23–55

GROUP MANAGEMENT REPORT 2015

1 GROUP INFORMATION AND STRATEGY

1.1 BUSINESS OPERATIONS AND ORGANISATIONAL STRUCTURE

The Austrian Post Group is the leading logistics and postal services provider in the country – hereinafter Austrian Post, Group or Post called – and also has a strong position internationally with subsidiaries in twelve European countries. Its about 23,500 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. A total of about 3,600 postal service points are now available to customers throughout Austria, including approx. 500 company-operated branch offices, 1,300 postal partners, 200 OMV petrol stations and 1,600 Hermes parcel shops. Moreover, Austrian Post offers its customers about 300 self-service zones, equipped with modern franking machines, packing stations, drop-off boxes and in some cases with pick-up stations.

Austrian Post operates under two divisions i.e. the Mail & Branch Network and Parcel & Logistics divisions. 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, newspapers and parcels to the sale of postal and telecommunications products as well as of financial services in cooperation with its partners BAWAG P.S.K. and A1 Telekom Austria AG. 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, intelligent scanning and response management. In 2015, Austrian Post delivered 860m letters, 590m addressed direct mail items, 3.5bn unaddressed direct mail items, 400m print media and 290m regional media 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 Express Mail Service (EMS) items for private and business customers. Austrian Post delivered about 80m parcels and EMS items in Austria in 2015, 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.

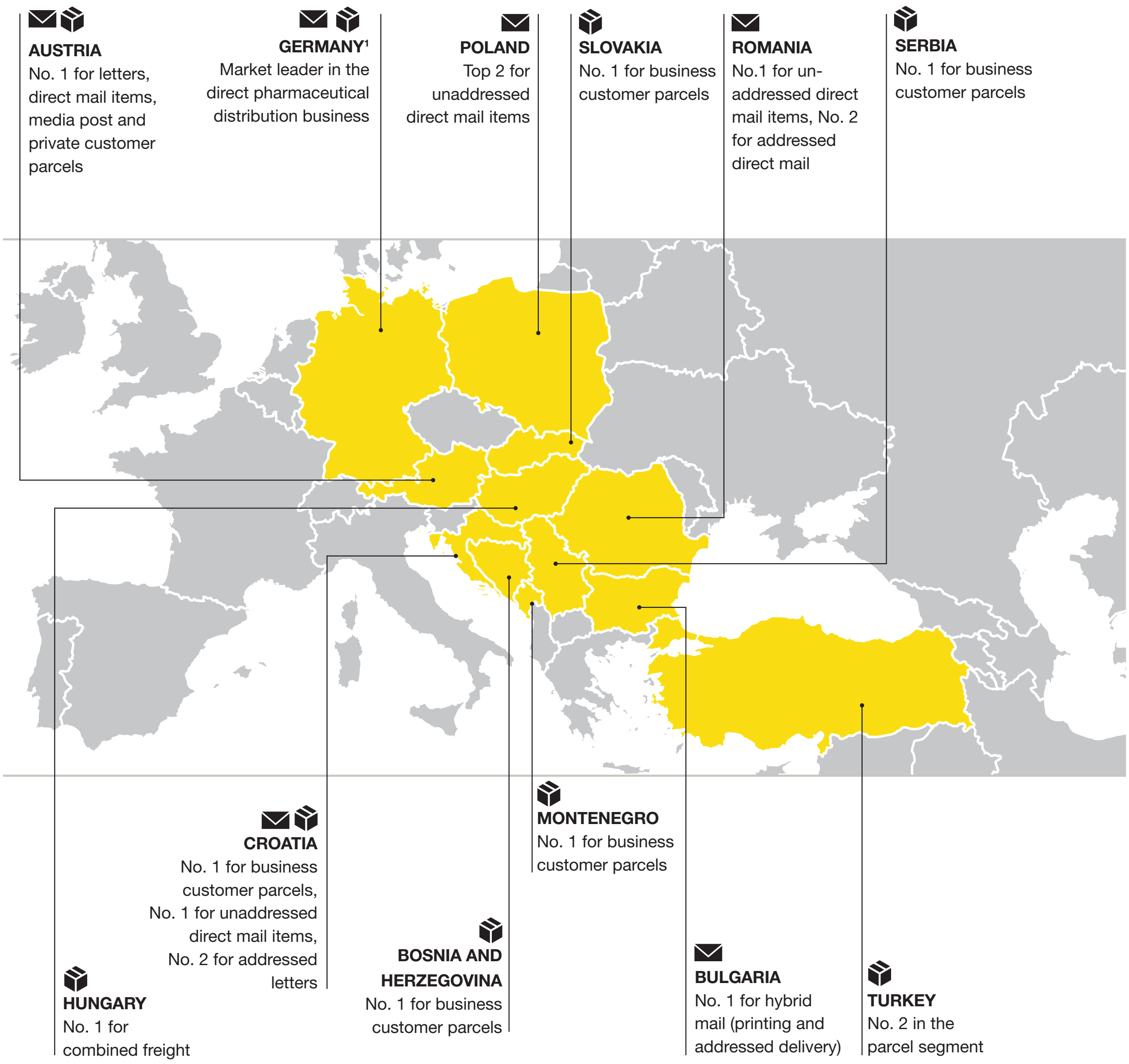
AUSTRIAN POST			
Corporate		Mail & Branch Network	Parcel & Logistics
Chief Executive Officer Georg Pölzl **Responsibilities** • Strategy & Group Development • Corporate Communications • Human Resources Management • Investor Relations, Group Auditing & Compliance • End Customer Initiatives and End Customer Service • Online & E-Commerce Innovation Management	Chief Financial Officer Walter Oblin **Responsibilities** • Group Accounting • Corporate Controlling • Finance of the Mail & Branch Network Division • Finance of the Parcel & Logistics Division • Group Treasury • Group IT • Group Procurement and Fleet • 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 • Postal Service Points (branch offices and postal partners) • Online Services	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 Services

1.2 MARKET AREAS AND MARKET POSITION

Austrian Post and its Group subsidiaries operate in twelve countries in the fields of letter mail and direct mail as well as in the parcel and logistics business. About 70% of the 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 about 76% 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 consistently to 31% in 2015. (Source: Kreutzer Fischer & Partner, 2016)

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 Romania, and is also the number one provider in the field of hybrid mail on the Bulgarian market. The Group is number 1 in the business parcel (B2B) segment in Slovakia, Croatia, Serbia, Montenegro and Bosnia and 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, acquired in 2013 is number 2 in the Turkish parcel delivery sector. (Source: internal market estimates)

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



[1] The assets and liabilities of the trans-o-flex Group are held for sale as at December 31, 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. Against this backdrop, the company defined four strategic pillars in the year 2010, 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 over the medium-term:

1. **Proven business model:** The volume of addressed mail items is expected to decline further as a consequence of electronic substitution. At the same time, Austrian Post is taking advantage of growth opportunities in other areas. The objective is to generate stable revenue or a slight revenue increase on average in the coming years on the basis of the growing parcel business and new service offerings. In 2016, the revenue forecast depends on a potential change in the business portfolio. A largely stable development is targeted in the company's existing business operations.

2. **High profitability:** A sound level of profitability is of considerable importance with respect to the company's sustainable development. In recent years Austrian Post achieved its goal of generating an EBITDA margin of about 12%. A stable development of operating earnings is targeted again in 2016, driven by existing revenue trends, new, innovative business ideas and the implementation of the planned efficiency enhancement programme.

3. **Attractive dividend policy:** Maintaining 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. Since the Initial Public Offering in 2006, Austrian Post generated value growth of 163.1% up until the end of 2015, 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. 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 focuses on continually enhancing efficiency in all areas. Regular investments in modernising the logistics infrastructure play 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, periodic reports such as 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 concentrate its efforts 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 specific divisional 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 own 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. The International Monetary Fund (IMF) expects a global economic growth rate of 3.1% for 2015, which is expected to climb to 3.4% in 2016. According to the IMF, the biggest growth risks are currently the economic slowdown in China, a tightening of monetary policy in the USA, the strong US dollar and the potential escalation of existing geopolitical tensions. In the eurozone, the economic recovery is largely on track. The IMF anticipates eurozone growth of 1.5% in 2015 compared to only 0.9% in 2014, with a growth rate of 1.6% expected in 2016. (Source: IMF, January 2016)

The Austrian economy grew by only 0.8% in 2015, the fourth straight year below the 1% threshold. The weakness of the global economic environment dampened foreign trade, and investments first picked up steam in the course of the year. Private consumption only rose marginally from the prior-year level due to the high unemployment rate and a weak income development. In spite of the lack of momentum, the economy is expected to show stronger growth in the years to come, in light of the fact that domestic demand will profit from increased consumption. Austrian GDP is predicted to expand by 1.6% in 2016. (Source: Austrian Institute of Economic Research – WIFO, December 2015)

However, the markets in South East and Eastern Europe, which are of importance to the Austrian economy, developed somewhat more favourably. The IMF expects economic growth to reach a level of 3.0% in the CEE region in 2015. Turkey (+3.0%), Romania (+3.4%) and Hungary (+3.0%) are all anticipated to generate growth rates of 3% or higher. The German economy is forecast to expand by 1.6% in 2016 following 1.5% growth in 2015. (Source: IMF, January 2016)

2.2 MARKET ENVIRONMENT

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

The electronic substitution of traditional letter mail, which impacts all postal companies, is continuing and the trend is essentially irreversible. The decreases vary on an international basis. Austrian Post assumes a baseline scenario featuring a drop of 3–5% annually in addressed mail volumes. The 3% annual reduction in letter mail volumes in recent years and 4% in 2015 was below the average for the European postal sector. In contrast, the volume of direct mail items strongly depends on the intensity of advertising activities by companies. The markets for addressed and unaddressed advertising mail show a differentiated volume development. Several customer segments are under pressure due to the increasing activities of online shops, whereas other segments are generating growth. Current studies show that, in addition to online advertising, multi-channel communication and interactive marketing will also tend to grow in importance.

Parcel volumes in the private customer segment are increasing due to the growing importance of online shopping. On the basis of this trend, Austrian private customer parcel volumes climbed by 7.2% in 2015 compared to the previous year. At the same time, competition is intensifying. In contrast, the number of parcels in the B2B segment climbed by 1.2% following decreases in previous years. (Source: Kreutzer Fischer & Partner, 2016)

In turn, the development of the international parcel and freight business is 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 in the field of 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.

- Austrian Post remains the universal service provider in Austria even after full-scale market liberalisation, guaranteeing high quality postal services throughout Austria. As legally stipulated, the regulatory authorities began their evaluation in 2016 to determine whether other postal service companies can provide universal postal services.
- The Universal Postal Service Obligation is limited primarily 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.
- An adjustment in postal rates was approved by the relevant regulatory authorities, i.e. the Post Control Commission and the Austrian Regulatory Authority for Broadcasting and Telecommunications (RTR) on September 15, 2014. An inflation-related price increase for mail took place on March 1, 2015 following the previous product and price reform in 2011.
- A change in the Postal Market Act took effect on November 27, 2015. This enables Austrian Post to offer, in addition to letter mail (with strict delivery time standards), so-called non-priority letter mail within the context of universal postal services. The delivery time of these non-priority letters is regularly allowed to take up to four days.

3 BUSINESS DEVELOPMENT AND ECONOMIC SITUATION

3.1 CHANGES IN THE SCOPE OF CONSOLIDATION

The following significant acquisitions and divestments took place in the 2015 financial year:

Austrian Post sold its stake in the German printing services company MEILLERGHP effective February 20, 2015. Austrian Post previously owned a 65.0% shareholding and Swiss Post 35.0% of the joint venture company. On February 7, 2014, MEILLERGHP submitted an application for judicial reorganisation insolvency proceedings, which were terminated on February 15, 2015.

Effective March 31, 2015, Austrian Post disposed of its 100% stake in feibra Magyarország Kft., which specialises in distributing unaddressed and addressed direct mail items as well as magazines in Hungary. As of December 31, 2014, the assets and liabilities of the company had been classified as a disposal group and correspondingly recognised and disclosed separately in the consolidated balance sheet.

Austrian Post acquired a 60% stake in Aktionsfinder GmbH, effective June 1, 2015. As of this date, the company is recognised as a fully-consolidated subsidiary in the consolidated financial statements of Austrian Post. Aktionsfinder GmbH operates the Internet portal Aktionsfinder.at. This platform ranks among the biggest web portals for advertising flyers in Austria, enabling the electronic downloading of flyers, promotions and offers distributed in Austria. Austrian Post acquired a further 20% stake in Aktionsfinder GmbH effective October 1, 2015 for a cash payment of EUR 0.3m. Accordingly, Austrian Post's shareholding in the company increased from 60% to 80%.

The 100% stake in the Slovak company Kolos s.r.o. owned by Austrian Post was sold effective August 5, 2015. The company specialises in the delivery of unaddressed mail items as well as addressed direct mail and letters in Slovakia.

Austrian Post acquired a 100% stake in EMD – Elektronische- u. Mikrofilm-Dokumentationssysteme Ges.m.b.H, effective October 1, 2015. EMD has been operating as a specialist for the digitalisation and microfilming of archives and historical documents for more than 30 years. Thanks to this acquisition, Austrian Post has expanded its service portfolio in the field of intelligent input management.

The changes in the scope of consolidation are described in detail in Note 4.2 of the consolidated financial statements.

3.2 REVENUE AND EARNINGS

3.2.1 Revenue development

Group revenue of Austrian Post rose by 1.6% in the 2015 financial year to EUR 2,401.9m compared to the previous year. Both the Parcel & Logistics Division as well as the Mail & Branch Network Division contributed to this revenue growth, expanding by 2.9% and 0.9% respectively.

The Mail & Branch Network Division accounted for 62.5% of total Group revenue, whereas the Parcel & Logistics Division generated 37.5% of revenue. The share of revenue of the Corporate Division was below 0.1%.

On balance, revenue of the Mail & Branch Network Division was up 0.9% to EUR 1,501.7m during the reporting period. The Parcel & Logistic Division generated revenue of EUR 900.2m in 2015, comprising a rise of 2.9% from the prior-year level.

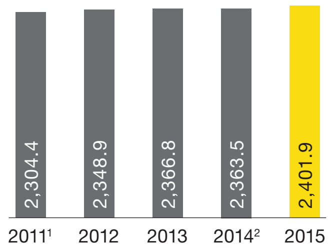
Revenue of the Corporate Division amounted to EUR 0.1m (revenue with third parties) during the year under review.

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 73.3% of its revenue in Austria, 21.9% in Germany and 4.8% in South East and Eastern Europe in the 2015 financial year.

REVENUE DEVELOPMENT

EUR m



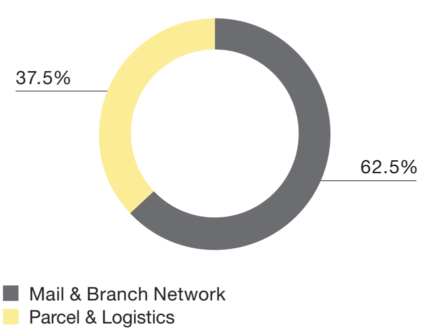
[1] Figures adjusted for the subsidiaries in the Benelux (sale in 2012) and the meiller Group (the joint venture company MEILLERGHP was accounted for using the equity method since 2011).
[2] The presentation of revenue in the Parcel & Logistics Division was adjusted. Exported services were recognised according to the net method (previously reported as revenue and expenses for services used).

GROUP REVENUE DEVELOPMENT

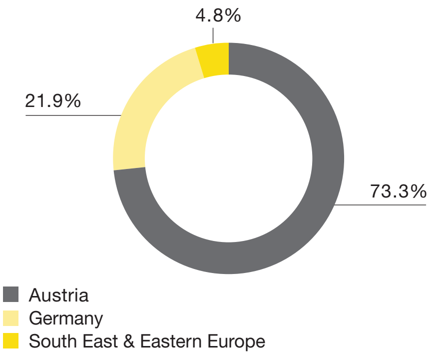
EUR m	2013	2014[1]	2015	Change 2014/2015 %	Change 2014/2015 EUR m
Revenue	**2,366.8**	**2,363.5**	**2,401.9**	**1.6%**	**38.5**
Calendar working days in Austria	251	250	251	–	–

[1] The presentation of revenue in the Parcel & Logistics Division was adjusted. Exported services were recognised according to the net method (previously reported as revenue and expenses for services used).

REVENUE BY DIVISION 2015



REVENUE BY REGION 2015



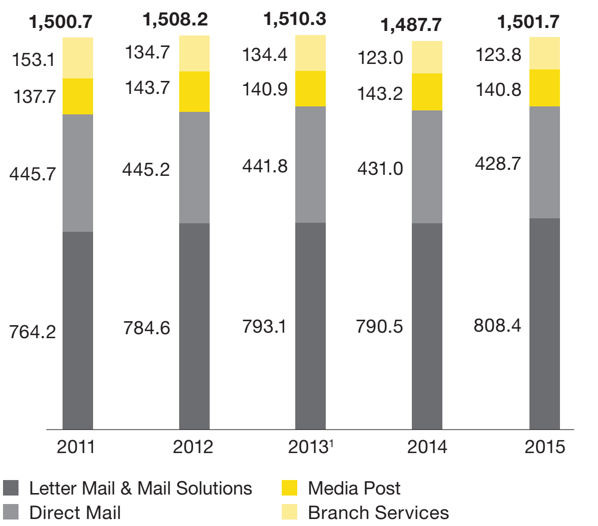
REVENUE DEVELOPMENT OF THE MAIL & BRANCH NETWORK DIVISION

EUR m	2013[1]	2014	2015	Change 2014/2015 %	Change 2014/2015 EUR m
Revenue with third parties (external)	**1,510.3**	**1,487.7**	**1,501.7**	**0.9%**	**14.0**
Letter Mail & Mail Solutions	793.1	790.5	808.4	2.3%	17.9
Direct Mail	441.8	431.0	428.7	–0.5%	–2.2
Media Post	140.9	143.2	140.8	–1.7%	–2.4
Branch Services	134.4	123.0	123.8	0.6%	0.7
Revenue with other segments (intra-Group)	75.1	79.4	84.1	6.0%	4.7
Total revenue	1,585.4	1,567.1	1,585.8	1.2%	18.7

[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

EUR m



[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).

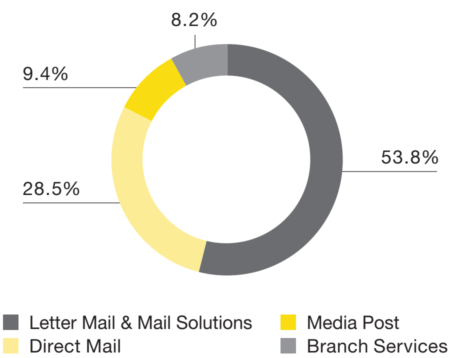
Revenue of the Mail & Branch Network Division totalled EUR 1,501.7m in 2015. Of this amount, 53.8% can be attributed to the Letter Mail & Mail Solutions business, whereas Direct Mail accounts for 28.5% of total divisional revenue and Media Post, i.e. the delivery of newspapers and magazines has a 9.4% share. Branch Services accounts for 8.2% of divisional revenue. Generally speaking, revenue development is strongly influenced by election effects. Overall, the positive revenue effects related to elections were slightly above the previous year. Elections in 2015 mainly took place in the first half of the year, whereas additional revenue was also generated in the second half-year as a result of the provincial elections in Vienna and Upper Austria.

In the 2015 financial year, Letter Mail & Mail Solutions revenue at EUR 808.4m climbed 2.3% from the previous year. The basic trend towards declining mail volumes related to the substitution of letters by electronic forms of communication continued. In contrast, the upward adjustment of postal rates as of March 1, 2015 and impetus provided by the international cross border mail volumes had the opposite effect.

Revenue in the Direct Mail business fell by 0.5% to EUR 428.7m during the reporting period. This decline is mainly due to the sale of two mail subsidiaries in Hungary and Slovakia. In general, the Direct Mail business is influenced by the overall economic environment and the level of customer advertising expenditure, and is thus subject to greater fluctuations. The individual customer segments in the Direct Mail business were also subject to differing volume trends. The advertising activities of big retailers in the unaddressed direct mail segment developed positively during the period under review. In contrast, the volume of addressed advertising mail decreased, which can be attributed to the discontinuation of one-time mailings and the reduced advertising activities of individual customer segments, for example mail order customers.

Media Post revenue was down 1.7% in 2015 to EUR 140.8m, which was mainly due to the general decline in the business with daily, weekly and monthly newspapers and magazines.

MAIL REVENUE BY PRODUCT GROUP 2015



Branch Services revenue at EUR 123.8m in the year under review represented a rise of EUR 0.7m from the previous year. This increase is primarily the result of a change in the invoicing model of certain retail goods. Revenue from mobile telephony products and financial services in cooperation with the company's banking partner BAWAG P.S.K. continued to decline, though a positive trend for mobile telephony products was evident in the fourth quarter in comparison to the prior-year period.

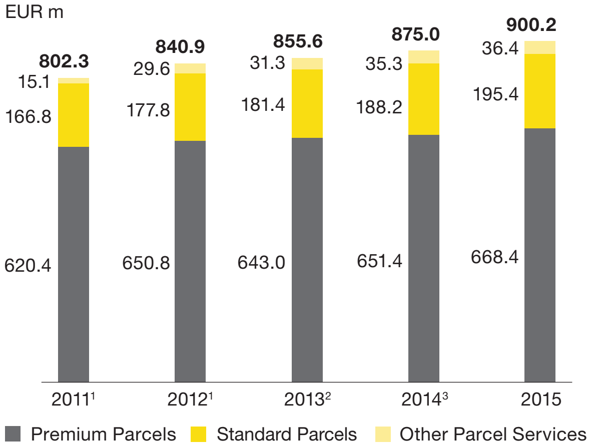
REVENUE DEVELOPMENT OF THE PARCEL & LOGISTICS DIVISION

EUR m	2013[1]	2014[2]	2015	Change 2014/2015 %	Change 2014/2015 EUR m
Revenue with third parties (external)	**855.6**	**875.0**	**900.2**	**2.9%**	**25.2**
Premium Parcels	643.0	651.4	668.4	2.6%	17.0
Standard Parcels	181.4	188.2	195.4	3.8%	7.1
Other Parcel Services	31.3	35.3	36.4	3.0%	1.1
Revenue with other segments (intra-Group)	9.4	8.8	8.2	–6.7%	–0.6
Total revenue	865.0	883.7	908.4	2.8%	24.6

[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).
[2] The presentation of revenue in the Parcel & Logistics Division was adjusted. Exported services were recognised according to the net method (previously reported as revenue and expenses for services used).

PARCEL REVENUE BY PRODUCT GROUP

EUR m



[1] Figures 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).
[3] The presentation of revenue in the Parcel & Logistics Division was adjusted. Exported services were recognised according to the net method (previously reported as revenue and expenses for services used).

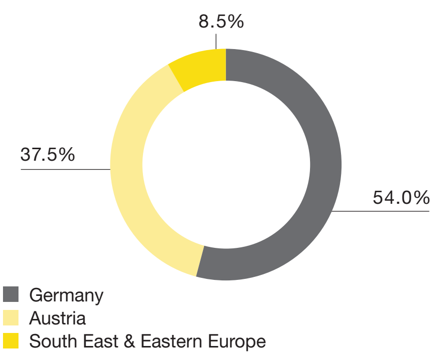
Revenue of the Parcel & Logistics Division rose by 2.9% in a year-on-year comparison to EUR 900.2m. The Premium Parcels business (parcel delivery within one working day) contributes the largest share of this division at about 74% of revenue. Premium Parcels generated revenue of EUR 668.4m in the reporting period, comprising a rise of 2.6% (+4.7% in the fourth quarter of 2015). In addition to the good development of business parcels in Austria, above-average growth was also achieved in higher value parcels for private customers. Generally, the business customer segment is highly competitive, which, combined with weak economic growth, results in high price pressure.

Standard Parcels, which mainly involves shipments to private customers in Austria, posted revenue of EUR 195.4m, an increase of 3.8% from the previous year. The basis for this growth is the ongoing online shopping trend resulting in growing parcel volumes of online retailers to private customers. Intensified competition and a struggle for market shares are also perceptible in this area.

Other Parcel Services, which includes various additional logistics services such as fulfilment, warehousing and cash logistics, generated revenue of EUR 36.4m in the period under review, a rise of 3.0% from the previous year.

From a regional perspective, 54.0% of total revenue in the Parcel & Logistics Division was generated in Germany, compared to 37.5% in Austria and 8.5% by the subsidiaries in South East and Eastern Europe. Whereas the business in Austria and the CEE markets developed very positively, revenue generated by the German

PARCEL REVENUE BY REGION 2015



trans-o-flex Group fell by 0.5% due to the challenging competitive situation. In contrast, revenue in Austria rose by 7.4% in 2015, driven by the trend towards online shopping and a market share increase in the business parcel segment. On balance, the subsidiaries in South East and Eastern Europe posted a substantial revenue increase of 6.6%.

3.2.2 Earnings development

CONSOLIDATED INCOME STATEMENT

EUR m	2013	2014[1]	2015	Change 2014/2015 %	Change 2014/2015 EUR m
Revenue	**2,366.8**	**2,363.5**	**2,401.9**	**1.6%**	**38.5**
Other operating income	69.7	134.4	99.2	–26.2%	–35.3
Raw materials, consumables and services used	–753.3	–737.5	–749.6	–1.6%	–12.1
Staff costs	–1,073.5	–1,109.5	–1,106.0	0.3%	3.5
Other operating expenses	–298.6	–317.0	–344.0	–8.5%	–27.0
Results from financial assets accounted for using the equity method	–6.6	–0.1	1.1	>100%	1.3
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**304.5**	**333.8**	**302.7**	**–9.3%**	**–31.1**
Depreciation and amortisation	–83.5	–84.9	–85.0	–0.1%	–0.1
Impairments	–35.1	–52.0	–128.7	>100%	–76.7
Earnings before interest and tax (EBIT)	**186.0**	**196.9**	**198.0[2]/89.0**	**–54.8%**	**–107.8**
Other financial result	–14.8	–2.8	2.0	>100%	4.8
Earnings before tax (EBT)	**171.2**	**194.0**	**91.0**	**–53.1%**	**–103.0**
Income tax	–47.2	–47.2	–19.5	58.7%	27.7
Profit for the period	**124.0**	**146.8**	**142.2[2]/71.6**	**–51.3%**	**–75.3**
Earnings per share (EUR)[3]	1.82	2.17	2.10[2]/1.06	-51.2%	1.11

[1] The presentation of revenue in the Parcel & Logistics Division and raw materials, consumables and services used was adjusted. Exported services were recognised according to the net method (previously reported as revenue and expenses for services used).
[2] Adjusted for special effects
[3] Undiluted earnings per share in relation to 67,552,638 shares

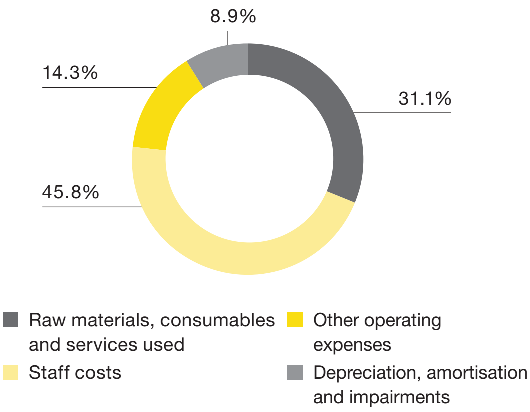
Staff costs comprise a major factor in the cost structure of Austrian Post's operating income. Accordingly, 45.8% of the total operating expenses incurred by Austrian Post in 2015 can be attributed to staff costs. The second largest expense item, accounting for 31.1% of operating expenses, is raw materials, consumables and services used, of which a large part relates to external transport services. Other operating expenses comprise 14.3% of the total costs, whereas 8.9% is attributable to depreciation, amortisation and impairments.

Other operating income during the period under review fell to EUR 99.2m, compared to EUR 134.4m in the previous year. In 2014 Austrian Post reported a deconsolidation gain of EUR 62.4m in connection with the commercial realisation of Austrian Post's former headquarters in Vienna's inner city. Other operating income in 2015 includes the repayment claims related to non-wage costs for civil servants paid in previous periods. The net effect taking account of expenses for any compensation payments reported under other operating expenses amounted to EUR 23.0m.

Raw materials, consumables and services used were up by 1.6% during the period under review, rising to EUR 749.6m. The cost of materials declined, primarily as a consequence of lower fuel prices. In contrast, costs for retail goods increased due to the higher volumes. Costs for services used increased in 2015, which was attributable to the development of transport expenditures relating to increased parcel volumes in Austria as well as in South East and Eastern Europe.

Austrian Post's staff costs amounted to EUR 1,106.0m in the 2015 financial year, comprising a slight decline of 0.3%. The operational staff costs for salaries and wages included in this amount declined

ALLOCATION OF EXPENSES 2015



from the previous year, which shows that the consistent implementation of ongoing measures to improve efficiency and the staff structure succeeded in compensating for inflation-related cost increases. On balance, the average number of employees (full-time equivalents) working for the Austrian Post Group amounted to 23,476 people in 2015 compared to 23,912 employees in 2014.

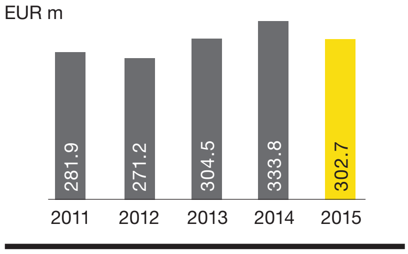
In addition to the ongoing operational staff costs, staff costs also include various non-operational costs such as termination benefits and changes in provisions, which are primarily related to the specific employment situation of civil servants at Austrian Post. All in all, these costs amounted to EUR 50m and were higher than in 2014. Termination benefits (including the change in the provisions for termination benefits) during the reporting period were significantly above the comparable level in the previous year due to extensive termination benefit measures. In contrast, staff-related provisions for social plans, employee under-utilisation and the voluntary transfer of employees to the federal public service as well as various restructuring provisions only rose slightly in 2015. In 2014, adjustments to the parameters for interest-bearing staff-related provisions (discount rate, salary increases and employee turnover) had resulted in a negative effect of EUR 22.5m.

Other operating expenses climbed by 8.5% to EUR 344.0m. This development is due to higher maintenance and repair expenses as well as the above-mentioned costs for any compensation payments, amongst other factors. Moreover, impairment losses of EUR 3.7m were recognised on trade receivables of the German distribution companies.

The results of the financial assets accounted for using the equity method amounted to EUR 1.1m in 2015, compared to minus EUR 0.1m in 2014. This item includes the positive earnings contribution of the Turkish company Aras Kargo a.s. as well as the negative earnings contribution of the German start-up company AEP GmbH, which, however, made a positive contribution to earnings in December 2015 for the first time. The results from financial assets accounted for using the equity method also includes a loss of EUR 0.5m reported in connection with the sale of the joint venture company MEILLERGHP, which was divested effective from February 20, 2015. The loss is exclusively related to the currency translation reserves of MEILLERGHP.

Earnings before interest, tax, depreciation and amortisation (EBITDA) of the Austrian Post Group amounted to EUR 302.7m, compared to the prior-year level of EUR 333.8m. This difference is mainly due to the positive contribution to EBITDA arising from the sale of Austrian Post's former corporate headquarters in 2014 for EUR 62.4m. The year 2015 included claims related to non-wage costs paid in previous periods less any compensation payments, with a net effect of EUR 23.0m. The EBITDA margin of the Austrian Post was 12.6% in 2015.

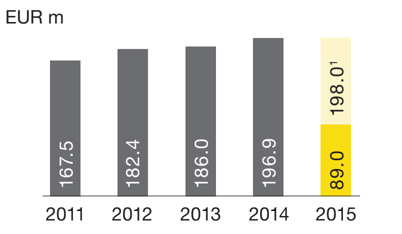
EBITDA



Total depreciation, amortisation and impairment losses in the reporting period amounted to EUR 213.7m, compared to EUR 136.9m in the previous year. In 2015, this item included impairment losses on goodwill and assets at the German trans-o-flex Group to the amount of EUR 122.1m, and an impairment loss totalling EUR 6.1m recognised for goodwill of the Romanian subsidiary PostMaster s.r.l. In 2014, the main impairment losses related to the trans-o-flex Group and the Polish subsidiary PostMaster Sp. z o.o. to the amount of EUR 48.6m.

Taking account of depreciation, amortisation and impairments, earnings before interest and tax (EBIT) amounted to EUR 89.0m. The EBIT reported for 2015 was considerably impacted by the two above-mentioned special effects. On balance, impairment losses amounted to EUR 131.9m, for the most part relating to the trans-o-flex Group which is held for sale. Moreover, there was a positive special net effect of EUR 23.0m from the claims related to non-wage costs paid in previous periods. Leaving aside these special effects, operating EBIT of Austrian Post totalled EUR 198.0m, comprising an EBIT margin of 8.2%.

EBIT



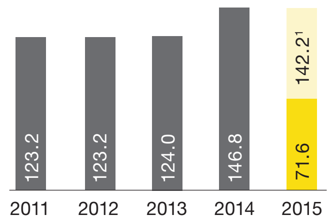
[1] Adjusted for special effects

The other financial result improved from minus EUR 2.8m in 2014 to a plus of EUR 2.0m in 2015. This development can be mainly attributed to interest income of EUR 3.3m related to the early termination of a cross-border leasing transaction of various postal sorting facilities in March 2015. In addition, the interest expense from the ongoing compounding of interest for interest-bearing provisions decreased due to the lower applicable actuarial interest rate compared to the previous year.

The reported net earnings were also impacted by the previously-mentioned special effects. Earnings before tax in 2015 amounted to EUR 91.0m, compared to the prior-year level of EUR 194.0m. The tax expenses was down to EUR 19.5m from EUR 47.2m in 2014. After deducting income tax, the Group's profit for the period (profit after tax) amounted to EUR 71.6m, compared to EUR 146.8m in the previous year. This corresponds to undiluted earnings per share of EUR 1.06 for the 2015 financial year. Excluding the above-mentioned special effects after taxes, the comparable profit for the period amounts to EUR 142.2m, or earnings per share of EUR 2.10.

PROFIT FOR THE PERIOD

EUR m



[1] Adjusted for special effects

EBITDA AND EBIT BY DIVISION

EUR m	2013	2014	2015	Change 2014/2015 %	Change 2014/2015 EUR m	Margin 2015
Total EBITDA	**304.5**	**333.8**	**302.7**	**–9.3%**	**–31.1**	**12.6%**
Mail & Branch Network	320.7	311.0	322.9	3.8%	12.0	20.4%
Parcel & Logistics	42.8	41.4	37.9	–8.4%	–3.5	4.2%
Corporate/Consolidation	–58.9	–18.5	–58.1	<–100%	–39.5	–
Total EBIT	**186.0**	**196.9**	**89.0**	**–54.8%**	**–107.8**	**3.7%**
Mail & Branch Network	281.8	270.0	284.7	5.4%	14.7	18.0%
Parcel & Logistics	–4.9	–19.5	–105.4	<–100%	–85.9	–
Corporate/Consolidation	–90.9	–53.6	–90.3	–68.5%	–36.7	–

From a divisional perspective, the Mail & Branch Network Division generated an EBITDA of EUR 322.9m in the 2015 financial year, corresponding to a rise of 3.8% or EUR 12.0m. This increase is mainly due to the revenue increase of 1.2% as well as to strict cost discipline. EBIT of the division at EUR 284.7m was up 5.4% from the previous year. Whereas impairment losses on goodwill for subsidiaries in South East and Eastern Europe amounted to EUR 9.7m in 2014, impairment losses of EUR 6.1m were reported for the mail subsidiary in Romania during the period under review.

EBITDA of the Parcel & Logistics Division amounted to EUR 37.9m in 2015, compared to EUR 41.4m in the 2014 financial year. Negative effects relating to the trans-o-flex Group impacted the earnings situation in both reporting periods. Revenue and earnings of trans-o-flex continued below expectations in 2015, which is why Austrian Post decided to examine all strategic options for the further development of the trans-o-flex Group in 2015. On balance, impairment losses of EUR 125.8m were recognised for the trans-o-flex Group which is held for sale, in contrast to impairment losses of EUR 38.9m reported for trans-o-flex in 2014. As a result, EBIT of the Parcel & Logistics Division was minus EUR 105.4m in the reporting period. Excluding this special effect (non-cash), the Parcel & Logistics Division generated an operating EBIT of EUR 20.4m.

The Corporate Division (including Consolidation) encompasses all non-allocable expenses for central departments in the Group as well as staff-related provisions assigned to it. In addition, the division encompasses innovation management and the development of new business models. The positive net effect of EUR 23.0m from the claims related to non-wage costs paid in previous periods resulted in an EBIT of minus EUR 90.3m. The 2014 results of the Corporate Division amounting to minus EUR 53.6m included the proceeds from the sale of Austrian Post's former corporate headquarter totalling EUR 62.4m.

3.3 ASSETS AND FINANCES

Austrian Post pursues a conservative balance sheet policy 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.

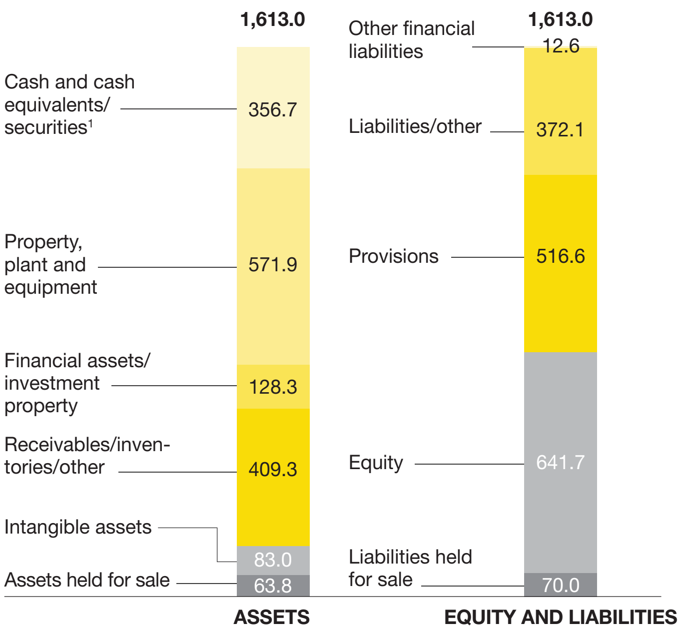
3.3.1 Balance sheet structure

The balance sheet total of Austrian Post amounted to EUR 1,613.0m as of December 31, 2015. On the assets side, property, plant and equipment comprise the largest single balance sheet item at EUR 571.9m. Impairment losses of EUR 122.1m were reported on goodwill and assets in connection with the held for sale trans-o-flex Group. This was the primary reason for the decline in intangible assets to EUR 24.8m and the reduction in goodwill to EUR 58.2m. The assets held for sale of the trans-o-flex Group of EUR 63.8m and the liabilities of EUR 70.0m are reported separately in the balance sheet.

The analysis of the balance sheet reveals that Austrian Post boasts financial resources (cash and cash equivalents) totalling EUR 299.6m as at December 31, 2015. Other financial assets, including financial investments in securities of EUR 57.2m, amounted to EUR 71.8m 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 356.7m at the end of 2015. The payment of a dividend in April 2015 of EUR 1.95 per share or a total of EUR 131.7m for the 2014 financial year is already taken into account.

The equity and liabilities side of the balance sheet is characterised by a high equity ratio of 39.8% as at December 31, 2015, corresponding to equity of EUR 641.7m. Non-current liabilities amounted to EUR 384.9m at the end of the reporting period, whereas current liabilities were at EUR 516.3m. The provisions included in liabilities totalled EUR 516.6m at the end of December 2015, including provisions for employee under-utilisation of EUR 183.2m.

BALANCE SHEET AS AT DECEMBER 31, 2015



[1] In the balance sheet, securities are recognised as other financial assets.

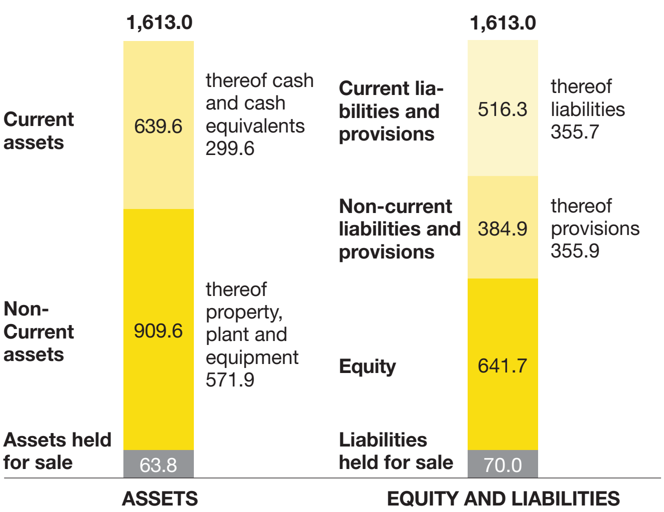
BALANCE SHEET STRUCTURE BY ITEM

EUR m	Dec. 31, 2013[1] adjusted	Dec. 31, 2014	Dec. 31, 2015	Structure Dec. 31, 2015
Assets				
Property, plant and equipment, intangible assets and goodwill	839.7	769.9	654.9	40.6%
Investment property	33.5	51.8	60.5	3.7%
Financial assets accounted for using the equity method	50.3	53.3	53.2	3.3%
Inventories, trade and other receivables	397.4	464.2	409.3	25.4%
Other financial assets	77.2	67.1	71.8	4.4%
thereof financial investments in securities	65.0	53.1	57.2	–
Cash and cash equivalents	240.2	264.1	299.6	18.6%
Assets held for sale	1.9	0.6	63.8	4.0%
	1,640.2	**1,671.0**	**1,613.0**	**100%**
Equity and liabilities				
Equity	699.4	702.7	641.7	39.8%
Provisions	517.3	540.5	516.6	32.0%
Other financial liabilities	21.0	17.7	12.6	0.8%
Trade and other payables	402.6	409.5	372.1	23.1%
Liabilities classified as held for sale	0.0	0.6	70.0	4.3%
	1,640.2	**1,671.0**	**1,613.0**	**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.

The analysis of the balance sheet structure by terms shows that non-current assets predominate on the assets side, accounting for 56.4% of total assets or EUR 909.6m. An important non-current asset item is property, plant and equipment, intangible assets and goodwill at EUR 654.9m. The principal current asset items include trade and other receivables at EUR 288.8m as well as cash and cash equivalents including securities of EUR 299.6m. The financial resources of Austrian Post (including EUR 57.2m in securities) amounted to EUR 356.7m as at December 31, 2015. Assets held for sale totalled EUR 63.8m.

BALANCE SHEET STRUCTURE BY TERM



On the equity and liabilities side, the balance sheet total mainly consists of equity (39.8%), non-current liabilities (23.9%) and current liabilities (32.0%) as well as liabilities classified as held for sale (4.3%). The non-current liabilities totalling EUR 384.9m largely consist of provisions (to the amount of EUR 355.9m). Current liabilities and provisions of EUR 516.3m primarily relate to liabilities of EUR 355.7m (including trade payables of EUR 177.3m). Liabilities classified as held for sale amounted to EUR 70.0m.

3.3.2 Cash flow

The gross cash flow totalled EUR 265.0m in the 2015 financial year compared to EUR 283.3m in 2014. The cash flow from operating activities of EUR 216.2m was EUR 16.0m lower than in the previous year. This difference is mainly due to higher tax payments as well as a rise in trade receivables. This effect was partially offset by an increase in liabilities.

The cash flow from investing activities reached a level of minus EUR 49.0m in 2015, which was significantly lower than in 2014. This development mainly related to the sale of Austrian Post's former corporate headquarters in Vienna's first district, for which the outstanding balance of the purchase price of EUR 60.0m was paid in the first quarter of 2015. Cash outflows for the acquisition of property, plant and equipment (CAPEX) amounted to EUR 104.7m during the reporting period, above the level of EUR 82.6m in the previous year. CAPEX included payments of about EUR 33m for the construction of Austrian Post's new corporate headquarters. In relation to acquisitions and divestments, the cash flow totalled minus EUR 6.8m in 2015. This figure included the cash outflow for the acquisition of the companies Aktionsfinder and EMD as well as the cash proceeds from the sale of the mail subsidiaries in Hungary and Slovakia. Moreover, a cash flow-reducing effect of EUR 4.4m was reported due to changes in the securities portfolio.

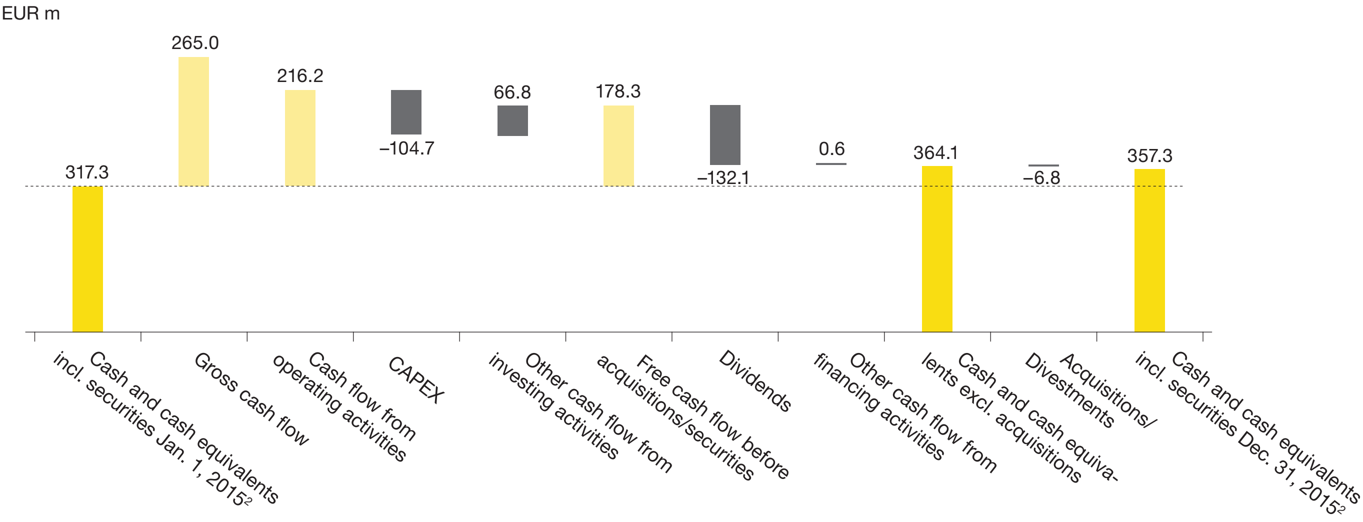
In aggregate, free cash flow during the reporting period was EUR 167.2m, up from EUR 162.8m in the previous year. Free cash flow before acquisitions/securities reached EUR 178.3m, thus higher than the prior-year figure. This provides a good basis for Austrian Post's ability to finance investments and dividends in the future.

CASH FLOW

EUR m	2013[1]	2014	2015
Gross cash flow	**304.8**	**283.3**	**265.0**
Cash flow from operating activities	**250.4**	**232.2**	**216.2**
Cash flow from investing activities	**–189.9**	**–69.4**	**–49.0**
thereof CAPEX	–96.4	–82.6	–104.7
thereof cash flow from acquisitions/divestments	–69.0	–2.0	–6.8
thereof acquisition/disposal of securities	–24.3	13.0	–4.4
thereof other cash flow from investing activities	–0.2	2.1	67.0
Free cash flow	**60.5**	**162.8**	**167.2**
Free cash flow before acquisitions/securities	**153.9**	**151.7**	**178.3**
Cash flow from financing activities	**–135.4**	**–138.8**	**–131.3**
thereof dividends	–123.6	–129.7	–132.1
Change in cash and cash equivalents	**–74.8**	**24.0**	**36.0**
Change in cash and cash equivalents before securities	**–50.5**	**11.0**	**40.3**
Change in cash and cash equivalents before acquisitions/securities	**18.5**	**13.0**	**47.1**

[1] 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 2015[1]



[1] Financial resources including financial investments in securities as at December 31, 2015 include reversals of impairments on securities to the amount of EUR 0.9m. These reversals were reported in other comprehensive income without recognition to profit and loss, and are therefore not included in the cash flow.
[2] Includes financial resources by disposal group of EUR 0.1m as at January 1, 2015 and EUR 0.5m as at December 31, 2015 pursuant to IFRS

An analysis of the development of financial resources including securities in 2015 shows the following: financial resources totalled EUR 317.3m on January 1, 2015. The cash flow from operating activities generated by Austrian Post amounted to EUR 216.2m in 2015. After deducting investments made in 2015, the cash flow before acquisitions and securities was EUR 178.3m. This more than covered dividends of EUR 132.1m distributed in 2015. On balance, financial resources including securities, which also encompass the financial resources of the trans-o-flex Group, totalled EUR 357.3m.

3.3.3 Liquidity/Net debt

Austrian Post Group reported a net debt position of EUR 28.1m as at the end of 2015. The decrease in net debt by EUR 71.6m can be mainly attributed to the increase of cash and cash equivalents and a reduction in interest-bearing provisions.

Accordingly, the ratio of net debt to EBITDA fell to 0.09 as at the end of December 2015. The gearing ratio was only 4.4% at the end of the reporting period.

LIQUIDITY/NET DEBT

EUR m	Dec. 31, 2013[1] adjusted	Dec. 31, 2014[1] adjusted	Dec. 31, 2015
Interest-bearing debt	**443.1**	**440.7**	**396.2**
thereof other financial liabilities and interest-bearing liabilities	24.9	21.0	12.6
thereof interest-bearing provisions	418.2	419.7	383.6
Interest-bearing assets	**–328.8**	**–341.1**	**–374.3**
thereof securities	–65.0	–53.1	–57.2
thereof other financial assets and interest-bearing receivables	–23.7	–23.8	–17.5
thereof cash and cash equivalents	–240.2	–264.1	–299.6
Assets held for sale	–1.9	–0.6	–63.8
Liabilities classified as held for sale	0.0	0.6	70.0
Net debt	**112.4**	**99.7**	**28.1**
Net debt/EBITDA	**0.37**	**0.30**	**0.09**
Gearing ratio[2]	**16.1%**	**14.2%**	**4.4%**

[1] The assets and liabilities held for sale were reclassified from capital employed to net debt.
[2] Gearing ratio = Net debt/capital and reserves

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.

3.3.4 Investments and acquisitions

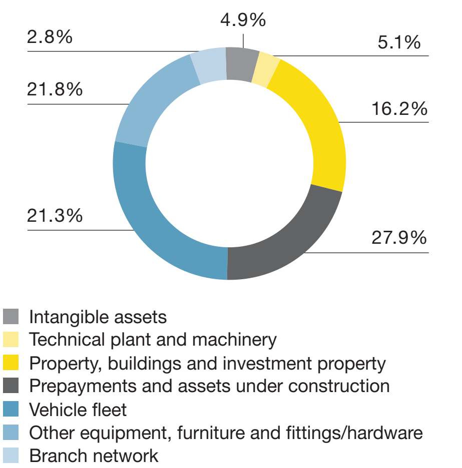
In the 2015 financial year, capital expenditure at Austrian Post Group reached a level of EUR 113.4m, a rise of EUR 21.8m from the previous year. This includes EUR 107.8m in investments for property, plant and equipment and EUR 5.6m for investments in intangible assets. The investments in property, plant and equipment include expenditures for construction of the new corporate headquarters to the amount of EUR 32.7m.

The focus of Austrian Post's investment programme is prepayments and assets under construction (27.9%). In addition to prepayments for delivery vehicles, the lion's share can be attributed to the new corporate headquarters scheduled for completion in 2017.

Naturally, replacement investments for new equipment, furniture and fittings and hardware (21.8%) and in the vehicle fleet (21.3%) also comprise a significant share of the annual investment volume.

Moreover, 16.2% of total investments were for property, buildings and investment property, along with 5.1% designed to modernise sorting facilities and conveyor technology. These investments serve the purpose of increasing efficiency and productivity, but are also necessary to fulfil the high quality standards in Austria. In addition, Austrian Post invested in software licenses (4.9%) and in modernising its branch network (2.8%).

INVESTMENTS BY CATEGORY IN 2015



New and replacement investments are subject to a detailed profitability assessment. Replacement investments are first made if the newer technology enables increased productivity achieving an ongoing reduction in costs for the company's own or external staff or in the purchase of transport services or 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 (including non-controlling interests) as well as for financial assets accounted for using the equity method amounted to EUR 7.0m in 2015, compared to EUR 6.0m in 2014. 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 Group fell by EUR 156.8m at the end of 2015 to EUR 577.0m. This decline is mainly due to the reduction of intangible assets and goodwill, primarily as a consequence of the impairment losses in connection with the held for sale 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. Goodwills 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	Dec. 31, 2013[1, 2] adjusted	Dec. 31, 2014[2] adjusted	Dec. 31, 2015
+ Intangible assets and goodwill	223.8	172.1	83.0
+ Property, plant and equipment	615.9	597.7	571.9
+ Financial assets/Investment property	33.5	51.8	60.5
+ Financial assets accounted for using the equity method	50.3	53.3	53.2
+ Inventories	17.1	16.7	15.9
+ Trade and other receivables[3]	310.5	368.9	297.6
– Non interest-bearing debt	–497.8	–526.9	–505.1
Capital employed	**753.4**	**733.8**	**577.0**

[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] The assets and liabilities held for sale were reclassified from capital employed to net debt.
[3] Less interest-bearing receivables

3.4.2 Ratios

The EBITDA margin of Austrian Post decreased, on the basis of the reported EBIT, from 14.1% in 2014 to 12.6% in 2015. The EBIT margin in 2015 was 3.7%. Excluding the previously-mentioned special effects, the EBIT margin was 8.2%. The return on equity in 2015 equalled 12.5%. Adjusted to take account of the special effects, the return on equity was 24.9%. The return on capital employed was 13.6%. On the basis of the adjusted EBIT, the return on capital employed rose to 30.2%.

RATIOS

	2013	2014	2015
EBITDA margin[1]	12.9%	14.1%	12.6%
EBIT margin[2]	7.9%	8.3%	3.7%/8.2%[3]
ROE[4]	21.2%	25.8%	12.5%/24.9%[3]
ROCE[5]	25.4%	26.5%	13.6%/30.2%[3]

[1] EBITDA margin = EBITDA/revenue
[2] EBIT margin = EBIT/revenue
[3] Adjusted for special effects
[4] Return on equity = Profit for the period (equity on Jan. 1 less dividend payment)
[5] 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 23,476 people during the period under review, comprising a decrease of 436 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 17,983 full-time equivalents). A total of 5,493 people (full-time equivalents) are employed by the subsidiaries.

EMPLOYEES BY DIVISION

Annual average, full-time equivalents	2013	2014	2015	Share in %
Mail & Branch Network	17,955	17,331	16,877	71.9%
Parcel & Logistics	4,191	4,611	4,754	20.3%
Corporate	2,065	1,970	1,845	7.9%
Total	**24,211**	**23,912**	**23,476**	**100.0%**

4.1.1 Health and occupational safety

For Austrian Post as a service company, motivated and healthy employees are crucial. 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. Both the company and employees must take responsibility for preserving employee health. Accordingly, Austrian Post works on designing workplaces and processes oriented to worker protection standards, and also offers a variety of activities to employees to support them in preserving their own health.

In 2015, the focus was on continuing the project called “A healthy heart and you”. Employees were provided with interesting information about their own health and body as well as about nutrition, relaxation techniques etc. at health consultations and “health day” events.

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 2015.

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. Austrian Post also takes its role of being a family-friendly employer seriously, and promotes the compatibility of career and family on the basis of a series of measures and offerings. For this reason, Austrian Post was given the basic “work and family” certificate, issued by the Federal Ministry of Families and Youth for the period 2013–2016.

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 2015, 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 2015, which already consisted of more than 1,000 e-vehicles at the end of the year. The "Green Vienna" project is designed to ensure that all letters and direct mail items to private customers are to be exclusively delivered by foot or by using e-vehicles by the end of 2016. This already applies to 14 districts in Vienna. 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 1.4m 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 compared to the previous year. 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

	2012	2013	2014	Change 2013/2014 %	Change 2013/2014 Nominal
Total CO_2 emissions (t)	**70,834**	**71,899**	**70,672**	**–1.7**	**–1,227**
Total energy consumption (kWh million)	149.5	151.4	142.2	–6.1	–9.2
Total fuel consumption (litre million)	14.3	14.8	14.7	–0.7	–0.1

The sustainability reports of Austrian Post are prepared in accordance with the guidelines contained in the Global Reporting Initiative (GRI). The Sustainability Report 2014 corresponded to the reporting standard GRI G4 (core option) and was subject to a limited assurance audit by Ernst & Young Wirtschaftsprüfungs m.b.H. The environmental indicators published for 2014, i.e. CO_2 emissions, energy consumption and fuel consumption, were also included in its audit. The environmental indicators for the 2015 financial year will be published in the Sustainability Report 2015 scheduled to be issued in September 2016.

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 2015 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), intelligent input management, effective mailroom management, digital document management, output management, dual delivery and effective CRM applications (geo-marketing, address management, etc.). In 2015, Austrian Post acquired an 80% stake in the digital flyer platform Aktionsfinder to complement the physical part of its business. 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.

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 2015, Austrian Post once again managed to outperform the minimum legally stipulated standards, delivering 95.9% 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 98.1% of all parcels within two working days in 2015, 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 for letters and parcels was surpassed. The first-time delivery success rate is a very important factor determining the level of customer satisfaction. Accordingly, 91.0% of registered parcels and 78.0% of registered letters were successfully delivered on the first attempt in 2015.

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 2015 was good, at a level of 69 index points, once again one point higher than in the previous year. Thus overall customer satisfaction with Austrian Post has increased by five points since 2011. The index only fluctuated by two index points slightly over the four quarters of the year. In the third quarter, a value of 70 points was achieved for the first time since the beginning of the customer satisfaction survey. The postal service points, shipment and delivery services were given particularly high ratings. Young people continually rank among the most satisfied customers.

In particular, both mail and parcel delivery services were given very high grades, whereas the delivery staff itself is ranked as outstanding. In particular, the perception of parcel shipping significantly improved in 2015, which can likely also be attributed to the self-service zones which enjoy growing popularity. The branch network is also steadily improving, according to the people surveyed, particularly with respect to waiting times, atmosphere and location.

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.

DELIVERY QUALITY

	2013	2014	2015
Delivery time			
E+1 letter mail delivery time	95.5%	96.3%	95.9%
E+2 parcel delivery time in Austria[1]	96.6%	97.5%	98.1%
Delivery success rate			
First-time delivery success for letter mail (registered)	77.4%	77.4%	78.0%
First-time delivery success for parcels (E+2)	87.9%	88.7%	91.0%

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

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 1,785 postal service points at the end of 2015, 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 1,281 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

All material events after the balance sheet date, such as pending litigation, claims for damages, other obligations or contingent losses, and for which IAS 10 prescribes adjustments or disclosure, have been recognised to the extent known to the company.

6 OUTLOOK 2016

Stable development targeted
On the basis of the available economic data, a positive economic development is expected for the core region in which Austrian Post operates. Prospects are improving for Austria, Germany and most countries of South East and Eastern Europe. However, current forecasts are uncertain due to the geopolitical environment and prevailing fiscal policies.

Generally speaking, the basic trends impacting the letter mail and logistics markets in recent years are expected to continue in 2016. Volumes of addressed mail are under pressure on both a national and international level, whereas parcel volumes to private customers are rising, driven by increasing online orders. In addition to the current basic trends in the mail and parcel business, the revenue forecasts for Austrian Post in 2016 also considerably depend on a potential change in its portfolio. This concerns a deconsolidation of the trans-o-flex Group or a potential increase in the stake held by Austrian Post in the Turkish parcel services provider Aras Kargo, which will be decided in the course of the year. With the exception of these two measures, Austrian Post is striving to maintain a largely stable revenue development in 2016.

In the mail business, the basic trend of e-substitution i.e. the substitution of traditional letter mail by electronic forms of communication is likely to continue, resulting in further volume declines. This downward trend is also anticipated for 2016, accompanied by a drop in mail volumes within the predicted range of minus 3–5%. The direct mail business will continue to show a differentiated development in the individual customer segments, with a decrease perceptible for addressed direct mail items in particular.

The development of the Parcel & Logistics Division is impacted by differing trends in the private and business parcel segments. Considerable growth continues to be anticipated in the private customer parcel segment due to the steadily growing online business. At the same time, intensified competition is expected as a result of the positive development in this market segment. In turn, this could impact parcel prices and volumes and thus the company's business development. In contrast, subdued economic growth prospects are unlikely to provide much impetus to the business parcel segment.

Efficiency enhancement to safeguard earnings
Austrian Post is optimising its structures and processes nationally and internationally in its mail and parcel logistics operations in order to further enhance efficiency in all the services it provides. In addition to technological improvements and route optimisation measures, the focus in mail logistics is also on nationwide teamwork models in the delivery organisation. In the Parcel & Logistics Division, Austrian Post is also expanding its quality leadership on the Austrian market. Both delivery quality and the improvement of the service offering are guarantees for a high level of customer satisfaction.

The earnings development of Austrian Post will be impacted by the revenue trends of letter mail and parcel flows in 2016, but also by innovative new business ideas and the implementation of the targeted efficiency programme. On balance, Austrian Post aims to achieve a stable development in 2016, with an operating EBIT at the prior-year level.

Continuation of the attractive dividend policy
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. With this in mind, operational capital expenditure (CAPEX) of about EUR 80m is planned in 2016, focusing on sorting technologies, logistics and customer solutions. In addition, Austrian Post is in the process of building its new corporate headquarters in Vienna's third district. The project is expected to be completed in 2017. The Management Board will propose to the Annual General Meeting scheduled for April 14, 2016 to approve the distribution of a dividend amounting to EUR 1.95 per share for the 2015 financial year. Thus, the company is once again continuing its attractive and predictable dividend policy on the basis of a solid balance sheet structure and the generated cash flows. Austrian Post adheres to its objective of distributing at least 75% of the Group's net profit to its shareholders.

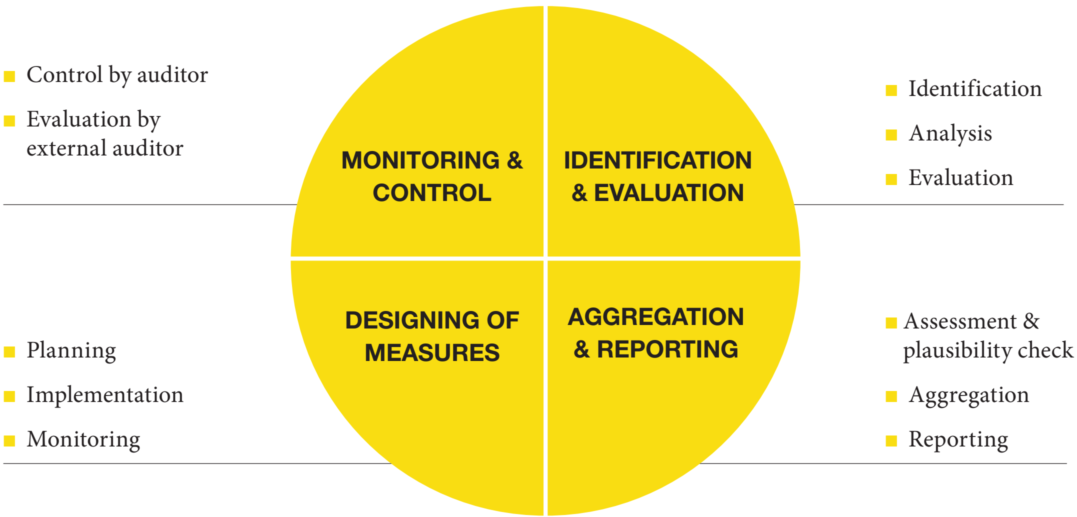
7 OPPORTUNITIES AND RISKS OF THE COMPANY

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.

RISK STRATEGY AND POLICIES



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

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 1% 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 ongoing weak economic development in recent years, an increasing trend towards market concentration in the retail sector (e.g. mergers, bankruptcies) was evident. 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 negatively 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 largely depend on political, economic and legal factors. In addition, market price risks as well as fluctuating foreign currency exchange rates, for example for Turkish lira in the case of Aras Kargo a.s., can impact the intrinsic value of these strategic investments. The profitability and any required 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 1% change in wages and salaries corresponds to an average of 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 the use of 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.

To systematically deal with insurable risks, the Austrian Post Group operates an internal insurance management system. Its main tasks are to continually evaluate insurance solutions available on the market, focus on portfolio management with respect to insurance policies which are concluded and optimise processes in handling and settling claims. Safety and security measures and guidelines have been defined as a means of dealing with all contingencies and ensuring 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 interest rate risk. 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 trademark rights 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. The corresponding reform of the salary system was implemented in 2015 with respect to determining the correct reference date for salary increments for civil servants. Therefore, it remains unlikely that there will be an outflow of resources embodying economic benefits in connection with this issue on the Balance sheet date of December 31, 2015.

An agreement was reached in 2015 to settle the differing legal interpretations between the federal government and Austrian Post with respect to the calculation of pension contributions to be paid by the company for civil servants who are still working, as well as for the care allowance and the invoicing of pension contributions. For this reason, additional payments on the part of Austrian Post above and beyond the existing agreement are no longer expected.

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 2014 of Austrian Post according to GRI G4.

7.4 OVERALL VIEW OF THE COMPANY'S RISK SITUATION

The above-mentioned risks are continually being monitored by the company and it will respond if required. However, 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 (on a top-down basis). 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 an opportunity. New online initiatives are designed to expand the range of services offered by Austrian Post. 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 – **Profitable growth in selected markets** – opportunities arise with respect to Austrian Post's strategic international shareholdings in the growth markets of South East 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.

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 delivery as well as the use of state-of-the-art sorting technologies in mail and parcel logistics 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 Group 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 compile comprehensive and correct IFRS-compatible individual financial statements in a timely manner on the basis of the unified accounting and valuation rules in force. The individual financial statements in accordance with IFRS are the starting point for processing within the context of Corporate Consolidation, 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 manual checks by employees in the subsidiaries as well as staff members working for Corporate Consolidation.

Group-Consolidation 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 subsequent 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 and 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 Bundes- und Industriebeteiligungen GmbH (ÖBIB; formerly Österreichische Industrieholding AG, ÖIAG), the Republic of Austria has a 52.85% 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 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 which can be directly inferred from the Austrian Stock Corporation Act or also with respect to ÖBIB from federal law, with which the federal law regulating the reorganisation of the legal status of Österreichische Industrieholding Aktiengesellschaft and Post und Telekombeteiligungsverwaltungsgesellschaft (ÖIAG Act 2000) and federal law on measures to ensure the stability of the financial market (Financial Market Stabilisation Act) will be changed (ÖBIB Act 2015).

Authorised capital

In accordance with Section 5a of the Articles of Association of Austrian Post, the Management Board is authorised until April 14, 2020 to undertake the following, provided that the Supervisory Board so approve: the increasing of the share capital, in accordance with Section 169 Austrian Stock Corporation Act, by a further EUR 33,776,320 through the issuance of up to a further 6,755,264 new, ordinary bearer shares (non-par value shares) in exchange for cash and/or contributions in kind. This amendment to the Articles of Association was entered in the commercial register on June 11, 2015.

Conditional capital
In accordance with Section 5b of the Articles of Association of Austrian Post, the company's share capital was increased in accordance with Section 159 Austrian Stock Corporation Act, by up to EUR 16,888,160 through the issuance of 3,377,632 non-par value bearer shares. The capital increase may only be used for the purpose of granting conversion and subscription rights to creditors of financial instruments pursuant to Section 174 Austrian Stock Corporation Act as well as for the purpose of granting share options to employees and top executives of the company or associated companies. The Management Board is authorised, contingent upon approval by the Supervisory Board, to determine further terms and conditions of the conditional increase in capital. This amendment to the Articles of Association was entered in the commercial register on June 11, 2015.

Share buy-back programme
The 9th Annual General Meeting of Austrian Post held on April 15, 2016 authorised the Management Board pursuant to Section 65 Para 1 (4) and (8), Para 1a and 1b Austrian Stock Corporation Act to acquire non-par value bearer or registered shares of the company, with this to amount to up to 10% of the company's share capital over a period of 30 months starting on April 15, 2015, on or outside stock exchanges, and with these to be offered for purchase in such cases to individual shareholders or to a single shareholder, especially ÖBIB, at a lowest equivalent value of EUR 20 (twenty euros) per share, and at a highest equivalent value of EUR 60 (sixty euros) per share.

The trading in treasury shares is excluded as the objective of the acquisition. The authorisation can be exercised in two or more partial amounts and for the purposes of realising one or more objectives of the company, by a subsidiary (Section 228 Para 3 Austrian Commercial Code) or by a third party acting on a paid commission basis on behalf of the company. The acquisition by the Management Board may especially be performed in cases in which the shares are to be offered to employees, senior managers and members of the Management Board of the company or of one affiliated with it in conjunction with an employee participation programme, a stock option programme and/or for purposes of being issued to a private foundation enabling employee participation.

The Management Board can resolve to make this acquisition on an exchange. In such cases, the Supervisory Board has to be subsequently informed of this resolution. An acquisition not made via an exchange requires the prior approval of the Supervisory Board. In a case of an acquisition not made on the exchange, this acquisition can be undertaken in a way excluding the proportionate right of sale (converse exclusion of right of procurement).

The Management Board is authorised for a term of five years starting with approval of the resolution pursuant to Section 65 Para 1b Austrian Stock Corporation Act, with the approval of the Supervisory Board but without requiring the Annual General Meeting's passing of a resolution, to pass a resolution stipulating that treasury shares are to be sold or used in a way other than their sale via an exchange or via the making of a public offer, appropriately adhering to the rules established for the exclusion of subscription rights held by shareholders, especially with respect to shares to be offered to employees, senior managers and members of the Management Board of the company or of one affiliated with it in conjunction with an employee participation programme or with a stock option programme and/or issued to a private foundation constituted for purposes of employee participation. The Management Board is also authorised to establish the conditions of sale. The authorisation can be exercised in two or more partial amounts and for the purposes of realising one or more objectives by the company, a subsidiary (Section 228 Para 3 Austrian Commercial Code) or by a third party acting on a paid commission basis on behalf of the company.

The Management Board is also authorised to reduce the share capital with the consent of the Supervisory Board, and if necessary. This is to be undertaken through the withdrawal of treasury shares and does not require the Annual General Meetings passing a resolution, in accordance with Section 65 Para 1 (8) last sentence and Section 122 Austrian Stock Corporation Act. The Supervisory Board is authorised to resolve upon amendments to the Articles of Association arising from the withdrawal of shares.

Income bonds
The Management Board was also authorised, with the consent of the Supervisory Board, to issue, up to April 14, 2020, financial instruments, as defined by Section 174 Austrian Stock Corporation Act, with these especially including convertible bonds, income bonds and profit participation rights, featuring a total nominal amount of up to EUR 250,000,000. This authorisation comprises the rights of exchange of and/or subscription rights for up to 3,377,632 shares of the company, and is configured in a way

permitting the shares to be reported as equity. This issuance is to be allowed to be undertaken in one or more tranches and in a variety of combinations, also incorporating the direct rendering of a guarantee for the issuance of financial instruments by an affiliated company, and with this extending to the granting of rights of exchange of and/or subscription rights for the shares of the company.

To satisfy rights of exchange and/or subscription, the Management Board is entitled to make use of conditional capital or treasury shares, or a combination of both.

The price and conditions of issuance of financial instruments are to be set by the Management Board with the approval of the Supervisory Board. The setting of this price is to adhere to recognised financial and mathematical methods of calculation and the share price of the company, within the context of a recognised pricing procedure.

The Management Board is authorised to exclude shareholders' subscription rights to the financial instruments, as stipulated in Section 174 Austrian Stock Corporation Act, contingent upon approval of the Supervisory Board.

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 26, 2016

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

57–133

CONSOLIDATED FINANCIAL STATEMENTS 2015

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE 2015 FINANCIAL YEAR

EUR m	Note	2014 adjusted[1]	2015
Revenue	(8.1)	2,363.5	2,401.9
Other operating income	(8.2)	134.4	99.2
Total operating income		**2,497.9**	**2,501.1**
Raw materials, consumables and services used	(8.3)	–737.5	–749.6
Staff costs	(8.4)	–1,109.5	–1,106.0
Depreciation, amortisation and impairment losses	(8.5)	–136.9	–213.7
Other operating expenses	(8.6)	–317.0	–344.0
Total operating expenses		**–2,300.9**	**–2,413.2**
Profit from operations		**197.0**	**87.9**
Results from financial assets accounted for using the equity method	(9.5)	–0.1	1.1
Financial income		4.2	7.1
Financial expenses		–7.1	–5.1
Other financial result	(8.7)	–2.8	2.0
Total financial result		**–3.0**	**3.1**
Profit before tax		**194.0**	**91.0**
Income tax	(9.15)	–47.2	–19.5
Profit for the period		**146.8**	**71.6**
Attributable to:			
Shareholders of the parent company		146.5	71.4
Non-controlling interests		0.4	0.1

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

EARNINGS PER SHARE

EUR	Note	2014	2015
Basic earnings per share	(8.8)	2.17	1.06
Diluted earnings per share	(8.8)	2.17	1.06

STATEMENT OF COMPREHENSIVE INCOME FOR THE 2015 FINANCIAL YEAR

EUR m	Note	2014	2015
Profit for the period		**146.8**	**71.6**
Items that may be reclassified subsequently to the income statement:			
Currency translation differences – investments in foreign businesses	(9.11)	–1.0	0.6
Changes in the fair value of financial assets available for sale	(9.11)	1.2	0.9
Tax effect of changes in the fair value	(9.15)	–0.3	–0.2
Financial assets accounted for using the equity method – share of other comprehensive income	(9.5)	2.1	–5.0
Total items that may be reclassified		**2.0**	**–3.8**
Items that will not be reclassified subsequently to the income statement:			
Revaluation of defined benefit obligations	(9.11)	–15.7	6.1
Tax effect of revaluation	(9.15)	4.0	–1.5
Financial assets accounted for using the equity method – share of other comprehensive income	(9.5)	–0.1	–0.6
Total items that will not be reclassified		**–11.9**	**3.9**
Other comprehensive income		**–9.9**	**0.2**
Total comprehensive income		**137.0**	**71.7**
Attributable to:			
Shareholders of the parent company		136.6	71.6
Non-controlling interests		0.4	0.1

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2015

EUR m	Note	Dec. 31, 2014	Dec. 31, 2015
Assets			
Non-current assets			
Goodwill	(9.1)	112.2	58.2
Intangible assets	(9.2)	59.9	24.8
Property, plant and equipment	(9.3)	597.7	571.9
Investment property	(9.4)	51.8	60.5
Financial assets accounted for using the equity method	(9.5)	53.3	53.2
Other financial assets	(9.6)	60.7	36.8
Trade and other receivables	(9.8)	21.0	11.4
Deferred tax assets	(9.15)	68.6	92.9
		1,025.4	**909.6**
Current assets			
Other financial assets	(9.6)	6.4	35.0
Inventories	(9.7)	16.7	15.9
Trade and other receivables	(9.8)	352.0	288.8
Current tax assets		5.8	0.3
Cash and cash equivalents	(9.9)	264.1	299.6
		645.0	**639.6**
Assets held for sale	(9.10)	**0.6**	**63.8**
		1,671.0	**1,613.0**
Equity and liabilities			
Equity	(9.11)		
Share capital		337.8	337.8
Capital reserves		130.5	91.0
Revenue reserves		260.3	238.2
Other reserves		–26.6	–25.5
Equity attributable to the shareholders of the parent company		**702.0**	**641.5**
Equity attributable to non-controlling interests		**0.7**	**0.2**
		702.7	**641.7**
Non-current liabilities			
Provisions	(9.12)	387.7	355.9
Other financial liabilities	(9.13)	14.6	4.5
Trade and other payables	(9.14)	20.8	23.7
Deferred tax liabilities	(9.15)	8.3	0.9
		431.4	**384.9**
Current liabilities			
Provisions	(9.12)	152.8	160.7
Current tax liabilities		19.3	14.4
Other financial liabilities	(9.13)	3.1	8.1
Trade and other payables	(9.14)	361.2	333.2
		536.3	**516.3**
Liabilities classified as held for sale	(9.10)	**0.6**	**70.0**
		1,671.0	**1,613.0**

CONSOLIDATED CASH FLOW STATEMENT FOR THE 2015 FINANCIAL YEAR

EUR m	Note	2014	2015
Operating activities			
Profit before tax		194.0	91.0
Depreciation, amortisation and impairment losses	(8.5)	136.9	213.7
Results from financial assets accounted for using the equity method	(9.5)	0.1	–1.1
Provisions non-cash		68.7	26.7
Taxes paid		–42.8	–52.3
Other non-cash transactions	(11.1)	–73.6	–12.9
Gross cash flow		**283.3**	**265.0**
Trade and other receivables		–2.0	–26.3
Inventories		0.5	0.2
Provisions		–37.8	–36.0
Trade and other payables		–11.8	13.2
Cash flow from operating activities		**232.2**	**216.2**
Investing activities			
Purchase of intangible assets		–9.3	–5.4
Purchase of property, plant and equipment/investment property		–82.6	–104.7
Cash receipts from disposal of assets		12.2	69.2
Acquisition of subsidiaries	(11.1)	–0.7	–3.0
Sale of subsidiaries	(4.2)	0.0	1.3
Purchase of financial assets accounted for using the equity method	(9.5)	–1.3	–5.0
Acquisition of financial investments in securities		0.0	–10.4
Cash receipts from sales of financial investments in securities		13.0	6.0
Loans granted		–4.6	–0.4
Dividends received from financial assets accounted for using the equity method	(9.5)	1.4	0.7
Interest received		2.4	2.8
Cash flow from investing activities		**–69.4**	**–49.0**
Free Cash flow		**162.8**	**167.2**
Financing activities			
Changes of other financial liabilities		–3.8	2.1
Dividends paid		–129.7	–132.1
Interest paid		–1.4	–1.0
Acquisition of non-controlling interests		–4.0	–0.3
Cash flow from financing activities		**–138.8**	**–131.3**
Net increase/decrease of cash and cash equivalents		**24.0**	**36.0**
Cash and cash equivalents at January 1		240.2	264.2
Cash and cash equivalents at December 31		**264.2**	**300.1**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2014 financial year EUR m	Share capital	Capital re-serves	Revenue reserves	Other reserves Revalua-tion reserves	Revalua-ation of financial instruments	Currency translation reserves	Equity attributable to shareholders of the parent company	Non-con-trolling inter-ests	Equity
Balance at January 1, 2014	**337.8**	**130.5**	**245.5**	**–5.5**	**–1.3**	**–9.9**	**697.1**	**2.3**	**699.4**
Step 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**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2015 financial year EUR m	Share capital	Capital re-serves	Revenue reserves	Other reserves Revalua-tion reserves	Revalua-ation of financial instruments	Currency translation reserves	Equity attributable to shareholders of the parent company	Non-con-trolling inter-ests	Equity
Balance at January 1, 2015	**337.8**	**130.5**	**260.3**	**–17.3**	**–0.5**	**–8.8**	**702.0**	**0.7**	**702.7**
Step acquisition of a subsidiary	0.0	0.0	–0.4	0.0	0.0	0.0	–0.4	0.0	–0.4
Sale of a financial asset accounted for using the equity method	0.0	0.0	–0.9	0.9	0.0	0.0	0.0	0.0	0.0
Change in reserves	0.0	–39.5	39.5	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	–131.7	0.0	0.0	0.0	–131.7	–0.6	–132.3
Profit for the period	**0.0**	**0.0**	**71.4**	**0.0**	**0.0**	**0.0**	**71.4**	**0.1**	**71.6**
Currency translation differences – investments in foreign businesses	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.1
Currency translation differences – recycling to profit and loss	0.0	0.0	0.0	0.0	0.0	0.5	0.5	0.0	0.5
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
Changes in fair value of available for sale financial assets – reclassification in profit or loss	0.0	0.0	0.0	0.0	0.2	0.0	0.2	0.0	0.2
Changes in fair value of available for sale financial assets – reclassification to profit and loss	0.0	0.0	0.0	0.0	0.2	0.0	0.2	0.0	0.2
Revaluation of defined benefit obligations	0.0	0.0	0.0	6.1	0.0	0.0	6.1	0.0	6.1
Financial assets accounted for using the equity method – share of other comprehen-sive income	0.0	0.0	0.0	–0.6	0.0	–5.5	–6.2	0.0	–6.2
Financial assets accounted for using the equity method – recycling to profit and loss	0.0	0.0	0.0	0.0	0.0	0.5	0.5	0.0	0.5
Tax effect	0.0	0.0	0.0	–1.5	–0.2	0.0	–1.7	0.0	–1.7
Other comprehensive income	0.0	0.0	0.0	3.9	0.7	–4.4	0.2	0.0	0.2
Total comprehensive income	**0.0**	**0.0**	**71.4**	**3.9**	**0.7**	**–4.4**	**71.6**	**0.1**	**71.7**
Balance at December 31, 2015	**337.8**	**91.0**	**238.2**	**–12.5**	**0.2**	**–13.2**	**641.5**	**0.2**	**641.7**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2015 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 provision of postal and parcel services and specialised logistics such as combined freight and value logistics as well as the carrying out of services in telecommunication services and financial transactions in cooperation with its business partners A1 Telekom Austria AG and 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 located 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 2015 financial year have been prepared in accordance with the International Financial Reporting Standards (IFRS) valid as at December 31, 2015, as issued by the International Accounting Standards Board (IASB) and adopted by the European Union and the additional requirements of Section 245a Austrian Commercial Code (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. All amounts are stated in millions of euros (EUR m) unless otherwise stated. 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 2015 financial year:

Mandatory application of new standards		Effective date[1]
IFRIC 21	Levies	June 17, 2014

Mandatory application of revised standards		Effective date[1]
Diverse	Improvements to IFRSs (2011–2013)	Jan. 1, 2015

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

IFRIC 21 – Levies clarifies when to recognise a liability for statutory levies which do not fall within the scope of another IFRS. In the Austrian Post Group, this standard applies to the property tax, the full amount of which is recognised at the beginning of the financial year. However, this only relates to shifts of expenses for other taxes during the year. For this reason, the application of this standard will not have any effects on these consolidated financial statements. Similarly, no material effects resulted on the interim reports of Austrian Post.

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 will first take place in the future.

New standards not yet applied		Endorsement EU	Effective date EU[1]
IFRS 9	Financial Instruments	planned H1 2016	planned Jan. 1, 2018
IFRS 15	Revenue from Contracts with Customers	planned Q2 2016	planned Jan. 1, 2018
IFRS 16	Leases	not yet decided	planned Jan. 1, 2019
IFRS 14	Regulatory Deferral Accounts	European Commission decided not to endorse this standard.	

Revised standards not yet applied		Endorsement EU	Effective date EU[1]
IAS 19	Defined Benefit Plans: Employee Contributions	Dec. 17, 2014	Feb. 1, 2015
Diverse	Improvements to IFRSs (2010–2012)	Dec. 17, 2014	Feb. 1, 2015
IAS 16, 41	Agriculture: Bearer Plants	Nov. 23, 2015	Jan. 1, 2016
IAS 16, 38	Clarification of Acceptable Methods of Depreciation and Amortisation	Dec. 2, 2015	Jan. 1, 2016
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	Nov. 24, 2015	Jan. 1, 2016
Diverse	Improvements to IFRSs (2012–2014)	Dec. 15, 2015	Jan. 1, 2016
IAS 1	Disclosure Initiative	Dec. 18, 2015	Jan. 1, 2016
IAS 27	Equity Method in Separate Financial Statements	Dec. 18, 2015	Jan. 1, 2016
IFRS 10, 12, IAS 28	Investment Entities: Applying the Consolidation Exception	planned Q2 2016	planned Jan. 1, 2016
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	planned Q4 2016	planned Jan. 1, 2017
IAS 7	Disclosure Initiative	planned Q4 2016	planned Jan. 1, 2017
IFRS 10, IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	postponed	postponed

[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. In particular, rules pertaining to the classification and valuation of financial assets were revised. In the new standard the classification and valuation of financial instruments now depends on the business model and contractual cash flows. Depending on the type of financial asset and these two criteria, subsequent measurement is implemented at amortised cost, at fair value through profit or loss or at fair value directly in equity. New rules were also introduced for the accounting treatment of impairment losses on financial assets. They now stipulate the recognition of expected losses (expected loss model). At present, the financial assets of the Austrian Post Group primarily consist of financial investments in securities, strategic shareholdings, trade receivables as well as cash and cash equivalents. Taking into account of the business model, the type of the existing financial assets and the relatively low credit risk, the application of IFRS 9 will not likely have any material impact on the consolidated financial statements of Austrian Post.

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 core principle of IFRS 15 is that the revenue which is recognised depicts the transfer of promised goods or services to customers as contractually stipulated in an amount that reflects the consideration to which the entity expects to be entitled. The core principle is implemented within the context of a five-step model framework. This model stipulates that the transfer of control (control approach) determines the time or period of realising revenue, replacing the previous risk and reward model (transfer of risks and rewards). In addition, the scope of the required explanatory notes in the consolidated financial statements is expanded. The Austrian Post Group is still evaluating the consequences of the new standard on the presentation of its profit, asset and financial position.

The new IFRS 16 – Leases replaces the previous regulations contained in IAS 17 and the related interpretations. In particular, the accounting treatment of lease agreements by the lessee is redefined. The lessee now recognises a liability for every leasing relationship to the amount of the future leasing payments. At the same time, the right of use is capitalised to the present value of future lease payments and subsequently written off as an expense on a straight-line basis. Accordingly, the previous distinction made between the operating and finance lease no longer applies. For the lessor, the rules contained in the new standard are similar to the previously valid regulations of IAS 17. Moreover, IFRS 16 contains rules on leaseback transactions as well as the required explanatory notes in the consolidated financial statements. In light of the fact that Austrian Post Group companies are lessees in operating lease agreements, the application of IFRS 16 will have the above-mentioned effects on the presentation of the profit, asset and financial position of the Austrian Post Group. Refer to Note 11.2 Other obligations with respect to the existing operating lease agreements.

The objective of IFRS 14 – Regulatory Deferral Accounts is to increase the comparability of the consolidated financial statements of companies that provide rate-regulated goods or services and are first-time adopters of International Financial Reporting Standards. Accordingly, the application of IFRS 14 will not have any effects on the consolidated financial statements of Austrian Post. Moreover, the European Commission decided not to incorporate this standard into EU law.

Unless otherwise stated, the future application of the following changed standards is not likely to have any material impact on the consolidated financial statements of Austrian Post:

The revised IAS 19 – Employee Benefits 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 to the business entity.

The amendments to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets clarifies that revenue-based depreciation and amortisation methods are not permissible for property, plant and equipment and are 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 fulfils 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 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 on how shares in the other comprehensive income of companies consolidated according to 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 pre-determined order but take account of the clarity and comparability of the disclosures.

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.

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".

Amendments made to IAS 12 stipulate that unrealised losses arising from the depreciation of debt instruments which are recognised at fair value lead to deductible temporary differences and thus to the recognition of deferred tax assets. This applies regardless of whether the company actually has the intention to remain in possession of the securities until a recovery in their value.

Within the context of the initiative to improve disclosure requirements i.e. the so-called Disclosure Initiative, IAS 7 was amended so that additional disclosures are to be made on changes to financial liabilities whose cash flows are reported in the cash flow from financing activities. The required disclosures can be presented as a reconciliation of balance sheet items.

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.

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

To improve comparability and to ensure a uniform presentation of similar business transactions within the Austrian Post Group, the accounting treatment of export services of Slovak Parcel Service s.r.o. was changed in the 2015 financial year. So far, these business transactions were recognised in accordance with the gross method. The entire revenue with third parties was reported in the income statement, and related expenses were included in the item "Raw materials, consumables and services used".

However, in the evaluation of the chances and risks of this business relationship, the presentation as intermediary business in accordance to IAS 18 more effectively reflects the economic substance of the business transaction. Accordingly, only commission revenue from the services rendered is recognised as revenue (net method). The presentation was correspondingly changed in the current consolidated financial statements, and the comparable figures for the previous year were adjusted.

The effects of this adjustment on the income statement are as follows:

EUR m	2014	2015
Revenue	–7.0	–7.4
Total revenue	**–7.0**	**–7.4**
Raw materials, consumables and services used	–7.0	–7.4
Total operating expense	**–7.0**	**–7.4**
Profit from operations	**0.0**	**0.0**

The effects of this adjustment on segment reporting are as follows:

2014 EUR m	**Parcel & Logistics**	**Group**
Revenue with third parties	–7.0	–7.0
Total revenue	**–7.0**	**–7.0**

2015 EUR m	**Parcel & Logistics**	**Group**
Revenue with third parties	–7.4	–7.4
Total revenue	**–7.4**	**–7.4**

This change will not have a material impact on the consolidated income statement and the consolidated cash flow statement. Therefore, any adjustments of values in the balance sheet and in the opening balance as of January 1, 2014, are not reported.

4 CONSOLIDATION SCOPE

4.1 Principles of consolidation

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

Companies which are jointly managed according to IFRS 11 (joint ventures) as well as companies in which a significant influence can be exercised (associates) are included in the consolidated financial statements using the equity method. Pursuant to the equity method, investments are recognised at cost and subsequently increased or reduced by the respective changes in equity in proportion to the particular stake held by Austrian Post. 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 the consolidation scope

In addition to the parent company Austrian Post, a total of 29 domestic subsidiaries (December 31, 2014: 24) and 28 foreign subsidiaries (December 31, 2014: 31), are included in the consolidated financial statements. Furthermore, three domestic companies (December 31, 2014: three) and three foreign companies (December 31, 2014: 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 2015 financial year:

Company name	Interest from	Interest to	Date of transaction	Comment
Mail & Branch Network				
MEILLERGHP GmbH	65.0%	0.0%	Feb. 2, 2015	Disposal
feibra Magyarország Kft.	100.0%	0.0%	March 31, 2015	Disposal
Aktionsfinder GmbH	0.0%	60.0%	June 1, 2015	Acquisition
Post 107 Beteiligungs GmbH	0.0%	100.0%	June 13, 2015	Foundation
Kolos s.r.o.	100.0%	0.0%	Aug. 5, 2015	Disposal
Austrian Post International Deutschland, GmbH (Austrian Post International Deutschland, GmbH)[1, 2]	100.0%	0.0%	Aug. 28, 2015	Merger
Aktionsfinder GmbH	60.0%	80.0%	Oct. 1, 2015	Step acquisition
EMD – Elektronische- u. Mikrofilm-Dokumentationssysteme Ges.m.b.H.	0.0%	100.0%	Oct. 1, 2015	Acquisition
Parcel & Logistics				
trans-o-flex Netzwerk Group GmbH	0.0%	100.0%	April 28, 2015	Foundation
Business operation of one distribution company	–	–	June 1, 2015	Acquisition of business operations
trans-o-flex Belgium Real Estate B.V.B.A.	100.0%	0.0%	Aug. 27, 2015	Disposal
Business operation of one distribution company	–	–	Oct. 1, 2015	Acquisition of business operations
Corporate				
Post 301 Beteiligungs GmbH	0.0%	100.0%	July 23, 2015	Foundation
Post E-Commerce GmbH	0.0%	100.0%	July 31, 2015	Foundation

[1] The subsidiaries listed in parenthesis were merged with the initially listed subsidiary and are therefore no longer included in the consolidation scope.
[2] After the merger with Austrian Post International GmbH, the absorbing entity Scanpoint Deutschland GmbH was subsequently renamed to Austrian Post International GmbH.

Mail & Branch Network

MEILLERGHP GmbH

Austrian Post sold its stake in the joint venture MEILLERGHP GmbH, Germany, effective February 20, 2015. The disposal of the shareholding in MEILLERGHP GmbH, which had been accounted for using the equity method, resulted in a loss of EUR 0.5m, which is recognised under results from financial assets accounted for using the equity method. The loss arose exclusively due to the reclassification of the currency translation reserves attributed to MEILLERGHP GmbH from other comprehensive income to the income statement.

feibra Magyarország Kft.

As at December 31, 2014, the assets and liabilities of the company were classified as a disposal group pursuant to IFRS 5 and correspondingly recognised in the consolidated balance sheet. 100% of the stake held by Austrian Post in feibra Magyarország Kft., Hungary, was sold effective March 31, 2015. The disposal of the disposal group resulted in a loss of EUR 0.4m, which is recognised under other operating expenses, of which EUR 0.6m can be attributed to the reclassification of negative currency translation reserves from other comprehensive income to the income statement.

Aktionsfinder GmbH

Austrian Post acquired a 60% stake in Aktionsfinder GmbH, Salzburg, effective June 1, 2015. As of this date, the company is recognised as a fully-consolidated subsidiary in the consolidated financial statements of Austrian Post. Aktionsfinder GmbH operates the internet portal Aktionsfinder.at. This platform ranks among the biggest web portals for advertising flyers in Austria, enabling the electronic downloading of flyers, promotions and offers distributed in Austria.

As part of the purchase price allocation, the internet portal of the company was reported as an intangible asset totalling EUR 0.2m, and goodwill to the amount of EUR 1.7m was recognised using a cost-based valuation approach. On balance, the remaining fair values of the identifiable assets and liabilities of the company are immaterial. Goodwill results from the expected growth potential in this young business segment and from sales synergies within the Austrian Post Group.

EUR m	**Fair value**
Calculation of goodwill	
Total amount of consideration transferred	1.8
Non controlling interests based on total net identifiable assets acquired and liabilities assumed	0.1
Total net identifiable assets acquired and liabilities assumed	–0.1
Goodwill	**1.7**
Breakdown of cash outflow/inflow	
Total amount of consideration transferred	–1.8
Cash consideration	0.1
Net cash outflow/inflow	**–1.7**

Austrian Post acquired a further 20% stake in Aktionsfinder GmbH effective October 1, 2015 for a cash payment of EUR 0.3m. Accordingly, Austrian Post's shareholding in the company increased from 60% to 80%. 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. The total net amount of the identifiable assets acquired and liabilities assumed amounted to EUR 0.1m as at October 1, 2015. Accordingly, the Austrian Post Group reported a reduction in equity attributable to non-controlling interests to the amount of EUR 19.2k , and a decline in the revenue reserves to the amount of EUR 0.3m. Furthermore, the pro rata liability from the put option to the amount of EUR 0.1m was set off against the revenue reserves.

Austrian Post was granted a call option for the acquisition of the remaining 20% stake in Aktionsfinder GmbH. Accordingly, Austrian Post is entitled to acquire 20% of the shares either in the period March 1, 2018 to June 30, 2018 or March 1, 2019 to June 30, 2019. In return, Austrian Post granted a put option to the shareholders, which entitles them to exercise within the period July 1, 2019 to September 30, 2019. The purchase prices stipulated in the option agreements are variable and are based on the future revenue and earnings development of the company. The call and put options are classified as a financial asset and liability in accordance with IAS 32. The valuation of the call options resulted in a value of zero. The accounting of the put option is carried out according to the so-called present access method, in which case a liability to the amount of EUR 0.2m is recognised and set off against the equity of the Austrian Post Group.

Kolos s.r.o.

100% of the stake held by Austrian Post in Kolos s.r.o., Slovakia, was sold effective August 5, 2015. The disposal of the company resulted in a profit of EUR 0.3m, which is recognised under other operating income, of which EUR 0.1m can be attributed to the reclassification of positive currency translation reserves from other comprehensive income to the income statement.

EMD – Elektronische- u. Mikrofilm-Dokumentationssysteme Ges.m.b.H.

Austrian Post acquired a 100% stake in EMD – Elektronische- u. Mikrofilm- Dokumentationssysteme Ges.m.b.H, Haid bei Ansfelden, effective October 1, 2015. As of this date, the company is recognised as a fully consolidated subsidiary in the consolidated financial statements of Austrian Post. The company specialises in the digitalisation and microfilming of archives and historical documents.

As part of the purchase price allocation, customer relationships to the amount of EUR 1.1m and goodwill totalling EUR 1.1m were activated. On balance, the remaining fair values of the identifiable assets and liabilities of the company are immaterial. Goodwill results from the related earnings expectations with the company and from synergies within the context of the existing scanning business of the Austrian Post Group.

EUR m	**Fair value**
Calculation of goodwill	
Total amount of consideration transferred	3.5
thereof: financial liabilities (contingent residual purchase price liability)	2.2
Total net identifiable assets acquired and liabilities assumed	–2.4
Goodwill	**1.1**
Breakdown of cash outflow/inflow	
Total amount of consideration transferred	–3.5
Contingent purchase price liability	2.2
Cash consideration	0.1
Net cash outflow/inflow	**–1.2**

The payment of the contingent purchase price depends on reaching defined earnings targets, and is recognised at the fair value of EUR 2.1m as at December 31, 2015.

Parcel & Logistics

Operating activities of two distribution companies

Austrian Post acquired a total of two distribution companies in Germany in the course of the 2015 financial year, all within the context of a takeover of their operating activities. The two distribution companies are comprised of Distributions GmbH – 22, Kassel and Distributions GmbH, Koblenz. 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 companies are distribution partners of the trans-o-flex Group, and their sites serve the regions Hessen and Koblenz. The acquisition enables the optimisation of operating costs and synergies among logistics locations in the trans-o-flex Group.

Goodwill to the amount of EUR 0.4m was recognised as part of the purchase price allocation. The remaining fair value of the identifiable assets and liabilities of the company are immaterial. Goodwill results from the expected synergies arising from integrating these business operations in the trans-o-flex Group. The actual cash outflow totalled EUR 0.5m.

EUR m	Fair value
Calculation of goodwill	
Total amount of consideration transferred	0.3
Total net identifiable assets acquired and liabilities assumed	0.1
Goodwill	**0.4**

trans-o-flex Belgium Real Estate B.V.B.A.

100% of the stake held by Austrian Post in trans-o-flex Belgium Real Estate B.V.B.A., Belgium, was sold effective August 27, 2015. The disposal of the company resulted in a profit of approximately EUR 0.1m, which is recognised under other operating income. At the time of the disposal, the assets of the company mainly related to one property in Turnhout. Accordingly, proceeds from the sale were recognised under cash receipts from the disposal of assets in the consolidated cash flow statement.

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 functional currency at the reference exchange rate on the date of transaction. The subsequent valuation of monetary items take place 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 of financial statements of foreign business operations

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.

For the consolidated cash flow statement of the Austrian Post Group, the cash flow of subsidiaries whose functional currency is not the euro is directly determined in euro for simplification purposes. Potential currency translation differences affecting cash and cash equivalents are considered to be immaterial.

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, 2014	Dec. 31, 2015	2014	2015
Bosnian convertible mark	1.9558	1.9558	1.9558	1.9558
Bulgarian lew	1.9558	1.9558	1.9558	1.9558
Croatian kuna	7.6580	7.6380	7.6344	7.6137
Polish zloty	4.2732	4.2639	4.1843	4.1841
Romanian leu	4.4828	4.5240	4.4437	4.4454
Serbian dinar	120.9583	121.6261	117.3882	120.7599
Turkish lira	2.8320	3.1765	2.9065	3.0255
Hungarian forint	315.5400	315.9800	308.7061	309.9956

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, 2015.

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

Information on tax groups and fiscal unities

There are two tax groups in the Austrian Post Group pursuant to Section 9 Austrian Corporate Income Tax Act 1988, as well as a fiscal unity for income tax purposes between selected Group companies in Germany, in which the taxable earnings of these Group members or fiscal unities flow. This leads to a joint tax assessment of the actual corporate income tax and an offsetting of deferred tax assets and deferred tax liabilities within the corporate groups or fiscal unity pursuant to IAS 12.74, as they comprise a uniform taxable entity.

Calculation of deferred taxes

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 carryforwards is included in the calculation. Deferred tax assets are recognised if it is likely that the tax advantage from them can be utilised. Deferred taxes on tax loss carryforwards are reported to the extent that taxable income will be available in the foreseeable future. Deferred taxes arising from non-tax-deductible goodwill and temporary differences related to shareholdings are not recognised in the financial statements, as recognition criteria according to IAS 12 are not fulfilled.

Deferred taxes are 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
Bosnia and Herzegovina	10%
Bulgaria	10%
Germany	28.1–33.5%
Croatia	20%
Montenegro	9%

Country	Tax rate
Poland	19%
Romania	16%
Serbia	15%
Slovakia	22%
Hungary	10%

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 2015. 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 from the share-based payment programmes.

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, no dilutive effects will arise from the current share-based remuneration programme.

6.4 Goodwill and allocation to cash generating units (CGU)

Goodwill is reported as intangible asset 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 using the reference rate of the European Central Bank on the balance sheet date. Impairment tests are carried out in accordance with the principles described in Note 6.9 Impairment pursuant to IAS 36. Reversals of write-downs are not permitted. Goodwill is allocated to the respective cash generating units. As a rule, an operating company or group within the Austrian Post Group corresponds to a cash generating unit. In individual cases, the allocation of goodwill takes place on the level of business areas within an operating company.

6.5 Intangible assets

Intangible assets acquired in return for payment are reported at cost and are amortised on a straight-line basis over a period of three to ten years, depending on their economic useful lives or the contract period. Trademark rights are usually considered having indefinite useful lives, due to the fact that there is no foreseeable end to their economic benefit. Intangible assets with indefinite lives and goodwill are not subject to amortisation, but are subject to annual impairment testing.

The recognition of internally generated intangible assets takes place as the general criteria for recognition as well as the special application guidelines of IAS 38 are considered to be fulfilled. In this case, the creation process is divided into a research and a development phase. The initial recognition takes place to the amount of the directly attributable intangible assets starting at the time in which these internally generated intangible assets fulfil the criteria contained in IAS 38. In the Austrian Post Group, this primarily applies to internally developed software.

In case of any indication for impairment, intangible assets are tested for impairment in accordance with the principles 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- and technical 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 particular asset and the available input data, market-based as well as cost-based and income-based valuation techniques are used. Highest priority is attached to the use of observable input factors.

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 primarily determined by experts at Austrian Post, 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) are used for properties being developed, in which case Level 2 valuations apply from the perspective of IFRS 13. The inputs used mainly involve price information from comparable transactions in active markets

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 as well as individual assets whose recoverable amount cannot be separately determined on a stand-alone basis, are assigned to cash generating units (CGU) for the purpose of the impairment tests. 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 euros using the reference rate of the European Central Bank on the balance sheet date.

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

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

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

6.11 Finance leases

If all the major risks and rewards related to the leased assets are transferred to the Austrian Post Group (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 and financial liabilities 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. According to IFRS 3, derivative financial assets and liabilities and contingent residual purchase price liabilities are assigned to this category in the Austrian Post Group.

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 the income statement. 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. Objective evidence mainly encompasses overdue receivables as well as direct feedback from the sales and marketing departments and information from credit protection associations. 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.

The 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 2015 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 of December 31, 2015, such rights existed in connection with the acquisition of Aras Kargo a.s and Aktionsfinder GmbH.

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 held for sale are measured at the lower of the carrying amount and the fair value less costs to sell.

On the balance sheet date of December 31, 2015, trans-o-flex is classified as held for sale pursuant to IFRS 5. Refer to Note 9.10 Assets and liabilities held for sale.

6.16 Provisions for termination benefits, pensions and jubilee benefits

Provisions for termination benefits

Obligations for termination benefits of the Austrian Post Group encompass both a contribution-based system as well as a defined benefit system.

The provisions for termination benefits apply to legal and contractual entitlements on the part of employees. Civil servants normally have no entitlement to termination benefits. 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. 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 for Austria Post Group.

Provisions for pensions

The benefit obligations of the Austrian Post Group encompass both a defined contribution-based system as well as a defined benefit system.

Provisions for defined benefit obligations are allocated for contractual entitlements of former employees. All these obligations are already in the state of being paid. Calculation of these obligations is carried out in accordance with actuarial principles in line with the project unit credit method. These obligations exclusively relate to the trans-o-flex Group recognised as held for sale in accordance with IFRS 5.

Defined contribution obligations exist towards members of the Management Board. The obligations are fulfilled on the basis of corresponding contributions paid to a pension fund.

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 on behalf of salaried employees are in line with the currently valid regulations of the Austrian General Social Security Act (ASVG).

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 months' salary after 20 years of service on behalf of the company, which rises to one and a half months' salary after 25 years, two and a half months' salary after 35 years and three and a half months' salary after 40 years of employment with the company. Employees subject to the second part of the collective agreement are not entitled to any jubilee benefits. Obligations existed in Germany on the basis of company agreements, which, however, were terminated in the course of the 2015 financial year. Provisions still existing at this time were reversed.

The provisions for jubilee benefits are calculated in a similar manner to the provisions made for termination benefits and pensions, in accordance with the projected 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 2015 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 as the basis for calculating provisions for termination benefits, pensions and jubilee benefits at December 31, 2014 and December 31, 2015:

	Termination benefits		Pensions		Jubilee benefits	
	2014	2015	2014	2015	2014	2015
Discount rate	2.0%	2.5%	1.9%	2.0%	2.0%	2.3%
Salary/pension increase	3.0%	3.0%	2%	1.8%	3.0%	3.0%
Employee turnover (graduated)	0.5–1.75%	0.33–1.72%	0%	0%	6.75–23%	6.86–27.10%

Retirement age	2014	2015
Female employees	60–67	60–65
Male employees	65–67	65
Civil servants	65–65	65

The weighted average duration of the defined benefit obligation amounts to 15 years for termination benefits (2014: 15 years), 12 years for pensions (2014: 13 years) and 13 years for jubilee benefits (2014: 14 years).

In order to determine the discount interest rate, an index for unsubordinated, fixed-interest industrial loans (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.

The salary increase applied is derived from future expected wage and salary increases based on the averages observed over past years as well as stipulations contained in legal regulations and the collective wage agreements, such as the bi-annual salary increase 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 as other comprehensive income, whereas actuarial gains and losses from the provisions for jubilee benefits are reported as staff costs. The effects from the changes in the interest rate and changes in future salary increases are included as financial assumptions in the actuarial gains and losses. The actuarial gains and losses from the change of demographic assumptions include the effects from the adjustment of the allowance for employee turnover. The reconciliation of the present value of the individual obligations is presented in Note 9.12.1 Provisions for termination, pensions and jubilee benefits.

The interest expense from provisions for termination benefits, pensions and jubilee benefits are reported in the financial result. All other changes are reported as 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 reorganisations 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 calculation of the amount allocated to provisions is based on the present value of the expenses up until each employee's retirement based on the application of an average level of under-utilisation and taking account of a fluctuation discount. 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 Provisions for termination benefits, pensions and jubilee benefits.

The following parameters are used in calculating the provisions:

Under-utilisation	2014	2015
Discount rate	0.75–1.50%	1.25–2.00%
Salary increases	2.75%	2.75%
Employee turnover	32.75%	31.70%
Under-utilisation	85.60%	85.60%

The change in these parameters led to a positive valuation effect of EUR 0.7m, which has been recognised as staff costs in the income statement.

The provision for under-utilisation also includes provisions for employees involved in the programme to potentially transfer them to various federal ministries. A framework agreement with the federal government was concluded in October 2013 enabling the potential transfer of Austrian Post employees to the federal public service. In this case, the staff costs of these employees will be refunded for a specified period of time, and their provisions are allocated until the end of the refund period

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 Austrian Post decided to introduce a share-based payment programme. Such share-based payment programmes (Long Term Incentive Programme) were implemented for the members of the Management Board and for top executives in the 2010 to 2015 financial years. These programmes are a share-based and performance-oriented remuneration models 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 1 of the year in which the particular tranche is issued until December 31 of the third year.

The Management Board members Georg Pölzl, Walter Hitzinger, Peter Umundum and Walter Oblin are taking part in the fourth, fifth and sixth share-based incentive programmes as at December 31, 2015.

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 total sum of the required own investments for participation in the existing share-based payment programme as at December 31, 2015, amounted to 38,871 shares for members of the Management Board and 185,389 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 accounting 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 for each tranche ranges from a maximum of 125% to 225% but is limited to one year's gross fixed salary.

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

	Dec. 31, 2014	**31.12.2015**
Number of bonus shares per tranche		
Tranche 2	2,340	0
Tranche 3	458,776	0
Tranche 4	378,975	371,419
Tranche 5	233,463	229,001
Tranche 6	0	113,674
	1,073,554	**714,094**

On the settlement date, the payment is made either in shares or in 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, 2014	Dec. 31, 2015
Carrying amount of provision		
Tranche 3	11.7	0.0
Tranche 4	7.8	12.0
Tranche 5	3.3	6.8
Tranche 6	0.0	1.3
	22.8	**20.2**

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	2014	2015
Total expense		
Tranche 3	4.6	0.4
Tranche 4	5.3	4.2
Tranche 5	3.3	3.5
Tranche 6	0.0	1.3
	13.2	**9.5**

In the 2015 financial year, a total of EUR 0.1m was paid out completely in cash for Tranche 2 and EUR 12.1m for Tranche 3.

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 is based on assumptions regarding the discount rate, retirement age, life expectancy, employee turnover and future salary increases.

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

EUR m	Discount rate		Salary		Employee turnover	
	–1%-point	+1%-point	–1%-point	+1%-point	–1%-point	+1%-point
Termination benefits	13.9	–11.6	–11.5	13.5	0.3	–0.9
Jubilee benefits	7.7	–6.9	–6.9	7.5	0.9	–1.0

The effects of the reclassified pension provisions pursuant to IFRS 5 are immaterial, as in the previous year.

7.2 Provisions for under-utilisation

The measurement of the provisions for under-utilisation is based on assumptions regarding the degree of under-utilisation, discount rate, future salary 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 point 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	–19.1	18.2	11.8	–11.5	–11.5	11.5	23.0	–23.9

7.3 Reference date for salary increases

In a decision handed down on November 11, 2014, 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 violates EU law. In light of the fact that the issue of recognising previous employment periods not only affects the civil servants assigned to Austrian Post but also all civil servants working for the federal government, the Austrian Parliament subsequently reacted, and undertook a comprehensive reform of the remuneration system for the federal government on January 21, 2015. Austrian Post does not expect this to result in any payments in respect of the legal proceedings initiated by around 100 civil servants, which were still pending at the balance sheet date. For civil servants who are possibly not subject to the service law reform, a provision was already allocated in the previous financial year.

7.4 Reclamation of employer contributions related to the payroll accounting of civil servants

Austrian Post or its legal predecessor made contributions within the context of payroll accounting for the civil servants assigned to it in the period May 1, 1996 to May 31, 2008. Due to a ruling handed down by the Austrian Administrative Court in 2015, there was no obligation on the part of Austrian Post to make these payments.

As a result, contributions for the years 1997 to 2001 to the amount of EUR 28.2m were credited to Austrian Post by the Austrian Federal Finance Court. These employer contributions are reported under other receivables and other operating income. Conversely, Austrian Post has obligations for any compensation payments, which amount to EUR 5.2m on the basis of the best possible estimate and are recognised under other provisions and other operating expenses.

In view of these circumstances, repayment claims from pending appeal proceedings still exist, whose outcome is uncertain. This involves a contingent asset pursuant to IAS 37. Additional information could seriously prejudice Austrian Post's legal position. For this reason, Austrian Post is taking advantage of the safeguard clause stipulated in IAS 37.92 and will refrain from a complete disclosure of information in line with IAS 37.84-89. This contingent asset is in contrast to a contingent liability for obligations arising from any compensation payments.

7.5 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 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.

7.6 Impairment of intangible assets, goodwill and property, plant and equipment

The assessment of the recoverability of intangible assets, goodwill and property, plant and equipment is based on future-oriented assumptions. The underlying assumptions used to determine the recoverable amount within the context of impairment tests and the resulting sensitivities are described in the chapter on income statement disclosures under Note 9.1 Goodwill.

7.7 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 Note 10 Financial instruments and related risks.

7.8 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 postal partners.

There are three kinds of mail items 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, data and mailroom management, document scanning and response management. Furthermore, an extensive selection of retail and philatelic products, telecommunications and financial services are offered in the branch network with the business partners A1 Telekom Austria AG and BAWAG P.S.K.

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 highly-integrated 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, fulfilment services and webshop logistics.

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 and administrative activities, including administration of the Internal Labour Market of Austrian Post. Furthermore, the Corporate Division also encompasses corporate innovation management and the development of new business models.

Consolidation

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

INFORMATION ABOUT PROFIT OR LOSS

2014 financial year adjusted[1] EUR m	**Mail & Branch Network**	**Parcel & Logistics**	**Corporate**	**Consolidation**	**Group**
Revenue with third parties	1,487.7	875.0	0.8	0.0	2,363.5
Revenue with other segments	79.4	8.8	181.1	–269.3	0.0
Total revenue	**1,567.1**	**883.7**	**181.9**	**–269.3**	**2,363.5**
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	26.5	0.0	91.5

2015 financial year EUR m	**Mail & Branch Network**	**Parcel & Logistics**	**Corporate**	**Consolidation**	**Group**
Revenue with third parties	1,501.7	900.2	0.1	0.0	2,401.9
Revenue with other segments	84.1	8.2	183.7	–276.1	0.0
Total revenue	**1,585.8**	**908.4**	**183.8**	**–276.1**	**2,401.9**
Results from financial assets accounted for using the equity method	–0.5	3.9	–2.3	0.0	1.1
EBITDA	**322.9**	**37.9**	**–58.1**	**0.0**	**302.7**
Depreciation, amortisation and impairment losses	38.2	143.3	32.3	–0.1	213.7
thereof impairment losses recognised in profit or loss	6.1	122.2	0.4	0.0	128.7
EBIT	**284.7**	**–105.4**	**–90.4**	**0.1**	**89.0**
Other financial result					2.0
Profit before tax					**91.0**
Segment investments	40.0	26.0	47.3	0.0	113.4

[1] Adjustments due to reporting change – refer to Note 3.2

Intersegment transactions take place at arms-length 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 Austrian Post in which services are supplied across different segments and the invoicing of services within the parent company Austrian Post. Depreciation and amortisation including impairment losses result from assets assigned to the respective segment. Segment investments include investments in intangible assets, property, plant and equipment and investment property.

INFORMATION ABOUT GEOGRAPHICAL AREAS

2014 financial year adjusted[1] EUR m	**Austria**	**Germany**	**Other countries**	**Group**
Revenue with third parties	1,721.5	524.3	117.7	2,363.5
Non-current assets other than financial instruments and deferred tax assets	654.1	123.4	57.5	835.0

2015 financial year EUR m	**Austria**	**Germany**	**Other countries**	**Group**
Revenue with third parties	1,760.9	526.1	114.9	2,401.9
Non-current assets other than financial instruments and deferred tax assets	680.5	0.1	45.7	726.3

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

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

8.2 Other operating income

EUR m	**2014**	**2015**
Leases	26.2	27.6
Unchargeable expenses	12.9	12.4
Personnel leasing and administration	6.2	3.0
Disposal of property, plant and equipment	3.6	3.2
Damages	2.2	2.2
Work performed by the enterprise and capitalised	1.8	1.4
Pallet income	1.3	1.3
Result from sale of Postgasse 8	62.4	0.0
Recovery of contributions	0.0	28.2
Other	17.8	19.9
	134.4	**99.2**

Other operating income from rents and 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, 2015 with a net carrying amount of EUR 150.0m (December 31, 2014: EUR 164.9m). For the most part, the underlying leasing relationships involve cancellable operating leases with an indexation of rentals. Austrian Post mainly derived rental income from non-cancellable lease agreements or those limited in duration during the 2015 financial year.

Future minimum lease payments from non-cancellable operating leases as at the balance sheet date are as follows:

EUR m	Dec. 31, 2014	Dec. 31, 2015
No later than one year	4.3	3.7
Later than one year and not later than five years	6.4	6.4
Later than five years	10.2	11.1
	21.0	**21.3**

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

The item "Reclamation of contributions" refers to repayment claims credited to Austrian Post from contributions made within the context of the payroll accounting of civil servants to the amount of EUR 28.2m. More detailed information is provided under Note 7.4 Reclamation of employee contributions related to the payroll accounting of civil servants.

8.3 Raw materials, consumables and services used

EUR m	2014 adjusted[1]	2015
Materials		
Fuels	29.8	25.3
Merchandise	21.2	23.2
Stamps	2.1	2.0
Supplies and clothing	22.0	20.5
Spare parts and other raw materials and consumables	1.8	1.9
Changes of valuation	0.7	1.3
	77.6	**74.2**
Services used		
International postal carriers	71.4	71.5
Advertising distributors	43.1	40.8
Energy	17.8	16.8
Transport	477.3	492.9
Other	50.2	53.4
	659.9	**675.4**
	737.5	**749.6**

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

8.4 Staff costs

EUR m	2014	2015
Wages and salaries	840.2	827.9
Termination benefits	24.2	42.7
Pensions	0.2	0.2
Statutory levies and contributions	231.8	224.6
Other staff costs	13.0	10.5
	1,109.5	**1,106.0**

The breakdown of termination benefits is as follows:

EUR m	2014	2015
Management Board	0.1	0.4
Executive staff	0.2	0.2
Other employees	23.8	42.2
	24.2	**42.7**

In the 2015 financial year, contributions of EUR 3.1m (2014: EUR 2.7m) 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:

	2014	2015
Blue-collar employees	3,499	3,655
White-collar employees	13,515	13,607
Civil servants	8,788	8,179
Trainees	86	98
Total number	**25,888**	**25,539**
Corresponding full-time equivalents	**23,912**	**23,476**

8.5 Depreciation, amortisation and impairment losses

EUR m	2014	2015
Impairment losses on goodwill	**48.6**	**55.8**
Amortisation of intangible assets		
Scheduled depreciation	11.8	10.5
Impairment losses	1.1	31.1
	12.9	**41.6**
Depreciation of property, plant and equipment		
Scheduled depreciation	70.2	71.8
Impairment losses	1.5	41.8
	71.7	**113.5**
Depreciation of investment property		
Scheduled depreciation	2.9	2.7
Impairment losses	0.9	0.0
	3.8	**2.7**
	136.9	**213.7**

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

The increase in impairment losses on intangible assets and property, plant and equipment compared to the previous year is mainly due to the classification of the CGU trans-o-flex as held for sale. Disclosures in this connection are made in Note 9.10 Assets and liabilities held for sale.

Furthermore, impairment losses on intangible assets to the amount of EUR 0.4m also apply to commercial property rights which are no longer in use (Corporate segment). Impairment losses in the previous year to the amount of EUR 1.1m and EUR 1.0m in 2015 were reported on a software solution which no longer provides any economic benefits (Corporate segment).

In contrast to the previous year, no impairment losses were recognised for real estate held as investment property. In 2014, impairment losses were reported down to their fair value in accordance with valuation opinions.

8.6 Other operating expenses

EUR m	2014	2015
Leasing and rental payments	79.9	80.0
Maintenance	49.4	53.1
IT services	36.7	39.4
Travel and mileage	26.5	25.9
Contract and leasing staff	18.5	21.2
Communications and advertising	17.1	19.7
Consultancy	8.3	15.3
Waste disposal and cleaning	13.2	14.3
Unchargeable expenses	11.3	11.0
Revaluation of receivables	9.6	10.5
Damages	8.6	9.5
Insurance	8.5	8.5
Other taxes (excl. income taxes)	8.0	8.1
Telephone	3.9	3.8
Training and professional development	3.2	3.3
Losses from the disposal of property, plant and equipment	1.9	0.7
Other	12.5	19.8
	317.0	**344.0**

The revaluation of trade receivables led to an impairment loss relating to adjustments for loans to the distribution companies to the amount of EUR 3.7m (2014: EUR 6.0m). Other operating expenses include expenses for any compensation payments to the amount of EUR 5.2m. Further information is provided under Note 7.4 Reclamation of employer contributions related to the payroll accounting of civil servants.

8.7 Other financial result

EUR m	Note	2014	2015
Financial income			
Interest income		3.4	6.1
Income from securities		0.8	1.0
		4.2	**7.1**
Financial expenses			
Interest expense for other financial liabilities		–1.4	–1.0
Interest expense for provisions	(9.12.1)	–5.2	–3.8
Impairment losses on receivables from investments consolidated at equity	(9.5.1)	–0.4	0.0
Losses from disposal of securities and other bonds		0.0	–0.3
		–7.1	**–5.1**
		–2.8	**2.0**

In the 2015 financial year, the remaining amount of EUR 3.3m from a cross-border leasing transaction terminated as of March 10, 2015 and recognised as of this date under deferred income was correspondingly recognised in the income statement as interest income. More information is provided under Note 9.3 Property, plant and equipment.

8.8 Earnings per share

		2014	2015
Profit for the period attributable to equity holders of the parent company	(EUR m)	146.5	71.4
Adjusted profit for the period for the identification of diluted earnings per share	(EUR m)	146.5	71.4
Weighted average number of outstanding ordinary shares used in calculating basic earnings per share	(Shares)	67,552,638	67,552,638
Weighted average number of outstanding ordinary shares used in calculating diluted earnings per share	(Shares)	67,552,638	67,552,638
Basic earnings per share	**(EUR)**	**2.17**	**1.06**
Diluted earnings per share	**(EUR)**	**2.17**	**1.06**

9 BALANCE SHEET DISCLOSURES

9.1 Goodwill

EUR m	2014	2015
Historical costs		
Balance at January 1	**241.8**	**235.0**
Additions arising from acquisitions	0.6	3.2
Disposals	0.0	–4.6
Reclassification to “held for sale”	–6.3	–150.6
Currency translation differences	–1.1	0.1
Balance at December 31	**235.0**	**83.1**
Impairment losses		
Balance at January 1	**81.2**	**122.8**
Additions	48.6	55.8
Disposals	0.0	–3.2
Reclassification to “held for sale”	–6.3	–150.6
Currency translation differences	–0.7	0.1
Balance at December 31	**122.8**	**24.9**
Balance amount at January 1	**160.6**	**112.2**
Balance at December 31	**112.2**	**58.2**

Additions arising from acquisitions in 2015 refer to business combinations pursuant to IFRS 3 in connection with the acquisitions of Aktionsfinder GmbH, EMD GmbH and the business operations of two distribution companies. The disposals relate to the goodwill of the subsidiaries deconsolidated in the course of the 2015 financial year, namely feibra Magyarország Kft., Kolos s.r.o. and trans-o-flex Belgium Real Estate B.V.B.A. (refer to Note 4 Consolidation scope). The reclassification to held for sale in 2015 refers to trans-o-flex Group. Refer to Note 9.10 Assets and liabilities held for sale.

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

EUR m	Dec. 31, 2014	Dec. 31, 2015
Mail & Branch Network		
feibra Group	30.9	30.9
PostMaster s.r.l.	8.0	2.0
Other < EUR 5m[1]	11.2	12.6
	50.2	**45.6**
Parcel & Logistics		
trans-o-flex	49.4	0.0
Slovak Parcel Service s.r.o. & IN TIME s.r.o.	5.2	5.2
Other < EUR 5m[1]	7.5	7.5
	62.0	**12.7**
	112.2	**58.2**

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

The annual impairment test 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. Fair value less disposal costs is also used as the basis of impairment for companies held for sale.

The cash flow forecasts in the planning period are based on the approved planning for the 2016 financial year and the medium-term business planning for a period of an additional three years (2017–2019). 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 2020 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% (2014: 1.0%) is applied, whereas necessary retained earnings were taken into account. The main valuation assumptions underlying the determination of the recoverable amount were assumptions by the management about the expected short- and long-term revenue development, the discount rate applied and the expected long-term growth rate.

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

	Dec. 31, 2014 Pre-tax WACC	Dec. 31, 2015 Pre-tax WACC
Mail & Branch Network		
feibra Group	7.9%	8.6%
PostMaster s.r.l.	11.7%	11.5%
PostMaster Sp. z o.o.	8.2%	–
Other < EUR 5m	8.0–12.2%	8.8–12.3%
Parcel & Logistics		
trans-o-flex	9.2%	–
Slovak Parcel Service s.r.o. and IN TIME s.r.o.	10.0%	10.5%
Other < EUR 5m	8.7–19.3%	11.0–19.4%

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

EUR m	2014	2015
Additions to impairment losses on goodwill		
Mail & Branch Network		
PostMaster s.r.l.	0.0	6.1
PostMaster Sp. z o.o.	9.7	0.0
	9.7	**6.1**
Parcel & Logistics		
trans-o-flex	38.9	49.8
	38.9	**49.8**
	48.6	**55.8**

The cash generating unit (CGU) PostMaster s.r.l., Bucharest, (Mail & Branch Network segment) ranks among the leading providers in Romania in the delivery of unaddressed and addressed mail items. Due to the ongoing difficult economic environment characterised by predatory competition, revenue and earnings expectations for 2015 were not fulfilled, and estimates for medium-term growth expectations were revised downwards. The impairment test carried out in the fourth quarter of 2015 led to recognition of an impairment loss on goodwill of EUR 6.1m which had been previously reported to the amount of EUR 8.0m. The impairment loss was reported under depreciation, amortisation and impairment losses in the consolidated income statement.

With respect to the impairment losses and the reclassification of trans-o-flex as held for sale pursuant to IFRS 5, refer to Note 9.10 Assets and liabilities held for sale.

In addition to the impairment test, sensitivity analyses pertaining to the primary valuation assumptions were also carried out for all significant cash generating units. The revenue expectations were reduced by one percentage point in the first sensitivity analysis, whereas the discount rate was raised by one percentage point in the second sensitivity analysis and the growth rate in perpetual annuity was set to zero in the third sensitivity analysis. Since 2015, growth-related profit retention effects are taken into account, thus no sensitivities arise here. 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%	
	2014	**2015**	**2014**	**2015**	**2014**	**2015**
PostMaster s.r.l.	0.8	0.6	1.3	0.5	1.1	0.0
PostMaster Sp. z o.o.	0.3	–	0.2	–	0.1	–

9.2 Intangible assets

2014 financial year EUR m	Note	Customer relationships	Trademarks	Other intangible assets	Total
Historical cost					
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”	(9.10)	–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	(8.5)	5.2	0.1	7.5	12.9
Disposals		0.0	0.0	0.5	0.5
Reclassification to “held for sale”	(9.10)	–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**

2015 financial year EUR m	Note	Customer relationships	Trademarks	Other intangible assets	Total
Historical cost					
Balance at January 1, 2015		**79.9**	**29.2**	**70.8**	**180.0**
Additions arising from acquisitions		1.1	0.0	0.3	1.4
Disposals arising from initial consolidation		1.7	0.0	0.0	1.7
Additions		0.0	0.0	5.6	5.6
Disposals		1.1	0.0	3.4	4.5
Reclassification to “held for sale”	(9.10)	–53.0	–25.0	–8.7	–86.7
Balance at December 31, 2015		25.2	4.2	64.6	94.0
Depreciation and impairment losses					
Balance at January 1, 2015		**65.0**	**3.8**	**51.2**	**120.1**
Disposals arising from initial consolidation		1.7	0.0	0.0	1.7
Additions	(8.5)	8.6	25.0	8.0	41.6
Disposals		1.1	0.0	3.0	4.1
Reclassification to “held for sale”	(9.10)	–53.0	–25.0	–8.5	–86.5
Balance at December 31, 2015		**17.7**	**3.9**	**47.8**	**63.3**
Carrying amount at January 1, 2015		**15.0**	**25.4**	**19.6**	**59.9**
Carrying amount at December 31, 2015		**7.5**	**0.4**	**16.9**	**24.8**

No external borrowing costs were capitalised in the 2015 financial year as in the previous year.

In the 2015 financial year, an impairment loss of EUR 28.7m was reported in the Parcel & Logistics segment as a result of the impairment test carried out for the CGU trans-o-flex (including trademarks to the amount of EUR 25m and customer relationships of EUR 3.7m). The reclassification as held for sale pursuant to IFRS 5 completely relates to the trans-o-flex Group. Refer to Note 9.10 Assets and liabilities held for sale.

The commercial property rights with a carrying amount of EUR 0.4m included under other intangible assets were completely written down in the 2015 financial year (Mail & Branch Network segment). 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, 2014 and December 31, 2015:

EUR m	Dec. 31, 2014	Dec. 31, 2015
Parcel & Logistics		
trans-o-flex	25.0	0.0
Other	0.4	0.4
	25.4	**0.4**

9.3 Property, plant and equipment

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 cost						
Balance at January 1, 2014		**765.1**	**195.7**	**324.7**	**30.6**	**1,316.0**
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	(9.4)	–99.1	0.0	0.0	0.0	–99.1
Reclassification to held for sale	(9.10)	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**

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
Depreciation and impairment losses						
Balance at January 1, 2014		**384.5**	**141.5**	**174.2**	**0.0**	**700.2**
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	(9.4)	–77.6	0.0	0.0	0.0	–77.6
Reclassification to held for sale	(9.10)	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**

2015 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, 2015		**690.8**	**161.1**	**342.4**	**11.6**	**1,205.9**
Additions arising from acquisitions		1.4	0.1	0.1	0.0	1.6
Additions		5.3	5.8	52.0	31.6	94.8
Disposals		6.1	14.9	30.5	0.0	51.5
Transfers		0.4	2.2	1.4	–3.9	0.0
Reclassification as investment property	(9.4)	–9.3	0.0	0.0	0.0	–9.3
Reclassification to held for sale	(9.10)	–31.2	–13.1	–47.2	–0.6	–92.1
Balance at December 31, 2015		**651.2**	**141.4**	**318.1**	**38.7**	**1,149.4**

2015 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
Depreciation and impairment losses						
Balance at January 1, 2015		**327.1**	**89.8**	**191.3**	**0.0**	**608.2**
Additions	(8.5)	42.4	14.9	55.6	0.5	113.5
Disposals		5.9	14.9	29.3	0.0	50.0
Reclassification as investment property	(9.4)	–6.4	0.0	0.0	0.0	–6.4
Reclassification to held for sale	(9.10)	–28.9	–12.8	–45.5	–0.5	–87.7
Balance at December 31, 2015		**328.4**	**77.1**	**172.1**	**0.0**	**577.6**
Carrying amount at January 1, 2015		**363.7**	**71.3**	**151.2**	**11.6**	**597.7**
Carrying amount at December 31, 2015		**322.8**	**64.3**	**146.1**	**38.7**	**571.9**

No external borrowing costs were capitalised in the 2015 financial year as in the previous year.

Of the additions to payments received in advance and assets under construction of EUR 31.6m, a total of EUR 21.9m is for assets under construction relating to the new corporate headquarters of Austrian Post.

Property, plant and equipment used as collateral amounted to EUR 1.3m at the end of 2015 (December 31, 2014: EUR 23.1m). The decline can be mainly attributed to the premature termination of a cross-border transaction in the 2015 financial year.

Information relating to the reclassification of assets held for sale and liabilities classified as held for sale pursuant to IFRS 5 is provided under Note 9.10 Assets and liabilities held for sale.

Cross Border Lease

In the 2002 business year, Austrian Post completed a cross-border lease transaction with an American investor. Austrian Post granted this investor 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 of these facilities was leased back to the company for a period of 24 years.

Austrian Post assigned its obligation to pay the lease instalments to two payment undertakers. For this purpose, Austrian Post made payments to the payment undertakers (USD 108.3m) and derecognised the corresponding liabilities. For their part, the payment undertakers were committed to pay the corresponding amounts at the agreed upon dates on behalf of Austrian Post. Austrian Post was faced with the residual risk of a claim in the event of the insolvency of the payment undertakers.

Austrian Post prematurely terminated the cross-border leasing transaction effective March 10, 2015. The outstanding payments were made by the payment undertaker, in which case the residual risk was eliminated. At the same time, the right of use was terminated. The full amount of the present value benefit resulting from the cross-border leasing transaction of Austrian Post was maintained. The remaining amount of EUR 3.3m recognised as of March 10, 2015 under deferred income was correspondingly recognised in the income statement as financial income.

Finance leases

Net carrying amounts and useful lives of the leased assets EUR m	Useful lives in years	Carrying amount Dec. 31, 2014	Carrying amount Dec. 31, 2015
Property and buildings	30	13.4	6.3
Technical plant and machinery	5	0.7	0.0
Other equipment, furniture and fittings	2–8	2.2	0.8

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

EUR m	2014	2015
Minimum lease payments		
Not later than one year	2.3	0.6
Later than one year and not later than five years	4.1	1.9
Later than five years	4.1	2.7
	10.5	**5.2**
Less:		
Future financing cost	**–0.8**	**–0.5**
Present value of the minimum lease payments		
Not later than one year	2.2	0.5
Later than one year and not later than five years	3.8	1.7
Later than five years	3.7	2.5
	9.7	**4.7**

The decline in future minimum lease payments compared to the previous year is due to the reclassification of trans-o-flex as held for sale pursuant to IFRS 5. As a result, the payments relating to trans-o-flex are no longer reported in the table above.

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 2015 financial year, as in the previous year.

9.4 Investment property

EUR m	Note	2014	2015
Historical cost			
Balance at January 1		**140.1**	**222.8**
Additions		4.4	13.0
Disposals		20.9	11.4
Reclassification from property, plant and equipment		99.1	9.3
Balance at December 31		**222.8**	**233.6**
Depreciation			
Balance at January 1		**106.6**	**170.9**
Additions	(8.5)	3.8	2.7
Disposals		17.1	7.0
Reclassification from property, plant and equipment		77.6	6.4
Balance at December 31		**170.9**	**173.1**
Carrying amount at January 1		**33.5**	**51.8**
Carrying amount at December 31		**51.8**	**60.5**

EUR m	Dec. 31, 2014	Dec. 31, 2015
Fair value	197.1	220.5
Rental income	14.6	15.5
Expenses arising from property generating rental income	4.6	4.7
Expenses arising from property not generating rental income	1.1	1.5

Additions to investment property in the 2015 financial year mainly relate to construction of Austrian Post's new corporate headquarters in Vienna-Landstrasse.

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 2015 financial year as in the previous year.

9.5 Joint ventures and associates

9.5.1 Investments consolidated at equity

Composition of carrying amounts EUR m	Interest in %	2014	Interest in %	2015
Associates				
ADELHEID GmbH, Berlin	45.4	1.6	45.4	4.0
D2D - direct to document GmbH, Vienna	30.0	1.4	30.0	1.4
Eurodis GmbH, Weinheim	39.8	0.1	39.8	0.1
media.at GmbH, Vienna	20.5	0.5	20.5	0.3
		3.7		**5.8**
Joint ventures				
MEILLERGHP GmbH, Schwandorf	65.0	0.0	0.0	0.0
Aras Kargo a.s., Istanbul	25.0	49.6	25.0	47.4
OMNITEC GmbH, Vienna	50.0	0.0	50.0	0.0
		49.6		**47.4**
Net carrying amount at December 31		**53.3**		**53.2**

Joint control of Aras Kargo a.s. and OMNITEC Informationstechnologie-Systemservice GmbH was agreed upon with the remaining shareholders of these companies on the basis of the respective shareholders' agreements. Due to the fact that they are operated as individual entities, these companies are considered to be joint ventures pursuant to IFRS 11. All shares in joint ventures are accounted for using the equity method in the consolidated financial statements of Austrian Post pursuant to IAS 28.

Reconciliation of carrying amounts EUR m	2014	2015
Net carrying amount at January 1	**50.3**	**53.3**
Additions arising from shareholder contribution	1.8	5.1
Impairment loss	1.1	0.0
Proportionate share of profit for the period	–1.3	1.7
Dividends	–0.7	–0.7
Currency translation differences	2.1	–5.5
Revaluation of defined benefit obligation	–0.1	–0.6
Net carrying amount at December 31	**53.3**	**53.2**

The addition arising from shareholder contribution in 2015 to the amount of EUR 5.1m exclusively related to ADELHEID GmbH (2014: EUR 1.5m). The change in currency translation differences totalling minus EUR 5.5m (2014: EUR 2.1m) resulted from Austrian Post's stake in the Turkish company Aras Kargo a.s.

The aggregated carrying amount of the shares in the individual immaterial associates totals EUR 5.8m (December 31, 2014: EUR 3.7m). The aggregated carrying amount of the individual immaterial joint ventures amounts to EUR 0.0m (December 31, 2014: EUR 0.0m).

Aras Kargo a.s.

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 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 a.s.
Financial information EUR m	**2014**	**2015**
Non-current assets	120.2	109.4
Current assets	43.8	54.1
thereof cash and cash equivalents	13.6	20.8
Non-current liabilities	14.2	11.6
thereof financial liabilities excluding trade and other payables and provisions	6.6	1.1
Current liabilities	66.9	65.5
thereof financial liabilities excluding trade and other payables and provisions	9.4	7.9
Net assets (100%)	**82.8**	**86.5**
Group's interest in net assets	20.7	21.6
Goodwill	28.9	25.8
Net carrying amount at December 31	**49.6**	**47.4**
Revenue	250.5	271.7
Profit from continuing operations	8.0	15.7
thereof depreciation and amortisation	6.6	7.4
thereof interest income	1.1	2.0
thereof interest expense	3.7	2.5
thereof tax expense	2.8	4.8
Other comprehensive income	8.1	–24.6
Total comprehensive income	**16.1**	**–8.9**
Group’s interest in total comprehensive income	**4.0**	**–2.2**
Dividends received	**0.0**	**0.0**

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.

MEILLERGHP GmbH

The insolvency proceedings for MEILLERGHP GmbH begun in 2014 were terminated on the basis of a ruling handed down by a regional court on February 11, 2015 and the subsequent announcement made on February 15, 2015. All shares in the company were sold for a purchase price of EUR 1.0 on the basis of the purchase agreement dated February 20, 2015.

The carrying amount of the entire net investments in MEILLERGHP accounted for using the equity method already amounted to zero at the end of 2014. The deconsolidation loss of EUR 0.5m arose as a result of the recycling of the currency translation reserves and was recognised in the income statement.

ADELHEID GmbH

As at December 31, 2015, an outstanding liability existed to pay a premium amounting to EUR 0.4m from a capital increase carried out in the 2015 financial year. 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.

ADELHEID GmbH owns a 100% stake in AEP GmbH, Alzenau, Germany which supplies pharmaceutical products to pharmacies in Germany under the name "AEP direkt".

9.5.2 Results from financial assets accounted for using the equity method

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

Results of investments consolidated at equity EUR m	**2014**	**2015**
Immaterial associates		
Share of profit for the period	–3.1	–2.2
Reversal of impairment	1.1	0.0
	–1.9	**–2.2**
Immaterial joint ventures		
Share of profit for the period	–0.2	0.0
Losses from the disposal of financial assets accounted for using the equity method	0.0	–0.5
Share of other comprehensive income	0.0	0.5
	–0.2	**0.0**
Material associates and joint ventures		
Share of profit for the period	2.0	3.9
Share of other comprehensive income	2.0	–6.2
	4.0	**–2.2**
Results from financial assets accounted for using the equity method	**–0.1**	**1.1**
Financial assets accounted for using the equity method – Share of other comprehensive income	**2.0**	**–5.6**

9.6 Other financial assets

EUR m	Dec. 31, 2014			Dec. 31, 2015		
	Due within 1 year	**Due in more than 1 year**	**Total**	**Due within 1 year**	**Due in more than 1 year**	**Total**
Securities	6.4	46.8	53.1	33.3	23.9	57.2
Strategic and other stakes	0.0	12.2	12.2	0.0	12.9	12.9
Derivative financial assets	0.0	1.7	1.7	1.7	0.0	1.7
	6.4	**60.7**	**67.1**	**35.0**	**36.8**	**71.8**

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, 2015 (December 31, 2014: EUR 8.0m). The carrying amount in other financial assets of the stake in Wiener Börse AG as at December 31, 2015 amounted to EUR 4.9m (December 31, 2014: 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 to June 30, 2016 (call-option). 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 valuation of the call option takes place mainly on the basis of the expected planned results in 2015 in comparison with the fair value valuation of the shares.

Disclosures on determining market values are in chapter “Other disclosures” under 10.1 Financial instruments.

9.7 Inventories

EUR m	Dec. 31, 2014	Dec. 31, 2015
Materials and consumables	10.6	11.2
Less impairment losses	–4.8	–5.1
Retail products	13.3	12.4
Less impairment losses	–2.3	–2.5
	16.7	**15.9**

9.8 Trade and other receivables

EUR m	Dec. 31, 2014			Dec. 31, 2015		
	Due within 1 year	Due in more than 1 year	Total	Due within 1 year	Due in more than 1 year	Total
Trade receivables	242.3	0.0	242.3	211.8	0.0	211.8
Receivables from financial assets accounted for using the equity method	1.0	4.1	5.1	1.5	0.4	2.0
Other receivables	108.7	16.9	125.6	75.5	11.0	86.4
	352.0	**21.0**	**373.0**	**288.8**	**11.4**	**300.2**

The receivables from financial assets accounted for using the equity method are mainly subordinate shareholder loans including accrued interest from AEP GmbH (December 31, 2015: EUR 1.4m; December 31, 2014: EUR 4.3m).

Other receivables include EUR 60.0m from the sale of the company Postgasse 8 Entwicklungs AG & Co OG as at December 31, 2014. This item includes repayment claims from employer contributions related to the payroll accounting of civil servants in previous periods credited to Austrian Post to the amount of EUR 28.2m. Further information can be found under Note 7.4 Reclamation of employer contributions related to the payroll accounting of civil servants.

The decline in trade and other receivables is primarily attributable to the reclassification of trans-o-flex as held for sale pursuant to IFRS 5. For more detailed information refer to Note 9.10 Assets and liabilities held for sale.

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, 2014	Dec. 31, 2015
Bank balances	20.2	36.2
Short-term deposits (demand deposits)	241.2	260.1
Cash on hand	2.7	3.2
	264.1	**299.6**

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, 2014	Dec. 31, 2015
Cash and cash equivalents	**264.2**	**300.1**
Cash and cash equivalents included in assets held for sale	–0.1	–0.5
Cash and cash equivalents	**264.1**	**299.6**

9.10 Assets and liabilities held for sale

trans-o-flex

The trans-o-flex Group (Parcel & Logistics segment) offers a broad portfolio of European-wide logistics services in the business fields Fast Delivery, ThermoMed and Logistic Services. In the 2015 financial year, Austrian Post examined strategic options for the further development of the trans-o-flex Group in depth. Therefore, a private process was launched, in which strategic partners and buyers were contacted. After examining all options, it was decided that the top priority was to pursue the sale of trans-o-flex, and a corresponding plan was approved. As of the balance sheet date of December 31, 2015, the process had advanced far enough that trans-o-flex Group met the prerequisites contained in IFRS 5 for classifying it as held for sale. The disposal group encompasses the operating companies of the trans-o-flex Group, namely trans-o-flex Schnell-Lieferdienst GmbH and trans-o-flex Netzwerk Group GmbH, including their subsidiaries.

The scheduled impairment test carried out in the fourth quarter in accordance with IAS 36 resulted in an impairment loss totalling EUR 78.5m for the entire carrying amount of the previously recognised goodwill as well as existing trademarks and customer relationships. After the classification of trans-o-flex as held for sale, an additional impairment loss of EUR 43.6m was reported pursuant to IFRS 5 on the fair value less disposal costs of other intangible assets and property, plant and equipment. In both cases, the fair value less disposal costs was determined from market-based data using feedback from the sales process. In total, impairment losses of EUR 122.1m were reported in the income statement under depreciation, amortisation and impairment losses.

The assets and liabilities of the disposal group as at December 31, 2015 were as follows:

EUR m	**Dec. 31, 2015**
Non-current assets	
Intangible assets	0.2
Property, plant and equipment	4.4
Other financial assets	0.4
Deferred tax assets	1.2
Current assets	
Inventories	0.2
Trade receivables and other receivables	57.0
Cash and cash equivalents	0.5
Assets held for sale	**63.8**
Non-current liabilities	
Provisions	3.7
Other financial liabilities	0.5
Current liabilities	
Provisions	9.2
Other financial liabilities	7.6
Trade and other payables	49.0
Liabilities classified as held for sale	**70.0**

Negative reserves amounting to EUR 0.3m which arose from the revaluation of defined benefit obligations are included in equity under other reserves.

feibra Magyarország Kft.
In the 2015 financial year, Austrian Post disposed of the assets and liabilities of the disposal group feibra Magyarország Kft. (Mail & Branch Network segment) reclassified in the previous year as held for sale. For more information, refer to Note 4.2 Changes in the consolidation scope.

9.11 Equity

Equity items
Share capital of 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.

At the Annual General Meeting held on April 15, 2015, the Management Board of Austrian Post was authorised to create new authorised capital, and the Articles of Association of Austrian Post were correspondingly adapted. Contingent upon the approval of the Supervisory Board, the share capital of Austrian Post can be increased by up to EUR 33,776,320 over a period of five years ending on April 14, 2020 by issuing up to 6,755,264 new non-par value bearer shares. Furthermore, the Annual General Meeting resolved to carry out a conditional increase of the company's share capital by up to EUR 16,888,160 through the issuance of up to 3,377,632 non-par value bearer shares to (i) creditors of financial instruments and (ii) for the purpose of granting stock options to employees and senior managers of Austrian Post or an affiliated company.

Furthermore, the Management Board was authorised over a period of 30 months starting on April 15, 2015 to acquire treasury shares comprising up to 10% of the company's share capital.

The number of shares outstanding which are entitled to dividends developed as follows during the 2015 financial year:

	Shares
Balance at January 1, 2015	67,552,638
Balance at December 31, 2015	67,552,638
Weighted average number of shares in the 2015 financial year	67,552,638

The main shareholder of Austrian Post is Österreichische Bundes- und Industriebeteiligungen GmbH, Vienna, with a 52.85% 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 Austrian Post.

The revenue reserves of Austrian Post comprise the statutory reserve 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 financial instruments from 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 securities, gains and losses on changes in the market value measurements of securities available for sale, which are directly recognised in equity without recognition to profit or loss. The amounts are shown after tax. The currency translation reserves comprise all exchange differences arising from the translation of the annual financial statements of the company's subsidiaries and companies consolidated at equity in foreign currencies. In case of disposal of an investment in a subsidiary or an entity consolidated at equity these exchange differences will be recognised in the consolidated income statement.

The non-controlling interests relate to M&BM Express OOD and Aktionsfinder GmbH.

The profit for the period in the 2015 financial year amounted to EUR 71.6m (2014: EUR 146.8m). The profit for the period attributable to equity holders of the parent company amounted to EUR 71.4m (2014: EUR 146.5m). 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 Austrian Post at the balance sheet date on December 31, 2015. The profit shown in the balance totalled EUR 131.8.m (2014: EUR 162.3m).

The Management Board will propose a dividend for the 2015 financial year totalling EUR 131.7m, corresponding to a basic dividend of EUR 1.95 per share (2014: EUR 131.7m, basic dividend of EUR 1.95 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 net profit.

Taking the balance sheet total of EUR 1,613.0m as at December 31, 2015 as a basis (December 31, 2014: EUR 1,671.0m), the equity ratio as at December 31, 2015 equalled 39.8% (December 31, 2014: 42.1%).

9.12 Provisions

EUR m	Dec. 31, 2014			Dec. 31, 2015		
	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	102.6	104.6	2.2	94.4	96.5
Provisions for pensions	0.1	2.6	2.7	0.0	0.0	0.0
Provisions for jubilee benefits	5.1	86.6	91.7	5.0	84.9	90.0
Other employee provisions	108.0	193.8	301.9	106.8	175.2	282.0
Other provisions	37.5	2.1	39.5	46.6	1.4	48.1
	152.8	**387.7**	**540.5**	**160.7**	**355.9**	**516.6**

9.12.1 Provisions for termination benefits, pensions and jubilee benefits

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**

2015 financial year EUR m	Termination benefits	Pensions	Jubilee benefits	Total
Present value of the obligation at January 1, 2015	**104.6**	**2.7**	**91.7**	**199.1**
Additions arising from acquisitions	0.1	0.0	0.0	0.1
Current service cost	5.7	0.0	4.8	10.4
Interest expense	2.0	0.1	1.7	3.8
Actuarial gains (–) and losses (+) from the change in demographic assumptions	0.1	0.0	–0.2	–0.1
Actuarial gains (–) and losses (+) from the change in financial assumptions	–6.5	0.0	2.5	–4.1
Experience adjustments	0.4	0.0	–4.4	–4.0
Actual payments	–9.9	–0.1	–4.7	–14.6
Derecognition due to changes in company agreements	0.0	0.0	–1.5	–1.5
Reclassification to “held for sale”	0.0	–2.6	0.0	–2.6
Present value of the obligation at December 31, 2015	**96.5**	**0.0**	**90.0**	**186.5**

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

With respect to the reclassification of pensions as held for sale, refer to Note 9.10 Assets and liabilities held for sale.

9.12.2 Other employee provisions

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**

2015 financial year EUR m	**Employee under-utilisation**	**Other employee related provisions**	**Total**
Balance at January 1, 2015	**194.3**	**107.6**	**301.9**
Transfer	–7.8	0.0	–7.8
Allocation	39.5	66.3	105.8
Use	–23.2	–62.3	–85.5
Reversals	–22.5	–7.7	–30.2
Accrued interest	2.8	0.2	3.0
Reclassification to “held for sale”	0.0	–5.1	–5.1
Balance at December 31, 2015	**183.2**	**98.8**	**282.0**

Provisions for under-utilisation

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

The transfer of EUR 7.8m in the 2015 financial year (2014: EUR 7.7m) refers to the provision for those employees employed by the ministries, the allocated provisions are to be reclassified as liabilities. The allocation of provisions totalling EUR 39.5m (2014: EUR 85.8m) relates to employees entering the Internal Labour Market as a consequence of losing their jobs as a result of internal organisation processes designed to adjust the company’s human resources to changing market conditions. 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 22.5m (2014: EUR 78.1m) can be attributed to employees who left the company or have been reintegrated in the working process. In addition, parameter adjustments (refer to Note 6.17 Provisions for under-utilisation) led to a reduction in the provision by EUR 0.7m.

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 programmes with voluntary termination benefit offers), provisions related to the recognition of previous periods of employment and restructuring provisions.

Allocation to provisions of EUR 66.3m (2014: EUR 83.3m) primarily relates to allocations for employee profit-sharing schemes and performance related bonuses (2015: EUR 48.8m, 2014: EUR 50.8m) and programmes involving voluntary termination benefit offers (2015: EUR 12.2m, 2014: EUR 0.0m). Furthermore, restructuring provisions of EUR 2.5m were allocated for planned personnel adjustments, consisting of EUR 1.6m in the Mail & Branch Network segment and EUR 0.9m in the Parcel & Logistics segment. Provisions totalling EUR 1.4m were released for restructuring in the Parcel & Logistics segment.

The use of provisions totalling EUR 62.3m mainly refers to payments for employee profit-sharing schemes and performance-related bonuses (2015: EUR 46.5m; 2014: EUR 42.0m) and for the stop-gap model in line with the social plan which will be expiring in the near future (2015: EUR 19.8m; 2014: EUR 8.5m).

With respect to the reclassification of other employee-related provisions as held for sale, refer to Note 9.10 Assets and liabilities held for sale.

9.12.3 Other provisions

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**

2015 financial year EUR m	
Balance at January 1, 2015	**39.5**
Transfer	0.9
Allocation	18.3
Use	–3.2
Reversals	–2.2
Reclassification to "held for sale"	–5.2
Balance at December 31, 2015	**48.1**

The item "Other provisions" includes a provision for uncertain liabilities from statutory levies and contributions to the amount of EUR 27.9m (2014: EUR 21.5m). In addition, provisions for legal expenses, auditing and consulting fees as well as provisions for damages are included in the item "Other provision".

With respect to the reclassification of other employee-related provisions as held for sale, refer to Note 9.10 Assets and liabilities held for sale.

9.13 Other financial liabilities

EUR m	Dec. 31, 2014			Dec. 31, 2015		
	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	6.8	7.6	7.6	0.3	7.9
Finance lease liabilities	2.2	7.5	9.7	0.5	4.2	4.7
Other financial liabilities	0.0	0.4	0.4	0.0	0.0	0.0
	3.1	**14.6**	**17.7**	**8.1**	**4.5**	**12.6**

9.14 Trade and other payables

EUR m	Dec. 31, 2014 Due within 1 year	Dec. 31, 2014 Due in more than 1 year	Dec. 31, 2014 Total	Dec. 31, 2015 Due within 1 year	Dec. 31, 2015 Due in more than 1 year	Dec. 31, 2015 Total
Trade payables	217.8	0.1	217.9	177.3	0.1	177.4
Payables from financial assets accounted for using the equity method	3.6	0.0	3.6	1.3	0.0	1.3
Other liabilities	139.8	20.7	160.5	154.5	23.6	178.1
	361.2	**20.8**	**381.9**	**333.2**	**23.7**	**356.8**

Other liabilities to the amount of EUR 178.1m include among others liabilities to tax authorities and social security institutions of EUR 57.0m (December 31, 2014: EUR 50.9m), liabilities for holiday entitlements not taken of EUR 33.6m (December 31, 2014: EUR 38.3m) and payments received in advance for services which have not been rendered of EUR 18.0m (December 31, 2014: EUR 15.9m).

The decline in trade payables and other liabilities can be primarily attributed to the reclassification of trans-o-flex as held for sale. For further information, refer to Note 9.10 Assets and liabilities held for sale.

9.15 Income tax

EUR m	2014	2015
Income tax expense for the current year	53.6	53.3
Tax credits arrears from prior tax years	0.2	1.2
Deferred tax expense/income	–6.7	–35.0
	47.2	**19.5**

In the 2015 financial year, utilisable tax loss carryforwards for which no deferred tax assets could be recognised in the previous year pursuant to the rules contained in IAS 12.34ff, led to a reduction in the current income tax expense amounting to EUR 1.6m (December 31, 2014: EUR 0.3m).

The item “Deferred tax expense/income” includes a reduction in deferred tax assets to the amount of EUR 0.3m (December 31, 2014: EUR 2.5m) due to the reassessment of the usability of tax loss carryforwards.

Deferred tax assets resulting from tax claims from the impairment loss on goodwill within the context of the Group tax system amounted to EUR 0.9m as at December 31, 2015, and is recognised as goodwill pursuant to IAS 12.32A.

Reconciliation of deferred tax expense

The corporate tax rate for the Group is defined as the relation of the actual income tax expense for the period to the earnings before tax, corresponding to a rate of 21.4% in 2015 (2014: 24.4%).

The reconciliation between the expected and actual tax rate is as follows:

RECONCILIATION OF DEFERRED TAX EXPENSE

EUR m	2014	2015
Profit before tax	**194.0**	**91.0**
Expected taxes on income	**48.5**	**22.8**
Tax deductions due to		
Write-down of subsidiaries to lower going concern value	–18.9	–38.8
Adjustments to foreign tax rates	–1.0	–4.4
Profits not affecting taxes (accounted for using the equity method)	0.0	–0.3
Disposal of property, plant and equipment	–6.4	–0.1
Other tax-reducing items	–4.9	–2.9
	–31.4	**–46.5**
Tax increases due to		
Impairment losses on goodwill	12.1	15.2
Reversal of impairments for subsidiaries	1.5	1.2
Other tax-increasing items	6.2	7.0
	19.9	**23.4**
Income tax expense for the period	**37.0**	**–0.3**
Income tax expenses/income from prior years	0.2	1.2
Change in unrecognised deferred tax assets	10.0	18.5
Current tax expense	**47.2**	**19.5**

Information on deferred tax assets and liabilities

Temporary differences between the amounts shown in the consolidated financial statements and those recognised for tax purposes lead to following effects on deferred taxes reported on the balance sheet:

EUR m	Dec. 31, 2014	Dec. 31, 2015
Deferred tax assets arising from temporary differences		
Goodwill	0.2	0.8
Trademarks	0.0	0.1
Financial assets (write-down to lower going concern value)	42.7	66.6
Receivables	0.1	0.5
Provisions	26.7	27.1
Liabilities	1.2	0.9
	71.0	**95.9**

EUR m	Dec. 31, 2014	Dec. 31, 2015
Deferred tax liabilities arising from temporary differences		
Customer relationships	–2.2	–0.3
Trademarks	–6.8	0.0
Other intangible assets	–0.3	–0.1
Property, plant and equipment	–8.1	–6.2
Inventories	–0.1	–0.1
Financial liabilities	0.0	–0.2
	–17.4	**–6.8**
Deferred taxes arising from loss carryforwards	**6.8**	**4.0**
Less: reclassification to “held for sale”	0.0	–1.2
Total net deferred taxes	**60.3**	**92.0**
Deferred tax assets	68.6	94.0
Less: reclassification to “held for sale”	0.0	–1.2
Deferred tax liabilities	–8.3	–0.9
Total net deferred tax	**60.3**	**92.0**

Deferred tax assets on tax loss carryforwards are only formed if their realisation is probable on the basis of tax planning and no loss-making situation occurred in the recent past.

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

EUR m	Deferred tax assets	Deferred tax liabilities
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**
Balance at January 1, 2015	**68.6**	**8.3**
Changes affecting net income	**27.1**	**–7.9**
Changes recognised directly in equity		
Available for sale securities	–0.2	0.0
Revaluation of defined benefit obligations	–1.5	0.0
Additions arising from acquisitions	0.0	0.5
Reclassification as held for sale	–1.2	0.0
	–2.9	**0.5**
Balance at December 31, 2015	**92.9**	**0.9**

Deferred tax assets are not recognised with respect to the following items, due to the improbability of their being taxable earnings in the future to which the Group can apply deferred tax assets.

In the financial year under review, the following tax loss carryforwards as well as temporary differences were not considered to be recoverable for the calculation of deferred taxes. The timing of the ability to recognise tax loss carryforwards is as follows:

EUR m	Dec. 31, 2014	Dec. 31, 2015
Corporate tax		
Non-deductible loss carryforwards	211.8	244.7
thereof due within not later than 2 years	0.0	0.0
thereof due within 3–4 years	0.0	0.0
thereof due within 5–6 years	0.0	0.0
thereof due later than 6 years	0.0	0.0
due within an indefinite period of time	211.8	244.7
Deductible temporary differences (non-forfeitable)	0.9	40.0
	212.7	**284.7**

Temporary differences totalling EUR 51.0m (December 31, 2014: EUR 50.7m) 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.

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 in IAS 39 and their classification in the fair value hierarchy:

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**

[1] Exlusive advance payments and receivables from tax and social security authorities

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 liabilities						
Measurements carried out at fair value						
Contingent consideration	3	0.2	0.0	0.0	0.0	0.2
		0.2	**0.0**	**0.0**	**0.0**	**0.2**
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[1]	–	0.0	0.0	0.0	36.3	36.3
		0.0	**0.0**	**0.0**	**275.5**	**275.5**

December 31, 2015 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	57.2	0.0	0.0	57.2
Strategic stakes and other investments	3	0.0	12.9	0.0	0.0	12.9
Derivative financial assets	3	1.7	0.0	0.0	0.0	1.7
		1.7	**70.1**	**0.0**	**0.0**	**71.8**
Measurements not carried out at fair value						
Trade receivables	–	0.0	0.0	211.8	0.0	211.8
Receivables from financial assets accounted for using the equity method	–	0.0	0.0	2.0	0.0	2.0
Other receivables[2]	–	0.0	0.0	15.6	0.0	15.6
Cash and cash equivalents	–	0.0	0.0	299.6	0.0	299.6
		0.0	**0.0**	**528.9**	**0.0**	**528.9**

[1] Excluding payments received in advance and liabilities to tax and social security authorities as well as unused vacations
[2] Exclusive advance payments and receivables from tax and social security authorities

December 31, 2015 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 carried out at fair value						
Contingent consideration	3	2.3	0.0	0.0	0.0	2.3
		2.3	**0.0**	**0.0**	**0.0**	**2.3**
Measurements not carried out at fair value						
Other financial liabilities	–	0.0	0.0	0.0	12.6	12.6
Trade payables	–	0.0	0.0	0.0	177.4	177.4
Liabilities to financial assets accounted for using the equity method	–	0.0	0.0	0.0	1.3	1.3
Other liabilities[1]		0.0	0.0	0.0	44.5	44.5
		0.0	**0.0**	**0.0**	**235.9**	**235.9**

[1] Excluding payments received in advance and liabilities to tax and social security authorities as well as unused vacations

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

EUR m	Dec. 31, 2014		Dec. 31, 2015	
	Carrying amount	Market value	Carrying amount	Market value
Other financial liabilities				
Borrowings from banks	7.7	7.7	7.9	7.6
Finance lease liabilities	9.7	9.7	4.7	4.7
Other financial liabilities	0.4	0.4	0.0	0.0
	17.7	**17.8**	**12.6**	**12.3**

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
3	Conditional remaining purchase price liabilities	Net present value approach	Planning calculations and the related probability-weighted scenarios
Measurements not carried out at fair value			
3	Trade and other receivables	–	Carrying amounts as realistic estimates 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 estimates 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 following tables show the reconciliation of Level 3 valuations of financial assets and liabilities at fair value for the 2014 and 2015 financial years:

FINANCIAL ASSETS

EUR m	2014	2015
Starting balance at January 1	**12.2**	**13.9**
Total gains and losses		
Recognised through profit or loss under “Other operating income”	1.7	0.0
Recognised in “other comprehensive income”	0.0	0.7
Closing balance at December 31	**13.9**	**14.6**

The recognised gain in the previous year exclusively related to the valuation of the derivative financial asset “Call Option Aras Kargo a.s.”. The gain recognised in other comprehensive income in the 2015 financial year refers to the revaluation of the shares held in Wiener Börse AG.

FINANCIAL LIABILITIES

EUR m	2014	2015
Starting balance at January 1	**0.1**	**0.2**
Total gains and losses		
Recognised through profit or loss under “Other operating income”	0.0	–0.1
Additions		
Additions from business combinations	0.1	2.3
Closing balance at December 31	**0.2**	**2.3**

Additions in the 2015 financial year mainly relate to liabilities in connection with the acquisitions of Aktionsfinder GmbH and EMD GmbH.

10.1.3 Offsetting of financial instruments

Austrian Post’s main use of offsetting is that of invoices to and from international postal providers under IFRS 7. Amounts to which this is applicable 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 2014 and 2015 financial years:

EUR m	2014			2015		
	Income statement	Other comprehensive income	Total	Income statement	Other comprehensive income	Total
Measured at fair value through profit or loss						
Valuation results	1.7	–	1.7	–	–	–
Available for sale						
Result from disposal	–	–	–	–0.3	0.2	–0.1
Valuation results	–	1.2	1.2	–	0.7	0.7
	0.0	**1.2**	**1.2**	**–0.3**	**0.9**	**0.6**
Loans and receivables						
Valuation results	–9.6	–	–9.6	–10.5	–	–10.5
	–7.9	**1.2**	**–6.7**	**–10.7**	**0.9**	**–9.9**

In the 2015 financial year, EUR 0.2m (2014: EUR 0.0m) from other comprehensive income was reclassified to the income statement.

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	2014	2015
Interest income		
Cash and cash equivalents	1.9	2.0
Other financial assets	0.7	0.3
	2.6	**2.3**
Interest expenses		
Other financial liabilities	–1.4	–1.0
	–1.4	**–1.0**

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. Moreover, close attention is paid to the liquidity and low exposure to settlement risk of the financial products. Money market transactions are subject to fixed trading limits.

The maturity structure of trade and other receivables, which are past due, but not impaired, is as follows:

December 31, 2014 EUR m		**Thereof**		**Thereof**		
	Carrying amount	**Not individually adjusted**	**Not past due**	**Past due for 1–90 days**	**Past due for 91–180 days**	**Past due for more than 180 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**					

December 31, 2015 EUR m		**Thereof**		**Thereof**		
	Carrying amount	**Not individually adjusted**	**Not past due**	**Past due for 1–90 days**	**Past due for 91–180 days**	**Past due for more than 180 days**
Gross carrying amount						
Trade receivables	216.1	212.3	170.4	39.1	1.1	1.7
Receivables from financial assets accounted for using the equity method	2.0	2.0	1.8	0.1	0.0	–
Other receivables	28.1	15.6	14.7	0.6	0.1	0.2
	246.2					
Impairment	–16.8					
Net carrying amount	**229.3**					

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 receivables and other receivables:

2014 financial year EUR m	Jan. 1, 2014	Allocation	Use	Release	Held for sale	Dec. 31, 2014
Impairment losses						
Trade receivables	7.3	5.2	–5.2	–1.2	–0.3	5.8
Receivables from financial assets accounted for using the equity method	19.4	0.4	0.0	0.0	0.0	19.9
Other receivables	18.2	6.2	–6.0	–0.7	0.0	17.8
	44.9	**11.8**	**–11.2**	**–1.8**	**–0.3**	**43.5**

2015 financial year EUR m	Jan. 1, 2015	Allocation	Use	Release	Held for sale	Dec. 31, 2015
Impairment losses						
Trade receivables	5.8	3.2	–2.5	–0.6	–1.5	4.3
Receivables from financial assets accounted for using the equity method	19.9	0.0	–19.9	0.0	0.0	0.0
Other receivables	17.8	8.2	–1.2	–0.3	–12.0	12.6
	43.5	**11.4**	**–23.6**	**–0.9**	**–13.6**	**16.8**

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, 2014 EUR m			Term to maturity		
	Carrying amount	Gross cash flow	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**

December 31, 2015 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	12.6	13.1	8.5	1.9	2.7
Trade and other payables	177.4	177.4	177.3	0.1	0.0
Liabilities from assets accounted for using the equity method	1.3	1.3	1.3	0.0	0.0
Other liabilities	44.5	44.5	36.0	8.5	0.0
	235.9	**236.4**	**223.2**	**10.5**	**2.7**

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 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 into 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:

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

2015 financial year EUR m	Market interest rate +1%-point	–1%-point
Other financial result	3.4	–3.1

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.

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 Consolidated 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, even if their remaining time to maturity is longer than three months. They serve to be able to fulfil short-term payment obligations, but they are not held for investment purposes. The primary goal is ongoing cash management or securing the liquidity of the company and not achieving 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, a strong emphasis is put to 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 and disposal of subsidiaries

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

EUR m	2014	2015
Acquisitions of subsidiaries		
Cash outflow for acquisitions		
Acquisition date in the current financial year (purchase price)	–0.5	–5.2
Outstanding purchase price liability	0.1	2.1
Acquisition date in previous years (remaining purchase price)	–0.2	–0.1
	–0.7	**–3.2**
Cash and cash equivalents acquired	0.0	0.1
Total	**–0.7**	**–3.0**

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	2014	2015
Results from the disposal of property, plant and equipment	–64.0	–2.2
Results from the disposal of financial instruments	0.0	0.3
Net interest income/expense	–2.0	–2.3
Currency translation	–0.3	0.0
Valuation of loans granted	6.3	7.5
Valuation of receivables	3.9	3.0
Without effect in profit and loss (IAS 19)	–15.7	6.1
Reclamation of employer contributions from payroll accounting of civil servants	0.0	–23.0
Other	–1.8	–2.3
Total	**–73.6**	**–12.9**

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

With respect to the reclamation of employer contributions to the payroll accounting, refer to Note 7.4 Reclamation of employer contributions from the payroll accounting of civil servants.

The item "Loans granted" in the consolidated cash flow statement includes cash inflows of EUR 3.5m (December 31, 2014: EUR 1.1m) and cash outflows totalling EUR 3.8m (December 31, 2014: EUR 5.7m). The item "Changes of other financial liabilities" includes cash inflows of EUR 9.2m (December 31, 2014: EUR 6.3m) and cash outflows of EUR 4.6m (December 31, 2014: EUR 6.6m) from short-term revolving loans, and cash outflows of EUR 2.5m (December 31, 2014: EUR 3.5m) for obligations arising from finance lease agreements.

The initial recognition of assets and financial liabilities resulting from finance lease agreements concluded in the current financial year (December 31, 2015: EUR 0.5m; December 31, 2014: EUR 0.4m) did not lead to any change in the cash flow from investing and financing activities due to the fact that these involve non-cash transactions. The subsequent leasing payments are reported in the cash flow from financing activities.

11.2 Other financial obligations

Other financial commitments mainly arise from operating rental and lease agreements with respect to buildings used in the production or supply of goods and services as well as 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, 2014	Dec. 31, 2015
No later than one year	47.7	15.7
Later than one year and not later than five years	106.5	37.8
Later than five years	55.2	29.2
	209.4	**82.7**

The decline in operating leasing compared to the previous year can be attributed to the classification of the CGU trans-o-flex as held for sale pursuant to IFRS 5. Information on this is contained in Note 9.10 Assets and liabilities held for sale.

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 2015 financial year, a total of EUR 80.0m (2014: EUR 79.9m) in payments within the context of operating rental and lease agreements were recognised in the income statement. The entire amount relates to minimum lease payments.

Acquisition obligations existed to the amount of EUR 31k as at December 31, 2015 (December 31, 2014: EUR 0.4m) for intangible assets. Acquisition obligations for property, plant and equipment totalled EUR 45.3m as at December 31, 2015 (December 31, 2014: EUR 8.9m). A total of EUR 39.5m (December 31, 2014: 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 52.85% share in Austrian Post via Österreichische Bundes- und Industriebeteiligungen GmbH (ÖBIB). 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:

2014 financial year EUR m	**Associates**	**Joint ventures**	**Other related companies**	**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

2015 financial year EUR m	**Associates**	**Joint ventures**	**Other related companies**	**Related persons**	**Total**
Total operating income	2.2	1.3	156.4	0.0	159.9
Total operating expenses	12.1	2.8	56.7	0.3	72.0
Outstanding receivables	1.7	0.3	18.7	0.0	20.7
Outstanding payables	1.7	0.2	3.2	0.0	5.1

Operating income in the 2014 and 2015 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 2015 financial year, delivery services valued at EUR 106.3m (2014: EUR 107.9m) were rendered for the federal agencies stipulated in the agreement.

Operating expenses mainly refer to IT services and telephone services from A1 Telekom AG to the amount of EUR 14.9m (2014: EUR 12.5m), purchases of retail goods from A1 Telekom Austria AG valued at EUR 10.8m (2014: EUR 15.2m) and energy purchases from the OMV Group of EUR 12.9m (2014: EUR 14.7m).

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 1.2m were reported as at December 31, 2015 (December 31, 2014: EUR 2.7m).

The following tables show the compensation, including changes in provisions, which was paid to key management staf:

2014 financial year EUR m	**Supervisory Board**	**Management Board**	**Top Executives**	**Total**
Compensation paid to key management staff				
Short-term employment benefits	0.2	3.4	7.7	11.2
Post-employment benefits	0.0	0.3	0.3	0.6
Other long-term employment benefits	0.0	0.0	0.0	0.0
Termination benefits	0.0	0.0	0.0	0.0
Allocation to share-based remuneration programme	0.0	3.9	9.4	13.3
	0.2	**7.6**	**17.4**	**25.2**

2015 financial year EUR m	**Supervisory Board**	**Management Board**	**Top executives**	**Total**
Compensation paid to key management staff				
Short-term employment benefits	0.2	3.9	8.7	12.8
Post-employment benefits	0.0	0.6	0.1	0.7
Other long-term employment benefits	0.0	0.0	0.0	0.0
Termination benefits	0.0	0.0	0.1	0.1
Allocation to share-based remuneration programme	0.0	2.4	6.7	9.1
	0.2	**6.9**	**15.6**	**22.6**

11.4 Audit fees

The following fees for the auditor Deloitte Audit Wirtschaftsprüfungs GmbH in the 2014 financial year and its related companies and for KMPG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft in the 2015 financial year were paid as following:

Services rendered by auditors EUR thousand	**2014**	**2015**
Audit		
Individual and consolidated financial statements of the parent company Austrian Post as at December 31	99.0	80.0
Audits of Austrian Post subsidiaries as at December 31	112.4	142.8
Other audit related services	0.0	40.6
Tax consulting services	1.7	0.0
Other consulting services	46.0	0.0
	259.1	**263.4**

11.5 Events after the reporting period

All material events after the balance sheet date, such as pending litigation, claims for damages, other obligations or contingent losses, and for which IAS 10 prescribes adjustments or disclosure, have been recognised to the extend known to the company.

11.6 Austrian Post Group companies

Company and location	Dec. 31, 2014		Dec. 31, 2015	
	Interest %	Method of consolidation[1]	Interest %	Method of consolidation[1]
Neutorgasse 7 Projektentwicklungs AG & Co OG, Vienna	100.00	FC	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
Post.Wertlogistik GmbH, Vienna	100.00	FC	100.00	FC
Systemlogistik Distribution GmbH, Vienna	100.00	FC	100.00	FC
Medien.Zustell GmbH, Vienna	100.00	FC	100.00	FC
Austrian Post International Deutschland GmbH, Bonn (merged)	100.00	FC	0.00	n. a.
Post Immobilien GmbH, Vienna	100.00	FC	100.00	FC
Post E-Commerce GmbH, Vienna (founded)	0.00	n.a.	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
Austrian Post International Deutschland GmbH, Bonn (formerly Scanpoint Deutschland GmbH)	100.00	FC	100.00	FC
Scanpoint Slovakia s.r.o., Nitra	100.00	FC	100.00	FC
Aktionsfinder GmbH, Salzburg (acquired)	0.00	n.a.	80.00	FC
EMD – Elektronische- u. Mikrofilm-Dokumentationssysteme Ges.m.b.H., Haid bei Ansfelden (acquired)	0.00	n.a.	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 (sold)	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 (sold)	100.00	FC	0.00	n. a.
PostMaster Sp. z o.o., Kraków	100.00	FC	100.00	FC
M&BM Express OOD, Sofia	76.00	FC	76.00	FC
PostMaster s.r.l., Bucureşti	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
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

[1] FC – Full consolidation, EM – Equity method, n.a. – not consolidated, afs –Available for sale financial assets

Company and location	Dec. 31, 2014		Dec. 31, 2015	
	Interest %	Method of consolidation[1]	Interest %	Method of consolidation[1]
Post 103 Beteiligungs GmbH, Vienna	100.00	FC	100.00	FC
Post 104 Beteiligungs GmbH, Vienna	100.00	FC	100.00	FC
Post 107 Beteiligungs GmbH, Vienna (founded)	0.00	n.a.	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
Post 301 Beteiligungs GmbH, Vienna (founded)	0.00	n.a.	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 (sold)	100.00	FC	0.00	n. a.
LogIn Service d.o.o., Ilidža	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
trans-o-flex Netzwerk drei GmbH, Weinheim (formerly Distributions GmbH 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	100.00	FC	100.00	FC
trans-o-flex Netzwerk Group GmbH, Weinheim (founded)	0.00	n.a.	100.00	FC
trans-o-flex Fuhrpark GmbH, Weinheim	100.00	FC	100.00	FC
MEILLERGHP				
MEILLERGHP GmbH, Schwandorf (sold)[2]	65.00	EM	0.00	n. a.
MEILLERGHP a.s., Pilsen[2]	65.00		0.00	
MEILLERGHP s.a.r.l., Versailles[2]	65.00		0.00	
MEILLERGHP AB, Huddinge[2]	65.00		0.00	
MEILLERGHP Sp. z o.o., Wieliczka[2]	65.00		0.00	
D2D - direct to document GmbH, Vienna	30.00	EM	30.00	EM
media.at				
media.at GmbH, Vienna[2]	20.45	EM	20.45	EM
OmniMedia GmbH, Vienna[2]	20.45		20.45	
MediaSelect GmbH, Vienna[2]	20.45		20.45	
mediastrategen GmbH, Vienna[2]	20.45		20.45	

Company and location	Dec. 31, 2014		Dec. 31, 2015	
	Interest %	Method of consolidation[1]	Interest %	Method of consolidation[1]
Eurodis GmbH, Weinheim	39.80	EM	39.80	EM
ADELHEID/AEP				
ADELHEID GmbH, Berlin[2]	45.35	EM	45.35	EM
AEP GmbH, Alzenau[2]	45.35		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
Promontoria Sacher Holding N.V., 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] FC – Full consolidation, EM – Equity method, n.a. – not consolidated, afs –Available for sale financial assets
[2] The profit for the period of the company MEILLERGHP GmbH consolidated at equity corresponds to the proportionate profit for the period of the MEILLERGHP Group and includes a proportionate share of the profit for the period of the subsidiaries.

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, 2015 for transmission to the Supervisory Board on February 26, 2016. The Supervisory Board is responsible for reviewing and approving the audited consolidated financial statements.

Vienna, February 26, 2016

The Management Board

Georg Pölzl
Chairman of the Management Board
Chief Executive Officer

Walter Oblin
Member of the Management Board
Chief Financial Officer

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

Peter Umundum
Member of the Management Board
Parcel & Logistics Division

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

As the legal representatives of Österreichische Post AG, we declare, to the best of our knowledge, that the consolidated financial statements for the 2015 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 26, 2016

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 (Austrian Post), Vienna for the fiscal year from January 1, 2015 to December 31, 2015. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2015, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2015, and the notes.

Management's responsibility for the consolidated financial statements

The Company's management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements under Section 245a UGB (Austrian Commercial Code) and the internal controls which the management considers to be necessary in order to enable the presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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. These standards require the application of International Standards on Auditing (ISAs). 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 system. 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, 2015 and of its financial performance and its cash flows for the fiscal year from January 1, 2015 to December 31, 2015 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Comments on the Management Report for the Group

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

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

Vienna, February 26, 2016

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Helmut Kerschbaumer m.p.
Certified Public Accountant

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