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GROUP MANAGEMENT REPORT 2014

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, and also has a strong position internationally with subsidiaries in 13 European countries. Its 24,000 employees generate annual revenue of EUR 2.4bn. 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 on its domestic market encompassing 1,826 company-operated and third-party operated postal service points, making it one of the largest private customer networks in Austria.

Austrian Post operates under two divisions, Mail & Branch Network and Parcel & Logistics. The Corporate Division mainly deals with Group administration, but also includes innovation management and development of new business models. 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. Austrian Post also offers various online services to its customers. 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 1,826 postal service points, including 1,306 postal partners, are now at the disposal of customers throughout Austria. In addition, Austrian Post also offers its customers 260 self-service zones at its branch offices, equipped with modern franking machines, packing stations, drop-off boxes and, in some cases, pick-up stations. In the reporting period, 910m letters, 615m addressed direct mail items, 3.4bn unaddressed direct mail items, 410m print media and 310m regional media were delivered in Austria.

The Parcel & Logistics Division provides services in nine European countries. In international markets, the service is provided through the company's own subsidiaries. The main business of the division is transporting parcels and EMS (Express Mail Service) items for private and business customers. Austrian Post delivered 74m parcels and EMS items in 2014 in Austria in 2014, making it the leading service provider in the delivery of mail order parcels, offering nationwide services of the highest quality. The 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 fulfilment solutions such as warehousing, commissioning, returns management and webshop logistics, as well as the transport of valuable goods and cash.

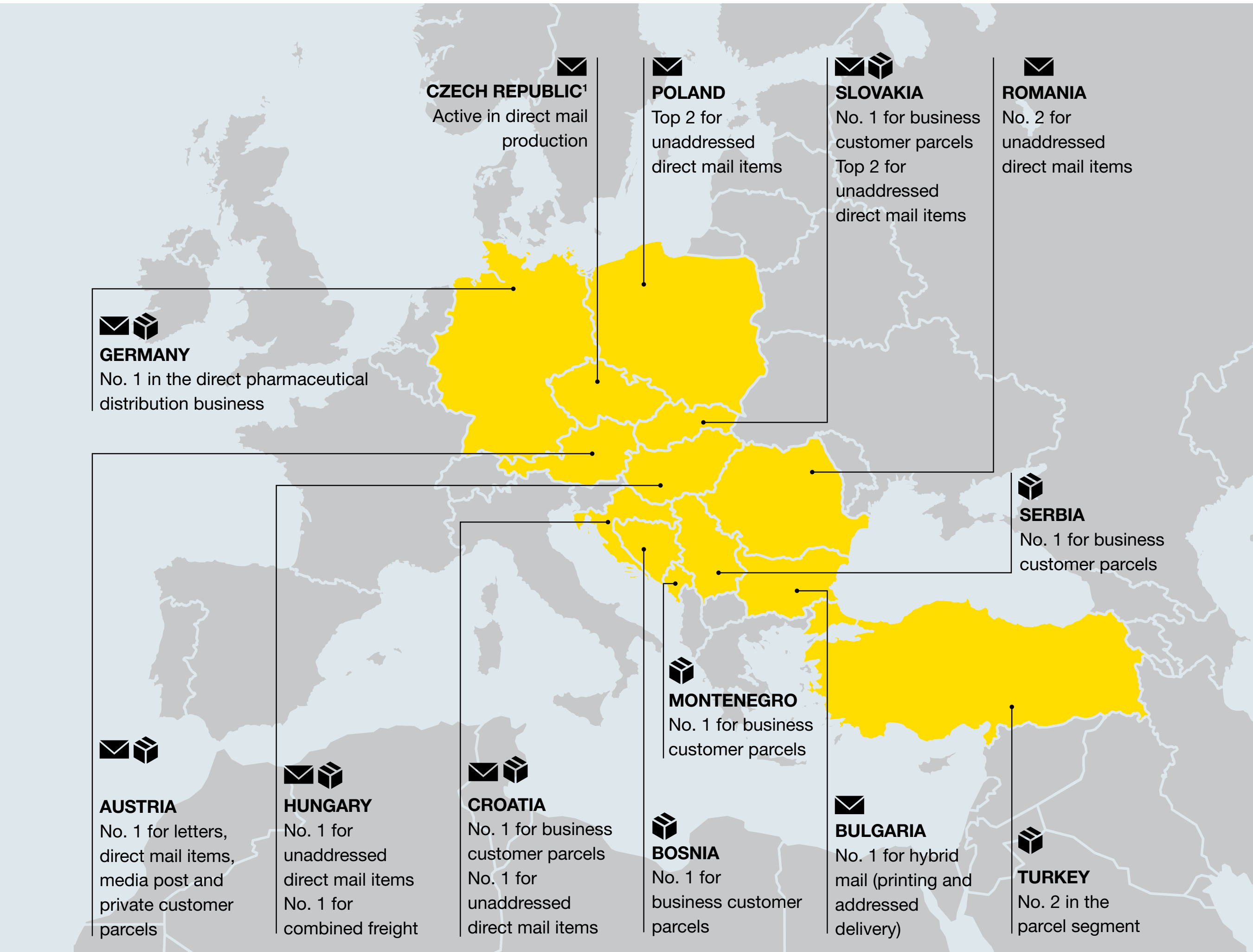
AUSTRIAN POST			
Corporate		**Mail & Branch Network**	**Parcel & Logistics**
Chief Executive Officer Georg Pölzl **Responsibilities** • Strategy & Group Development • Corporate Communications • Human Resources Management • Investor Relations, Group Auditing & Compliance • End Customer Initiatives and End Customer Service • Online & eCommerce Innovation Management	Management Board Member Walter Oblin (CFO) **Responsibilities** • Finance & Accounting • Corporate Controlling • Finance of the Mail & Branch Network Division • Finance of the Parcel & Logistics Division • Treasury • Information Technology • Group Procurement • Legal • 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/SEE • Geomarketing • Address Management • Kuvert • Document Management • Product portfolio of the postal service points (branch offices and postal partners)	Management Board Member Peter Umundum **Responsibilities** • Collection, sorting and delivery of parcels and pallets in Austria and CEE/SEE • Pharmaceutical Logistics • Combined freight transport in Germany • Value Logistics • Value-added logistics services • Logistics services Parcel • Online Service

1.2 MARKET AREAS 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 market share of the growing parcel delivery business in recent years. Austrian Post has a market share of 77% in the private parcel business where growth is driven by the trend towards online shopping. In the field of business parcels (B2B), Austrian Post has been able to increase its market share from about 25% in 2013 to about 28% in 2014 (Kreutzer Fischer & Partner, Business Radar 2015).

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 and Hungary and is also the number one provider in the field of hybrid mail on the Bulgarian market. The Group is No. 1 in the business parcel (B2B) segment in Slovakia, Croatia, Serbia and Bosnia-Herzegovina. In addition, the trans-o-flex Group is the market leader for direct pharmaceutical distribution in Germany. The joint venture Aras Kargo a.s., Turkey, is No. 2 in the Turkish parcel delivery sector (internal market estimates).

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



[1] Austrian Post's stake in the joint venture MEILLER GHP was sold as of February 20, 2015.

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 average annual revenue growth of 1–2% on a Group level in the coming years. The volume of addressed mail items is expected to decline further as a consequence of electronic substitution, whereas Austrian Post will take advantage of growth opportunities in other areas. On the one hand, the growing parcel business offers considerable potential. On the other hand, Austrian Post is also continually developing new service offerings in order to enhance customer benefits 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 a sustainable EBITDA margin of about 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:** An attractive dividend policy is an essential element of the corporate philosophy. Each year Austrian Post aims to distribute at least 75% of the Group's net profit to shareholders. The aim is to further develop the dividend payout ratio in line with the Group's operational results. Since the Initial Public Offering in 2006, Austrian Post has generated value growth of about 190% as measured by the total shareholder return.

Four core strategies were defined based on these targets. Dedicated implementation of these core strategies serves as a guiding compass for Austrian Post. They have remained a stable benchmark over time, whereas the thematic priorities for implementation are adapted to current conditions 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 upon 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 relies on a focused growth strategy in order to compensate for declining addressed mail volumes. The priority is 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 particularly expanding its presence 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 plays a significant role in consolidating the company's cost leadership. Process and staff costs are also 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 benefits.

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 Austrian Post's reporting system, the monthly and quarterly reports on the latest business developments are crucial components in the decision-making process and operational management. These reports summarise key performance 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 the promotion of 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 an attractive dividend policy.

2 BUSINESS ENVIRONMENT AND LEGAL FRAMEWORK

2.1 ECONOMIC ENVIRONMENT

A slight recovery of the global economy is perceptible. However, the repercussions of the financial crisis, high unemployment and high budget deficits continue to dampen growth. This is accompanied by uncertain future prospects and geopolitical tensions. The International Monetary Fund (IMF) predicts global economic growth of 3.3% for the year 2014, which is expected to rise to 3.5% in 2015. In contrast, GDP growth in the eurozone slowed down further in the course of the year. According to the IMF's estimate, the eurozone's GDP only expanded by 0.8% in 2014. This can be attributed to weak investment activity, low capacity utilisation and extensive economic and political uncertainties (IMF, January 2015).

The Austrian economy also lost momentum in the last few months, and its overall performance in 2014 failed to live up to expectations. In terms of foreign trade, the ongoing weakness in the eurozone and geopolitical tensions such as the conflict between Russia and the Ukraine and the related loss of confidence bleakened economic prospects for the export industry. On the domestic market, the uncertainty about future economic developments dampened investment activity. Weak growth in real incomes also allows little flexibility for additional private consumer spending. The Austrian Institute of Economic Research (WIFO) expects GDP growth in Austria to reach 0.4% in 2014, with the situation only expected to improve slightly to 0.5% in 2015 (WIFO, December 2014). The overall picture in Germany is somewhat more favourable. According to the latest forecasts, the German economy expanded by 1.5% in 2014, and should also grow by 1.3% in 2015 (IMF, January 2015).

The economic situation in Central, South East and Eastern Europe is more upbeat. This region shows moderate economic expansion reflected in the predicted GDP growth rates of 2.7% in 2014 and 2.9% in 2015. Countries such as Poland (+3.2%) and Turkey (+3.0%) registered particularly positive growth, with GDP in both markets anticipated to surpass the 3.0% level in 2015. Hungary (2014: +2.8%) and Romania (2014: +2.4%) are also expected to record a significant rise in GDP of 2.3% and 2.5% respectively in 2015. After suffering from an economic contraction of minus 0.8% in 2014, the Croatian economy is expected to expand by 0.5% in 2015. The same holds true for Serbia, which posted negative growth of minus 0.5% in 2014 but whose economy should expand by 1.0% in the following year (IMF, October 2014).

2.2 MARKET ENVIRONMENT

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

The electronic substitution of traditional letter mail is continuing. This global trend affects all postal companies and is essentially irreversible. The baseline scenario assumes a drop of 3–5% annually in addressed mail volumes. The decline in Austria of about 3% annually is below the European average, whereas countries such as the Netherlands and Great Britain faced much more dramatic volume decreases. Interactive physical media are an indispensable part of the advertising strategy of many Austrian companies. Unaddressed direct mail items also rank among the most popular communications channels. In turn, the volume of direct mail items depends on the intensity of advertising activities by companies.

Parcel volumes in the private customer segment are continually increasing due to the growing importance of online shopping. Close to 70% of the Austrian population across all age groups regularly purchase items on the Internet (Kreutzer Fischer & Partner, September 2014). On the basis of this trend, Austrian parcel volumes to private customers climbed by 4.8% in 2014 compared to 2013. In contrast, the number of parcels in the B2B segment dropped slightly by 0.9% from the prior-year level due to the more difficult economic situation (Kreutzer Fischer & Partner, February 2015).

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 resulting 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 in its domestic market of Austria. This is designed to prevent the negative impact on the global climate as a consequence of its business operations, on behalf of both the company and its customers.

2.3 LEGAL FRAMEWORK

The legal framework for Austrian Post's business operations is mainly based on the Austrian 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 Universal Postal Service Obligation limits the spectrum of basic services to mail posted at the legally stipulated access points i.e. postal service points or letterboxes. This safeguards the supply of basic postal services to the Austrian population and economy. 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 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. No compensation has yet been received as at this date.
- Since January 1, 2011, a licence has been required to provide 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 SCOPE OF CONSOLIDATION

The following substantial acquisitions took place in the 2014 financial year:

As at April 1, 2014, the option on an additional 25% of the shares in M&BM Express OOD, Bulgaria, was exercised. The stake held by Austrian Post increased from 51% to 76%. M&BM Express OOD operates in the fields of hybrid mail (printing and delivery) as well as addressed and unaddressed mail items.

In addition, Austrian Post acquired five distribution companies in Germany in the course of the 2014 financial year, all through takeover of their operating activities. Three of these companies comprised the "Spekker Group" (Seevetal near Hamburg, Groß Ippener near Bremen, Neumünster) acquired effective June 1, 2014. The other two companies were part of the "Lehner Group" (Dettingen, Offenburg), acquired as of October 1, 2014. Both the Spekker Group and the Lehner Group ranked among the most important distribution partners of the trans-o-flex Group, and their sites serve the Hamburg/Bremen/Neumünster area (Spekker) and the Dettingen/Offenburg region (Lehner). Only the employees and existing customer relations were acquired. The acquisition enables operating costs to be optimised and synergies among the logistics locations of the trans-o-flex Group to be exploited.

Full detail of changes in consolidation scope are shown in the notes to the consolidated financial statements under note 4.2.

3.2 REVENUE AND EARNINGS

3.2.1 Revenue development

Austrian Post's revenue in the 2014 financial year slightly surpassed the prior-year level. On balance, revenue was up 0.2% to EUR 2,370.5m. The parcel business showed solid growth of 3.1% in the reporting period, offsetting a revenue decrease of 1.5% in the mail segment.

The Mail & Branch Network Division accounts for 62.8% of total Group revenue, and the Parcel & Logistics Division 37.2%. The Corporate Division generated less than 0.1% of the Group's revenue.

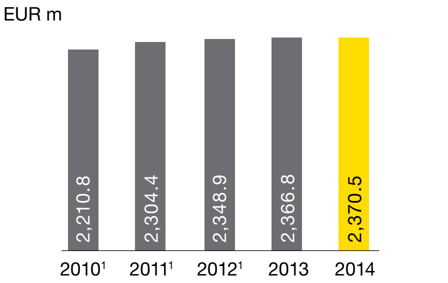
All in all, revenue of the Mail & Branch Network Division was down 1.5% year-on-year to EUR 1,487.7m. This decline is due to the ongoing electronic substitution of letters and decreasing direct mail volumes. Revenue in Branch Services also fell in 2014.

In the Parcel & Logistics Division, revenue in the 2014 financial year rose by 3.1% to EUR 882.0m. From a regional perspective, the parcel markets in Austria and in South East and Eastern Europe generated the strongest growth, with revenue up 6.5% and 10.7% respectively, whereas revenue declined in Germany.

Revenue of the Corporate Division amounted to EUR 0.8m (revenue with third parties). The Corporate Division principally provides group management services internally. These services include 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 72.6% of its revenue in Austria, 22.1% in Germany and 5.3% in South East and Eastern Europe.

REVENUE DEVELOPMENT



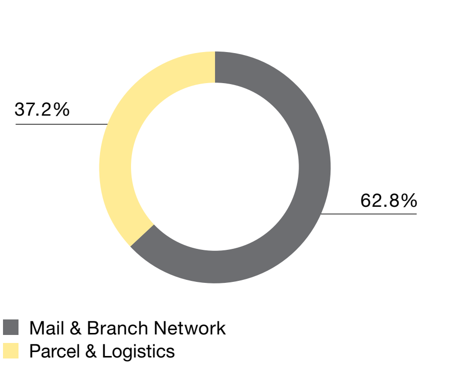
[1] Figures adjusted for the Benelux subsidiaries (divested in 2012) and the meiller Group (the joint venture MEILLERGHP has been consolidated at equity since 2011).

GROUP REVENUE DEVELOPMENT

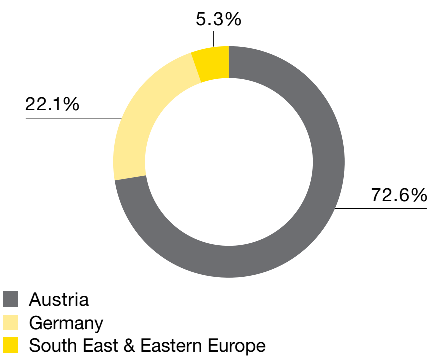
EUR m	2012[1]	2013	2014	Change 2013/2014 %	Change 2013/2014 EUR m
Revenue	**2,348.9**	**2,366.8**	**2,370.5**	**0.2%**	**3.7**
Calendar working days in Austria	250	251	250	–	–

[1] Revenue adjusted for the Benelux subsidiaries divested in the year 2012.

REVENUE BY DIVISION 2014



REVENUE BY REGION 2014

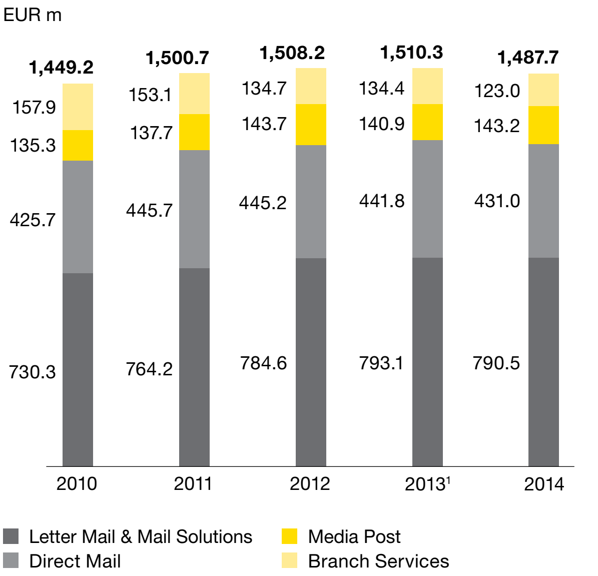


REVENUE DEVELOPMENT OF THE MAIL & BRANCH NETWORK DIVISION

EUR m	2012	2013[1]	2014	Change 2013/2014 %	Change 2013/2014 EUR m
Revenue with third parties (external)	**1,508.2**	**1,510.3**	**1,487.7**	**–1.5%**	**–22.6**
Letter Mail & Mail Solutions	784.6	793.1	790.5	–0.3%	–2.7
Direct Mail	445.2	441.8	431.0	–2.5%	–10.8
Media Post	143.7	140.9	143.2	1.7%	2.3
Branch Services	134.7	134.4	123.0	–8.5%	–11.4
Revenue with other segments (intra-Group)	70.6	75.1	79.4	5.7%	4.3
Total revenue	1,578.8	1,585.4	1,567.1	–1.2%	–18.3

[1] The presentation of revenue was adjusted so that cross-segment business relationships among subsidiaries or between subsidiaries and Austrian Post are no longer included in the revenue with third parties (formerly external sales).

MAIL REVENUE BY PRODUCT GROUP



[1] The presentation of revenue was adjusted so that cross-segment business relationships among subsidiaries or between subsidiaries and Austrian Post are no longer included in the revenue with third parties (formerly external sales).

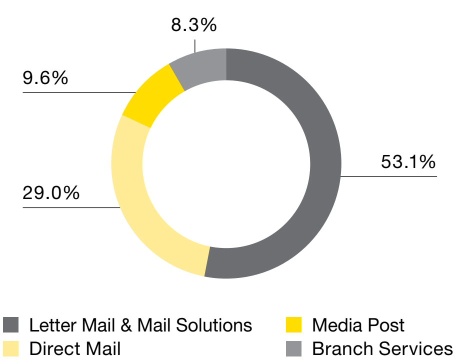
The Mail & Branch Network Division generated external revenue of EUR 1,487.7m. Of this amount, 53.1% can be attributed to the Letter Mail & Mail Solutions business, whereas Direct Mail accounts for 29.0% of total divisional revenue and the field of Media Post, including newspapers and magazines, has a 9.6% share. In addition, Branch Services accounts for 8.3% of divisional revenue.

Revenue development in the fields of Letter Mail, Direct Mail and Media Post was especially influenced by election effects in the course of the year. Austrian Post generated substantial additional revenue from elections in the first three quarters of the 2013 financial year, whereas the positive revenue effects from elections during the reporting period primarily took place in the first half-year. In particular, the EU elections in May 2014 had a positive impact on revenue development.

Letter Mail & Mail Solutions revenue only declined slightly from the prior-year level, falling by 0.3% to EUR 790.5m. The basic trend towards declining volumes resulting from the substitution of letters by electronic media is continuing as before. Reduced revenue was reported, for example, in the banking customer segment. Revenue decreases in the field of Letter Mail were partially offset by growth in the field of Mail Solutions. Elections provided added impetus in 2014 as in the previous year, due to the popularity of voting by absentee ballot which has emerged as a popular instrument of direct democracy.

Revenue in the Direct Mail business was down 2.5% in 2014 to EUR 431.0m. The Direct Mail business is generally heavily influenced by customer advertising expenditure and also by the economic environment. The pressure exerted by online business on traditional mail order companies and retail stores led to reduced advertising spending by several customers. Moreover, several retail segments were affected by market consolidation. Elections and referendums also generated higher revenue contributions in the previous year, especially in the first three quarters.

MAIL REVENUE BY PRODUCT GROUP 2014



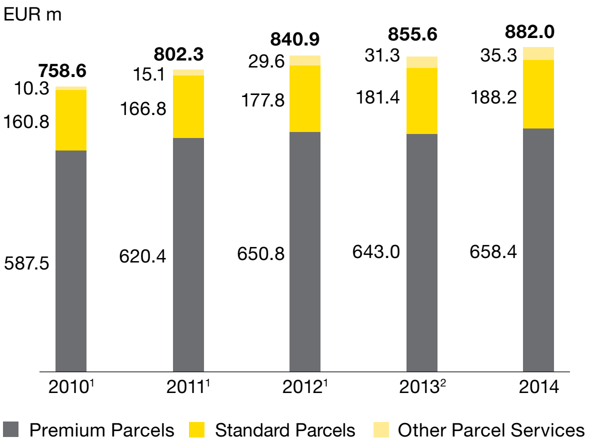
Media Post revenue in 2014 increased 1.7% in a year-on-year comparison to EUR 143.2m. At the same time, Branch Services revenue was down by 8.5% or EUR 11.4m to EUR 123.0m. A changed product and price positioning on the part of Austrian Post's contractual telecommunications partner led to a drop of revenue from mobile telephony products. Revenue in the field of financial services for the company's banking partner BAWAG P.S.K. also declined.

REVENUE DEVELOPMENT OF THE PARCEL & LOGISTICS DIVISION

EUR m	2012[1]	2013[2]	2014	Change 2013/2014 %	Change 2013/2014 EUR m
Revenue with third parties (external)	**840.9**	**855.6**	**882.0**	**3.1%**	**26.4**
Premium Parcels	635.4	643.0	658.4	2.4%	15.5
Standard Parcels	177.8	181.4	188.2	3.8%	6.9
Other Parcel Services	27.7	31.3	35.3	13.0%	4.1
Revenue with other segments (intra-Group)	8.8	9.4	8.8	–6.3%	–0.6
Total revenue	849.7	865.0	890.8	3.0%	25.8

[1] Revenue adjusted for the Benelux subsidiaries divested in 2012.
[2] The presentation of revenue was adjusted so that cross-segment business relationships among subsidiaries or between subsidiaries and Austrian Post are no longer included in the revenue with third parties (formerly external sales).

PARCEL REVENUE BY PRODUCT GROUP



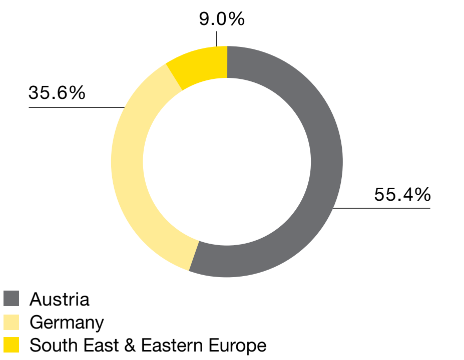
[1] Values adjusted for the Benelux subsidiaries divested in 2012.
[2] The presentation of revenue was adjusted so that cross-segment business relationships among subsidiaries or between subsidiaries and Austrian Post were taken into account.

Total revenue of the Parcel & Logistics Division rose by 3.1% in 2014 to EUR 882.0m. The Premium Parcels business (parcel delivery within 24 hours) contributes the largest share of this division at about 75% of revenue. Premium Parcels generated revenue of EUR 658.4m during the reporting period, comprising a rise of 2.4%. This positive development resulted both from revenue growth from existing customers and Austrian Post's success in attracting new customers. In addition to the positive development of business parcels in Austria, particularly strong growth was also achieved in higher value parcels for private customers.

Standard Parcels, which mainly involve shipments to private customers in Austria, posted revenue of EUR 188.2m in 2014, an increase of 3.8%. The ongoing online shopping boom led to high growth rates, especially in the second half of the 2014 financial year. Other Parcel Services, which includes various additional logistics services such as fulfilment, warehousing and cash logistics, generated revenue of EUR 35.3m in the period under review, a rise of EUR 4.1m from the previous year.

From a regional perspective, 55.4% of total revenue in the Parcel & Logistics Division was generated in Germany, 35.6% in Austria and 9.0% by the subsidiaries in South East and Eastern Europe. Revenue in Austria and the CEE markets developed very positively, the German subsidiary trans-o-flex suffered from a slight revenue decline of 0.1% as a consequence of the challenging competitive situation. In contrast, revenue growth in Austria reached a level of 6.5% in 2014, supported by the trend towards online shopping as well as market share increases in the business parcel segment. In total, the subsidiaries in South East and Eastern Europe posted a substantial revenue increase of 10.7%.

PARCEL REVENUE BY REGION 2014



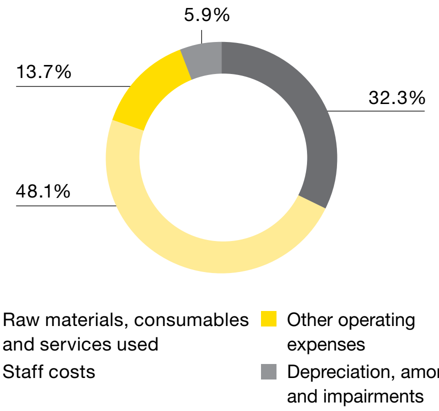
3.2.2 Earnings development

CONSOLIDATED INCOME STATEMENT

EUR m	2012	2013	2014	Change 2013/2014 %	Change 2013/2014 EUR m
Revenue	**2,366.1**	**2,366.8**	**2,370.5**	**0.2%**	**3.7**
Other operating income	72.0	69.7	134.4	92.9%	64.8
Raw materials, consumables and services used	–766.9	–753.3	–744.5	–1.2%	–8.8
Staff costs	–1,091.4	–1,073.5	–1,109.5	3.4%	36.0
Other operating expenses	–294.8	–298.6	–317.0	6.2%	18.4
Results from financial assets accounted for using the equity method	–13.9	–6.6	–0.1	98.3%	6.4
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**271.2**	**304.5**	**333.8**	**9.6%**	**29.3**
Depreciation and amortisation	–81.6	–83.5	–84.9	1.7%	1.4
Impairments	–7.2	–35.1	–52.0	48.4%	17.0
Earnings before interest and tax (EBIT)	**182.4**	**186.0**	**196.9**	**5.9%**	**10.9**
Other financial result	–30.8	–14.8	–2.8	80.7%	11.9
Earnings before tax (EBT)	**151.6**	**171.2**	**194.0**	**13.3%**	**22.8**
Income tax	–28.4	–47.2	–47.2	0.0%	0.0
Profit for the period	**123.2**	**124.0**	**146.8**	**18.4%**	**22.8**
Earnings per share (EUR)[1]	1.82	1.82	2.17	18.9%	0.35

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

ALLOCATION OF EXPENSES 2014



Staff costs comprise a major factor in the cost structure of Austrian Post. Accordingly, 48.1% of the total operating expenses incurred by Austrian Post in 2014 can be attributed to staff costs. The second largest expense item, accounting for 32.3% of operating expenses, is raw materials, consumables and services used, of which a large part relates to external transport services. Other operating expenses comprise 13.7% of the total costs, whereas 5.9% is attributable to depreciation, amortisation and impairments.

Other operating income rose in the period under review to EUR 134.4m, compared to EUR 69.7m in the previous year. This significant increase is due to the sale of Austrian Post's former headquarters in Vienna's inner city, respectively the related development company. The disposal of the property, which took place after an international bidding process, was started in June 2014 and concluded on December 22, 2014 with the signing of a sale agreement and the closing of the transaction. At the time of the sale, the assets of the company were classified as held for sale and only consisted of the carrying amount of this property. This resulted in a gain from deconsolidation of EUR 62.4m recognised as other operating income.

Raw materials, consumables and services used declined by 1.2% or EUR 8.8m in the reporting period to EUR 744.5m. This development is primarily due to the decrease in costs for external transport services in Germany. The business model of the trans-o-flex Group used to be characterised by a particularly high level of external value creation, which is currently being reduced thanks to the takeover of distribution companies and the provision of these services internally. Material costs for retail products, especially in the field of mobile telephony, also dropped as a result of declining revenue in the field of Branch Services.

Staff costs of Austrian Post totalled EUR 1,109.5m in 2014, a rise of 3.4% or EUR 36.0m. This rise can be primarily attributed to two factors. First, the previously-mentioned integration of distribution companies in Germany led to additional staff costs of EUR 14.4m in contrast to the related drop in services used. Second, adjustments to the parameters for interest-bearing staff-related provisions (discount rate, salary increases and employee turnover) were carried out in the 2014 financial year. These adjustments resulted in a negative effect of EUR 22.5m as a consequence of the high level of staff-related provisions on the balance sheet of Austrian Post.

Operational staff costs for salaries and wages remained at the prior-year level, adjusted to take account of the integration of the distribution companies. This shows that the consistent implementation of measures designed to enhance efficiency and improve the staff structure succeeded in compensating for inflation-related cost increases. The average number of employees (full-time equivalents) working for Austrian Post was 24,211 in 2013 but decreased to 23,912 employees in 2014 despite 373 additional employees joining with the acquired distribution companies.

In addition to the ongoing operational staff costs, the staff costs also include non-operational staff costs such as termination benefits and various changes in provisions which are primarily related to employment rights of civil servants at Austrian Post. In 2014 these costs were higher than in the previous year.

Costs for termination benefits (including change in the provisions for termination benefits) amounted to EUR 24.2m in 2014, about the same as the prior-year figure of EUR 24.3m.

Staff-related provisions mainly involve provisions for social plans (employee redundancy programmes), employee under-utilisation, the voluntary transfer of employees to the federal public service and various restructuring provisions, which showed different trends in the reporting period. Provisions declined for employees who are under-utilised and are thus in Austrian Post's Internal Labour Market. These provisions are generally subject to fluctuations related to employees entering and leaving the Internal Labour Market. Moreover, measures were implemented to reintegrate employees in normal business operations. In contrast, there was an increase in provisions for employees transferring to the federal public service as well as for restructuring provisions, for example for employees in the trans-o-flex Group who are currently in the midst of a comprehensive efficiency enhancement programme.

Besides these general changes in provisions, the previously-mentioned adjustments in the parameters for interest-bearing provisions (discount rate, salary increases and employee turnover) led to additional expenses of EUR 22.5m, as mentioned above.

The 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. Due to the fact that the existing agreement expired in 2013, the corresponding provision was reduced in the previous year. However, in October 2013 a new framework agreement was concluded which enables all departments in the federal government to take part in the project of Austrian Post employees transferring to the federal public service. 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 are to be set aside when required. All in all, a total of 485 former employees of Austrian Post had transferred to the federal public service by the end of 2014.

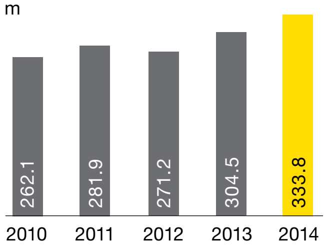
Other operating expenses climbed by 6.2% in a year-on-year comparison to EUR 317.0m. On the one hand, this development is due to higher maintenance and repair expenses, which can be partly attributed to the replacement of conveyor technology and sorting facilities. On the other hand, write-downs were recognised on receivables of the trans-o-flex Group.

The results of the financial assets accounted for using the equity method amounted to minus EUR 0.1m in 2014, compared to minus EUR 6.6m in the previous year. This includes the positive earnings contribution of the Turkish company Aras Kargo a.s. along with the negative earnings contribution of the German company AEP GmbH. The prior-year results still included the negative earnings contribution of Austrian Post's stake in the German printing services company MEILLERGHP, a joint venture of Austrian Post (65% stake) and Swiss Post (35% stake). On February 7, 2014, MEILLERGHP submitted an application for insolvency proceedings which were terminated on February 15, 2015.

In the 2014 financial year, earnings before interest, tax, depreciation and amortisation (EBITDA) of the Austrian Post Group was up 9.6% or EUR 29.3m to EUR 333.8m. EBITDA growth was higher than revenue growth primarily due to special effects such as the sale of the former corporate headquarters. This positive effect of EUR 62.4m, was partly offset by negative effects such as higher staff costs and various write-downs and structural measures in connection with the trans-o-flex Group. As a result of these effects the EBITDA margin was up 14.1%.

EBITDA

EUR m

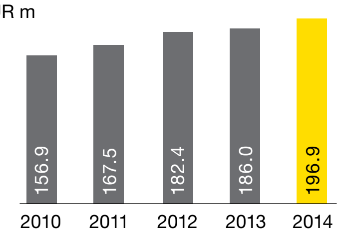


On balance, depreciation, amortisation and impairment losses totalled EUR 136.9m during the period under review, comprising a year-on-year increase of EUR 18.4m. This rise was mainly the result of impairment losses on goodwill to the amount of EUR 48.6m compared to EUR 32.4m in the previous year. In particular, impairment on goodwill of EUR 38.9m was reported for the trans-o-flex Group as a consequence of the highly competitive market situation and reduced earnings situation. The goodwill of this company is now recognised to amount to EUR 49.4m. Another significant impairment loss on goodwill totalling EUR 9.7m was reported for the Polish subsidiary PostMaster Sp.z o.o.

Taking account of depreciation, amortisation and impairments, earnings before interest and tax (EBIT) amounted to EUR 196.9m, representing a 5.9% improvement from the prior-year level. Accordingly, the EBIT margin was 8.3%.

EBIT

EUR m

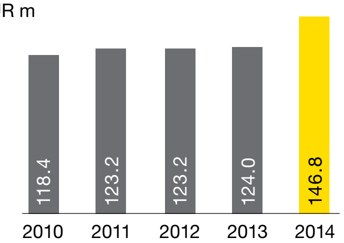


The other financial result of Austrian Post at minus EUR 2.8m was considerably above the comparable level of minus EUR 14.8m in the previous year. The prior-year figure included the complete write-down of the existing receivable from shareholder loans granted to the joint venture MEILLERGHP at the amount of EUR 10.6m.

The tax charge in 2014 totalled EUR 47.2m. After deducting income tax, the Group's net profit (profit after tax for the period) amounted to EUR 146.8m, up from EUR 124.0m in 2013. The higher increase in net profit compared to operating earnings is mainly due to the above-mentioned negative special effects recognised in the prior-year financial result. Earnings per share amounted to EUR 2.17 for the 2014 financial year.

PROFIT FOR THE PERIOD

EUR m



EBITDA AND EBIT BY DIVISION

EUR m	2012	2013	2014	Change 2013/2014 %	Change 2013/2014 EUR m	Margin 2014
Total EBITDA	**271.2**	**304.5**	**333.8**	**9.6%**	**29.3**	**14.1%**
Mail & Branch Network	307.2	320.7	311.0	–3.0%	–9.7	19.8%
Parcel & Logistics	46.6	42.8	41.4	–3.2%	–1.4	4.6%
Corporate/Consolidation	–82.7	–58.9	–18.5	68.5%	40.4	–21.2%
Total EBIT	**182.4**	**186.0**	**196.9**	**5.9%**	**10.9**	**8.3%**
Mail & Branch Network	272.5	281.8	270.0	–4.2%	–11.8	17.2%
Parcel & Logistics	25.3	–4.9	–19.5	–<100%	–14.6	–2.2%
Corporate/Consolidation	–115.4	–90.9	–53.6	41.1%	37.3	–61.3%

From a divisional perspective, the Mail & Branch Network Division reported an EBITDA of EUR 311.0m in the 2014 financial year, comprising a drop of 3.0% or EUR 9.7m from the prior-year level, which can be mainly attributed to the overall revenue decline caused by electronic substitution and reduced revenue in the Direct Mail and Branch Services areas. The division generated an EBIT of EUR 270.0m, a drop of 4.2% year-on-year. Impairment losses on goodwill in the division totalled EUR 5.4m in 2013, whereas impairment losses on goodwill of the Austrian Post subsidiaries in South East and Eastern Europe during 2014 amounted to EUR 9.7m.

EBITDA of the Parcel & Logistics Division was EUR 41.4m, compared to EUR 42.8m in the 2013 financial year. Negative effects related to the trans-o-flex Group impacted the earnings situation in the previous year as well as in the current reporting period. The efficiency enhancement programme being implemented in the trans-o-flex Group includes the reintegration of external services by acquiring selected distribution partners. The objective is to optimise operating costs and exploit synergies in the field of distribution logistics. Write-downs and structural measures relating to the integration of the distribution companies totalled EUR 9.8m in 2014 (2013: EUR 7.1m of write-downs). Furthermore, as previously mentioned, an impairment loss on goodwill of the trans-o-flex Group of EUR 38.9m was recognised during the period under review, compared to an impairment loss of EUR 27.0m for this company in 2013. As a result, EBIT of the Parcel & Logistics Division was minus EUR 19.5m, compared to minus EUR 4.9m in the previous year.

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 positive effects described above in connection with the sale of the former company headquarters in contrast to higher staff-related costs, especially adjustments in the parameters for interest-bearing staff-related provisions, resulted in an EBIT of minus EUR 53.6m in this division, compared to minus EUR 90.9m in the previous year (including consolidation).

3.3 ASSETS AND FINANCES

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

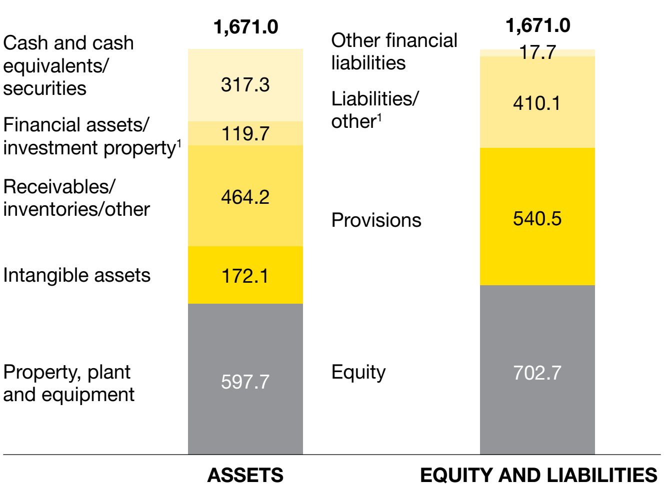
3.3.1 Balance sheet structure

The balance sheet total of Austrian Post amounted to EUR 1,671.0m as of December 31, 2014. On the assets side, property, plant and equipment comprise the largest single balance sheet item at EUR 597.7m, whereas intangible assets amount to 59.9m. The goodwill reported for acquisitions totalled EUR 112.2m as at December 31, 2014, most of which relates to the trans-o-flex Group. Due to the impairment loss of EUR 38.9m on goodwill reported in the fourth quarter of 2014, total goodwill of the trans-o-flex Group declined to EUR 49.4m.

The analysis of the balance sheet reveals that Austrian Post boasts financial resources (cash and cash equivalents) totalling EUR 264.1m as at December 31, 2014. Other financial assets, including financial investments in securities of EUR 53.1m, amounted to EUR 67.1m at the balance sheet date. The securities owned by Austrian Post feature an investment grade or comparable 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 317.3m at the end of 2014. The payment of a dividend in May 2014 of EUR 1.90 per share or a total of EUR 128.4m for the 2013 financial year is already taken into account.

Equity of Austrian Post Group amounted to EUR 702.7m at the end of December 2014, comprising an equity ratio of 42.1%. Equity includes EUR 0.7m in equity attributable to non-controlling interests in M&BM Express OOD, Bulgaria.

BALANCE SHEET AS AT DECEMBER 31, 2014



[1] Including assets/liabilities held for sale totalling EUR 0.6m.

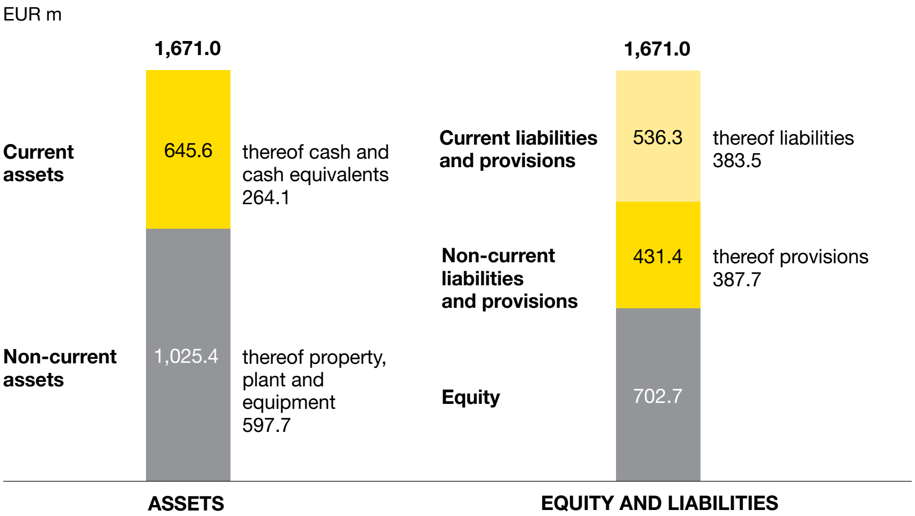
BALANCE SHEET STRUCTURE BY ITEM

EUR m	Jan. 1, 2013 adjusted[1]	Dec. 31, 2013 adjusted[1]	Dec. 31, 2014	Structure Dec. 31, 2014
Assets				
Property, plant and equipment, intangible assets and goodwill	849.6	839.7	769.9	46.1%
Investment property	37.8	33.5	51.8	3.1%
Financial assets accounted for using the equity method	7.1	50.3	53.3	3.2%
Inventories, trade and other receivables	433.0	397.4	464.2	27.8%
Other financial assets	52.1	77.2	67.1	4.0%
thereof in securities	39.9	65.0	53.1	–
Cash and cash equivalents	315.0	240.2	264.1	15.8%
Assets held for sale	0.0	1.9	0.6	0.0%
	1,694.6	**1,640.2**	**1,671.0**	**100%**
Equity and liabilities				
Equity	708.6	699.4	702.7	42.1%
Provisions	520.9	517.3	540.5	32.3%
Other financial liabilities	22.9	21.0	17.7	1.1%
Trade and other payables	442.2	402.6	409.5	24.5%
Liabilities of disposal groups classified as held for sale	0.0	0.0	0.6	0.0%
	1,694.6	**1,640.2**	**1,671.0**	**100%**

[1] Balance sheet structure following the adjusted presentation of current tax assets and tax liabilities and the recognition of payments received in advance as well as the combining of balance sheet items.

On the equity and liabilities side, non-current and current provisions at EUR 540.5m are among the largest items, accounting for 32.3% of the balance sheet total. This includes provisions for employee under-utilisation of EUR 194.3m. Non-current and current financial liabilities remained at a low level of EUR 17.7m at the reporting date. Due to the fact that the existing financial resources including securities on the balance sheet of EUR 317.3m exceed the other financial liabilities of EUR 17.7m by far, Austrian Post does not intend to make use of external funding nor does it require a credit rating at the present time.

BALANCE SHEET STRUCTURE BY TERM[1]



[1] Non-current assets/liabilties include assets/liabilties held for sale.

The analysis of the balance sheet structure by terms shows that non-current assets predominate on the assets side, accounting for 61.4% of total assets or EUR 1,025.4m. An important non-current asset item is property, plant and equipment, intangible assets and goodwill at EUR 769.9m. The principal current asset items include trade and other receivables at EUR 352.0m as well as cash and cash equivalents at EUR 264.1m. The financial resources at the disposal of Austrian Post (including EUR 53.1m in securities) amounted to EUR 317.3m as at December 31, 2014.

On the equity and liabilities side, the balance sheet total mainly consists of equity (42.1%), non-current liabilities (25.8%) and current liabilities (32.1%). The non-current liabilities totalling EUR 431.4m largely consist of provisions to the amount of EUR 387.7m. Current liabilities and provisions of EUR 536.3m primarily relate to liabilities of EUR 383.5m (including trade payables of EUR 217.9m).

3.3.2 Cash flow

The gross cash flow totalled EUR 283.3m in the 2014 financial year compared to EUR 304.8m in 2013. The cash flow from operating activities of EUR 232.2m was EUR 18.3m lower than in the previous year. The 2014 financial year included payments for wage-related contributions from previous periods to the amount of about EUR 8m. In addition, the less pronounced reduction in the level of receivables compared to the previous year decreased the cash flow.

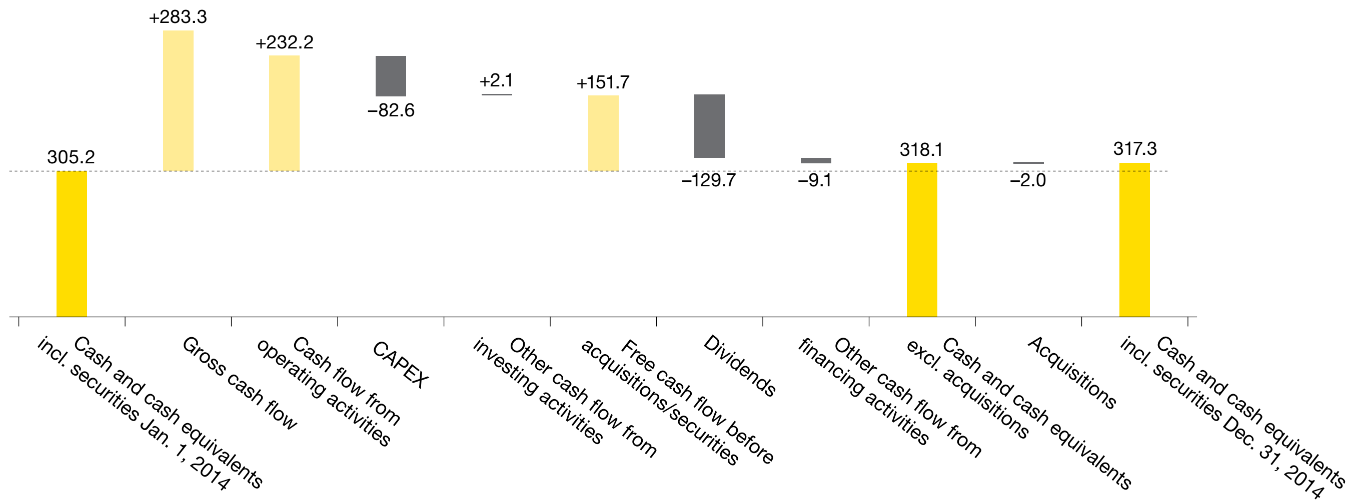
The cash flow from investing activities at minus EUR 69.4m in 2014 was considerably below the comparable prior-year figure. There were hardly any payments made in the reporting period in connection with acquisitions, whereas the 2013 financial year included cash outflows of EUR 69.0m for acquisitions, which mainly related to the EUR 50m for the acquisition of a 25% stake in the Turkish company Aras Kargo a.s. Also the acquisition of property, plant and equipment of EUR 82.6m was somewhat below the prior-year level. With respect to securities, a cash flow-reducing effect of EUR 24.3m was reported in the previous financial year, whereas various movements in the securities portfolio during the year under review raised the cash flow by EUR 13.0m. On balance, the free cash flow in 2014 totalled EUR 162.8m, up from EUR 60.5m in 2013. The free cash flow before acquisitions and securities was EUR 151.7m, thus remaining at a stable high level. This comprises a good basis for financing future investments and dividend payments.

CASH FLOW

EUR m	2012[1]	2013[2]	2014
Gross cash flow	**276.6**	**304.8**	**283.3**
Cash flow from operating activities	**246.7**	**250.4**	**232.2**
Cash flow from investing activities	**–115.4**	**–189.9**	**–69.4**
thereof CAPEX	–78.9	–96.4	–82.6
thereof cash flow from acquisitions/divestments	–39.3	–69.0	–2.0
thereof acquisition/disposal of securities	–1.6	–24.3	13.0
thereof other cash flow from investing activities	–4.4	–0.2	2.1
Free cash flow	**131.3**	**60.5**	**162.8**
Free cash flow before acquisitions/securities	**172.1**	**153.9**	**151.7**
Cash flow from financing activities	**–126.8**	**–135.4**	**–138.8**
thereof dividends	–114.8	–123.6	–129.7
Change in cash and cash equivalents	**4.5**	**–74.8**	**24.0**
Change in cash and cash equivalents before securities	6.0	–50.5	11.0
Change in cash and cash equivalents before acquisitions/securities	**45.3**	**18.5**	**13.0**

[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 not recognised in the gross cash flow starting in the 2013 financial year. As a result, the cash flow statement for the 2012 financial year was correspondingly adapted.
[2] Reporting adapted for 2013: Non-cash changes in provisions which are considered as non-current as well as restructuring provisions are adjusted in the gross cash flow starting in the 2014 financial year. The cash flow statement for the 2013 financial year was correspondingly adapted.

DEVELOPMENT OF FINANCIAL RESOURCES AND SECURITIES IN 2014[1]



[1] Financial resources including financial investments in securities as at December 31, 2014 include reversals of impairments on securities to the amount of EUR 1.2m. 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 including securities in 2014 shows the following: financial resources totalled EUR 305.2m on January 1, 2014. The cash flow from operating activities generated by Austrian Post amounted to EUR 232.2m. After deducting investments made in 2014, the cash flow before acquisitions and securities was EUR 151.7m. This more than covered dividends of EUR 129.7m distributed in 2014. On balance, financial resources including securities totalled EUR 317.3m at the end of 2014.

3.3.3 Liquidity/net debt

Austrian Post reported a net debt position of EUR 99.7m as at the end of 2014. This is defined as the difference between interest-bearing assets (securities, other financial assets and cash and cash equivalents) amounting to EUR 341.1m and interest-bearing liabilities (financial liabilities and other interest-bearing liabilities, social capital and other interest-bearing provisions) of EUR 440.7m. The decrease in net debt can be mainly attributed to the increase of interest-bearing assets by EUR 12.2m, which in turn is the result of reduced investment and acquisition activity.

LIQUIDITY/NET DEBT

EUR m	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2014
Interest-bearing debt	**–462.1**	**–443.1**	**–440.7**
thereof other financial liabilities and interest-bearing liabilities	–27.2	–24.9	–21.0
thereof interest-bearing provisions	–434.8	–418.2	–419.7
Interest-bearing assets	**393.6**	**328.8**	**341.1**
thereof securities	39.9	65.0	53.1
thereof other financial assets and interest-bearing receivables	38.7	23.7	23.8
thereof cash and cash equivalents	315.0	240.2	264.1
Net debt	**–68.5**	**–114.3**	**–99.7**
Net debt/EBITDA	**0.22**	**0.38**	**0.30**
Gearing ratio[1]	**9.7%**	**16.3%**	**14.2%**

[1] Gearing ratio = Net debt/equity

Accordingly, the ratio of net debt to EBITDA rose to 0.30 as at the end of December 2014. The gearing ratio was 14.2% 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.

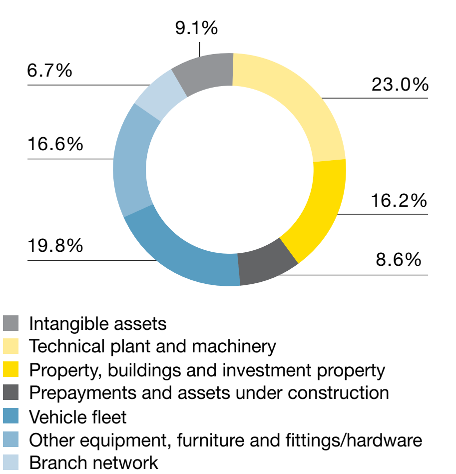
Within the context of its dividend policy, Austrian Post aims to achieve a dividend payout ratio of at least 75% of the Group's net profit attributable to the shareholders in the coming years, assuming a continuation of its successful business development and that no extraordinary circumstances arise.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

3.3.4 Investments and acquisitions

In the 2014 financial year, capital expenditure at Austrian Post reached a level of EUR 91.5m, a decline of EUR 7.3m from the previous year. This includes EUR 83.2m in investments for property, plant and equipment and EUR 8.3m for investments in intangible assets (9.1%), which for example relate to software licences.

In the field of property, plant and equipment, the highest share of the investments related to technical plant and machinery (23.0%). The investment programme to modernise sorting facilities and conveyor technology was continued in 2014. These investments are being made for the purpose of increasing efficiency and 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). The investments in this area mainly focused on the newly constructed logistics centre in Allhaming, Upper Austria, and Austrian Post's largest logistics centre located in Vienna. Moreover, 16.2% of investments were designed for property, buildings and investment property, and 8.6% related to payments rendered in advance and assets under construction. In addition to various construction measures, these items also included investments for the newly opened Allhaming Logistics Centre, which was put into operation in August 2014 after only one year of construction, as well as for the new corporate headquarters in Vienna's third district, which is scheduled to be completed in 2017.

INVESTMENTS BY CATEGORY IN 2014



Naturally, replacement investments in the vehicle fleet (19.8%) as well as new equipment, furniture and fittings and hardware (16.6%) 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 (6.7%).

New and replacement investments are subject to a detailed profitability assessment. Replacement investments are first made if a) the newer technology enables increased productivity or b) a corresponding reduction in costs for the company's own or external staff or in the purchase of transport services or c) if the investments come at the optimal time so that life-cycle costs, especially maintenance costs for existing property, plant and equipment, exceed the costs for 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 for financial assets accounted for using the equity method was only EUR 6.0m in 2014, compared to EUR 74.3m in 2013. The prior-year figure included the acquisition of a 25% stake in the Turkish company Aras Kargo a.s. for about EUR 50m. Generally, 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 and if applicable a plausibilisation of the determined values based on the comparable value method.

3.4 KEY FINANCIAL PERFORMANCE INDICATORS

3.4.1 Capital employed

The capital employed by Austrian Post fell by EUR 21.5m to EUR 733.8m as at the end of 2014. This decline is mainly due to the reduction of intangible assets and goodwill, including the impairment loss on goodwill of the trans-o-flex Group. Moreover, there was an increase in non interest-bearing debt in contrast to the increase in trade receivables.

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. Financial assets accounted for using the equity method 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	Jan. 1, 2013 adjusted[1]	Dec. 31, 2013 adjusted[1]	Dec. 31, 2014
+ Intangible assets and goodwill	249.7	223.8	172.1
+ Property, plant and equipment	599.9	615.9	597.7
+ Investment property	37.8	33.5	51.8
+ Financial assets accounted for using the equity method	7.1	50.3	53.3
+ Inventories	16.1	17.1	16.7
+ Trade and other receivables[2]	326.5	310.5	368.9
+ Assets held for sale	0.0	1.9	0.6
– Non interest-bearing debt	–524.0	–497.8	–527.5
Capital employed	**713.2**	**755.3**	**733.8**

[1] The balance sheet structure adjusted for current tax assets and tax liabilities and recognition of payments received in advance was used to calculate these indicators.
[2] Less interest-bearing receivables

3.4.2 Ratios

The EBITDA margin of Austrian Post climbed from 12.9% in 2013 to 14.1% in 2014. This significant improvement was mainly the result of positive special effects such as the sale of the company's former headquarters in Vienna. In contrast, the EBIT margin only rose slightly to 8.3%, due to the negative effects relating to depreciation, amortisation and impairments which were recognised in the period under review. Due to the improved earnings situation combined with the solid balance sheet structure, the return on equity increased to 25.8%. The return on capital employed also improved to 26.4%, which can be attributed to the positive earnings development as well as a decrease in the capital employed to EUR 733.8m.

RATIOS

	2012	2013	2014
EBITDA margin[1]	11.5%	12.9%	14.1%
EBIT margin[2]	7.7%	7.9%	8.3%
ROE[3]	21.0%	21.1%	25.8%
ROCE[4]	25.6%	25.3%	26.4%

[1] EBITDA margin = EBITDA/revenue
[2] EBIT margin = EBIT/revenue
[3] Return on equity = profit for the period/equity on Jan. 1 less dividend payment
[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 23,912 people during the period under review, comprising a decrease of 299 employees from the prior-year period.

Most of Austrian Post's staff (full-time equivalents) is employed by the parent company Österreichische Post AG (a total of 18,403 full-time equivalents). A total of 5,508 people (full-time equivalents) are employed by the subsidiaries.

EMPLOYEES BY DIVISION

Annual average, full-time equivalents	2012	2013	2014	Share %
Mail & Branch Network	17,192	17,955	17,331	72.5%
Parcel & Logistics	4,022	4,191	4,611	19.3%
Corporate	1,968	2,065	1,970	8.2%
Total	**23,181**	**24,211**	**23,912**	**100.0%**

4.1.1 Health and occupational safety

Motivated and healthy employees are crucial for a professional service company. In order to maintain the ability of employees to work, also until they reach an advanced age, the company must ensure a safe and motivating working environment. That is why Austrian Post works on creating health-promoting and ergonomic working conditions as well as workplaces tailored to the needs of disabled or older employees. The employees themselves are personally responsible for preserving their own health. However, Austrian Post supports their efforts on the basis of targeted offerings in the fields of exercise, nutrition, mental health and addiction prevention as well as target group-oriented healthcare programmes defining specific priorities. In 2014, the focus was on further developing the project called ”A healthy heart and you”. Occupational physicians carried out health consultations at some 120 Austrian Post facilities across the country, giving employees the opportunity to have their blood pressure, blood sugar and cholesterol level measured. Moreover, they were advised on their risk profile for cardiovascular diseases within the context of confidential personal consultations.

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 has made it a priority since 2012 to instruct management staff within the framework of the Executive Academy. The objective is to support executives and key employees to implement management guidelines within the framework of a customised programme. The four target group-oriented programmes to further develop executive skills were continued in 2014.

4.1.3 Diversity and equal opportunity

Within the context of its diversity management, Austrian Post explicitly strives to promote the diversity of its employees and constructively seeks to benefit from the diversity of its staff. On the one hand, this applies to externally perceptible differences such as gender, ethnic background, age or disability. On the other hand, it also applies to subjective differences such as religion and lifestyle. Austrian Post not only aims to respect individual differences among employees, but particularly highlight and embrace them in the spirit of promoting mutual esteem and respect. The objectives are to create a productive overall working environment in the company, prevent the social discrimination of minorities and improve equality of opportunity. The company attaches considerable importance to ensuring equal opportunity at work in all business areas, and thus decisively opposes any kind of discrimination, mobbing and sexual harassment. Austrian Post already signed the Charter of Diversity in 2013, and has made its contribution since then as part of its voluntary commitment to promote greater tolerance, fairness and respect within the context of its diversity management efforts.

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 2014, 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 increasingly relies on alternative sources of energy. In this regard, Austrian Post once again significantly expanded its fleet of electric-powered vehicles in 2014, which already consisted of 862 vehicles at the end of the year. Furthermore, since 2012 Austrian Post has only been using electricity generated from renewable energy sources, and operates photovoltaic facilities on the roof of the Mail Logistics Centre Vienna and the Allhaming Logistics Centre which generate about 1.3m kWh annually. 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 in Austria and abroad with a high ecological and socio-economic value. The entire initiative is regularly verified by independent experts at TÜV AUSTRIA.

The chart shows that energy and fuel consumption and thus the quantity of CO_2 emissions have declined since 2011. However, a slight rise in CO_2 emissions was reported in 2013, which can be attributed to improved data analysis for energy consumption and higher fuel consumption as a consequence of an increase in the number of kilometres driven.

ENVIRONMENTAL INDICATORS

	2011	2012	2013	Change 2012/2013 %	Change 2012/2013 Nominal
Total CO_2 emissions (t)	**78,533**	**70,834**	**71,899**	**1.5**	**1,065**
Total energy consumption (kWh million)	158.0	149.5	151.4	1.2	1.9
Total fuel consumption (litre million)	14.6	14.3	14.5	1.4	0.2

The sustainability reports of Austrian Post are prepared in accordance with the guidelines contained in the Global Reporting Initiative (GRI). The Sustainability Report 2013 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 2013, i.e. CO_2 emissions, energy consumption and fuel consumption, were also included in its audit. The environmental indicators for the 2014 financial year will be published in the Sustainability Report 2014 scheduled to be issued in September 2015.

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 2014 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 and mobile services ("Post App"). 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 business processes of business customers and enhance their advertising efficiency. In this regard the emphasis is on dual shipment and receiving (digital/physical), effective mailroom management, digital document management 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 tailor-made customer solutions for warehousing and fulfilment 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 communication and distribution.

In addition to its own development activities, Austrian Post has also been cooperating with prominent Austrian universities and academies of applied sciences since the year 2013. The objective of this collaboration is to further intensify its focus on innovation and to be able to rely on sound scientific research findings in the development of products and services.

Accordingly, Austrian Post is currently involved in a research project on the issue of "Last mile logistics and mobile communications" in collaboration with Karl Franzens University Graz. 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 is carried out, sustainable business models featuring new types of technological solutions are developed and customer acceptance for these solutions are analysed. The research project "Food4all@home" in cooperation with the Logistics Management and Corporate Networks Department (Logistikum) of the Academy of Applied Sciences Upper Austria in Steyr is investigating how nationwide home delivery of essential everyday consumer goods could effectively work. In addition to the feasibility study, another goal of the project is to evaluate the profitability and expected acceptance on the marketplace.

Austrian Post held its first ever "Innovation Day" in June 2014. Several start-up firms had the opportunity to present their business ideas to Austrian Post executives. Potential areas of application for these innovative ideas were discussed in joint workshops along with ways to move innovations forward at Austrian Post.

4.4 DELIVERY QUALITY

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 2014, Austrian Post once again managed to outperform the minimum legally stipulated standards, delivering 96.3% of all letters on the next working day after posting.

For parcel delivery services as defined by the Universal Service Obligation (primarily private parcels), Austrian Post delivered 97.5% of all parcels within two working days in 2014, 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 of the previous year remained stable for letters and even slightly surpassed for parcels. The first-time delivery success rate is a very important factor determining the level of customer satisfaction. Accordingly, 88.7% of registered parcels and 77.4% of registered letters were successfully delivered on the first attempt in 2014.

DELIVERY QUALITY[1]

	2012	2013	2014
Delivery time			
E+1 letter mail delivery time	96.0%	95.5%	96.3%
E+2 parcel delivery time in Austria[1]	93.3%	96.6%	97.5%
Delivery success rate			
First-time delivery success rate for letter mail (registered)	77.8%	77.4%	77.4%
First-time delivery success rate for parcels (E+2)	87.5%	87.9%	88.7%

E+1 = day of posting + 1 working day; E+2 = day of posting + 2 working days
[1] Adjustment of figures for 2013 due to a change in the computational logic.

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 Institute for Empirical Social Research (IFES). 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 2014 was good, at a level of 68 index points, one point higher than in the previous year. The index only fluctuated slightly over the four quarters of the year between 66 and 69 points. The highest level of customer satisfaction which Austrian Post ever measured was achieved in the first and fourth quarters of 2014, 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 slightly in the course of the year. Both mail and parcel delivery were given high grades, whereas the delivery staff itself is ranked as outstanding. In particular, the perception of the actual time of delivery in the mail segment, the most important issue for mail recipients, improved. The people surveyed attached particular importance to delivery speed in the parcel segment. Here customer satisfaction also improved.

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, more than 61 points is considered 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.

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 1,826 postal service points at the end of 2014, 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 decisively continued in the past year. A key aspect is the very successful postal partner concept. A total of 1,306 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

In February 2014, MEILLERGHP GmbH submitted an application in Germany to the Regional Court in Amberg for judicial reorganisation insolvency proceedings (so-called protective shield proceedings). The ruling handed down on January 2, 2015 by the Regional Court confirmed the insolvency plan. The insolvency proceedings were annulled on February 15, 2015 following the ruling of February 11, 2015, and thus successfully terminated. As of February 20, 2015, Austrian Post has now disposed of its stake in the joint venture MEILLERGHP. The total amount of the consideration received was immaterial.

In October 2014, Austrian Post granted an option to its contractual partner to prematurely terminate the cross border leasing transaction for sorting equipment concluded in the year 2002, which was drawn up on February 23, 2015. It is now up to the contractual partner to decide whether or not the transaction is to be prematurely terminated. If the transaction is in fact prematurely terminated, existing residual risks will be eliminated without any economic disadvantages for Austrian Post.

6 OUTLOOK 2015

Positive revenue development targeted
On the basis of the available economic data, the core region of Austrian Post is expected to show slightly upward economic growth in 2015. The prospects are improving for Austria and Germany as well as most countries in South East and Eastern Europe. However, current forecasts are uncertain due to the geopolitical environment and prevailing fiscal policies.

Generally speaking, the basic trends in the postal sector are set to persist in 2015. With respect to its revenue development, the business model of Austrian Post is oriented to compensating for decline in the mail business by generating growth in the parcel business. On this basis, Austrian Post aims to achieve an average revenue growth rate of 1–2% p.a. over the near-term future. A revenue increase in this range is also expected for 2015.

The foundation for this prediction is the continuation of the basic trends shaping volume development. Revenue in the mail segment will continue to be impacted by ongoing volume decline for addressed mail due to electronic substitution. In line with international trends, the decrease in addressed mail volume is likely to amount to 3–5% per year. Every 1% change in the ongoing decline of letter mail volumes leads to revenue effects of EUR 7m. The market for addressed and unaddressed direct mail items will continue to be subject to differing volume trends. Several customer segments such as the traditional mail order business and retail stores are under pressure from the increasing activities of online businesses. This could lead to a further reduction in their advertising spending. Moreover, there is a 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. Growth of 3–6% continues to be expected in the private customer parcel segment, 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 competitive situation. However, the subdued economic situation is unlikely to provide any impetus to parcel growth. In particular, the priority in the international parcel business is to leverage the company's good market position and take advantage of the resulting opportunities.

In order to safeguard its strong market position, Austrian Post consistently pursues investments designed to ensure greater customer benefits and service quality. Postal rates in the mail business will be adjusted as of March 1, 2015 to maintain Austrian Post's innovative strength despite rising inflation-related factor costs since the last pricing changes implemented in 2011. The price development in the parcel business depends on the competitive situation in the respective market. In particular, intensive competition and price pressure is perceptible on the German market.

Efficiency enhancement to safeguard earnings
Austrian Post has developed a package of measures in order to achieve an ongoing performance improvement and to further increase the efficiency of the services provided. Structures and processes in both mail and parcel logistics are being consistently improved. New sorting technologies will enable Austrian Post to consistently exploit cost reduction potential. Profitability is the top priority especially in the company's international business operations. One focal point is the continuation of the efficiency enhancement programme in the trans-o-flex Group, entailing a reorganisation of process, distribution and staff structures.

With respect to its earnings development, Austrian Post remains committed to its target of achieving a sustainable EBITDA margin of about 12%. The company is also pursuing this objective for the 2015 financial year, along with the goal of achieving an ongoing improvement in the earnings before interest and tax (EBIT).

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. Further investments will primarily serve the purpose of modernisation, the replacement of existing facilities and vehicles along with capacity expansion in the parcel segment. As a result, operational capital expenditure (CAPEX) is expected to reach a level of about EUR 80–90m in 2015, and will focus on sorting technologies, logistics and customer solutions. In addition, Austrian Post will commence construction of its new corporate headquarters in Vienna's third district. The project is expected to be completed in 2017. With this new building, a commercial property owned by Austrian Post will be developed in accordance with the principles of efficiency and value maximisation.

The Management Board will propose to the Annual General Meeting scheduled for April 15, 2015 to approve the distribution of a dividend amounting to EUR 1.95 per share for the 2014 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's net profit to its shareholders. Assuming the company continues its successful business development, the dividend should develop further in line with the Group's results.

7 OPPORTUNITIES AND RISKS OF THE COMPANY

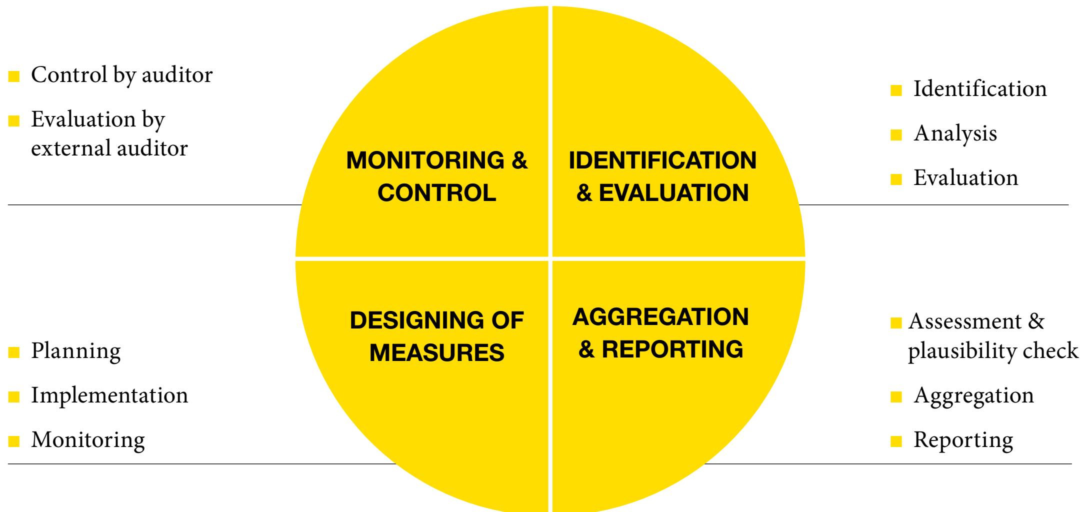
7.1 MAIN RISKS AND UNCERTAINTIES

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 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 medium-term corporate results. The risk manager analyses the risk situation of the respective business area on a quarterly basis. An employee is assigned responsibility to evaluate and monitor 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 proactive risk assessments and workshops. 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, the concept, suitability and effectiveness of the risk management system were assessed by an external auditor.

7.2 TOP RISKS

7.2.1 E-substitution of traditional letter mail

Traditional letter mail is being increasingly replaced by electronic media.This trend, in particular the one towards electronic mail delivery, 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. Diversifying business operations into different markets enables Austrian Post to more effectively spread or minimise risks in individual sectors.

7.2.2 Structural change in direct mail

Due to the economic crisis in recent years, the increasing trend towards market concentration in the retail sector (e.g. bankruptcies, mergers) can be seen. As a result, a structural change in the types of advertising and direct mail volumes could take place, for example a reduction in the use of advertising flyers. In turn, this could lead to a perceptible decline in the business with direct mail items which would impact the earnings situation of Austrian Post.

7.2.3 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 as trans-o-flex, Aras Kargo a.s. or AEP largely depend on political, economic and legal factors. In addition, market price risks such as fluctuating foreign currency exchange rates can impact their intrinsic value. The profitability and impairment losses reported for the strategic investments can impact the earnings situation of Austrian Post.

7.2.4 Staff costs and structure of employment contracts

The business model of Austrian Post is characterised by a high staff cost structure. A one percent change in wages and salaries corresponds to about EUR 8m annually.

Furthermore, 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 volume declines. Similarly, no adjustments in wage or salary levels are permitted in case of less favourable market conditions. Therefore, public sector employment regulations result in less cost flexibility.

Against the backdrop of a liberalised market, the Austrian Post Group 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.

Ongoing changes made to 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 economic manner on the basis of state-of-the-art measures but cannot be completely eliminated.

7.3.1 Operating risks

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. Moreover, 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 service market.

The 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. For this reason, the company is striving to maintain customer loyalty by offering an attractive range of services.

In the branch network, Austrian Post is partly dependent on strategic partners such as BAWAG P.S.K. Risks affecting these partnerships over which Austrian Post has no influence could negatively impact the earnings situation of the company. Austrian Post strives to continually coordinate such risks with its business partners and jointly counteract them insofar as possible.

The international mail and parcels market is characterised by increasing competitive intensity. In particular, this could lead to price declines for letter mail which could not be offset by volume growth. In order to compensate for potential losses of revenue, Austrian Post is intensifying its efforts to implement efficiency enhancement projects.

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

Procurement risks
Procurement risks of Austrian Post are mainly limited to fluctuations in fuel prices. A rise in fuel prices could have minor negative effects on the earnings situation of Austrian Post.

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.

Safety and security measures, processes and guidelines have been defined 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 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. However, Austrian Post carries out about 95% of its business in euros, which limits the risk from exchange rate fluctuations. Furthermore, Austrian Post continuously evaluates whether the use of currency hedging instruments would benefit Austrian Post.

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.

7.3.3 External Risks

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 also 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.

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.

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. In principle, further risks arising from varying interpretations of the Postal Services Structure Act can also not be excluded. With respect to the general issue of determining the correct reference date for salary increments, demands for an adjustment were voiced which could have a negative effects on Austrian Post. The Austrian Federal Government introduced a law which was adopted by the Austrian Parliament on January 21, 2015. The corresponding federal law took effect on February 12, 2015. The reform implements a new salary system which does not involve any dependency on the age of a civil servant. For Austrian Post, it is unlikely that there will be an outflow of resources with an economic benefit with respect to the applications of active civil servants as at the balance sheet date of December 31, 2014.

Furthermore, 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.

Environmental risks

As the process of climate change continues, there could be an increase in the number and severity of natural catastrophes. Weather-related phenomena such as strong rain, hail, landslides and floods could occur more frequently. Among the consequences and after-effects are damage to property and injury to people. This could lead to higher repair and maintenance costs. Furthermore, Austrian Post is legally obliged to ensure the nationwide supply of basic postal services. Additional financial obligations could arise if postal services cannot be maintained over a given period of time due to natural catastrophes.

For a detailed presentation of environmental risks, refer to the Sustainability Report 2013 of Austrian Post according to GRI 3.1 A+.

7.4 OVERALL VIEW OF THE COMPANY'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 outperformance of 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.

The identification of opportunities is carried out by the planners in the business areas (on a bottom-up basis). 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** – the expansion and adaptation of Austrian Post's product portfolio in the Mail & Branch Network Division in accordance with customer requirements is considered to be a major opportunity. The ongoing trend towards e-substitution is already taken into account in Austrian Post's planning, in which case the moderate decline in mail volumes in Austria compared to original expectations is seen as an opportunity. The potential is leveraged on the basis of new and more attractive delivery models in the parcel segment, such as same day delivery.

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 and Eastern Europe. In particular, Turkey is a fast-growing market, which offers potential to Austrian Post thanks to the strategic stake it holds in Aras Kargo. Potential further technological developments could enhance Austrian Post's opportunities in Turkey. In Germany, the resolute implementation of the Good Distribution Practice (GDP) guideline opens up business opportunities in the field of pharmaceutical logistics.

With respect to the third cornerstone of Austrian Post's strategy – **Enhancing efficiency and increasing flexibility of the cost structure** – projects such as "Operational Excellence" and other procurement initiatives could provide added impetus and are seen as opportunities. New team structures in distribution could lead to a further increase in efficiency.

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 and self-service offering as well as by new e-commerce business models.

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 Controlling environment

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. Subsidiaries 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 subsidiaries, 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 subsidiaries receive an information bulletin issued by the Group on a quarterly basis, containing detailed information and Group guidelines on selected subjects relating to the compilation of quarterly financial statements. Detailed time schedules and work plans are drawn up for both local-level organisational units and by Group accounting for the purposes of preparing the financial statements and financial reporting in line with the deadlines established for the compilation and publication of monthly and quarterly financial statements.

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 subsidiaries and subjects them to several levels of comprehensive plausibility and data checks. These measures are designed to ensure that the transactions undertaken by the subsidiaries 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 an EBIT-based 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:

- Report to the Supervisory Board
- Monthly report including strategy cockpit
- Interim reports
- Report on the performance of subsidiaries
- Data analysis and evaluation

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

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

The monthly report provides an overview of key financial and performance indicators of the company. Indicators are prepared, especially on sales and staff data, based on the four strategic areas of action and the related benchmarks. The other internal reporting structure is oriented to the 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 a calculation of key earnings and value-based indicators as well as liquidity figures.

The Controlling Department of Austrian Post prepares a monthly report on strategic investments focusing on the business development of Austrian Post's subsidiaries.

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 conveyed through 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 on the Austrian Post investor relations website, 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 core business. This process is coordinated by key managers in the divisions. The division-oriented organisation is structured into two divisions operating on the market, the Mail & Branch Network Division and the Parcel and Logistics Division, as well as the Corporate Division which mainly provides central administrative services.

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 the controlling measures being implemented. 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, in the planning phase reporting already focuses on the opportunities and risks related to the plausibility of achieving planning targets.

The Internal Control System 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 27, 2015

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 FINANCIAL STATEMENTS 2014

CONSOLIDATED INCOME STATEMENT FOR THE 2014 FINANCIAL YEAR

EUR m	Note	2013	2014
Revenue	(8.1)	2,366.8	2,370.5
Other operating income	(8.2)	69.7	134.4
Total operating income		**2,436.5**	**2,504.9**
Raw materials, consumables and services used	(8.3)	–753.3	–744.5
Staff costs	(8.4)	–1,073.5	–1,109.5
Depreciation, amortisation and impairment losses	(8.5)	–118.5	–136.9
Other operating expenses	(8.6)	–298.6	–317.0
Total operating expenses		**–2,243.9**	**–2,308.0**
Profit from operations		**192.5**	**197.0**
Results from financial assets accounted for using the equity method	(9.5)	–6.6	–0.1
Financial income		4.1	4.2
Financial expenses		–18.8	–7.1
Other financial result	(8.7)	–14.8	–2.8
Total financial result		**–21.3**	**–3.0**
Profit before tax		**171.2**	**194.0**
Income tax	(9.15)	–47.2	–47.2
Profit for the period		**124.0**	**146.8**
Attributable to:			
Equity holders of the parent company		123.2	146.5
Non-controlling interests		0.9	0.4

EARNINGS PER SHARE

EUR	Note	2013	2014
Basic earnings per share	**(8.8)**	**1.82**	**2.17**
Diluted earnings per share	**(8.8)**	**1.82**	**2.17**

STATEMENT OF COMPREHENSIVE INCOME FOR THE 2014 FINANCIAL YEAR

EUR m	Note	2013	2014
Profit for the period		**124.0**	**146.8**
Items that may be reclassified subsequently to the income statement:			
Currency translation differences - investments in foreign businesses	(9.11)	–0.6	–1.0
Changes in the fair value of financial assets available for sale	(9.11)	0.7	1.2
Tax effect of changes in the fair value	(9.15)	–0.2	–0.3
Financial assets accounted for using the equity method – share of other comprehensive income	(9.5)	–7.7	2.1
Total items that may be reclassified		**–7.7**	**2.0**
Items that will not be reclassified subsequently to the income statement:			
Revaluation of defined benefit obligations	(9.11)	–1.1	–15.7
Tax effect of revaluation	(9.15)	0.3	4.0
Financial assets accounted for using the equity method – share of other comprehensive income	(9.5)	–0.1	–0.1
Total items that will not be reclassified		**–0.9**	**–11.9**
Other comprehensive income		**–8.7**	**–9.9**
Total comprehensive income		**115.4**	**137.0**
Attributable to:			
Equity holders of the parent company		114.5	136.6
Non-controlling interests		0.9	0.4

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2014

EUR m	Note	Jan. 1, 2013 adjusted[1]	Dec. 31, 2013 adjusted[1]	Dec. 31, 2014
Assets				
Non-current assets				
Goodwill	(9.1)	183.5	160.6	112.2
Intangible assets	(9.2)	66.2	63.3	59.9
Property, plant and equipment	(9.3)	599.9	615.9	597.7
Investment property	(9.4)	37.8	33.5	51.8
Financial assets accounted for using the equity method	(9.5)	7.1	50.3	53.3
Other financial assets	(9.6)	51.9	63.9	60.7
Trade and other receivables	(9.8)	37.2	20.7	21.0
Deferred tax assets	(9.15)	63.9	58.3	68.6
		1,047.6	**1,066.4**	**1,025.4**
Current assets				
Other financial assets	(9.6)	0.2	13.3	6.4
Inventories	(9.7)	16.1	17.1	16.7
Trade and other receivables	(9.8)	314.2	295.6	352.0
Current tax assets		1.5	5.8	5.8
Cash and cash equivalents	(9.9)	315.0	240.2	264.1
		647.0	**571.9**	**645.0**
Assets held for sale	(9.10)	**0.0**	**1.9**	**0.6**
		1,694.6	**1,640.2**	**1,671.0**
Equity and liabilities				
Equity	(9.11)			
Share capital		337.8	337.8	337.8
Capital reserves		130.5	130.5	130.5
Revenue reserves		248.3	245.5	260.3
Other reserves		–8.0	–16.7	–26.6
Equity attributable to the shareholders of the parent company		**708.6**	**697.1**	**702.0**
Equity attributable to non-controlling interests		**0.0**	**2.3**	**0.7**
		708.6	**699.4**	**702.7**
Non-current liabilities				
Provisions	(9.12)	393.0	382.8	387.7
Other financial liabilities	(9.13)	19.8	17.2	14.6
Trade and other payables	(9.14)	20.2	15.3	20.8
Deferred tax liabilities	(9.15)	12.2	8.1	8.3
		445.2	**423.4**	**431.4**
Current liabilities				
Provisions	(9.12)	127.9	134.5	152.8
Current tax liabilities		1.3	7.3	19.3
Other financial liabilities	(9.13)	3.1	3.9	3.1
Trade and other payables	(9.14)	408.5	371.9	361.2
		540.9	**517.5**	**536.3**
Liabilities classified as held for sale	(9.10)	**0.0**	**0.0**	**0.6**
		1,694.6	**1,640.2**	**1,671.0**

[1] Adjustments: refer to Note 3.2 Changes in the presentation of the consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT FOR THE 2014 FINANCIAL YEAR

EUR m	Note	2013 adjusted[1]	2014
Operating activities			
Profit before tax		171.2	194.0
Depreciation, amortisation and impairment losses	(8.5)	118.5	136.9
Results from financial assets accounted for using the equity method	(9.5)	6.6	0.1
Provisions non-cash		41.7	68.7
Taxes paid		–44.4	–42.8
Other non-cash transactions	(11.1)	11.2	–73.6
Gross cash flow		**304.8**	**283.3**
Trade and other receivables		17.1	–2.0
Inventories		0.1	0.5
Provisions		–45.1	–37.8
Trade and other payables		–26.4	–11.8
Cash flow from operating activities		**250.4**	**232.2**
Investing activities			
Purchase of intangible assets		–10.0	–9.3
Purchase of property, plant and equipment/investment property		–96.4	–82.6
Cash receipts from disposal of assets		11.6	12.2
Acquisition of subsidiaries	(11.1)	–11.7	–0.7
Acquisition of financial assets accounted for using the equity method	(9.5)	–57.3	–1.3
Acquisition of financial investments in securities		–27.7	0.0
Cash receipts from the disposal of financial investments in securities		3.4	13.0
Loans granted		–5.3	–4.6
Dividends from financial assets accounted for using the equity method	(9.5)	0.5	1.4
Interest received		3.0	2.4
Cash flow from investing activities		**–189.9**	**–69.4**
Free cash flow		**60.5**	**162.8**
Financing activities			
Changes of other financial liabilities		–4.2	–3.8
Dividends paid		–123.6	–129.7
Interest paid		–2.3	–1.4
Acquisition of non-controlling interests		–5.2	–4.0
Cash flow from financing activities		**–135.4**	**–138.8**
Change in cash and cash equivalents		**–74.8**	**24.0**
Cash and cash equivalents at January 1		315.0	240.2
Cash and cash equivalents at December 31		**240.2**	**264.2**

[1] Adjustments: refer to Note 3.2 Changes in the presentation of the consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2013 financial year EUR m adjusted[1]	**Share capital**	**Capital reserves**	**Revenue reserves**	**One reserves** Revaluation reserves	Market valuation reserves	Currency translation reserves	**Equity attributable to shareholders of the parent company**	**Non-controlling interests**	**Total equity**
Balance at January 1, 2013	**337.8**	**130.5**	**248.3**	**–4.5**	**–1.9**	**–1.6**	**708.6**	0.0	**708.6**
Acquisition of a subsidiary	0.0	0.0	–4.4	0.0	0.0	0.0	–4.4	3.4	–1.0
Dividends paid	0.0	0.0	–121.6	0.0	0.0	0.0	–121.6	–2.0	–123.6
Profit for the period	**0.0**	**0.0**	**123.2**	**0.0**	**0.0**	**0.0**	**123.2**	**0.9**	**124.0**
Currency translation differences – investments in foreign businesses	0.0	0.0	0.0	0.0	0.0	–0.6	–0.6	0.0	–0.6
Changes in the fair value of financial assets available for sale	0.0	0.0	0.0	0.0	0.7	0.0	0.7	0.0	0.7
Revaluation of defined benefit obligations	0.0	0.0	0.0	–1.1	0.0	0.0	–1.1	0.0	–1.1
Financial assets accounted for using the equity method – share of other comprehensive income	0.0	0.0	0.0	–0.1	0.0	–7.7	–7.8	0.0	–7.8
Tax effect	0.0	0.0	0.0	0.3	–0.2	0.0	0.1	0.0	0.1
Other comprehensive income	**0.0**	**0.0**	**0.0**	**–0.9**	**0.6**	**–8.3**	**–8.7**	**0.0**	**–8.7**
Total comprehensive income	**0.0**	**0.0**	**123.2**	**–0.9**	**0.6**	**–8.3**	**114.5**	**0.9**	**115.4**
Balance at December 31, 2013	**337.8**	**130.5**	**245.5**	**–5.5**	**–1.3**	**–9.9**	**697.1**	**2.3**	**699.4**

[1] Adjustments: refer to Note 3.2 Changes in the presentation of the consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2014 financial year EUR m adjusted[1]	Share capital	Capital reser-ves	Revenue reserves	One reserves Revalua-tion reserves	Market valuation reserves	Currency translation reserves	Equity attributable to shareholders of the parent company	Non-con-trolling inter-ests	Total equity
Balance at January 1, 2014	**337.8**	**130.5**	**245.5**	**–5.5**	**–1.3**	**–9.9**	**697.1**	**2.3**	**699.4**
Acquisition of a subsidiary	0.0	0.0	–3.3	0.0	0.0	0.0	–3.3	–0.7	–4.0
Dividends paid	0.0	0.0	–128.4	0.0	0.0	0.0	–128.4	–1.3	–129.7
Profit for the period	**0.0**	**0.0**	**146.5**	**0.0**	**0.0**	**0.0**	**146.5**	**0.4**	**146.8**
Currency translation differences – investments in foreign businesses	0.0	0.0	0.0	0.0	0.0	–1.0	–1.0	0.0	–1.0
Changes in the fair value of financial assets available for sale	0.0	0.0	0.0	0.0	1.2	0.0	1.2	0.0	1.2
Revaluation of defined benefit obligations	0.0	0.0	0.0	–15.7	0.0	0.0	–15.7	0.0	–15.7
Financial assets accounted for using the equity method – share of other comprehen-sive income	0.0	0.0	0.0	–0.1	0.0	2.1	2.0	0.0	2.0
Tax effect	0.0	0.0	0.0	4.0	–0.3	0.0	3.7	0.0	3.7
Other comprehensive income	**0.0**	**0.0**	**0.0**	**–11.9**	**0.9**	**1.1**	**–9.9**	**0.0**	**–9.9**
Total comprehensive income	**0.0**	**0.0**	**146.5**	**–11.9**	**0.9**	**1.1**	**136.6**	**0.4**	**137.0**
Balance at December 31, 2014	**337.8**	**130.5**	**260.3**	**–17.3**	**–0.5**	**–8.8**	**702.0**	**0.7**	**702.7**

[1] Adjustments: refer to Note 3.2 Changes in the presentation of the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2014 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 specialised logistics such as combined freight and value 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 2014 financial year have been prepared in accordance with the International Financial Reporting Standards (IFRS) valid as at December 31, 2014, 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 CHANGES IN ACCOUNTING AND VALUATION METHODS

3.1 Revisions to International Financial Reporting Standards

3.1.1 Mandatory application of new and revised standards

The following new and revised standards were binding for the first time during the 2014 financial year:

Mandatory application of new standards		Effective date in the EU[1]
IFRS 10	Consolidated Financial Statements	Jan. 1, 2014
IFRS 11	Joint Arrangements	Jan. 1, 2014
IFRS 12	Disclosure of Interests in Other Entities	Jan. 1, 2014

Mandatory application of revised standards		Effective date in the EU[1]
IFRS 10 – 12	Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)	Jan. 1, 2014
IFRS 10, 12, IAS 27	Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	Jan. 1, 2014
IAS 27	Separate Financial Statements	Jan. 1, 2014
IAS 28	Investments in Associates and Joint Ventures	Jan. 1, 2014
IAS 32	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	Jan. 1, 2014
IAS 39	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting	Jan. 1, 2014

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

IFRS 10 Consolidated Financial Statements 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 consolidation scope. The new standard replaces the stipulations for consolidated financial statements contained in IAS 27 as well as SIC 12 Consolidation of Special Purpose Entities. The core principle of consolidation remains unchanged: consolidated financial statements show a parent company and its subsidiaries as a single entity. There are no changes in consolidation methods. Rules pertaining to individual financial statements continue to be regulated in IAS 27. This new standard does not have any effects on the consolidated financial statements of Austrian Post, due to the fact that the definition of "control" in accordance with IFRS 10 will not lead to any change in the consolidation of subsidiaries in the company's consolidated financial statements.

IFRS 11 Joint Arrangements regulates the accounting of circumstances in which a company exercises joint control over a joint venture. The new standard replaces IAS 31 Interests in Joint Ventures as well as SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. IFRS 11 does not refer anymore to the legal form but to the actual rights and obligations of the parties involved. Joint ventures are to be consolidated using the equity-method only. This new standard does not have any effects on the consolidated financial statements of Austrian Post due to the fact that the equity method is already being used in the accounting of joint ventures due to the company's exercising its voting rights in accordance with IAS 31.

IFRS 12 Disclosure of Interests in Other Entities stipulates disclosure requirements for companies that prepare financial statements in accordance with IFRS 10 and IFRS 11. Furthermore, this new standard replaces the disclosure requirements in IAS 28. This new standard has led to additional disclosures in the consolidated financial statements of Austrian Post. Disclosures on financial information for financial assets accounted for using the equity method were adjusted to comply with the provisions contained in IFRS 12 (refer to Note 9.5).

3.1.2 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:

Published new standards which have not yet been applied		Endorsement by the EU	Effective date in the EU[1]
IFRS 9	Financial Instruments	planned H2 2015	planned Jan. 1, 2018
IFRS 14	Regulatory Deferral Accounts	decision pending	planned Jan. 1, 2016
IFRS 15	Revenue from Contracts with Customers	planned Q2 2015	planned Jan. 1, 2017
IFRIC 21	Levies	June 13, 2014	June 17, 2014

Published revised standards which have not yet been applied		Endorsement by the EU	Effective date in the EU[1]
IFRS 10, 12, IAS 28	Investment Entities: Applying the Consolidation Exemption	planned Q4 2015	planned Jan. 1, 2016
IAS 1	Disclosure Initiative	planned Q4 2015	planned Jan. 1, 2016
IFRS 10, IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	postponed	planned Jan. 1, 2016
IAS 27	Equity Method in Separate Financial Statements	planned Q3 2015	planned Jan. 1, 2016
IAS 16, 41	Agriculture: Bearer Plants	planned Q3 2015	planned Jan. 1, 2016
IAS 16, 38	Clarification of Acceptable Methods of Depreciation and Amortisation	planned Q3 2015	planned Jan. 1, 2016
IFRS 11	Acquisitions of Interests in Joint Operations	planned Q3 2015	planned Jan. 1, 2016
IAS 19	Defined Benefit Plans: Employee Contributions	Dec. 17, 2014	Feb. 1, 2015
Diverse	Improvements to International Financial Reporting Standards 2010–2012	Dec. 17, 2014	Feb. 1, 2015
Diverse	Improvements to International Financial Reporting Standards 2011–2013	Dec. 18, 2014	Jan. 1, 2015
Diverse	Improvements to International Financial Reporting Standards 2012–2014	planned Q3 2015	planned Jan. 1, 2016

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

IFRS 9 Financial Instruments contains regulations for recognition, measurement, elimination and hedge accounting. The accounting approach stipulated in IFRS 9 fully replaces the accounting of financial instruments previously included in IAS 39 Financial Instruments: Recognition and Measurement.

The objective of IFRS 14 Regulatory Deferral Accounts is to increase the comparability of the consolidated financial statements of such companies which are involved in price-regulated sales transactions and are first-time adopters of IFRS.

The aim of IFRS 15 Revenue from Contracts with Customers is to bundle a large number of regulations contained in various standards and interpretations. The control approach applied to determine the point in time in which revenue is realised replaces the previous risk and reward approach. The required disclosures have been expanded. Austrian Post is currently evaluating the potential effects of the future application of this standard on its consolidated financial statements.

IFRIC 21 Levies clarifies when to recognise a liability for levies which do not fall within the scope of another IFRS. The most common case relates to the bank levy.

Revisions made to IFRS 10, IFRS 12 and IAS 28 serve to clarify issues relating to the application of the consolidation exemption pursuant to IFRS 10 when the parent company fulfils the definition of an "investment company".

The revisions made to IAS 1 clarify that disclosures in the notes to the consolidated financial statements should not be obscured by aggregation or immaterial information. Furthermore, it contains clarification how shares in the other comprehensive income of companies accounted for using the equity method should be reported in the statement of comprehensive income. The order in which information is presented should no longer be in accordance with a predetermined order but in considering the clarity and comparability of the disclosures.

The changes in IFRS 10 and IAS 28 eliminate an inconsistency among standards, especially relating to the recognition of profit and losses from the disposal (or contribution) of assets in an associated company or joint venture.

The revision to IAS 27 Separate Financial Statements once again allows the equity method to be applied in separate financial statements as an accounting option for shares held in other companies.

The amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets clarifies that revenue-based depreciation and amortisation methods is not permissible for property, plant and equipment and is only permissible in exceptional cases with respect to intangible assets.

The revision to IFRS 11 Joint Arrangements regulates the accounting of interests acquired in joint operations which fulfill the definition of a joint operation pursuant to IFRS 3 Business Combinations. In such cases the business entity acquiring the interests should apply the principles for the accounting of business combinations in accordance with IFRS 3. In such cases the disclosure obligations in IFRS 3 also apply.

The revised IAS 19 Defined Benefit Plans clarifies that employee contributions will continue to be deducted in the period in which service costs are recognised if the amounts of these contributions are independent of the number of years of service rendered to the business entity.

3.2 Changes in the presentation of the consolidated financial statements and adjustments to prior-year figures

3.2.1 Presentation of the consolidated balance sheet

The following changes were made in the presentation of the consolidated balance sheet in order to improve the understanding of the asset and financial situation of the company.

Current tax assets and current tax liabilities

The Austrian Post Group reports existing income tax debts as income tax liabilities and not as provisions as in the past. At the same time, up until now, in addition to income tax liabilities, net current tax assets had been reported as a separate balance sheet item. This resulted in the following reclassifications in the consolidated balance sheet:

EUR m	Jan. 1, 2013	Dec. 31, 2013	Dec. 31, 2014
Current tax assets	1.5	5.8	5.8
Current assets	**1.5**	**5.8**	**5.8**
Assets	**1.5**	**5.8**	**5.8**
Current tax provisions	–11.9	–14.7	–32.6
Current tax liabilities	1.3	7.3	19.3
Trade and other payables	12.1	13.2	19.1
Current liabilities	**1.5**	**5.8**	**5.8**
Equity and Liabilities	**1.5**	**5.8**	**5.8**

Payments received in advance

Payments received in advance from the disposal of stamps and credit balances from franking machines are recognised as deferred income under the item “Other liabilities” and no longer as provisions. Due to the high probability of occurrence, the presentation of this obligation to render a service under “Other liabilities” is preferred. In addition, sales deferrals for invoiced services which have not yet been rendered are to be directly deducted from trade payables.

The effects on the reclassifications of the balance sheet are as follows:

EUR m	Jan. 1, 2013	Dec. 31, 2013	Dec. 31, 2014
Trade and other receivables	–7.7	–7.2	–7.7
Current assets	**–7.7**	**–7.2**	**–7.7**
Assets	**–7.7**	**–7.2**	**–7.7**
Provisions	–21.6	–22.9	–23.1
Trade and other payables	14.0	15.7	15.4
Current liabilities	**–7.7**	**–7.2**	**–7.7**
Equity and Liabilities	**–7.7**	**–7.2**	**–7.7**

The effects on Group cash flow of the transfers within the consolidated balance sheet are as follows:

EUR m	2013	2014
Trade and other payables	–0.5	0.5
Provisions	–1.3	–0.2
Trade and other payables	1.8	–0.4
Cash flow from operating activities	**0.0**	**0.0**

Presentation of equity

Reserves from the revaluation of financial instruments, the revaluation of defined benefit obligations and currency translation are included in the item "Other reserves". The profit for the period is included in the item "Revenue reserves". This resulted in the following adjustments made to the revenue reserves:

Balance at January 1, 2013	+123.2 EUR m
Balance at December 31, 2013	+123.2 EUR m

All changes in presentation do not have any effects on the total amount of consolidated equity.

3.2.2 Cash flow statement

In the previous presentation of the cash flow statement, non-cash changes in all provisions due in more than one year were adjusted in the operating cash flow. Non-cash changes in the respective current provisions were recognised in the cash flow from operating activities. This leads to shifts in provisions which are generally considered to be non-current between the operating cash flow and the cash flow from operating activities, thus reducing the economic meaningfulness of the cash flow statement. The same is true for restructuring provisions. In future, non-cash changes in provisions considered to be non-current will be completely adjusted in the operating cash flow under the item "Provisions non-cash". This particularly impacts the provisions for termination benefits, pensions and jubilee benefits as well as the provisions for employee under-utilisation. In addition, items with immaterial amounts (results from the disposal of property, plant and equipment, interest income/expense and currency translation) will be subsumed under the item "Other non-cash transactions".

The changes resulted in the following restructuring of the consolidated cash flow statement:

EUR m	**2013**	**2014**
Non-current provisions	–36.3	–39.9
Provisions non-cash	41.7	68.7
Result from the disposal of proporty, plant and equipment	3.4	64.0
Interest income/expense	0.8	2.0
Currency translation	0.3	0.3
Other non-cash transactions	–4.5	–66.4
Gross cash flow	**5.4**	**28.8**
Current provisions	38.5	8.9
Provisions	–43.8	–37.7
Cash flow from operating activities	**0.0**	**0.0**

3.2.3 Segment reporting

Services rendered among Group subsidiaries or between the Group subsidiaries and Austrian Post and only recognised as Revenue with third parties" (formerly "External revenue") will now be recognised under the item "Revenue with other segments". Accordingly, the item "Revenue with third parties" will only encompass revenue from companies which are outside of consolidation scope of Austrian Post. The change resulted in the following reclassifications within the revenues recognised in segment reporting:

2013 financial year EUR m	Mail & Branch Network	Parcel & Logistics	Corporate	Consolidation	Group
Revenue with third parties	–0.5	–1.8	–5.3	7.5	0.0
Revenue with other segments	0.5	1.8	5.3	–7.5	0.0
Total revenue	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

2014 financial year EUR m	Mail & Branch Network	Parcel & Logistics	Corporate	Consolidation	Group
Revenue with third parties	–0.5	–2.2	–2.4	5.1	0.0
Revenue with other segments	0.5	2.2	2.4	–5.1	0.0
Total revenue	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

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.

Joint ventures according to IFRS 11 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. Negative changes in equity are recognised in excess of other non-current interests (e.g. loans) at amortised cost inasmuch as they in substance form part of the net investment in the associate or joint venture.

All intercompany assets, liabilities and equity as well as operating income and expenses in connection with business transactions between subsidiaries are eliminated in the consolidation.

4.2 Changes in consolidation scope

In addition to the parent company Österreichische Post AG, a total of 24 domestic subsidiaries (December 31, 2013: 27) and 31 foreign subsidiaries (December 31, 2013: 29), in which Österreichische Post AG directly or indirectly holds a majority of the voting rights, are included in the consolidated financial statements. Furthermore, three domestic companies (December 31, 2013: three) and four foreign companies (December 31, 2013: four) are consolidated according to the equity method.

The following changes in the consolidation scope and business combinations within the Austrian Post Group took place in the 2014 financial year:

Company name	Interest from	Interest to	Date of transaction	Explanation
Mail & Branch Network				
M&BM Express OOD	51.0%	76.0%	April 1, 2014	Increased shareholding
Parcel & Logistics				
trans-o-flex Netzwerk zwei GmbH	0.0%	100.0%	May 16, 2014	Foundation
trans-o-flex Fuhrpark GmbH[1]	0.0%	100.0%	May 16, 2014	Foundation
Business of 3 distribution companies	–	–	June 1, 2014	Acquisition of business operations
Österreichische Post AG (trans-o-flex Austria GmbH)[2]	100.0%	0.0%	Aug. 15, 2014	Merger
Business of 2 distribution companies	–	–	Oct. 1, 2014	Acquisition of business operations
Corporate				
Neutorgasse 7 Projektentwicklungs AG & Co OG	0.0%	100.0%	May 8, 2014	Foundation
PDG Post Dienstleistungs Gesellschaft mbH (PS Postservicegesellschaft m.b.H.)[2]	100.0%	0.0%	July 5, 2014	Merger
ADELHEID GmbH	44.4%	45.4%	Aug. 8, 2014	Increased shareholding
Österreichische Post AG (PDG Post Dienstleistungs Gesellschaft mbH)[2]	100.0%	0.0%	Aug. 14, 2014	Merger
Postgasse 8 Entwicklungs AG & Co OG	100.0%	0.0%	Dec. 22, 2014	Disposal

[1] Renaming of the company as of December 3, 2014. It was previously named trans-o-flex Netzwerk drei GmbH.
[2] The subsidiaries listed in parenthesis were merged with the initially listed subsidiary and are therefore no longer included in the consolidation scope.

Mail & branch network

M&BM Express

As at April 1, 2014, the option for acquiring an additional 25% of the shares in M&BM Express OOD, Sofia, was exercised, and the shares were acquired in return for a cash payment of EUR 4.0m. Thus the stake held by Austrian Post increased from 51% to 76%. The total net amount of the identifiable assets acquired and liabilities assumed at the time of acquisition updated by dividend payments and the profit for the period totaled EUR 2.6m as at April 1, 2014. The net assets of the additionally acquired shares at this time amounted to EUR 0.7m. In accordance with IFRS 10, transactions which lead to a change in ownership interest but not to a loss of control are to be recognised as an equity transaction. Accordingly, Austrian Post reported a reduction in equity attributable to non-controlling interests to the amount of EUR 0.7m, and a decline in the revenue reserves to the amount of EUR 3.3m.

The development of the net amount of the identifiable assets acquired and liabilities assumed 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 January 1, 2014	**2.4**	**2.3**	**4.6**
Profit for the period	0.2	0.2	0.3
Dividends paid	–1.0	–1.3	–2.3
Balance at April 1, 2014	**1.5**	**1.1**	**2.6**
Increase in the Group's shareholding	0.7	–0.7	0.0
Profit for the period	0.6	0.2	0.8
Balance at December 31, 2014	**2.8**	**0.7**	**3.5**

Parcel & logistics

Operating activities of five distribution companies

Austrian Post acquired a total of five distribution companies in Germany in the course of the 2014 financial year, all within the context of a takeover of their operating activities. Three of these companies comprised the so-called "Spekker Group" (Distributions GmbH-1, Seevetal near Hamburg, Distributions GmbH-1, Groß Ippener near Bremen, and Distributions GmbH Neumünster) acquired effective June 1, 2014. The other two companies were part of the so-called "Lehner Group" (Distributions GmbH Dettingen – 48, Dettingen and Distributions GmbH Offenburg – 43, Appenweier), acquired as of October 1, 2014. In the course of the acquisitions only the employees and existing customer relations were acquired. According to the management's assessment these operating activities were acquired in accordance with IFRS 3. Therefore the acquisition is to be classified as a business combination. Both the Spekker Group and the Lehner Group ranked among the most important distribution partners of the trans-o-flex Group, and their sites serve the Hamburg/Bremen/Neumünster area (Spekker) and the Dettingen/Offenburg region (Lehner). The acquisition enables the optimisation of operating costs and synergies among logistics locations in the trans-o-flex Group.

The acquisition is shown below in an aggregated form for all five business operations.

The provisional fair values of the identifiable assets acquired and liabilities assumed of the operating activities of the five distribution companies at the date of acquisition are as follows:

EUR m	Fair value
Non-current assets	
Customer relations	0.8
Other intangible assets	0.1
Non-current liabilities	
Provisions and liabilities	0.0
Deferred tax liabilities	–0.2
Current liabilities	
Provisions and liabilities	–0.6
Total net identifiable assets acquired and liabilities assumed	**0.1**

EUR m	Fair value
Calculation of goodwill	
Total net identifiable assets acquired and liabilities assumed	–0.1
Total amount of consideration transferred	0.7
thereof financial liabilities (remaining purchase price liability)	0.3
thereof other consideration transferred	0.5
Goodwill	**0.6**
Breakdown of cash outflow/inflow	
Total amount of consideration transferred	–0.7
Remaining purchase price liability	0.3
Non-cash consideration	0.5
Net cash outflow/inflow	**0.0**

The contingent purchase price payment depends upon the smooth transfer of the business operations of these companies and amounts to a maximum of EUR 0.3m. Since the date of acquisition, the acquired operating activities of the distribution companies have contributed EUR 3.1m to revenue and minus EUR 1.8m to the profit for the period of the Austrian Post Group. If the business combinations had taken place at the beginning of the year, the revenue contribution would have totalled EUR 5.5m and the profit for the period would have amounted to minus EUR 2.4m. The recognised goodwill of EUR 0.6m results from the expected synergies arising from integrating the business operations of these distribution companies into the trans-o-flex Group.

Acquisition of four distribution companies in 2013

By the end of 2013 four distribution companies (100% stake each) had been acquired in the trans-o-flex Group ("Rhein-Ruhr-Group"). The total amount of consideration transferred contained a contingent purchase price liability amounting to EUR 0.2m, of which EUR 0.1m was paid until December 31, 2014.

trans-o-flex Fuhrpark GmbH

The company was founded on May 16, 2014 and has not had any operating activities up until now.

Corporate

Neutorgasse 7 Projektentwicklungs AG & Co OG

A project company named Neutorgasse 7 Projektentwicklungs AG & Co OG was established on May 8, 2014 in preparation of the planned utilisation of the commercial property located at Neutorgasse 7, Vienna. The property was transferred to the company as a contribution in kind. Starting on this date the project company is included as a subsidiary in the consolidated financial statements of Austrian Post.

ADELHEID GmbH/AEP GmbH

On August 8, 2014, the Austrian Post Group increased its stake in the associated company ADELHEID GmbH, Berlin from 44.4% to 45.4% within the context of a capital increase. The net carrying amount of this investment consolidated at equity thus increased by EUR 1.5m. 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

Effective December 22, 2014, Austrian Post's shareholding in the company Postgasse 8 Entwicklungs AG & Co OG was sold, and the company was deconsolidated on this date due to the related loss of a controlling interest. Refer to Note 9.10 “Disposal of non-current assets held for sale” for a more detailed presentation of the disposal of assets and liabilities.

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 rates against the Euro used in translation were as follows:

1 EUR	Reference rate at balance sheet date		Average annual rate	
	Dec. 31, 2013	**Dec. 31, 2014**	**2013**	**2014**
Bosnian Convertible Mark	1.9558	1.9558	1.9558	1.9558
Bulgarian Leva	1.9558	1.9558	1.9558	1.9558
Croatian Kuna	7.6265	7.6580	7.5786	7.6344
Polish Zloty	4.1543	4.2732	4.1975	4.1843
Romanian Lew	4.4710	4.4828	4.4190	4.4437
Serbian Dinar	114.6421	120.9583	113.1098	117.3882
Czech Koruna	27.4270	27.7350	25.9797	27.5359
Turkish Lira	2.9605	2.8320	2.5335	2.9065
Hungarian Forint	297.0400	315.5400	296.8730	308.7061

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, 2014.

6.1 Revenue recognition

Revenue is recognised when the service was rendered, the main opportunities and risks were transferred to the buyer, the proceeds can be reliably measured and it is probable that future economic benefits will flow to the entity. 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. Revenue is reduced by possible sales reductions, and reported without including the value added tax as well as after eliminating intercompany transactions.

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. Deferred taxes are not taken into account in the case of differences from non tax-deductible goodwill and temporary differences related to shareholdings, due to the fact that the criteria for recognition as stipulated in IAS 12 are not fulfilled.

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

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

Country	Tax rate
Belgium	34.0%
Bosnia and Herzegovina	10.0%
Bulgaria	10.0%
Germany	28.1%–33.5%
Croatia	20.0%
Montenegro	9.0%

Country	Tax rate
Poland	19.0%
Romania	16.0%
Serbia	15.0%
Slovakia	22.0%
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 2014. Newly issued shares or 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. To calculate the diluted earnings per share, the average number of 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.

A dilutive effect on the earnings per share could potentially arise from the existing share-based remuneration programme of Austrian Post. In light of the fact that the participating Management Board members decided for remuneration in cash, which was also defined as the form of payment for the participating executives in 2014, no dilutive effects will arise from the current share-based remuneration programme.

6.4 Goodwill and allocation to cash generating units (CGU)

Goodwill is recognised at acquisition costs less accrued impairment losses. Goodwill from the acquisition of a foreign operation will be recognised in its functional currency and translated into the reporting currency on the balance sheet date. Impairments are carried out in accordance with IAS 36 as described in Note 6.9 Impairment pursuant to IAS 36. Reversals of impairments are not permitted. Goodwill is allocated to the respective cash generating units. Cash generating units are groups of assets on the lowest possible level that generate separately identifiable cash flows independent of other assets. 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 planned amortisation, but are subject to planned 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 6.9 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	Up to 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 6.9 Impairment pursuant to IAS 36 in case there are any indications of impairment.

6.7 Measurement of fair value pursuant to IFRS 13

The measurement of fair values at Austrian Post is carried out pursuant to the stipulations contained in IFRS 13. According to this standard, the fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In this connection the companies have to define the following points: the particular assets or liabilities being measured; for a non-financial asset, the measurement assumptions (assumption of the highest and best use of the asset); the preferred (or most advantageous) market in which such an orderly transaction would take place for the asset or liability; the appropriate valuation technique (depending on the available data); and the particular level in the measurement hierarchy to which this data (input factors) are assigned.

Depending on the extent to which the input factors are observable on an active market or not, they are assigned to one of three levels (so-called fair value hierarchy). Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are based on parameters other than the quoted market prices in Level 1 that are observable for the asset or liability either directly or indirectly, and contain for example quoted prices for similar assets or liabilities on active or inactive markets or other inputs which are observable for the asset or liability (interest rates and interest rate curves, implicit volatilities, credit spreads). Level 3 inputs are unobservable inputs for the asset or liability. Depending on the asset and the available inputs, Austrian Post makes use of market-based, cost-based and income-based measurements. Top priority is given to the use of observable inputs.

6.8 Investment property

Investment property is property held to earn rental income and/or for the purpose of capital appreciation, and which could be sold 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 determined by experts at Austrian Post and by external experts, using the stipulations contained in IFRS 13. Measurement is primarily carried out on the basis of an income-based valuation approach (in particular present value techniques). As a rule, the income approach is used, while the discounted cash flow method is employed in the event of more complex investment property. These involve Level 3 valuations in line with IFRS 13 (fair value hierarchy). The inputs used especially encompass object-related planning data, yield curves and market yields. Market-based approaches (in particular the comparative value method) is used for undeveloped property, in which case Level 2 valuations apply from the perspective of IFRS 13. The inputs used mainly involve price information from comparable transactions in an active market.

6.9 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 and individual assets whose recoverable amount cannot be separately determined on a stand-alone basis, the impairment test is carried out on the level of the cash generating units (CGU). 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). Corresponding surcharges in the discount rate are considered in the depiction of country, currency and price risks. 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 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.

6.10 Impairment of financial assets 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. 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 accounted for using the equity method. The recognition of impairment losses on the carrying amounts of other items relating to the net investment depends on the nature of these items.

6.11 Finance leases

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

6.12 Financial assets and liabilities

In the Austrian Post Group, financial assets and liabilities are assigned to the following classes, pursuant to IFRS 7: financial investments in securities, strategic and other stakes, derivative financial instruments, trade and other receivables, cash and cash equivalents, other financial liabilities, and trade and other payables. These financial assets and liabilities are classified as "measured at fair value through profit and loss", "available for sale", "loans and receivables" as well as "measured at amortised cost" in accordance with the categories laid down in IAS 39.

Financial assets in the category "measured at fair value through profit and loss" are carried at fair value. Realised as well as unrealised valuation gains and losses are reported in the income statement.

Available for sale financial assets are carried at fair value. Unrealised gains and losses are separately disclosed under other comprehensive income 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. Impairment losses are recognised in the income statement. 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. 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. In this case impairment losses may generally not be reversed.

Financial assets in the category "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 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.

Financial assets in the category "measured at amortised cost" are carried at amortised cost. The liabilities are recognised upon inflow and stated at the amount actually received less transaction costs plus/minus a premium or discount. In the case of valuation at amortised cost, the difference between the amount received and the repayment amount is distributed over the term to maturity using the effective interest method and included in the financial result.

6.13 Derivative financial instruments

Derivative financial instruments are assigned to the category "measured at fair value through profit and loss" pursuant to IAS 39 and are carried at fair value at the time of acquisition and in subsequent periods. At the time of acquisition, as a rule the purchase price is considered to be the best possible approximation of the fair value and thus recognised as the acquisition cost. Unrealised valuation gains and losses from derivative financial instruments are reported in profit or loss.

Austrian Post uses derivative financial instruments in isolated cases as a means of limiting and managing interest rate, currency and price risks. No transactions involving derivative financial instruments were concluded in the 2014 financial year. Furthermore, in connection with the acquisition of shares in a company, future exercisable rights to the acquisition of further interests (call options) are to be classified as derivative financial instruments pursuant to IAS 39. As at December 31, 2014, such rights existed only in connection with the acquisition of Aras Kargo a.s.

Derivative financial instruments for which the settlement takes place immediately in cash are reported under the items trade and other receivables or trade and other payables. Derivative financial instruments in connection with the acquisition of shares in a company are reported as other financial assets.

6.14 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.

6.15 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.

6.16 Provisions for termination benefits, pensions and jubilee 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. 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.

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 on the occasion of their reaching a specified length of service in the company.

Benefits of two months' salary after 25 years of service and of four months' salary 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 are entitled to an additional payment of one month's salary after 20 years of service on behalf of the company, which rises to one and a half months' salary after 25 years, two and a half months' salary after 35 years and three and a half months' salary after 40 years of employment with the company. Employees subject to the second part of the collective agreement are not entitled to any jubilee benefits.

The provisions for jubilee benefits are calculated in a similar manner to the provisions made for termination benefits and pensions, in accordance with the project unit credit method.

Actuarial parameters

Within the context of regularly evaluating and ensuring the best possible estimation of actuarial parameters used in determining provisions for termination benefits, pensions and jubilee benefits, the Austrian Post Group used company-specific parameters in the 2014 financial year as the basis for calculating the relevant amounts of these provisions. The parameters are determined using uniform Group guidelines.

The following parameters were used for calculating the provisions for termination benefits, pensions and jubilee benefits at December 31, 2013 and December 31, 2014:

	Termination benefits		Pensions		Jubilee benefits	
	2013	2014	2013	2014	2013	2014
Discount rate	3.5%	2%	3.5%	1.88%	3.5%	2%
Salary/pension increase	3.5%	3%	2%	1.75%	3.5%	3%
Employee turnover (graduated)	2%–8%	0.5%–1.75%	0%	0%	2%–8%	6.75%–23%

Retirement age	2013	2014
Female employees	60–67	60–67
Male employees	65–67	65–67
Civil servants	65–65	65–65

The weighted average duration of the defined benefit obligation amounts to 15 years for termination benefits (2013: 16 years), 13 years for pensions (2013: 12 years) and 14 years for jubilee benefits (2013: 14 years).

In order to determine the discount rate, an index for high quality corporate bonds (Mercer Pension Discount Yield Curve) is used and then the relevant interest rate is determined on the basis of the duration of the individual obligations. In contrast, the discount rate in the previous year was calculated on the basis of the average duration of the entire obligations. Due to the current low international interest rates, the discount rates applied declined compared to the unified discount rate used in the previous year.

The applied salary increases are derived from future expected wage and salary increases. These are based on the averages observed over past years as well as on the expected salary increases. The determination is carried out for each provision individually and is taking into account stipulations contained in legal regulations and collective wage agreements such as the bi-annual salary increases for civil servants.

The employee turnover rate is determined on the basis of the average observed over past years.

The effects of changes in actuarial parameters lead to actuarial gains and losses, which in the case of provisions for termination benefits and pensions are reported in other comprehensive income, whereas actuarial gains and losses from the provisions for jubilee benefits are reported in staff costs. The effects from the changes in the interest rate and changes in future salary increases are included as actuarial gains and losses from the change in financial assumptions. Actuarial gains and losses from the change in demographic assumptions include the effects of adjusting the employee turnover rate. The reconciliation of the present value of the individual obligations is presented in Note 9.12.1.

The interest expense from provisions from termination benefits, pensions and jubilee benefits are reported in the financial result. All other changes are recognised under staff costs.

6.17 Provisions for under-utilisation

Provisions for under-utilisation are made for future staff costs applying to those employees who have tenure (primarily civil servants), who lose their jobs within the context of ongoing internal organisational processes designed to reflect changing market conditions and can only be utilised partially to perform services on behalf of the company or who cannot be utilised at all anymore. These employment statuses are onerous contracts pursuant to IAS 37, in which the unavoidable costs to fulfil the contractual obligations are higher than the expected economic benefit. The provisions are calculated as the present value of the expenses arising up until the employee's retirement based on the application of an average level of under-utilisation and turnover reduction. If employees with tenure cannot be deployed by the company and cannot be leased to external companies in a cost-covering manner, provisions are determined by using a percentage cost deficit. All parameters are being continually evaluated and adjusted to reflect changing conditions.

The provisions for under-utilisation also encompass future staff costs for civil servants who are in the process of commencing retirement for reasons of physical disability. The provisions are calculated as the present value of the future staff costs for the period of the average expected time involved until retirement is approved.

The present value of the individual provisions is calculated using a discount rate and future salary increases. The interest expense is recognised under staff costs. The calculation of the parameters takes place in accordance with the approach described in Note 6.16.

The following parameters are used in calculating provisions:

Under-utilisation

	2013	2014
Discount rate	3.5%	0.75%–1.5%
Salary increase	3.5%	2.75%

The change in this parameter led to a negative valuation effect of EUR 19.4m, which has been recognised in the profit and loss account as staff costs.

The provision for employee under-utilisation also encompasses provisions for employees involved in the programme to potentially transfer to various federal ministries. In October 2013 a framework agreement was concluded with the federal government to regulate the potential transfer of Austrian Post employees to various federal ministries. Within the context of this agreement, the staff costs for employees who have already agreed to transfer to the federal public service will be borne by Austrian Post for a specified period of time. As a result, provisions are to be set aside when required.

6.18 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.

6.19 Share-based incentive programme

In December 2009, the Supervisory Board of Österreichische Post AG (Austrian Post) decided to introduce a share-based payment programme. Such a share-based payment programme (Long Term Incentive Programme) for the members of the Management Board and one for top executives was implemented in the 2010 to 2014 financial years. This programme is a share-based and performance-oriented remuneration model whose tranches extend over a three-year period (performance period), the pre-requisite being a one-time own investment on the part of the participants. The performance period extends from January 1st of the year in which the particular tranche is issued until December 31st of the third year.

The active and former Management Board members Georg Pölzl, Walter Hitzinger and Peter Umundum are taking part in the share-based incentive programmes two, three, four and five, whereas Walter Oblin is participating in the share-based incentive programmes three, four and five, and Rudolf Jettmar is taking part in the third tranche of the 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, 2014, amounted to 56,806 shares for members of the Management Board and 187,633 shares for top executives. The Austrian Post shares must be held uninterruptedly until the end of the subsequent financial year following the expiration of the performance period.

Remuneration takes place on the basis of so-called bonus shares as calculated figures. The number of bonus shares is linked to the extent to which pre-defined performance indicators are reached (earnings per share, free cash flow and total shareholder return). Target values for the performance indicators are defined at the beginning of each individual tranche, 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 of the Austrian Post share. The total bonus is subject to a specified ceiling, and limited to 225% of the bonus for the management board in case of 100% goal achievement. For top executives the bonus is limited with a maximum goal achievement of between 125% and 225% depending on the tranches, or limited depending on the individual's annual salary.

The currently expected number of bonus shares (accounting figures) of the individual tranches on the respective settlement dates can be broken down as follows:

	Dec. 31, 2013	Dec. 31, 2014
Number of bonus shares per tranche		
Tranche 2	358,195	2,340
Tranche 3	449,630	458,776
Tranche 4	288,073	378,975
Tranche 5	0	233,463
	1,095,898	**1,073,554**

On the settlement date, the payment is made either in shares of the Austrian Post Group or cash. All the members of the Management Board opted for the payment in cash, which was also decided for the executives participating in the programme. Accordingly, there is currently no obligation to carry out a settlement in the form of equity instruments. The payments are reported as share-based payments with a cash settlement.

The acquired services and the arising obligation are recognised at the fair value of the obligation on a pro rata basis to the extent of the performance rendered to date. Until this debt is settled, the fair value must be newly determined at every reporting date and on the settlement date. All changes in fair value are reported in profit and loss under staff costs. The fair value of the obligation is calculated by means of a specified model taking into account the performance indicators and the scope of the employee's achievements. This involves an income-based approach (present value technique) pursuant to IFRS 13 taking account of the expected goal attainment (based on company planning), employee turnover and an estimate of the future share price. The data used is to be considered as Level 3 inputs in accordance with the fair value hierarchy.

The fair value of the obligation is reported as a provision and can be broken down according to the respective settlement dates of the individual tranches as follows:

EUR m	Dec. 31, 2013	Dec. 31, 2014
Carrying amount of the provision		
Tranche 2	10.2	0.0
Tranche 3	7.0	11.7
Tranche 4	2.5	7.8
Tranche 5	0.0	3.3
	19.7	**22.8**

The total expense for the share-based payments in the particular reporting period can be broken down according to the individual branches as follows:

EUR m	2013	2014
Total expense		
Tranche 2	3.5	0.0
Tranche 3	4.5	4.6
Tranche 4	2.5	5.3
Tranche 5	0.0	3.3
	10.5	**13.2**

In the 2014 financial year, tranche 2 was paid out completely in cash to the amount of EUR 10.0m.

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, 2014: EUR 199.1m; December 31, 2013: EUR 181.8m) 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/pension increases by +/–1 percentage point and a change in the employee turnover by +/–1 percentage point would have the following pension effects on the provisions:

EUR m	Discount rate		Salary/pension increase		Employee turnover	
	–1% point	**+1% point**	**–1% point**	**+1% point**	**–1% point**	**+1% point**
Termination benefits	15.0	–14.7	–14.5	14.4	0.5	–1.1
Pensions	0.4	–0.3	–0.3	0.3	0.0	0.0
Jubilee benefits	8.3	–7.4	–7.3	8.0	0.5	–1.5

7.2 Provisions for under-utilisation

The measurement of the provisions for under-utilisation (carrying amount as at December 31, 2014: EUR 194.3m; December 31, 2013: EUR 213.3m) is based on assumptions regarding the degree of under-utilisation, discount rate, future salary/pension increases and employee turnover of the affected employees.

If all other parameters remain constant, a change in the degree of under-utilisation 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	Under-utilisation		Discount rate		Salary increases		Employee turnover	
	–10% Points	+10% Points	–1% Point	+1% Point	–1% Point	+1% Point	–10% Points	+10% Points
Under-utilisation	–21.2	21.2	13.4	–12.0	–12.0	13.1	24.2	–24.2

7.3 Recognition of previous employment periods

In a decision handed down on November 11, 2014 (Legal Case Schmitzer), the European Court of Justice concurred with the previous ruling made by the Austrian Administrative Court and determined that the legal regulations enacted in Austria in the year 2010 to end discrimination based on age in the salary system of civil servants is not suitable to solve the problem of age discrimination, and thus violates the European Union's prohibition on age discrimination. The ruling of the European Court of Justice would have led to a retroactively new salary classification of the affected employees and to corresponding back payments on the part of Austrian Post. Against this backdrop, it was necessary to evaluate whether an obligation existed on the balance sheet date of December 31, 2014, and whether it was necessary to allocate provisions. In evaluating the question about whether or not a financial obligation exists, all relevant facts including events after the reporting periods must be taken into account.

In light of the fact that the recognition of previous employment periods would not only impact the civil servants assigned to Austrian Post but all civil servants in the federal government, the Austrian Parliament subsequently reacted and prepared to implement related reforms effective on January 21, 2015. The corresponding federal law took effect on February 12, 2015. A new salary system has been put in place which is not dependent in any way on the age of a civil servant. All active civil servants, also those at Austrian Post, will be legally encompassed by the new system. The main point of criticism voiced by the European Court of Justice, namely that the remuneration system continues the discrimination of Austrian civil servants, was dealt with and the problem was completely resolved. With the service law reform taking effect, it was expressly stated that those sections of the Salaries Act (Gehaltsgesetz), on which civil servants base their recalculation of the date of salary increase, are – in their earlier versions – no longer applicable in ongoing and future procedures. Accordingly, no financial obligation on the part of Austrian Post exists as at the balance sheet date of December 31, 2014, and there is no necessity to allocate provisions to cover any obligations.

For civil servants who are possibly not subject to the service law reform, a provision to the amount of EUR 5.3m was allocated for imminent back payments.

7.4 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 do not lead to 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 or 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 recognised in profit or loss.

7.5 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 by impairment tests on goodwill and the related sensitivities are explained in the section on balance sheet disclosures under Note 9.1 Goodwill.

7.6 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 fair value is not possible. The approach is described in the section on income statement disclosure under Note 10.2.4 Fair Value Hierarchy.

7.7 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 utilisability. The recognition of these tax claims is based on planning calculations on the part of the company's management concerning the level of taxable income and the effective utilisability 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 required infrastructure consists of logistics centres, delivery bases, vehicles as well as company-operated branch offices and third-party operated postal partners.

There are three kinds of services which are 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 of the acceptance, sorting and delivery of standard and express parcels. The transport of parcels takes place via a close-knit distribution network. The required infrastructure consists of delivery bases, logistics centres, warehouses and a delivery fleet. The service offering is complemented by specialty logistics services such as combined freight, pharmaceutical and temperature-controlled logistics, 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 the Corporate Division 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 AND LOSS

2013 financial year adjusted[1] EUR m	**Mail & Branch Network**	**Parcel & Logistics**	**Corporate**	**Consolidation**	**Group**
Revenue with third parties	1,510.3	855.6	0.9	0.0	2,366.8
Revenue with other segments	75.1	9.4	186.2	–270.8	0.0
Total revenue	**1,585.4**	**865.0**	**187.1**	**–270.8**	**2,366.8**
Results from financial assets accounted for using the equity-method	–6.7	1.8	–1.6	0.0	–6.6
EBITDA	**320.7**	**42.8**	**–58.9**	**–0.1**	**304.5**
Depreciation, amortisation and impairment losses	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**
Other financial result					–14.8
Profit before tax					**171.2**
Segment investments	38.7	18.6	41.6	–0.1	98.8

[1] Adjustments made to change in the presentation of intrasegment revenue – refer to Note 3.2

INFORMATION ABOUT PROFIT OR LOSS

2014 financial year EUR m	**Mail & Branch Network**	**Parcel & Logistics**	**Corporate**	**Consolidation**	**Group**
Revenue with third parties	1,487.7	882.0	0.8	0.0	2,370.5
Revenue with other segments	79.4	8.8	181.1	–269.3	0.0
Total revenue	**1,567.1**	**890.8**	**181.9**	**–269.3**	**2,370.5**
Results from financial assets accounted for using the equity-method	1.1	2.0	–3.2	0.0	–0.1
EBITDA	**311.0**	**41.4**	**–18.6**	**0.0**	**333.8**
Depreciation, amortisation and impairment losses	41.0	60.9	35.3	–0.2	136.9
thereof impairment losses recognised in profit or loss	9.9	39.8	2.4	0.0	52.0
EBIT	**270.0**	**–19.5**	**–53.9**	**0.3**	**196.9**
Other financial result					–2.8
Profit before tax					**194.0**
Segment investments	42.1	22.9	23.8	0.0	88.9

Intersegment transactions take place at market-oriented transfer pricing.

Revenue with third parties refers to revenue with companies outside of the Austrian Post Group. Revenue with other segments refers to business relationships among the subsidiaries, business relationships between the subsidiaries and the parent company Österreichische Post AG in which services are supplied across different segments and the invoicing of services within the parent company Österreichische Post AG. Depreciation and amortisation including impairment losses result from assets assigned to the respective segment. Segment investments include investments in intangible assets as well as in property, plant and equipment.

INFORMATION ABOUT GEOGRAPHICAL AREAS

2013 financial year EUR m	**Austria**	**Germany**	**Other countries**	**Group**
Revenue with third parties	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

2014 financial year EUR m	**Austria**	**Germany**	**Other countries**	**Group**
Revenue with third parties	1,721.5	524.3	124.7	2,370.5
Non-current assets other than financial instruments and deferred tax assets	654.1	123.4	57.5	835.0

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

8.2 Other operating income

EUR m	2013	2014
Leases	25.6	26.2
Unchargeable expenses	6.6	12.9
Personnel leasing and administration	5.3	6.2
Disposal of property, plant and equipment	5.9	3.6
Damages	2.0	2.2
Work performed by the enterprise and capitalised	3.2	1.8
Pallet income	4.6	1.3
Gains from the disposal of the Postgasse 8 property	0.0	62.4
Other	16.6	17.8
	69.7	**134.4**

Other operating income includes the gain from deconsolidation from the sale of Austrian Post's stake in the company Postgasse 8 Entwicklungs AG & Co OG. For further information, refer to Note 9.10 Non-current assets held for sale.

Other operating income from leases fully or partially relates to leased assets (property, plant and equipment and investment property). The corresponding assets are recognised in the balance sheet as at December 31, 2014 with a net carrying amount of EUR 164.9m (December 31, 2013: EUR 178.9m). As a rule the underlying leasing relationships involve cancellable operating leases with an indexation of rentals. The future minimum lease payments from non-cancellable operating leases as at the balance sheet date amount to EUR 0.3m for the next financial year (December 31, 2013: EUR 0.7m).

Unchargeable expenses primarily involve transitory items set against equally high expenses.

8.3 Raw materials, consumables and services used

EUR m	2013	2014
Materials		
Fuels	31.1	29.8
Merchandise	27.0	21.2
Stamps	2.2	2.1
Supplies and clothing	20.3	22.0
Spare parts and other raw materials and consumables	1.5	1.8
Remeasurements	0.3	0.7
	82.5	**77.6**
Services used		
International postal carriers	68.4	71.4
Advertising distributors	42.5	43.1
Energy	17.9	17.8
Transport	495.1	484.4
Other	46.9	50.2
	670.8	**666.9**
	753.3	**744.5**

8.4 Staff costs

EUR m	2013	2014
Wages and salaries	820.4	840.2
Termination benefits	24.3	24.2
Pensions	0.2	0.2
Statutory levies and contributions	220.1	231.8
Other staff costs	8.4	13.0
	1,073.5	**1,109.5**

The breakdown of termination benefits is as follows:

EUR m	2013	2014
Management Board	0.6	0.1
Executive staff	0.3	0.2
Other employees	23.4	23.8
	24.3	**24.2**

In the 2014 financial year, contributions of EUR 2.7m (2013: EUR 2.4m) 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:

	2013	2014
Blue-collar employees	3,481	3,499
White-collar employees	13,252	13,515
Civil servants	9,529	8,788
Trainees	70	86
Total number	**26,331**	**25,888**
Corresponding full-time equivalents	**24,211**	**23,912**

8.5 Depreciation, amortisation and impairment losses

EUR m	2013	2014
Impairment losses on goodwill	**32.4**	**48.6**
Amortisation of intangible assets		
Scheduled depreciation	11.0	11.8
Impairment losses	2.7	1.1
	13.7	**12.9**
Depreciation of property, plant and equipment		
Scheduled depreciation	68.8	70.2
Impairment losses	0.0	1.5
	68.8	**71.7**
Depreciation of investment property		
Scheduled depreciation	3.6	2.9
Impairment losses	0.0	0.9
	3.6	**3.8**
	118.5	**136.9**

For an explanation of impairment on goodwill, refer to the section on balance sheet disclosures under Note 9.1 Goodwill.

Impairment losses on intangible assets amounting to EUR 1.0m in 2014 were reported on a software solution which no longer provides any economic benefits (Corporate segment). Impairment losses in the previous year totalling EUR 2.7m related to declining customer relationships in the Mail & Branch Network segment.

With respect to property, plant and equipment and investment property, the impairment losses were recognised to the lower fair value according to a valuation report. The impairment losses on property, plant and equipment related to the Corporate segment, whereas impairment losses on investment property related to the Parcel & Logistics segment. No impairment losses were reported in the previous year.

8.6 Other operating expenses

EUR m	2013	2014
Leasing and rental payments	81.3	79.9
Maintenance	44.9	49.4
IT services	32.3	36.7
Travel and mileage	25.7	26.5
Contract and leasing staff	17.2	18.5
Communications and advertising	16.1	17.1
Waste disposal and cleaning	12.4	13.2
Unchargeable expenses	5.0	11.3
Revaluation of receivables	8.0	9.6
Damages	8.6	8.6
Insurance	9.9	8.5
Consultancy	10.7	8.3
Other taxes (excl. income taxes)	7.3	8.0
Telephone	4.5	3.9
Training and professional development	3.2	3.2
Losses from the disposal of property, plant and equipment	2.5	1.9
Other	9.0	12.5
	298.6	**317.0**

8.7 Other financial result

EUR m	Note	2013	2014
Financial income			
Interest income		3.3	3.4
Income from securities		0.6	0.8
Income from currency translation		0.1	0.0
		4.1	**4.2**
Financial expenses			
Interest expense (financial liabilities)		–2.3	–1.4
Interest expense (interest effects of provisions)	(9.12.1)	–6.0	–5.2
Impairment losses on receivables from investments consolidated at equity	(9.5.1)	–10.6	–0.4
		–18.8	**–7.1**
		–14.8	**–2.8**

The impairment losses on receivables from investments consolidated at equity in the 2013 financial year related to shareholder loans to the joint venture company MEILLERGHP.

8.8 Earnings per share

		2013	2014
Profit for the period attributable to equity holders of the parent company	(EUR m)	123.2	146.5
Adjusted profit for the period for the identification of diluted earnings per share	(EUR m)	124.3	146.5
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)	68,180,816	67,552,638
Basic earnings per share	**(EUR)**	**1.82**	**2.17**
Diluted earnings per share	**(EUR)**	**1.82**	**2.17**

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

		2013	2014
Ordinary shares	(Shares)	67,552,638	67,552,638
Issue of shares for no consideration without payment in return:			
Share-based payment – dilutive	(Shares)	628,178	0
Weighted average number of outstanding ordinary shares used in calculating diluted earnings per share	**(Shares)**	**68,180,816**	**67,552,638**

9 BALANCE SHEET DISCLOSURES

9.1 Goodwill

EUR m	2013	2014
Historical costs		
Balance at January 1	**232.5**	**241.8**
Additions arising from acquisitions	9.4	0.6
Reclassification to “held for sale””	0.0	–6.3
Currency translation differences	–0.1	–1.1
Balance at December 31	**241.8**	**235.0**
Impairment losses		
Balance at January 1	**49.0**	**81.2**
Additions	32.4	48.6
Reclassification to “held for sale”	0.0	–6.3
Currency translation differences	–0.1	–0.7
Balance at December 31	**81.2**	**122.8**
Carrying amount at January 1	**183.5**	**160.6**
Carrying amount at December 31	**160.6**	**112.2**

Additions arising from acquisitions in 2014 refer to business combinations pursuant to IFRS 3 in connection with the acquisition of the businesses of five distribution companies by the trans-o-flex Group (refer to Note 4.1 Consolidation scope). The reclassification as held for sale relates to the subsidiary feibra Magyarország kft.

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

EUR m	Dec. 31, 2013	Dec. 31, 2014
Mail & Branch Network		
feibra Group	30.9	30.9
PostMaster Sp. z o.o.	9.7	0.0
PostMaster s.r.l.	8.0	8.0
Other< EUR 5m[1]	11.2	11.2
	59.9	**50.2**
Parcel & Logistics		
trans-o-flex	87.6	49.4
Slovak Parcel Service s.r.o. & IN TIME s.r.o.	5.2	5.2
Other < EUR 5m[1]	7.8	7.5
	100.7	**62.0**
	160.6	**112.2**

[1] Goodwill of under EUR 5m is calssificated as immaterial in relation to the entire carrying amount of goodwill.

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 2015 financial year and the medium-term business planning for a period of an additional three years (2016–2018). 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 2019 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% (2013: 1.0%) is applied. The main valuation assumptions underlying the determination of the recoverable amount were made by 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 to the primary individual cash generating units:

	Dec. 31, 2013 Pre-tax WACC	**Dec. 31, 2014 Pre-tax WACC**
Mail & Branch Network		
feibra Group	9.1%	7.9%
PostMaster s.r.l.	12.3%	11.7%
PostMaster Sp. z o.o.	8.8%	8.2%
Other < EUR 5m	9.3%–13.0%	8.0%–12.2%
Parcel & Logistics		
trans-o-flex	10.1%	9.2%
Slovak Parcel Service. s.r.o & IN TIME s.r.o.	11.7%	10.0%
Other < EUR 5m	10.0%–17.4%	8.7%–19.3%

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

EUR m	**2013**	**2014**
Additions to impairment losses on goodwill		
Mail & Branch Network		
PostMaster sp. z o.o.	0.0	9.7
feibra Magyarország Kft.	1.7	0.0
PostMaster s.r.l.	3.7	0.0
	5.4	**9.7**
Parcel & Logistics		
trans-o-flex	27.0	38.9
	27.0	**38.9**
	32.4	**48.6**

The cash generating unit (CGU) PostMaster Sp. z o.o., Kraków, Mail & Branch Network segment, ranks among the leading providers in Poland in the field of non-addressed delivery of mail items. Indications of impairment already existed for this CGU in the second quarter of 2014, and the impairment test resulted in an impairment loss on goodwill to the amount of EUR 4.9m. Due to ongoing high level of competitive intensity, even the adapted revenue expectations for 2014 could not be fulfilled, and estimates for medium-term growth expectations were also revised downwards again. The impairment test carried out again in the fourth quarter of 2014 led to recognition of an additional impairment loss of EUR 4.8m. Accordingly, the entire impairment loss on goodwill reported for the 2014 financial year totalled EUR 9.7m, which is recognised in the consolidated income statement under depreciation, amortisation and impairment losses.

The CGU trans-o-flex (Parcel & Logistics segment) offers a broad range of European-wide logistics services in the business areas express delivery services (Schnell-Lieferdienst), ThermoMed and logistics services. Due to the ongoing difficult business environment prevailing on the German combined freight market, the effects of the successfully implemented restructuring measures were more than offset by negative market effects. The expected earnings improvements have fallen short of expectations. As a result, medium-term revenue and earnings expectations were revised downwards. The impairment test carried out in the fourth quarter of 2014 led to recognition of an impairment loss of EUR 38.9m on goodwill which had previously been reported to the amount of EUR 87.6m. The impairment loss was reported under depreciation, amortisation and impairment losses in the consolidated income statement.

In addition to the impairment test, sensitivity analyses relating to the primary valuation assumptions were also carried out for all material 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.	0.8	1.3	1.1
PostMaster Sp. z o.o.	0.3	0.2	0.1
trans-o-flex	8.2	19.2	16.1

9.2 Intangible assets

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**

2014 financial year EUR m	**Note**	**Customer relationships**	**Trademarks**	**Other intangible assets**	**Total**
Historical costs					
Balance at January 1, 2014		**76.2**	**29.2**	**66.3**	**171.7**
Additions arising from acquisitions		0.8	0.0	0.1	1.0
Additions		3.6	0.0	4.8	8.3
Disposals		0.0	0.0	0.6	0.6
Transfers		0.0	0.0	0.4	0.4
Reclassification to “held for sale”		–0.3	0.0	–0.1	–0.5
Currency translation differences		–0.3	0.0	0.0	–0.4
Balance at December 31, 2014		**79.9**	**29.2**	**70.8**	**180.0**
Depreciation and impairment losses					
Balance at January 1, 2014		**60.3**	**3.8**	**44.3**	**108.5**
Additions arising from acquisitions		0.0	0.0	0.0	0.0
Additions	(8.5)	5.2	0.1	7.5	12.9
Disposals		0.0	0.0	0.5	0.5
Reclassification to “held for sale”		–0.3	0.0	–0.1	–0.5
Currency translation differences		–0.3	0.0	0.0	–0.3
Balance at December 31, 2014		**65.0**	**3.8**	**51.2**	**120.1**
Carrying amount at January 1, 2014		**15.9**	**25.4**	**21.9**	**63.3**
Carrying amount at December 31, 2014		**15.0**	**25.4**	**19.6**	**59.9**

No external borrowing costs were capitalised in the 2014 financial year as in the previous year.

Intangible assets contain trademarks with indefinite useful lives with a carrying amount of EUR 25.4m (Dec. 31, 2013: EUR 25.4m) as well as commercial property rights with indefinite useful lives with a carrying amount of EUR 0.4m (Dec. 31, 2013: EUR 0.4m).

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

The following table shows the net carrying amounts of the trademarks by segment and CGU as at December 31, 2013 and December 31, 2014:

EUR m	Dec. 31, 2013	Dec. 31, 2014
Parcel & Logistics		
trans-o-flex	25.1	25.0
Other	0.4	0.4
	25.4	**25.4**

9.3 Property, plant and equipment

2013 financial year EUR m	Note	Property and buildings	Technical plant and machinery	Other equipment, furniture and fittings	Payments received in advance and assets under construction	Total
Historical cost						
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
Reclassifications as investment property		–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 as investment property		–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**

2014 financial year EUR m	Note	Property and buildings	Technical plant and machinery	Other equipment, furniture and fittings	Payments received in advance and assets under construction	Total
Historical costs						
Balance at January 1, 2014		**765.1**	**195.7**	**324.7**	**30.6**	**1.316.0**
Additions arising from acquisitions		0.0	0.0	0.0	0.0	0.0
Additions		10.4	21.0	39.5	7.8	78.7
Disposals		1.8	64.7	21.5	0.0	88.0
Transfers		16.2	9.2	1.0	–26.8	–0.4
Reclassification as investment property		–99.1	0.0	0.0	0.0	–99.1
Reclassification to “held for sale”		0.0	–0.1	–0.8	0.0	–0.9
Currency translation differences		–0.1	0.0	–0.3	0.0	–0.4
Balance at December 31, 2014		**690.8**	**161.1**	**342.4**	**11.6**	**1,205.9**
Depreciation and impairment losses						
Balance at January 1, 2014		**384.5**	**141.5**	**174.2**	**0.0**	**700.2**
Additions arising from acquisitions		0.0	0.0	0.0	0.0	0.0
Additions	(8.5)	21.6	12.2	38.0	0.0	71.7
Disposals		1.3	63.7	19.9	0.0	85.0
Reclassification as investment property		–77.6	0.0	0.0	0.0	–77.6
Reclassification to “held for sale”		0.0	–0.1	–0.8	0.0	–0.9
Currency translation differences		0.0	0.0	–0.2	0.0	–0.2
Balance at December 31, 2014		**327.1**	**89.8**	**191.3**	**0.0**	**608.2**
Carrying amount at January 1, 2014		**380.6**	**54.2**	**150.4**	**30.6**	**615.9**
Carrying amount at December 31, 2014		**363.7**	**71.3**	**151.2**	**11.6**	**597.7**

No external borrowing costs were capitalised in the 2014 financial year as in the previous year.

Of the additions to payments received in advance and assets under construction to the amount of EUR 7.8m, a total of EUR 4.8m is for assets under construction relating to the new corporate headquarters of Austrian Post.

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 right of use 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 right of use to these facilities was leased back to the company for a period of 24 years. As a consequence of the agreement the above-mentioned facilities continue to be reported as property, plant and equipment of Austrian Post. The carrying amount of the property, plant and equipment pledged as collateral totalled EUR 23.1m (Dec. 31, 2013: EUR 15.7m). The cross-border lease agreement also accords Austrian Post the right to repurchase the right of use 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.

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, 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 Austrian Post. Austrian Post is faced with the residual risk of a claim in the event of the insolvency of the payment undertakers.

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

	Dec. 31, 2013	Dec. 31, 2014
Standard & Poor's	AA- (Stable) / A (Stable)	AA- (Stable / A (Negative)
Moody's	Aa3 (Positive) / A2 (Negative)	Aa3 (Stable) / A2 (Negative)

At December 31, 2014, the outstanding amount to be paid by the payment undertakers totalled EUR 90.8m (December 31, 2013: EUR 80.6m).

The net present value benefit originally accruing to the company is carried under deferred income (December 31, 2014: EUR 3.4m; December 31, 2013: EUR 3.8m) and recognised in profit or loss over the term of the agreement.

Finance leases

Net carrying amounts and useful lives of the leased asses EUR m	**Useful lives in years**	**Carrying amount Dec. 31, 2013**	**Carrying amount Dec. 31, 2014**
Property and buildings	30–43	13.7	13.4
Technical plant and machinery	5–10	1.2	0.7
Other equipment, furniture and fittings	2–8	3.5	2.2

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

EUR m	2013	2014
Minimum lease payments		
Not later than one year	3.2	2.3
Later than one year and not later than five years	5.6	4.1
Later than five years	5.0	4.1
	13.9	**10.5**
Less:		
Future financing costs	**–1.3**	**–0.8**
Present value of the minimum lease payments		
Not later than one year	2.9	2.2
Later than one year and not later than five years	5.2	3.8
Later than five years	4.5	3.7
	12.6	**9.7**

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 2014 financial year, as in the previous year.

9.4 Investment property

EUR m	Note	2013	2014
Historical cost			
Balance at January 1		**141.3**	**140.1**
Additions		0.5	4.4
Disposals		3.0	4.1
Reclassification from property, plant and equipment		4.8	99.1
Reclassification to “held for sale”		–3.4	–16.7
Balance at December 31		**140.1**	**222.8**
Depreciation and impairment losses			
Balance at January 1		**103.5**	**106.6**
Additions	(8.5)	3.6	3.8
Disposals		2.2	3.0
Reclassification from property, plant and equipment		3.1	77.6
Reclassification to “held for sale”		–1.5	–14.1
Balance at December 31		**106.6**	**170.9**
Carrying amount at January 1		**37.8**	**33.5**
Carrying amount at December 31		**33.5**	**51.8**

EUR m	Dec. 31, 2013	Dec. 31, 2014
Fair value	214.4	197.1
Rental income	14.1	14.6
Expenses arising from property generating rental income	3.6	4.6
Expenses arising from property not generating rental income	1.1	1.1

The decrease in the fair value of investment property held for sale can mainly be attributed to the disposal of the company's stake in the development company Postgasse 8 Entwicklungs AG & Co OG. An offsetting influence comes from the reclassification of two commercial properties in Linz from property, plant and equipment to investment property.

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 2014 financial year as in the previous year.

9.5 Joint ventures and associates

9.5.1 Financial assets accounted for using the equity method

Composition of carrying amounts EUR m	**Interest %**	**2013**	**Interest %**	**2014**
Associates				
ADELHEID GmbH, Berlin	44.4	3.8	45.4	1.6
D2D – direct to document GmbH, Vienna	30.0	0.1	30.0	1.4
Eurodis GmbH, Weinheim	39.8	0.1	39.8	0.1
media.at GmbH, Vienna	20.5	0.8	20.5	0.5
		4.7		**3.7**
Joint ventures				
MEILLERGHP GmbH, Schwandorf	65.0	0.0	65.0	0.0
Aras Kargo a.s., Istanbul	25.0	45.6	25.0	49.6
OMNITEC GmbH, Vienna	50.0	0.0	50.0	0.0
		45.6		**49.6**
Net carrying amount at December 31		**50.3**		**53.3**

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. Due to the fact that they are operated as individuals entities, these companies are considered to be joint ventures pursuant to IFRS 11. All shares in joint venture companies are accounted for using the equity method 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. A change in the balance sheet date is not possible. The company prepared interim financial statements as at December 31, 2014.

The aggregated carrying amount of the shares in the individual immaterial associates amounts to EUR 3.7m (2013: EUR 4.7m). The aggregated carrying amount of the individual immaterial joint ventures amounts to EUR 0.0m (2013: EUR 0.0m).

Reconciliation of carrying amounts EUR m	2013	2014
Net carrying amount on January 1	**7.1**	**50.3**
Additions arising from acquisitions	51.2	0.0
Additions arising from shareholder contribution	6.1	1.8
Disposals arising from business combination in stages	–5.8	0.0
Reversal of impairment	0.0	1.1
Proportionate share of profit for the period	0.2	–1.3
Dividends	–1.2	–0.7
Currency translation differences	–7.2	2.1
Revaluation of defined benefit obligation	–0.2	–0.1
Net carrying amount at December 31	**50.3**	**53.3**

The addition arising from acquisitions in 2013 resulted from the purchase of the joint venture company Aras Kargo a.s. The disposal arising from business combinations in stages in the previous year amounted to EUR 5.8m and related to the gaining of a controlling interest in FEIPRO Vertriebs GesmbH, Gaweinstal and M&BM Express OOD, Sofia, pursuant to IFRS 3.

The addition arising from a shareholder contribution to the amount of EUR 1.8m includes contributions of EUR 1.5m (2013: EUR 6.1m) to ADELHEID GmbH. On the occasion of the recovery and reorientation of D2D GmbH, a reversal of impairment of EUR 1.1m on the increased recoverable amount was reported pursuant to IAS 28. The currency translation differences totalling EUR 2.1m (2013: minus EUR 7.2m) resulted from the stake acquired in the Turkish company Aras Kargo a.s.

Aras Kargo

Aras Kargo a.s. is considered to be a material joint venture company for Austrian Post. The stake in Aras Kargo a.s., one of the leading Turkish parcel service providers, enables Austrian Post to enter the promising Turkish market within the context of its defined growth strategy.

The following table summarises the financial information relating to the material joint venture Aras Kargo a.s., as reported in its own annual financial statements, restated to reflect the fair values at the acquisition date and differences in accounting methods. The table also shows the reconciliation of the summarised financial information to the carrying amount of the stake held by the Austrian Post Group.

	Aras Kargo	
Financial information EUR m	**2013[1]**	**2014**
Non-current assets	108.8	120.2
Current assets	39.7	43.8
thereof cash and cash equivalents	16.5	13.6
Non-current liabilities	19.6	14.2
thereof financial liabilities with the exception of trade and other payables and provisions	12.9	6.6
Current liabilities	57.1	66.9
thereof financial liabilities with the exception of trade and other payables and provisions	9.8	9.4
Net assets (100%)	**71.8**	**82.8**
Share of the Group in net assets	17.9	20.7
Goodwill	27.7	28.9
Net carrying amount on December 31	**45.6**	**49.6**
Revenue	111.1	250.5
Profit for the period	7.1	8.0
thereof scheduled deprecation	2.5	6.6
thereof interest income	0.6	1.1
thereof interest expense	2.1	3.7
thereof income tax	2.1	2.8
Other comprehensive income	–29.5	8.1
Total comprehensive income	**–22.4**	**16.1**
Proportionate share of Austrian Post Group in total earnings	**–5.6**	**4.0**
Dividends received	**0.0**	**0.0**

[1] Presentation of earnings since the company's acquisition by the Austrian Post Group.

The following potential obligations exist in connection with Austrian Post's stake in 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 fulfil 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.

New legal regulations took effect in Turkey in the 2013 financial year which increased the legally required equity capital requirements for publicly listed companies. The possibility existed that the company would fall short of these requirements on the basis of its annual financial statements as at December 31, 2013. However, as at September 30, 2014, Aras Kargo was already able to fulfill the equity capital requirements on its own accord.

MEILLERGHP

Due to the ongoing difficult market environment and its negative effects on MEILLERGHP, a fundamental restructuring of the company was deemed to be essential. On February 7, 2014, MEILLERGHP GmbH submitted an application in Germany to the Regional Court in Amberg for judicial reorganisation insolvency proceedings ("protective shield proceedings"). The insolvency proceedings with the debtor in self-administration were opened pursuant to a ruling handed down on May 1, 2014. Within the course of this process, MEILLERGHP repositioned itself structurally and was able to continue its business operations uninterruptedly in 2015. As a consequence of the prevailing legal situation in Germany, Austrian Post was not able to file claims against the company for receivables arising from the shareholder relationship, and thus these claims are considered to be waived with the legally valid confirmation of the plan. At the same time, Austrian Post approved the initiation of a sales process under the leadership of a trustee. The potential proceeds from the sale will primarily be applied to satisfy the claims of creditors of the company. Austrian Post concluded an agreement with the trustee in which case its shares would automatically be handed over to the trustee at the time of the sale of its shares in MEILLERGHP by December 31, 2015. The trustee agreement does not affect the classification of the company as a joint venture pursuant to IFRS 11.

The carrying amount of the total net investments in MEILLERGHP recognised in the balance sheet as financial assets accounted for using the equity method already amounted to zero at the end of 2013. In the 2014 financial year pro-rata negative operating results of EUR 10.4m were accordingly not recognised against the shareholding in the company, and were thus carried forward off the balance sheet. This corresponds to the existing total amount of the negative results which were not recognised as of December 31, 2014.

ADELHEID GmbH

As at December 31, 2014, an outstanding liability existed to pay a premium amounting to EUR 0.4m from a capital increase carried out in the 2014 financial year. In addition, Austrian Post made a commitment to the other partners to participate in a further capital increase including a premium in 2015 to the amount of EUR 2.4m. The registration of the equity issue in the commercial register took place on January 30, 2015. The premium is to be paid after a written request is made by the management board of the company. The precise amount of the individual instalments is to be determined by the management board in accordance with the liquidity requirements of ADELHEID GmbH.

9.5.2 Results from financial assets accounted for using the equity method

The following table breaks down the aggregated share of total earnings and other comprehensive income of individual, immaterial associates and joint ventures. The table also shows the reconciliation to the results from financial assets accounted for using the equity method.

Results from financial assets accounted for using the equity method EUR m	**2013**	**2014**
Immaterial associates		
Share of profit for the period	–1.6	–3.1
Reversal of impairment	0.0	1.1
	–1.6	**–1.9**
Immaterial joint ventures		
Share of profit for the period	–6.8	–0.2
Share of other comprehensive income	–0.5	0.0
	–7.2	**–0.2**
Material associates and joint ventures		
Share of profit for the period	1.8	2.0
Share of other comprehensive income	–7.4	2.0
	–5.6	**4.0**
Results from financial assets accounted for using the equity method	**–6.6**	**–0.1**
Financial assets accounted for using the equity method – share of other comprehensive income	**–7.8**	**2.0**

In the previous year, EUR 0.2m of the proportionate share of the profit for the period amounting to minus EUR 6.6m was offset in the carrying amounts of the stakes held in these companies, and minus EUR 6.8m was offset against existing shareholder loans to MEILLER GHP. Similarly, minus EUR 0.5m of the share of other comprehensive income in the previous year was offset against these shareholder loans.

9.6 Other financial assets

EUR m		**Dec. 31, 2013**			**Dec. 31, 2014**	
	Due within 1 year	**Due in more than 1 year**	**Total**	**Due within 1 year**	**Due in more than 1 year**	**Total**
Securities	13.3	51.7	65.0	6.4	46.8	53.1
Strategic and other stakes	0.0	12.2	12.2	0.0	12.2	12.2
Derivative financial assets	0.0	0.0	0.0	0.0	1.7	1.7
	13.3	**63.9**	**77.2**	**6.4**	**60.7**	**67.1**

Securities

The carrying amount of the securities mainly relates to investment funds and bonds. The securities held 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.

Strategic and other stakes

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, 2014 (December 31, 2013: EUR 8.0m). The carrying amount in other financial assets of the stake in Wiener Börse AG as at December 31, 2014 amounted to EUR 4.2m (December 31, 2013: EUR 4.2m).

Derivative financial assets

In the 2013 financial year, Austrian Post acquired 25% of the shares of Aras Kargo a.s. In addition, Austrian Post was granted the unilaterally exercisable right to acquire an additional 50% of the shares from the Aras family in the period April 1 – June 30, 2016. The exercise price is considered to be a multiple of the operating results of Aras Kargo a.s. in the year 2015 less net financial liabilities. In addition, a subordinate earn out component was also agreed upon. No separate acquisition price was paid for obtaining this right. The fair value at the time of the addition and as at December 31, 2013 was recognised as zero. The valuation of the call option takes place mainly on the basis of the expected planned results in comparison with the fair value valuation of the shares.

Disclosures on determining market values are in Note Other Disclosures under 10.1 Financial instruments.

9.7 Inventories

EUR m	Dec. 31, 2013	Dec. 31, 2014
Materials and consumables	10.5	10.6
Less impairment losses	–4.9	–4.8
Retail products	13.8	13.3
Less impairment losses	–2.3	–2.3
	17.1	**16.7**

The carrying amount of inventories recognised at their net realisable value amount to EUR 0.2m (December 31, 2013: EUR 0.3m). Value adjustments were necessary, particularly due to their limited commercial utility or long periods of storage.

9.8 Trade and other receivables

EUR m adjusted[1]	Dec. 31, 2013 Due within 1 year	Dec. 31, 2013 Due in more than 1 year	Dec. 31, 2013 Total	Dec. 31, 2014 Due within 1 year	Dec. 31, 2014 Due in more than 1 year	Dec. 31, 2014 Total
Trade receivables	251.3	0.0	251.3	242.3	0.0	242.3
Receivables from financial assets accounted for using the equity method	1.0	2.3	3.3	1.0	4.1	5.1
Other receivables	43.3	18.3	61.6	108.7	16.9	125.6
	295.6	**20.7**	**316.2**	**352.0**	**21.0**	**373.0**

[1] Adjustment due to the reclassification of invoiced services which were not yet rendered. Refer to section 3.2

The receivables from financial assets accounted for using the equity method as at December 31, 2013 included completely written-down receivables from shareholder loans from the company MEILLERGHP consolidated at equity. As at December 31, 2014, these items contain subordinate shareholder loans including accrued interest to the amount of EUR 4.3m from AEP GmbH.

Other receivables include EUR 60.0m from the sale of the company Postgasse 8 Entwicklungs AG & Co OG. This receivable had been fully paid at the time the consolidated financial statements were prepared.

Due to the current assessment concerning the recoverability, impairment losses were recognised for outstanding receivables from customers and logistics partners of the trans-o-flex Group totalling EUR 8.7m (2013: EUR 7.1m). Of this amount, EUR 6.0m applied to the distribution companies (2013: EUR 6.1m).

With respect to the presentation of impairment losses on trade and other payables, refer to Note 10.1 Financial instruments.

9.9 Cash and cash equivalents

EUR m	Dec. 31, 2013	Dec. 31, 2014
Bank balances	23.3	20.2
Short-term deposits (demand deposits)	214.1	241.2
Cash on hand	2.8	2.7
	240.2	**264.1**

The cash and cash equivalents shown in the consolidated cash flow statement can be reconciled to the cash and cash equivalents reported in the consolidated balance sheet as follows:

EUR m	Dec. 31, 2013	Dec. 31, 2014
Cash and cash equivalents in the cash flow	**240.2**	**264.2**
Cash and cash equivalents of assets held for sale	0.0	–0.1
Cash and cash equivalents in the balance sheet	**240.2**	**264.1**

9.10 Assets and liabilities held for sale

Real estate in Sint Niklaas

In 2013, Austrian Post sold a real estate property in Sint Niklaas, Belgium (Parcel & Logistics segment) with a condition precedent. The property was shown as an asset held for sale as at December 31, 2013 with a book value of EUR 1.9m. The condition precedent was fulfilled at the end of March 2014 and the sale of the property was subsequently concluded.

Postgasse 8 Entwicklungs AG & Co OG

In the second quarter of 2014, Austrian Post resolved upon a plan to sell its company Postgasse 8 Entwicklungs AG & Co OG (Corporate segment). The commercial property located at 1010 Vienna Postgasse 8 was transferred to the newly founded company in preparation of the planned commercial utilisation of the site, which previously served as the corporate headquarters of Austrian Post in the inner city of Vienna. The selling process was launched at the end of June 2014 in the form of an international bidding procedure. The conclusion of the purchase agreement and the selection of the transaction was completed on December 22, 2014. The sale of the real estate and thus the disposal of the company were formally concluded on this date. At the time of the sale, the assets of the company were classified as held for sale pursuant to IFRS 5 and only consisted of the carrying amount of this property.

A comparison of the carrying amount of the disposed assets to the consideration received resulted in a profit which is reported under other operating income:

EUR m	Carrying amount
Net assets disposed	
Assets held for sale	–2.6
Fair value of the consideration received	
In cash	5.0
Other receivables	60.0
	65.0
Profit	**62.4**

feibra Magyarország Kft.
In the fourth quarter of 2014, Austrian Post approved a plan to dispose of its Hungarian subsidiary feibra Magyarország kft (Mail & Branch Network segment). A public sales process was initiated at the end of 2014. The company was classified as a disposal group pursuant to IFRS 5, and appeared as a separate item on the balance sheet. In the course of the initial reclassification to assets held for sale, an impairment loss to the amount of EUR 0.5m was recognised.

The assets and liabilities of the disposal group mainly consist of trade receivables and trade liabilities.

9.11 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 2014 financial year:

	Shares
Balance at January 1, 2014	67,552,638
Balance at December 31, 2014	67,552,638
Weighted average number of shares in the 2014 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 and free reserves as well as profits accumulated in previous years less dividend payments. The amounts included in equity also contain changes in the shareholdings held by Austrian Post in subsidiaries which do not lead to a loss of a controlling interest.

Other reserves contain reserves from the revaluation of defined benefit obligations, from the revaluation of financial instruments and currency translation reserves. The item revaluation of defined benefit obligations is derived from adjustments and changes made to actuarial assumptions, whose effects are shown in other comprehensive income. The item revaluation of financial instruments encompasses the revaluation of available for sale financial assets. Gains and losses on changes in the market value are recognised in the reserve as equity and taxes. The currency translation reserves comprise all exchange differences arising from the translation of the annual financial statements of the company's subsidiaries and financial assets accounted for using the equity method in foreign currencies.

The non-controlling interests exclusively relate to M&BM Express OOD.

The profit for the period in the 2014 financial year amounted to EUR 146.8m (2013: EUR 124.0m). The profit for the period attributable to equity holders of the parent company amounts to EUR 146.5m (2013: EUR 123.2m). In accordance with the provisions stipulated in the Austrian Stock Corporation Act, the basis for the distribution of dividends is the annual financial statements of Österreichische Post AG (Austrian Post) at the balance sheet date on December 31, 2014. The profit shown in the balance totalled EUR 168.6m (2013: EUR 188.8m).

The Management Board will propose a dividend for the 2014 financial year totalling EUR 131.7m, corresponding to a basic dividend of EUR 1.95 per share (2013: EUR 128.4m, basic dividend of EUR 1.90 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, Austrian Post intends to distribute at least 75% of the profit for the period attributable to the shareholders of the parent company (Group net profit), assuming the continuation of the company's successful business development and that no exceptional circumstances arise. Austrian Post aims at distributing a sustainable dividend which will further develop in line with the Group's net profit.

Taking the balance sheet total of EUR 1,671.0m as at December 31, 2014 as a basis (December 31, 2013: EUR 1,640.2m), the equity ratio as at December 31, 2014 amounts to 42.1% (December 31, 2013: 42.6%).

9.12 Provisions

EUR m		Dec. 31, 2013 adjusted[1]			Dec. 31, 2014	
	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	2.0	85.8	87.9	2.0	102.6	104.6
Provisions for pensions	0.2	2.4	2.6	0.1	2.6	2.7
Provisions for jubilee benefits	6.2	85.1	91.3	5.1	86.6	91.7
Other employee provisions	93.3	207.2	300.5	108.0	193.8	301.9
Other provisions	32.7	2.2	34.9	37.5	2.1	39.5
	134.5	**382.8**	**517.3**	**152.8**	**387.7**	**540.5**

[1] Adjustment due to the reclassification of advance payments received for services yet to be rendered amounting to EUR 22.9m. Refer to Note 3.2

9.12.1 Provisions for termination benefits, pensions and jubilee benefits

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**

2014 financial year EUR m	Termination benefits	Pensions	Jubilee benefits	Total
Present value of the obligation at January 1, 2014	**87.9**	**2.6**	**91.3**	**181.8**
Additions arising from acquisitions	0.1	0.0	–0.1	–0.1
Current service cost	5.4	0.0	5.2	10.6
Interest expense	2.5	0.1	2.6	5.2
Actuarial gains (–) and losses (+) from the change in demographic assumptions	2.0	–0.2	–4.4	–2.6
Actuarial gains (–) and losses (+) from the change in financial assumptions	13.5	0.4	7.5	21.4
Experience adjustments	0.1	0.0	–4.7	–4.6
Actual payments	–6.7	–0.2	–5.7	–12.6
Present value of the obligation at December 31, 2014	**104.6**	**2.7**	**91.7**	**199.1**

Actuarial gains and losses arise from the adjustments to the parameters for the discount rate, salary increases and employee turnover as described in Note 6.16. Actuarial gains and losses for termination benefits and pensions are recognised in other comprehensive income.

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

9.12.2 Other provisions for employees

2013 financial year EUR m	Employee under-utilisation	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**

2014 financial year EUR m	Employee under-utilisation	Other employee related provisions	Total
Balance at January 1, 2014	**213.4**	**87.1**	**300.5**
Transfer	–7.7	0.0	–7.7
Allocation	85.8	83.3	169.1
Use	–22.2	–55.1	–77.3
Reversals	–78.1	–7.8	–85.9
Accrued interest	3.1	0.1	3.2
Balance at December 31, 2014	**194.3**	**107.6**	**301.9**

Provisions for under-utilisation

Refer to Note 6.17 Provisions for under-utilisation for details on the contents and system underlying these provisions.

The transfer of EUR 7.7m in the 2014 financial year (2013: EUR 2.4m) refers to a transfer in liabilities for those employees who definitely transferred to the federal public service. Following the permanent acceptance of former Austrian Post employees by the ministries, the allocated provisions are to be reclassified as liabilities. The allocation of provisions totalling EUR 85.8m (2013: EUR 43.0m) are particularly related due to employees entering the Internal Labour Market as a consequence of losing their jobs as a result of internal organisation processes designed to adjust human resources to changing market positions. In addition, effects from changes in parameters (refer to Note 6.17) amounting to EUR 19.4m led to an increase in the provision. Use refers to ongoing payments for employees in the Internal Labour Market, which were at approximately the same level as in the previous year. The reversals of provisions of EUR 78.1m (2013: EUR 40.0m) can be attributed to employees who have left the company or have been reintegrated in the working process.

Other employee-related provisions

Other employee-related provisions mainly encompass provisions for employee profit-sharing schemes and performance-related bonuses, provisions for employees leaving the company (stop-gap measures in line with the social plan) and restructuring provisions.

Allocation to provisions of EUR 83.3m (2013: EUR 68.4m) primarily relates to allocations for employee profit-sharing schemes and performance related bonuses (2014: EUR 50.8m, 2013: EUR 46.2m). Furthermore, restructuring provisions of EUR 10.0m were allocated for planned personnel adjustments, consisting of EUR 6.6m in the Mail & Branch Network segment and EUR 3.4m in the Parcel & Logistics segment. The use of provisions totaling EUR 55.1m mainly refers to payments for employee profit-sharing schemes and performance-related bonuses. Use also includes the partial use of the restructuring provisions allocated in the previous year to the amount of EUR 2.5m.

9.12.3 Other provisions

2013 financial year EUR m	
Balance at January 1, 2013	**35.8**
Change in the consolidation scope	0.3
Allocation	12.1
Use	–6.5
Reversals	**–6.7**
Balance at December 31, 2013	**34.9**

2014 financial year EUR m	
Balance at January 1, 2014	**34.9**
Allocation	13.8
Use	–5.6
Reversals	–3.6
Balance at December 31, 2014	**39.5**

The item “Other provisions” include a provision for uncertain liabilities from statutory levies and contributions to the amount of EUR 21.5m (2013: EUR 17.0m), as well as provisions for legal expenses, auditing and consulting fees as well as provisions for damages. The item “Other provisions” also includes a provision of EUR 5.3m relating to the issue of the reference date for salary increases (refer to Note 7.3 Recognition of previous employment periods).

9.13 Other financial liabilities

EUR m	Dec. 31, 2013			Dec. 31, 2014		
	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	0.9	7.0	7.9	0.9	6.8	7.6
Finance lease liabilities	2.9	9.7	12.6	2.2	7.5	9.7
Other financial liabilities	0.0	0.5	0.5	0.0	0.4	0.4
	3.9	**17.2**	**21.0**	**3.1**	**14.6**	**17.7**

9.14 Trade and other payables

EUR m adjusted[1]	Dec. 31, 2013			Dec. 31, 2014		
	Due within 1 year	**Due in more than 1 year**	**Total**	**Due within 1 year**	**Due in more than 1 year**	**Total**
Trade payables	218.3	0.2	218.6	217.8	0.1	217.9
Payables from financial assets accounted for using the equity method	2.4	0.0	2.4	3.6	0.0	3.6
Other liabilities	151.1	15.1	166.2	139.8	20.7	160.5
	371.9	**15.3**	**387.2**	**361.2**	**20.8**	**381.9**

[1] Adjustment due to the reclassification of payments received in advance and income tax liabilities. Refer to Note 3.2.

Other liabilities to the amount of EUR 160.5m include liabilities to tax authorities and social security institutions of EUR 50.9m (Dec. 31, 2013: EUR 51.9m), and liabilities for holiday entitlements not taken of EUR 38.3m (Dec. 31, 2013: EUR 45.0m), payments received in advance for services which have not been rendered of EUR 15.9m (Dec. 31, 2013: EUR 16.6m).

9.15 Income tax

EUR m	**2013**	**2014**
Income tax expense for the current year	41.3	53.6
Tax credits or tax arrears from prior tax years	4.7	0.2
Deferred tax expense/income	1.1	–6.7
	47.2	**47.2**

The item “Deferred tax expense/income” includes impairment losses on deferred tax assets to the amount of EU 2.5m (Dec. 31, 2013: EUR 4.3m).

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, 2013	Dec. 31, 2014
Deferred tax assets arising from temporary differences		
Goodwill	0.0	0.2
Financial assets (write-down to lower going concern value)	36.6	42.7
Receivables	0.2	0.1
Provisions	20.9	26.7
Financial liabilities	0.1	0.0
Liabilities	1.0	1.2
	58.8	**71.0**
Deferred tax liabilities arising from temporary differences		
Customer relationships	–2.6	–2.2
Trademarks	–6.8	–6.8
Other intangible assets	–0.3	–0.3
Property, plant and equipment	–8.8	–8.1
Inventories	–0.1	–0.1
	–18.6	**–17.4**
Deferred tax arising from tax loss carry-forwards	**10.1**	**6.8**
Total net deferred tax	**50.2**	**60.3**
Deferred tax assets	58.3	68.6
Deferred tax liabilities	–8.1	–8.3
Total net deferred tax	**50.2**	**60.3**

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, 2013	Dec. 31, 2014
Deferred tax assets on:		
Unused tax loss carry-forwards	18.2	33.7

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 0.0m (December 31, 2013: EUR 1.9m).

Temporary differences totalling EUR 25.8m (December 31, 2013: EUR 38.2m) in connection with stakes held in subsidiaries were not recognised, due to the fact that these temporary differences are not likely to be reversed in the foreseeable future. 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, 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**
Balance at January 1, 2014	**58.3**	**8.1**
Changes affecting net income	**6.7**	**0.0**
Changes recognised directly in equity		
Available for sale securities	–0.3	0.0
Revaluation of defined benefit obligations	3.9	0.0
Additions arising from acquisitions	0.0	0.2
	3.7	**0.2**
Balance at December 31, 2014	**68.6**	**8.3**

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 24.3% in the 2014 financial year (2013: 27.5%).

RECONCILIATION OF DEFERRED TAX EXPENSE

EUR m	2013	2014
Profit before tax	**171.2**	**193.9**
Expected taxes on income	**42.8**	**48.5**
Tax deductions due to		
Write-down of subsidiaries to lower going concern value	–15.2	–18.9
Adjustments to foreign tax rates	–0.2	–1.0
Valuation of receivables	–4.2	–0.1
Disposal of property, plant and equipment	0.0	–6.4
Other tax-reducing items	–3.8	–4.9
	–23.3	**–31.4**

EUR m	2013	2014
Tax increase due to		
Impairment losses on goodwill	8.1	12.1
Losses not affecting taxes (accounted for using the equity method)	1.6	0.0
Reversal of impairments for subsidiaries	0.0	1.5
Changes in the consolidation scope	0.2	0.0
Other tax-increasing items	3.1	6.2
	13.0	**19.9**
Income tax expense for the period	**32.4**	**37.0**
Income tax expense/income from prior years	4.7	0.2
Change in unrecognised deferred tax assets arising from loss carry-forwards	10.0	10.0
Current tax expense	**47.2**	**47.2**

The item "Valuation of receivables" refers to the impairment loss on the shareholder loans granted to MEILLERGHP, and the item "Disposal of property, plant and equipment" relates to the disposal of the commercial property in Vienna's first district owned by the company Postgasse 8 Entwicklungs AG & Co OG.

10 FINANCIAL INSTRUMENTS AND RELATED RISKS

10.1 Financial instruments

10.1.1 Financial assets and liabilities

The following table shows the carrying amounts of the financial assets and liabilities pursuant to the measurement categories stipulated in IAS 39 and their classification in the fair value hierarchy:

December 31, 2013 EUR m	**Level**	**Measured at fair value through profit or loss**	**Available for sale**	**Loans and receivables**	**Recognised at amortised cost**	**Total**
Financial assets						
Measurements carried out at fair value						
Securities	1	0.0	65.0	0.0	0.0	65.0
Strategic stakes and other investments	3	0.0	12.2	0.0	0.0	12.2
Derivative financial assets	3	0.0	0.0	0.0	0.0	0.0
		0.0	**77.2**	**0.0**	**0.0**	**77.2**
Measurements not carried out at fair value						
Trade receivables	–	0.0	0.0	251.3	0.0	251.3
Receivables from financial assets accounted for using the equity method	–	0.0	0.0	3.3	0.0	3.3
Other receivables[1]	–	0.0	0.0	25.7	0.0	25.7
Cash and cash equivalents	–	0.0	0.0	0.0	240.2	240.2
		0.0	**0.0**	**280.3**	**240.2**	**520.5**

December 31, 2013 EUR m	Level	Measured at fair value through profit or loss	Available for sale	Loans and receivables	Recognised at amortised cost	Total
Financial liabilities						
Measurements not carried out at fair value						
Other financial liabilities	–	0.0	0.0	0.0	21.0	21.0
Trade payables	–	0.0	0.0	0.0	218.6	218.6
Liabilities to financial assets accounted for using the equity method	–	0.0	0.0	0.0	2.4	2.4
Other liabilities[2]	–	0.0	0.0	0.0	20.3	20.3
		0.0	**0.0**	**0.0**	**262.3**	**262.3**

December 31, 2014 EUR m	Level	Measured at fair value through profit or loss	Available for sale	Loans and receivables	Recognised at amortised cost	Total
Financial assets						
Measurements carried out at fair value						
Securities	1	0.0	53.1	0.0	0.0	53.1
Strategic stakes and other investments	3	0.0	12.2	0.0	0.0	12.2
Derivative financial assets	3	1.7	0.0	0.0	0.0	1.7
		1.7	**65.4**	**0.0**	**0.0**	**67.1**
Measurements not carried out at fair value						
Trade receivables	–	0.0	0.0	242.3	0.0	242.3
Receivables from financial assets accounted for using the equity method	–	0.0	0.0	5.1	0.0	5.1
Other receivables[1]	–	0.0	0.0	86.3	0.0	86.3
Cash and cash equivalents	–	0.0	0.0	264.1	0.0	264.1
		0.0	**0.0**	**597.8**	**0.0**	**597.8**
Financial liabilities						
Measurements not carried out at fair value						
Other financial liabilities	–	0.0	0.0	0.0	17.7	17.7
Trade payables	–	0.0	0.0	0.0	217.9	217.9
Liabilities to financial assets accounted for using the equity method	–	0.0	0.0	0.0	3.6	3.6
Other liabilities[2]	–	0.0	0.0	0.0	36.5	36.5
		0.0	**0.0**	**0.0**	**275.6**	**275.6**

[1] Excluding payments made in advance and receivables from tax authorities and social security carriers
[2] Excluding payments received in advance and liabilities to tax authorities and social security carriers and unused holidays

The following table shows the comparison of the carrying amount and fair value of other financial liabilities:

EUR m	Dec. 31, 2013 Carrying amount	Dec. 31, 2013 Market value	Dec. 31, 2014 Carrying amount	Dec. 31, 2014 Market value
Other financial liabilities				
Borrowings from banks	7.9	8.4	7.6	7.7
Finance lease liabilities	12.6	12.6	9.7	9.7
Other financial liabilities	0.5	0.5	0.4	0.4
	21.0	**21.6**	**17.7**	**17.8**

In the case of all other financial assets and liabilities which are not measured at fair value, it is assumed that the fair values correspond to the carrying amounts due to the primarily short-term nature of these items.

10.1.2 Information on determing fair values

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
3	Derivative financial assets	Net present value approach	Planning calculations and the related probability-weighted scenarios, risk-weighted WACC
Measurements not carried out at fair value			
3	Trade and other receivables	–	Carrying amounts as realistic estimate of fair value
3	Other financial liabilities	Net present value approach	Payments related to financial instruments, market interest rates of comparable financing
3	Trade and other payables	–	Carrying amounts as realistic estimate of 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.

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 2013 and 2014 financial years was as follows:

EUR m	2013	2014
Opening balance at January 1	**12.2**	**12.2**
Total gains and losses		
Recognised through profit or loss under "Other operating income"	0.0	1.7
Closing balance at December 31	**12.2**	**13.9**

The recognised gain exclusively relates to the valuation of the derivative financial asset "Call Option Aras Kargo a.s."

10.1.3 Offset fiancial instruments

The Austrian Post Group primarily makes use of offsetted invoices pursuant to IFRS 7 with international postal providers, in which cases the offset and correspondingly netted amounts are immaterial.

10.1.4 Information on the statement of comprehensive income

The following table shows the net gains and losses from financial instruments included in the statement of comprehensive income for the 2013 and 2014 financial years:

EUR m			2013			2014
	Income statement	Other comprehensive income	Total	Income statement	Other comprehensive income	Total
Measured at fair value through profit or loss						
Valuation results	0.0	–	0.0	1.7	–	1.7
Available for sale						
Valuation results	–	0.7	0.7	–	1.2	1.2
Loans and receivables						
Valuation results	–18.6	–	–18.6	–9.6	–	–9.6
	–18.6	**0.7**	**–17.8**	**–7.9**	**1.2**	**–6.7**

No significant amounts were reclassified from other comprehensive income to the income statement in the 2014 financial year as in the previous years.

The total interest income and expenses for financial assets and liabilities calculated according to the effective interest rate method, with the exception of financial instruments measured at fair value through profit or loss are presented below:

EUR m	2013	2014
Interest income		
Cash and cash equivalents	1.7	1.9
Other financial assets	0.8	0.7
	2.5	**2.6**
Income expenses		
Other financial liabilities	–2.3	–1.4
	–2.3	**–1.4**

10.2 Risks and risk management related to financial instruments

10.2.1 Presentation of types of risks

The following risks exist as a result of the financial instruments deployed by the Austrian Post Group:

- **Credit risk**
- **Liquidity risk**
- **Market risk**

Credit risk

The amounts reported on the assets side of the balance sheet represent the maximum creditworthiness and default risk. Where there are recognisable default risks in respect to the financial assets, impairments are made to account for them.

The overall risk attached to receivables is low, as most of the customers have agreed to direct debit arrangements, have arranged for bank guarantees in risky cases or have paid in advance. In addition, most of the outstanding amounts are owed by contracting partners, which have excellent credit ratings.

In order to minimise default risk relating to securities, Austrian Post's portfolio of securities is restricted to papers from issuers with an investment grade rating or a comparable level of creditworthiness. Austrian Post only participates in investment funds from internationally reputable investment companies. Particularly close attention is paid to the liquidity and low exposure to settlement of the financial products. Money market transactions are subject to fixed trading limits.

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 counter-party. 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 maturity structure of trade and other receivables which are past due but not impaired is as follows:

December 31, 2013 EUR m	Carrying amount	Thereof: Not individually adjusted	Not past due	Past due for 1–90 days	Past due for 91–180 days	Past due for more than 181 days
Gross carrying amount						
Trade receivables	258.6	250.9	206.9	40.8	0.9	2.2
Receivables from financial assets accounted for using the equity method	22.7	3.3	3.3	0.0	0.1	0.0
Other receivables	43.9	23.8	21.8	1.8	0.0	0.2
	325.3					
Impairment	–44.9					
Net carrying amount	**280.3**					

December 31, 2014 EUR m	Carrying amount	Thereof: Not individually adjusted	Not past due	Past due for 1–90 days	Past due for 91–180 days	Past due for more than 181 days
Gross carrying amount						
Trade receivables	248.1	242.2	202.4	36.3	2.0	1.5
Receivables from financial assets accounted for using the equity method	25.0	5.1	4.9	0.1	0.1	0.1
Other receivables	104.1	72.4	71.9	0.3	0.0	0.1
	377.2					
Impairment	–43.5					
Net carrying amount	**333.7**					

The management of Austrian Post assumes that the receivables recognised as having a past due of more than 90 days are recoverable. The assessment is carried out on the basis of the past payment history and a thorough analysis of the individual credit risk of the customer involved.

The following tables show the development of impairment losses on trade and other receivables:

December 31, 2013 EUR m	Jan. 1, 2013	Allocation[1]	Use	Release	Dec. 31, 2013
Impairment losses					
Trade receivables	6.7	4.2	–2.1	–1.5	7.3
Receivables from financial assets accounted for using the equity method	1.6	17.8	0.0	0.0	19.4
Other receivables	16.8	5.4	–3.8	–0.2	18.2
	25.1	**27.4**	**–5.8**	**–1.7**	**44.9**

31. Dezember 2014 EUR m	Jan. 1, 2014	Allocation[1]	Use[2]	Release	Dec. 31, 2014
Impairment losses					
Trade receivables	7.3	5.2	–5.5	–1.2	5.8
Receivables from financial assets accounted for using the equity method	19.4	0.4	0.0	0.0	19.9
Other receivables	18.2	6.2	–6.0	–0.7	17.8
	44.9	**11.8**	**–11.5**	**–1.8**	**43.5**

[1] Including the proportionate share of negative earnings in the results of finanial assets accounted for using the equity method
[2] Including reposting held for sale of 0.3 EUR m

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 tables show the maturity dates of the gross payment obligations:

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					
Other financial liabilities	21.0	22.9	8.7	9.2	5.0
Trade and other payables	218.6	218.6	218.3	0.2	0.0
Liabilities from assets accounted for using the equity method	2.4	2.4	2.4	0.0	0.0
Other liabilities	20.3	20.3	18.4	1.9	0.0
	262.3	**264.1**	**247.8**	**11.3**	**5.0**

December 31, 2014 EUR m	Carrying amount	Gross cash flow	Term to maturity Within 1 year	1–5 years	More than 5 years
Financial liabilities					
Other financial liabilities	17.7	18.5	4.1	10.3	4.1
Trade and other payables	217.9	217.9	217.8	0.1	0.0
Liabilities from assets accounted for using the equity method	3.6	3.6	3.6	0.0	0.0
Other liabilities	36.5	36.5	29.6	6.9	0.0
	275.6	**276.5**	**255.1**	**17.3**	**4.1**

Market risk

Market risks encompass the existing risks related to changes in market prices. The primary risks for the Austrian Post Group are from changes in interest rates and foreign exchange rates which could impact the company's assets, financial and earnings position.

Interest rate risk

Interest rate risk is the risk of changes in the value of financial instruments 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 of variable interest balance sheet items. An interest rate risk especially exists with 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 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.

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:

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

2014 financial year EUR m	**Market interest rate** **+1% point**	 **–1% point**
Other financial result	2.9	–2.8

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 exist to a minor extent for the derivative financial instrument “Call Option Aras Kargo” which is to be exercised in Turkish Lira.

10.2.2 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).

11 OTHER DISCLOSURES

11.1 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.

Cash payments relating to the acquisition of subsidiaries

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

EUR m	2013	2014
Acquisition of subsidiaries		
Cash outflow for acquisitions		
Acquisition date in the current financial year (purchase price)	–1.3	–0.5
Outstanding purchase price liability	0.3	0.1
Acquisition date in previous years (remaining purchase price)	–13.0	–0.2
	–14.1	**–0.7**
Cash and cash equivalents acquired	2.4	0.0
Total	**–11.7**	**–0.7**

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	2013	2014
Results from the disposal of property, plant and equipment	–3.4	–64.0
Net interest income/expense	–0.8	–2.0
Currency translation	–0.3	–0.3
Results from deconsolidations and change in method of consolidation	–1.4	0.0
Valuation of loans granted	10.4	6.3
Valuation of receivables	8.0	3.9
Without effect in profit and loss (IAS 19)	–1.1	–15.7
Other	–0.3	–1.8
Total	**11.2**	**–73.6**

The results from the disposal of property, plant and equipment to the amount of EUR 64.0m in 2014 mainly relate to the sale of Austrian Post's shareholding in the commercial property 1010 Vienna, Postgasse 8 Entwicklungs AG & Co OG.

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, 2014: EUR 0.4m; December 31, 2013: EUR 2.0m) 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.

11.2 Other financial obligations

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 arising from operating lease and rental agreements which cannot be terminated before the end of the respective maturity period comprise the following:

EUR m	Dec. 31, 2013 adjusted[1]	Dec. 31, 2014
No later than one year	49.0	47.7
Later than one year and not later than five years	104.9	106.5
Later than five years	50.0	55.2
	203.9	**209.4**

[1] In the previous year the minimum lease payments were unintentionally reported including the lease and rental agreements within the Austrian Post Group.

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 the 2014 financial year, a total of EUR 51.0m (2013: EUR 56.0m) 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.

Information on the cross-border lease transaction is provided in Note 9.3 Property, Plant and Equipment and Note 10.2.1 Presentation of the types of risk.

Acquisition obligations existed to the amount of EUR 0.4m as at December 31, 2014 (December 31, 2013: EUR 0.2m) for intangible assets. Acquisition obligations for property, plant and equipment totalled EUR 8.9m as at December 31, 2014 (December 31, 2013: EUR 32.5m). A total of EUR 2.7m of the acquisition obligations relate to the new corporate headquarters located in the Vienna-Landstraße area.

Financial obligations to joint venture companies are presented in Note 9.5.1 Financial assets accounted for using the equity method.

11.3 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 companies of the Austrian Post Group, along with all subsidiaries, joint venture companies and associates. Related persons are members of the management team holding key positions (members of the Management Board and Supervisory Board as well as senior executives of Austrian Post, managing directors of Group subsidiaries) and close family members.

Balances and business transactions between Austrian Post and its subsidiaries are eliminated within the context of consolidation and correspondingly no explanations are provided. Outstanding items with related parties at the balance sheet date are recognised under trade receivables and trade payables.

Business transactions with related parties only exist within the service portfolio of the Austrian Post Group and are rendered or purchased at standard market rates.

Details on business transactions with joint venture companies, associates and other related companies and persons are provided below:

2013 financial year EUR m	**Associates**	**Joint ventures**	**Other related companies[1]**	**Other related persons**	**Total**
Total operating income	1.6	2.0	178.8	0.0	182.4
Total operating expenses	7.9	6.6	71.1	0.7	86.3
Outstanding receivables	3.1	0.2	18.0	0.0	21.3
Outstanding payables	1.5	0.9	7.7	0.0	10.1

2014 financial year EUR m	**Associates**	**Joint ventures**	**Other related companies**	**Other related persons**	**Total**
Total operating income	1.4	3.4	157.2	0.0	162.0
Total operating expenses	9.0	7.7	60.2	0.1	76.9
Outstanding receivables	4.5	0.4	11.4	0.0	16.3
Outstanding payables	1.8	1.7	4.8	0.0	8.4

[1] In contrast to the prior-year figures supplied in the notes to the consolidated financial statements, third party transactions are now disclosed as a total amount.

Operating income in the 2013 and 2014 financial years mainly refers to services provided by BBG Bundesbeschaffung GmbH, the Federal Procurement Agency. There is an agreement in the name of and for the account of the federal government for the delivery of postal items for federal agencies. In the 2014 financial year delivery services valued at EUR 107.9m (2013: EUR 111.2m) were rendered for the federal agencies stipulated in the agreement. The decline in operating income is mainly due to the decrease in commission revenue from A1 Telekom Austria AG.

Operating expenses mainly refer to purchases of retail goods from A1 Telekom Austria AG valued at EUR 15.2m (2013: EUR 22.5m) and energy purchases from the OMV Group of EUR 14.7m (2013: EUR 15.6m).

Financing obligations to joint venture companies are presented in Note 9.5.1 Financial assets accounted for using the equity method.

Within the context of the relocation of Austrian Post's corporate headquarters, obligations to acquire property, plant and equipment from A1 Telekom Austria AG totalling EUR 2.7m were reported as at December 31, 2014.

The following table shows the compensation, including changes in provisions, which was paid to key management staff:

EUR m	2013 adjusted[1]	2014
Compensation paid to key management staff		
Short-term employment benefits	11.8	11.2
Post-employment benefits	1.0	0.6
Other long-term employment benefits	0.0	0.0
Termination benefits	0.2	0.0
Allocation to share-based remuneration programme	10.6	13.3
	23.6	**25.2**

[1] The group of key management staff was adjusted from the previous year. Members of first-level management at Group subsidiaries are not considered to be related parties.

11.4 Audit fees

The following fees for the auditor Deloitte Audit Wirtschaftsprüfungs GmbH and its related companies were paid in the 2013 and 2014 financial years:

Services rendered by auditors EUR	2013	2014
Audit		
Individual and consolidated financial statements of the parent company Österreichische Post AG as at December 31st	99,000.00	99,000.00
Audits of Austrian Post subsidiaries as at December 31st	107,900.00	112,400.00
Tax consulting services	14,000.00	1,678.00
Other consulting services	269,293.00	45,997.20
	490,193.00	**259,075.20**

11.5 Events after the reporting period

In February 2014, MEILLERGHP GmbH submitted an application in Germany to the Regional Court in Amberg for judicial reorganisation insolvency proceedings (for more information on “protective shield proceedings”, refer to note 9.5.1). The ruling handed down on January 2, 2015 by the Regional Court confirmed the insolvency plan. The insolvency proceedings were annulled on February 15, 2015 following the ruling of February 11, 2015, and thus successfully terminated. As of February 20, 2015, Austrian Post has now sold of its stake in the joint venture MEILLER GHP. The total amount of the consideration received was immaterial.

In October 2014, Austrian Post granted an option to its contractual partner to prematurely terminate the cross border leasing transaction for sorting equipment concluded in the year 2002, which was drawn up on February 23, 2015. It is now up to the contractual partner to decide whether or not the transaction is to be prematurely terminated. If the transaction is in fact prematurely terminated, existing residual risks will be eliminated without any economic disadvantages for Austrian Post.

11.6 Austrian Post Group companies

Company and location	Dec. 31, 2013		Dec. 31, 2014	
	Interest %	Method of consolidation[2]	Interest %	Method of consolidation[2]
Neutorgasse 7 Projektentwicklungs AG & Co OG, Vienna (founded)	0.00	n. a.	100.00	FC
Post 001 Finanzierungs GmbH, Vienna	100.00	FC	100.00	FC
Post 002 Finanzierungs GmbH, Vienna	100.00	FC	100.00	FC
Post & Co Vermietungs OG, Vienna	100.00	FC	100.00	FC
Postgasse 8 Entwicklungs AG & Co OG, Vienna (disposed)	100.00	FC	0.00	n. a.
Post.Wertlogistik GmbH, Vienna	100.00	FC	100.00	FC
Systemlogistik Distribution GmbH, Vienna	100.00	FC	100.00	FC
PDG Post Dienstleistungs Gesellschaft mbH, Vienna (merged)	100.00	FC	0.00	n. a.
Medien.Zustell GmbH, Vienna	100.00	FC	100.00	FC
Austrian Post International Deutschland GmbH, Bonn	100.00	FC	100.00	FC
Post Immobilien GmbH, Vienna	100.00	FC	100.00	FC
Post 201 Beteiligungs GmbH, Vienna	100.00	FC	100.00	FC
Post 202 Beteiligungs GmbH, Vienna	100.00	FC	100.00	FC
Post 105 Beteiligungs GmbH, Vienna	100.00	FC	100.00	FC
Post 106 Beteiligungs GmbH, Vienna	100.00	FC	100.00	FC
Weber Escal d.o.o., Hrvatski Leskovac	100.00	FC	100.00	FC
Scanpoint GmbH, Vienna	100.00	FC	100.00	FC
Scanpoint Deutschland GmbH, Schwandorf	100.00	FC	100.00	FC
Scanpoint Slovakia s.r.o., Nitra	100.00	FC	100.00	FC
feibra GmbH, Vienna	100.00	FC	100.00	FC
PROWERB Gesellschaft für produktive Werbung GmbH, Vienna	100.00	FC	100.00	FC
feibra Magyarország Kft., Budapest	100.00	FC	100.00	FC
PS Postservicegesellschaft m.b.H., Vienna (merged)	100.00	FC	0.00	n. a.
Overseas Trade Co Ltd d.o.o., Hrvatski Leskovac	100.00	FC	100.00	FC
Slovak Parcel Service s.r.o., Ivanka pri Dunaji	100.00	FC	100.00	FC
IN TIME s.r.o., Ivanka pri Dunaji	100.00	FC	100.00	FC
Kolos s.r.o., Ivanka pri Dunaji	100.00	FC	100.00	FC
PostMaster Sp. z o.o., Kraków (formerly Kolportaz Rzetelny Sp. z o.o.)	100.00	FC	100.00	FC
M&BM Express OOD, Sofia	51.00	FC	76.00	FC
PostMaster s.r.l., Bucharest	100.00	FC	100.00	FC
trans-o-flex Hungary Kft., Budapest	100.00	FC	100.00	FC
City Express d.o.o., Belgrade	100.00	FC	100.00	FC
trans-o-flex Austria GmbH, Vienna (merged)	100.00	FC	0.00	n. a.
24-VIP d.o.o., Sarajevo	100.00	FC	100.00	FC
City Express Montenegro d.o.o, Podgorica	100.00	FC	100.00	FC
Post 101 Beteiligungs GmbH, Vienna	100.00	FC	100.00	FC
Post 102 Beteiligungs GmbH, Vienna	100.00	FC	100.00	FC

Company and location	Dec. 31, 2013		Dec. 31, 2014	
	Interest %	Method of consolidation[2]	Interest %	Method of consolidation[2]
Post 103 Beteiligungs GmbH, Vienna	100.00	FC	100.00	FC
Post 104 Beteiligungs GmbH, Vienna	100.00	FC	100.00	FC
Post 203 Beteiligungs GmbH, Vienna	100.00	FC	100.00	FC
Post 204 Beteiligungs GmbH, Vienna	100.00	FC	100.00	FC
Post 205 Beteiligungs GmbH, Vienna	100.00	FC	100.00	FC
Post 206 Beteiligungs GmbH, Vienna	100.00	FC	100.00	FC
trans-o-flex Group				
trans-o-flex Logistics Group GmbH, Weinheim	100.00	FC	100.00	FC
trans-o-flex Schnell-Lieferdienst GmbH, Weinheim	100.00	FC	100.00	FC
trans-o-flex Logistik Service GmbH, Weinheim	100.00	FC	100.00	FC
trans-o-flex IT-Service GmbH, Weinheim	100.00	FC	100.00	FC
ThermoMed Verwaltungs GmbH, Weinheim	100.00	FC	100.00	FC
trans-o-flex ThermoMed GmbH & Co KG, Weinheim	100.00	FC	100.00	FC
trans-o-flex ThermoMed Austria GmbH, Wiener Neudorf	100.00	FC	100.00	FC
trans-o-flex Belgium Real Estate B.V.B.A., Turnhout	100.00	FC	100.00	FC
LogIn Service d.o.o., Ilidza	100.00	FC	100.00	FC
Distributions GmbH – 31, Cologne	100.00	FC	100.00	FC
Distributions GmbH Dortmund, Dortmund	100.00	FC	100.00	FC
Distributions GmbH Meinerzhagen, Meinerzhagen	100.00	FC	100.00	FC
Distributions GmbH Duisburg, Duisburg	100.00	FC	100.00	FC
trans-o-flex Netzwerk GmbH, Bergkirchen	100.00	FC	100.00	FC
trans-o-flex Netzwerk zwei GmbH, Weinheim (founded)	0.00	n. a.	100.00	FC
trans-o-flex Fuhrpark GmbH, Weinheim (founded)	0.00	n. a.	100.00	FC
MEILLERGHP				
MEILLERGHP GmbH, Schwandorf[1]	65.00	EM	65.00	EM
MEILLERGHP CZ s.r.o., Nyrany (merged)[1]	65.00		0.00	
MEILLERGHP a.s., Pilsen[1]	65.00		65.00	
MEILLERGHP s.a.r.l., Versailles[1]	65.00		65.00	
Mailstep a.s., Prague (disposed)[1]	65.00		0.00	
MEILLERGHP AB, Huddinge[1]	65.00		65.00	
MEILLERGHP Sp. z o.o., Wieliczka[1]	65.00		65.00	
Kolos Marketing s.r.o., Nyrany (merged)[1]	65.00		0.00	
D2D – direct to document GmbH, Vienna	30.00	EM	30.00	EM
media.at				
media.at GmbH, Vienna[1]	20.45	EM	20.45	EM
OmniMedia GmbH, Vienna[1]	20.45		20.45	
MediaSelect GmbH, Vienna[1]	20.45		20.45	
mediastrategen GmbH, Vienna (founded)[1]	0.00		20.45	
Eurodis GmbH, Weinheim	39.80	EM	39.80	EM

Company and location	Dec. 31, 2013		Dec. 31, 2014	
	Interest %	Method of consolidation[2]	Interest %	Method of consolidation[2]
ADELHEID/AEP				
ADELHEID GmbH, Berlin[1]	44.36	EM	45.35	EM
AEP GmbH, Alzenau[1]	44.36		45.35	
Aras Kargo Yurtici Yurtdisi Tasimacilik a.s., Istanbul	25.00	EM	25.00	EM
OMNITEC Informationstechnologie-Systemservice GmbH, Vienna	50.00	EM	50.00	EM
BAWAG Holdings Coöperatie U.A., Baarn	5.00	afs	5.00	afs
Wiener Börse AG, Vienna	1.69	afs	1.69	afs
GELDSERVICE AUSTRIA Logistik für Wertgestionierung und Transportkoordination G.m.b.H., Vienna	0.19	afs	0.19	afs

[1] The profit for the period of assets accounted for using the equity method corresponds to the proportionate profit for the period of the respective group
[2] FC – Full consolidation, EM – Equity method, n.a. – not consolidated, afs – Available for sale financial assets

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, 2014 for transmission to the Supervisory Board on February 27, 2015. The Supervisory Board is responsible for reviewing and approving the audited consolidated financial statements.

Vienna, February 27, 2015

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 (Austrian Post) we declare, to the best of our knowledge, that the consolidated financial statements for the 2014 financial year, which were prepared in accordance with the applicable financial reporting standards, present a fair and accurate picture, in all material respects, of the profit, asset and financial position of the Group, that the Group Management Report presents the business development, earnings and overall situation of the Group in such a manner as to provide a fair and accurate picture of the profit, asset and financial position of the Group, and that the Group Management Report also describes the most important risks and uncertainties facing the Group.

Vienna, February 27, 2015

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, 2014 to December 31, 2014. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2014, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2014, 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, 2014 and of its financial performance and its cash flows for the fiscal year from January 1, 2014 to December 31, 2014 in accordance with International Financial Reporting Stand-ards (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 27, 2015

Deloitte Audit Wirtschaftsprüfungs GmbH

Manfred Geritzer
Certified Public Accountant

Michael Schober
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.