1–30

GROUP MANAGEMENT REPORT 2013

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1 GROUP INFORMATION & STRATEGY

1.1 BUSINESS OPERATIONS AND ORGANISATIONAL STRUCTURE

The Austrian Post Group, hereafter referred to as Austrian Post, is the leading logistics and postal services provider in the country, featuring annual revenue of EUR 2.4 bn and about 24,000 employees. It also has a strong position internationally with subsidiaries in 13 European countries. Austrian Post's core business consists of transporting and delivering letters, direct mail items, print media and parcels as well as providing various logistics services. In addition, Austrian Post operates a nationwide branch network encompassing about 1,900 company-operated and third-party operated postal service points, making it one of the largest private customer networks in Austria.

The business activities of Austrian Post are mainly carried out by two divisions, Mail & Branch Network and Parcel & Logistics. The Corporate Division performs services, particularly in the field of Group administration and management. These three divisions correspond to the reportable segments stipulated in IFRS 8.

The core business of the Mail & Branch Network Division ranges from the collection, sorting and delivery of letters, postcards, addressed and unaddressed direct mail items and newspapers to the sale of postal and telecommunications products as well as of financial services in cooperation with its banking partner BAWAG P.S.K. The service portfolio is complemented by new services for business and advertising mail, such as address and data management, mailroom management, intelligent scanning and response management. A total of 1,894 postal service points are now at the disposal of customers throughout Austria. Each year 5.7bn mail items are delivered in Austria and 3.4bn direct mail items by the company's subsidiaries in South East and Eastern Europe.

The Parcel & Logistics Division provides services in nine European countries. In international markets, this consistently takes place via the company's own subsidiaries. The main business of the division is transporting parcels and EMS (Express Mail Servance) items for private and business customers. The product and service portfolio also includes a broad spectrum of specialty logistics solutions, for example so-called combined freight (the joint transport of individual parcels and pallets), temperature-controlled logistics (transport of temperature-sensitive goods in the range of 2 to 8 and 15 to 25 degrees Celsius) and contract logistics. In recent years Austrian Post has further expanded its competencies along the entire logistics value chain, and is now successfully providing a broad range of value-added services. Accordingly, Austrian Post offers customised fulfillment solutions such as warehousing, commissioning, returns management and Webshop logistics, as well as the transport of valuable goods and cash.

AUSTRIAN POST			
Corporate		Mail & Branch Network	Parcel & Logistics
Chief Executive Officer Georg Pölzl **Responsibilities** • Online Innovation Management • Corporate Communications • Strategy and Group Development • Human Resources Management • Group Auditing, Risk Management & Compliance • Investor Relations & Corporate Governance • End Customer Initiatives, End Customer Service	Management Board Member Walter Oblin **Responsibilities** • Finance and Accounting • Corporate Controlling • Finance of the Mail & Branch Network Division • Finance of the Parcel & Logistics Division • Treasury • Information Technology • Group Procurement • Legal & Regulation Management • Corporate Real Estate	Management Board Member Walter Hitziger **Responsibilities** • Collection, sorting and delivery of letter mail, direct mail items and media post in Austria and CEE • Value-added letter mail services • Online services • Product portfolio of the postal service points (branch offices and postal partners)	Management Board Member Peter Umundum **Responsibilities** • Collection, sorting and delivery of parcels in Austria and CEE • Pharmaceutical logistics • Combined freight transport in Germany • Value logistics (cash transport) • Value-added logistical services • Logistics services Parcel • Logistics online services

1.2 SALES MARKETS AND MARKET POSITION

Austrian Post and its Group subsidiaries operate in 13 countries in the fields of letter mail and direct mail as well as in the parcel and logistics business. About 70% of Group revenue is currently generated on the domestic market, where Austrian Post plays a leading role in the delivery of letter mail, direct mail and newspapers as well as parcels. In particular, Austrian Post has been able to continually increase its share of the growing parcel delivery business in recent years. As a result, the company now boasts a market share of about 76% of parcel volume in the expanding private customer parcel segment thanks to the trend towards online shopping. In the field of business parcels (B2B), Austrian Post has been able to increase its market share from about 22% in 2012 to about 25% in 2013 (Source: Kreutzer, Fischer & Partner, Business Radar 2014).

On an international level, the Group subsidiaries of Austrian Post also have good market positions. Austrian Post is the market leader in the delivery of unaddressed direct mail items in Croatia, Hungary, Slovakia and Poland, and is also the number one provider in the field of hybrid mail on the Bulgarian market. The Group is No. 1 in Slovakia, Croatia, Serbia and in Bosnia-Herzegovina in the field of business parcels (B2B). In addition, the trans-o-flex Group is the market leader in the direct pharmaceutical wholesale segment in Germany. The newly acquired Stake in the joint venture Aras Kargo a.s., Turkey, is No. 2 in the Turkish parcel delivery sector (Source: internal market estimates).

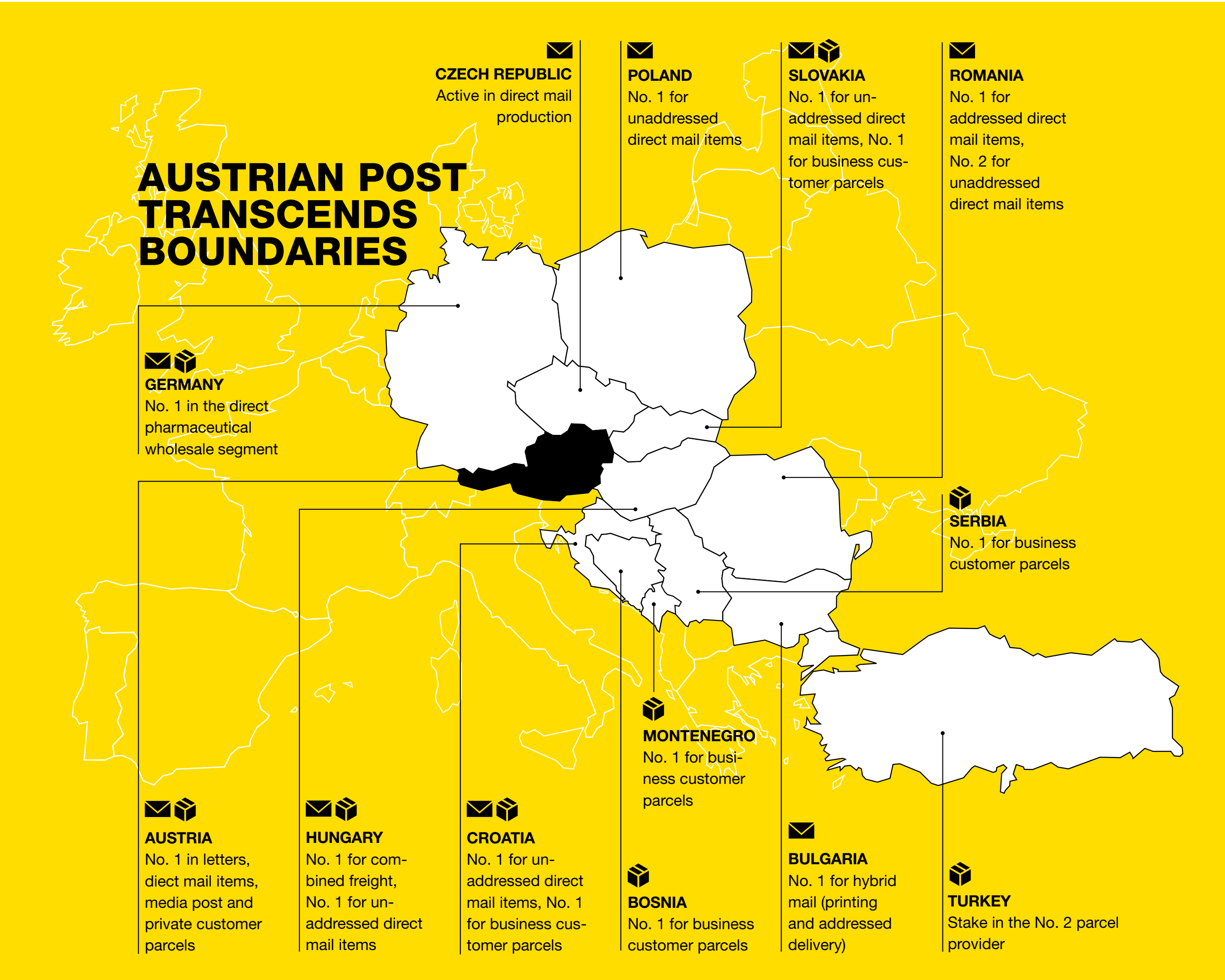
The following illustration provides an overview of Austrian Post's market position in its most important regions:

1.3 GROUP STRATEGY AND MANAGEMENT

1.3.1 Objectives and strategy

Current developments in the international postal and logistics markets pose major challenges to Austrian Post but also open up new opportunities. In 2010 the company defined four strategic pillars, and has resolutely pursued this path on the basis of a large number of initiatives and measures. In this regard Austrian Post focuses its business operations towards achieving three main business targets:

1. **Revenue growth:** The goal is to achieve medium-term revenue growth of 1–2% annually on a Group level. The volume of addressed mail items is expected to decline further as a consequence of electronic substitution, while Austrian Post will take advantage of growth opportunities in other areas, especially in the growing parcel business. At the same time, Austrian Post is continually developing new service offerings in order to enhance customer convenience and unlock sales potential.



2. **High profitability:** A sound level of profitability is of considerable importance with respect to the company's future perspectives. That is why Austrian Post is striving to achieve an EBITDA margin of 10–12%. For this purpose the efficiency of all operational processes is being continuously improved and the flexibility of the cost structure is being increased.

3. **Reliable dividends:** The attractive dividend policy is an essential element of the corporate philosophy. Each year Austrian Post aims to distribute at least 75% of the Group net profit to shareholders. The aim is to further develop the dividend payout ratio in line with the Group's net results. Since the Initial Public Offering in 2006, Austrian Post has generated value growth of close to 150% as measured by the total shareholder return.

Four core strategies were defined based on these targets. The persistent implementation of these core strategies continuously serves as a guiding compass for Austrian Post. They have remained a stable benchmark over the course of time, whereas the thematic priorities for implementation are adapted to the latest developments on an annual basis.

1. **Defending market leadership in the core business:** Austrian Post is the market leader in the domestic mail and parcel segments. An important strategic pillar consists of the company's efforts to maintain or further expand this strong position, especially in the field of parcel delivery. For this reason Austrian Post attaches great importance to maintaining the high quality of its services.

2. **Profitable growth in selected markets:** Austrian Post will rely on a focused growth strategy in order to compensate for declining addressed letter mail volumes. The priority will be on the parcel and logistics business, in which Austrian Post is exploiting growth opportunities mainly in South East and Eastern Europe, and strengthening its activities in the field of pharmaceutical logistics. In the mail business, the company is not only expanding its presence in the CEE region but also its services in the Mail Solutions area.

3. **Enhancing efficiency and increasing flexibility of the cost structure:** Austrian Post is focusing on continually enhancing efficiency in all areas. Regular investments in modernising the logistics infrastructure, from new sorting facilities to handheld computers for the delivery staff, play a significant role here. Moreover, process and staff costs are being evaluated and optimised on an ongoing basis.

4. **Customer orientation and innovation:** Austrian Post will only be successful on a long-term basis with attractive offerings fulfilling specific customer requirements. That is why the company is focusing on ongoing product and service innovations to consistently enhance customer convenience and satisfaction.

1.3.2 Management and control

A comprehensive management and control system takes account of the entire corporate structure. In this regard Austrian Post clearly focuses on revenue, EBITDA/EBIT and free cash flow, but also attaches considerable importance to the profitability of its investments (return on investment) in new facilities and infrastructure as well as in its strategic investments. This is the only way to ensure that the right decisions are made at the right time.

In the reporting system of Austrian Post, the monthly and quarterly reports on the latest business developments are crucial components in the decision making process and operational management. These reports summarise relevant indicators for the entire Management Board and senior executives. The control parameters are oriented towards the strategic cornerstones of the Group. With respect to "defending market leadership in the core business" and "profitable growth in selected markets", revenue and earnings indicators of the divisions are used to monitor the extent to which the company is achieving its targets. When it comes to "enhancing efficiency and increasing flexibility of the cost structure", the focus is on the biggest expense items and managing the network of postal service points. Non-financial performance indicators such as the number of postal service points, customer satisfaction and new self-service solutions are used as management tools with regard to "customer orientation and innovation."

All in all, these steps enable Austrian Post to focus on ensuring adherence to unified standards and a clear earnings orientation at the top management level. At other reporting levels, these parameters are complemented by division-specific productivity and quality indicators. A high level of consistency and the resultant transparency among the different management units should support the growth of new business segments and focus attention on the issue of cost efficiency in all areas. In recent years Austrian Post has not only been able to finance required investments and acquisitions from its cash flow, but has also managed to ensure implementation of an attractive dividend policy.

2 BUSINESS ENVIRONMENT AND LEGAL FRAMEWORK

2.1 ECONOMIC ENVIRONMENT

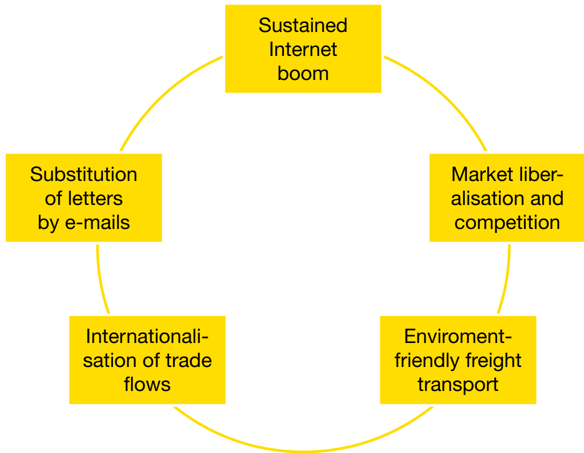
The global economy has been steadily recovering since the middle of 2013. Whereas global economic growth was still at a level of 3.0% in 2013, it is expected to increase to 3.7% in the course of 2014. This development can be primarily attributed to further recovery of the overall economic situation in the industrialised countries. However, risks still exist with respect to the consolidation of public budgets and corresponding fiscal policy measures. There have also been some initial indications of a recovery in Europe since mid-2013. The European economy rose slightly by 0.3% in 2013. In contrast, the eurozone still reported an economic contraction of about 0.4% (International Monetary Fund – IMF, January 2014).

The year 2013 was a somewhat more challenging year for the Austrian economy, as it was for many European nations. Austria's GDP hardly increased, rising by only 0.3%, unemployment was up, and private consumption and real wages stagnated. The economy will continue to recover in 2014. However, the upturn will not be able to match the strength of past upswings due to the persistent structural problems in the eurozone. The Austrian Institute of Economic Research (WIFO) expects GDP growth to reach 1.7% in Austria in 2014 (WIFO, October 2013). The situation is similar in Germany, where the economy expanded by 0.5% in 2013 and should grow by 1.6% in 2014 according to the latest forecasts (IMF, January 2014).

Forecasts for Central and Eastern Europe are more upbeat than for the eurozone. This region already achieved moderate growth in 2013, with an estimated growth rate of 2.5%. The region's economy is expected to expand further, achieving GDP growth of 2.8% in 2014. Countries such as Hungary (+0.2%), Bulgaria (+0.5%) and Slovakia (+0.8%) showed a weaker performance in 2013, but are predicted to post considerably higher GDP growth rates in 2014 (Hungary: +1.3%, Bulgaria: +1.6%, Slovakia: +2.3%). After suffering from an economic contraction of –0.6% in 2013, the Croatian economy is anticipated to expand by 1.5% in the following year. The markets in Poland (+1.3%), Romania (+2.0%), Serbia (+2.0%) and Turkey (+3.8%) developed more favourably in 2013. According to the latest forecasts, all these markets are likely to show GDP growth of over 2% in 2014, with the promising Turkish growth market expected to grow at a disproportionately high rate of 3.5% (IMF, January 2014).

2.2 MARKET ENVIRONMENT

In addition to the overall economic environment, the business development of Austrian Post is mainly influenced by the following structural trends which pose risks but also open up opportunities:



The electronic substitution of traditional letter mail is continuing. However, the decline is still relatively moderate in Austria compared to other countries. The volume of addressed mail fell by an average of only 3.2% per year in the period 2008–2012. In contrast, the decline in other European countries was up to 10%. In the year 2013 volume development was positively affected by the elections held in Austria. However, the downward trend is still continuing and is essentially unstoppable. Postal service providers are responding to this situation with new offerings such as the combination of traditional and digital communications (dual delivery of letters). The European postal markets have been liberalised since 2013. In many markets, this process has led to a revised definition of universal postal services in response to constantly changing customer needs.

In turn, the volume of direct mail items depends on the intensity of advertising activities by companies. According to Media FOCUS Research, the overall advertising sector expanded in 2013, driven by online, cinema and TV advertising. In contrast, the expenditures on conventional advertising flyers are currently declining. The outlook for addressed direct mail items is somewhat more favourable (Media FOCUS Research, February 2014).

Parcel volumes in Austria are continually increasing due to the growing importance of online shopping. In 2013, private customer parcel volumes rose by 3.7%, whereas the B2B segment showed a relatively stable development, with volumes up by only 0.1% (Kreutzer, Fischer & Partner, Business Radar 2014).

The development of the international parcel and freight business is considerably dependent on general economic trends, international trade flows and related price developments. Competitive intensity and price pressure remain high in this area. Trade flows and the required logistics services are becoming increasingly globalised. For this reason, international shipments are another important factor impacting the growth of the European courier, express and parcel (CEP) market. Austrian Post subsidiaries in CEE are also profiting from the more dynamic overall economic growth in the region and the need to catch up with respect to e-commerce.

Another relevant trend is the increasing importance of climate protection and the resultant growing demand for the environment-friendly transport of goods. Austrian Post is meeting these demands by offering the CO_2 neutral delivery of mail items on its domestic market of Austria in order to avoid any further burden on the global climate.

2.3 LEGAL FRAMEWORK

The legal framework for Austrian Post's business operations is mainly based on the Postal Market Act, which took full effect on January 1, 2011. The cornerstones of this law are as follows:

- Austrian Post remains the universal service provider in Austria even after full-scale market liberalisation, guaranteeing high quality postal services throughout Austria.
- The newly defined Universal Postal Service Obligation as of 2011 limits the spectrum of basic services to mail 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.
- Austrian Post was required to carry out the conversion of cluster box units and rural drop-off boxes in the years 2011–2013, and had to finance the costs in advance. The costs for exchanging these facilities must be partially refunded to Austrian Post on the basis of a legally prescribed allocation key. However, no compensation has been received up until now.
- 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). Postal services whose terms and conditions are individually agreed upon are subject to Value Added Tax at standard rates.

3 BUSINESS DEVELOPMENT AND ECONOMIC SITUATION

3.1 CHANGES IN THE CONSOLIDATION SCOPE

The following selected acquisitions took place in the 2013 financial year:

- Austrian Post exercised its option to increase its shareholding in M&BM Express OOD, Bulgaria, by 25% to 51% as of April 1, 2013. A further option entitles Austrian Post to acquire an additional 25% stake in M&BM Express OOD by March 31, 2014, and thus increase its total shareholding to a maximum of 76%.
- Austrian Post acquired the remaining 50% stake in FEIPRO Vertriebs GesmbH effective February 1, 2013.
- The acquisition of a 25% stake in the Turkish parcel service provider Aras Kargo a.s. took place on July 30, 2013. Due to the agreement stipulating joint management of the company, it is considered a joint venture pursuant to IAS 31, and is consolidated at equity in the consolidated financial statements of Austrian Post. Austrian Post also has a call option which it can exercise in 2016, entitling it to acquire an additional 50% of the shares from the Aras family, in which case its stake would rise to a total of 75%.
- On October 14, 2013, Austrian Post acquired a 100% stake in each of four distribution companies in Germany (locations: Hürth near Cologne, Duisburg, Dortmund and Meinerzhagen). These companies are among the most important distribution partners of the trans-o-flex Group, and their four locations serve the North Rhine-Westphalia economic region. The acquisition enables the company to optimise operating costs and exploit synergies in the field of distribution logistics.

The changes in the consolidation scope can be found in the notes to the consolidated financial statements starting on page 64.

3.2 REVENUE AND EARNINGS SITUATION

3.2.1 Revenue development

Austrian Post's reported revenue in the 2013 financial year totalled EUR 2,366.8m, at about the same level as in the previous year. Adjusted to take account of the revenue of EUR 17.3m generated by the disposed subsidiaries in the Benelux region in the first half of 2012, revenue in the 2013 financial year increased by 0.8%.

The Mail & Branch Network Division accounts for 63.6% of total Group revenue, whereas 36.1% can be attributed to the Parcel & Logistics Division. The Corporate Division generates 0.3% of the Group's revenue.

Revenue of the Mail & Branch Network Division rose by 0.2% year-on-year to EUR 1,510.8m. On the one hand, this development can be attributed to the consolidation of new subsidiaries in Poland, Romania and Bulgaria (plus EUR 20.0m). On the other hand, the revenue increase is also due to the positive impetus provided by various elections and referendums held in Austria during the first nine months of 2013. In addition, services offered in the field of Mail Solutions also recorded growth during the reporting period.

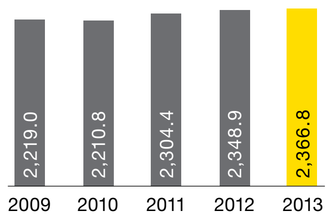
In the Parcel & Logistics Division, revenue in the 2013 financial year, adjusted to take account of the disposed subsidiaries in the Benelux region, rose by 2.0% to EUR 857.3m. From a regional perspective, the Austrian parcel market generated the strongest growth, with revenue up 7.8%, whereas revenue declined in Germany.

External sales of the Corporate Division amounted to EUR 6.2m. Moreover, the division also generated revenue on the basis of business with other divisions, with internal sales reaching EUR 181.0m in 2013. The Corporate Division focuses on providing typical services required to manage a corporate group. These services encompass 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. The Corporate Division also includes innovation management and development of new business models.

With respect to its geographical segments, Austrian Post generated 72.9% of its revenue in Austria, 21.9% in Germany and 5.2% in South East and Eastern Europe.

REVENUE DEVELOPMENT ADJUSTED[1]

EUR m



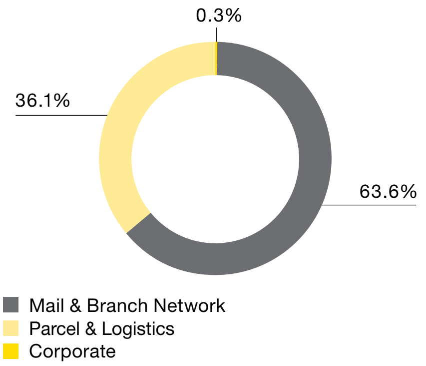
[1] Figures adjusted for the Benelux subsidiaries (divested in 2012) and the meiller Group (the joint venture MEILLERGHP has been consolidated at equity since 2011).

GROUP REVENUE DEVELOPMENT

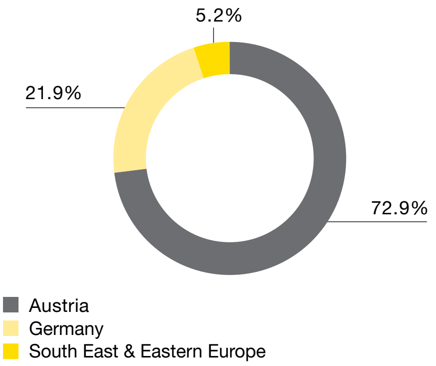
EUR m	2011	2012	2013	Change 2012/2013 %	Change 2012/2013 EUR m
Total revenue	**2,348.7**	**2,366.1**	**2,366.8**	**0.0%**	**0.7**
Revenue excl. Benelux subsidiaries[1]	**2,304.4**	**2,348.9**	**2,366.8**	**0.8%**	**17.9**
Calendar working days in Austria	250	250	251	–	–

[1] 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

REVENUE BY DIVISION 2013



REVENUE BY REGION 2013



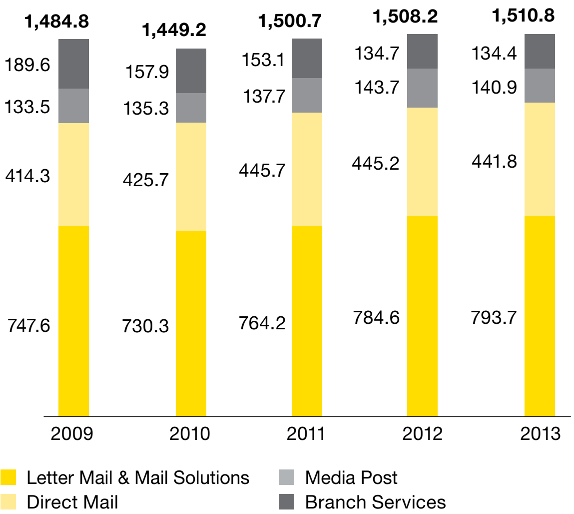
REVENUE DEVELOPMENT OF THE MAIL & BRANCH NETWORK DIVISION

EUR m	2011[1]	2012	2013	Change 2012/2013 %	Change 2012/2013 EUR m
External sales	**1,500.7**	**1,508.2**	**1,510.8**	**0.2%**	**2.6**
Letter Mail & Mail Solutions	764.2	784.6	793.7	1.2%	9.1
Direct Mail	445.7	445.2	441.8	–0.8%	–3.4
Media Post	137.7	143.7	140.9	–2.0%	–2.8
Branch Services[2]	153.1	134.7	134.4	–0.2%	–0.3
Internal sales	76.3	70.6	74.6	5.6%	4.0
Total revenue	1,577.1	1,578.8	1,585.4	0.4%	6.6

[1] Reporting according to the new segment structure as of January 1, 2012; figures for 2011 pro-forma consolidation
[2] New segment structure leads to assignment of Post.Wertlogistik GmbH to the Parcel & Logistics Division as of January 1, 2012

REVENUE BY PRODUCT GROUP[1]

EUR m



[1] Figures adjusted for the meiller Group. The joint venture MEILLERGHP has been consolidated at equity since 2011. Reporting according to the new segment structure as of January 1, 2012; previous figures: pro-forma consolidation.

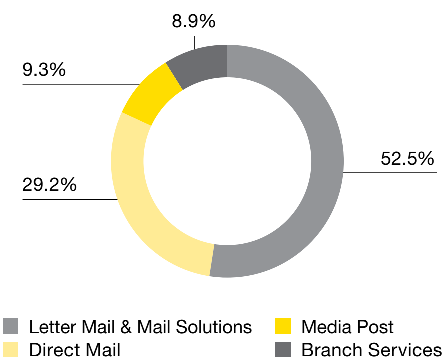
The Mail & Branch Network Division generated external revenue of EUR 1,510.8m. Of this amount, 52.5% can be attributed to the Letter Mail & Mail Solutions business, whereas Direct Mail accounts for 29.2% of total divisional revenue and the field of Media Post, including newspapers and magazines, has a 9.3% share. In addition, Branch Services accounts for 8.9% of divisional revenue. On balance, revenue in the Mail & Branch Network Division was up 0.2% from the prior-year level to EUR 1,510.8m. The first-time consolidation of new Group subsidiaries as well as elections and referendums in Austria had positive effects on business in the fields of Letter Mail and Direct Mail.

Revenue in the field of Letter Mail & Mail Solutions climbed by 1.2% from the prior-year period, rising to EUR 793.7m. The substitution of letter mail by electronic media is continuing as before. Such decreases took place, for example, in the telecommunications customer segment and in the public sector. In contrast, various elections provided added impetus, due to the fact that the possibility of voting by absentee ballot has emerged as a popular instrument of direct democracy. New services offered in the field of Mail Solutions also posted growth. However, the basic trend of declining letter mail volumes remains valid.

Revenue in the Direct Mail business fell by 0.8% in 2013 to EUR 441.8m. This field is particularly impacted by fluctuations in the economy and advertising behaviour. The weaker economy and the pressure exerted by online business on retail stores led to dampened advertising spending on the part of several customers. Moreover, a market consolidation process was perceptible in the retail sector. The year 2013 was generally characterised by declining direct mail volumes, especially in the unaddressed segment, as well as greater volatility of the advertising industry.

Media Post revenue was also down in 2013, decreasing by 2.0% to EUR 140.9m. Branch Services revenue remained nearly unchanged at EUR 134.4m. The higher sales of mobile telephony products came close to compensating for the decline in financial services.

REVENUE BY PRODUCT GROUP 2013



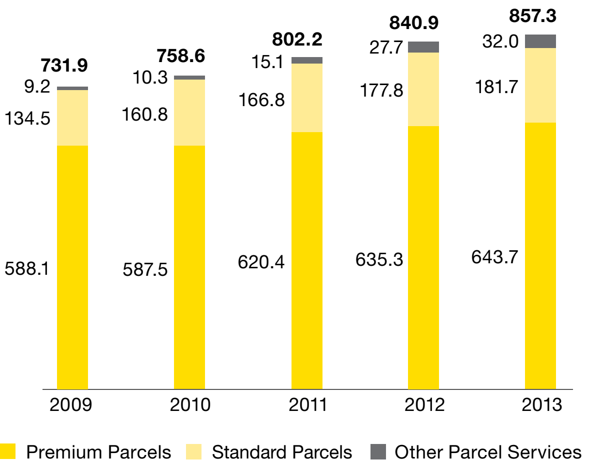
REVENUE DEVELOPMENT OF THE PARCEL & LOGISTICS DIVISION

EUR m	2011	2012	2013	Change 2012/2013 %	Change 2012/2013 EUR m
External sales	**846.5**	**858.1**	**857.3**	**–0.1%**	**–0.8**
Premium Parcels	659.9	650.8	643.7	–1.1%	–7.1
Standard Parcels	166.8	177.8	181.7	2.2%	3.9
Other Parcel Services	19.9	29.6	32.0	8.2%	2.4
External sales excl. Benelux subsidiaries[1]	**802.2**	**840.9**	**857.3**	**2.0%**	**16.5**
Internal sales	24.9	8.8	7.6	–13.5%	–1.2
Total revenue	871.5	867.0	865.0	–0.2%	–2.0

[1] 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

REVENUE BY PRODUCT GROUP[1]

EUR m



[1] Figures adjusted for the Benelux subsidiaries (divested in 2012)

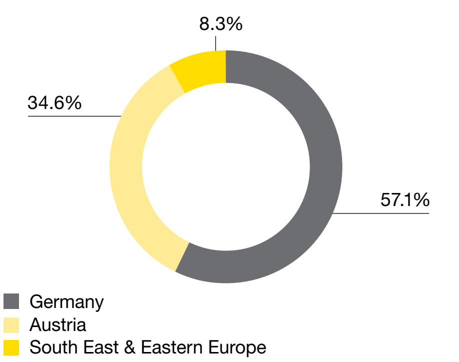
External sales of the Parcel & Logistics Division fell by 0.1% in 2013 to EUR 857.3m. However, the prior-year period still included the revenue generated by the Benelux subsidiaries disposed of during the first half of 2012. Adjusted to take account of the former Benelux subsidiaries, the division actually achieved a 2.0% revenue increase in a year-on-year comparison.

Premium Parcels (parcel delivery within 24 hours), which are mainly used in the business-to-business segment, generated revenue of EUR 643.7m in 2013, a decrease of 1.1% from the previous year. This decline is primarily due to the deconsolidation of the Benelux subsidiaries as well as the downward trend in Germany. Adjusted to take account of the former Benelux subsidiaries, the Premium Parcel business actually posted a 1.3% rise in revenue. Parcel volumes in the business customer and higher-value private customer segments in Austria showed above-average increases.

Standard Parcels, which mainly involve shipments to private customers in Austria, also posted growth. Revenue rose by 2.2% to EUR 181.7m. Other Parcel Services generated revenue of EUR 32.0m during the period under review, corresponding to an increase of 8.2%. This field includes various additional logistics services such as fulfilment, warehousing and cash logistics.

From a regional perspective, 57.1% of total revenue in the Parcel & Logistics Division was generated in Germany, 34.6% in Austria and 8.3% in South East and Eastern Europe. The Austrian and CEE markets developed very positively, whereas in Germany revenue achieved by the subsidiary trans-o-flex was down by 1.8% due to the challenging competitive environment. At the same time, revenue growth in Austria reached a level of 7.8%, driven by the trend towards online shopping as well as the higher market share in the business parcel segment. On balance, the South East and Eastern European subsidiaries posted growth of 6.2%.

REVENUE BY REGION 2013



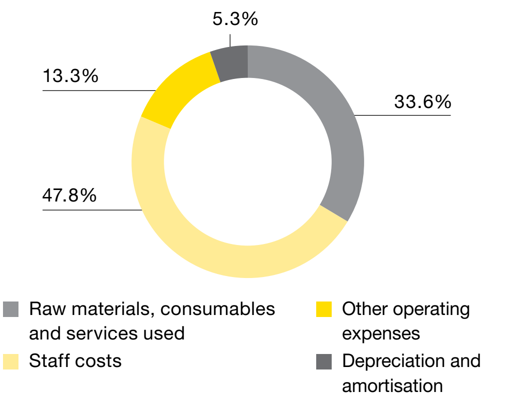
3.2.2 Earnings development

CONSOLIDATED INCOME STATEMENT

EUR m	2011	2012	2013	Change 2012/2013 %	Change 2012/2013 EUR m
Revenue	**2,348.7**	**2,366.1**	**2,366.8**	**0.0%**	**0.7**
Other operating income	74.6	72.0	69.7	–3.3%	–2.3
Raw materials, consumables and services used	–759.8	–766.9	–753.3	–1.8%	–13.6
Staff costs	–1,050.8	–1,091.4	–1,073.5	–1.6%	–17.9
Other operating expenses	–320.0	–294.8	–298.6	1.3%	3.8
Results of investments consolidated at equity	–10.8	–13.9	–6.6	52.7%	7.3
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**281.9**	**271.2**	**304.5**	**12.3%**	**33.3**
Depreciation and amortisation	–86.8	–81.6	–83.5	2.3%	1.9
Impairments	–27.6	–7.2	–35.1	>100%	27.8
Earnings before interest and tax (EBIT)	**167.5**	**182.4**	**186.0**	**2.0%**	**3.6**
Other financial result	–5.2	–30.8	–14.8	52.0%	16.0
Earnings before tax (EBT)	**162.3**	**151.6**	**171.2**	**12.9%**	**19.6**
Income tax	–39.1	–28.4	–47.2	66.1%	18.8
Profit for the period	**123.2**	**123.2**	**124.0**	**0.7%**	**0.9**
Earnings per share (EUR)[1]	1.82	1.82	1.82	0.0%	0.00

[1] Undiluted earnings per share in relation to 67,552,638 shares

ALLOCATION OF EXPENSES 2013



Staff costs comprise a major factor in the cost structure of Austrian Post. Accordingly, 47.8% of the total operating expenses incurred by Austrian Post in 2013 can be attributed to staff costs. The second largest expense item accounting for 33.6% of operating expenses is raw materials, consumables and services used, of which a large part relates to external transport services. Other operating expenses represent 13.3% of the total costs, and 5.3% is attributable to depreciation and amortisation.

The item raw materials, consumables and services used declined by 1.8% in the reporting period to EUR 753.3m. This development is primarily due to the decrease in costs for external transport services. In particular, in Germany the business model of the trans-o-flex Group was always characterised by a high level of external value creation. This was reduced in 2013 by the acquisition of distribution companies as well as optimisation measures implemented in the network.

Total staff costs of Austrian Post in 2013 were down 1.6% or EUR 17.9m from the prior-year level to EUR 1,073.5m. The decrease is mainly due to lower non-operational staff costs.

Operational staff costs, which mainly consist of salaries, wages, jubilee benefits, bonuses and auxiliary wage costs amounted to EUR 1,043.1m in the reporting period and were at approximately the same level as in the previous year. Persistent efficiency enhancement measures succeeded in balancing regular salary increases. Moreover, the implemented measures also offset the additional staff costs from the newly acquired companies in South East and Eastern Europe as well as the higher staff costs in Germany. On balance, the average number of employees (full-time equivalents) working for Austrian Post amounted to 24,211 people in 2013, compared to a staff of 23,181 employees in 2012.

The non-operational staff costs totalled EUR 30.4m in 2013. In addition to severance payments, this figure also includes changes in provisions which are primarily related to the specific employment situation of civil servants at Austrian Post. Accordingly, provisions were allocated in 2013 for social plans, employee under-utilisation and the voluntary transfer of employees to the federal public service.

Costs for termination benefits amounting to EUR 26.5m in the 2013 financial year were at the prior-year level. In contrast, the expenses for provisions for employee under-utilisation, including the provisions for employees transferring to the federal public service, were reduced by EUR 17.6m in 2013. The fact that several programmes for employees impacted by restructuring measures could be carried out more quickly than originally expected positively impacted the provisions for employee under-utilisation. Similarly, the year 2013 also saw a positive effect with respect to the provision for employees transferring 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. All in all, 396 former employees of Austrian Post had transferred to the federal government by the end of 2013. Due to the fact that the existing agreement expired in 2013, the corresponding provision was reduced. However, in October 2013 a new framework agreement was concluded which does not limit the transfer of employees to specified ministries, but generally allows Austrian Post employees to apply for vacant public sector positions. Within the context of this agreement, the staff costs for these employees will be borne by Austrian Post for a specified period of time. As a result, provisions will be set aside when required.

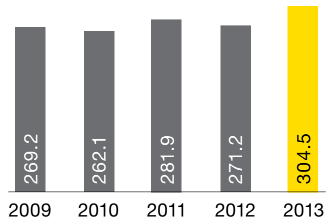
Other operating income was down 3.3% in the reporting period to EUR 69.7m. In contrast, income from rents and leases rose by EUR 2.0m from the prior-year level to EUR 25.6m. Other operating expenses climbed by 1.3% in a year-on-year comparison to EUR 298.6m, particularly as a consequence of impairment losses on receivables to the trans-o-flex Group.

The result of the investments consolidated at equity amounted to minus EUR 6.6m in 2013, compared to minus EUR 13.9m in 2012. This includes the continuing negative earnings contribution of Austrian Post's stake in the German printing services company MEILLERGHP, a joint venture in which Austrian Post holds a 65% stake and Swiss Post a 35% interest. Earnings in the 2012 financial year had been negatively impacted by an impairment loss of EUR 9.6m recognised for MEILLERGHP.

In the 2013 financial year, earnings before interest, tax, depreciation and amortisation (EBITDA) of the Austrian Post Group increased to EUR 304.5m. The rise of EUR 33.3m can be largely attributed to the previously-mentioned positive effect on provisions in non-operational staff costs to the amount of EUR 17.6m. As a consequence of this special effect, the EBITDA margin improved to 12.9%.

EBITDA

EUR m

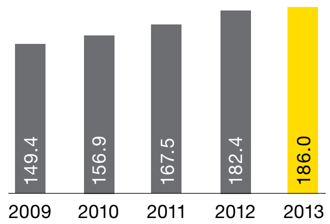


On balance, depreciation, amortisation and impairment losses totalled EUR 118.5m during the period under review. This includes the impairment loss on goodwill for the trans-o-flex Group to the amount of EUR 27.0m, which is related to the intensely competitive market situation and the reduced earnings situation of the company. Other impairment losses totalled EUR 8.1m, slightly above the comparable prior-year figure of EUR 7.2m.

Taking account of the two special effects with respect to staff costs and depreciation, amortisation and impairments, earnings before interest and tax (EBIT) totalled EUR 186.0m, a rise of 2.0% from the previous year. The corresponding EBIT margin was 7.9%.

EBIT

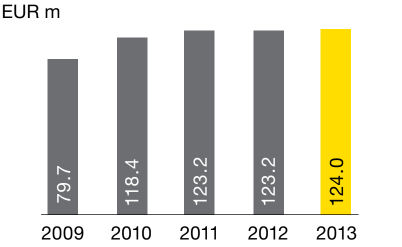
EUR m



The other financial result of Austrian Post amounted to minus EUR 14.8m in 2013. This includes the complete write-down on receivables arising from shareholder loans to the amount of EUR 10.6m from the joint venture MEILLERGHP. The underlying reason for this write-down is the current difficult market environment, the uncertain development of the company and the subordinated nature of the loans. The other financial result in 2012 included the write-down of Austrian Post's indirect shareholding in the bank BAWAG P.S.K. to the amount of EUR 28.4m.

The tax burden in 2013 totalled EUR 47.2m. After deducting income tax, the Group net profit (profit after tax for the period) amounted to EUR 124.0m, a rise of 0.7% from the previous year. Thus earnings per share remained constant at EUR 1.82 for the 2013 financial year.

PROFIT FOR THE PERIOD



From a divisional perspective, the company's earnings situation is also impacted by the above-mentioned special effects. The Mail & Branch Network Division generated an EBITDA of EUR 320.7m, a rise of 4.4%, and an EBIT of EUR 281.8m, up 3.4% from the previous year. This improvement can be attributed to the positive revenue effects in the election year 2013 as well as the fact that earnings in the prior-year period were negatively impacted by an impairment loss of EUR 9.6m recognised for Austrian Post's stake in MEILLERGHP, which is consolidated at equity.

EBITDA of the Parcel & Logistics Division in 2013 amounted to EUR 42.8m, whereas EBIT totalled minus EUR 4.9m. This includes the EUR 27.0m impairment loss on goodwill for the trans-o-flex Group as well as write-downs on receivables to the amount of EUR 7.1m. The efficiency enhancement programme in the trans-o-flex Group includes the reintegration of external services by acquiring selected distribution partners. Four distribution companies in Germany (locations: Hürth near Cologne, Duisburg, Dortmund and Meinerzhagen) were acquired in the fourth quarter of 2013 to ensure that these services comprise part of the company's own value creation. The objective is to optimise operating costs and exploit synergies in the field of distribution logistics.

The Corporate Division basically encompasses all expenses for central departments in the Group as well as staff-related provisions. In addition the Division encompasses innovation management and the development of new business models. The reduced expenses for staff-related provisions in 2013 mentioned above resulted in an improved EBIT of minus EUR 90.9m compared to minus EUR 115.4m in the previous year.

EBITDA AND EBIT BY DIVISION

EUR m	2011	2012	2013	Change 2012/2013 %	Change 2012/2013 EUR m	Margin 2013
Total EBITDA	**281.9**	**271.2**	**304.5**	**12.3%**	**33.3**	**12.9%**
Mail & Branch Network[1]	312.2	307.2	320.7	4.4%	13.5	20.2%
Parcel & Logistics	12.0	46.6	42.8	–8.3%	–3.9	4.9%
Corporate/Consolidation	–42.4	–82.7	–58.9	28.7%	23.7	–31.4%
Total EBIT	**167.5**	**182.4**	**186.0**	**2.0%**	**3.6**	**7.9%**
Mail & Branch Network[1]	277.1	272.5	281.8	3.4%	9.3	17.8%
Parcel & Logistics	–28.2	25.3	–4.9	<–100%	–30.2	–0.6%
Corporate/Consolidation	–81.4	–115.4	–90.9	21.2%	24.5	–48.7%

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

3.3 ASSETS AND FINANCES

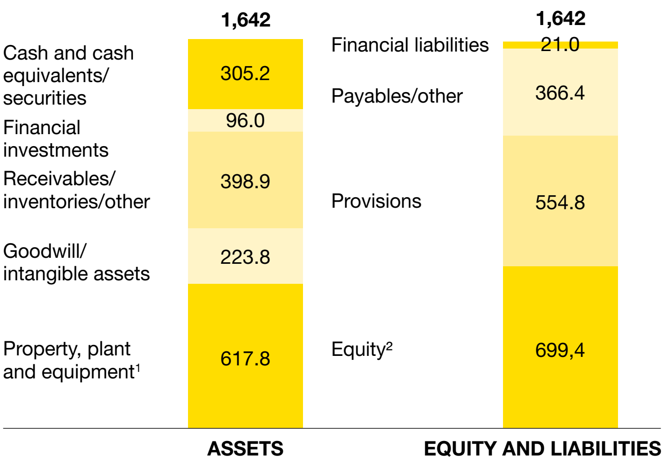
Austrian Post pursues a conservative balance sheet and financing structure. This is demonstrated by the high equity ratio, the low amount of financial liabilities and the solid level of cash and cash equivalents invested with the least possible risk.

3.3.1 Balance sheet structure

The balance sheet total of Austrian Post amounted to EUR 1,641.6m as of December 31, 2013. On the assets side, property, plant and equipment comprise the largest single balance sheet item at EUR 615.9m, whereas intangible assets amount to 63.3m. The goodwill reported for acquisitions totalled EUR 160.6m as at December 31, 2013, most of which relates to the trans-o-flex Group. The goodwill reported for the trans-o-flex Group declined to EUR 87.6m as the result of an impairment loss of EUR 27.0m taken in the third quarter of 2013. The major increase in the value of investments consolidated at equity to EUR 50.3m is mainly due to the acquisition of a 25% stake in the Turkish parcel services provider Aras Kargo a.s. in the third quarter of 2013.

The analysis of other assets reveals that Austrian Post boasts a high level of financial resources (cash and cash equivalents) totalling EUR 240.2m as at December 31, 2013. Financial investments in securities amounted to EUR 65.0m at the balance sheet date. The securities owned by Austrian Post feature an investment grade or comparable first class credit rating, which is why it is assumed that these assets could be converted into cash in a very short time. Accordingly, the financial resources including securities at the disposal of Austrian Post amounted to EUR 305.2m at the end of 2013. The payment of a dividend in May 2013 of EUR 1.80 per share or a total of EUR 121.6m for the 2012 financial year is already taken into account. In addition, the payment for the acquisition of the 25% stake in Aras Kargo a.s. during the reporting period totalled about EUR 50m.

BALANCE SHEET AS AT DECEMBER 31, 2013



[1] Including assets held for sale of EUR 1.9m
[2] The item "equity" includes equity attributable to non-controlling interests of EUR 2.3m

BALANCE SHEET STRUCTURE BY ITEM

EUR m	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013	Structure Dec. 31, 2013
Assets				
Property, plant and equipment, intangible assets and goodwill	811.3	849.6	839.7	51.1%
Investment property	32.8	37.8	33.5	2.0%
Investments consolidated at equity	17.5	7.1	50.3	3.1%
Inventories, receivables and other	418.6	439.1	398.9	24.3%
Financial investments in securities	34.1	39.9	65.0	4.0%
Other financial assets	40.6	12.2	12.2	0.7%
Cash and cash equivalents	310.6	315.0	240.2	14.6%
Assets held for sale	2.8	0.0	1.9	0.1%
	1,668.3	**1,700.8**	**1,641.6**	**100%**
Equity and liabilities				
Equity[1]	702.0	708.6	699.4	42.6%
Provisions	542.2	554.5	554.8	33.8%
Financial liabilities	29.2	22.9	21.0	1.3%
Payables and other	384.2	414.8	366.4	22.3%
Liabilities held for sale	10.6	0.0	0.0	0.0%
	1,668.3	**1,700.8**	**1,641.6**	**100%**

[1] The item "equity" includes equity attributable to non-controlling interests of EUR 2.3m.

Equity of Austrian Post Group amounted to EUR 699.4m at the end of December 2013, comprising an equity ratio of 42.6%. Equity includes EUR 2.3m in equity attributable to non-controlling interests in M&BM Express OOD, Bulgaria, which was fully consolidated in 2013.

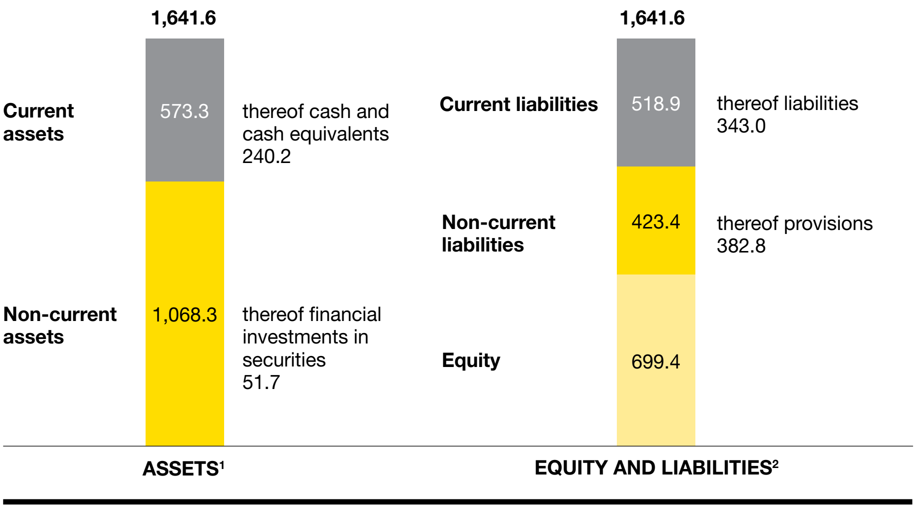
Provisions of EUR 554.8m also rank among the largest items on the equity and liabilities side, making up 33.8% of the balance sheet total. This includes provisions for employee under-utilisation to the amount of EUR 213.4m. Current and non-current liabilities remained at a low level, totalling EUR 21.0m as at December 31, 2013. Due to the fact that the existing financial resources including securities on the balance sheet of EUR 305.2m exceed the financial liabilities of EUR 21.0m by far, Austrian Post does not intend to make use of external funding nor does it require a credit rating at the present time.

The analysis of the balance sheet structure by terms shows that non-current assets predominate on the assets side, accounting for 65.1% of total assets or EUR 1,068.3m. Important non-current asset items are property, plant and equipment and intangible assets and goodwill at EUR 839.7m, and financial investments in securities at EUR 51.7m. The principal current asset items include receivables at EUR 302.7m as well as cash and cash equivalents at EUR 240.2m. The financial resources at the disposal of Austrian Post (including financial investments in securities) amounted to EUR 305.2m as at December 31, 2013.

On the equity and liabilities side, the balance sheet total mainly consists of equity (42.6%), non-current liabilities (25.8%) and current liabilities (31.6%). The non-current liabilities totalling EUR 423.4m largely consist of provisions to the amount of EUR 382.8m. Current liabilities of EUR 518.9m primarily relate to financial liabilities of EUR 343.0m (including trade payables of EUR 218.3m).

BALANCE SHEET STRUCTURE BY TERM

EUR m



[1] Non-current assets include assets held for sale of EUR 1.9m.
[2] Equity includes equity attributable to non-controlling interests of EUR 2.3m.

3.3.2 Cash flow

In the 2013 financial year, operating cash flow before changes in working capital totalled EUR 299.4m, above the prior-year level. On balance, the changes in net working capital totalled minus EUR 49.0m during the period under review, compared to minus EUR 29.8m in 2012. The difference can be mainly attributed to the reduction in liabilities as well as the use of current provisions. As a result of this development, the cash flow from operating activities amounted to EUR 250.4m, slightly above the comparable prior-year figure.

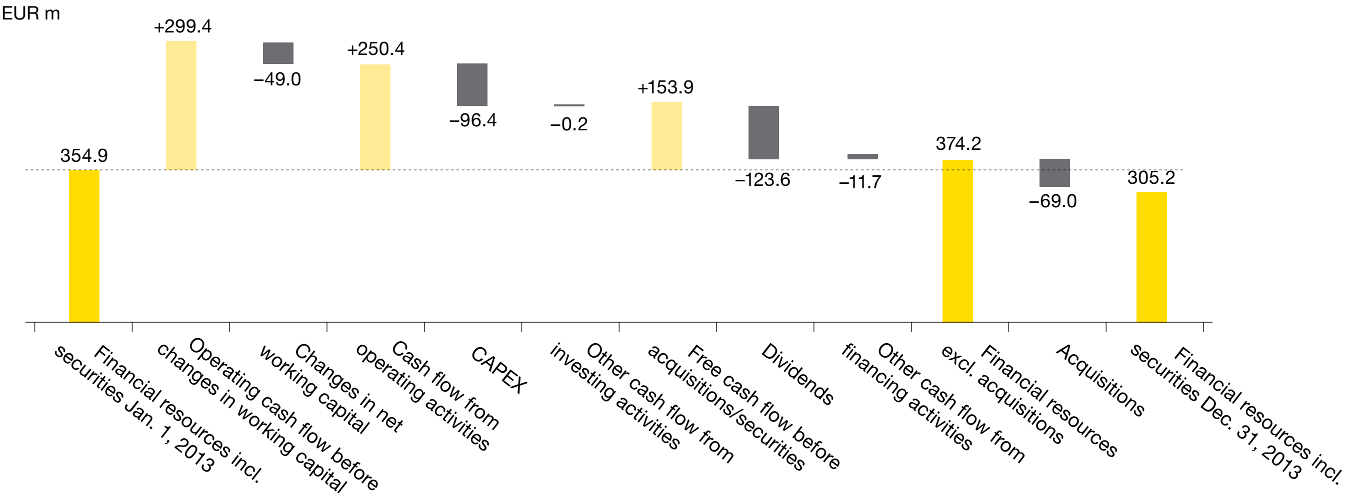
The cash flow from investing activities of minus EUR 189.9m in 2013 was primarily impacted by higher cash outflows for acquisitions and capital expenditures. Payments for the purchase of property, plant and equipment (CAPEX) totalled EUR 96.4m during the period under review, including investments of EUR 23.4m for property, plant and equipment relating to the new logistics centre in Upper Austria which will be completed by the middle of 2014. In addition, cash outflows of EUR 69.0m related to payments for acquisitions. The main part, approximately EUR 50m, was for the acquisition of a 25% stake in the Turkish company Aras Kargo a.s. Moreover, there was a change of minus EUR 24.3m in the cash flow relating to the securities portfolio, which shifted investments of cash and cash equivalents to securities. On balance, the free cash flow before acquisitions and securities was EUR 153.9m in 2013.

CASH FLOW

EUR m	2011	2012	2013
Operating cash flow before changes in net working capital[1]	**248.6**	**276.6**	**299.4**
Cash flow from changes in net working capital[1]	–20.4	–29.8	–49.0
Cash flow from operating activities	**228.2**	**246.7**	**250.4**
Cash flow from investing activities	**–65.8**	**–115.4**	**–189.9**
thereof CAPEX	–73.8	–78.9	–96.4
thereof cash flow from acquisitions/divestments	1.1	–39.3	–69.0
thereof acquisition/disposal of securities	10.0	–1.6	–24.3
thereof other cash flow from investing activities	–3.1	–4.4	–0.2
Free cash flow	**162.5**	**131.3**	**60.6**
Free cash flow before acquisitions/securities	**151.4**	**172.1**	**153.9**
Cash flow from financing activities	**–165.0**	**–126.8**	**–135.4**
thereof dividends	–108.1	–114.8	–123.6
Net change in cash and cash equivalents	**–2.5**	**4.5**	**–74.8**
Net change in cash and cash equivalents before securities	–12.5	6.0	–50.5
Net change in cash and cash equivalents before acquisition/securities	**–13.6**	**45.3**	**18.5**

[1] Reporting adapted for 2012: In connection with the offsetting of the reclassification of non-current provisions to current provisions and liabilities, the use of non-current provisions was also recognised in the cash flow from changes in net working capital. As a result, the cash flow statement for the 2012 financial year was correspondingly adapted.

DEVELOPMENT OF FINANCIAL RESOURCES AND SECURITIES IN 2013[1]



[1] Financial resources including financial investments in securities as at December 31, 2013 include reversals of impairment losses on securities to the amount of EUR 0.7m. These reversals were reported in other comprehensive income without recognition to profit and loss, and are therefore not included in the cash flow.

The analysis of the development of financial resources incl. financial investments in securities in the year 2013 shows the following: financial resources totalled EUR 354.9m on January 1, 2013. The cash flow from operating activities generated by Austrian Post amounted to EUR 250.4m. After deducting investments, the resulting cash flow before acquisitions and securities was EUR 153.9m. This covered dividends of EUR 123.6m distributed in 2013, as well as surplus resources for acquisitions. In spite of the increased level of acquisitions, especially the stake acquired in Aras Kargo a.s., financial resources including securities still totalled EUR 305.2m at the end of 2013.

3.3.3 Liquidity/net debt

Austrian Post reported a net debt position of EUR 114.3m as at the end of 2013. This is defined as the difference between interest-bearing assets (securities, other financial assets and cash and cash equivalents) amounting to EUR 328.8m and interest-bearing liabilities (financial liabilities and other interest-bearing liabilities, social capital and other provisions) of EUR 443.1m. The increase in the net debt can be attributed to the decline of interest-bearing assets by EUR 64.8m as the result of the enhanced investment activity. This effect was partly compensated by the decrease in interest-bearing liabilities.

LIQUIDITY/NET DEBT

EUR m	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Interest-bearing liabilities	**–471.6**	**–462.1**	**–443.1**
thereof interest-bearing financial liabilities	–29.2	–22.9	–21.0
thereof interest-bearing provisions	–437.6	–434.8	–418.2
thereof interest-bearing liabilities	–4.8	–4.3	–3.8
Interest-bearing assets	**410.1**	**393.6**	**328.8**
thereof financial investments in securities	34.1	39.9	65.0
thereof financial assets and interest-bearing receivables	65.4	38.7	23.7
thereof cash and cash equivalents	310.6	315.0	240.2
Net debt	**–61.5**	**–68.5**	**–114.3**
Net debt/EBITDA	**0.22**	**0.25**	**0.38**
Gearing ratio[1]	**8.8%**	**9.7%**	**16.3%**

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

Accordingly, the ratio of net debt to EBITDA rose to 0.38 as at the end of December 2013. The gearing ratio was 16.3% 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 any substantial use of borrowed capital at the present time.

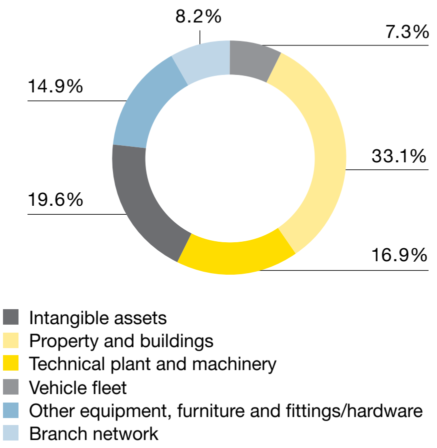
Within the context of its dividend policy, Austrian Post aims to achieve a dividend payout ratio of at least 75% of the Group net profit attributable to the shareholders in the coming years, assuming a continuation of its successful business development and that no extraordinary circumstances arise.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

3.3.4 Investments and acquisitions

In the 2013 financial year, capital expenditure at Austrian Post reached a level of EUR 98.8m, a rise of EUR 1.5m from the previous year. This includes EUR 91.7m in investments for property, plant and equipment and EUR 7.2m for investments in intangible assets (7.3%), which mainly relate to software licences.

In the 2013 financial year, a high share of the investments related to property and buildings (33.1%), which mainly relates to construction of the new logistics centre in Allhaming, Upper Austria. Moreover, the investment programme implemented during the reporting period in both the mail and parcel segments also focused on new distribution equipment and machinery, encompassing the continuing modernisation of sorting facilities (16.9%). These investments are being made for the purpose of rationalisation and enhancing productivity, but are also necessary 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).

INVESTMENTS BY CATEGORY IN 2013



Naturally, replacement investments in the vehicle fleet (19.6%) as well as new equipment, furniture and fittings and hardware (14.9%) also comprise a significant share of the annual investment volume. The branch network pressed ahead with the remodelling and modernisation of the branch offices operated jointly with BAWAG P.S.K., and investments were also made in new self-service solutions (8.2%).

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 various planning phases 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 74.3m in 2013 (including acquisition of non-controlling interests) of which about EUR 50m related to the acquisition of a 25% stake in the Turkish company Aras Kargo a.s. Furthermore, amongst other projects, Austrian Post's shareholding in M&BM Express OOD, Bulgaria, was increased, and distribution companies were acquired in Germany. Every acquisition presupposes a unified Group-wide selection process. The decision-making basis is a due diligence test followed by an evaluation based on the discounted cash flow method.

3.4 VALUE-ORIENTED INDICATORS

3.4.1 Capital Employed

The capital employed by Austrian Post increased by EUR 42.1m to EUR 755.3m as at the end of 2013. This increase is mainly due to the reduction of non interest-bearing liabilities by EUR 30.9m, in light of the fact that various liabilities were paid in the 2013 financial year relating to the acquisition of property, plant and equipment and Group subsidiaries.

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 priority of Austrian Post's receivables management is to continually monitor outstanding receivables. Management is regularly informed about the level of outstanding receivables in order to be able to take appropriate measures if necessary. Payment terms may be switched to advanced payment or payment in cash in case the customer is designated as a risk or a bank guarantee may be demanded.

CAPITAL EMPLOYED

EUR m	2011	2012	2013
+ Intangible assets and goodwill	223.8	249.7	223.8
+ Property, plant and equipment	587.5	599.9	615.9
+ Investment property	32.8	37.8	33.5
+ Investments consolidated at equity	17.5	7.1	50.3
+ Inventories	14.4	16.1	17.1
+ Receivables[1]	324.8	332.7	312.0
+ Non-current assets held for sale	2.8	0.0	1.9
– Non interest-bearing debt	–494.7	–530.1	–499.2
Capital employed	**708.9**	**713.2**	**755.3**

[1] Less interest-bearing receivables

3.4.2 Ratios

The EBITDA margin of Austrian Post climbed from 11.5% in 2012 to 12.9% in 2013. This good development was mainly the result of positive special balance sheet effects with respect to non-operational staff costs. As a consequence, the margin during the reporting period was above the targeted range of 10–12%. The EBIT margin improved slightly to 7.9%. Due to the stable earnings situation combined with the solid balance sheet structure, the return on equity at 21.1% was at approximately the same level as in the previous year. The return on capital employed at 25.3% was only slightly below the comparable prior-year figure, which can be primarily attributed to the above-mentioned increase in capital employed to EUR 755.3m.

RATIOS

	2011	2012	2013
EBITDA margin[1]	12.0%	11.5%	12.9%
EBIT margin[2]	7.1%	7.7%	7.9%
ROE[3]	21.1%	21.0%	21.1%
ROCE[4]	22.7%	25.6%	25.3%

[1] EBITDA margin = EBITDA/revenue
[2] EBIT margin = EBIT/revenue
[3] Return on equity = profit for the period on Jan. 1 less dividends paid
[4] Return on capital employed = EBIT/average capital employed

4 NON-FINANCIAL PERFORMANCE INDICATORS

4.1 EMPLOYEES

The average number of full-time employees at the Austrian Post Group totalled 24,211 people during the period of review, comprising an increase of 1,030 employees from the prior-year period. This rise can be mainly attributed to the newly acquired subsidiaries in Bulgaria, Romania, Germany, Austria and Poland, which employed about 1,600 people (full-time equivalents) in the 2013 financial year. Most of Austrian Post's staff (full-time equivalents) is employed by the parent company Österreichische Post AG (a total of 18,951 full-time equivalents). A total of 5,260 people (full-time equivalents) are employed by the subsidiaries.

EMPLOYEES BY DIVISION

Annual average, full-time equivalents	2011	2012	2013	Share %
Mail & Branch Network	17,482	17,192	17,955	74.2%
Parcel & Logistics	4,057	4,022	4,191	17.3%
Corporate	1,830	1,968	2,065	8.5%
Total	**23,369**	**23,181**	**24,211**	**100.0%**

4.1.1 Employee satisfaction

In June 2013, the first company-wide employee survey entitled "Together we will get even better" was carried out by Austrian Post. The objective was to capture the mood of employees as well as to identify relevant issues and improvement potential. The employees had the opportunity to express their opinion on different aspects of the company and evaluate their employer. The results of the survey presented an objective view of where Austrian Post is seen to be at the present time. Four fields of action were identified, namely health at the workplace, performance culture/ working conditions, operating supplies and company organisation, and finally information and communication. Austrian Post will pay increasing attention to these areas and is committed to developing specific improvement measures.

4.1.2 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 consist 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 2013 to instruct management staff within the framework of the Executive Academy. The topics include, for example, communication and motivation, management styles and instruments or presentation techniques. The so-called "Leadership Workshop" is then designed to deepen the knowledge gained. In addition, more than 400 managers participated in the programme "A day visiting customers" in order to gain a better understanding of what the delivery staff or branch managers actually do.

4.1.3 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. Training sessions focusing on safe and healthy workplace behaviour, the promotion of exercise as well as tobacco and alcohol abuse prevention are among the top priorities of the company's own multi-faceted health care programme. Among the priorities in the 2013 financial year were the start of a new preventive health programme entitled "A healthy heart" to prevent heart disease as well as the "Back health and wellness" initiative featuring spinal screenings and posture analysis.

4.2 ENVIRONMENT

Austrian Post is aware of its responsibility towards the environment. For this reason, it continually strives to identify optimisation potential in order to minimise its ecological footprint. In the year 2013, Austrian Post once again delivered all letters, parcels and direct mail items in Austria in a CO_2 neutral manner, without exception, as part of its CO_2 NEUTRAL DELIVERY initiative. 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 buildings 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 has significantly expanded its fleet of electric-powered vehicles, which already encompassed more than 650 vehicles at the beginning of 2014. Moreover, since 2012 Austrian Post has only been using electricity generated from renewable energy sources, and in 2013 constructed Austria's largest rooftop photovoltaic facility, located 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 verified by independent experts at TÜV AUSTRIA.

ENVIRONMENTAL INDICATORS

	2010	2011	2012	Change 2011/2012 %	Change 2011/2012 Nominal
Total CO_2 emissions (t)	**87,068**	**78,533**	**70,834**	**–9.8%**	**–7,699**
Total energy consumption (kWh million)	164.7	158.0	149.5	–5.3%	–8.5
Total fuel consumption (litre million)	15.2	14.6	14.3	–2.1%	–0.3

The sustainability reports of Austrian Post are prepared in accordance with the guidelines contained in the Global Reporting Initiative (GRI) and are certified by an auditor. The Sustainability Report 2012 fulfilled the highest application level A+, and was subject to a limited assurance audit by Ernst & Young Wirtschaftsprüfungs m.b.H. The environmental indicators published for 2012, i.e. CO_2 emissions, energy consumption and fuel consumption, were also included in its audit. The environmental indicators for the 2013 financial year will be published in the Sustainability Report 2013 scheduled to be issued in September 2014.

4.3 RESEARCH AND DEVELOPMENT/INNOVATION MANAGEMENT

An important success factor in changing markets is the development and market launch of innovative products and the expansion of the existing product portfolio of the core business. In the 2013 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.). Furthermore, in the field of logistics services, Austrian Post is continually developing bespoke customer solutions for warehousing and fulfillment as well as various "value added services". 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 addition to its own development activities, Austrian Post also decided in 2013 to conclude research and development cooperation agreements with prominent Austrian universities and academies of applied sciences. The objective is to further intensify its focus on innovation and carry out sound scientific research.

Accordingly, Austrian Post launched an innovation centre in collaboration with Karl Franzens University Graz, focusing on a two-year research project on the issue of "Last mile logistics and mobile communications". The research project aims to optimise the delivery process in the future and further improve the first-time delivery success rate. A global monitoring of innovative solutions for last mile logistics will be carried out, sustainable business models featuring new types of technological solutions will be developed and customer acceptance for these solutions will be analysed.

Another research project entitled "Food4all@home" was initiated in cooperation with the Logistics Management and Corporate Networks Department (Logistikum) of the Academy of Applied Sciences Upper Austria in Steyr. In collaboration with partners, the project will clarify how a nationwide home delivery of essential everyday consumer goods could effectively work. In addition to the feasibility study, the goal of the project is also to evaluate the profitability and expected acceptance on the marketplace.

4.4 DELIVERY SPEED

Austrian Post aims to be a provider of high-quality postal services. In particular, strict legal regulations relating to the Universal Postal 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 2013, Austrian Post once again managed to outperform the minimum legally stipulated standards. In 2013, Austrian Post managed to deliver 95.5% of all letters on the next working day after posting, thus meeting statutory requirements. The delivery speed in 2013 was somewhat below the prior-year level, which is mainly due to the performance in the first quarter of 2013 (e.g. the unfavourable weather conditions and cold temperatures). However, delivery speed continually improved throughout the rest of the year.

Concerning parcel delivery services as defined by the Universal Service Ordinance (primarily private parcels), Austrian Post delivered 94.4% of all parcels within two working days, significantly surpassing the statutory target. Austrian Post also achieved an above-average delivery quality in European comparison with respect to international mail (inbound).

With respect to the first-time delivery success rate for registered letters and parcels, the good performance figures attained in the previous years in both areas could be slightly surpassed. The first-time delivery success rate is a very important factor determining the level of customer satisfaction. Accordingly, 87.9% of registered parcels and 77.4% of registered letters were successfully delivered on the first attempt in 2013.

DELIVERY SPEED[1]

	2011	2012	2013
Delivery time			
E+1 letter mail delivery time	96.1%	96.0%	95.5%
E+2 parcel delivery time in Austria	94.3%	93.3%	94.4%
Postal delivery success rate			
First-time delivery success rate for letter mail (registered)	78.5%	77.8%	77.4%
First-time delivery success rate for parcels (E+2)	87.2%	87.5%	87.9%

[1] E = day of posting; E+1 = day of posting + 1 working day; E+2 = Day of posting + 2 working days

4.5 CUSTOMER SATISFACTION

Customer satisfaction with the services of Austrian Post was measured on a quarterly basis during the reporting period. The market research partner on this project was the renowned IFES Institute. By means of a representative survey with a sample size of n = 1,000 per wave, the "Customer Satisfaction Index" (CSI) encompassing customer satisfaction and customer loyalty is determined. The average CSI in 2013 was good, at a level of 67 index points, two higher than in the previous year. The index only fluctuated slightly over the course of the year between 65 and 68 points. The highest level of customer satisfaction with Austrian Post ever measured was achieved in the fourth quarter of 2013, with young people ranking among the most satisfied customers. The postal service points and delivery services were given particularly high ratings. In particular, satisfaction with delivery services increased once again in the fourth quarter of the year, and reached 76 index points for letter mail, up 5 percentage points from the prior-year level, and 77 index points for parcels, a rise of 4 index points from the previous year.

Measuring customer satisfaction in accordance with the CSI scale considers 50 index points or less to represent a critical level, 51 to 60 points as moderately content, 61–70 to be good and higher than 71 means very good. An outstanding level of customer satisfaction is for 81 points up to the highest possible score of 100.

Surveys on customer satisfaction were also carried out in Hungary and Serbia in 2013. 92% of the surveyed customers said they are "very satisfied" or "satisfied" with City Express Serbia, and 91% of the customers interviewed were "very satisfied" or "satisfied" with trans-o-flex Hungary.

4.6 RELIABILITY OF SUPPLY

In addition to its obligation to provide the highest quality postal services for every household throughout Austria at a uniform price, the definition of the Universal Postal Service Obligation in Austria requires Austrian Post to operate a nationwide network of at least 1,650 postal service points. In the spirit of optimally serving its customers, Austrian Post also surpasses the statutory requirements in this respect. On balance, its network encompassed 1,894 postal service points at the end of 2013, making it one of the largest private customer networks in the country. Austrian Post is always in close proximity to its customers.

In light of the fact that the postal sector is continually subject to major changes, the new market conditions require Austrian Post to make customer-oriented adjustments to its business operations in order to ensure that the Austrian population is supplied with postal services on a long-term basis. One important measure is the conversion of the branch network which was resolutely continued also in the past year. A key aspect is the very successful postal partner concept. A total of 1,359 postal partners, including food stores, petrol stations, tobacconists, municipal offices and many others ensure optimal regional accessibility to Austrian Post's services.

5 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

MEILLERGHP is a joint venture based in Schwandorf, Germany, in which Austrian Post owns a 65% stake and Swiss Post holds a 35% interest. The ongoing difficult market environment and its negative effects on the business of MEILLERGHP make it absolutely essential to fundamentally restructure the company. After various restructuring scenarios were evaluated by the management in consultation with the shareholders, MEILLERGHP submitted an application in Germany to the Regional Court in Amberg on February 7, 2014 for judicial reorganisation proceedings with the debtor in self-administration. These judicial reorganisation proceedings combined with the resolute continuation of restructuring measures should enable MEILLERGHP to profitably operate in a highly competitive market in the medium- and long-term.

6 OUTLOOK 2014

Stable revenue targeted

On the basis of the available economic data, the core region of Austrian Post is expected to show a slightly upward economic growth trend in 2014. The prospects are improving for Austria and Germany as well as most countries in South East and Eastern Europe. This should reduce the risk of uncertain business planning for the mail and parcel markets. Nevertheless, the basic trends in the postal sector are set to persist.

Revenue in the mail segment will continue to be impacted by the ongoing volume decline for traditional addressed letter mail due to electronic substitution. In Austria, the new regulations stipulating the obligatory electronic delivery of official government mail are expected to have an impact on the business in 2014. In line with international trends, the decrease in letter mail volume is likely to amount to 3–5%. A one percent rise or decline in electronic substitution results in a revenue effect of about EUR 7m. The market for addressed and unaddressed direct mail items will continue to be subject to a volatile volume development. The reduced weight of shipments in some customer segments, for example in the mail order business, could have a negative effect on revenue. Moreover, there is the risk of losing revenue from individual customers due to market concentration in the retail sector.

The development of the parcel and logistics business is also dominated by two trends. In the private customer parcel segment, growth of 3–6% is anticipated, depending on the region. The steadily growing field of electronic commerce is the driving force behind this increase. The positive development of the business parcel segment depends on a stable economy and the competitive situation. It is crucial to exploit the company's good strategic market position and the resulting revenue potential, especially in the international parcel business.

Following the slight revenue increases in recent years – plus 1.9% in 2012 and plus 0.8% in 2013 excluding the divested Benelux subsidiaries – Austrian Post is striving to achieve an ongoing stable revenue development in the year 2014, in which the decrease in mail revenue can be compensated by higher parcel revenue.

Efficiency enhancement to safeguard earnings

The efficiency of the services provided must always be a key focus in the postal business. For this reason, Austrian Post has defined a series of measures to be implemented in 2014 with the aim of achieving operational excellence. Structures and processes in both mail and parcel logistics will be consistently improved. The new automation and sorting technologies will enable Austrian Post to consistently exploit cost reduction potential. Profitability is the top priority in the company's international business operations, both in terms of concentrating on the core business as well as in ensuring an efficient value chain.

With respect to its earnings development, Austrian Post remains committed to its target of achieving a sustainable EBITDA margin in the range of 10–12%. The company is also striving to improve its earnings before interest and tax (EBIT) in 2014.

Cash flow for future-oriented investments and dividends

The operating cash flow generated by Austrian Post will continue to be used prudently and in a targeted manner to finance sustainable efficiency increases, structural measures and future-oriented investments. One priority of the investments being made in 2013 and 2014 is the new logistics centre under construction in Upper Austria. As a result, capital expenditure is expected to reach a level of about EUR 100m again in 2014. Other investments will mainly focus on modernisation, replacement of existing facilities and vehicles and capacity expansion in the parcel segment.

The Management Board will propose to the Annual General Meeting scheduled for April 24, 2014 to approve distribution of a dividend totalling EUR 1.90 per share for the 2013 financial year. Thus, the company is once again continuing its attractive dividend policy on the basis of a solid balance sheet structure and the generated cash flow. Austrian Post aims to distribute at least 75% of the Group net profit to its shareholders. Assuming the company continues its successful business development, the dividend should develop further in line with the Group's net results.

7 OPPORTUNITIES AND RISKS OF THE COMPANY

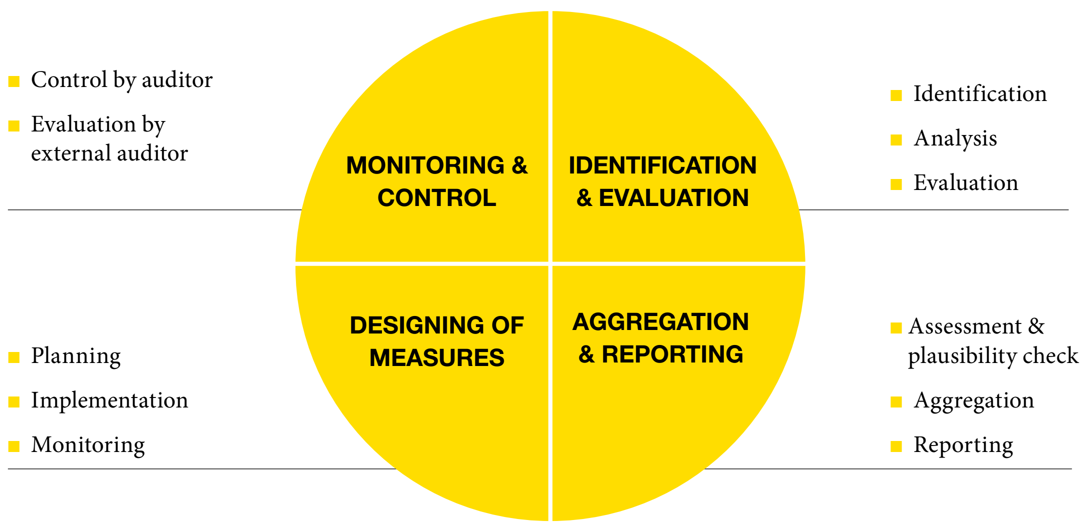
7.1 MAIN RISKS AND UNCERTAINTIES

7.1.1 Risk management

Austrian Post operates a comprehensive risk management system integrating all business units and subsidiaries. The objective of risk management is to identify risks at an early stage and manage them by taking appropriate measures designed to minimise any potential deviation from the company's business targets. Risks are identified, evaluated, monitored and documented in their overall context by a Group-wide risk management system in accordance with uniform principles. The Management Board defines the risk strategy and risk policy of the company and sets out a framework for the risk management system.

The most important steps in the risk management process are presented below:

RISK STRATEGY AND POLICIES



1. **Identification and evaluation:** Risks are defined as the potential deviation from planned corporate results. The risk manager analyses the risk situation of the respective business area on a quarterly basis. An employee is selected and given responsibility for evaluating, managing and monitoring each identified risk. Risks are quantified to the greatest possible extent with respect to the potential consequences and probability of occurrence. Non-quantifiable risks are evaluated on the basis of pre-defined qualitative criteria. In addition, the central risk management team cyclically examines the risk situation of the individual business areas on the basis of a proactive risk assessment. The results of the identification and evaluation process are documented in the corresponding IT application of the risk management system.

2. **Aggregation and reporting:** The central risk management team gathers information and reviews the identified and evaluated risks. The financial effects of potential overlapping are taken into account in the aggregation process. Subsequently, the risks are analysed by the Risk Management Committee and subject to a plausibility check. This Risk Management Committee consists of representatives of the controlling, legal, strategy and accounting departments as well as representatives of the operating units. The results are integrated in the quarterly report of the central risk management team to the Management Board focusing on risks and their development. Risks which unexpectedly arise are immediately reported to the Management Board on an ad hoc basis. The Supervisory Board and Audit Committee are also regularly informed about the risk situation.

3. **Designing of measures:** The control of risks is based on defining appropriate measures aimed to avoid or reduce risks, or else transfer them to third parties. The business areas examine the measures on the basis of a cost-benefit analysis, and subsequently implement them. These measures are monitored and adjusted within the context of a quarterly analysis undertaken by the risk manager.

4. **Monitoring and control:** In conformity with the Austrian Corporate Governance Code, the reliability and performance of the risk management system is subject to an annual evaluation by the auditor. Moreover, in 2013 the concept, suitability and effectiveness of the risk management system was assessed by an external auditor.

7.2 TOP RISKS

7.2.1 E-substitution

Traditional letter mail is being increasingly replaced by electronic media. The increasing electronic substitution of letter mail, in particular the trend towards electronic mail delivery, was accelerated 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 leads to a negative revenue effect of about EUR 7m annually, which in turn correspondingly reduces earnings in the short- and medium- term due to the fixed cost structure of the company's operations. 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.

Austrian Post is counteracting the volume decline resulting from the greater use of electronic media by developing new products and services, for example in the direct mail and B2B businesses but above all along the value chain. Diversifying business operations into different markets enables Austrian Post to more effectively spread or minimise risks in individual sectors.

7.2.2 Strategic investments

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 opportunities and risks relating to strategic investments such trans-o-flex, Aras Kargo a.s. or AEP largely depend on investment requirements, acquisition costs as well as political, economic and legal factors. In addition, market price risks such as fluctuating foreign currency exchange rates can impact their intrinsic value, for example in the case of Aras Kargo a.s. with respect to the value of the Turkish Lira. The profitability and impairment losses reported for the strategic investments can impact the earnings situation of Austrian Post.

7.2.3 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 peculiarities with respect to the way these employees are deployed in line with 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 the event of less favourable market conditions. 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 dialogue being carried out with the responsible lawmakers.

Changes made to the Postal Services Structure Act of 1996 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.

7.3 GENERAL AND OTHER RISKS

Similar to other companies, Austrian Post is subject to a series of risks related to the particular sector and market environment in which it operates. These risks are minimised in an economical manner on the basis of state-of-the-art measures but cannot be completely eliminated.

7.3.1 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 and delivery 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 unauthorised data access or data manipulation occurs or collective strikes take place for longer periods, these developments 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 and 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.

7.3.2 Regulatory and legal risks

The full-scale liberalisation of the Austrian postal market took place on January 1, 2011 when the new Postal Market Act took effect. 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 this new Postal Market Act. 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 a minimum offering of 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 generally financed on a pro-rata 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 of the postal sector also in the future, 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 in the medium term, 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.

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. A difference in the definition of the limits to universal postal services between regulatory authorities and the company could be reflected in the design of the product portfolio and pricing policies.

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. For example, due to competition and public procurement laws, 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 its agreements and business practices in the light of existing antitrust regulations. Other legal risks may arise as the consequence of unexpected court cases initiated by competitors, customers or suppliers.

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.

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.

7.3.3 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. The foreign exchange risk, for example in connection with fluctuations in the value of the Turkish Lira, can negatively affect earnings. 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.

7.3.4 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. Accordingly, there is the risk of losing revenue from individual customers due to market concentration, for example in the retail sector. 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 on the postal services market.

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 increased 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.

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

7.4 OVERALL VIEW OF THE GROUP'S RISK SITUATION

The above-mentioned risks are continually being monitored by the company. From today's perspective, none of these risks threaten the continuing existence of the company.

7.5 MAIN OPPORTUNITIES

The changes which Austrian Post faces can also lead to positive deviations from the pre-defined business targets. For this reason, risk management also focuses on identifying and managing opportunities which arise. The objective is to show opportunities and exploit potential by implementing suitable measures. The identification, evaluation, management and reporting of opportunities take place in line with the above-mentioned process.

On the one hand, the identification of opportunities is carried out by the planners in the business areas (on a bottom-up basis). On the other hand, opportunities are also verified and supplemented by the Strategy & Group Development business unit. For this reason, Austrian Post implements an ongoing evaluation of opportunities in order to be able to leverage the existing potential. A new strategic project to identify opportunities entitled "Post2016" was launched in 2013. This encompasses various sub-projects aimed at more precisely recognising potential which can be exploited. These projects are also designed to once again point out important opportunities arising for Austrian Post in the light of its four core strategic pillars.

The first strategic thrust – **Defending market leadership in the core business** – considers the expansion and adaptation of Austrian Post's product portfolio in the Mail & Branch Network Division in accordance with customer requirements to be a major opportunity. Potential is leveraged on the basis of new and more attractive delivery models in the parcel segment which could evolve towards ensuring "same day delivery" or food logistics.

On the basis of the second strategic pillar – **Growth in selected markets** – opportunities arise with respect to Austrian Post's strategic international shareholdings in the growth markets of Central/Eastern Europe as well as Turkey. In Germany the resolute implementation of the Good Distribution Practice (GDP) guideline opens up special business opportunities.

With respect to the third cornerstone of Austrian Post's strategy – **Enhancing efficiency and increasing flexibility of the cost structure** – positive deviations from the company's medium-term planning can be achieved and recognised as opportunities based on projects such as "Operating Excellence" and other procurement initiatives.

The fourth strategic thrust – **Customer orientation and innovation** – enables Austrian Post, for example, to exploit the potential derived from the expansion of its on-line offering, in new e-commerce business models or its range of services by developing new self-service solutions.

8 OTHER DISCLOSURES

8.1 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 operational risks in carrying out its business operations. The company proactively deals with these 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.

8.1.1 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. The individual financial statements in accordance with IFRS are the starting point for processing by Group Accounting, which is responsible for compiling the consolidated financial statements. Its duties and responsibilities mainly focus on the structured transfer of the reported 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 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.

8.1.2 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 the 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 have been correctly reported, and are 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.

8.1.3 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 and 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 (comprising 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.

8.1.4 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
- Condensed report incl. strategy cockpit
- Interim reports
- Data analysis and evaluation
- Internal reports on the performance of subsidiaries and associates

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

Other internal reports, further explanations on selected items in the financial statements, earnings reconciliations and performance indicators are also prepared in addition to the Supervisory Board report, the legally required annual financial report, annual report and interim report pursuant to IAS 34.

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 quarterly and monthly reports provide 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 these quarterly and monthly reports.

Another important aspect of the internal reporting system of the Austrian Post Group is data analysis and evaluation. This includes calculating the consolidated cash flow as well as the related detailed notes as well as the calculation of key earnings and value-based indicators as well as liquidity figures.

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 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 are 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.

8.1.5 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. back-ups 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 all 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 risks 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. In addition to the report to the Management Board containing the main indicators, there are also monthly performance reviews in the operating units, which 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.

8.2 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 with a nominal value of EUR 5 per share. 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, 2014

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 2013 FINANCIAL YEAR

EUR m	Note	2012	2013
Revenue	(8.1)	2,366.1	2,366.8
Other operating income	(8.2)	72.0	69.7
Total operating income		**2,438.1**	**2,436.5**
Raw materials, consumables and services used	(8.3)	–766.9	–753.3
Staff costs	(8.4)	–1.091.4	–1.073.5
Depreciation, amortisation and impairment losses	(8.5)	–88.8	–118.5
Other operating expenses	(8.6)	–294.8	–298.6
Total operating expenses		**–2,241.9**	**–2,243.9**
Profit from operations		**196.2**	**192.5**
Results of investments consolidated at equity	(9.5)	–13.9	–6.6
Financial income		6.9	4.1
Financial expenses		–37.7	–18.8
Other financial result	(8.7)	–30.8	–14.8
Total financial result		**–44.7**	**–21.3**
Profit before tax		**151.6**	**171.2**
Income tax	(9.17)	–28.4	–47.2
Profit for the period		**123.2**	**124.0**
Attributable to:			
Equity holders of the parent company		123.2	123.2
Non-controlling interests		0.0	0.9

EUR			
Basic earnings per share	**(8.8)**	**1.82**	**1.82**
Diluted earnings per share	**(8.8)**	**1.82**	**1.82**

EUR m			
Profit from operations		196.2	192.5
Results of investments consolidated at equity	(9.5)	–13.9	–6.6
Earnings before interest and tax (EBIT)		**182.4**	**186.0**
Depreciation, amortisation and impairment losses	(8.5)	88.8	118.5
Earnings before tax, interest, depreciation and amortisation (EBITDA)		**271.2**	**304.5**

STATEMENT OF COMPREHENSIVE INCOME FOR THE 2013 FINANCIAL YEAR

EUR m	Note	2012	2013
Profit for the period		**123.2**	**124.0**
Items that will be reclassified subsequently to the income statement:			
Currency translation differences	(9.12)	0.4	–0.6
Currency translation differences of investments consolidated at equity	(9.5)	0.2	–7.7
Revaluation of financial instruments held for sale	(9.12)	4.1	0.7
Deferred taxes	(9.17)	–1.0	–0.2
Total items that will be reclassified		**3.6**	**–7.7**
Items that will not be reclassified subsequently to the income statement:			
Revaluation of defined benefit obligations	(9.12)	–5.4	–1.1
Deferred taxes	(9.17)	1.4	0.3
Revaluation of defined benefit obligations		–1.1	–0.1
Total items that will not be reclassified		**–5.2**	**–0.9**
Other comprehensive income		**–1.6**	**–8.7**
Total comprehensive income		**121.5**	**115.4**
Attributable to:			
Equity holders of the parent company		121.5	114.5
Non-controlling interests		0.0	0.9

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2013

EUR m	Note	Dec. 31, 2012	Dec. 31, 2013
Assets			
Non-current assets			
Goodwill	(9.1)	183.5	160.6
Intangible assets	(9.2)	66.2	63.3
Property, plant and equipment	(9.3)	599.9	615.9
Investment property	(9.4)	37.8	33.5
Investments consolidated at equity	(9.5)	7.1	50.3
Financial investments in securities	(9.6)	39.7	51.7
Other financial assets	(9.7)	12.2	12.2
Receivables	(9.9)	37.2	20.7
Deferred tax assets	(9.17)	63.9	58.3
		1,047.6	**1,066.4**
Current assets			
Financial investments in securities	(9.6)	0.2	13.3
Inventories	(9.8)	16.1	17.1
Receivables	(9.9)	321.9	302.7
Cash and cash equivalents	(9.10)	315.0	240.2
		653.2	**573.3**
Non-current assets held for sale	(9.11)	**0.0**	**1.9**
		1,700.8	**1,641.6**
Equity and liabilities			
Equity	(9.12)		
Share capital		337.8	337.8
Capital reserves		130.5	130.5
Revenue reserves		125.1	122.3
Revaluation of financial instruments		–1.9	–1.3
Revaluation of defined benefit obligations		–4.5	–5.5
Currency translation reserves		–1.6	–9.9
Profit for the period		123.2	123.2
Equity attributable to the shareholders of the parent company		**708.6**	**697.1**
Equity attributable to non-controlling interests		**0.0**	**2.3**
		708.6	**699.4**
Non-current liabilities			
Provisions	(9.13)	393.0	382.8
Financial liabilities	(9.15)	19.8	17.2
Payables	(9.16)	20.2	15.3
Deferred tax liabilities	(9.17)	12.2	8.1
		445.2	**423.4**
Current liabilities			
Provisions	(9.13)	149.6	157.4
Tax provisions	(9.14)	11.9	14.7
Financial liabilities	(9.15)	3.1	3.9
Payables	(9.16)	382.4	343.0
		547.0	**518.9**
		1,700.8	**1,641.6**

CONSOLIDATED CASH FLOW STATEMENT FOR THE 2013 FINANCIAL YEAR

EUR m	Note	2012	2013
Operating activities			
Profit before tax		151.6	171.2
Depreciation, amortisation and impairment losses	(8.5)	88.8	118.5
Results of investments consolidated at equity	(9.5)	13.9	6.6
Write-ups, write-downs of financial instruments	(9.7)	28.3	0.0
Non-current provisions[1]		59.8	36.3
Gain/loss on the disposal of non-current assets		–3.6	–3.4
Gain/loss on the disposal of financial instruments		–0.1	0.0
Taxes paid		–51.8	–44.4
Net interest received/paid		–4.0	–0.8
Currency translation		0.0	–0.3
Other non-cash transactions	(10.1)	–6.3	15.7
Operating cash flow before changes in working capital		**276.6**	**299.4**
Changes in working capital			
Receivables		–3.8	17.6
Inventories		–1.0	0.1
Current provisions[1]		–35.4	–38.5
Payables		10.3	–28.2
Cash flow from changes in working capital		**–29.8**	**–49.0**
Cash flow from operating activities		**246.7**	**250.4**
Investing activities			
Purchase of intangible assets		–7.3	–10.0
Purchase of property, plant and equipment and investment property		–78.9	–96.4
Proceeds from the disposal of non-current assets		9.3	11.6
Acquisition of subsidiaries	(10.1)	–18.0	–11.7
Disposal of subsidiaries	(10.1)	–15.5	0.0
Acquisition of investments consolidated at equity	(10.5)	–5.8	–57.3
Acquisition of financial investments in securities		–16.8	–27.7
Proceeds from the disposal of financial investments in securities		15.2	3.4
Dividends received from investments consolidated at equity	(10.5)	0.3	0.5
Loans granted		–3.9	–5.3
Interest received		5.8	3.0
Cash flow from investing activities		**–115.4**	**–189.9**
Free cash flow		**131.3**	**60.6**
Financing activities			
Changes in financial liabilities		–10.2	–4.2
Dividends paid		–114.8	–123.6
Interest paid		–1.8	–2.3
Acquisition of non-controlling interests		0.0	–5.2
Cash flow from financing activities		**–126.8**	**–135.4**
Net change in cash and cash equivalents		**4.5**	**–74.8**
Cash and cash equivalents at January 1		310.6	315.0
Cash and cash equivalents at December 31		315.0	240.2

[1] Restated presentation, refer to Note 10.1. Cash flow disclosures

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2012 financial year EUR m	Share capital	Capital re-serves	Rev-enue re-serves	Revaluation of defined benefit obligations	Revalua-tion of financial instru-ments[1]	Currency translation reserves	Profit for the period	Equity attributable to share-holders of the parent company	Equity attribut-able to non-con-trolling interests	Total equity
Balance at January 1, 2012	**337.8**	**130.5**	**116.8**	**0.7**	**–5.0**	**–2.0**	**123.2**	**702.0**		**702.0**
Changes in reserves			8.3			–0.1	–8.3	–0.1		–0.1
Dividend paid							–114.8	–114.8		–114.8
Profit for the period							123.2	123.2		123.2
Other comprehen-sive income				–5.2	3.1	0.5		–1.6		–1.6
Total comprehen-sive income	**0.0**	**0.0**	**0.0**	**–5.2**	**3.1**	**0.5**	**123.2**	**121.5**	**0.0**	**121.5**
Balance at December 31, 2012	**337.8**	**130.5**	**125.1**	**–4.5**	**–1.9**	**–1.6**	**123.2**	**708.6**	**0.0**	**708.6**

2013 financial year EUR m	Share capital	Capital re-serves	Rev-enue re-serves	Revaluation of defined benefit obligations	Revalua-tion of financial instru-ments[1]	Currency translation reserves	Profit for the period	Equity attributable to share-holders of the parent company	Equity attribut-able to non-con-trolling interests	Total equity
Balance at January 1, 2013	**337.8**	**130.5**	**125.1**	**–4.5**	**–1.9**	**–1.6**	**123.2**	**708.6**		**708.6**
Acquisition of a subsidiary			–4.4					–4.4	3.4	–1.0
Changes in reserves			1.6				–1.6	0.0		0.0
Dividend paid							–121.6	–121.6	–2.0	–123.6
Profit for the period							123.2	123.2	0.9	124.0
Other comprehensi-ve income				–0.9	0.6	–8.3		–8.7		–8.7
Total comprehen-sive income	**0.0**	**0.0**	**0.0**	**–0.9**	**0.6**	**–8.3**	**123.2**	**114.5**	**0.9**	**115.4**
Balance at December 31, 2013	**337.8**	**130.5**	**122.3**	**–5.5**	**–1.3**	**–9.9**	**123.2**	**697.1**	**2.3**	**699.4**

[1] Available for sale

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2013 FINANCIAL YEAR

1 INFORMATION ON THE COMPANY

Austrian Post and its subsidiaries are logistics and service companies in the letter mail and parcel segments. The core business activities of the Austrian Post Group include the rendering of post and parcel services as well as combined freight and specialised logistics as well as the carrying out of financial transactions in cooperation with BAWAG P.S.K. Moreover, the service offering also 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 2013 financial year have been prepared in accordance with the International Financial Reporting Standards (IFRS) valid as at December 31, 2013, as issued by the International Accounting Standards Board (IASB) and adopted by the European Union and the additional requirements of section 245a UGB.

The consolidated financial statements of Austrian Post consist of the consolidated income statement, the statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the notes to the consolidated financial statements. The consolidated financial statements are presented in Euros. Unless otherwise stated, all amounts are stated in millions of Euros (EUR m). When aggregating rounded amounts and percentages, rounding differences may occur due to the use of automated calculation aids.

3 REVISIONS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

3.1 Mandatory and early application of new and revised standards

The following new and revised standards were binding or adopted ahead of schedule for the first time during the 2013 financial year:

Mandatory application of new standards		Effective date in the EU[1]
IFRS 13	Fair Value Measurements	Jan. 1, 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	Jan. 1, 2013

Mandatory application of revised standards		Effective date in the EU[1]
IFRS 1	First-Time Adoption of International Financial Reporting Standards – Government Loans	Jan. 1, 2013
IFRS 1	First-Time Adoption of International Reporting Standards – Severe Hyperinflation and Derecognition of financial assets and liabilities for First-time Adopters	Dec. 11, 2012
IFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities	Jan. 1, 2013
IAS 1	Presentation of Financial Statements – Presentation of Items in Other Comprehensive Income	July 1, 2012
IAS 12	Income Taxes – Deferred Tax: Recovery of Underlying Assets	Jan. 1, 2013
Diverse	Improvements to the International Financial Reporting Standards (2009–2011)	Jan. 1, 2013

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

Early application of revised standards		Effective date in the EU[1]
IAS 36	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets	Jan. 1, 2014

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

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. This new standard resulted in additional disclosures in the consolidated financial statements of Austrian Post.

The new IFRIC 20 deal with the reporting of stripping costs incurred in the production phase of a surface mine. This interpretation does not have any effects on the consolidated interim financial statements of Austrian Post due to the fact that no relevant cases exist.

The amendments to IFRS 1 deal with the treatment of government loans at an interest rate below the prevailing market rate at the transition date and the prospective application of recognition requirements. The amendment also features the incorporation of rules for all cases of companies not being able to meet all the requirements prescribed by the IFRS due to hyperinflation. These changes do not have any effects on the consolidated financial statements of Austrian Post, due to the fact that Austrian Post is not a first-time adopter.

In connection with the changes to IAS 32, additional disclosures were made in the revised IFRS 7 for financial instruments which were offset enabling the reconciliation of the gross and net risk positions of financial instruments. In the future, 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. The amendment of this standard resulted in additional disclosures in the consolidated financial statements of Austrian Post.

In accordance with the revision to IAS 1, the items contained in other comprehensive income shall be classified depending on whether or not they will be reclassified subsequently to the income statement. Correspondingly, the presentation of the statement of comprehensive income has been changed, as to group other comprehensive income into "Items that will be reclassified subsequently to the income statement" and "Items that will not be reclassified subsequently to the income statement."

In accordance with IAS 12, the recognition of deferred taxes depends on whether the carrying amount of an asset is recovered through the use or disposal of this asset, and thus different income tax rates apply. The amendment to this standard does not have any effects on the consolidated financial statements of Austrian Post, due to the fact that no relevant cases exist.

In the Annual Improvements to IFRSs 2009-2011 minor changes were made to existing standards. These improvements do not have any impact on Austrian Post, due to the fact that they only entail clarifications or minor corrections.

IAS 36 was adjusted in the development of IFRS 13, so that additional disclosures (in particular the recoverable amount) must be made on all significant cash generating units. The revision means that disclosures only have to be made if impairment losses are recognised. Austrian Post already applied this revised standard ahead of schedule in its consolidated financial statements as at December 31, 2013.

3.2 Standards which are published but not yet applied

The following standards have been endorsed or are in the process of endorsement by the European Union. However, mandatory application of these standards is in the future. The future application of these new and revised standards will not likely have any material impact on the consolidated financial statements of Austrian Post:

New standards and interpretations		Endorsed in the EU	Effective date in the EU[1]
IFRS 9	Financial Instruments	postponed	postponed
IFRS 10	Consolidated Financial Statements	Dec. 11, 2012	Jan. 1, 2014
IFRS 11	Joint Arrangements	Dec. 11, 2012	Jan. 1, 2014
IFRS 12	Disclosure of Interests in Other Entities	Dec. 11, 2012	Jan. 1, 2014
IFRIC 21	Levies	planned Q2 2014	planned Jan. 1, 2014

Revised standards		Endorsed in the EU	Effective date in the EU[1]
IFRS 10–12	Transition Guidance: Amendments to IFRS 10, IFRS 11 and IFRS 12	April 4, 2013	Jan. 1, 2014
IFRS 10, 12, IAS 27	Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	Nov. 20, 2013	Jan. 1, 2014
IAS 19	Defined Benefit Plans: Employee Contributions	planned Q3 2014	planned July 1, 2014
IAS 27	Separate Financial Statements	Dec. 11, 2012	Jan. 1, 2014
IAS 28	Investments in Associates and Joint Ventures	Dec. 11, 2012	Jan. 1, 2014
IAS 32	Financial Instruments: Presentation – Offsetting Financial Instruments and Financial Liabilities	Dec. 13, 2012	Jan. 1, 2014
IAS 39	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting	Dec. 19, 2013	Jan. 1, 2014
Diverse	Improvements to the International Financial Reporting Standards 2010–2012	planned Q3 2014	planned July 1, 2014
Diverse	Improvements to the International Financial Reporting Standards 2011–2013	planned Q3 2014	planned July 1, 2014

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

The new IFRS 9 is designed to gradually replace IAS 39 "Financial Instruments: Recognition and Measurement". The current published standard relates to the classification and measurement of financial assets and liabilities. Currently, the chapter on hedge accounting has been revised.

The new IFRS 10 creates a 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. IFRS 10 replaces the stipulations for consolidated financial statements contained in IAS 27 (in the amended version of 2008) as well as 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. IFRS 11 replaces IAS 31 "Interests in Joint Ventures" as well as SIC 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers".

The new IFRS 12 lays down disclosure requirements for companies employing both of the new standards IFRS 10 and IFRS 11.

The interpretation IFRIC 21 clarifies when to recognise a liability for levies which do not fall within the scope of another IFRS.

The amendments to IFRS 10, IFRS 11 and IFRS 12 contain transition guidance on 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. "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 entities, which will be exempt in the future from having to fully incorporate all the entities 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.

The amendment to IAS 19 clarifies that employee contributions can continue to be deducted from the service cost in the time in which the corresponding period of service is rendered, if the amount of the contributions is not dependent on the number of years of service.

The rules pertaining to separate financial statements continue to be laid down in IAS 27. The remaining parts of IAS 27 are being replaced by IFRS 10.

The publication of IFRS 10, IFRS 11 and IFRS 12 led to subsequent revisions in IAS 28.

An offsetting of financial instruments only remains possible in cases where the conditions contained in IAS 32 are fulfilled. 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".

Within the context of the amendment to IAS 39, the novation of a hedging instrument to a central counterparty due to legal requirements will not result in the discontinuation of a hedging relationship if certain criteria are met.

In the Annual Improvements to IFRSs 2010–2012 and 2011–2013 minor changes were made to existing standards. These improvements do not have any impact on Austrian Post, due to the fact that they only entail clarifications or minor corrections.

4 CONSOLIDATION SCOPE

4.1 Principles of consolidation

All companies in which Austrian Post has a controlling interest (subsidiaries) are fully consolidated in the consolidated financial statements of Austrian Post. Full consolidation of the subsidiary begins at the point in which Austrian Post gains control, and ends when control is terminated. The first-time inclusion of acquisitions in the consolidated financial statements is carried out in accordance with the acquisition method as stipulated in IFRS 3. In accordance with the acquisition method, the respective acquisition costs correspond to the fair value of the consideration transferred (e.g. cash and cash equivalents, other assets, contingent consideration, equity instruments) which are offset against the fair value of the identifiable assets acquired and liabilities assumed. Positive differences are recognised as goodwill, whereas negative differences are reported in profit and loss. Auxiliary acquisition costs are recognised in profit and loss.

Companies which are jointly managed (joint ventures) as well as companies in which a significant influence can be exercised (associates) are included in the consolidated financial statements using the equity method. Pursuant to the equity method, investments are recognised at cost and subsequently increased or reduced by the respective changes in equity in proportion to the particular stake held by Austrian Post. The recognition of further losses will be discontinued if the proportionate share of losses equals or exceeds the interest in the associate or joint venture, unless other long term interest exists (e.g. loans) which in substance form part of the net investment in the associate or joint venture.

Intercompany revenue, other operating income and expenses as well as intercompany receivables and liabilities are eliminated in the consolidation.

4.2 Changes in consolidation scope

In addition to the parent company Österreichische Post AG, a total of 27 domestic subsidiaries (December 31, 2012: 26) and 29 foreign subsidiaries (December 31, 2012: 34), in which Österreichische Post AG directly or indirectly holds a majority of the voting rights, are included in the consolidated interim financial statements. Furthermore, 3 domestic companies (December 31, 2012: 3) and 4 foreign companies (December 31, 2012: 5) are consolidated according to the equity method.

The following changes in the consolidation scope of the Austrian Post Group took place in the 2013 financial year:

Company name	Interest from	Interest to	Date of transaction	Explanation
Mail & Branch Network				
FEIPRO Vertriebs GesmbH	50.0%	100.0%	Feb. 1, 2013	Step acquisition
M&BM Express OOD	26.0%	26%[3]	Feb. 1, 2013	Step acquisition
M&BM Express OOD	26.0%	51.0%	April 1, 2013	Increased shareholding
feibra GmbH (FEIPRO Vertriebs GesmbH)[1]	100.0%	–	April 3, 2013	Merger
Weber Escal d.o.o. (Post d.o.o.)[1]	100.0%	–	April 4, 2013	Merger
KOLOS Marketing s.r.o.[5]	10.0%	–	May 16, 2013	Disposal
Österreichische Post AG (Online Post Austria GmbH)[1]	100.0%	–	July 1, 2013	Merger
Parcel & Logistics				
trans-o-flex Hungary Kft. (trans-o-flex Hungary Kft.)[1, 2]	100.0%	–	March 1, 2013	Merger
trans-o-flex Admin-Service GmbH (trans-o-flex Accounting Service GmbH)[1]	100.0%	–	June 5, 2013	Merger
trans-o-flex Admin-Service GmbH (trans-o-flex Billing Service GmbH)[1]	100.0%	–	June 5, 2013	Merger
trans-o-flex Schnell-Lieferdienst GmbH & Co KG (trans-o-flex Admin-Service GmbH)[1]	100.0%	–	June 13, 2013	Merger
trans-o-flex Schnell-Lieferdienst GmbH & Co KG (trans-o-flex Customer- Service GmbH)[1]	100.0%	–	June 13, 2013	Merger
trans-o-flex Schnell-Lieferdienst GmbH & Co KG (trans-o-flex Transport-Logistik GmbH)[1]	100.0%	–	June 13, 2013	Merger
trans-o-flex Schnell-Lieferdienst GmbH & Co KG (trans-o-flex Linienverkehr GmbH)[1]	100.0%	–	June 13, 2013	Merger
trans-o-flex GmbH (trans-o-flex Schnell-Lieferdienst GmbH & Co. KG)[1]	100.0%	–	July 3, 2013	Merger
trans-o-flex GmbH (trans-o-flex Verwaltungs GmbH)[1, 4]	100.0%	–	July 3, 2013	Merger
Post 205 Beteiligungs GmbH	–	100.0%	July 20, 2013	Incorporation
Post 206 Beteiligungs GmbH	–	100.0%	July 26, 2013	Incorporation
Aras Kargo a.s.	–	25.0%	July 30, 2013	Acquisition
Geschäftsbetrieb der Distributions GmbH Nürnberg	–	–	Aug. 1, 2013	Acquisition (asset deal)
Distributions GmbH – 31	–	100.0%	Oct. 14, 2013	Acquisition
Distributions GmbH Dortmund	–	100.0%	Oct. 14, 2013	Acquisition
Distributions GmbH Duisburg	–	100.0%	Oct. 14, 2013	Acquisition
Distributions GmbH Meinerzhagen	–	100.0%	Oct. 14, 2013	Acquisition

Company name	Interest from	to	Date of transaction	Explanation
Corporate				
Österreichische Post AG (A4B Business Solutions GmbH)[1]	100.0%	–	Jan. 1, 2013	Merger
ADELHEID GmbH	35.2%	44.4%	April 16, 2013	Increased shareholding
PAG Projektentwicklung Allhaming GmbH	0.0%	100.0%	June 7, 2013	Acquisition
Österreichische Post AG (PAG Projektentwicklung Allhaming GmbH)[1]	100.0%	–	Dec. 5, 2013	Merger
Postgasse 8 Entwicklungs AG & Co OG	0.0%	100.0%	Dec. 12, 2013	Incorporation
OMNITEC Informationstechnologie-Systemservice GmbH	50.0%	50.0%	Dec. 31, 2013	First time consolidation

[1] The Group companies listed in parenthesis were merged with the initially listed Group subsidiary, and are therefore no longer included in the consolidation scope.
[2] trans-o-flex Hungary Kft. was merged with Austrian Post International Ungarn Kft., in which case the acquiring company was renamed trans-o-flex Hungary Kft. at the time of the merger.
[3] Increase in the share of attributable voting rights including potential voting rights to 76%.
[4] Following completion of the merger process, trans-flex GmbH was renamed trans-o-flex Schnell-Lieferdienst GmbH effective July 10, 2013.
[5] Sale to a Group subsidiary of MEILLERGHP GmbH, Schwandorf

Mail & Branch Network

FEIPRO Vertriebs GesmbH

Effective February 1, 2013, Austrian Post acquired the remaining 50% stake in FEIPRO Vertriebs GesmbH, Gaweinstal. FEIPRO Vertriebs GesmbH, a distribution company specialising in the delivery of non-addressed mail items in Northern Lower Austria, had been previously included in the consolidated financial statements of Austrian Post as an associated company consolidated at equity. The acquisition strengthens the market position of Austrian Post in the delivery of non-addressed mail items in Austria.

The fair values of identifiable assets acquired and liabilities assumed of FEIPRO Vertriebs GesmbH at the acquisition date are as follows:

EUR m	Fair value
Non-current assets	
Property, plant and equipment	0.2
Customer relations	0.3
Current assets	
Cash and cash equivalents	0.1
Other current assets	0.2
Non-current liabilities	
Provisions and liabilities	–0.1
Current liabilities	
Provisions and liabilities	–0.4
Total net identifiable assets acquired and liabilities assumed	**0.3**

Calculation of goodwill	
Total net identifiable assets acquired and liabilities assumed	–0.3
Total amount of consideration transferred	0.8
thereof cash and cash equivalents	0.7
thereof financial liabilities (remaining purchase price liability)	0.1
Fair value of the previously held interest	1.4
Goodwill	**1.9**

EUR m	Fair value
Breakdown of cash outflow	
Cash and cash equivalents acquired	0.1
Total amount of consideration transferred	–0.8
Remaining purchase price liability	0.1
Net cash outflow/inflow	**–0.5**

The revaluation of the fair value of the existing 50% shareholding of the Group in FEIPRO Vertriebs GesmbH resulted in a profit of EUR 1.4m. The profit is reported in the income statement as other operating income.

Before the transaction Austrian Post Group and FEIPRO Vertriebs GesmbH were parties to pre-existing relationships. Within the context of these relationships, FEIPRO Vertriebs GesmbH carried out the distribution of non-addressed mail items on behalf of Austrian Post.

The recognised goodwill encompasses the advantagesas well as the expected synergies resulting from the subsequent merger of the assets and activities of FEIPRO Vertriebs GesmbH with those of Austrian Post Group.

The fair value of the trade receivables amounts to EUR 0.1m, which corresponds to the gross amount. None of the trade receivables was impaired, and thus the entire contractually stipulated amount will likely be recoverable.

The immaterial 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.

FEIPRO Vertriebs GesmbH was merged with feibra GmbH as of April 3, 2013.

M&BM Express OOD

On May 2, 2012, Austrian Post acquired 26% of the shares in M&BM Express OOD, Sofia. The company was incorporated in the consolidated financial statements of Österreichische Post AG as an associated company consolidated at equity as of December 31, 2012. The purchase agreement stipulates options for acquiring an additional 25% stake by March 31, 2013 and March 31, 2014 respectively, and thus up to an additional 50% of the shares. Austrian Post waived its right to exercise these options from June 1, 2012 until January 31, 2013, on the basis of a written waiver. Thus these options were to be recognised as potential voting rights that were exercisable as of February 1, 2013, and the share of voting rights in the company attributable to Austrian Post Group rose to 76%. As of this point in time M&BM Express OOD is incorporated as a fully consolidated company in the consolidated financial statements of Austrian Post. On the basis of the actual shares held in M&BM Express OOD, 74% of the total net amount of the identifiable assets and liabilities of the shares were assigned to non-controlling interests.

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 controlling interest in M&BM Express OOD enables Austrian Post to further develop its growth strategy in Central and Eastern Europe.

The fair values of the identifiable assets and liabilities of M&BM Express OOD at the date of acquisition on February 1, 2013, are as follows:

EUR m	Fair value
Non-current assets	
Property, plant and equipment	0.5
Customer relations	3.2
Current assets	
Cash and cash equivalents	1.6
Other current assets	2.4
Non-current liabilities	
Provisions and liabilities	–0.1
Current liabilities	
Provisions and liabilities	–1.9
Total net identifiable assets acquired and liabilities assumed	**5.8**

Calculation of goodwill	
Total net identifiable assets and liabilities assumed	–5.8
Non-controlling interests on the basis of the share of the total net amount of identifiable assets and acquired liabilities	4.3
Fair value of the previously held interest	5.7
Goodwill	**4.2**

Breakdown of cash outflow/inflow	
Cash and cash equivalents acquired	1.6
Net cash outflow/inflow	**1.6**

The revaluation of the fair value of the previously held 26% interest in M&BM Express OOD resulted in an immaterial impact on earnings in the income statements.

The recognised goodwill results from the market entry premium and the related future earnings expectations.

The fair value of the trade receivables amounts to EUR 2.3m, 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, M&BM Express OOD has contributed EUR 11.7m in revenue and EUR 0.7m 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 0.9m and the revenue would have totalled EUR 12.7m.

The immaterial 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.

As of April 1, 2013, the option for acquiring an additional 25% of the shares in M&BM Express OOD was exercised, and the shares were acquired in return for a cash payment of EUR 5.2m. Thus the stake held by Austrian Post increased from 26% to 51%. The total net amount of the identifiable assets and liabilities acquired at the time of acquisition updated by dividend payments and the profit for the period totalled EUR 3.4m as of April 1, 2013. The carrying amount of the non-controlling interests attributable to the additionally acquired shares at this time amounted to EUR 0.9m. In accordance with IAS 27, transactions which led to a change in the equity interest but not to a loss of control are to be recognised as an equity capital transaction. Accordingly, Austrian Post reported a corresponding reduction in equity attributable to non-controlling interests to the amount of EUR 0.9m, and a decline in the revenue reserves to the amount of EUR 4.4m.

The development of the net amount of the identifiable assets acquired and liabilities of M&BM Express OOD and the effects of the changes in the Group's shareholding in M&BM Express OOD are summarised below:

EUR m	Group share	Non-controlling interests	Total
Balance at February 1, 2013	**1.5**	**4.3**	**5.8**
Profit for the period	0.1	0.3	0.4
Dividend paid	–0.7	–2.0	–2.8
Balance at April 1, 2013	**0.9**	**2.5**	**3.4**
Increase in the Group's shareholding	0.9	–0.9	0.0
Profit for the period	0.6	0.6	1.2
Balance at December 31, 2013	**2.4**	**2.3**	**4.7**

Contingent consideration for PostMaster s.r.l.

On November 1, 2012, Austrian Post Group acquired the remaining 74% stake in Postmaster s.r.l., Bucharest. Starting at this date, the company has been included in the consolidated financial statements of Austrian Post as a fully consolidated company. The calculation of the final consideration to be paid by Austrian Post is based upon a purchase price formula considering, inter alia, the 2012 earnings of Postmaster s.r.l. At the time of acquisition, the fair value of the total amount of the consideration transferred was estimated to be EUR 11.8m, of which EUR 10.2m related to a contingent consideration (remaining purchase price liability). Due to the changes of the underlying assumptions, the contingent consideration (remaining purchase price liability) rose to EUR 11.3m. The remaining puchase price liability was completely settled in the first quarter of 2013. The adjustment of the contingent consideration to the amount of EUR 1.1m is reported as other operating expenses in the consolidated income statement of Austrian Post.

Parcel & Logistics

Aras Kargo a.s.

On July 30, 2013, Austrian Post acquired a 25% stake in the Turkish parcel service provider Aras Kargo a.s. The company has been operating in the parcel business for more than 30 years, and has a market share of over 25%, making it one of Turkey's leading parcel service providers. The headquarters of Aras Kargo a. s. are located in Istanbul, Turkey. However, the company does business on a nationwide basis, operating 28 distribution centres and about 800 shops. The acquisition of the stake in Aras Kargo a.s. and the resulting entry into the promising Turkish market took place within the context of Austrian Post's clearly defined growth strategy.

Due to joint arrangement concluded with the remaining shareholders, Aras Kargo a.s. qualifies as joint venture in the meaning of IAS 31. Correspondingly, the 25% stake in Aras Kargo a.s.is consolidated under the equity method in the consolidated financial statements of Austrian Post as stipulated in IAS 28. Moreover, Austrian Post has a call option which can be exercised in the period April 1 – June 30, 2016 entitling it to acquire a further 50% stake from the Aras family on the basis of Aras Kargo's business results in 2015/16, in which case Austrian Post's shareholding will increase to 75%.

The purchase price for the acquisition of the 25% stake amounted to TRY 125m, corresponding to EUR 49.0m. Taking account of the incidental acquisition costs totalling EUR 2.2m, the entire carrying amount recognised under investments consolidated at equity amounts to EUR 51.2m

The composition of the fair values of the identifiable assets acquired and liabilities assumed of Aras Kargo a.s. and the reconciliation to the carrying amount of the stake in the jointly controlled entity Aras Kargo a.s. at the date of acquisition on July 30, 2013 is summarised below:

EUR m	**Fair value**
Non-current assets	122.9
Current assets	42.9
thereof cash and cash equivalents	16.8
Non-current liabilities	–25.6
thereof financial liabilities	–18.8
Current liabilities	–63.6
thereof financial liabilities	–11.9
Total net identifiable assets acquired and liabilities assumed (100%)	**76.6**
Reconciliation of the carrying amount of the 25% stake in the joint venture	
Pro-rata balance of total net identifiable assets acquired and liabilities assumed	19.2
Goodwill	32.0
Carrying amount of the stake acquired in the joint venture	**51.2**

Business operations of Distributions GmbH Nürnberg

Austrian Post Group acquired assets, especially movable current assets and the customer base, of the insolvent company Distributions GmbH Nürnberg, Schwarzenbruck directly from the appointed insolvency administrator within the context of an asset deal effective August 1, 2013. In addition, all employees were taken over. Until the beginning of insolvency proceedings on August 1, 2013, the company had provided logistic services for trans-o-flex. As of this date trans-o-flex continued the business operations of the company. The total net identifiable assets and liabilities assumed corresponded to the transferred consideration, and amounted to EUR 0.1m.

Acquisition of four distribution companies by trans-o-flex

On October 14, 2013, Austrian Post acquired a 100% shareholding in four so-called distribution companies in Germany (Distributions GmbH – 31, Hürth close to Köln, Distributions GmbH Duisburg, Distributions GmbH Dortmund and Distributions GmbH Meinerzhagen). Together, they are known as the “Rhine-Ruhr Group”. The companies are included as fully consolidated companies in the consolidated financial statements of Austrian Post as of the day marking the closing of the transaction. These companies are among the most important distribution partners of the trans-o-flex Group, and their four locations serve the North Rhine Westphalia economic region. The acquisition enables trans-o-flex to utilise synergies among their locations. The figures included in the subsequent presentation of the acquisition are aggregated for all four companies.

The fair values of the identifiable assets acquired and liabilities assumed of the four companies at the date of acquisition are as follows:

EUR m	Fair value
Non-current assets	
Property, plant and equipment	0.1
Customer relations	0.2
Current assets	
Cash and cash equivalents	0.6
Other current assets	5.3
Non-current liabilities	
Provisions and liabilities	–0.6
Current liabilities	
Provisions and liabilities	–8.2
Total net identifiable assets acquired and liabilities assumed	**–2.6**

Calculation of goodwill	
Total net identifiable assets acquired and liabilities assumed	–2.6
Total amount of consideration transferred	0.6
thereof cash and cash equivalents	0.4
thereof financial liabilities (remaining purchase price liability)	0.2
Goodwill	**3.2**

Breakdown of cash outflow/inflow	
Cash and cash equivalents acquired	0.6
Total amount of consideration transferred	–0.6
Remaining purchase price liability	0.2
Net cash outflow/inflow	**0.2**

The conditional purchase price payment depends on the achievement of predefined profit contribution and revenue targets of the four companies in 2013 and 2014, amounting to no more than EUR 0.2m.

Before the transaction took place, Austrian Post Group and the Rhine-Ruhr Group had pre-existing relationships on the basis of a system partner agreement. Within the context of these business relationships, the four companies provided logistics services for the trans-o-flex Group on the basis of a system partner agreement. No earnings effects arose from the effective settlement of this relationship.

The recognised goodwill results from the expected synergies arising from the organisational integration of the four companies in the trans-o-flex Group.

The fair value of the trade receivables amounts to EUR 4.0m, 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, the Rhine Ruhr Group has contributed EUR 1.1m in revenue and EUR 0.3m 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 –1.3m and the revenue would have totalled EUR 8.5m.

The transaction costs amounting to EUR 0.2m 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.

Corporate

PAG Projektentwicklung Allhaming

On June 7, 2013, Austrian Post Group acquired a 100% stake in PAG Projektentwicklung Allhaming GmbH, St. Florian. The company is included in the consolidated financial statements of Austrian Post as a fully consolidated company. The assets of the acquired company consisted of two commercial properties in Allhaming, Upper Austria, which are planned to be used for the construction of the new Allhaming Distribution Centre. However, the acquired assets do not constitute a business accordingly to IFRS 3 Business Combinations. Correspondingly, the transaction was treated as an asset transaction, recognising the addition of the commercial properties (EUR 6.5m) and the acquisition costs for the shareholding (EUR 0.8m) as a joint acquisition under property and buildings to the amount to EUR 7.3m.

PAG Projektentwicklung Allhaming GmbH was merged with Österreichische Post AG as of December 5, 2013.

ADELHEID GmbH/AEP GmbH

As of April 16, 2013, Austrian Post Group increased its stake in the associated company ADELHEID GmbH from 35.2% to 44.4% within the context of a capital increase. The carrying amount of this investment consolidated at equity thus increased by EUR 6.1m. ADELHEID GmbH holds 100% of the shares of AEP GmbH, Alzenau, Germany, which supplies pharmaceutical products to pharmacies throughout Germany under the trade name "AEP Direkt".

Postgasse 8 Entwicklungs AG & Co OG

Austrian Post established a project company Postgasse 8 Entwicklungs AG & Co OG as of December 12, 2013 to prepare the planned commercial realisation of the property located at Postgasse 8, 1010 Vienna which Austrian Post owns. The real estate was paid into the project company as a contribution in kind. The company is included as a subsidiary in the consolidated financial statements of Austrian Post as of this date.

5 CURRENCY TRANSLATION

The reporting currency of the Austrian Post Group is the Euro. The annual financial statements prepared by Group companies in foreign currencies are translated into euros in accordance with the concept of a functional currency as laid down in IAS 21. The functional currency is determined by the primary economic environment in which the company mainly generates and uses cash and cash equivalents. 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 other companies is the respective local currency.

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.

Translation to the presentation currency
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 equity items are translated at the reference rate of the European Central Bank on the balance sheet date, whereas equity 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, 2012	Dec. 31, 2013	2012	2013
Bosnian Convertible Mark	1.9558	1.9558	1.9558	1.9558
Bulgarian Leva	1.9558	1.9558	1.9558	1.9558
Croatian Kuna	7.5575	7.6265	7.5217	7.5786
Polish Zloty	4.0740	4.1543	4.1847	4.1975
Romanian Lew	4.4445	4.4710	4.4593	4.4190
Serbian Dinar	113.7183	114.6421	113.1307	113.1098
Czech Koruna	25.1510	27.4270	25.1491	25.9797
Turkish Lira	2.3551	2.9605	2.3135	2.5335
Hungarian Forint	292.3000	297.0400	289.2494	296.8730

6 ACCOUNTING POLICIES

The annual financial statements of Austrian Post subsidiaries included in the consolidated financial statements are based on uniform accounting and valuation methods. The preparation of the consolidated financial statements is made under the historical cost convention, with the exception of certain items which are reported at their fair value. The balance sheet date of all subsidiaries is December 31, 2013.

6.1 Revenue recognition

Revenue is recognised when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. Contracted services which have not yet been provided by Austrian Post as at the balance sheet date such as postage stamps and franking machine imprints are shown as deferred income.

6.2 Income tax

Deferred taxes are calculated in accordance with the balance sheet liability method for all temporary differences arising between the carrying amounts 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. 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. 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 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 Hercegovina	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	15.0%
Slovakia	23.0%
Hungary	10.0%

6.3 Earnings per share

The basic 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 2013. 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 arises from the existing share based payment programmes in Austrian Post. The number of weighted average shares is increased by the expected issue of shares for no consideration. The profit for the period is adjusted to take account for the dilution effects from the share based payment programmes.

6.4 Goodwill an allocation to cash generating units (CGU)

Goodwill is reported as intangible asset at acquisition costs less accumulated impairment losses. Goodwill from the acquisition of a foreign operation will be recognised in its functional currency and translated into the reporting currency using the reference rate of the European Central Bank on the balance sheet date. Impairment tests are carried out in accordance with IAS 36 as described in Note 6.8 Impairment pursuant to IAS 36. Reversals of write-downs are not permitted. Goodwill is allocated to the cash generating units. As a rule, an operating company or group within the Austrian Post Group corresponds to a cash generating unit. In individual cases the allocation of goodwill takes place on the level of business areas within an operating company.

6.5 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. 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 testing.

In case of any indication for impairment, intangible assets are tested for impairment in accordance with IAS 36 as described in Note 6.8 Impairment pursuant to IAS 36.

6.6 Property, plant and equipment

Property, plant and equipment assets are carried at historical 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 6.8 Impairment pursuant to IAS 36 in case there are any indications of impairment.

6.7 Investment property

Investment property is property held to earn rental income and/or for the purpose of capital appreciation, and which could be sold on an individual basis. 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 primarily determined by experts at Austrian Post, using the stipulations contained in IFRS 13. Measurement is carried out on the basis of a profit-oriented valuation approach. As a rule, the income approach was used, while the discounted cash flow method was employed in the event of more complex investment property. The use of comparable transactions in an active market was applied to the valuation of undeveloped property.

6.8 Impairment pursuant to IAS 36

At every balance sheet date the company evaluates whether there are any indications of a potential impairment on the carrying amount of intangible assets, property, plant and equipment and investment property. If such indications exist, an impairment test is carried out. In addition, intangible assets with indefinite lives as well as goodwill are subject to annual impairment tests even if there are no indications for impairment.

Goodwill as well as individual assets whose recoverable amount cannot be separately determined on a stand alone basis, 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 independent of other assets. As a rule, the lowest level at Austrian Post corresponds to individual operating companies or groups of operating companies. In individual cases the allocation of goodwill takes place on the level of business areas within an operating company.

The recoverable amount of a particular asset or the CGU is determined within the context of an impairment test and compared to the carrying amount. The recoverable amount is the higher amount of the fair value less costs to sell and the value in use. The recoverable amounts are determined by using the net present value method. The discount rate is calculated as the weighted average cost of capital (WACC) in accordance with the capital asset pricing model (CAPM). Country, currency and inflation risks are considered in the discount rate. In case of non-euro cash flows, the recoverable amount is estimated in the respective functional currency and translated into Euro using the reference rate of the European Central Bank on the balance sheet date.

An impairment loss is recognised if the carrying amount is higher than the recoverable amount. If the reasons for impairment no longer apply, then the write-down is reversed (except for goodwill). The increased carrying amount resulting from a reversal of impairment may not exceed amortised historical costs. Impairment losses and reversals of impairment are reported in the income statement under the item depreciation, amortisation and impairment losses.

6.9 Impairment of interests that are accounted for using the equity method

At every balance sheet date the company evaluates whether there are any indications of a potential impairment of net investments in associates and joint ventures in accordance with IAS 39. If such indications exist, an impairment test is carried out pursuant to IAS 36. An impairment loss is recognised if the carrying amount of the net investment is below the recoverable amount. If the recoverable amount subsequently increases, the write-down is reversed up to a maximum of the initial impairment. The pro-rata share of the impairment applying to the carrying amount of the interest in the associates is reported in the income statement under the results of investments consolidated at equity. The recognition of impairment losses on the carrying amounts of other items relating to the net investment depends on the nature of these items.

6.10 Financial 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.

6.11 Financial assets

In the Austrian Post Group, 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 cost. 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 equity under the 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 considerable 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.

6.12 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 inviability are taken into account in determining the net realisable value.

6.13 Non-current assets held for sale

Non-current assets 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 in its current state is available for immediate sale. The disposal of assets is highly likely, if the management has decided upon a plan for the sale of the assets and has actively begun searching for a buyer and implementing the divestment plan, and it can be assumed that the disposal process will be concluded within one year after such a classification.

Non-current assets classified as held for sale are measured at the lower of the carrying amount and the fair value less costs to sell.

6.14 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.

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 (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.

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, 2012, and December 31, 2013:

	2012	2013
Interest rate	3.5%	3.5%
Salary increase	3.5%	3.5%
Employee turnover	graduated (2%–8%)	graduated (2%–8%)
Retirement age		
Female employees	60–67	60–67
Male employees	65–67	65–67
Civil servants	65–65	65–65

6.15 Provisions for under-utilisation

Provisions for under-utilisation are made for future staff costs applying to those employees who have tenure (primarily 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.

Provisions for under-utilisation are made for those employees who have been assigned to the Internal Labour Market. Moreover, 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 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 are calculated based on the application of a unified average level of under-utilisation, taking into account a turnover reduction. Additionally, a discount rate of 3.5% (2012: 3.5%) and future salary increases of 3.5% (2012: 3.5%) are taken into account. The interest expense is recognized under the personnel expenses.

6.16 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.

6.17 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 recognised at amortised costs.

6.18 Share-based incentive programme

In December 2009, the Supervisory Board of Österreichische Post AG (Austrian Post) decided to introduce a share-based 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 2013 financial years. The basis for participation was the acquisition of a specified number of Austrian Post shares, which had to 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, tranche 4: December 31, 2016). The active and former Management Board members Georg Pölzl and Walter Hitzinger are taking part in all share-based incentive programmes, Rudolf Jettmar is taking part in the first three tranches, whereas Herbert Götz is participating in the first two tranches, Peter Umundum in participating in the second, third and fourth tranches and Walter Oblin in the third and fourth tranche of the share-based payment programme.

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-based payment programme as at December 31, 2013, amounted to 70,092 shares for members of the Management Board and 168,500 shares for top executives. On the settlement day, the payment is made either in shares or cash. The members of the management board have opted for the payment in shares. 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 total bonus is due to a certain ceiling. The total bonus for the management board is limited with 225% of the bonus in case of 100% goal achievement. For top executives the bonus is limited with a maximum goal achievement of 200% or 225% (depending on the tranches) or limited depending on the annual salary.

In the 2013 financial year, tranche one was payed out in cash to the amount of EUR 5.4m. The number of bonus shares as at December 31, 2013 amounted to 358,195 for tranche two, 449,630 for tranche three and 288,073 for tranche four. The arithmetic current values for the tranches two, three and four as at December 31, 2013 amounted to EUR 10.2m, EUR 11.6m and EUR 10.3m 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 program are allocated over the performance period as a provision. In the 2013 financial year a total of EUR 3.5m was allocated for tranche two, EUR 4.5m for tranche three and EUR 2.5m for tranche four of the share-based payment program. As at the balance sheet date the pro rata provisions amounted to EUR 10.2m for tranche two (December 31, 2012: EUR 6.6m), EUR 7.0 m for tranche three (December 31, 2012: EUR 2.5m) and EUR 2.5m for tranche four (December 31, 2012: EUR 0.0m).

7 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 valuation policies, and to make assumptions about future developments which materially influence the recognition and measurement 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 lead to adjustments of assets and liabilities in upcoming financial years.

7.1 Provisions for termination benefits, pensions and jubilee benefits

The measurement of provisions for termination benefits, pensions and jubilee benefits (carrying amount as at December 31, 2013: EUR 181.8m; December 31, 2012: EUR 184.0m) is based on assumptions regarding the discount rate, retirement age, life expectancy, employee turnover 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 employee turnover by +/–1 percentage point would have the following effects on the provisions:

EUR m	Discount rate		Salary increases		Employee turnover	
	–1% point	+1% point	–1% point	+1% point	–1% point	+1% point
Termination benefits	13.5	–11.1	–11.1	13.1	0.8	–0.9
Pensions	0.3	–0.3	0.0	0.0	0.0	0.0
Jubilee benefits	8.2	–7.2	–7.2	8.1	0.9	–0.9

7.2 Provisions for under-utilisation

The measurement of the provisions for underutilization (carrying amount as at December 31, 2013: EUR 213.3m; December 31, 2012: EUR 229.1m) is based on assumptions regarding the degree of underutilization, discount rate, future salary increases and employee turnover of the affected employees.

In the 2013 financial year the following parameters and assumptions have been adapted to the current conditions:

The employee turnover rate has been increased because of a shorter length of stay of employees in the internal labour market due to social plan measures. The cost rates for internal labour market employees deployed in other areas have been increased due to a rise in salaries. This has lowered the degree of underutilization. The shortened duration of proceedings of pensions according to civil servants law (§ 14 BDG) has led to an adaption of the graduation of the length of stay of employees. The changes in parameters have led to a positive valuation effect of EUR 20.3m.

If all other parameters remain constant, a change in the degree of under-utilization and employee turnover by +/–10 percentage points, or a change in the discount rate and salary increases by +/–1 percentage points in each case would have the following effects on the provisions:

EUR m	Underutilisation		Discount rate		Salary increases		Employee turnover	
	–10% point	+10% point	–1% point	+1% point	–1% point	+1% point	–10% point	+10% point
Underutilisation	–23.8	23.8	16.3	–14.4	–14.5	16.1	23.9	–23.9

7.3 Assets and liabilities in connection with business combinations

Within the context of acquisitions, estimates and assumptions are required in connection with the estimation of the fair value of the acquired assets and liabilities as well as contingent considerations.

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. 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 adjustments 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. As a rule, the income approach is used for customer relationships and trademark rights. The fair value of land and buildings is generally determined by independent experts in the Austrian Post Group. These valuations are significantly influenced by the discount rate used in addition to assumptions about the future development of the estimated cash flows.

Similar to the recognition of assets acquired and liabilities assumed, all available information about the underlying conditions at the date of acquisition is also used for the recognition of contingent considerations. 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 adjustments made during the valuation period, but lead to an adjustment of the purchase price liability recognized in profit or loss.

7.4 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 the chapter on income statement disclosures under Note 9.1 Goodwill.

7.5 Financial instruments

Alternative financial valuation methods (i.e. income approach or multiple processes) using uncertain estimates are applied to evaluate the recoverability of equity capital instruments if no active market exists for these financial instruments. The underlying parameters used in the valuation of these financial instruments are partially based on future-oriented assumptions or require a selection of suitable peer group assumptions on their comparability. These equity capital instruments are recognised at amortised cost if a reliable determination of their faire value is not possible. The approach is described in the section on income statement disclosure under Note 10.2.4 Fair Value Hierarchy.

7.6 Income tax

The recognition and subsequent valuation of the current and deferred taxes are subject to uncertainties due to complex tax regulations in different national jurisdictions which are continually being changed. The management of Austrian Post assumes that it has made a reasonable assessment estimate of tax-related uncertainties. However, due to these existing tax uncertainties, there is the risk that deviations between the actual results and the assumptions made could have an effect on the recognised tax liabilities and deferred taxes.

Deferred tax claims to existing tax loss carryforwards are capitalised to the extent of the expected actual utilizability. The recognition of these tax claims is based on planning calculations on the part of the companys management concerning the level of taxable income and the effective utilisabiliy which in turn require discretionary decisions.

8 INCOME STATEMENT DISCLOSURES

8.1 Segment reporting

General information

At Austrian Post, reportable segments are identified around differences in products and services. The reporting segments “Mail & Branch Network”, “Parcel & Logistics” and “Corporate” have been determined on the basis of the divisional structure of the internal organisation.

Mail & Branch Network

The core business of the Mail & Branch Network Division consists in the acceptance, sorting and direct and hybrid delivery of letters, advertising and print media. The infrastructure consists of logistics centers, delivery bases, vehicles as well as company-operated and third-party operated postal service points.

There are three kinds of services offered: Letter Mail, Direct Mail and Media Post. Letter Mail encompasses conventional, addressed letters. Direct Mail distinguishes between addressed and unaddressed direct mail items. The Media Post business area focuses on the delivery of addressed and unaddressed print media (newspapers and magazines) and regional media (newspapers).

The service offering is complemented by address management, data management, mailroom management, document scanning and response management. Furthermore, financial services are provided in cooperation with BAWAG P.S.K. as well as an extensive selection of retail and philatelic products.

Parcel & Logistics

The core business of the Parcel & Logistics Division consists in the acceptance, sorting and delivery of standard and express parcels. The transport of parcels takes place via a close-knit distribution network. The infrastructure consists of delivery bases, logistics centers, warehouses and a delivery fleet. The service offering is complemented by temperature-controlled logistics (pharmaceuticals), value logistics (transport and handling of cash), contractual logistics and fulfillment services.

Corporate

The core business of the Corporate Division is to provide services typically rendered for the purpose of managing a corporate group. These services encompass 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. Furthermore corporate consists of innovation management and the development of new business models.

Consolidation

The elimination of transactions between segments is shown in the Consolidation column. Furthermore, the consolidation column serves as a reconciliation from segment to group figures.

INFORMATION ABOUT PROFIT OR LOSS

2012 financial year EUR m	Mail & Branch Network	Parcel & Logistics	Corporate	Consolidation	Group
External revenue	1,508.2	858.1	15.4	–15.6	2,366.1
Internal revenue	70.6	8.8	172.6	–252.1	0.0
Total revenue	**1,578.8**	**867.0**	**188.0**	**–267.6**	**2,366.1**
Results of investments consolidated at equity	–14.1	0.0	0.3	0.0	–13.9
EBITDA	**307.2**	**46.6**	**–81.6**	**–1.0**	**271.2**
Depreciation and amortisation	34.7	21.4	33.2	–0.5	88.8
thereof impairment losses recognised in profit or loss	4.9	0.1	2.1		7.2
EBIT	**272.5**	**25.3**	**–114.8**	**–0.6**	**182.4**
Segment investments	48.9	20.1	29.4	–1.0	97.3

2013 financial year EUR m	Mail & Branch Network	Parcel & Logistics	Corporate	Consolidation	Group
External revenue	1,510.8	857.3	6.2	–7.5	2,366.8
Internal revenue	74.6	7.6	181.0	–263.2	0.0
Total revenue	**1,585.4**	**865.0**	**187.1**	**–270.8**	**2,366.8**
Results of investments consolidated at equity	–6.7	1.8	–1.6	0.0	–6.6
EBITDA	**320.7**	**42.8**	**–58.9**	**–0.1**	**304.5**
Depreciation and amortisation	38.8	47.7	32.2	–0.2	118.5
thereof impairment losses recognised in profit or loss	8.1	27.0	0.0	0.0	35.1
EBIT	**281.8**	**–4.9**	**–91.1**	**0.2**	**186.0**
Segment investments	38.7	18.6	41.6	–0.1	98.8

Intersegment transactions take place at market-oriented transfer pricing.

External revenue of the Group corresponds to the total of segment revenue with external customers after consolidation of the services provided within the Group. Internal revenue is comprised of revenue derived from internal invoicing with other segments. Depreciation and amortisation result from assets assigned to the same segment. Segment investments include investments in intangible assets and goodwill as well as in property, plant and equipment.

INFORMATION ABOUT GEOGRAPHICAL AREAS

2012 financial year EUR m	Austria	Germany	Other countries	Group
External revenue	1,720.7	530.0	115.4	2,366.1
Non-current assets other than financial instruments and deferred tax assets	690.4	179.0	48.7	918.1

2013 financial year EUR m	Austria	Germany	Other countries	Group
External revenue	1,725.5	518.9	122.4	2,366.8
Non-current assets other than financial instruments and deferred tax assets	657.6	162.6	70.9	891.1

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

Compared to the previous year, segment reporting was adapted to the scope of the existing internal reporting structure.

8.2 Other operating income

EUR m	2012	2013
Work performed by the enterprise and capitalised	4.2	3.2
Disposal of property, plant and equipment	5.9	5.9
Leases	23.5	25.6
Unchargeable expenses	4.3	3.5
Damages	1.9	2.0
Other	32.3	29.6
	72.0	**69.7**

Austrian Post derives lease income – mostly from cancellable operating leases – from some of the investment property held by it. The leases are on a medium- to long-term basis and provide for the indexation of rentals. However, the lease income relating to the commercial property in Belgium is derived from non-cancellable operating leases. The future minimum lease payments from non-cancellable operating leases as at the balance sheet date amount to EUR 0.7m for the next financial year and EUR 0.3m in the following year. The income from leases generated in 2013 primarily relates to the parent company Österreichische Post AG (Austrian Post). The corresponding assets are recognised in the balance sheet as at December 31, 2013 with a net carrying amount of EUR 178.9m (December 31, 2012: EUR 186.6m). Other operating income also includes income from currency translation, totalling EUR 0.5m (2012: EUR 0.5m). In addition, the item other operating income includes income from personnel leasing and administration of EUR 5.3m (2012: EUR 5.9m), pallet income totalling EUR 4.6m (2012: EUR 5.4m) and income from contractual penalties of EUR 0.8m (2012: EUR 0.6m).

8.3 Raw materials, consumables and services used

EUR m	2012	2013
Materials		
Fuels	31.7	31.1
Merchandise	24.2	27.0
Stamps	2.3	2.2
Supplies and clothing	20.4	20.3
Spare parts and other raw materials and consumables	1.9	1.5
Remeasurements	0.0	0.3
	80.5	**82.5**
Services used		
International postal carriers	68.2	68.4
Advertising distributors	38.7	42.5
Energy	18.2	17.9
Transport	514.8	495.1
Other	46.6	46.9
	686.4	**670.8**
	766.9	**753.3**

8.4 Staff costs

EUR m	2012	2013
Wages and salaries	827.4	820.4
Termination benefits	23.4	24.3
Pensions	0.2	0.2
Statutory levies and contributions	228.8	220.1
Other staff costs	11.6	8.4
	1,091.4	**1,073.5**

The breakdown of termination benefits is as follows:

EUR m	2012	2013
Management Board	0.1	0.6
Executive staff	0.3	0.3
Other employees	23.0	23.4
	23.4	**24.3**

In the 2013 financial year, contributions of EUR 2.4m (2012: EUR 2.2m) to the employee benefit fund in respect of defined contribution termination benefit obligations were recognised as an expense.

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

	2012	2013
Blue-collar employees	1,643	3,481
White-collar employees	13,237	13,252
Civil servants	10,102	9,529
Trainees	59	70
Total number	**25,042**	**26,331**
Corresponding full-time equivalents	**23,181**	**24,211**

8.5 Depreciation, amortisation and impairment losses

EUR m	2012	2013
Impairment losses on goodwill	**5.0**	**32.4**
Amortisation of intangible assets		
Scheduled depreciation	9.8	11.0
Impairment losses	0.0	2.7
	9.8	**13.7**
Depreciation of property, plant and equipment		
Scheduled depreciation	68.3	68.8
Impairment losses	2.2	0.0
	70.5	**68.8**
Depreciation of investment property		
Scheduled depreciation	3.5	3.6
	3.5	**3.6**
	88.8	**118.5**

For an explanation of impairment on goodwill, refer to Note 9.1 Goodwill.

Impairment losses amounting to EUR 2.7m were reported on capitalised customer relations in the Mail & Branch Network Segment in 2013 due to the termination or reduction of sales revenue derived from key customers.

In the financial year 2013 no impairment losses on property, plant and equipment were reported. An impairment loss totalling EUR 2.2m was recognised in the previous year due to technical ageing of buildings in the Corporate segment as well as an impairment loss of EUR 0.1m on buildings in the Parcel & Logistics Segment.

8.6 Other operating expenses

EUR m	2012	2013
IT services	30.3	32.3
Maintenance	45.0	44.9
Leasing and rental payments	82.4	81.3
Travel and mileage	26.8	25.7
Contract and leasing staff	15.0	17.2
Consultancy	11.7	10.7
Waste disposal and cleaning	12.8	12.4
Communications and advertising	17.5	16.1
Telephone	5.0	4.5
Insurance	9.4	9.9
Other taxes (excl. income taxes)	7.7	7.3
Other	31.3	36.3
	294.8	**298.6**

Other operating expenses include expenses from currency translation of EUR 0.4m (2012: EUR 0.9m) recognised in profit or loss, as well as EUR 8.6m to settle claims for damages (2012: EUR 9.8m), losses from the disposal of property, plant and equipment to the amount of EUR 2.5m (2012: EUR 2.3m), expenditures for training and professional development measures totalling EUR 3.2m (2012: EUR 2.8m) and impairment losses on receivables of EUR 8.0m (2012: EUR 3.9m).

8.7 Other financial result

EUR m	Note	2012	2013
Interest income		5.1	3.3
Income from securities		1.3	0.6
Gains on the disposal of securities and other shareholdings		0.2	0.0
Income from currency translation		0.1	0.1
		6.7	**4.1**
Interest expense (financial liabilities)		–1.7	–2.3
Interest expense (interest effects of provisions)	(9.13.1)	–7.4	–6.0
Impairment losses on financial instruments held for sale		–28.4	0.0
Impairment losses on receivables from investments consolidated at equity and non-consolidated companies	(9.5.1)	0.0	–10.6
Losses on the disposal of securities and other shareholdings		–0.1	0.0
		–37.6	**–18.8**
Revaluation of derivative financial instruments	(10.2.5)	0.1	0.0
		–30.8	**–14.8**

The impairment losses on receivables in the 2013 financial year relate to shareholder loans to the joint venture company MEILLERGHP consolidated at equity in the consolidated financial statements of Austrian Post. The facts leading to the impairment losses are described in Note 9.5.1 Investments consolidated at equity.

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.

8.8 Earnings per share

		2012	2013
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	124.3
Weighted average number of outstanding ordinary shares used in calculating basic earnings per share	(Shares)	67,552,638	67,552,638
Weighted average number of outstanding ordinary shares used in calculating diluted earnings per share	(Shares)	67,552,638	68,180,816
Basic earnings per share	**(EUR)**	**1.82**	**1.82**
Diluted earnings per share	**(EUR)**	**1.82**	**1.82**

The weighted average number of outstanding ordinary shares used in determining the diluted earnings per share is calculated as follows:

		2012	2013
Ordinary shares	(Shares)	67,552,638	67,552,638
Issue of shares for no consideration without payment in return:			
Share-based payment – dilutive	(Shares)	0	628,178
Weighted average number of outstanding ordinary shares used in calculating diluted earnings per share	**(Shares)**	**67,552,638**	**68,180,816**
Share-based payment – potentially dilutive in the future	(Shares)	498,326	0

9 BALANCE SHEET DISCLOSURES

9.1 Goodwill

EUR m	2012	2013
Historical costs		
Balance at January 1	**216.3**	**232.5**
Additions arising from acquisitions	23.0	9.4
Disposals arising from final consolidations	6.8	0.0
Currency translation differences	0.0	–0.1
Balance at December 31	**232.5**	**241.8**
Impairment losses		
Balance at January 1	**50.7**	**49.0**
Additions	5.0	32.4
Disposals arising from final consolidations	6.8	0.0
Currency translation differences	0.0	–0.1
Balance at December 31	**49.0**	**81.2**
Carrying amount at January 1	**165.5**	**183.5**
Carrying amount at December 31	**183.5**	**160.6**

Additions arising from acquisitions in 2013 refer to business combinations pursuant to IFRS 3 in connection with the obtaining of a controlling interest in FEIPRO Vertriebs GesmbH, Gaweinstal and M&BM Express OOD, Sofia, in February 2013 as well as for distribution companies by the trans-o-flex Group (refer to Note 4.1 Scope of consolidation).

The following table shows goodwill by segments and cash generating units:

EUR m	Dec. 31, 2012	Dec. 31, 2013
Mail & Branch Network		
feibra Group	29.1	30.9
PostMaster sp. z o.o.[1]	9.7	9.7
PostMaster s.r.l.	11.8	8.0
Other < EUR 5m[2]	8.5	11.2
	59.1	**59.9**
Parcel & Logistics		
trans-o-flex	111.4	87.6
Slovak Parcel Service. s.r.o & IN TIME, s.r.o.	5.2	5.2
Other < EUR 5m[2]	7.8	7.8
	124.5	**100.7**
	183.5	**160.6**

[1] Kolportaż Rzetelny sp. z.o.o. was renamed PostMaster sp. z o.o. as of December 17, 2013.
[2] Goodwill of under EUR 5m is classified as immaterial in relation to the entire carrying amount of goodwill.

The grouping of assets for the purpose of identifying cash generating units changed only slightly in the course of 2013 compared to the previous year. The assets of the former CGU ThermoMed Austria were assigned to the CGU trans-o-flex Germany. The underlying reason is the assumption of operational management and integration of the business of temperature-controlled transport by trans-o-flex. The CGU is reported under the name “trans-o-flex” as of 2013.

The following table shows the additions to the impairment losses on goodwill according to segments and cash generating units:

EUR m	2012	2013
Additions to impairment losses on goodwill		
Mail & Branch Network		
feibra Ungarn Kft	3.9	1.7
PostMaster s.r.l.	0.0	3.7
Online Post Austria GmbH	1.0	0.0
	4.9	**5.4**
Parcel & Logistics		
trans-o-flex	0.0	27.0
Overseas Trade Co Ltd d.o.o.	0.1	0.0
	0.1	**27.0**
	5.0	**32.4**

The annual impairment test to be implemented takes place at Austrian Post in accordance with the value in use concept. In this case, the recoverable amount of the CGU is determined on the basis of the value in use. In order to determine the value in use, the expected future cash flow is discounted to its present value with the help of the discounted cash flow method by using the weighted average cost of capital after tax. In order to determine the weighted average cost of capital after tax groups of comparable companies (peer group) are determined for all the CGU assigned to the same segment. Subsequently the discount rate before tax is determined on the basis of an iterative process.

The cash flow forecasts in the planning period are based on the approved planning for the 2014 financial year and the medium-term business planning for a period of an additional three years (2015–2017). The cash flow forecasts are based on both the company's experience in the past as well as economic data collected outside of the company and sector-specific data if available. The amount starting in the year 2018 is accounted for assuming a perpetual annuity. The maximum amount for the growth rate set for the perpetual annuity is the long-term growth and inflation expectations of the countries and sectors in which the particular CGU generates its cash flow. As a rule, a growth rate of 1.0% (2012: 1.0%) is applied. The main valuation assumptions underlying the determination of the recoverable amount were assumptions by the management about the expected short- and long-term revenue development, the discount rate applied and the expected long-term growth rate.

The following table shows the discount rates applied for the primary individual cash generating units:

	Dec. 31, 2012 Pre-tax WACC	Dec. 31, 2013 Post-tax WACC
Mail & Branch Network		
feibra Group	8.1%	9.1%
PostMaster s.r.l.	10.1%	12.3%
PostMaster sp. z o.o.	9.2%	8.8%
Other < EUR 5m	8.8%–10.7%	9.3%–13.0%
Parcel & Logistics		
trans-o-flex	10.2%	10.1%
Slovak Parcel Service. s.r.o & IN TIME, s.r.o.	11.4%	11.7%
Other < EUR 5m	9.8%–16.6%	10.0%–17.4%

There were already indications of impairment in the CGU trans-o-flex in the third quarter of 2013, and an impairment test was carried out. The CGU trans-o-flex (Parcel & Logistics segment) offers a broad range of European-wide logistics services in the three business areas Schnell-Lieferdienst, ThermoMed and Logistik-Service. Due to the ongoing difficult business environment prevailing on the German combined freight market, the initiated efficiency enhancement measures have not led to the expected improvements up until now, and earnings expectations for 2013 have not been met. Against this backdrop of these indications of an impairment loss, the assets including goodwill assigned to the CGU trans-o-flex were tested for impairment. The impairment test led to recognition of an impairment loss of EUR 27.0m on goodwill which had previously been reported to the amount of EUR 111.4m. The impairment loss was reported under depreciation, amortisation and impairment losses in the consolidated income statement.

On the basis of the annual impairment test to be carried out on October 31, 2013, the need to recognise an impairment loss was reported for the goodwill of the CGU PostMaster s.r.l. and the CGU feibra Hungary Kft. (both in the Mail & Branch Network segment). An impairment test was carried out once again for the CGU trans-o-flex, due to the fact that the CGU was subject to major changes as a result of the acquisition of the Rhine-Ruhr Group and the related organisational changes. No additional impairment below losses were recognised following the impairment test. Also a change in parameters, as shown in the sensitivity analysis below, would not lead to an additional impairment.

The CGU Postmaster s.r.l. ranks among the leading providers of addressed and unaddressed direct mail delivery services in Romania. Due to the ongoing difficult business environment in Romania and the unexpectedly strong competitive pressure, the earnings expectations for the Romanian company could not be completely fulfilled. The impairment test led to recognition of an impairment loss of EUR 3.7m on goodwill which had previously been reported to the amount of EUR 11.8m. The impairment loss was reported under depreciation, amortisation and impairment losses in the consolidated income statement.

The CGU feibra Hungary Kft. operates on the Hungarian market offering delivery services in the field of unaddressed direct mail. The company applied for a license for the delivery of addressed direct mail. In the meantime the application has been rejected in a second instance decision made by the responsible authorities. Against this backdrop, the earnings expectation related to approval of a license as contained in business planning forecasts of the company have been revised. The impairment test led to recognition of an impairment loss of the entire previously reported goodwill to the amount of EUR 1.7m, which was reported under depreciation, amortisation and impairment losses in the consolidated income statement.

In addition to the impairment test, sensitivity analyses pertaining to the primary valuation assumptions were also carried out for all significant cash generating units. The revenue expectations were reduced by one percentage point in the first sensitivity analysis, whereas the discount rate was raised by one percentage point in the second sensitivity analysis and the growth rate in perpetual annuity was set to zero in the third sensitivity analysis. The following additional impairment losses would arise ceterus paribus for the following significant cash generating units:

EUR m	**Revenue expectations –1% point**	**WACC +1% point**	**Growth rate 0%**
PostMaster s.r.l.	0.7	1.0	0.8
PostMaster sp. z o.o.	0.0	1.4	1.0

9.2 Intangible assets

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 arising from acquisitions		6.8	0.5	0.1	7.4
Additions		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	(8.5)	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 at January 1, 2012		**17.3**	**25.6**	**15.3**	**58.2**
Carrying amount at December 31, 2012		**20.4**	**25.5**	**20.2**	**66.2**

2013 financial year EUR m	**Note**	**Customer relationships**	**Trademarks**	**Other intangible assets**	**Total**
Historical costs					
Balance at January 1, 2013		**72.7**	**29.2**	**61.2**	**163.1**
Additions arising from acquisitions		3.7	0.0	0.0	3.7
Additions		0.0	0.0	7.1	7.2
Disposals		0.0	0.0	2.1	2.1
Currency translation differences		**–0.1**	**0.0**	**0.0**	**–0.2**
Balance at December 31, 2013		**76.2**	**29.2**	**66.3**	**171.7**
Depreciation and impairment losses					
Balance at January 1, 2013		**52.3**	**3.7**	**40.9**	**96.9**
Additions	(8.5)	8.1	0.1	5.5	13.7
Disposals		0.0	0.0	2.1	2.1
Balance at December 31, 2013		**60.3**	**3.8**	**44.3**	**108.5**
Carrying amount at January 1, 2013		**20.4**	**25.5**	**20.2**	**66.2**
Carrying amount at December 31, 2013		**15.9**	**25.4**	**21.9**	**63.3**

No external borrowing costs were capitalised in the 2013 financial year as in the previous year.

Intangible assets contain trademarks with indefinite useful lives amounting to EUR 25.4m (Dec. 31, 2012: EUR 25.4m).

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

The following table shows the carrying amounts of the trademarks by segment and CGU as at December 31, 2012 and December 31, 2013:

EUR m	Dec. 31, 2012	Dec. 31, 2013
Parcel & Logistics		
trans-o-flex	25.1	25.1
Other	0.4	0.4
	25.5	**25.4**

9.3 Property, plant and equipment

2012 financial year EUR m	**Note**	**Property and buildings**	**Technical plant and machinery**	**Other equipment, furniture and fittings**	**Prepayments 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		2.4	9.6	1.4	–13.5	–0.1
Reclassification pursuant to IAS 40		–22.1	0.0	0.0	0.0	–22.1
Reclassification of held-for-sale assets		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 deconsolidations		0.0	0.3	0.1	0.0	0.4
Additions	(8.5.)	23.8	12.1	34.6	0.0	70.5
Disposals		8.0	8.9	34.0	0.0	51.0
Reclassification pursuant to IAS 40		–12.7	0.0	0.0	0.0	–12.7
Reclassification of held-for-sale assets		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 at January 1, 2012		**403.6**	**46.0**	**121.2**	**16.8**	**587.5**
Carrying amount at December 31, 2012		**390.0**	**53.6**	**140.9**	**15.4**	**599.9**

2013 financial year EUR m	Note	Property and buildings	Technical plant and machinery	Other equipment, furniture and fittings	Prepayments and assets under construction	Total
Historical costs						
Balance at January 1, 2013		**766.6**	**197.6**	**308.2**	**15.4**	**1,287.8**
Additions arising from acquisitions		0.1	0.1	0.6	0.0	0.7
Additions		14.2	6.0	41.8	29.2	91.2
Disposals		11.0	13.9	33.8	0.0	58.7
Transfers		0.2	5.9	7.9	–14.0	0.0
Reclassification pursuant to IAS 40		–4.8	0.0	0.0	0.0	–4.8
Currency translation differences		–0.1	0.0	–0.1	0.0	–0.2
Balance at December 31, 2013		**765.1**	**195.7**	**324.7**	**30.6**	**1,316.0**
Depreciation and impairment losses						
Balance at January 1, 2013		**376.6**	**144.0**	**167.3**	**0.0**	**687.9**
Additions	(8.5)	20.4	11.2	37.3	0.0	68.8
Disposals		9.3	13.7	30.2	0.0	53.3
Reclassification pursuant to IAS 40		–3.1	0.0	0.0	0.0	–3.1
Currency translation differences		0.0	0.0	–0.1	0.0	–0.1
Balance at December 31, 2013		**384.5**	**141.5**	**174.2**	**0.0**	**700.2**
Carrying amount at January 1, 2013		**390.0**	**53.6**	**140.9**	**15.4**	**599.9**
Carrying amount at December 31, 2013		**380.6**	**54.2**	**150.4**	**30.6**	**615.9**

No external borrowing costs were capitalised in the 2013 financial year as in the previous year.

The net carrying amount of property, plant and equipment pledged as collateral amount to EUR 15.7m (Dec. 31, 2012: EUR 11.7m).

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 15.7m (Dec. 31, 2012: EUR 10.9m). The crossborder 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. Due to the rating improvement of one payment undertaker additional collateral in the form of securities is not necessary any more.

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

	Dec. 31, 2012	Dec. 31, 2013
Standard & Poor's	AA- (Stable)/A+(Negative)	AA- (Stable)/A (Stable)
Moody's	A1 (Positive)/A2 (Negative)	Aa3 (Positive)/A2 (Negative)

At December 31, 2013, the outstanding amount to be paid by the payment undertakers totalled EUR 80.6m (December 31, 2012: EUR 85.4m).

The net present value benefit originally accruing to the company is carried under deferred income (December 31, 2013: EUR 3.8m; December 31, 2012: EUR 4.3m) 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 Dec. 31, 2012**	**Carrying amount Dec. 31, 2013**
Property and buildings	30–43	14.0	13.7
Technical plant and machinery	2–10	1.6	1.2
Other equipment, furniture and fittings	2–8	3.9	3.5

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

EUR m	**2012**	**2013**
Minimum lease payments		
Not later than one year	2.9	3.2
Later than one year and not later than five years	8.5	5.6
Later than five years	4.0	5.0
	15.4	**13.9**
Less:		
Future financing costs	**–1.7**	**–1.3**
Present value of the minimum lease payments		
Not later than one year	2.3	2.9
Later than one year and not later than five years	7.8	5.2
Later than five years	3.5	4.5
	13.6	**12.6**

The criteria underlying the classification as finance leases were primarily the present value and the lease maturity test. Furthermore, advantageous 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 2013 financial year, as in the previous year.

9.4 Investment property

EUR m	Note	2012	2013
Historical cost			
Balance at January 1		**122.5**	**141.3**
Additions		0.0	0.5
Disposals		3.4	3.0
Reclassification from property, plant and equipment in IAS 40		22.1	4.8
Reclassification to “held for sale” in IFRS 5		0.0	–3.4
Balance at December 31		**141.3**	**140.1**
Depreciation and impairment losses			
Balance at January 1		**89.7**	**103.5**
Additions	(8.5)	3.5	3.6
Disposals		2.4	2.2
Reclassification from property, plant and equipment in IAS 40		12.7	3.1
Reclassification to “held for sale” in IFRS 5		0.0	–1.5
Balance at December 31		**103.5**	**106.6**
Carrying amount at January 1		**32.8**	**37.8**
Carrying amount at December 31		**37.8**	**33.5**

EUR m	Dec. 31, 2012	Dec. 31, 2013
Fair value	186.5	214.4
Rental income	12.2	14.1
Expenses arising from property generating rental income	3.2	3.6
Expenses arising from property not generating rental income	1.0	1.1

The increase in the fair value of investment property held for sale can mainly be attributed to building lease property in which the valuation method was adjusted as part of the Group's efforts in the 2013 financial year to create unified valuation standards for commercial properties.

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.

No external borrowing costs were capitalised in the 2013 financial year as in the previous year.

9.5 Joint ventures and associates

9.5.1 Investments consolidated at equity

Composition of carrying amounts EUR m	Interest %	Dec. 31, 2012	Interest %	Dec. 31, 2013
Associates				
ADELHEID GmbH, Berlin	35.2	0.2	44.4	3.8
D2D – direct to document GmbH, Vienna	30.0	0.2	30.0	0.1
Eurodis GmbH, Weinheim	39.8	0.0	39.8	0.1
media.at GmbH, Vienna	20.5	0.8	20.5	0.8
M&BM Express OOD, Sofia	26.0	5.7	0.0	0.0
FEIPRO Vertriebs GesmbH, Gaweinstal	50.0	0.3	0.0	0.0
Joint ventures				
MEILLERGHP GmbH, Schwandorf	65.0	0.0	65.0	0.0
Aras Kargo a.s., Istanbul	0.0	0.0	25.0	45.6
OMNITEC GmbH, Vienna	50.0	0.0	50.0	0.0
Kolos Marketing s.r.o., Nyrany	10.0	0.0	0.0	0.0
		7.1		**50.3**

MEILLERGHP GmbH, Aras Kargo a.s. and OMNITEC Informationstechnologie-Systemservice GmbH are joint venture companies pursuant to IAS 31. Joint control of these companies was agreed upon with the remaining shareholders on the basis of the respective shareholders' agreements. The interest in Kolos Marketing s.r.o. was sold during the course of the 2013 financial year. All shares in joint venture companies are consolidated at equity in the consolidated financial statements of Austrian Post pursuant to IAS 28.

The balance sheet date of the associated company media.at GmbH, Vienna is June 30, and thus deviates from the balance sheet date of Austrian Post. The company prepared interim financial statements as at December 31, 2013.

Reconciliation of carrying amounts EUR m	2012	2013
Net carrying amount at January 1	**17.5**	**7.1**
Additions arising from acquisitions	5.8	51.2
Additions arising from shareholder contribution	0.0	6.1
Disposals arising from business combination in stages	–2.6	–5.8
Impairment loss	–9.6	0.0
Proportionate share of profit for the period	–3.8	0.2
Dividends	–0.3	–1.2
Currency translation differences	0.1	–7.2
Revaluation of defined benefit obligation	0.0	–0.2
Net carrying amount at December 31	**7.1**	**50.3**

The addition arising from acquisitions in 2013 results from the purchase of the joint venture company Aras Kargo a.s., Istanbul. The addition arising from shareholder contributions includes contributions of EUR 6.1m to ADELHEID GmbH, Berlin in the 2013 financial year. The disposal arising from business combinations in stages amounting to EUR 5.8m relates to gaining a controlling interest in FEIPRO Vertriebs GesmbH, Gaweinstal and M&BM Express OOD, Sofia, pursuant to IFRS 3. The currency translation differences of minus EUR 7.2m results from the stake acquired in the Turkish company Aras Kargo a.s..

MEILLERGHP

The carrying amount of Austrian Post's shareholding in MEILLERGHP, which is consolidated at equity in the consolidated financial statements, already amounted to zero at the end of 2012. In addition, there are subordinated shareholder loans to the company, which are classified as part of the net investments in MEILLERGHP pursuant to IAS 28 due to their economic substance. The shareholder loans totalled EUR 19.4m as at December 31, 2013 (including accrued interest). Starting in December 2012 the proportionate share of negative earnings to the amount of EUR 8.8m[1] (thereof in 2013 EUR 7.2m and in 2012 EUR 1.6m) was recognised and offset against the outstanding loan. The carrying amount of the loan (including interest) after applying the equity method is EUR 10.6m as at December 31, 2013. In light of the current difficult economic situation, the overall uncertain future prospects of the company as well as the qualified subordination of the shareholders with respect to the shareholder loan, the value of the loan is no longer recoverable. As a result, an impairment loss of EUR 10.6m was recognised on the remaining carrying amount as determined by the equity method[2]. At the present time, no obligations exist towards MEILLERGHP to provide additional financial resources or guarantees.

Aras Kargo

Existing loan agreements of Aras Kargo a.s. contain contractual stipulations (covenants), in particular the achievement of a pre-defined EBITDA to total debt ratio which entails the possibility of limiting the dividend to be distributed. In addition, guidelines agreed upon with the other shareholders which regulate the dividend policy of Aras Kargo a.s. were included in the shareholders' agreement. Accordingly, the distribution of a specified maximum percentage of the annual distributable net profits is stipulated under the following conditions: i) achievement of distributable earnings according to IFRS and local accounting regulations, ii) positive cash flow in the year for which a dividend is to be distributed, iii) the distribution of the dividend may not be financed by additional borrowed capital and iv) no shareholder loans have been taken out.

The shareholders' agreement commits the shareholders of Aras Kargo a.s. to make additional financial resources available to the company under certain circumstances. In case Aras Kargo a.s. can no longer fulfill its financing requirements by external borrowings from third parties to maintain its business operations, Austrian Post is obliged to make a shareholder loan of up to EUR 3.0m available to the company. In order to counter any potential risk of insolvency on the part of Aras Kargo a.s., Austrian Post is also obliged to subscribe to a capital increase of up to EUR 3.0m under predefined conditions.

According to the stipulations of the shareholders' agreement, Austrian Post is required to provide personal guarantees (in the form of a letter of comfort, a guarantee or in another suitable manner as requested by the financing bank) for the benefit of the financing bank in order to redeem liens on assets of Aras Kargo a.s.. The amount of the guarantees is limited to 25% of the required collateral or a maximum of TRY 20.0m (about EUR 6.8m).

The joint venture company Aras Kargo a.s. will likely fall below the legally required equity capital requirements as at December 31, 2013. However, the determination of the equity capital shortfall will first take place on the basis of the audited annual financial statements of Aras Kargo a.s. as at December 31, 2013, which was not yet available at the time in which the consolidated financial statements of Austrian Post were prepared. In order to ensure that a legally compliant equity base is achieved, capital grants of up to TRY 15m (about EUR 5.1m) could be necessary. At present the company and its shareholders are evaluating which measures may be required in case an equity shortfall does in fact arise.

[1] Including the recognised share of currency translation differences and the revaluation of defined benefit obligations to be reported in other comprehensive income.
[2] The impairmentloss was recognised under other financial result in the consolidated income statement.

The following table presents an aggregate report of the proportionate financial information about the associates in the Austrian Post Group:

EUR m	Dec. 31, 2012	Dec. 31, 2013
Assets	8.0	13.7
Liabilities	6.2	6.6

EUR m	2012	2013
Revenue	41.3	31.8
Profit for the period	1.4	–1.6

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

EUR m	Dec. 31, 2012	Dec. 31, 2013
Non-current assets	28.5	80.5
Current assets	18.5	28.1
Non-current liabilities	10.5	17.7
Current liabilities	38.4	53.1

EUR m	2012	2013
Income	89.4	114.4
Expenses	94.6	118.2

9.5.2 Results of investments consolidated at equity

Results of investments consolidated at equity EUR m	**2012**	**2013**
Proportionate share of profit for the period	–4.3	–6.6
Impairment loss for MEILLERGHP GmbH	–9.6	0.0
	–13.9	**–6.6**

Of the proportionate share of the profit for the period of MEILLERGHP in the 2013 financial year to the amount of EUR –6.6m, a total of EUR –6.8m (previous year: EUR –0.5m) was offset against existing shareholder loans and recognised as part of total net investments.

9.6 Financial investments in securities

December 31, 2012 EUR m	Carrying amount	Recognised in other comprehen-sive income	Realised gains/losses	Current value Due within 1 year	 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**

December 31, 2013 EUR m	Carrying amount	Recognised in other comprehen-sive income	Realised gains/losses	Current value Due within 1 year	 Due in more than 1 year	Total
Available for sale securities						
Investment funds	20.2	0.0	0.0	0.3	20.0	20.2
Bond issues	44.7	–1.8	0.0	13.0	31.7	44.7
	65.0	**–1.8**	**0.0**	**13.3**	**51.7**	**65.0**

The interest rates for the fixed interest securities are between 1.9% and 3.9% (2012: 3.4%).

In the 2013 financial year, the proceeds from the disposal of available for sale securities amounted to EUR 0.0m (2012: EUR 0.1m).

The securities owned by Austrian Post feature an investment grade or comparable first class credit rating. Austrian Post only participates in investment funds from internationally recognised investment companies.

9.7 Other financial assets

EUR m	Dec. 31, 2012	Dec. 31, 2013
Available for sale financial instruments		
Strategic and other stakes	12.2	12.2
	12.2	**12.2**

The carrying amount of the indirect stake in BAWAG P.S.K. contained in other financial assets amounted to EUR 8.0m as at December 31, 2013 (December 31, 2012: EUR 8.0m). The carrying amount in other financial assets of the stake in Wiener Börse AG as at December 31, 2013 amounted to EUR 4.2m (December 31, 2012: EUR 4.2m). The carrying amounts correspond to the market value in each case. Details on determining the market values are presented in Note 10 Other disclosures under 10.2.4 Fair value hierarchy.

9.8 Inventories

EUR m	Dec. 31, 2012	Dec. 31, 2013
Materials and consumables	10.4	10.5
Less impairment losses	–4.8	–4.9
Retail products	13.8	13.8
Less impairment losses	–3.3	–2.3
	16.1	**17.1**

The carrying amount of inventories recognised at their net realisable value amount to EUR 0.3m (December 31, 2012: EUR 0.3m). Value adjustments were necessary, particularly due to their limited commercial utility or long periods of storage.

9.9 Receivables

The following table shows receivables after impairments:

EUR m	Dec. 31, 2012 Due within 1 year	Dec. 31, 2012 Due in more than 1 year	Dec. 31, 2012 Total	Dec. 31, 2013 Due within 1 year	Dec. 31, 2013 Due in more than 1 year	Dec. 31, 2013 Total
Trade receivables	262.3	0.0	262.3	251.3	0.0	251.3
Receivables from investments consolidated at equity and non-consolidated companies	1.0	17.3	18.2	1.0	2.3	3.3
Other receivables	58.6	20.0	78.6	50.4	18.3	68.8
	321.9	**37.2**	**359.1**	**302.7**	**20.7**	**323.4**

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

The receivables at equity and non-consolidated companies as at December 31, 2012 and December 31, 2013 included receivables from shareholder loans to MEILLERGHP. The circumstances are explained in the section on balance sheet disclosures under Note 9.5.1 Investments consolidated at equity.

On the basis of the current assessment of recoverability, impairment losses were recognised for outstanding receivables from logistics partners of the trans-o-flex group totalling EUR 7.1m (of which EUR 6.1m applies to the distribution companies).

The following table shows the development of impairments for receivables applying to the 2012 and 2013 financial years:

December 31, 2012 EUR m	Jan. 1, 2012	Additions[1]	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 and non-consolidated companies	0.0	1.6	0.0	0.0	1.6
Impairments on other receivables	16.4	1.3	–0.4	–0.5	16.8

December 31, 2013 EUR m	Jan. 1, 2013	Additions[1]	Use	Release	Dec. 31, 2013
Impairments on trade receivables	6.7	4.2	–2.1	–1.5	7.3
Impairments on receivables from investments consolidated at equity and non-consolidated companies	1.6	17.8	0.0	0.0	19.4
Impairments on other receivables	16.8	5.4	–3.8	–0.2	18.2

[1] Including recognition of the proportionate negative earnings in the results of investments consolidated at equity.

9.10 Cash and cash equivalents

EUR m	Dec. 31, 2012	Dec. 31, 2013
Bank balances	37.7	23.3
Short-term deposits (demand deposits)	274.8	214.1
Cash on hand	2.5	2.8
	315.0	**240.2**

The average interest rate for demand deposits was 0.8% at December 31, 2013 (December 31, 2012: 0.8%).

The fair values correspond to the carrying amounts.

9.11 Non-current assets held for sale

In the year 2013 Austrian Post decided upon a plan to dispose of its commercial property in Sint Niklaas, Belgium (Parcel & Logistics segment). The commercial property refers to an operational site (including warehouse) retained by Austrian Post and which previously belonged to the divested disposed trans-o-flex Benelux companies.

The carrying amount of the commercial property is EUR 1.9m. Up until now it was recognised as investment property. At the end of 2013 a purchase agreement subject to conditions precedent was concluded with an interested party. It is anticipated that these conditions will be fulfilled in the financial year 2014. Accordingly, the commercial property was classified as non-current assets held for sale pursuant to IFRS 5, and reported under assets held for sale in the consolidated balance sheet as at December 31, 2013.

9.12 Equity

Equity items

The share capital of Österreichische Post AG (Austrian Post) amounts to EUR 337.8m, which is split into 67,552,638 ordinary 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 2013 financial year:

	Shares
Balance at January 1, 2013	67,552,638
Balance at December 31, 2013	**67,552,638**
Weighted average number of shares in the 2013 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.

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 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 securities available for sale, which are directly recognised in equity without recognition to profit or loss. The amounts are shown after tax.

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 currency translation reserves comprise all exchange differences arising from the translation of the annual financial statements of the company's subsidiaries and companies consolidated at equity in foreign currencies. In case of disposal of an investment in a subsidiary or an entity consolidated at equity these exchange differences will be recognised in the statement of profit or loss.

The profit for the period in the 2013 financial year amounted to EUR 124.0m (2012: EUR 123.2m). The profit for the period attributable to equity holders of the parent company amounts to EUR 123.2m (2012: EUR 123.2m). In accordance with the provisions stipulated in the Austrian Stock Corporation Act, the basis for the distribution of dividends are the annual financial statements of Österreichische Post AG (Austrian Post) at the balance sheet date on December 31, 2013. The profit shown in the balance totalled EUR 188.8m (2012: EUR 133.1m).

The Management Board will propose a dividend for the 2013 financial year totalling EUR 128.4m, corresponding to a basic dividend of EUR 1.90 per share (2012: EUR 121.6m, basic dividend of EUR 1.80 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 attributable to the shareholders of the parent company (Group net profit). The dividends should develop in line with the Group net profit.

Taking the balance sheet total of EUR 1,641.6m as at December 31, 2013 as a basis (December 31, 2012: EUR 1,700.8m), the equity ratio as at December 31, 2013 amounts to 42.6% (December 31, 2012: 41.7%).

9.13 Provisions

EUR m	Dec. 31, 2012			Dec. 31, 2013		
	Due within 1 year	**Due in more than 1 year**	**Total**	**Due within 1 year**	**Due in more than 1 year**	**Total**
Provisions for termination benefits	1.9	84.1	86.0	2.0	85.8	87.9
Provisions for pensions	0.1	2.4	2.6	0.2	2.4	2.6
Provisions for jubilee benefits	6.3	89.0	95.4	6.2	85.1	91.3
Other employee provisions	88.7	212.4	301.2	93.3	207.2	300.5
Other provisions	52.4	5.0	57.4	55.6	2.2	57.8
	149.6	**393.0**	**542.6**	**157.4**	**382.8**	**540.2**

9.13.1 Provisions for termination benefits, pensions and jubilee benefits

2012 financial year EUR m	**Termination benefits**	**Pensions**	**Jubilee benefits**	**Total**
Present value 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
Present value of the obligation at December 31, 2012	**86.0**	**2.6**	**95.4**	**184.0**

2013 financial year EUR m	**Termination benefits**	**Pensions**	**Jubilee benefits**	**Total**
Present value of the obligation at January 1, 2013	**86.0**	**2.6**	**95.4**	**184.0**
Additions arising from acquisitions	0.2	0.0	0.3	0.5
Current service cost	5.4	0.1	5.5	10.9
Interest expense	2.9	0.1	3.0	5.9
Actuarial gains (–) and losses (+) from the change in demographic assumptions	0.0	0.0	0.0	0.0
Actuarial gains (–) and losses (+) from the change in financial assumptions	0.0	0.0	0.0	0.0
Experience adjustments	1.1	0.0	–6.6	–5.5
Actual payments	–7.6	–0.2	–6.2	–14.0
Present value of the obligation at December 31, 2013	**87.9**	**2.6**	**91.3**	**181.8**

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 termination benefits and pensions are recognised in other comprehensive income.

The weighted average duration of the defined benefit obligation, which mainly refers to termination benefits, is between 12 and 23 years (2012: between 12 and 22 years). On average, the duration is 16 years (2012: 17 years).

9.13.2 Other provisions for employees

2012 financial year EUR m	**Employee underutilisation**	**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**

2013 financial year EUR m	**Employee underutilisation**	**Other employee related provisions**	**Total**
Balance at January 1, 2013	**229.1**	**72.1**	**301.2**
Change in the consolidation scope	0.0	0.8	0.8
Transfer	–2.4	0.0	–2.4
Allocation	43.0	68.4	111.3
Use	–23.1	–48.9	–71.9
Reversals	–40.0	–5.6	–45.6
Accrued interest	6.8	0.3	7.1
Balance at December 31, 2013	**213.4**	**87.1**	**300.5**

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

The transfer of EUR 2.4m in the 2013 financial year (2012: EUR 11.3m) refers to a transfer in liabilities for those employees who definitely transferred to the federal public service.

Provisions of EUR 43.0m (2012: EUR 65.5m) were allocated for employee under-utilisation in the 2013 financial year on the basis of ongoing internal organisational processes designed to adjust capacities to changing market conditions. The decline in the allocation to the provision for employee-utilisation is mainly due to the adjustment of the parameters in line with Note 7.2 Provision for under-utilisation. In particular, provisions amounting to EUR 4.2m were allocated for Austrian Post employees who have already agreed to transfer to various federal ministries within the context of the framework agreement concluded with the Austrian Federal Government in October 2013, and whose staff costs will be refunded by Austrian Post for a specified time.

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. On balance, a total of EUR 40.0m (2012: EUR 47.9m) in provisions for employee under-utilisation were reversed.

The other employee-related provisions primarily refer to provisions for employee profit-sharing schemes, other performance-related bonuses and other outstanding employee entitlements. These other employee-related provisions also contain provisions of EUR 3.4m for restructuring, which mainly relate to planned personnel adjustments in the Mail & Branch Network segment to the amount of EUR 1.5m and in the Parcel & Logistics segment to the amount of EUR 1.9m. The EUR 1.3m allocated in the previous financial year to the restructuring provision for personnel adjustments in the branch network were completely used.

The allocation to other employee-related provisions includes EUR 13.8m for the stop-gap measures in line with the social plan.

9.13.3 Other provisions

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**
Balance at December 31, 2012	**21.6**	**35.8**	**57.4**

2013 financial year EUR m	Services not yet rendered	Other	Total
Balance at January 1, 2013	**21.6**	**35.8**	**57.4**
Change in the consolidation scope	0.0	0.3	0.3
Allocation	22.9	12.1	35.0
Use	–21.6	–6.5	–28.1
Reversals	0.0	–6.7	–6.7
Balance at December 31, 2013	**22.9**	**34.9**	**57.8**

The provisions for services not yet provided encompass revenue recognition for orders for services not yet provided as at December 31, 2013 and for sold stamps and frankings as at December 31, 2013, 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, auditing and consulting fees as well as provisions for damages. The item 'Other provisions' also includes provisions for uncertain liabilities from levies and contributions amounting to EUR 17.0m.

9.14 Tax provisions

EUR m	2012	2013
Balance at January 1	**12.7**	**11.9**
Allocation	1.2	6.8
Use	–2.0	–3.9
Reversals	–0.1	–0.2
Balance at December 31	**11.9**	**14.7**

9.15 Financial liabilities

EUR m		Dec. 31, 2012			Dec. 31, 2013	
	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	0.8	7.7	8.5	0.9	7.0	7.9
Finance lease liabilities	2.3	11.3	13.6	2.9	9.7	12.6
Other financial liabilities	0.0	0.7	0.7	0.0	0.5	0.5
	3.1	**19.8**	**22.9**	**3.9**	**17.2**	**21.0**

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

EUR m	Fair value Dec. 31, 2012	Effective interest rate 2012	Fair value Dec. 31, 2013	Effective interest rate 2013
Borrowings from banks				
Fixed interest borrowings	9.4	1.6%–4.9%	8.3	1.0%–5.4%
Variable interest borrowings	0.0	–	0.1	1.9%
	9.4		**8.4**	
Finance lease liabilities	13.6	1.8%–11.6%	12.6	1.6%–13.0%
Other financial liabilities	0.7	4.9%–7.4%	0.5	0.3%–7.4%
	23.7		**21.6**	

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.

9.16 Payables

EUR m		Dec. 31, 2012			Dec. 31, 2013	
	Due within 1 year	Due in more than 1 year	Total	Due within 1 year	Due in more than 1 year	Total
Trade payables	229.5	0.4	229.9	218.3	0.2	218.6
Payables to investments consolidated at equity and unconsolidated companies	1.7	0.0	1.7	2.4	0.0	2.4
Payables on unused holidays	47.7	0.0	47.7	45.0	0.0	45.0
Other payables	103.6	19.8	123.4	77.2	15.1	92.3
	382.4	**20.2**	**402.6**	**343.0**	**15.3**	**358.3**

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

9.17 Income tax

EUR m	2012	2013
Income tax expense for the current year	39.0	41.3
Tax credits or tax arrears from prior tax years	0.1	4.7
Changes in deferred tax	–10.7	1.1
	28.4	**47.2**

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, 2012	Dec. 31, 2013
Deferred tax assets arising from temporary differences		
Intangible assets	0.1	0.0
Goodwill	0.1	0.0
Financial assets (write-down to lower going concern value)	32.2	36.6
Receivables	0.6	0.2
Provisions	22.1	20.9
Financial liabilities	0.2	0.1
Liabilities	0.0	1.0
	55.3	**58.8**
Deferred tax liabilities arising from temporary differences		
Customer relationships	–3.8	–2.6
Trademarks	–7.1	–6.8
Other intangible assets	0.0	–0.3
Property, plant and equipment	–8.5	–8.8
Inventories	–0.1	–0.1
Liabilities	–0.2	0.0
	–19.7	**–18.6**
Deferred tax arising from tax loss carry-forwards	**16.1**	**10.1**
Total net deferred tax	**51.7**	**50.2**
Deferred tax assets	63.9	58.3
Deferred tax liabilities	–12.2	–8.1
Total net deferred tax	**51.7**	**50.2**

Deferred tax assets on tax loss carry-forwards are only formed if their realisation is probably on the basis of tax planning.

The following deferred tax assets were not recognised:

EUR m	Dec. 31, 2012	Dec. 31, 2013
Deferred tax assets on:		
Unused tax loss carry-forwards	9.3	18.2

The tax loss carry-forwards for which no deferred tax assets have been recognised, apply for an unlimited period of time. For companies incurring losses in the current or previous periods, the reported deferred tax assets exceed the deferred tax liabilities by EUR 1.9m (December 31, 2012: EUR 4.8m), due to the management assessment in which it is considered probable that sufficient taxable earnings will be available in the future on the basis of the current tax planning.

The development and 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, 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
Additions arising from acquisitions	0.0	1.6
	0.5	**1.5**
Balance at December 31, 2012	**63.9**	**12.2**
Balance at January 1, 2013	**63.9**	**12.2**
Changes affecting net income	**–5.7**	**–4.6**
Changes recognised directly in equity		
Available for sale securities	–0.2	0.0
Revaluation of defined benefit obligations	0.4	0.1
Additions arising from acquisitions	0.0	0.4
	0.2	**0.5**
Balance at December 31, 2013	**58.3**	**8.1**

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 27.5% in the 2013 financial year (2012: 18.7%).

RECONCILIATION OF DEFERRED TAX EXPENSE

EUR m	2012	2013
Profit before tax	**151.6**	**171.2**
Expected taxes on income	**37.9**	**42.8**
Tax deductions due to		
Write-down of subsidiaries to lower going concern value	–9.0	–15.2
Adjustments to foreign tax rates	–1.5	–0.2
Valuation of receivables	0.0	–4.2
Other tax-reducing items	–3.3	–3.8
	–13.8	**–23.3**
Tax increase due to		
Impairment losses on goodwill	3.0	8.1
Tax-free dividends and investment income	3.5	1.6
Changes in the consolidation scope	0.4	0.2
Other tax-increasing items	1.4	3.1
	8.3	**13.0**
Income tax expense for the period	**32.4**	**32.4**
Income tax expense/income from prior years	0.1	4.7
Change in unrecognised deferred tax assets arising from tax loss carry-forwards	–4.1	10.0
Current tax expense	**28.4**	**47.2**

The item “Valuation of receivables” is related to the impairment loss on the shareholder loan to MEILLERGHP.

10 OTHER DISCLOSURES

10.1 Cash flow disclosures

In accordance with IAS 7, 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 which can be converted into cash amounts at any time. 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 financial institutions. 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:

Regarding the neutralisation of recassification from long-term provisions to short-term provisions also the use of long-term provisions is shown in the cash flow from changes in working capital from the financial year 2013 on. Thus also the cash flow statement of the financial year 2012 had to be adjusted. Use of long-term provisions (provisions for termination benefits, pensions and jubilee benefits) amounting to EUR 22m is shown in the cash flow from changes in working capital.

Cash payments relating to the acquisition and disposal of subsidiaries

The cash flow arising from the acquisition and disposal of subsidiaries is comprised of the following:

EUR m	2012	2013
Acquisition of subsidiaries		
Cash outflow for acquisitions		
Acquisition date in the current financial year (purchase price)	–30.4	–1.3
Outstanding purchase price liability	12.4	0.3
Acquisition date in previous years (remaining purchase price)	–1.5	–13.0
	–19.6	**–14.1**
Cash and cash equivalents acquired	1.6	2.4
	–18.0	**–11.7**
Disposals		
Cash outflow for the sale of subsidiaries		
Date of sale in the current financial year (selling price)	–14.2	0.0
	–14.2	**0.0**
Divested cash and cash equivalents	–1.2	0.0
	–15.5	**0.0**
Total	**–33.5**	**–11.7**

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	2012	2013
Results from deconsolidations and change in method of consolidation	–2.4	–1.4
Valuation of loans granted	0.4	10.4
Valuation of receivables	1.3	8.0
Application of IAS 19	–5.4	–1.1
Other	–0.1	–0.3
Total	**–6.3**	**15.7**

Sundry non-cash transactions

The initial recognition of assets and financial liabilities resulting from financial lease contracts concluded in the current financial year (December 31, 2013: EUR 2.0m; December 31, 2012: EUR 1.2m) 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.

10.2 Financial instruments

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

10.2.1 Financial assets

The following table shows the carrying amounts of the financial assets in the 2012 and 2013 financial years:

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

Financial assets EUR m	**Available for sale**	**Loans and receivables**	**Carrying amount**
December 31, 2013			
Securities	65.0	0.0	65.0
Trade receivables	0.0	251.3	251.3
Receivables from investments consolidated at equity	0.0	3.3	3.3
Other receivables	0.0	25.7	25.7
Strategic stakes and other investments	12.2	0.0	12.2
Cash and cash equivalents	0.0	240.2	240.2
	77.2	**520.5**	**597.7**
Other sundry assets			43.1
	77.2	**520.5**	**640.8**

10.2.2 Financial liabilities

The following table shows the carrying amounts of the financial liabilities in the 2012 and 2013 financial years:

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

Financial liabilities EUR m	**Recognised at amortised cost**	**Carrying amount**
December 31, 2013		
Interest-bearing financial liabilities	20.5	20.5
Other non-current financial liabilities	0.5	0.5
Trade payables	218.6	218.6
Liabilities to investments consolidated at equity and non-consolidated companies	2.4	2.4
Other liabilities	20.3	20.3
	262.3	**262.3**
Other sundry liabilities		117.0
	262.3	**379.3**

10.2.3 Offsetting financial instruments

The following table shows netted financial assets and financial liabilities that are set of for the 2012 and 2013 financial years:

December 31, 2012 EUR m	Gross amounts before offsetting	Amounts that are set off	Net amounts presented in the statement of financial position	Other related amounts not netted on the balance sheet	Net amounts
Financial assets					
Receivables from investments consolidated at equity	262.3	0.0	262.3	0.0	262.3
Financial liabilities					
Trade payables	233.5	3.7	229.9	0.0	229.9

December 31, 2013 EUR m	Gross amounts before offsetting	Amounts that are set off	Net amounts presented in the statement of financial position	Other related amounts not netted on the balance sheet	Net amounts
Financial assets					
Receivables from investments consolidated at equity	253.8	2.5	251.3	0.0	251.3
Financial liabilities					
Trade payables	220.2	1.6	218.6	0.0	218.6

The offsetting refers to trade receivables as well as trade payables with international postal carriers.

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

Level 2 measurements: 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 measurements: 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, 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

December 31, 2013 EUR m	Level 1	Level 2	Level 3	Total
Financial assets in the category “Available for sale”				
Securities	65.0	0.0	0.0	65.0
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 2012 and 2013 financial years was as follows:

EUR m	Available for sale	
	2012	**2013**
Opening balance at January 1	**40.6**	**12.2**
Total gains and losses		
Recognised through profit or loss under “Other financial result”	–28.4	0.0
Closing balance at December 31	**12.2**	**12.2**

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

The following table shows assets and liabilities whose measurements are not to be carried out at fair value. Nevertheless, information on the fair values are provided. These are divided into levels 1, 2 and 3, depending on the extent to which the fair value is observable on the market.

December 31, 2012 EUR m	Level 1	Level 2	Level 3	Total
Assets				
Investment property	0.0	0.0	186.5	186.5
Liabilities				
Borrowings from banks	0.0	0.0	9.4	9.4
Finance lease liabilities	0.0	0.0	13.6	13.6
Other liabilities	0.0	0.0	0.7	0.7

December 31, 2013 EUR m	Level 1	Level 2	Level 3	Total
Assets				
Investment property	0.0	0.0	214.4	214.4
Liabilities				
Borrowings from banks	0.0	0.0	8.4	8.4
Finance lease liabilities	0.0	0.0	12.6	12.6
Other liabilities	0.0	0.0	0.5	0.5

The following table shows the valuation method and the input factors used in determining fair values:

Level	Financial instruments	Valuation method	Input factors
Measurements carried out at fair value			
1	Securities	Market approach	Nominal values, stock market price
3	Strategic stakes and other investments	Market approach or net present value approach	Book multiples of comparable publicly traded companies and, if available, business plan information
Measurements not carried out at fair value – disclosure of fair value			
3	Investment property	Market approach or net present value approach	Price information from comparable transactions or object-related planning data, interest rate structures and market yields
3	Borrowings from banks	Net present value approach	Payments, interest rate curves and credit spread information related to the financial instruments
3	Receivables	–	Carrying amounts as a realistic estimate of the fair value

Material sensitivities in determining the fair values of Level 3 financial instruments can arise from changes to the underlying market data of comparable companies as well as in the input factors (especially discount rates and planning data) applied in determining the net present value.

10.2.5 Derivative financial instruments

Apart from those instruments reported in note 4.2 Consolidation scope there were no derivative financial instruments held by Austrian Post at the balance sheet date.

10.2.6 Net gains and losses

The following table shows the net gains and losses as contained in the consolidated income statements for the 2012 and 2013 financial years:

EUR m	2012	2013
Available for sale financial assets		
Income from dividends and securities	1.3	0.6
Proceeds from the disposal of securities and other shareholdings	0.1	0.0
Impairment charges	–28.4	0.0
	–27.0	**0.6**
Financial assets and liabilities recognised at fair value through profit or loss	0.1	0.0
Financial liabilities recognised at amortised cost	–0.9	0.0
Loans and receivables (impairment losses)	–2.7	–16.6
	–3.5	**–16.6**
	–30.5	**–15.9**

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 EUR 27.0m were reported directly in the income statement. In the 2013 financial year, the net gains of EUR 0.6m 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.

10.2.7 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:

Interest income and expenses EUR m	2012	2013
Interest income		
Interest income from cash and cash equivalents	3.8	1.7
Other interest income	0.1	0.8
	3.9	**2.5**
Interest expenses		
Interest expense for loans and borrowings	0.9	1.2
Other interest expense	0.6	1.1
	1.5	**2.3**

10.3 Risks and risk management

10.3.1 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 as at December 31, 2012 and December 31, 2013:

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**

December 31, 2013 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)	7.7	8.3	1.0	7.3	0.0
Borrowings from banks (variable interest)	0.1	0.1	0.1	0.0	0.0
Finance lease liabilities	12.6	13.9	7.0	1.9	5.0
Other financial liabilities (excl. derivatives)	0.5	0.5	0.5	0.0	0.0
	21.0	**22.9**	**8.7**	**9.2**	**5.0**
Liabilities – financial instruments					
Trade payables	218.6	218.6	218.3	0.2	0.0
Liabilities to investments consolidated at equity and non-consolidated companies	2.4	2.4	2.4	0.0	0.0
Other liabilities – financial instruments	20.3	20.3	18.4	1.9	0.0
	241.3	**241.3**	**239.2**	**2.1**	**0.0**
Total financial liabilities	**262.3**	**264.1**	**247.8**	**11.3**	**5.0**
Other sundry liabilities	117.0	117.0	103.9	13.2	0.0
Total liabilities	**379.3**	**381.2**	**351.7**	**24.5**	**5.0**

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. 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 payment 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 past due maturity structure for receivables in the 2012 and 2013 financial years is as follows:

December 31, 2012 EUR m	**Gross carrying amount**	**Not individually adjusted**	**Individually adjusted (gross)**	**Impairment**	**Individual valuation adjustment**	**Portfolio valuation adjustments**	**Net carrying amount**
Trade receivables							
Not past due	219.0	218.5	0.5	–1.1	–0.1	–0.9	217.9
Past due for 1–90 days	42.3	41.8	0.5	–0.5	–0.5	–0.1	41.7
Past due for 91–180 days	2.3	1.1	1.1	–1.2	–1.2	0.0	1.0
Past due for in 181–365 days	2.1	1.3	0.8	–0.9	–0.9	0.0	1.2
Past due for more than 1 year	3.3	0.7	2.6	–2.9	–2.9	0.0	0.4
Total	**268.9**	**263.4**	**5.5**	**–6.7**	**–5.6**	**–1.1**	**262.3**

December 31, 2013 EUR m	**Gross carrying amount**	**Not individually adjusted**	**Individually adjusted (gross)**	**Impairment**	**Individual valuation adjustment**	**Portfolio valuation adjustments**	**Net carrying amount**
Trade receivables							
Not past due	207.3	206.9	0.5	–0.4	–0.3	–0.1	206.9
Past due for 1–90 days	41.4	40.8	0.6	–0.4	–0.4	0.0	41.0
Past due for 91–180 days	3.6	0.9	2.7	–2.6	–2.5	0.0	1.0
Past due for in 181–365 days	1.7	0.9	0.7	–0.7	–0.6	–0.1	1.0
Past due for more than 1 year	4.6	1.3	3.3	–3.3	–3.1	–0.1	1.4
Total	**258.6**	**250.9**	**7.7**	**–7.3**	**–7.0**	**–0.4**	**251.3**

December 31, 2012 EUR m	**Gross carrying amount**	**Not individually adjusted**	**Individually adjusted (gross)**	**Impairment**	**Individual valuation adjustment**	**Proportionate share of earnings**	**Net carrying amount**
Receivables from investments consolidated at equity and non-consolidated companies							
Not past due	19.6	19.6	0.0	–1.6	0.0	–1.6	18.0
Past due for 1–90 days	0.2	0.2	0.0	0.0	0.0	0.0	0.2
Past due for 91–180 days	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Past due for in 181–365 days	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Past due for more than 1 year	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**19.7**	**19.7**	**0.0**	**–1.6**	**0.0**	**–1.6**	**18.1**

December 31, 2013 EUR m	Gross carrying amount	Not individually adjusted	Individually adjusted (gross)	Impairment	Individual valuation adjustment	Proportionate share of earnings	Net carrying amount
Receivables from investments consolidated at equity and non-consolidated companies							
Not past due	22.7	3.3	19.4	–19.4	–10.6	–8.8	3.3
Past due for 1–90 days	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Past due for 91–180 days	0.1	0.1	0.0	0.0	0.0	0.0	0.1
Past due for in 181–365 days	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Past due for more than 1 year	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**22.7**	**3.3**	**19.4**	**–19.4**	**–10.6**	**–8.8**	**3.3**

December 31, 2012 EUR m	Gross carrying amount	Not individually adjusted	Individually adjusted (gross)	Impairment	Individual valuation adjustment	Portfolio valuation adjustments	Net carrying amount
Other receivables							
Not past due	35.8	23.8	12.0	–5.3	–5.3	0.0	30.5
Past due for 1–90 days	1.8	1.1	0.6	–0.2	–0.2	0.0	1.6
Past due for 91–180 days	0.3	0.2	0.0	0.0	0.0	0.0	0.3
Past due for in 181–365 days	1.2	0.0	1.2	–1.1	–1.1	0.0	0.0
Past due for more than 1 year	10.3	0.2	10.2	–10.1	–10.1	0.0	0.2
Total	**49.4**	**25.4**	**24.0**	**–16.8**	**–16.8**	**0.0**	**32.6**

December 31, 2013 EUR m	Gross carrying amount	Not individually adjusted	Individually adjusted (gross)	Impairment	Individual valuation adjustment	Portfolio valuation adjustments	Net carrying amount
Other receivables							
Not past due	23.9	21.8	2.1	–0.6	–0.6	0.0	23.3
Past due for 1–90 days	2.1	1.8	0.4	–0.1	–0.1	0.0	2.1
Past due for 91–180 days	0.3	0.0	0.3	–0.3	–0.3	0.0	0.0
Past due for in 181–365 days	1.1	0.1	1.1	–1.0	–1.0	0.0	0.1
Past due for more than 1 year	10.5	0.2	10.3	–10.3	–10.3	0.0	0.2
Total	**38.0**	**23.8**	**14.2**	**–12.3**	**–12.3**	**0.0**	**25.7**

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 9.6 Investments in securities and 9.7 Other financial assets to the consolidated financial statements. Detailed information on financial liabilities is presented in Note 9.15 Financial liabilities.

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

2012 financial year	**Market interest rate**	
EUR m	**+1% point**	**–1% point**
Other financial result	3.4	–3.3

2013 financial year	**Market interest rate**	
EUR m	**+1% point**	**–1% point**
Other financial result	2.7	–2.6

Currency risk

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

There are no currency 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.

Currency risks primarily relate to the Turkish Lira due to the foreign currency valuation of the Austrian Post's stake in Aras Kargo which is consolidated at equity. The currency translation reserve includes currency translation differences to the amount of EUR 7.2m due to the foreign currency valuation for the stake held in Aras Kargo, which is consolidated at equity in the consolidated financial statements of Austrian Post.

10.3.2 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).

10.4 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 lease payments in the 2012 and 2013 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	**2012**	**013**
Not later than one year	56.9	55.8
Later than one year and not later than five years	141.4	132.3
Later than five years	152.1	130.5
	350.4	**318.6**

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.

In the 2013 financial year, a total of EUR 56.0m (2012: EUR 56.2m) in payments within the context of operating rental and lease agreements were recognised in the income statement. The entire amount relates to minimum lease payments.

Acquisition obligations existed to the amount of EUR 0.2m as at December 31, 2013 (December 31, 2012: EUR 0.3m) for intangible assets. Acquisition obligations for property, plant and equipment totalled EUR 32.5m as at December 31, 2013 (December 31, 2012: EUR 19.3m).

Information on the cross-border lease transaction is provided in Note 9.3 Property, Plant and Equipment and Note 10.3.1 Types of Risk.

Austrian Post assumed financing obligations on behalf of the joint venture MEILLERGHP GmbH and Aras Kargo a.s. which are described in Note 9.5 Investments consolidated at equity.

10.5 Related party transactions

The Republic of Austria holds a 52.8% share 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 as well as family members 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 2013 financial year, delivery services valued at EUR 111.2m (2012: EUR 115.1m) were rendered for the federal agencies stipulated in the agreement. As at December 31, 2013, receivables from individual institutions for which Austrian Post rendered services, including the Austrian Federal Computing Centre were recognised to the amount of EUR 9.2m (December 31, 2012: EUR 9.1m).

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 11.8m in 2013 (2012: EUR 13.7m). As at December 31, 2013, payables from the ÖBB Group totalled EUR 0.4m (December 31, 2012: EUR 0.4m). Receivables recognised to the ÖBB Group totalled EUR 0.5m as at December 31, 2013 (December 31, 2012: EUR 0.6m), whereas the income in the 2013 financial year amounted to EUR 3.5m (2012: EUR 3.2m).

As at December 31, 2013, Austrian Post recognised receivables from A1 Telekom Austria AG of EUR 8.4m (December 31, 2012: EUR 5.4m) and payables amounting to EUR 4.4m (December 31, 2012: EUR 4.8m). In the 2013 financial year, Austrian Post provided services for A1 Telekom Austria AG valued at EUR 63.7m (2012: EUR 72.3m), whereas the expense incurred for services provided by A1 Telekom Austria AG in the 2013 financial year amounted to EUR 38.2m (2012: EUR 31.1m).

At the balance sheet date, Austrian Post recognised payables to OMV Group of EUR 2.8m (December 31, 2012: EUR 2.7m). The expense incurred for services provided by OMV Group for Austrian Post totalled EUR 21.2m in the 2013 financial year (2012: EUR 16.6m), whereas the income for services provided by Austrian Post for OMV Group amounted to EUR 0.4m (2012: EUR 0.4m).

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, 2013 are reported as trade payables.

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 0.2m (December 31, 2012: EUR 19.4m), whereas payables totalled EUR 0.9m (December 31, 2012: EUR 0.0m). In the 2013 financial year, expenses amounted to EUR 6.6m (2012: EUR 0.8m) and income was EUR 1.9m (2012: EUR 1.6m).

There are related-party relations 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 7.9m in the 2013 financial year (2012: EUR 10.5m). Revenue from associates accounted for 0.1% of total revenue in the 2013 financial year (2012: 0.1%). At the balance sheet date, receivables from associated companies amounted to EUR 3.1m (December 31, 2012: EUR 0.3m), and liabilities to associates were EUR 1.5m (December 31, 2012: EUR 1.5m).

The following compensation, including changes in provisions, was paid to members of the Management Board and the Supervisory Board as well as to senior executives in the 2012 and 2013 financial years:

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**

2013 financial year EUR m	**Supervisory Board**	**Management Board**	**Senior executives**	**Total**
Short-term employment benefits	0.2	3.2	15.7	19.1
Post-employment benefits	0.0	0.8	0.2	1.0
Other long-term employment benefits	0.0	0.0	0.0	0.0
Termination benefits	0.0	0.0	0.2	0.2
Allocation to share-based remuneration programme	0.0	3.1	7.4	10.6
	0.2	**7.1**	**23.6**	**30.9**

10.6 Audit fees

The following fees for the auditor Deloitte Audit Wirtschaftsprüfungs GmbH and its related companies were paid in the 2012 and 2013 financial years:

Services rendered by auditors EUR	**2012**	**2013**
Audit		
Separate and consolidated financial statements of the parent company Österreichische Post AG at December 31	99,000.00	99,000.00
Audits of Austrian Post subsidiaries at December 31	118,500.00	107,900.00
Tax consulting services	0.00	14,000.00
Other consulting services	193,907.02	269,293.00
	411,407.02	**490,193.00**

10.7 Events after the reporting period

The ongoing difficult market environment and its negative effects on the business of MEILLERGHP requires fundamental restructuring of the company. After various restructuring scenarios were evaluated by the management in consultation with the shareholders, MEILLERGHP submitted an application in Germany to the Regional Court in Amberg on February 7, 2014 to initiate so called protective shield proceedings. These protective shield proceedings combined with the resolute continuation of restructuring measures should enable MEILLERGHP to profitably operate in a highly competitive market in the medium- and long-term.

10.8 Austrian Post Group companies

Company and location	Interest %	Method of consolidation
Post 001 Finanzierungs GmbH, Vienna	100.00	FC
Post 002 Finanzierungs GmbH, Vienna	100.00	FC
Post & Co Vermietungs OG, Vienna	100.00	FC
Postgasse 8 Entwicklungs AG & Co OG, Vienna	100.00	FC
Post.Wertlogistik GmbH, Vienna	100.00	FC
Systemlogistik Distribution GmbH, Vienna	100.00	FC
PDG Post Dienstleistungs Gesellschaft mbH, 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 201 Beteiligungs GmbH, Vienna	100.00	FC
Post 202 Beteiligungs GmbH, Vienna	100.00	FC
Post 105 Beteiligungs GmbH, Vienna	100.00	FC
Post 106 Beteiligungs GmbH, Vienna	100.00	FC
Weber Escal d.o.o., Hrvatski Leskovac	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
Overseas Trade Co., Ltd. d.o.o., Hrvatski Leskovac	100.00	FC
Slovak Parcel Service s. r. o., Ivanka pri Dunaji	100.00	FC
IN TIME s.r.o., Ivanka pri Dunaji	100.00	FC
Kolos s.r.o., Ivanka pri Dunaji	100.00	FC
PostMaster Sp.z o.o., Kraków (former Kolportaż Rzetelny sp.z o.o.).	100.00	FC
M&BM Express OOD, Sofia	51.00	FC
PostMaster s.r.l., Bucharest	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 101 Beteiligungs GmbH, Vienna	100.00	FC
Post 102 Beteiligungs GmbH, Vienna	100.00	FC
Post 103 Beteiligungs GmbH, Vienna	100.00	FC
Post 104 Beteiligungs GmbH, Vienna	100.00	FC
Post 203 Beteiligungs GmbH, Vienna	100.00	FC
Post 204 Beteiligungs GmbH, Vienna	100.00	FC
Post 205 Beteiligungs GmbH, Vienna	100.00	FC
Post 206 Beteiligungs GmbH, Vienna	100.00	FC

Company and location	Interest %	Method of consolidation
trans-o-flex Group		
trans-o-flex Logistics Group GmbH, Weinheim	100.00	FC
trans-o-flex Schnell-Lieferdienst GmbH, Weinheim	100.00	FC
trans-o-flex Logistik 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 ThermoMed Austria GmbH, Wiener Neudorf	100.00	FC
trans-o-flex Belgium Real Estate B.V.B.A., Turnhout	100.00	FC
LogIn Service d.o.o., Ilidza	100.00	FC
Distributions GmbH – 31, Cologne	100.00	FC
Distributions GmbH Dortmund, Dortmund	100.00	FC
Distributions GmbH Meinerzhagen, Meinerzhagen	100.00	FC
Distributions GmbH Duisburg, Duisburg	100.00	FC
trans-o-flex Netzwerk GmbH, 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	
MEILLERGHP AB, Huddinge[1]	65.00	
MEILLERGHP Sp.z.o.o., Wieliczka[1]	65.00	
Kolos Marketing s.r.o., Nyrany[1]	65.00	
D2D – direct to document GmbH, Vienna	30.00	EM
media.at GmbH, Vienna	20.45	EM
Eurodis GmbH, Weinheim	39.80	EM
ADELHEID GmbH, Berlin	44.36	EM
Aras Kargo Yurtici Yurtdisi Tasimacilik a.s., Istanbul	25.00	EM
OMNITEC Informationstechnologie-Systemservice GmbH, Vienna	50.00	EM

[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

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 264b German Commercial Code.

The Management Board of Austrian Post approved the audited consolidated financial statements for the financial year ending on December 31, 2013 for transmission to the Supervisory Board on February 28, 2014. The Supervisory Board is responsible for reviewing and approving the audited consolidated financial statements.

Vienna, February 28, 2014

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) AUSTRIAN STOCK EXCHANGE ACT

As the legal representatives of Österreichische Post AG we declare, to the best of our knowledge, that the consolidated financial statements for the 2013 financial year, which were prepared in accordance with the applicable financial reporting standard, 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, 2014

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 AG, Vienna, for the fiscal year from January 1, 2013 to December 31, 2013. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2013, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2013, 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, and the additional requirements under Section 245a UGB (Austrian Commercial Code). 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, 2013 and of its financial performance and its cash flows for the fiscal year from January 1, 2013 to December 31, 2013 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, 2014

Deloitte Audit Wirtschaftsprüfungs GmbH

Walter Müller m. p.	Josef Spadinger m. p.
Certified Public Accountant	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.