments embedded in structured transactions, consideration is only given to contracting parties with first-class credit ratings. Austrian Post only invests in funds managed by internationally reputable investment companies. No investments or funds are held at the reporting date. In the selection of the financial products held, particularly close attention is paid to liquidity and low exposure to settlement.

Within the framework of a cross-border lease transaction, a one-time grant payment was made enabling Austrian Post to assign its obligation to pay the lease instalments, including an EBO payment, to payment undertakers. The selected payment undertakers were financial institutions with top credit ratings (qualified issuer). In the case of the equity payment undertaker, minimum ratings were stipulated. If the ratings fall below these defined levels, the pay-ment undertaker has to contribute securities as additional collateral. In the event that the ratings drop below a certain level, Austrian Post is obliged to change the existing equity payment counterparty. In order to be able to react in a timely manner to the situation of the payment undertaker, a quarterly evaluation of the ratings of the payment undertaker is made as well as the ratings of comparable financial institutions. In addition, at every balance sheet date, the payment undertaker is required to confirm that the transaction has been carried out, as planned and to disclose the remaining payment instalments.

The delinquency structure for receivables in the 2011 and 2012 financial years is as follows:

December 31, 2011 EUR m	Gross carrying amount	Not individually adjusted	Individually adjusted (gross)	Impairment	Individual valuation adjustment	Portfolio valuation allowances	Net carrying amount
Trade receivables							
Not overdue	219.7	219.4	0.3	–1.0	–0.2	–0.8	218.7
Due in 1–90 days	35.0	34.8	0.2	–0.3	–0.2	–0.1	34.7
Due in 91–180 days	1.2	1.0	0.2	–0.2	–0.1	0.0	1.0
Due in 181–365 days	1.6	1.0	0.5	–0.6	–0.6	0.0	1.0
Due in more than 1 year	3.7	0.9	2.8	–3.4	–3.4	0.0	0.3

December 31, 2012 EUR m	Gross carrying amount	Not individually adjusted	Individually adjusted (gross)	Impairment	Individual valuation adjustment	Portfolio valuation allowances	Net carrying amount
Trade receivables							
Not overdue	219.0	218.5	0.5	–1.1	–0.1	–0.9	217.9
Due in 1–90 days	42.3	41.8	0.5	–0.5	–0.5	–0.1	41.7
Due in 91–180 days	2.3	1.1	1.1	–1.2	–1.2	0.0	1.0
Due in 181–365 days	2.1	1.3	0.8	–0.9	–0.9	0.0	1.2
Due in more than 1 year	3.3	0.7	2.6	–2.9	–2.9	0.0	0.4

December 31, 2011 EUR m	Gross carrying amount	Not individually adjusted	Individually adjusted (gross)	Impairment	Individual valuation adjustment	Portfolio valuation allowances	Net carrying amount
Receivables from investments consolidated at equity and non-consolidated companies							
Not overdue	17.7	17.7	0.0	0.0	0.0	0.0	17.7
Due in 1–90 days	0.1	0.1	0.0	0.0	0.0	0.0	0.1
Due in 91–180 days	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Due in 181–365 days	0.1	0.1	0.0	0.0	0.0	0.0	0.1
Due in more than 1 year	0.1	0.1	0.0	0.0	0.0	0.0	0.1

December 31, 2012 EUR m	Gross carrying amount	Not individ-ually adjusted	Individ-ually adjusted (gross)	Impair-ment	Individual valuation adjust-ment	Portfolio valuation allow-ances	Net carrying amount
Receivables from investments consolidated at equity and non-consolidated companies							
Not overdue	19.6	19.6	0.0	–1.6	0.0	–1.6	18.0
Due in 1–90 days	0.2	0.2	0.0	0.0	0.0	0.0	0.2
Due in 91–180 days	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Due in 181–365 days	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Due in more than 1 year	0.0	0.0	0.0	0.0	0.0	0.0	0.0

December 31, 2011 EUR m	Gross carrying amount	Not individ-ually adjusted	Individ-ually adjusted (gross)	Impair-ment	Individual valuation adjust-ment	Portfolio valuation allow-ances	Net carrying amount
Other receivables							
Not overdue	29.3	23.1	6.2	–6.0	–6.0	0.0	23.3
Due in 1–90 days	0.2	0.1	0.1	–0.1	–0.1	0.0	0.2
Due in 91–180 days	0.2	0.0	0.2	–0.2	–0.2	0.0	0.0
Due in 181–365 days	0.3	0.0	0.3	–0.3	–0.3	0.0	0.0
Due in more than 1 year	9.9	0.0	9.9	–9.9	–9.9	0.0	0.0

December 31, 2012 EUR m	Gross carrying amount	Not individ-ually adjusted	Individ-ually adjusted (gross)	Impair-ment	Individual valuation adjust-ment	Portfolio valuation allow-ances	Net carrying amount
Other receivables							
Not overdue	33.7	28.3	5.5	–5.3	–5.3	0.0	28.4
Due in 1–90 days	1.8	1.1	0.6	–0.2	–0.2	0.0	1.6
Due in 91–180 days	0.3	0.2	0.0	0.0	0.0	0.0	0.3
Due in 181–365 days	1.2	0.0	1.2	–1.1	–1.1	0.0	0.0
Due in more than 1 year	10.2	0.1	10.2	–10.1	–10.1	0.0	0.1

December 31, 2011 EUR m	Gross carrying amount	Not individually adjusted	Individually adjusted (gross)	Impairment	Individual valuation adjustment	Portfolio valuation allowances	Net carrying amount
Other sundry assets							
Not overdue	51.1	51.1	0.0	0.0	0.0	0.0	51.1
Due in 1–90 days	0.9	0.9	0.0	0.0	0.0	0.0	0.9
Due in 91–180 days	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Due in 181–365 days	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Due in more than 1 year	0.1	0.1	0.0	0.0	0.0	0.0	0.1

December 31, 2012 EUR m	Gross carrying amount	Not individually adjusted	Individually adjusted (gross)	Impairment	Individual valuation adjustment	Portfolio valuation allowances	Net carrying amount
Other sundry assets							
Not overdue	47.3	47.3	0.0	0.0	0.0	0.0	47.3
Due in 1–90 days	0.8	0.8	0.0	0.0	0.0	0.0	0.8
Due in 91–180 days	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Due in 181–365 days	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Due in more than 1 year	0.1	0.1	0.0	0.0	0.0	0.0	0.1

There were no derivative financial items held by Austrian Post as at December 31, 2012.

Interest rate risk
Interest rate risk is the risk of changes in the value of financial instruments, other balance sheet items or interest payment streams as a result of movements in market interest rates. Interest rate risk includes the risk of changes in the present value of fixed interest balance sheet items and the cash flow risk associated with variable risk items.

Exposure to interest rate risk mainly relates to receivables and payables with maturities of more than one year. Such long maturities are not of material importance in the operational area, but do affect financial investments in securities, other financial assets and financial liabilities.

Management of interest rate risk is based on the portfolio approach. Normally, it is not individual positions but the entire portfolio that is managed, taking account of the underlying transactions. For this purpose, selective use is made of derivative instruments such as interest rate swaps and interest rate caps. There were no derivative financial items held by Austrian Post at the balance sheet date. The financial portfolio is compared with the benchmark on a daily basis.

A detailed presentation of Austrian Post's financial investments in securities and other financial assets is found in Notes 8.6 Investments in securities and 8.7 Other financial assets to the consolidated financial statements. Detailed information on financial liabilities is presented in Note 8.15 financial liabilities.

If all other parameters remained constant, a change in the actual market interest rate of +/– 1 percentage point would have the following effects on the items listed in the table below:

EUR m	Market price	
	+1% point	–1%-Punkt
Financial year 2011		
Other financial result	3.4	–3.4
Financial year 2012		
Other financial result	3.4	–3.3

Foreign exchange risk
Foreign exchange risk refers to potential losses arising from the market changes in connection with fluctuations in exchange rates.

There are no foreign exchange risks on the asset side of the balance sheet, as deliveries are almost entirely conducted on a Euro basis. The same is normally true of the other primary financial instruments.

9.3.2 RISK MANAGEMENT

The finance and risk management policies of Austrian Post are aimed at hedging profits against financial risks of all kinds. In managing its financial positions, the Group fundamentally takes a strategic approach to portfolio assessment and follows conservative risk policies.

The Austrian Post Group continually monitors potential concentrations of risk. This can arise in the case of financial instruments with similar features, terms and conditions, for example with respect to terms to maturity, counterparty structure and the implementation of the investment strategy. Concentration risks are counteracted, for example, by the investments of time deposits at different banks, the diversification of the securities portfolio and by spreading the maturity profile. No concentration risk was identified at Austrian Post at the balance sheet date.

A standardised reporting system is used to track the current financial situation. In addition, Austrian Post has clearly defined written strategies and operational guidelines for the management of all financial risks.

Risk management is subject to a body of rules developed by the Management Board, which define the relevant objectives, principles, functions and responsibilities. In addition, these rules lay down standardised processes, so as to provide an assurance of reliable internal auditing.

Furthermore, the organisational risks relating to treasury operations are kept to a minimum by structuring the processes involved in an appropriate manner (e.g. keeping the trading and accounting of financial transactions separate, electronic data storage).

9.4 OTHER COMMITMENTS

Other financial commitments chiefly arise from operating rental and lease agreements with respect to buildings used in the production or supply of goods and services. There are also operating rental and lease agreements for technical plant and machinery, furniture and fixtures.

The future minimum leasing payments in the 2011 and 2012 financial years arising from operating lease and rental agreements which cannot be terminated before the end of the respective maturity period comprise the following:

EUR m	2011	2012
Not later than one year	52.2	56.9
Later than one year and not later than five years	143.9	141.4
Later than five years	156.9	152.1
	353.1	**350.4**

The main rental and leasing agreements for buildings used in the production or supply of goods and services contain extension and termination clauses, which accord with normal market terms and conditions for business properties. The agreements also provide for the indexation of the leasing prices. In a few cases, lease payments are linked to revenue figures. Austrian Post entered into non-terminable rental and leasing agreements with future minimum lease payments of EUR 0.1m (2011: EUR 0.1m).

In the 2012 financial year, a total of EUR 56.2m (2011: EUR 51.2m) in payments within the context of operating rental and lease agreements were recognised in the income statement. The entire amount related to minimum lease payments.

Acquisition obligations existed to the amount of EUR 0.3m as at December 31, 2012, for intangible assets (December 31, 2011: EUR 0.1m). Acquisition obligations for property, plant and equipment totalled EUR 19.3m as at December 31, 2012 (December 31, 2011: EUR 25.4m).

Information on the cross-border lease transaction is provided in Note 8.3 Property, Plant and Equipment and Note 9.3.1 Types of Risk.

Austrian Post assumed financing obligations on behalf of the joint venture MEILLERGHP GmbH which are described in Note 8.5 Investments consolidated at equity.

9.5 RELATED PARTY TRANSACTIONS

The Republic of Austria holds a 52.8% shareholding in Austrian Post through its privatisation and industrial holding company Österreichische Industrieholding AG (ÖIAG). Subsequently, the Republic of Austria and companies in which it has a controlling interest may be considered to be related parties of Austrian Post. Furthermore, all subsidiaries, joint venture companies and companies consolidated at equity as well as members of the Management Board and Supervisory Board of Austrian Post, managing directors of Group subsidiaries and senior executives are to be considered as related parties.

There is an agreement with BBG Bundesbeschaffung GmbH, Vienna, in the name of and for the account of the federal government, for the delivery of postal items for federal agencies. During the 2012 financial year, delivery services valued at EUR 115.1m (2011: EUR 114.3m) were rendered for the federal agencies stipulated in the agreement. As at December 31, 2012, receivables from the BBG Bundesbeschaffung GmbH amounting to EUR 9.1m (December 31, 2011: EUR 10.7) were recognised.

Revenue relating to services provided by Austrian Post on behalf of the Federal Computing Centre of Austria totalled EUR 32.0m in 2012 (2011: EUR 31.9m). As at December 31, 2012, receivables from the Federal Computing Centre of Austria amounting to EUR 1.9m (December 31, 2011: EUR 2.4m) were recognised.

Furthermore, numerous public institutions and agencies as well as companies in which the Republic of Austria has a dominating or controlling interest are direct customers of Austrian Post. These business ties exist based on the portfolio of products and services offered by Austrian Post at prevailing market prices, terms and conditions. The services provided by Austrian Post in the course of these business relationships are not material in terms of the overall revenue of Austrian Post. Any services for which payment has not yet taken place as at December 31, 2012 are reported as trade payables.

Moreover, Austrian Post made use of services provided at prevailing market rates by the ÖBB Group (national railway system) which is owned by the Republic of Austria, in particular Rail Cargo Austria. The expense incurred for services provided by the ÖBB Group amounted to EUR 13.7m in 2012 (2011: EUR 15.1m). As at December 31, 2012, payables from the ÖBB Group totalled EUR 0.4m (December 31, 2011: EUR 0.1m). Receivables recognised to the ÖBB Group totalled EUR 0.6m as at December 31, 2012 (December 31, 2011: EUR 0.2m), whereas the income in the 2012 financial year amounted to EUR 3.2m (2011: EUR 2.2m).

As at December 31, 2012, Austrian Post recognised receivables from A1 Telekom Austria AG of EUR 5.4m (December 31, 2011: EUR 7.6) and payables amounting to EUR 4.8m (December 31, 2011: EUR 4.7m). In the 2012 financial year, Austrian Post provided services for A1 Telekom Austria AG valued at EUR 72.3m (2011: EUR 73.5m), whereas the expense incurred for services provided by A1 Telekom Austria AG in the 2012 financial year amounted to EUR 31.1m (2011: EUR 38.8m).

At the balance sheet date, Austrian Post recognised payables to OMV Group of EUR 2.7m (December 31, 2011: EUR 1.5m). The expense incurred for services provided by OMV Group for Austrian Post totalled EUR 16.6m in the 2012 financial year (2011: EUR 16.3m), whereas the income for services provided by Austrian Post for OMV Group amounted to EUR 0.4m (2011: EUR 0.4m).

There are related-party relationships with joint venture companies in connection with direct marketing services at normal market terms and conditions. At the balance sheet date, receivables from joint venture companies amounted to EUR 19.4m (December 31, 2011: EUR 17.2m), whereas payables totalled EUR 0.0m (December 31, 2011: EUR 0.0m). In the 2012 financial year, expenses amounted to EUR 0.8m (2011: EUR 0.6m) and income was EUR 1.6m (2011: EUR 2.0m).

There are related-party relationships with associated companies connected with advertising and public relations work as well as postal transport services, which are provided at normal market terms and conditions. The services provided by associated companies amounted to EUR 10.5m in the 2012 financial year (2011: EUR 10.8m). Revenue from associates accounted for 0.1% of total revenue in the 2012 financial year (2011: 0.1%). At the balance sheet date, receivables from associated companies amounted to EUR 0.3m (December 31, 2011: EUR 0.7m), and liabilities to associates were EUR 1.5m (December 31, 2011: EUR 2.2m).

The following remuneration, including changes in provisions, was paid to active and former members of the Management Board and the Supervisory Board as well as to senior executives in the 2011 and 2012 financial years:

2011 financial year **EUR m**	**Supervisory Board**	**Management Board**	**Senior executives**	**Total**
Short-term employment benefits	0.2	3.8	17.7	21.7
Post-employment benefits	0.0	0.7	0.3	0.9
Other long-term employment benefits	0.0	0.0	0.0	0.0
Termination benefits	0.0	0.2	0.2	0.4
Allocation to share-based remuneration programme	0.0	1.4	2.6	4.0
	0.2	**6.1**	**20.8**	**27.1**

2012 financial year EUR m	Supervisory Board	Management Board	Senior executives	Total
Short-term employment benefits	0.2	3.4	17.6	21.2
Post-employment benefits	0.0	0.2	0.4	0.6
Other long-term employment benefits	0.0	0.0	0.0	0.0
Termination benefits	0.0	0.1	0.2	0.3
Allocation to share-based remuneration programme	0.0	2.9	6.3	9.1
	0.2	**6.6**	**24.4**	**31.2**

9.6 AUDIT FEES

The following fees for the auditor Deloitte Audit Wirtschaftsprüfungs GmbH and its related companies were paid in the 2011 and 2012 financial years:

Services rendered by auditors EUR	2011	2012
Audit		
Individual and consolidated financial statements of the parent company Österreichische Post AG as at December 31st	156,200.00	99,000.00
Audits of Austrian Post subsidiaries as at December 31st	110,500.00	118,500.00
Tax consulting services	1,485.00	0.00
Other consulting services	177,940.00	193,907.02
	446,125.00	**411,407.02**

9.7 AUSTRIAN POST COMPANIES

Company and location	Interest %	Method of consolidation
Post Paket Service GmbH, Vienna	100.00	FC
Post & Co Vermietungs OG, Vienna	100.00	FC
Post International Beteiligungs GmbH, Vienna	100.00	FC
Post.Wertlogistik GmbH, Vienna	100.00	FC
Systemlogistik Distribution GmbH, Vienna	100.00	FC
Post.Maintain Management Objektverwaltungs- und -instandhaltungs GmbH, Vienna	100.00	FC
Medien.Zustell GmbH, Vienna	100.00	FC
Austrian Post International Deutschland GmbH, Bonn	100.00	FC
Post Immobilien GmbH, Vienna	100.00	FC
Post eins Beteiligungs GmbH, Vienna	100.00	FC
Post zwei Beteiligungs GmbH, Vienna	100.00	FC
Post drei Beteiligungs GmbH, Vienna	100.00	FC
Post vier Beteiligungs GmbH, Vienna	100.00	FC
A4 Business Solutions GmbH, Vienna	100.00	FC
Post fünf Beteiligungs GmbH, Vienna	100.00	FC
Weber Escal d.o.o., Zagreb	100.00	FC
Scanpoint GmbH, Vienna	100.00	FC
Scanpoint Deutschland GmbH, Schwandorf	100.00	FC
Scanpoint Slovakia s.r.o., Nitra	100.00	FC
feibra GmbH, Vienna	100.00	FC
PROWERB Gesellschaft für produktive Werbung GmbH, Vienna	100.00	FC
feibra Magyarország Kft, Budapest	100.00	FC
PS Postservicegesellschaft m.b.H., Vienna	100.00	FC
Post d.o.o. za usluge, Zagreb	100.00	FC
Online Post Austria GmbH, Vienna	100.00	FC
Overseas Trade Co Ltd d.o.o., Zagreb	100.00	FC
Slovak Parcel Service s. r. o., Bratislava	100.00	FC
IN TIME s.r.o., Bratislava	100.00	FC
Kolos s.r.o., Bratislava	100.00	FC
Kolportaż Rzetelny sp. z o.o., Krakow	100.00	FC
PostMaster s.r.l., Bucharest	100.00	FC
Austrian Post International Ungarn Kft, Budapest	100.00	FC
trans-o-flex Hungary Kft, Budapest	100.00	FC
City Express d.o.o., Belgrade	100.00	FC
trans-o-flex Austria GmbH, Vienna	100.00	FC
24-VIP d.o.o., Sarajevo	100.00	FC
City Express Montenegro d.o.o, Podgorica	100.00	FC
Post sechs Beteiligungs GmbH, Vienna	100.00	FC
Post sieben Beteiligungs GmbH, Vienna	100.00	FC
Post acht Beteiligungs GmbH, Vienna	100.00	FC
Post neun Beteiligungs GmbH, Vienna	100.00	FC

Company and location	Interest %	Method of consolidation
Post zehn Beteiligungs GmbH, Vienna	100.00	FC
trans-o-flex Germany		
trans-o-flex Logistics Group GmbH, Weinheim	100.00	FC
trans-o-flex GmbH, Weinheim	100.00	FC
trans-o-flex Verwaltungs GmbH, Weinheim	100.00	FC
trans-o-flex Schnell-Lieferdienst GmbH & Co KG, Weinheim	100.00	FC
trans-o-flex Transport Logistik GmbH, Weinheim	100.00	FC
trans-o-flex Customer-Service GmbH, Weinheim	100.00	FC
trans-o-flex Linienverkehr GmbH, Weinheim	100.00	FC
trans-o-flex Logistik Service GmbH, Weinheim	100.00	FC
trans-o-flex Admin-Service GmbH, Weinheim	100.00	FC
trans-o-flex IT-Service GmbH, Weinheim	100.00	FC
ThermoMed Verwaltungs GmbH, Weinheim	100.00	FC
trans-o-flex ThermoMed GmbH & Co KG, Weinheim	100.00	FC
trans-o-flex Accounting Service GmbH, Weinheim	100.00	FC
trans-o-flex Billing Service GmbH, Weinheim	100.00	FC
trans-o-flex ThermoMed Austria GmbH, Frankenburg/a.H.	100.00	FC
trans-o-flex Belgium Real Estate B.V.B.A., Turnhout	100.00	FC
LogIn Service d.o.o., Sarajevo	100.00	FC
Distributions GmbH Bergkirchen, Bergkirchen	100.00	FC
MEILLERGHP		
MEILLERGHP GmbH, Schwandorf[1]	65.00	EM
MEILLERGHP CZ s.r.o., Nyrany[1]	65.00	
MEILLERGHP a.s., Pilsen[1]	65.00	
MEILLERGHP s.a.r.l., Versailles[1]	65.00	
Mailstep a.s., Prague[1]	65.00	
GHP Direct France s.a.r.l., Le Chesnay[1]	65.00	
MEILLERGHP AB, Landskrona[1]	65.00	
MEILLERGHP Sp.z.o.o., Krakow[1]	65.00	
Kolos Marketing s.r.o., Nyrany[1]	58.50	
Kolos Marketing s.r.o., Nyrany	10.00	EQ
D2D – direct to document GmbH, Vienna	30.00	EQ
FEIPRO Vertriebs GesmbH, Gaweinstal	50.00	EQ
media.at GmbH, Vienna	20.45	EQ
Eurodis GmbH, Weinheim	39.80	EQ
M&BM Express OOD, Sofia	26.00	EQ
ADELHEID GmbH, Berlin	35.19	EQ
OMNITEC Informationstechnologie-Systemservice GmbH, Vienna	50.00	NC

[1] The profit for the period of the company MEILLERGHP GmbH consolidated at equity corresponds to the proportionate profit for the period of the MEILLERGHP Group and includes a proportionate share of the profit for the period of the subsidiaries.

FC – Full consolidation, EM – Equity method, NC – Not consolidated due to immateriality

The trans-o-flex companies based in Germany have decided to take advantage of the legally permissible waiver of disclosure requirements pursuant to Sections 264 Para. 3 and 264 b German Commercial Code.

9.8 EVENTS AFTER THE REPORTING PERIOD

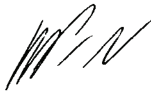
Austrian Post acquired the remaining 50% shareholding in FEIPRO Vertriebs GmbH effective February 1, 2013. As of this date the company is fully consolidated in the consolidated financial statements.

As at January 31, 2013, Austrian Post's waiver of its exercising an option to acquire an additional 25% in the shares of M&BM Express OOD expired. Accordingly, as of February 1, 2013, the option of purchasing an additional 25% of the shares in the company can be exercised. This option has not yet been exercised up until now.

The Management Board of Austrian Post approved the audited consolidated financial statements for the financial year ending on December 31, 2012 for transmission to the Supervisory Board on February 28, 2013. The Supervisory Board is responsible for reviewing and approving the audited consolidated financial statements.

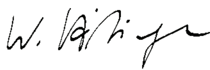
Vienna, February 28, 2013

The Management Board



Georg Pölzl
Chairman of the Management Board
Chief Executive Officer

Walter Oblin
Member of the Management Board
Chief Financial Officer



Walter Hitziger
Member of the Management Board
Mail & Branch Network Division

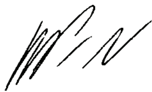
Peter Umundum
Member of the Management Board
Parcel & Logistics Division

STATEMENT OF ALL LEGAL REPRESENTATIVES PURSUANT TO SECTION 82 PARA. 4 (3) STOCK EXCHANGE ACT

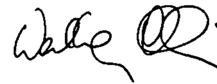
As the legal representatives of Austrian Post we declare, to the best of our knowledge, that the consolidated financial statements for the 2012 financial year, which were prepared in accordance with the applicable financial reporting standards, present a fair and accurate picture, in all material respects, of the profit, asset and financial position of the Group, that the Group Management Report presents the business development, earnings and overall situation of the Group in such a manner as to provide a fair and accurate picture of the profit, asset and financial position of the Group, and that the Group Management Report also describes the most important risks and uncertainties facing the Group.

Vienna, February 28, 2013

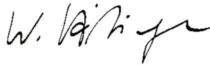
The Management Board



Georg Pölzl
Chairman of the Management Board
Chief Executive Officer



Walter Oblin
Member of the Management Board
Chief Financial Officer



Walter Hitziger
Member of the Management Board
Mail & Branch Network Division

Peter Umundum
Member of the Management Board
Parcel & Logistics Division

INDEPENDENT AUDITOR'S REPORT

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of Österreichische Post Aktiengesellschaft, Vienna ("the Group") for the fiscal year from January 1, 2012 to December 31, 2012. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2012, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2012, and the notes.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System
The Company's management is responsible for the group accounting system and for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements 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 Group's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion
Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2012 and of its financial performance and its cash flows for the fiscal year from January 1, 2012 to December 31, 2012 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Comments on the Management Report for the Group
Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, February 28, 2013

Deloitte Audit Wirtschaftsprüfungs GmbH

Walter Müller m.p.
Certified Public Accountant

Josef Spadinger m.p.
Certified Public Accountant

The publication or dissemination of the consolidated financial statements with our auditor's report is only permissible in the version we have formally approved. This auditor's report exclusively relates to the German language and complete consolidated financial statements including the Group Management Report. For deviating versions refer to Section 281 Para. 2 Austrian Commercial Code.