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Austrian Post

Half-year financial report 2009

Highlights H1 2009

- Difficult market environment: economic forecasts predict about 4% decline in Austria's GDP; companies strive to reduce volume and weight of mail items
- Group revenue down 3.6%, or EUR 42.8m
  - Mail (–4.5%): Decrease of daily letter mail and direct mail items
  - Parcel & Logistics (–3.0%): Recession-related volume decline and price pressure; growth on the Austrian market facilitated by the new customer Hermes
  - Branch Network (+1.3%): Positive development of telecommunications products; stable revenue from financial services
- Earnings before interest and tax (EBIT) decrease 8.0%, to EUR 75.4m
- Initial successes of efficiency-enhancing and cost-reduction measures, which continue to be a top priority
- New CEO Georg Pölzl begins on October 1, 2009
- Government bill on new postal market law

Overview of key indicators

	EUR m	H1 2007	H1 2008	H1 2009	Change 2008/2009
Income statement	Revenue	1,116.8	1,198.8	1,156.0	–3.6%
	Earnings before interest, tax, depreciation and amortisation (EBITDA)	130.2	139.8	126.5	–9.5%
	EBITDA margin	11.7%	11.7%	10.9%	–
	Earnings before interest and tax (EBIT)	85.0	81.9	75.4	–8.0%
	EBIT margin	7.6%	6.8%	6.5%	–
	Earnings before tax (EBT)	86.6	89.1	75.2	–15.5%
	Profit for the period	67.9	70.1	56.2	–19.9%
	Earnings per share (EUR)	0.97	1.00	0.83	–17.0%
	Employees (average for period, full-time equivalents)	24,910	26,789	25,900	–3.3%
Cash flow	Operating cash flow before changes in working capital	137.0	123.6	82.7	–33.1%
	Cash flow from operating activities	135.4	94.9	58.9	–38.0%
	Investments in property, plant and equipment	42.0	40.1	37.6	–6.4%
	Investments in Group companies/minority interests	6.5	2.2	–1.5	–
	Free cash flow before investments in securities	32.2	76.4	35.3	–53.8%
		Dec. 31, 2007	**Dec. 31, 2008**	**June 30, 2009**	
Balance sheet	Total assets	2,058.6	1,874.6	1,780.9	–5.0%
	Non-current assets	1,361.9	1,252.1	1,245.2	–0.5%
	Current assets	694.3	622.5	535.7	–13.9%
	Capital and reserves	874.3	741.5	631.8	–14.8%
	Non-current liabilities	598.0	551.8	526.3	–4.6%
	Current liabilities	586.3	581.3	622.9	+7.2%
Key balance sheet indicators	Interest-bearing liabilities	–711.5	–655.9	–623.0	–5.0%
	Interest-bearing assets	538.1	385.8	308.2	–20.1%
	Net debt	–173.4	–270.2	–314.8	+16.5%
	Equity ratio	42.5%	39.6%	35.5%	–

Statement by the Management Board

The tendencies shown in the first half of the 2009 financial year confirm our expectations that the international economic crisis will also pose a major challenge to Austrian Post. This is primarily related to the fact that letter mail and parcel volumes are dependent on overall market developments, consumption patterns of the population and advertising expenditures on the part of companies.

In the current business environment, many of our customers are trying to counteract declining revenues by cutting costs. The result of this development, as well as the structural change related to the increasing substitution of letters by electronic media, negatively affects daily business letter mail and parcel delivery volumes. Accordingly, total revenue of Austrian Post fell by 3.6% in the first half of the 2009 financial year, or EUR 42.8m, to EUR 1,156.0m. Group revenue declined in the second quarter by 4.8%, to EUR 560.8m.

Both the Mail and Parcel & Logistics Divisions were subject to major changes. The Mail Division posted a 4.5% drop in revenue caused by the reduction in daily business mail and direct mail items, whereas the Parcel & Logistics Division recorded a 3.0% contraction in revenue based on a recession-related price pressure on premium parcels. In contrast, business with standard parcels developed positively, supported by the volume growth of our new customer Hermes.

In 2008, Austrian Post already began to implement measures to improve efficiency and reduce costs as a means of counteracting the consequences of the economic downturn. The result has been perceptible successes in cutting operating expenses and adjusting personnel capacities. On balance, Austrian Post has realised cost savings of approximately EUR 36m. However, the decline in earnings was primarily shaped by the drop in revenue of EUR 42.8m, and salary increases amounting to EUR 22m in the first half of 2009. Earnings before interest and tax (EBIT) were down 8.0%, to EUR 75.4m.

We assume that the current state of affairs will persist in the light of the ongoing deterioration of the economic situation of many companies, and thus continue to have a negative impact on letter mail and parcel volumes. Mail volumes are expected to continue declining in the second half of the year as well. The downward trend has not yet bottomed out.

As a result, Austrian Post will intensify implementation of the measures being taken to counteract the economic crisis. This relates both to initiatives designed to increase sales as well as further cost reductions. The company should manage to compensate for salary increases in 2009 and correspondingly reduce staff costs by exploiting the process of employee fluctuation and not filling job vacancies. The collective wage agreement valid for new employees as of August 1, 2009 will also positively support our efforts. Further savings in material costs are also planned. Austrian Post aims to cut the total costs of raw materials, consumables and services used and other operating expenses (excluding staff costs) by EUR 30m below the comparable level for 2008.

We consider the inclusion of fair legal provisions in Austria's future new postal market law without the imposition of major unilateral burdens on our company to comprise an important milestone in the development of Austrian Post. A draft bill on this law has been approved by the Austrian Federal Government and submitted to the Austrian Parliament, which is expected to act on it and make a final decision by the autumn of 2009.

We also look forward in the autumn months, more precisely as of October 1, 2009, to welcoming Georg Pölzl as the new Chairman of the Management Board and Chief Executive Officer of Austrian Post.

Rudolf Jettmar
Chairman of the Management Board

Herbert Götz
Member of the Management Board

Walter Hitziger
Member of the Management Board

Carl-Gerold Mende
Member of the Management Board

Business development H1 2009

Economic and market environment The global economy developed weakly in the first half of 2009 and especially during the second quarter. All Western economies have been confronted with an economic contraction, accompanied by rising unemployment. In recent months, forecasts for the year 2009 as a whole have been significantly revised downwards. In December 2008, the Institute for Advanced Studies (IHS) only predicted a moderate negative growth of –0.1% in Austria for 2009, whereas the Austrian Institute of Economic Studies (WIFO) was only slightly more pessimistic, forecasting a decline of –0.5%. In the meantime, the latest forecasts for Austria now anticipate the downturn to be even more severe, featuring negative growth rates of –4.3% and –3.4% respectively for 2009. In its analysis published in May 2009, the EU Commission expects the economy to contract by –4.0%. The economic downswing for the Eurozone will amount to 4.5% (IHS) or 4.0% (EU Commission) in 2009. Forecasts also call for a recession in Slovakia –5.4%, Hungary –6.4%, Croatia –4.9% and Serbia –4.8% (UniCredit CEE Quarterly).

The negative growth predicted for 2009 will likely be accompanied by a lower inflation rate. Consumer prices are only expected to climb by 0.6%, due to the global decline in energy and raw material prices, as well as the weak economy in Austria. Other consequences of the economic crisis include rising unemployment and restrained consumer spending.

Letter mail and parcel volumes are also partially linked to overall market developments and consumer behaviour. The expanded share of direct mailings as a percentage of the total volume of addressed mail items has led to a greater dependency on advertising expenditures in recent years, which are generally reduced or postponed during a pessimistic economic climate. Global investments in advertising are forecast to decline by 8.5% (ZenithOptimedia, July 2009), compared to predictions of only –0.2% made in December of last year. In addition, the economic downturn has resulted in a corresponding drop in the total volume of business mail. The electronic substitution of letter mail is a further fundamental trend that is intensifying.

With regard to the EU-wide implementation of the Third Postal Directive, the Austrian Federal Government approved draft legislation on a new Postal Act at the end of July, which in turn will be handled by the Austrian Parliament in the autumn of 2009. From Austrian Post's point of view, there are several key issues which are unsatisfactorily resolved in the current version of the government bill.

Changes in the consolidation scope At the end of February 2009, Austrian Post sold 49.8% of its stake in Mader Zeitschriftenverlags GmbH, Vienna. The interest held by Austrian Post in Mader, which is still consolidated according to the equity method in the financial statements, now amounts to 25.1%. On April 1, 2009, Austrian Post acquired a 100% stake in feibra Tirol, which specialises in the delivery of unaddressed direct mail items.

On May 31, 2009, Austrian Post acquired a 40% stake in EBPP – Electronic Bill Presentment and Payment, Vienna. The company specialises in the electronic delivery of RSa and RSb letters, i.e. certified (registered) mail accompanied by a delivery confirmation.

In the comparable period of the previous year, the Group subsidiary Distra NV in Belgium was included in the consolidated financial statements of Austrian Post as of April 30, 2008. The company 24VIP in Bosnia-Herzegovina was not yet included in consolidation in the first half of 2008.

Business development – earnings The recession in 2009 has clearly left its mark on many companies. Declining revenues and increased cost pressure have led to an intensified decline in business mail volumes for letters and parcels. Austrian Post's business development was not only negatively affected by the severe downturn, but also by the fewer working days in the first half of the year compared to H1 2008. Accordingly, total revenue of Austrian Post fell by 3.6%, or EUR 42.8m in a year-on-year comparison, to EUR 1,156.0m. Group revenue declined in the second quarter of 2009 by 4.8%, to EUR 560.8m.

Revenue of the Mail Division in the first half-year 2009 decreased by 4.5%, primarily due to declining business in the Letter Mail and Infomail (addressed and unaddressed direct mail items) business areas. The economic downturn and the resulting reduction in daily business mail volumes, the substitution of letter mail by electronic media and delays in advertising expenditures for direct marketing had a perceptibly negative impact on earnings.

The recession-related decline in parcel volumes and international price pressure combined to negatively affect the revenue development of the Parcel & Logistics Division (–3.0%), in particular in the premium parcel segment. In contrast, business with standard parcels in Austria expanded, supported by the new customer Hermes.

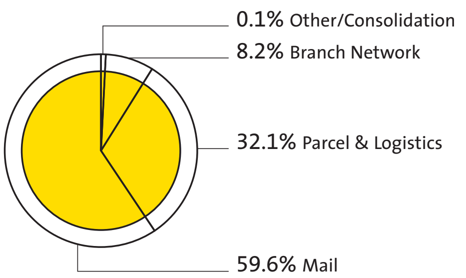
The 1.3% revenue growth generated by the Branch Network Division can be attributed to the good development in sales of mobile telephony and fixed line products. The financial services business developed stably.

Revenue by division[1]

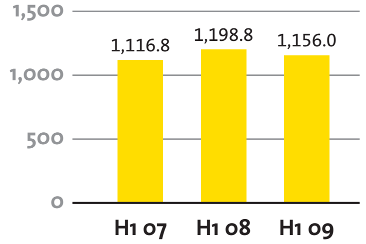
EUR m	H1 2008	H1 2009	Change %	Q2 2008	Q2 2009
Total revenue	**1,198.8**	**1,156.0**	**–3.6%**	**588.9**	**560.8**
Mail	720.5	688.4	–4.5%	350.5	335.5
Parcel & Logistics	382.5	371.1	–3.0%	191.3	180.2
Branch Network	94.0	95.2	+1.3%	46.0	44.5
Other/Consolidation	1.8	1.2	–30.6%	1.1	0.6
Working days in Austria[2]	125	122	–	62	60

[1] External sales of the divisions
[2] Calendar working days

Revenue by division (%)



Revenue (EUR m)



Income statement

EUR m	H1 2008	H1 2009	Change %	Q2 2008	Q2 2009
Revenue	**1,198.8**	**1,156.0**	**–3.6%**	**588.9**	**560.8**
Other operating income	35.8	36.0	+0.5%	21.1	19.4
Raw materials, consumables and services used	–368.9	–368.1	–0.2%	–185.9	–181.6
Staff costs	–581.2	–560.9	–3.5%	–283.7	–271.0
Other operating expenses	–145.2	–141.2	–2.7%	–76.3	–73.5
Share of profit/loss of associates	0.5	4.8	–	0.3	0.2
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**139.8**	**126.5**	**–9.5%**	**64.4**	**54.3**
Depreciation, amortisation and impairment losses	–57.9	–51.2	–11.6%	–32.4	–26.7
Earnings before interest and tax (EBIT)	**81.9**	**75.4**	**–8.0%**	**32.1**	**27.6**
Other financial result	7.1	–0.1	–	5.0	–0.8
Earnings before tax (EBT)	**89.1**	**75.2**	**–15.5%**	**37.1**	**26.8**
Income tax	–18.9	–19.1	+0.9%	–8.8	–4.3
Profit after tax = profit for the period	**70.1**	**56.2**	**–19.9%**	**28.3**	**22.5**
Earnings per share (EUR)	1.00	0.83	–17.0%	0.40	0.33

Austrian Post's priorities are increasingly focused on a sales offensive as well as activities designed to improve efficiency and reduce costs. These measures have achieved initial successes. The decline in revenue of EUR 42.8m and the salary increase of EUR 22m could be partially compensated by operational cost savings of EUR 36m.

In the first half of 2009, expenses for raw materials, consumables and services used declined slightly by EUR 0.8m compared to the previous year. The savings resulting from cost-cutting measures which have already been initiated will primarily be realised in the second half of the 2009 financial year.

Staff costs of Austrian Post, the largest operating expense item, amounted to EUR 560.9m in H1 2009 and comprised close to 50% of total revenue. The wage agreements concluded at the end of 2008, stipulating salary increases of 3.7% as of January 1, 2009 on the basis of the high inflation rate prevailing in 2008, pushed up staff costs. The salary increases accounted for about EUR 22m in additional costs throughout the Group, which can be counteracted by a hiring freeze as well as exploiting employee fluctuation during 2009. The total average number of employees fell by 889 people from the preceding year, to 25,900 employees.

As in previous years, staff costs also included changes to the provision for employee under-utilisation. In the first half of the 2009 financial year, the provision for employee under-utilisation declined by a total of EUR 22.3m. In contrast, provisions of EUR 15.1m were allocated for employees who accepted a voluntary social plan (employee redundancy programme) putting them on temporary leave until they reach retirement age.

During the period under review, other operating income rose slightly to EUR 36.0m, including income from rents and leases of EUR 12.6m.

Other operating expenses were down 2.7%, to EUR 141.2m. The largest single items were leasing and rental payments (EUR 35.3m) and maintenance expenses (EUR 19.7m). Savings were realised in respect to various other operating expenses such as consulting, communications, IT services and travel expenses.

EBITDA by division

EUR m	H1 2008	H1 2009	Change EUR m	Q2 2008	Q2 2009
Total EBITDA	**139.8**	**126.5**	**–13.3**	**64.4**	**54.3**
Mail	152.5	132.9	–19.6	70.1	61.7
Parcel & Logistics	20.3	9.5	–10.8	9.3	2.4
Branch Network	9.6	–1.1	–10.7	5.6	–2.6
Other/Consolidation	–42.6	–14.8	+27.8	–20.5	–7.1

In the first six months of 2009, earnings before interest, tax, depreciation and amortisation (EBITDA) of Austrian Post totalled EUR 126.5m, a drop of 9.5% from the previous year. Accordingly, the EBITDA margin was 10.9%.

Depreciation, amortisation and impairment losses of Austrian Post fell 11.6% in H1 2009, to EUR 51.2m. Impairment losses recognised in the first half-year amounted to EUR 2.0m.

EBIT by division

EUR m	H1 2008	H1 2009	Change EUR m	Q2 2008	Q2 2009
Total EBIT	**81.9**	**75.4**	**–6.6**	**32.1**	**27.6**
Mail	135.7	114.5	–21.2	61.6	51.4
Parcel & Logistics	7.1	–3.4	–10.5	2.4	–4.1
Branch Network	6.7	–4.0	–10.7	4.2	–4.1
Other/Consolidation	–67.6	–31.8	+35.8	–36.1	–15.6

Earnings before interest and tax (EBIT) of Austrian Post were down 8.0%, to EUR 75.4m (EBIT margin of 6.5%), which is the result of the decline in revenue and related cost effects which were incurred.

All operating divisions suffered from recession-related reductions in earnings. The Mail Division generated a positive EBIT of EUR 114.5m (EUR –21.2m from H1 2008), whereas EBIT at the Parcel & Logistics Division was negative, at EUR –3.4m (change of EUR –10.5m), and the Branch Network Division posted an EBIT of EUR –4.0m (change of EUR –10.7m). In contrast, an earnings improvement was achieved in the Other/Consolidation segment, which encompasses non-allocated costs for central departments, expenses in connection with unused properties and for the employee social plan as well as the change in the provision for employee under-utilisation, income from rents and leases and gains on the disposal of property, plant and equipment.

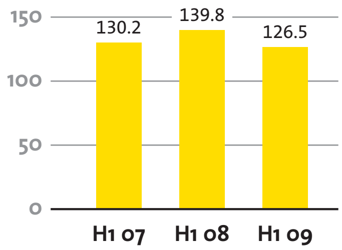
In the first half of 2009, the necessity for new allocations was low. In fact, an increasing number of employees for whom provisions for employee under-utilisation had been previously allocated could be reintegrated into the company's operations. On balance, the provision for employee under-utilisation could be reduced. In contrast, provisions were allocated for employees who accepted the voluntary social plan putting them on temporary leave until they reach retirement age. As a result, EBIT of the Other/Consolidation segment improved to EUR –31.8m.

The financial result of Austrian Post declined to EUR –0.1m in the first half of 2009, which is related, amongst other reasons, to lower interest rates and a positive one-off effect in the previous year.

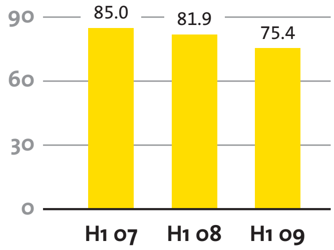
Earnings before tax fell by 15.5%, to EUR 75.2m. After deducting income taxes totalling EUR 19.1m, the net profit for the period (earnings after tax) amounted to EUR 56.2m, corresponding to EUR 0.83 per share.

Earnings figures

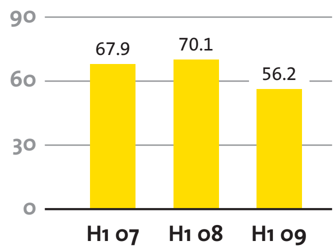
EBITDA (EUR m)



EBIT (EUR m)



Profit for the peroid (EUR m)



Assets and finances

Balance sheet structure by terms

EUR m	Dec. 31, 2008	June 30, 2009	Structure June 30, 2009
ASSETS			
Non-current assets	1,252.1	1,245.2	69.9%
Thereof other financial assets and financial investments in securities	132.2	147.7	8.3%
Current assets	622.5	535.7	30.1%
Thereof cash and cash equivalents	248.1	144.6	8.1%
	1,874.6	**1,780.9**	**100.0%**
EQUITY AND LIABILITIES			
Capital and reserves	741.5	631.8	35.5%
Non-current liabilities	551.8	526.3	29.6%
Thereof provisions	466.2	451.0	25.3%
Current liabilities	581.3	622.9	35.0%
	1,874.6	**1,780.9**	**100.0%**

Austrian Post pursues a risk-adverse business approach. This is demonstrated by the high equity ratio, the relatively low level of financial liabilities and the high amount of cash and cash equivalents.

Non-current assets comprise the largest share of the balance sheet total, accounting for 69.9% of the total assets of EUR 1,780.9m, or EUR 1,245.2m.

The largest non-current assets are property, plant and equipment at EUR 714.7m, as well as financial investments in securities and other financial assets totalling EUR 147.7m. The principle current assets are receivables, at EUR 356.4m, followed by cash and cash equivalents, at EUR 144.6m.

On the equity and liabilities side, the balance sheet total is comprised of capital and reserves (35.5%), non-current liabilities (29.6%) and current liabilities (35.0%). Non-current liabilities of EUR 526.3m largely consist of provisions totalling EUR 451.0m, including provisions for under-utilisation, which amounted to EUR 285.6m in the first half of 2009, down from EUR 307.8m at the end of the 2008 financial year. Current liabilities amounting to EUR 622.9m primarily consist of trade payables, at EUR 207.2m.

On balance, the analysis of the balance sheet of Austrian Post shows a considerable level of current and non-current financial resources on the assets side. Austrian Post had cash and cash equivalents of EUR 144.6m as at June 30, 2009, and financial investments in securities amounting to EUR 118.0m. Accordingly, total liquid financial resources at the disposal of Austrian Post decreased from EUR 340.6m as at December 31, 2008 to EUR 262.6m as at June 30, 2009, which includes the second-quarter 2009 payment of the dividend for the 2008 financial year. As opposed to the total liquid financial resources, the financial liabilities of Austrian Post only amount to EUR 132.5m.

Cash flow

EUR m	H1 2008	H1 2009
Operating cash flow before changes in working capital	**123.6**	**82.7**
± Cash flow from changes in working capital	–28.7	–23.8
= Cash flow from operating activities	**94.9**	**58.9**
± Cash flow from investing activities	–5.2	–48.3
Thereof financial investments in securities	+13.3	–24.7
= Free cash flow	**89.7**	**10.5**
Free cash flow before financial investments in securities	**76.4**	**35.3**

Total operating cash flow before changes in working capital amounted to EUR 82.7m, which includes ascertainable recession-related effects as well as the lower number of working days. The decline in letter mail and parcel volumes was reflected in a drop in total revenue.

The cash flow from changes in working capital amounted to EUR –23.8m in H1 2009, including increased receivables and a reduction in liabilities and provisions. On balance, the cash flow from operating activities totalled EUR 58.9m in the first six months of 2009.

The cash flow from investing activities at EUR –48.3m includes the purchase of property, plant and equipment (CAPEX) amounting to EUR 37.6m, as well as financial investments in securities, at EUR 24.7m. All in all, the free cash flow generated before financial investments in securities totalled EUR 35.3m.

Capital expenditure During the first half of 2009, capital expenditure at Austrian Post reached a level of EUR 34.0m. Approximately 50% of total investments related to assets under construction (Zagreb/Croatia, Bratislava/Slovakia). Investments were made in the Mail Division to improve the address reading technology of its letter mail sorting facilities.

About one-third of the total investments were designed for office equipment, fixtures and fittings, in particular sorting tables and shelves, as well as trucks for letter mail logistics and an expanded vehicle fleet for the trans-o-flex companies. In the Branch Network Division, the investments focused on new shelves for retail products, post office counter facilities as well as other equipment, fixture and fittings for post office branches. The remaining capital expenditure related to commercial real estate and buildings as well as technical plant and machinery.

Employees During the period under review, the average number of full-time employees at Austrian Post fell by 3.3%, or 889 people, to 25,900. This decline can be mainly attributed to the lower number of employees working for the Mail Division.

Most of Austrian Post's labour force (21,591 full-time equivalent employees) is employed by the parent company, Österreichische Post AG. The remaining staff of more than 4,300 employees is employed at subsidiaries.

Employees by division[1]

	H1 2008	H1 2009	Structure
Mail	15,716	15,139	58.5%
Parcel & Logistics	4,059	3,946	15.2%
Branch Network	4,893	4,749	18.3%
Other/Consolidation	2,121	2,066	8.0%
Total	**26,789**	**25,900**	**100.0%**

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

Main risks and uncertainties As an international postal and logistics services provider, Austrian Post is subject to a variety of risks in carrying out its business operations. Austrian Pot proactively deals with these strategic and operational risks. The focus on its core business activities, along with decades of experience in the business, have enabled Austrian Post to identify risks at an early stage, evaluate them and take suitable precautionary measures. The risk management efforts of Austrian Post, as well as the major risks it is subject to – regulatory and legal risks, market and competitive risks, risks arising from the structure of employment contracts, technical and financial risks – are described in detail in the Group Management Report and in the consolidated financial statements and accompanying notes in the Annual Report 2008 for Austrian Post (see Annual Report 2008, pages 70–74 and 129–133).

On the basis of the above-mentioned risks, there are also uncertainties for the remaining six months of the current financial year. Projected mail volumes in the Mail Division and in the Parcel & Logistics Division are subject to seasonal fluctuations and depend on the economic development of the respective customer segments. The business environment in the regions where Austrian Post operates has significantly deteriorated in recent months. Unfavourable economic conditions faced by customers of Austrian Post have negative effects on the development of letter mail and parcel volumes. Furthermore, a dampened economic environment can also have an impact on the Group's competitive position and thus the attainable prices for postal services. Moreover, in a recessionary market environment, Austrian Post may be negatively affected by potential losses of current customers. Earnings from financial services in the Branch Network division are strongly dependent on the market success of Austrian Post's banking partner BAWAG PSK, whereas earnings from telecommunications products are closely linked to the product development success of the company's cooperation partner Telekom Austria. As a logistics company, Austrian Post is fundamentally subject to the risk of rising costs related to higher transport and fuel prices.

Outlook 2009 The first six months of 2009 have already demonstrated that a more difficult economic environment is to be expected for the year as a whole than originally forecasted at the beginning of the year. Economic forecasts for the markets in which Austrian Post operates have been continually revised downwards. In December 2008, the Austrian Institute of Economic Studies (WIFO) and Institute for Advanced Studies (IHS) predicted negative growth rates in Austria of –0.5% and –0.1% Austria respectively. In the meantime, the most recent forecasts expect a contraction of –3.4% or –4.3%. Austrian Post is also affected by the consequences of this economic downturn. We expect that the deteriorating economic situation will continue to have a negative effect on letter mail, parcel delivery and direct mail volumes.

Negative growth influences letter mail and parcel delivery volumes of Austrian Post late in the business cycle. This was demonstrated by the 2.4% drop in revenue in the first quarter of 2009 and the 4.8% decline in the second quarter. Compared to the previous year, mail volumes are also expected to continue declining in the second half of 2009. It is anticipated that the current state of affairs will persist and that the current downward trend has probably not yet bottomed out.

For this reason, the efficiency enhancement and cost reduction programme will remain a top priority for Austrian Post. The measures which have already been initiated to counteract the economic crisis will continue to be implemented and intensified.

The company should succeed in compensating for salary increases in 2009 and correspondingly reducing staff costs by exploiting the process of employee fluctuation and not filling job vacancies. The collective wage agreement valid for new employees as of August 1, 2009 will also positively support our efforts. Further savings in operating costs (excluding staff costs) are also planned. Austrian Post aims to cut the total costs of raw materials, consumables and services used and other operating expenses by EUR 30m below the comparable level for 2008.

In addition, as already announced, planned capital expenditure (CAPEX) will be cut back by 20% in 2009 as a whole, to EUR 80m.

Significant events after the interim reporting period On July 1, 2009, Austrian Post acquired a 100% stake in Rhenus Life Sciences Verwaltungs GmbH, Germany as well as in Rhenus Life Sciences GmbH & Co. KG, Germany. The two companies specialise in the transport and storage of products for the health care market, including temperature-controlled goods.

The dividend payment day for the special dividend of EUR 1.00 per share (EUR 67.6m) as resolved by the Annual General Meeting held on May 6, 2009 is August 20, 2009. Together with the basic dividend of EUR 1.50 per share (EUR 101.3m) distributed on May 20, 2009, the total dividend payout amounts to EUR 168.9m.

In its meeting held on June 15, 2009, the Supervisory Board of Austrian Post named Georg Pölzl as the new Chairman of the Management Board and Chief Executive Officer of Austrian Post, effective October 1, 2009. Rudolf Jettmar will continue to serve as Chief Financial Officer and Deputy Chairman of the Management Board. The employment contract with Georg Pölzl is valid until September 30, 2014.

The Austrian Federal Government approved a bill as the basis for a new Postal Act on July 28, 2009, and submitted the legislation for discussion to the Austrian Parliament.

Performance of divisions

Mail Division

EUR m	H1 2008	H1 2009	Change %	Change m	Q2 2008	Q2 2009
External sales	**720.5**	**688.4**	**–4.5%**	**–32.1**	**350.5**	**335.4**
Letter Mail	389.4	370.8	–4.8%	–18.7	188.0	177.3
Infomail	263.4	250.7	–4.9%	–12.8	128.8	124.6
Media Post	67.6	66.9	–0.9%	–0.6	33.7	33.6
Internal sales	22.1	22.2	+0.3%	+0.1	11.0	11.2
Total revenue	742.6	710.6	–4.3%	–32.1	361.5	346.7
EBITDA	**152.5**	**132.9**		**–19.6**	**70.1**	**61.7**
Depreciation and amortisation	–16.8	–18.4		+1.6	–8.5	–10.2
EBIT	**135.7**	**114.5**		**–21.2**	**61.6**	**51.4**
EBITDA margin[1]	20.5%	18.7%		–	19.4%	17.8%
EBIT margin[1]	18.3%	16.1%		–	17.0%	14.8%
Employees[2]	15,716	15,139	–3.7%	–577	–	–

[1] Relative to total revenue
[2] Average for the period, full-time equivalents

External sales of the Mail Division fell 4.5% in the first half of 2009 from the comparable period of 2008, to EUR 688.4m. This decline resulted from the economic slowdown, the electronic substitution of letter mail as well as the fact that there were fewer working days than in the first six months of the previous year.

Revenue generated by the Letter Mail Business Area was down by 4.8%, or EUR 18.7m. This development demonstrates that many companies are accelerating the ongoing substitution of letters by electronic media as a response to the unfavourable cyclical situation. In particular, there has been a reduction in mail volumes in the telecommunications segment, whereas mail volumes in the financial services sector have remained relatively constant. In addition, a decline in international mail as well as the lower number of working days in the first half of 2009 compared to the previous year also had a detrimental effect on business.

The revenue achieved by the Infomail Business Area (addressed and unaddressed direct mail items) was also lower than in H1 2008, decreasing by 4.9%, or EUR 12.8m. This downward trend can be attributed to the general decline in advertising expenditures.

The number of addressed direct mail items has declined, especially from mail order companies. Planned mailings have been reduced, delayed or completely cancelled.

The reduction in direct mail items has also had a negative effect on the revenue development of meiller direct, which specialises in printing services and document management. In contrast, the total volume of unaddressed direct mail items has remained relatively constant.

Due to the prevailing cyclical downturn in the business volume generated by daily newspapers and weekly magazines, the Media Post Business Area also posted a decline in revenue, which fell 0.9%, or EUR 0.6m, in the first half of 2009.

On balance, the Mail Division generated an EBITDA of EUR 132.9m, whereas EBIT in H1 2009 amounted to EUR 114.5m, a decrease of 15.6%, or EUR 21.2m, from the comparable period of the previous year.

Parcel & Logistics Division

EUR m	H1 2008	H1 2009	Change %	Change m	Q2 2008	Q2 2009
External sales	**382.5**	**371.1**	**–3.0%**	**–11.4**	**191.3**	**180.2**
Internal sales	17.0	12.1	–28.5%	–4.8	8.2	5.7
Total revenue	399.4	383.2	–4.1%	–16.2	199.5	185.9
EBITDA	**20.3**	**9.5**		**–10.8**	**9.3**	**2.4**
Depreciation and amortisation	–13.2	–12.9		–0.3	–6.9	–6.4
EBIT	**7.1**	**–3.4**		**–10.5**	**2.4**	**–4.1**
EBITDA margin[1]	5.1%	2.5%		–	4.7%	1.3%
EBIT margin[1]	1.8%	–0.9%		–	1.2%	–2.2%
Employees[2]	4,059	3,946	–2.8%	–113	–	–

[1] Relative to total revenue
[2] Average for the period, full-time equivalents

In the first half of 2009, external sales of the Parcel & Logistics Division declined by 3.0%, to EUR 371.1m, which is mainly related to recessionary trends in core markets. Moreover, downward pressure on prices and a volume decline have been perceptible in all markets.

The premium parcel service (parcel delivery within 24 hours) was the biggest contributor to the total revenue of the Parcel & Logistics Division, accounting for revenue of about EUR 305m. Although the cyclically-related decline in business was more modest than in many other logistics segments, such as in the freight or express businesses, revenue of the premium parcel service fell by 4.8% in the first half of the 2009 financial year.

From a regional perspective, the subsidiary trans-o-flex in Germany accounted for the largest revenue contribution, or about 75% of premium parcel revenue. This was followed by the Austrian market (9%), which featured ongoing growth in B2B parcel volumes, South East Europe (9%) and the trans-o-flex companies in the Netherlands and Belgium (7%).

Total revenue generated by the standard parcels segment in Austria rose 2.3%, to about EUR 62m. Since June 1, 2009, Austrian Post has been responsible for the parcel volumes of the newly won customer Hermes, which positively contributes to this development.

EBIT of the Parcel & Logistics Division in H1 2009 amounted EUR –3.4m, and was thus below the comparable level of the previous year. This can be mainly attributed to the recession-related price and volume pressure, and the resulting negative effects on Group subsidiaries.

Branch Network Division

EUR m	H1 2008	H1 2009	Change %	Change m	Q2 2008	Q2 2009
External sales	**94.0**	**95.2**	**+1.3%**	**+1.2**	**46.0**	**44.5**
Internal sales	102.0	92.8	–8.9%	–9.1	51.1	45.4
Total revenue	196.0	188.1	–4.0%	–7.9	97.1	89.9
EBITDA	**9.6**	**–1.1**		**–10.7**	**5.6**	**–2.6**
Depreciation and amortisation	–2.9	–2.9		0.0	–1.4	–1.5
EBIT	**6.7**	**–4.0**		**–10.7**	**4.2**	**–4.1**
EBITDA margin[1]	4.9%	–0.6%		–	5.8%	–2.9%
EBIT margin[1]	3.4%	–2.1%		–	4.3%	–4.6%
Employees[2]	4,893	4,749	–2.9%	–144	–	–

[1] Relative to total revenue
[2] Average for the period, full-time equivalents

During the first six months of 2009, external sales of the Branch Network Division climbed by 1.3% compared to H1 2008. This improvement is primarily related to sales growth for mobile telephony and fixed line products.

The financial services segment also showed a gratifying development. The volume of savings deposits increased, as did investments in securities.

The change of internal sales of the Branch Network Division, which fell by 8.9%, is attributable to the decrease in philately sales, which climbed in the previous year as a result of positive one-off effects, for example UEFA EURO 2008™, and the decline in letter mail and parcel volumes in the branch network. These developments represent recession-related decreases along with the effects of lower mail volumes resulting from the increased pick-up of letter mail from large customers.

EBIT of the Branch Network Division fell to EUR –4.0m, down from EUR 6.7m in the first half of the preceding year. This is mainly the consequence of lower internal sales. The planned savings potential could only be partially realised due to the delay imposed by public authorities in converting small, unprofitable company-operated branches to partner-operated postal service points. About 100 post offices out of the originally planned total of 300 unprofitable company-operated branches will be converted into partner-operated postal partners in the months of July and August 2009. Austrian Post plans to convert further branches. However, this process has been delayed until the end of September 2009 by an official ruling handed down by the Federal Ministry of Transport, Innovation and Technology.

Consolidated interim financial statements

Consolidated income statement

EUR m	H1 2008	H1 2009	Q2 2008	Q2 2009
Revenue	1,198.8	1,156.0	588.9	560.8
Other operating income	35.8	36.0	21.1	19.4
Total operating income	1,234.6	1,192.0	610.0	580.2
Raw materials, consumables and services used	–368.9	–368.1	–185.9	–181.6
Staff costs	–581.2	–560.9	–283.7	–271.0
Depreciation, amortisation and impairment losses	–57.9	–51.2	–32.4	–26.7
Other operating expenses	–145.2	–141.2	–76.3	–73.5
Total operating expenses	–1,153.2	–1,121.4	–578.2	–552.8
Profit from operations	**81.4**	**70.6**	**31.8**	**27.4**
Share of profit/loss of associates	0.5	4.8	0.3	0.2
Other financial result	7.1	–0.1	5.0	–0.8
Total financial result	7.6	4.7	5.3	–0.6
Profit before tax	**89.1**	**75.2**	**37.1**	**26.8**
Income tax	–18.9	–19.1	–8.8	–4.3
Profit for the period	**70.1**	**56.2**	**28.3**	**22.5**
Attributable to:				
Equity holders of the parent company	70.2	56.2	28.3	22.5
Minority interest	0.0	0.0	0.0	0.0
EUR				
Basic earnings per share	1.00	0.83	0.40	0.33
Diluted earnings per share	1.00	0.83	0.40	0.33
EUR m				
Profit from operations	81.4	70.6	31.8	27.4
Share of profit/loss of associates	0.5	4.8	0.3	0.2
Earnings before interest and tax (EBIT)	**81.9**	**75.4**	**32.1**	**27.6**

Statement of comprehensive income

EUR m	H1 2008	H1 2009	Q2 2008	Q2 2009
Profit for the period	**70.1**	**56.2**	**28.3**	**22.5**
Currency translation differences	1.0	–0.3	0.9	0.9
Revaluation of financial instruments held for sale	–1.3	0.8	0.0	3.1
Deferred taxes	0.3	–0.2	0.0	–0.8
Revaluation of hedging transactions	0.0	3.6	0.0	3.4
Deferred taxes	0.0	–0.9	0.0	–0.9
Other comprehensive income	0.1	3.0	0.9	5.8
Total comprehensive income	**70.2**	**59.2**	**29.2**	**28.2**
Attributable to:				
Equity holders of the parent company	70.2	59.2	29.2	28.2
Minority interest	0.0	0.0	0.0	0.0

Consolidated balance sheet

EUR m	Dec. 31, 2008	June 30, 2009
ASSETS		
Non-current assets		
Goodwill	196.5	196.6
Intangible assets	79.7	72.9
Property, plant and equipment	725.9	714.7
Investment property	36.5	35.6
Investments in associates	7.3	7.3
Financial investments in securities	92.3	107.8
Other financial assets	39.9	39.9
Receivables	14.9	12.4
Deferred tax assets	59.2	58.1
	1,252.1	**1,245.2**
Current assets		
Financial investments in securities	0.2	10.2
Inventories	26.3	24.4
Receivables	347.8	356.4
Cash and cash equivalents	248.1	144.6
	622.5	**535.7**
	1,874.6	**1,780.9**
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	350.0	337.8
Treasury shares	–12.2	0.0
Capital reserves	130.5	130.5
Revenue reserves	178.2	128.2
Revaluation of financial instruments	–24.5	–21.3
Currency translation reserves	0.7	0.4
Profit for the period	118.9	56.2
	741.5	**631.8**
Non-current liabilities		
Provisions	466.2	451.0
Financial liabilities	45.5	38.7
Payables	15.7	13.8
Deferred tax liabilities	24.3	22.8
	551.8	**526.3**
Current liabilities		
Provisions	106.1	89.0
Tax provisions	13.1	12.4
Financial liabilities	103.1	93.8
Payables	359.0	427.7
	581.3	**622.9**
	1,874.6	**1,780.9**

Consolidated cash flow statement

EUR m	H1 2008	H1 2009
Operating activities		
Profit before tax	89.1	75.2
Depreciation, amortisation and impairment losses	57.9	51.2
Write-downs, write-ups of financial assets	0.0	–1.2
Share of profit/loss of associates	–0.5	–4.8
Non-current provisions	10.2	–15.2
Gain/loss on disposal of non-current assets	–4.2	–1.0
Gain/loss on disposal of financial assets	–0.2	0.0
Taxes paid	–17.7	–17.7
Net interest received/paid	–10.5	–3.3
Currency translation	–0.4	–0.5
Operating cash flow before changes in working capital	**123.6**	**82.7**
Changes in working capital		
Receivables	–15.9	–3.9
Inventories	–1.1	1.9
Payables	–1.4	–4.5
Current provisions	–10.3	–17.3
Cash flow from changes in working capital	**–28.7**	**–23.8**
Cash flow from operating activities	**94.9**	**58.9**
Investing activities		
Purchase of intangible assets	–1.0	–1.0
Purchase of property, plant and equipment	–40.1	–37.6
Acquisition of subsidiaries	0.4	–3.2
Acquisition/disposal of associates	0.0	4.6
Acquisition of minority interests	–2.6	0.0
Acquisition of financial investments in securities	–5.0	–24.7
Proceeds from the sale of non-current assets	9.4	7.7
Proceeds from the sale of financial investments in securities	18.3	0.0
Dividends received from associates	0.5	0.1
Interest received	14.9	5.6
Cash flow from investing activities	**–5.2**	**–48.3**
Free cash flow	**89.7**	**10.5**
Financing activities		
Changes in financial liabilities	–46.7	–10.5
Dividends paid	–98.0	–101.3
Interest paid	–4.3	–2.3
Cash flow from financing activities	**–149.0**	**–114.0**
Net change in cash and cash equivalents	**–59.3**	**–103.5**
Cash and cash equivalents at January 1st	309.4	248.1
Cash and cash equivalents at June 30th	**250.1**	**144.6**

Segment reporting

Business segments (divisions)

H1 2008 EUR m	Mail	Parcel & Logistics	Branch Network	Other	Consoli- dation	Group
External sales	720.5	382.5	94.0	1.8	0.0	1,198.8
Internal sales	22.1	17.0	102.0	85.1	–226.2	0.0
Total revenue	**742.6**	**399.4**	**196.0**	**86.9**	**–226.2**	**1,198.8**
Other operating income	4.6	9.2	1.9	20.2	0.0	35.8
Total operating income	747.3	408.6	197.9	107.1	–226.2	1,234.6
Total operating expenses (excl. depreciation, amortisation and impairment losses)	–595.0	–388.2	–188.2	–149.9	226.2	–1,095.3
Share of profit/loss of associates	0.2	0.0	0.0	0.3	0.0	0.5
EBITDA	**152.5**	**20.3**	**9.6**	**–42.6**	**0.0**	**139.8**
Depreciation, amortisation and impairment losses	–16.8	–13.2	–2.9	–25.0	0.0	–57.9
Thereof: impairment losses	0.0	–0.1	0.0	–6.0	0.0	–6.2
EBIT	**135.7**	**7.1**	**6.7**	**–67.6**	**0.0**	**81.9**
Segment assets	474.9	528.8	52.3	498.6	–80.6	1,474.0
Investments in associates	2.9	0.0	0.0	0.6	0.0	3.5
Segment liabilities	326.6	166.6	76.3	548.1	–79.8	1,037.7
Segment investments	19.7	26.4	1.3	7.2	0.0	54.7
Other non-cash expenses	–1.7	–1.1	–1.7	14.7	0.0	10.2
Employees[1]	15,716	4,059	4,893	2,121	–	26,789

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

Q2 2008 EUR m	Mail	Parcel & Logistics	Branch Network	Other	Consoli- dation	Group
External sales	350.5	191.3	46.0	1.1	0.0	588.9
Internal sales	11.0	8.2	51.1	41.6	–111.9	0.0
Total revenue	**361.5**	**199.5**	**97.1**	**42.7**	**–111.9**	**588.9**
Other operating income	3.3	5.0	1.0	11.8	0.0	21.1
Total operating income	364.9	204.5	98.1	54.5	–111.9	610.0
Total operating expenses (excl. depreciation, amortisation and impairment losses)	–295.0	–195.1	–92.5	–75.0	111.9	–545.8
Share of profit/loss of associates	0.2	0.0	0.0	0.1	0.0	0.3
EBITDA	**70.1**	**9.3**	**5.6**	**–20.5**	**0.0**	**64.4**
Depreciation, amortisation and impairment losses	–8.5	–6.9	–1.4	–15.6	0.0	–32.4
Thereof: impairment losses	0.0	–0.1	0.0	–6.0	0.0	–6.2
EBIT	**61.6**	**2.4**	**4.2**	**–36.1**	**0.0**	**32.1**

Business segments (divisions)

H1 2009 EUR m	Mail	Parcel & Logistics	Branch Network	Other	Consoli-dation	Group
External sales	688.4	371.1	95.2	2.1	–0.9	1,156.0
Internal sales	22.2	12.1	92.8	84.0	–211.2	0.0
Total revenue	**710.6**	**383.2**	**188.1**	**86.2**	**–212.1**	**1,156.0**
Other operating income	3.0	9.3	3.5	21.0	–0.8	36.0
Total operating income	713.6	392.5	191.5	107.2	–212.8	1,192.0
Total operating expenses (excl. depreciation, amortisation and impairment losses)	–585.3	–383.0	–192.6	–122.3	212.9	–1,070.3
Share of profit/loss of associates	4.6	0.0	0.0	0.3	0.0	4.8
EBITDA	**132.9**	**9.5**	**–1.1**	**–14.8**	**0.0**	**126.5**
Depreciation, amortisation and impairment losses	–18.4	–12.9	–2.9	–17.0	0.0	–51.2
Thereof: impairment losses	–2.0	0.0	0.0	0.0	0.0	–2.0
EBIT	**114.5**	**–3.4**	**–4.0**	**–31.8**	**0.0**	**75.4**
Segment assets	441.9	548.8	55.0	497.6	–132.3	1,411.1
Investments in associates	6.8	0.0	0.0	0.5	0.0	7.3
Segment liabilities	322.8	215.1	73.2	493.0	–132.4	971.7
Segment investments	14.8	10.1	1.1	8.5	0.0	34.6
Other non-cash expenses	–5.6	–2.1	–2.9	–4.6	0.0	–15.2
Employees[1]	15,139	3,946	4,749	2,066	–	25,900

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

Q2 2009 EUR m	Mail	Parcel & Logistics	Branch Network	Other	Consoli-dation	Group
External sales	335.4	180.2	44.5	0.4	0.2	560.8
Internal sales	11.2	5.7	45.4	42.2	–104.5	0.0
Total revenue	**346.7**	**185.9**	**89.9**	**42.6**	**–104.3**	**560.8**
Other operating income	1.7	4.4	2.1	12.2	–1.0	19.4
Total operating income	348.4	190.3	92.0	54.7	–105.3	580.2
Total operating expenses (excl. depreciation, amortisation and impairment losses)	–286.9	–188.0	–94.7	–61.9	105.4	–526.1
Share of profit/loss of associates	0.2	0.0	0.0	0.0	0.0	0.2
EBITDA	**61.7**	**2.4**	**–2.6**	**–7.1**	**0.1**	**54.3**
Depreciation, amortisation and impairment losses	–10.2	–6.4	–1.5	–8.5	0.0	–26.7
Thereof: impairment losses	–2.0	0.0	0.0	0.0	0.0	–2.0
EBIT	**51.4**	**–4.1**	**–4.1**	**–15.6**	**0.1**	**27.6**

Geographical segments

H1

EUR m	Austria 2008	Austria 2009	Germany 2008	Germany 2009	Other countries 2008	Other countries 2009	Group 2008	Group 2009
External sales	835.9	813.2	298.1	275.3	64.8	67.4	1,198.8	1,156.0
Segment assets	1,029.3	996.8	352.2	310.3	92.5	104.0	1,474.0	1,411.1
Segment investments	27.7	19.3	7.2	5.1	19.8	10.1	54.7	34.6

Q2

EUR m	Austria 2008	Austria 2009	Germany 2008	Germany 2009	Other countries 2008	Other countries 2009	Group 2008	Group 2009
External sales	408.1	394.9	145.8	131.2	35.0	34.8	588.9	560.8

Consolidated statement of changes in equity

EUR m	Share capital	Treasury shares	Capital reserves	Revenue reserves	Revaluation of financial instruments: Held for sale	Revaluation of financial instruments: Hedging	Currency translation reserves	Profit for period	Total	Minority interest	Consolidated equity
2008 FINANCIAL YEAR											
Balance at January 1, 2008	**350.0**	**0.0**	**212.0**	**188.7**	**–0.5**	**0.0**	**1.0**	**122.5**	**873.7**	**0.6**	**874.3**
Acquisition of minority interests				–2.0					–2.0	–0.6	–2.6
Dividends				–45.5				–122.5	–168.0		–168.0
Profit for the period								70.2	70.2		70.1
Other comprehensive income					–1.0		1.0		0.1		0.1
Total comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**–1.0**	**0.0**	**1.0**	**70.2**	**70.2**	**0.0**	**70.2**
Balance at June 30, 2008	**350.0**	**0.0**	**212.0**	**141.2**	**–1.5**	**0.0**	**2.1**	**70.2**	**773.9**	**0.0**	**773.9**

EUR m	Share capital	Treasury shares	Capital reserves	Revenue reserves	Revaluation of financial instruments: Held for sale	Revaluation of financial instruments: Hedging	Currency translation reserves	Profit for period	Total	Minority interest	Consolidated equity
2009 FINANCIAL YEAR											
Balance at January 1, 2009	**350.0**	**–12.2**	**130.5**	**178.2**	**–20.4**	**–4.2**	**0.7**	**118.9**	**741.5**	**0.0**	**741.5**
Withdrawal of treasury shares	–12.2	12.2							0.0		0.0
Dividends				–50.0				–118.9	–168.9		–168.9
Profit for the period								56.2	56.2		56.2
Other comprehensive income					0.6	2.7	–0.3		3.0		3.0
Total comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**0.6**	**2.7**	**–0.3**	**56.2**	**59.2**	**0.0**	**59.2**
Balance at June 30, 2009	**337.8**	**0.0**	**130.5**	**128.2**	**–19.8**	**–1.5**	**0.4**	**56.2**	**631.8**	**0.0**	**631.8**

Notes

1 | Basis of preparation

The interim consolidated financial statements of Austrian Post as at June 30, 2009 were prepared in accordance with the binding International Financial Reporting Standards (IFRS) valid as at June 30, 2009, as issued by the International Accounting Standard Board (IASB) and adopted by the European Union. These interim consolidated financial statements correspond to the valid and applicable IFRS as at June 30, 2009, as published by the IASB.
The accounting and valuation methods as well as the explanations and notes to the financial statements are fundamentally based on the same accounting and valuation methods underlying the consolidated financial statements for the 2008 financial year.
In the first half of the 2009 financial year, the following new or revised standards were binding for the first time:

New/revised standards and interpretations		Effective date[1]
IFRS 1	First-time Adoption of IFRS	Jan. 1, 2009
IFRS 2	Share-based Payment	Jan. 1, 2009
IAS 32/IAS 1	Presentation and Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation	Jan. 1, 2009
IFRIC 12	Service Concession Arrangements	Jan. 1, 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	Jan. 1, 2009
IFRS 8	Operating Segments	Jan. 1, 2009
IAS 1	Presentation of Financial Statements	Jan. 1, 2009
IAS 23	Borrowing Costs	Jan. 1, 2009

[1] Applicable for accounting periods beginning on or after the above-mentioned date

The initial application of the revised standards IFRS 1, IFRS 2 and IAS 32/IAS 1 as well as the new interpretations IFRIC 12 and IFRIC 16 will not have any impact on the presentation of the consolidated financial statements of the Austrian Post Group.
In accordance with the new standard IFRS 8 "Operating Segments", segment reporting and segment identification must be prepared on the same basis as the information provided to the main decision-making bodies of the company for decision-making purposes (management approach). IFRS 8 completely replaces IAS 14 which has previously been used by Austrian Post. The initial application of this standard leads to a separate disclosure of the two items previously encompassed in the reporting category "Other/Consolidation".
The revised IAS 1 "Presentation of Financial Statements" is designed to facilitate the analysis and comparability of IFRS financial statements. Owner-related changes in equity must be separately disclosed from all other transactions leading to changes in equity. At Austrian Post, the amounts previously presented in the consolidated statement of changes in equity which were not recognised in profit or loss are now presented in a statement of comprehensive income.
The amendment to IAS 23 "Borrowing Costs" leads to a change in the accounting and valuation methods applied by Austrian Post. As of January 1, 2009, borrowing costs which can be classified as being directly related to the acquisition of qualifying assets are recognised as part of historical costs. However, application of the revised IAS 23 will not have any material impact on the presentation of the financial position, profit and loss and cash flows of the Austrian Post Group.
The consolidated financial statements are presented in euros. Unless otherwise stated, all amounts are stated in millions of euros (EUR m). Where rounded amounts and percentages are aggregated, rounding differences may occur due to the use of automated calculation aids.
For more detailed information on the applied accounting and valuation methods, refer to the consolidated financial statements for the 2008 financial year as at December 31, 2008, which serve as the basis for these current interim consolidated financial statements.

2 | Consolidation

In addition to the parent company Austrian Post AG, a total of 21 domestic subsidiaries (December 31, 2008: 19) and 42 foreign subsidiaries (December 31, 2008: 50), in which the company directly or indirectly holds a majority of the voting rights, are included in consolidation. Furthermore, five domestic companies (December 31, 2008: four) are consolidated according to the equity method.

Changes in the consolidation scope

The following changes in the consolidation scope and mergers were carried out in the first half of 2009:

Company name	Interest From	Interest To	Date of transaction	Note
Mail				
meiller direct AB (meiller lithorex AB)[1]	–	100.0%	Jan. 1, 2009	Merger
meiller direct (meiller Weiterverarbeitung, lettershop und Dialogservice)[1]	–	100.0%	Jan. 1, 2009	Merger
Feibra Magyarorszàg (Cont-Média Hungary)[1]	–	100.0%	Jan. 2, 2009	Merger
Mader Zeitschriftenverlags GmbH	74.9%	25.1%	Feb. 27, 2009	Disposal of interest
feibra Tirol	–	100.0%	April 1, 2009	Acquisition
Postservice GmbH	–	100.0%	May 4, 2009	Incorporation
EBPP – Electronic Bill Presentment and Payment	–	40.0%	May 31, 2009	Acquisition
Paket & Logistik				
Road Parcel (Merland Expressz)[1]	–	100.0%	Jan. 1, 2009	Merger
VOP (HSH Holding)[1]	–	100.0%	Feb. 1, 2009	Merger
Distra (MIT Transport)[1]	–	100.0%	Feb. 1, 2009	Merger

[1] The Group subsidiaries listed in parentheses were merged with the initially listed Group subsidiary, and are therefore no longer included in the consolidation scope.

At the end of February 2009, Austrian Post sold 49.8% of its stake in Mader Zeitschriftenverlags GmbH, Vienna. The interest held by Austrian Post, which is still consolidated according to the equity method in the financial statements, now amounts to 25.1%. Proceeds derived from the sale, totalling EUR 4.4m, are reported in the share of profit/loss of associates.
On May 31, 2009, Austrian Post acquired a 40% stake in EBPP – Electronic Bill Presentment and Payment, Vienna, at a purchase price of EUR 2.0m. EBPP is consolidated as an associated company at equity in the consolidated financial statements of Austrian Post. The goodwill of EUR 1.9m arising as a result of the purchase price allocation is reported as part of the investments in associates.

3 | Contingent assets and liabilities

The contingent assets presented in the consolidated financial statements as at December 31, 2008 remained unchanged in the first half of the 2009 financial year. Compared to December 31, 2008, there was no significant change in the level of contingent liabilities.

4 | Other information

As at June 30, 2009, there was no material change in the transactions with related parties as presented in the consolidated financial statements as at December 31, 2008.
Within the context of the authorisation provided by the Annual General Meeting held on April 22, 2008, all treasury shares (2,447,362 shares) were withdrawn on April 24, 2009. As a result, the share capital of Austrian Post was reduced by EUR 12.2m, to EUR 337.8m, and is now divided into a total of 67,552,638 no-par value shares (up to April 23, 2009: 70,000,000 no-par value shares).

5 | Events after the end of the reporting period

All events after the end of the interim reporting period which have a material impact on the valuation and accounting of the consolidated financial statements as at the balance sheet date of June 30, 2009, such as pending litigation, claims for damages, other obligations or contingent losses, and for which IAS 10 prescribes adjustments or disclosures, have been recognised in the current consolidated financial statements to the extent known to the company.
The dividend payment day for the special dividend of EUR 1.00 per share (EUR 67.6m) as resolved by the Annual General Meeting held on May 6, 2009 is August 20, 2009. Together with the basic dividend of EUR 1.50 per share (EUR 101.3m) distributed on May 20, 2009, the total dividend payout amounts to EUR 168.9m.
On July 1, 2009, Austrian Post acquired a 100% stake in Rhenus Life Sciences Verwaltungs GmbH, Germany, as well as in Rhenus Life Sciences GmbH & Co. KG, Germany. The two companies specialise in the transport and storage of products for the health care market, including temperature-controlled goods.

6 | Negative note

The consolidated interim financial statements of Austrian Post (Österreichische Post AG), Vienna, for the first half of the 2009 financial year (January 1, 2009 to June 30, 2009) were neither fully audited nor subject to an auditor’s review. These consolidated interim financial statements comprise the consolidated balance sheet as at June 30, 2009, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in equity for the first half of the 2009 business year as well as a summary of material accounting and valuation policies and other explanatory notes.

Vienna, August 3, 2009

Rudolf Jettmar m.p.
Chairman of the Management Board

Herbert Götz m.p.
Member of the Management Board

Walter Hitziger m.p.
Member of the Management Board

Carl-Gerold Mende m.p.
Member of the Management Board

Statement of all legal representatives

As legal representatives of Austrian Post, we confirm, to the best of our knowledge that the condensed interim financial statements of Austrian Post as at June 30, 2009 give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards, and that the group management report for the first half of the 2009 financial year gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year, and of the major related party transactions to be disclosed.

Vienna, August 3, 2009

Rudolf Jettmar m.p.
Chairman of the Management Board

Herbert Götz m.p.
Member of the Management Board

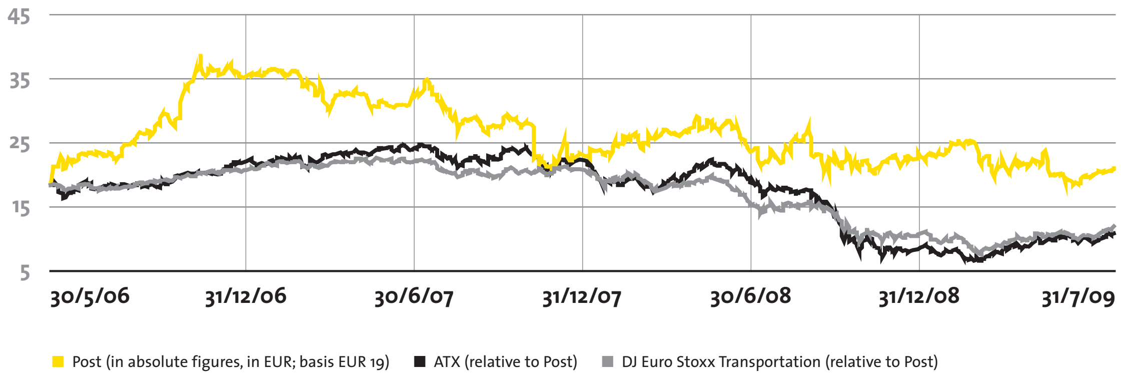
Walter Hitziger m.p.
Member of the Management Board

Carl-Gerold Mende m.p.
Member of the Management Board

Financial calendar

August 13, 2009	Half-year financial report 2009
August 20, 2009	Ex-dividend day and dividend payment day for the special dividend of EUR 1.00 per share
November 13, 2009	Interim report for the first three quarters of 2009

Development of the Post share



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We have prepared this interim report and checked the figures 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.

This interim report also contains forward-looking assessments and statements based on the information currently available to us. These are usually indicated by expressions such as “expect”, “anticipate”, “estimate”, “plan”, or “calculate”. We wish to point out that a wide variety of factors could cause actual circumstances – and hence actual results – to deviate from the forecasts contained in this report. Statements referring to people are valid for both men and women.

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

Editorial deadline: August 3, 2009