



Austrian Post is going far.

Key business indicators

		H1 2005	H1 2006	Change in %
Income statement				
Revenue	EUR m	836.0	861.4	+3.0%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	EUR m	103.0	117.9	+14.5%
EBITDA margin	%	12.3%	13.7%	-
Earnings before interest and tax (EBIT)	EUR m	56.2	66.3	+17.9%
EBIT margin	%	6.7%	7.7%	-
Earnings before tax (EBT)	EUR m	54.7	67.3	+23.2%
Profit for the period	EUR m	51.6	51.6	-0.1%
Employees (average for period, full time equivalents)		25,159	24,294	-3.4%
Cash flow				
Operating cash flow before changes in working capital	EUR m	130.7	141.7	+8.4%
Cash flow from operating activities	EUR m	161.4	128.2	-20.5%
Free cash flow	EUR m	137.1	122.0	-11.0%
Investment in property, plant and equipment	EUR m	28.6	18.1	-36.7%
Balance sheet				
		31.12.2005	30.6.2006	
Total assets	EUR m	1,563.0	1,566.7	+0.2%
Non-current assets	EUR m	997.4	973.5	-2.4%
Current assets	EUR m	542.6	572.9	+5.6%
Non-current assets held for sale	EUR m	23.0	20.3	-11.7%
Capital and reserves	EUR m	762.1	773.2	+1.5%
Non-current liabilities	EUR m	361.3	417.1	+15.4%
Current liabilities	EUR m	439.6	376.4	-14.4%
Key balance sheet indicators				
		31.12.2005	30.6.2006	
Interest-bearing liabilities	EUR m	369.1	427.4	+15.8%
Interest-bearing assets	EUR m	397.1	459.4	+15.7%
Net cash/net debt position	EUR m	28.0	32.1	+14.6%
Equity ratio	%	48.8%	49.4%	-
Capital employed	EUR m	694.3	701.4	+1.0%

Key share indicators

Price 30 June 2006	EUR	23.72
High/low H1 2006 (intraday)	EUR	24.00/20.10
Earnings per share H1 2006	EUR	0.74
Market capitalisation 30 June 2006	EUR m	1,660
Free float	%	49%

Highlights

- **Group revenues up 3.0% to EUR 861.4m**
- **EBIT rises 17.9% to EUR 66.3m**
- **Strong performance by all divisions**
- **Mail Division delivers revenue increase and stable earnings**
- **Parcel & Logistics Division with strong growth in revenues and further earnings improvement**
- **Branch Network Division achieves lasting turnaround**
- **Operating cash flow continues strong: EUR 141.7m in the first half of 2006**
- **Sound balance sheet: equity ratio of 49.4%**

Overview divisions and business areas



Mail

The Mail Division is divided into three business areas: Letter Mail, Infomail and Media Post. The division's core business is dispatching letters and postcards, addressed direct mail (Info.Mail) and unaddressed direct mail (Info.Post), national and regional newspapers worldwide, delivering items from around the globe to every delivery point in Austria, and providing an extensive portfolio of direct marketing services. Outside Austria, Austrian Post is engaged in the business of unaddressed advertising in Hungary and Slovakia.



Parcel & Logistics

The Parcel & Logistics Division markets a wide range of domestic and international parcel and express services in this fully liberalised market segment, in which it is the Austrian market leader. Parcel & Logistics has so far mainly focused on deliveries to households, but has recently also started to develop the business-to-business (B2B) segment and exploit related growth opportunities. Apart from the Austrian home market, the division is active in Croatia and Slovakia.



Branch Network

The Branch Network Division operates one of Austria's largest nationwide retail chains, with 1,334 company owned branches and 610 third-party operated outlets. The network mainly distributes postal services, BAWAG P.S.K. banking services and a wide selection of retail products. The division's strengths lie in its nationwide reach, the expertise and customer driven approach of its staff, as well as the quality of the products and services it offers.

Statement by the Management Board

There are a number of reasons to be positive about the first half of 2006: in addition to the extremely successful Initial Public Offering, Austrian Post once again posted improved revenues and earnings. The Group's readiness for the stock market was clear confirmation of its successful transformation into a modern service provider with high quality standards.

Successful IPO

The listing on the Vienna Stock Exchange marks our promotion to the top listed Austrian companies, which is a major step in the development of the Group. On 31 May we celebrated an impressive debut on the Vienna Stock Exchange against the backdrop of a difficult market environment. The price of EUR 20.90 on the first trading day after the issue was 10% above the issue price of EUR 19.00.

Third European postal enterprise to go public

As the third postal enterprise in Europe to go public, we are among the pioneers in our industry. This was borne out during the twelve-day road show, which was presented in seven European countries and the USA. More than 200 institutional investors learned about the IPO in face-to-face conversations with members of the Management Board, and about 150 investment funds became new shareholders. Interest in Austria, too, was very great: the private shareholder events attracted a total of about 3,500 people. In all, we welcomed some 32,000 private investors and about 13,400 employees as new Austrian Post shareholders, so that over 51% of all employees have a stake in the Group. The exceptional level of interest in Austrian Post was reflected in demand for the share, which was eight times subscribed. In all, one third of the shares allocated went to private and institutional investors in Austria, with the remainder going to international investors.

Transparency in the marketplace

The stock exchange listing is a milestone for us. The extensive change program of the past five years has transformed the Group and prepared us well for the IPO: we invested significantly in modernising our logistics infrastructure and noticeably improved quality for all. We also streamlined the branch network to bring it in line with market demands and our customers' needs.

The listing brings a twofold advantage: it encourages transparency internally and externally, and it gives us access to valuable feedback from the capital markets, via investors and analysts, on our strategy and on areas with potential for improvement inside the Group.

Gratifying business performance

All of this is underpinned by the continued highly gratifying business performance: at Group level, Austrian Post expanded revenues by 3.0% to EUR 861.4m and profit before interest and tax (EBIT) by 17.9% to EUR 66.3m year-on-year. The Mail Division made the greatest contribution to the increase in revenues, with EUR 11.8m, followed by the Parcels & Logistics Division with EUR 9.9m. All Divisions posted positive EBITs, the Mail Division EUR 131.3m, the Parcel & Logistics Division EUR 9.5m and the Branch Network Division EUR 11.0m.

Share offer eight times subscribed

Further increases in revenues and earnings

In spite of the liberalisation that came into effect on 1 January 2006 (restriction of reserved service to letters weighing up to 50g), the Mail Division continued to perform strongly. This was chiefly attributable to the increased volume of direct mail (advertising). The Parcel & Logistics Division recorded increased volumes as a result of entry into the B2B parcel and logistics business and the growing volume of mail order deliveries for Internet businesses. The cooperation with German parcel carrier trans-o-flex has got off to a satisfactory start. Despite the difficult situation facing our financial services partner BAWAG P.S.K. in April and May of this year, the Branch Network Division also posted increases. Additional momentum for the expansion of the Branch Network Division was generated by closer concentration on small and medium-sized enterprises (SMEs).

The acquisition of Slovakian direct marketing company Kolos in April 2006 was a further step in our expansion strategy. We now offer 100% coverage of the Slovakian direct mail market. We have also acquired a 75% interest in Mader Verlag, publisher of Wiener Bezirkszeitung. This monthly newspaper has a circulation of 700,000 per issue and is one of the three large free newspapers in Vienna.

Acquisition in Slovakia

Best conditions for further growth

The IPO and the positive performance of all three divisions have prepared the way for further growth. We are very proud to have been so well received by the capital markets. We see this as an endorsement of all our hard work over the past years and as a demonstration of confidence in our chosen strategy, and we take it as an incentive to continue along this path in the future.

Outlook

In the light of the positive performance in the first half of 2006, we expect the mail market to remain stable during the rest of year. On this basis, we predict a slight increase in revenues for 2006 and a rise in EBIT of 10% to 15% in comparison with last year's total of EUR 103.0m. On the basis of this forecast, the previously announced¹⁾ dividend payment of EUR 70m can be confirmed.

**2006: EBIT increase of
10%–15% expected**



Anton Wais
Chairman of the
Management Board

Rudolf Jettmar
Deputy Chairman of the
Management Board



Herbert Götz
Member of the
Management Board

Walter Hitziger
Member of the
Management Board

¹⁾ Subject to approval by the Shareholder's Meeting.

The Post share

Successful IPO

Initial listing on 31 May 2006

On 12 January 2006, the Austrian government authorised ÖIAG (Österreichische Industrieholding AG), the former 100% owner of Austrian Post, to privatise up to 49% of the Company by offering shares on the stock market. The official launch of the IPO took place on 15 May 2006 with the public presentation of the offering, which was addressed to Austrian private and institutional investors and international institutional investors. The offering was extremely well subscribed, and the stock was first listed on the Vienna Stock Exchange on 31 May 2006. Austrian Post became the third postal enterprise in Europe and the fourth worldwide to achieve listing.

Strong interest in Austrian Post

Austrian Post's IPO was extremely well received by Austrian private investors, the Post's staff and international institutional investors alike. The Post's Management Board took the international roadshow to twelve cities in Europe and the USA in twelve days, while an Austrian roadshow presented the Group to some 3,500 private investors across Austria.

Heavy demand by private and institutional investors

The bookbuilding that followed the ending of the offer period produced an impressive demonstration of the popularity of the Post's stock: with orders for a total of 265 million shares, the issue was more than seven times oversubscribed, and the issue price was fixed at EUR 19.00, the upper end of the range originally published (EUR 17.00 to EUR 19.00). The heavy demand led to the complete exercise of the over-allotment option (greenshoe option). ÖIAG sold a total of 34.3 million shares, or 49%, for proceeds amounting to EUR 652m. The Post's IPO is the biggest issue on the Vienna Stock Exchange in 2006 to date and the fourth largest in the Exchange's history.

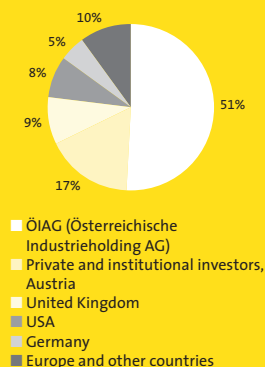
Balanced shareholder structure

One third of the shares were allocated to private and institutional Austrian investors, and two thirds to international investors.

The regional distribution of the free float is as follows: 17% in Austria, followed by 9% in the United Kingdom, 8% in the USA, 5% in Germany and 10% in the rest of Europe and elsewhere. In addition to institutional investors, Austrian Post has attracted 45,000 private shareholders in Austria, including 13,400 Post employees. They subscribed for their shares as part of the employee participation scheme, which proved a complete success – more than 51% of all staff entitled to participate availed themselves of the opportunity.

Austrian Post currently has 70 million shares in issue, of which ÖIAG, the Group's principle shareholder, still holds 51%.

Shareholder structure

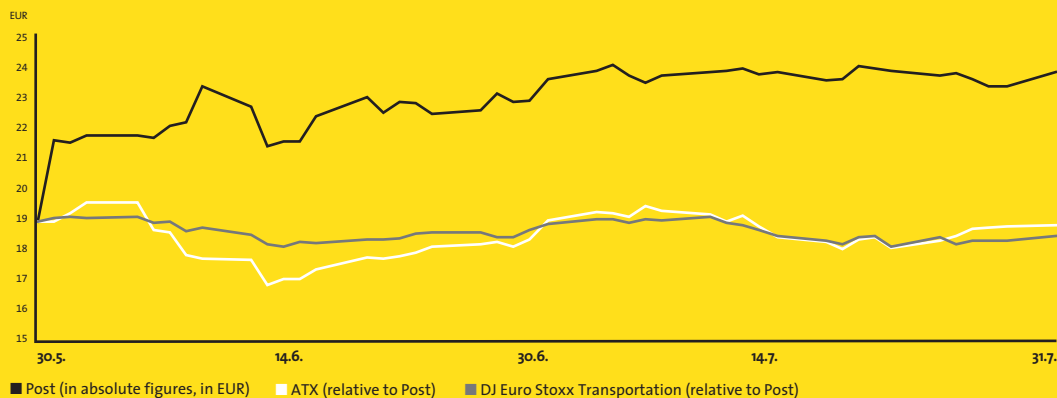


Stock well received by capital markets

The performance of Post stock following the flotation is a demonstration of the continuing high level of interest and confidence shown by the financial community. The closing price on the first day of listing was EUR 20.90, 10% up on the issue price of EUR 19.00. By the end of July the share had gained 26.1% on the issue price. During the same period the ATX lost 0.7%, while the benchmark index DJ Euro Stoxx Transportation declined by 2.6%. Based on the closing price on 31 July 2006 of EUR 23.9 the market capitalisation of Austrian Post on that date was EUR 1.7bn.

In the weeks following stock exchange listing several banks began to trade options on Austrian Post shares. Since 19 June the share also forms part of ATX Prime, with a weighting of more than 1%. Inclusion in VÖNIX, an Austrian sustainability index, also took place in June.

Performance of Austrian Post stock compared to ATX and DJ Euro Stoxx Transportation



Proactive service for investors and analysts

Good communications with investors and analysts is one of Austrian Post's prime concerns. In addition to the many visits made by institutional investors and analysts in Vienna, the Management Board and the Investor Relations team are always at the disposal of the financial community in Vienna and in centres of international finance like London and New York, where investor conferences and individual discussions are frequently conducted.

One of the purposes of Austrian Post's presence at GEWINN-Messe 2006, which takes place from 19 to 21 October in Vienna's Messezentrum Wien, is to make direct contact with private investors. The Group has also set up a special service for private investors, so that they can download the share price via text message (send an empty text message to the number +43 664 6241220, and the latest available market price will be sent by return SMS).

Analysts' reports provide valuable feedback from experts in the industry on the Company's strategy and performance. An overview of these recommendations can be found at www.post.at/ir >> **Our Share** >> **Analyst Coverage**.

Post share – basic information

ISIN	AT0000APOST4
Trading symbol (Vienna Stock Exchange)	POST
Reuters code	POST.VI
Bloomberg code	POST AV
Total shares in issue	70 million
Listing	Vienna Stock Exchange

High level of transparency

www.post.at/ir

Business development in the first half of 2006

Economic and market environment

In compliance with EU requirements, further liberalisation of the Austrian letter mail market came into effect on 1 January 2006: the reserved area for letters was reduced from letters weighing up to 100g to letters weighing up to 50g.

The Austrian Postal Services Act 2005, which entered into effect on 1 March 2006, provides the framework for further liberalisation necessary in order to comply with EU requirements. The European Commission ordered a number of studies for the purpose of evaluating the possibility of further liberalisation; the official results of these studies are expected in the second half of 2006.

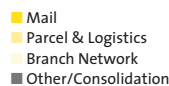
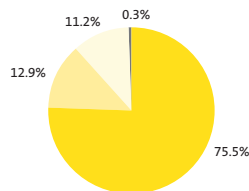
Business development and earnings

Austrian Post continued to perform well in the first half of 2006, with improvements in both revenues and earnings.

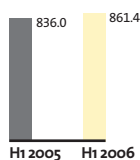
The Group's first half revenues advanced EUR 25.4m, or 3.0%, to EUR 861.4m. This improvement was chiefly attributable to increases in revenue of EUR 11.8m from the Mail Division (up 1.9%) and of EUR 9.9m from the Parcel & Logistics Division (up 9.7%). The key figures for the second quarter were affected by the fact that Q2 2006 had two fewer working days than Q2 2005.

The divisional revenue breakdown underscores the dominance of the Mail Division, which accounted for 75.5% of the total.

H1 2006 revenue by division



H1 revenue
(EUR m)



Revenue by division¹⁾

	H1 2005 EUR m	H1 2006 EUR m	Change %	Share %	Q2 2005 EUR m	Q2 2006 EUR m
Total revenue	836.0	861.4	+3.0%	100.0%	416.1	417.1
Mail	638.7	650.5	+1.9%	75.5%	318.4	314.7
Parcel & Logistics	101.5	111.4	+9.7%	12.9%	51.8	54.6
Branch Network	93.3	96.8	+3.7%	11.2%	44.6	46.5
Other/Consolidation	2.4	2.7	+9.5%	0.3%	1.4	1.3

1) External sales

Income statement

	H1 2005 EUR m	H1 2006 EUR m	Change %	Share %	Q2 2005 EUR m	Q2 2006 EUR m
Revenue	836.0	861.4	+3.0%	100.0%	416.1	417.1
Other operating income	22.3	28.5	+28.1%	3.3%	11.2	15.6
Raw materials, consumables and services used	-116.3	-126.6	+8.8%	14.7%	-57.3	-60.5
Staff costs	-535.8	-539.4	+0.7%	60.9%	-268.6	-268.7
Other operating expenses	-105.4	-106.8	+1.4%	12.4%	-53.8	-55.3
Share of profit/loss of associates	2.2	0.7	-67.4%	0.0%	0.7	0.2
Earnings before interest, tax, depreciation and amortisation (EBITDA)	103.0	117.9	+14.5%	13.7%	48.3	48.5
Depreciation and amortisation	-46.8	-51.6	+10.3%	6.0%	-24.1	-31.2
Earnings before interest and tax (EBIT)	56.2	66.3	+17.9%	7.7%	24.2	17.3
Other financial result	-1.6	1.1	-	0.0%	-0.6	1.1
Earnings before tax (EBT)	54.7	67.3	+23.2%	7.8%	23.6	18.4
Income tax	-12.9	-15.7	+22.3%	1.8%	-6.5	-3.7
Profit from discontinued operations	9.8	0.0	-	0.0%	0.0	0.0
Profit for the period	51.6	51.6	-0.1%	6.0%	17.1	14.6

Austrian Post's staff costs of EUR 539.4m for the first half year remained virtually unchanged compared with the same period last year. They include salary increases and an increase in the provision for employee under-utilisation of EUR 56.2m (H1 2005: EUR 45.5m).

Personnel expenditure constant

Raw materials, consumables and services used increased by 8.8% on the same period in the previous year, as a result of higher energy prices and the increased cost of retail products. Other operating expenses, on the other hand, increased by only 1.4%, to EUR 106.8m.

EBITDA for the first half year of EUR 117.9m was up 14.5% year-on-year, pushing up the EBITDA margin to 13.7%.

EBITDA margin up to 13.7%

First half depreciation and amortisation rose to EUR 51.6m (up 10.3%) due to additional impairment writedowns.

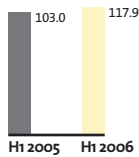
In the first half of 2006, Austrian Post increased EBIT to EUR 66.3m, or by 17.9% year-on-year. The EBIT margin advanced to 7.7%.

EBIT up by 17.9%

EBIT by division

	H1 2005 EUR m	H1 2006 EUR m	Change %	Q2 2005 EUR m	Q2 2006 EUR m
Total EBIT	56.2	66.3	+17.9%	24.2	17.3
Mail	131.4	131.3	-0.1%	65.5	53.8
Parcel & Logistics	2.0	9.5	+388.0%	2.9	3.9
Branch Network	3.3	11.0	+234.8%	-0.2	4.2
Other/Consolidation	-80.4	-85.5	-6.4%	-44.0	-44.6

EBITDA H1
(EUR m)



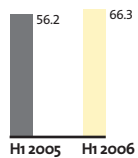
All operating divisions made a positive contribution to earnings. EBIT at the Mail Division was EUR 131.3m, at the Parcel & Logistics Division EUR 9.5m and at the Branch Network Division EUR 11.0m.

In Other/Consolidation the EBIT was EUR minus 85.5m (H1 2005: EUR minus 80.4m). This includes the costs for central departments, expenses in connection with unused properties, and the increase in provisions for employee under-utilisation.

The financial result was positive for the first time in the first half of 2006, at EUR 1.1m. This was chiefly attributable to improved liquidity.

Austrian Post's earnings before tax were up 23.2% to EUR 67.3m, while profit for the period remained unchanged compared with the previous year due to a higher tax charge in 2006 and loss of income from discontinued operations (Postversicherung AG) in 2005.

EBIT H1
(EUR m)



Assets and finances

Balance sheet analysis

Assets	31.12.2005 EUR m	30.6.2006 EUR m	30.6.2006 Percentage of total
Non-current assets	997.4	973.5	62.1%
thereof: financial assets	172.6	198.4	12.7%
Current assets	542.6	572.9	36.6%
thereof: cash and cash equivalents	174.5	257.7	16.4%
Non-current assets held for sale	23.0	20.3	1.3%
	1,563.0	1,566.7	100.0%

Equity and liabilities	31.12.2005 EUR m	30.6.2006 EUR m	30.6.2006 Percentage of total
Capital and reserves	762.1	773.2	49.4%
Non-current liabilities	361.3	417.1	26.6%
thereof: provisions	311.6	361.1	23.1%
Current liabilities	439.6	376.4	24.0%
	1,563.0	1,566.7	100.0%

The structure of the Group's balance sheet reflects the improvement in performance in recent years.

Sound balance sheet

Total assets of EUR 1,566.7m chiefly consist of non-current assets amounting to EUR 973.5m (62.1% of total).

The bulk of non-current assets consists of property, plant and equipment, as well as financial assets, amounting to EUR 667.8m and EUR 198.4m respectively.

The main non-current asset items are receivables of EUR 289.6m as well as cash and cash equivalents of EUR 257.7m, which increased by EUR 83.2m in the first half of 2006.

Cash and cash equivalents up by EUR 83.2m

On the liabilities side, the main items are capital and reserves and non-current liabilities (total of 76.0%), and current liabilities (24.0%).

Long-term liabilities of EUR 417.1m largely consist of provisions e.g. for jubilee benefit and termination benefit obligations, and employee under-utilisation (total EUR 361.1m).

Trade payables make up the bulk of current liabilities.

At 30 June 2006, the Group had net cash of EUR 32.1m. This is calculated as the difference between interest-bearing assets (cash and cash equivalents as well as other current and non-current financial assets) of EUR 459.4m and interest-bearing liabilities (financial liabilities, other interest-bearing liabilities, employee benefit obligations and other interest-bearing provisions) of EUR 427.4m.

Net cash position of EUR 32.1m

Cash flow

	H1 2005 EUR m	H1 2006 EUR m
Operating cash flow before changes in working capital	130.7	141.7
+/- Changes in working capital	30.6	-13.5
= Cash flow from operating activities	161.4	128.2
+/- Cash flow from investing activities	-24.3	-6.2
= Free cash flow	137.1	122.0
+/- Cash flow from financing activities	-39.1	-38.8
= Net increase in cash and cash equivalents	98.0	83.2

Operating cash flow before changes in working capital up by 8.4%

In the first half of 2006, operating cash flow before changes in working capital rose by EUR 11.0m, or 8.4%, to EUR 141.7m. This rise reflects the improvement in Group profit as well as increases in provisions and in amortisation and depreciation.

Cash flow from the changes in working capital in the first half year was EUR minus 13.5m. This includes cash inflows of EUR 45.1m from the disposal of current financial assets, reductions in liabilities such as trade payables and the payment of a liability from the purchase of a property.

This resulted in cash flow from operating activities of EUR 128.2m in the first half year.

Net cash flow from investing activities in the period was EUR minus 6.2m. This reflects the acquisition of financial assets amounting to EUR 42.0m and income from the disposal of assets totalling EUR 36.0m.

Free cash flow of EUR 122.0m

Total free cash flow amounted to EUR 122.0m, and the net increase in cash and cash equivalents was EUR 83.2m.

Capital expenditure

In the first half of 2006 the majority of Austrian Post's capital expenditure of EUR 18.1m related to projects in Austria. The main thrust of activities focused on the construction of a new sorting centre in Hall, Tyrol, refurbishment of the Graz sorting centre and ongoing investment in property.

For the whole of 2006, Austrian Post is budgeting a total investment of between EUR 60m and EUR 70m.

Employees

Number of employees down by 3.4%

Compared to the same period last year, the average number of employees (full-time equivalents) in the Group decreased by 3.4% to 24,294. The overwhelming majority of employees work in the Mail Division.

Employees by division¹⁾

	H1 2005	H1 2006	Share %	2005
Mail	15,428	15,132	62.3%	15,556
Parcel & Logistics	2,499	2,280	9.4%	2,461
Branch Network	5,479	5,218	21.5%	5,446
Other/Consolidation	1,753	1,664	6.8%	1,729
Total	25,159	24,294	100.0%	25,192

1) Average for period, full-time equivalents

Outlook for 2006

In 2006 Austrian Post plans to continue optimising its internal processes while at the same time pursuing its growth strategy.

Austria Post expects a stable mail market in 2006. Based on present trends, it is likely that the further liberalisation of the mail market that came into effect on 1 January 2006 and access to cluster box units will only have a minor impact on the overall performance in 2006. The situation with respect to financial partner BAWAG P.S.K. appears to be stabilising, so that there should be no significant negative effects relating to revenues from financial services in the branches in 2006.

Based on this assumption, revenues are expected to increase slightly in 2006, with EBIT projected to grow by 10% to 15% compared to last year's EUR 103.0m.

Austrian Post's medium-term goal is to sustainably establish its EBIT margin in the 7% to 8% range.

Process optimisation

Increase in EBIT of 10%–15% expected

Performance of divisions

Mail Division

Increases in sales and healthy earnings

Mail Division – key indicators	H1 2005 EUR m	H1 2006 EUR m	Change %	Q2 2005 EUR m	Q2 2006 EUR m
External sales	638.7	650.5	+1.9%	318.4	314.7
Internal sales	32.5	33.9	+4.5%	15.6	16.6
Total revenue	671.2	684.4	+2.0%	334.0	331.4
EBIT	131.4	131.3	-0.1%	65.6	53.7
EBIT margin ¹⁾	19.6%	19.2%	-	19.6%	16.2%
Employees ²⁾	15,428	15,132	-1.9%	-	-

1) Relative to total revenues 2) Average for period, full-time equivalents

Mail Division – external sales by business area	H1 2005 EUR m	H1 2006 EUR m	Change %	Q2 2005 EUR m	Q2 2006 EUR m
Letter Mail	389.6	386.0	-0.9%	192.9	183.2
Infomail	186.2	200.5	+7.7%	92.9	97.9
Media Post	62.9	64.1	+1.8%	32.6	33.6

Year-on-year external sales by the Mail Division in the first half of 2006 were up EUR 11.8m, or 1.9%, to EUR 650.5m.

The Letter Mail business area recorded a decline in revenues of 0.9% as a result of lower volumes from major customers.

First half Infomail earnings, in contrast, increased by 7.7% to EUR 200.5m. This is based on rising direct mail volumes in Austria and consolidation of feibra Hungary, which was acquired in September 2005. The expected negative effects of market liberalisation and open access to cluster box units have not materialised in the first half of 2006.

Revenue increases in the Media Post segment reflect a moderate price increase.

The Mail Division's EBIT of EUR 131.3m in first half 2006 was at the same level as in the comparable period last year.

Parcel & Logistics Division

Strong growth in sales and improvement in earnings

Parcel & Logistics Division – key indicators	H1 2005 EUR m	H1 2006 EUR m	Change %	Q2 2005 EUR m	Q2 2006 EUR m
External sales	101.5	111.4	+9.7%	51.8	54.6
Internal sales	21.8	24.1	+10.4%	11.0	12.3
Total revenue	123.3	135.4	+9.9%	62.8	66.9
EBIT	2.0	9.5	+388.0%	2.9	3.9
EBIT margin ¹⁾	1.6%	7.0%	–	4.6%	5.8%
Employees ²⁾	2,499	2,280	–8.8%	–	–

1) Relative to total revenues 2) Average for period, full-time equivalents

External sales by the Parcel & Logistics Division in the first half of 2006 were up 9.7% to EUR 111.4m. This increase chiefly relates to higher revenues generated by the domestic parcels business. The international parcels business also developed very well.

The revenue increase in the domestic parcels segment reflects robust growth in B2C deliveries (mail order business and e-commerce). E-commerce also had an impact on international parcels, with heavier volumes in the international parcel business leading to strong revenue increases. Austrian Post generated its first business in its new B2B market. Revenues from the subsidiaries in Slovakia and Croatia also improved compared with the first half of 2005.

The Parcel & Logistics Division posted EBIT of EUR 9.5m (H1 2005: EUR 2.0m).

Branch Network Division

Durable turnaround achieved

Branch Network Division – key indicators	H1 2005 EUR m	H1 2006 EUR m	Change %	Q2 2005 EUR m	Q2 2006 EUR m
External sales	93.3	96.8	+3.7%	44.6	46.5
Internal sales	104.9	106.6	+1.7%	52.6	52.6
Total revenue	198.2	203.4	+2.6%	97.2	99.1
EBIT	3.3	11.0	+234.8%	–0.2	4.2
EBIT margin ¹⁾	1.7%	5.4%	–	–0.2%	4.3%
Employees ²⁾	5,479	5,218	–4.8%	–	–

1) Relative to total revenues 2) Average for period, full-time equivalents

External sales by the Branch Network Division for the first half of 2006 were up 3.7% to EUR 96.8m in comparison with the same period last year. This increase mainly relates to increased revenues from mobile, telephone and internet products. Revenues in financial services were also stable during this period. The situation with respect to financial partner BAWAG P.S.K. had no significant effect on the results of the Branch Network Division.

The rise in internal sales in comparison with the first half of 2005 relates mainly to the increase in revenues from the philately business posted by the Mail Division.

The Branch Network Division generated EBIT of EUR 11.0m (H1 2005: EUR 3.3m).

Interim consolidated financial statements

Consolidated balance sheet

EUR m	30.6.2006	31.12.2005
ASSETS		
Non-current assets		
Intangible assets and goodwill	48.0	46.5
Property, plant and equipment	667.8	728.7
Investment in associates	3.8	0.3
Other financial assets	198.4	172.6
Receivables	15.8	9.0
Deferred tax assets	39.7	40.3
	973.5	997.4
Current assets		
Other financial assets	4.9	50.0
Inventories	20.7	19.6
Receivables	289.6	298.5
Cash and cash equivalents	257.7	174.5
	572.9	542.6
Non current assets held for sale	20.3	23.0
	1,566.7	1,563.0

EUR m	30.6.2006	31.12.2005
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	350.0	10.0
Capital reserves	274.5	614.5
Revenue reserves	96.4	36.5
Revaluation reserves	0.2	0.7
Currency translation reserves	0.5	0.5
Retained profits	51.6	99.9
	773.2	762.1
Non-current liabilities		
Provisions	361.1	311.6
Financial liabilities	37.7	35.2
Payables	17.2	13.5
Deferred tax liabilities	1.1	0.9
	417.1	361.3
Current liabilities		
Provisions	130.2	120.1
Financial liabilities	6.9	7.0
Payables	239.2	312.5
	376.4	439.6
	1,566.7	1,563.0

Consolidated income statement

EUR m	H1 2006	H1 2005	Q2 2006	Q2 2005
Revenue	861.4	836.0	417.1	416.1
Other operating income	28.5	22.3	15.6	11.2
Total operating income	889.9	858.2	432.7	427.3
Raw material, consumables and services used	-126.6	-116.3	-60.5	-57.3
Staff costs	-539.4	-535.8	-268.7	-268.6
Depreciation and amortisation	-51.6	-46.8	-31.2	-24.1
Other operating expenses	-106.8	-105.4	-55.3	-53.8
Total operating expenses	-824.4	-804.2	-415.7	-403.8
Profit from operations	65.6	54.1	17.0	23.6
Share of profit/loss of associates	0.7	2.2	0.2	0.7
Other financial result	1.1	-1.6	1.1	-0.6
Total financial result	1.8	0.6	1.3	0.0
Profit before tax	67.3	54.7	18.3	23.6
Income tax	-15.7	-12.9	-3.7	-6.5
Profit after tax	51.6	41.8	14.6	17.1
Profit from discontinued operations	0.0	9.8	0.0	0.0
Profit for the period	51.6	51.6	14.6	17.1
Attributable to:				
Equity holders of the parent company	51.6	51.6	14.6	17.1
Minority interests	0.0	0.0	0.0	0.0
EUR				
Undiluted earnings per share	0.74	0.74	0.21	0.74
Diluted earnings per share	0.74	0.74	0.21	0.74
EUR m				
Profit from operations	65.6	54.1	17.0	23.6
Share of profit/loss of associates	0.7	2.2	0.2	0.7
Earnings before interest and tax (EBIT)	66.3	56.2	17.2	24.3

Consolidated cash flow statement

EUR m	H1 2006	H1 2005
Operating activities		
Profit before tax	67.3	54.7
Depreciation and amortisation	51.6	46.8
Write-downs/write-ups of financial assets	-0.9	-3.0
Long-term provisions	49.5	42.2
Gain/loss on disposal of non-current assets	-7.3	-4.3
Gain/loss on disposal of financial assets	-0.4	-0.1
Taxes paid	-14.8	-4.0
Net interest received	-3.1	-1.5
Currency translation loss	-0.1	0.0
Operating cash flow before changes in working capital	141.7	130.7
Changes in working capital		
Receivables	0.5	27.8
Inventories	-1.1	2.7
Payables	3.7	0.9
Other financial assets	45.1	15.0
Deferred tax	0.1	0.2
Short-term provisions	-4.7	-6.8
Other liabilities	-57.2	-9.2
Cash flow from changes in working capital	-13.5	30.6
Cash flow from operating activities	128.2	161.4
Investing activities		
Purchase of intangible assets	-3.5	-1.4
Purchase of property, plant and equipment	-14.6	-27.2
Acquisition/disposal of subsidiaries	0.0	-0.6
Acquisition/disposal of associates	-2.8	0.0
Purchase of financial assets	-42.0	-10.5
Income neutral revaluation and currency translation reserves	-0.5	0.7
Proceeds from sale of non-current assets	36.0	10.0
Proceeds from sale of other financial assets	16.7	0.2
Dividends received from associates	0.2	0.2
Interest received from associates	4.4	4.4
Cash flow from investing activities	-6.2	-24.3
Free cash flow	122.0	137.1
Financing activities		
Changes in financial liabilities	2.5	3.8
Dividends paid	-40.0	-40.0
Interest paid	-1.3	-2.9
Cash flow from financing activities	-38.8	-39.1
Net change in cash and cash equivalents	83.2	98.0
Cash and cash equivalents at 1 January	174.5	50.3
Cash and cash equivalents at 30 June	257.7	148.3

Segment reporting

Business segments (divisions)	Mail		Parcel & Logistics		Branch Network		Other/Consolidation		Group	
	H1	H1	H1	H1	H1	H1	H1	H1	H1	H1
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
External sales	650.5	638.7	111.4	101.5	96.8	93.3	2.7	2.4	861.4	836.0
Internal sales	33.9	32.5	24.1	21.8	106.6	104.9	-164.6	-159.2	0.0	0.0
Total revenue	684.5	671.2	135.4	123.3	203.4	198.2	-161.9	-156.7	861.4	836.0
Profit/loss from operations	131.1	131.2	9.5	0.4	11.0	3.3	-86.0	-80.8	65.6	54.1
Share of profit/loss of associates	0.2	0.2	0.0	1.5	0.0	0.0	0.5	0.4	0.7	2.2
EBIT	131.3	131.4	9.5	2.0	11.0	3.3	-85.5	-80.4	66.3	56.2
Profit from discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.8	0.0	9.8
Segment assets	358.3	384.6	60.9	67.3	57.3	56.3	585.6	627.5	1,062.2	1,135.7
Investments in associates	3.2	0.2	0.0	19.8	0.0	0.0	0.6	0.5	3.8	20.6
Segment liabilities	285.4	319.2	32.4	37.4	74.8	89.8	298.8	196.9	691.4	643.3
Segment investments	5.2	14.3	2.1	5.6	1.0	1.3	9.8	7.4	18.1	28.6
Depreciation and amortisation	22.5	14.7	4.4	3.6	3.4	3.6	21.3	24.9	51.6	46.8
Non-cash expenses other than depreciation	2.4	4.4	0.4	0.6	0.4	2.4	46.4	34.9	49.5	42.2
Employees (average for period, full-time equivalents)	15,132	15,428	2,280	2,499	5,218	5,479	1,664	1,753	24,294	25,159

Geographical segments	Austria		Germany		CEE	
	H1	H1	H1	H1	H1	H1
	2006	2005	2006	2005	2006	2005
External sales	842.7	822.8	1.3	0.0	17.4	13.2
Segment assets	1,048.3	1,121.7	0.3	0.0	13.6	14.0
Segment investments	17.5	12.0	0.0	0.0	0.5	16.6

Business segments (divisions)	Mail		Parcel & Logistics		Branch Network		Other/Consolidation		Group	
	Q2	Q2	Q2	Q2	Q2	Q2	Q2	Q2	Q2	Q2
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
External sales	314.7	318.4	54.6	51.8	46.5	44.6	1.3	1.4	417.1	416.1
Internal sales	16.6	15.6	12.3	11.0	52.6	52.6	-81.5	-79.1	0.0	0.0
Total revenue	331.4	333.9	67.0	62.7	99.1	97.3	-80.2	-77.8	417.1	416.1
Profit/loss from operations	53.6	65.4	3.9	2.4	4.2	-0.2	-44.6	-44.0	17.0	23.6
Share of profit/loss of associates	0.2	0.1	0.0	0.5	0.0	0.0	0.1	0.0	0.2	0.7
EBIT	53.8	65.5	3.9	2.9	4.2	-0.2	-44.6	-44.0	17.3	24.2

Geographical segments	Austria		Germany		CEE	
	Q2	Q2	Q2	Q2	Q2	Q2
	2006	2005	2006	2005	2006	2005
External sales	407.6	409.6	0.9	0.0	8.7	7.8

Business segments (divisions)	Mail		Parcel & Logistics		Branch Network		Other/Consolidation		Group	
	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
External sales	335.8	320.3	56.7	49.7	50.3	48.7	1.4	1.1	444.3	419.8
Internal sales	17.3	16.9	11.7	10.8	54.1	52.3	-83.1	-80.0	0.0	0.0
Total revenue	353.1	337.2	68.4	60.6	104.4	101.0	-81.7	-78.9	444.3	419.8
Profit/loss from operations	77.5	65.8	5.6	-2.0	6.8	3.5	-41.4	-36.8	48.5	30.5
Share of profit/loss of associates	0.0	0.1	0.0	1.0	0.0	0.0	0.4	0.4	0.5	1.5
EBIT	77.5	65.9	5.6	-1.0	6.8	3.5	-40.9	-36.4	49.0	32.0

Geographical segments	Austria		Germany		CEE	
	Q1	Q1	Q1	Q1	Q1	Q1
	2006	2005	2006	2005	2006	2005
External sales	435.1	413.6	0.4	0.0	8.8	6.2

Consolidated statement of changes in equity

H1 2006

EUR m	Share capital	Capital reserves	Revenue reserves	Revaluation reserves	Currency translation reserves	Equity of discontinued operations	Retained profits	Total	Minority interests	Consolidated equity
Balance at 1 January 2006	10.0	614.5	36.5	0.7	0.5	0.0	99.9	762.1	0.0	762.1
Changes in consolidation										
Disposals						0.0		0.0	0.0	0.0
Increase in equity investments						0.0		0.0	0.0	0.0
Net gains and losses not recognised in the income statement										
Currency translation differences					-0.1			-0.1		-0.1
Revaluation of investments				-0.5				-0.5		-0.5
Net gains and losses recognised in the income statement										
Changes in revenue reserves			59.9				-59.9	0.0		0.0
Profit for the period							51.6	51.6		51.6
Total net gains and losses recognised in the income statement	0.0	0.0	59.9	-0.5	-0.1	0.0	-8.3	51.0		51.0
Dividend							-40.0	-40.0		-40.0
Capital increase out of capital reserves	340.0	-340.0						0.0		0.0
Balance at 30 June 2006	350.0	274.5	96.4	0.2	0.5	0.0	51.6	773.2	0.0	773.2

H1 2005

EUR m	Share capital	Capital reserves	Revenue reserves	Revaluation reserves	Currency translation reserves	Equity of discontinued operations	Retained profits	Total	Minority interests	Consolidated equity
Balance at 1 January 2005	10.0	614.5	29.4	0.0	0.3	3.3	47.1	704.6	7.8	712.5
Changes in consolidation										
Disposals						-3.3		-3.3	-6.0	-9.3
Increase in equity investments									-2.2	-2.2
Net gains and losses not recognised in the income statement										
Currency translation differences					0.2			0.2		0.2
Revaluation of investments				0.7				0.7		0.7
Net gains and losses recognised in the income statement										
Changes in revenue reserves			47.1				-47.1	0.0		0.0
Profit for the period							51.6	51.6	0.3	52.0
Total net gains and losses recognised in the income statement	0.0	0.0	47.1	0.7	0.2	-3.3	4.6	49.2	-7.8	41.4
Dividend							-40.0	-40.0		-40.0
Capital increase out of capital reserves	0.0	0.0						0.0		0.0
Balance at 30 June 2005	10.0	614.5	76.5	0.7	0.5	0.0	51.6	713.9	0.0	713.9

Notes

1. Accounting policies

The consolidated interim financial statements of Austrian Post for the half year ending 30 June 2006 have been prepared in accordance with IAS 34 and the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), the application of which was mandatory as at 30 June 2006, as well as the interpretations of those standards by the International Financial Reporting Interpretations Committee (IFRIC) to the extent that they have been adopted by the European Union.

The accounting and measurement methods and the information and explanations are essentially the same as those applied in the preparation of the consolidated financial statements for 2005. The exceptions to this are the amended IAS 19 and IAS 39 which entered into effect on 1 January 2006, and the following new standards and interpretations: IFRS 6, IFRIC 4 and IFRIC 5. The effects of the changes in accounting and measurement methods due to new or amended requirements on the view of the Group's assets, finances and earnings presented by the interim statements as at 30 June 2006 are not considered to be material.

The consolidated financial statements are presented in euro. Unless otherwise stated all amounts are rounded to the nearest one million euro. Where rounded amounts and percentages are aggregated, rounding differences may occur due to the use of software.

For more detailed information on the accounting and measurement methods applied, readers are referred to the consolidated annual financial statements for the year ended 31 December 2005, which are the basis of these interim statements.

2. Consolidation

2.1. Consolidated Group

Apart from the parent company, eleven domestic subsidiaries (2005: twelve) and six foreign subsidiaries (2005: six), in which the Company directly or indirectly holds a majority of the voting rights, are included in consolidation. A joint venture company and the shares in Kolos s.r.o., Slovakia, and Kolos s.r.o. Marketing, Czech Republic (wholly owned, acquisition cost EUR 1.6m), acquired in virtue of the agreement of 26 April 2006, are not included in consolidation because they are not material.

Investments in Group companies are accounted for using the equity method if Austrian Post holds between 20% and 50% of the shares (associates), or if the contractual basis of the relationship is such that the Group lacks control despite holding a majority of the voting rights. The 74.9% shareholding in Mader Zeitschriftenverlag GmbH, acquired in the first half of 2006 for EUR 2.9m, was included as an associate as at 30 June 2006.

Subsidiaries are included in the consolidated financial statements from the time at which Austrian Post obtains the power of control.

feibra VertriebsgmbH, Neudörfel, which was included in consolidation at 31 December 2005, was merged with feibra GmbH, Vienna, with retroactive effect from that date, under a merger agreement of 31 January 2006.

3. Capital increase out of capital reserves

Under a resolution of the Annual General Meeting adopted on 3 March 2006, the share capital of Austrian Post of EUR 10m was increased by EUR 340m to EUR 350m by capitalising unappropriated capital reserves. The capital increase was effected retroactively to 1 January 2006 by issuance of new bearer shares with voting and dividend rights.

4. Contingent liabilities and assets

The contingent assets disclosed in the consolidated financial statements for the year ending 31 December 2005 were unchanged in the first half of 2006. There was no material change in the contingent liabilities as compared to the position as at 31 December 2005.

5. Supplementary information

Dividend payments amounting to EUR 40.0m are shown in the cash flow statement under cash flow from financing activities.

During the first half of 2006, there were no material changes in the business relationships with related parties as disclosed in the consolidated financial statements for the year ending 31 December 2005.

6. Events after the end of the interim reporting period

All events after the end of the interim reporting period – such as pending litigation, claims for damages, other obligations or contingent losses – which are material to measurement and accounting at 30 June 2006, and for which IAS 10 prescribes adjustments or disclosure, have been recognised to the extent known to the Company.

Contact

Austrian Post

Group headquarters
Postgasse 8
1010 Vienna
Austria

Investor Relations

T: +43 (1) 51551-30401
F: +43 (1) 51551-30409
E: investor@post.at
www.post.at/ir

Corporate Communications

T: +43 (1) 51551-32001
F: +43 (1) 51551-32009
E: info@post.at

Post customer services

T: Hotline 0810 010 100
F: +43 (1) 51551-20039
E: post.kundenservice@post.at

Austrian Post online:

www.post.at

www.business.post.at

Editorial support and coordination:
be.public Werbung Finanzkommunikation, Vienna

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Financial calendar

11 August 2006 **First Half Year Report 2006**
10 November 2006 **Third Quarter Report 2006**

We have prepared this report with the greatest possible care. Nevertheless, rounding, typographical and printing errors cannot be excluded. The aggregation of rounded amounts and percentages may result in rounding differences due to the use of automated computational aids. The consolidated interim financial statements are unaudited.

This report contains forward-looking statements based on the information currently available to us. These are usually indicated by expressions such as "expect", "anticipate", "estimate" or "plan". We wish to note that a wide variety of factors could cause actual circumstances – and hence actual results – to diverge from the forecasts contained in this report.

This report is also available in German. In case of doubt the German version prevails.

Special Issues
First Half 2006

Mozart in Vienna



Austrian Post is a listed company



Franz Beckenbauer –
portrait by Andy Warhol



Stars – post from another world



Muhammad Ali



Life Ball 2006



Formula 1 legends – Jackie Stewart

