Report for the first three Quarters of 2006

Post.at

Österreichische Post AG

Austrian Post is going far.

Highlights Q1–3 2006

- **Group revenues up 3.0% to EUR 1,271.1m**
- **Solid revenue development in all divisions**
  Mail +1.9%, Parcel & Logistics +8.6%, Branch Network +5.2%
- **Successful acquisitions in 2006**
  Kolos (Slovakia)/Unaddressed advertising, Wiener Bezirkszeitung (Austria)/Media Post, Weber Escal (Croatia)/Unaddressed advertising, trans-o-flex (Germany)/B2B parcel & logistics
- **Earnings before interest and tax (EBIT) up 26.5% to EUR 93.7m**
- **Operating cash flow remains strong: +3.4% to EUR 193.6m**

Key business indicators

		Q1–3 2005	Q1–3 2006	Change %
Income statement				
Revenue	EUR m	1,233.5	1,271.1	+3.0%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	EUR m	152.6	173.4	+13.7%
EBITDA margin	%	12.4%	13.6%	–
Earnings before interest and tax (EBIT)	EUR m	74.1	93.7	+26.5%
EBIT margin	%	6.0%	7.4%	–
Earnings before tax (EBT)	EUR m	73.2	97.0	+32.6%
Profit for the period	EUR m	63.6	70.7	+11.2%
Employees (average for period, full-time equivalents)		25,434	24,621	–3.2%
Cash-Flow				
Operating cash flow before changes in working capital	EUR m	187.3	193.6	+3.4%
Cash flow from operating activities	EUR m	184.5	197.2	+6.9%
Free cash flow	EUR m	148.5	166.6	+2.2%
Investment in property, plant and equipment	EUR m	39.8	39.0	–2.0%
Balance sheet		**31.12.2005**	**30.9.2006**	
Total assets	EUR m	1,563.0	1,604.6	+2.7%
Non-current assets	EUR m	997.4	975.3	–2.2%
Current assets	EUR m	542.6	609.1	+12.3%
Non-current assets held for sale	EUR m	23.0	20.3	–12.0%
Capital and reserves	EUR m	762.1	792.7	+4.0%
Non-current liabilities	EUR m	361.3	440.6	+21.9%
Current liabilities	EUR m	439.6	371.4	–15.5%
Key balance sheet indicators		**31.12.2005**	**30.9.2006**	
Interest-bearing liabilities	EUR m	369.1	452.1	+22.5%
Interest-bearing assets	EUR m	397.1	507.2	+27.7%
Net cash/net debt position	EUR m	28.0	55.1	+96.7%
Equity ratio	%	48.8%	49.4%	–

Statement by the Management Board

The first three quarters of 2006 demonstrate that the approach adopted by Austrian Post to strategically reorient the company has paid off. In addition to the very positive outcome of the Initial Public Offering as well as several successful acquisitions, our current business development gives reason for optimism. As a result, we have raised our earnings expectations.

ATX listing

Post share listed on ATX

Since the Initial Public Offering at the end of May 2006, the value of the Austrian Post share continued to rise in Q3 2006. As at 30 September, the share price improved to EUR 30.05, thus posting a gain of 58.2% in comparison to the initial share price of EUR 19.00. Accordingly, market capitalisation rose to more than EUR 2.1 billion. With the listing of the Post share on the ATX, the Austrian benchmark index, Austrian Post has finally been catapulted to the top league of companies on the domestic capital market.

Expansion through further acquisitions

Further acquisitions

On the basis of our strategy designed to defend the position of Austrian Post on the Austrian market, as well as to grow on an international level both organically and by means of acquisitions, we have already successfully acquired several companies in 2006. Through the purchase of Kolos in Slovakia and Weber Escal in Croatia, we have managed to enter the market for unaddressed advertising in both countries. We have decisively strengthened our market position in the Media Post segment in Austria as a result of the acquisition of Wiener Bezirkszeitung, which publishes free district newspapers in Vienna.

Austrian Post took another major step forward with its acquisition at the end of October of trans-o-flex, the German specialty logistics company. As a result, we not only penetrate an attractive niche market, but also simultaneously strengthen our know-how in the parcel and logistics market. This expansion is the basis for ensuring further growth in the dynamic market for parcel services.

Improvements in revenues and earnings

At a Group level, Austrian Post performed quite favourably in Q1–3 2006, achieving a perceptible increase in both revenues and earnings in comparison to the same period last year. Revenues rose by 3.0% to EUR 1,271.1m, a development which reflects the performance of our divisions. The Mail Division boosted revenues by 1.9%, the Parcel & Logistics Division posted the largest relative increase, expanding by 8.6%, while revenues in the Branch Network Division were up 5.2%. Group profit before interest and tax (EBIT) rose by 26.5% year-on-year to EUR 93.7m. Operating cash flow before changes in working capital was EUR 193.6m, up 3.4% from the comparable period last year.

Upward revision of EBIT forecast

In the light of the performance achieved in Q1–3 2006, we continue to expect a slight increase in total revenues during the rest of the year. We have made an upward revision of our earlier forecast of a 10% to 15% increase in EBIT for 2006, and now anticipate a rise ranging from 15% to 20%. On the basis of this positive business development, the previously announced dividend payment amounting to EUR 70m for 2006[1)] can be confirmed.

Anton Wais	Rudolf Jettmar	Herbert Götz	Walter Hitziger
Chairman of the Management Board	Deputy Chairman of the Management Board	Member of the Management Board	Member of the Management Board

1) Subject to approval by the Shareholders' Meeting.

The
Post share

Strong demand

The past months were characterised by ongoing strong demand for Austrian Post shares, reflected in the corresponding positive share price development. The share price closed at EUR 30.05 at the end of September 2006, an increase in value exceeding 58% in comparison to the issue price of EUR 19.00 set for the Initial Public Offering. This favourable upward trend surpassed the performance of the Vienna Stock Exchange. The ATX rose by only 3.4% in the same period (30 May to 30 September 2006), whereas the DJ Euro Stoxx Transportation Index climbed by 4.5%. Up until the end of October, the share price rose by 85% to EUR 35.15.

ATX listing

On 18 September 2006, the Austrian Post share was accepted for listing on the ATX, the Austrian benchmark index. It consists of the 20 Austrian companies with the highest trading volume and the largest market capitalisation. The weighting of the Post share per end of September 2006 was 1.8%. With a market capitalisation amounting to EUR 2.1 billion, Austrian Post is the 13th largest company listed on the ATX.

Comprehensive support for all investors

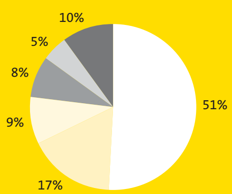
Within the framework of its efforts to provide continuous support services to investors, Austrian Post participated in several investor conferences, and carried out numerous discussions with fund managers. The first "Austrian Post Investor Day" for institutional investors, scheduled to take place in Vienna in December 2006, is currently in the preparation stage.

Private shareholders have also taken advantage of the company's offer to establish a direct two-way dialogue. A large number of private shareholders proactively requested in-depth information about Austrian Post at the "GEWINN" investment fair in Vienna, thus demonstrating its continuing attractiveness for Austrian investors. Austrian Post ensures that an ongoing and parallel flow of information is provided to all investor groups by means of direct contacts, as well as online via the Internet. Up-to-date investor presentations are available on the Austrian Post investor relations Web site, along with current analyst recommendations concerning the Post share.

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

Shareholder structure[1]



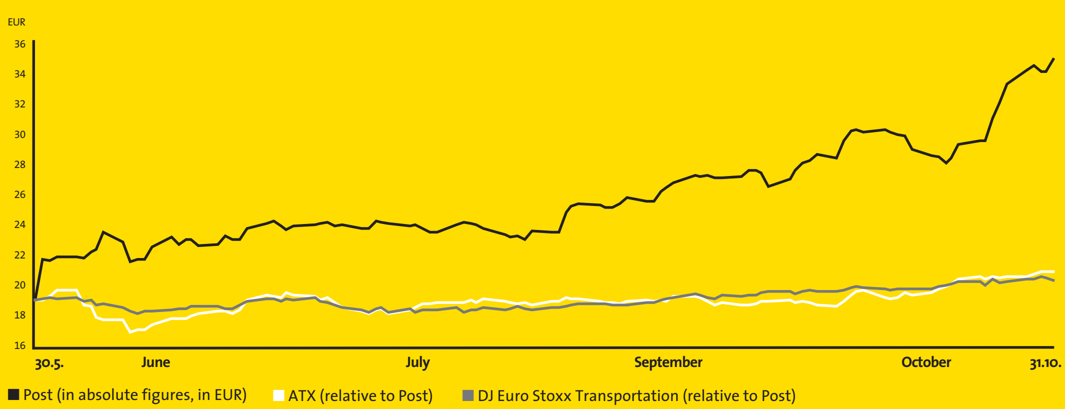
- ÖIAG (Österreichische Industrieholding AG)
- Private and institutional investors, Austria
- United Kingdom
- USA
- Germany
- Europe and other countries

1) as at 31 May 2006

Key share indicators

Price 30 Sep. 2006	EUR	30.05
High/low (intraday) Q1–3 2006	EUR	30.30/20.10
Earnings per share Q1–3 2006	EUR	1.01
Market capitalisation 30 Sep. 2006	EUR m	2,104
Free float	%	49%

Performance of Austrian Post stock compared to ATX and DJ Euro Stoxx Transportation (until 31 October 2006)



Business development in the first three quarters 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. As a consequence, 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 contracted a number of studies, and also carried out its own consultation process, for the purpose of evaluating the possibility of further liberalisation. On the basis of this analysis, the European Commission presented a guideline proposal in October 2006 pertaining to a further liberalisation of the postal market, which will be considered by the EU Parliament and the Council of the European Union at a later date.

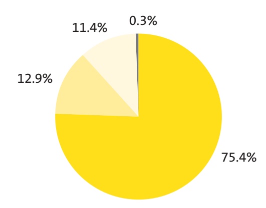
Business development and earnings

Austrian Post continued to perform quite favourably in Q1–3 2006, with improvements in both revenues and earnings.

The Austrian Post Group increased its revenues in the first three quarters by 3.0%, or EUR 37.6m, to EUR 1,271.1m. This improvement was chiefly attributable to increases in revenue by all divisions. Revenues from the Mail Division were up 1.9%, the Parcel & Logistics Division improved by 8.6% and Branch Network Division revenues climbed 5.2%.

In Q3 2006, revenues of Austrian Post also grew by 3.1% to EUR 409.7m, although this quarter was one working day shorter than the comparable period of the previous year.

Q1–3 2006 revenue by division

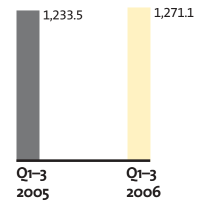


Revenue by division[1]

	Q1–3 2005 EUR m	Q1–3 2006 EUR m	Change %	Share %	Q3 2005 EUR m	Q3 2006 EUR m
Total revenue	**1,233.5**	**1,271.1**	**+3.0%**	**100.0%**	**397.5**	**409.7**
Mail	941.1	958.8	+1.9%	75.4%	302.4	308.3
Parcel & Logistics	150.5	163.5	+8.6%	12.9%	49.0	52.1
Branch Network	138.2	145.4	+5.2%	11.4%	44.8	48.6
Other/Consolidation	3.7	3.3	–10.9%	0.3%	1.3	0.7

1) External sales

Q1–3 revenue (EUR m)



Income statement

	Q1–3 2005 EUR m	Q1–3 2006 EUR m	Change %	Share %	Q3 2005 EUR m	Q3 2006 EUR m
Revenue	**1,233.5**	**1,271.1**	**+3.0%**	**100.0%**	**397.5**	**409.7**
Other operating income	36.1	39.2	+8.4%	3.1%	13.9	10.7
Raw material, consumables and services used	–172.0	–187.4	+9.0%	14.7%	–55.7	–60.9
Staff costs	–784.3	–789.4	+0.6%	62.1%	–248.6	–250.0
Other operating expenses	–161.5	–161.2	–0.1%	12.7%	–56.1	–54.4
Share of profit/loss of associates	0.7	1.2	+76.0%	0.1%	–1.5	0.5
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**152.6**	**173.4**	**+13.7%**	**13.6%**	**49.5**	**55.5**
Depreciation and amortisation	–78.5	–79.7	+1.5%	6.3%	–31.7	–28.0
Earnings before interest and tax (EBIT)	**74.1**	**93.7**	**+26.5%**	**7.4%**	**17.8**	**27.4**
Other financial result	–0.9	3.3	–	0.3%	0.7	2.2
Earnings before tax (EBT)	**73.2**	**97.0**	**+32.6%**	**7.6%**	**18.5**	**29.7**
Income tax	–19.4	–26.3	+35.6%	2.1%	–6.6	–10.6
Profit from discontinued operations	9.8	0.0	–	0.0%	0.0	0.0
Profit for the period	**63.6**	**70.7**	**+11.2%**	**5.6%**	**11.9**	**19.1**

Personnel expenditure remains constant

Austrian Post's staff costs of EUR 789.4m for Q1–3 2006 remained virtually unchanged compared with the same period last year. They include provisions for employee under-utilisation of EUR 76.7m (Q1–3 2005: EUR 61.0m). The number of employees (full-time equivalents) declined by 813 to 24,621 year-on-year.

Raw material, consumables and services used increased by 9.0% to EUR 187.4m in comparison to Q1–3 2005, primarily as a result of higher energy prices as well as the increased cost of retail products. On the other hand, other operating expenses remained constant at a level of EUR 161.2m.

EBITDA margin: 13.6%

EBITDA for Q1–3 2006 of EUR 173.4m was up 13.7% year-on-year. The EBITDA margin amounted to 13.6%.

Depreciation and amortisation totalling EUR 79.7m for Q1–3 2006 includes impairment writedowns of EUR 14.6m. Total depreciation and amortisation of EUR 78.5m for Q1–3 2005 had also incorporated an extraordinary writedown of EUR 10.0m.

EBIT by division

	Q1–3 2005 EUR m	Q1–3 2006 EUR m	Change %	Q3 2005 EUR m	Q3 2006 EUR m
Total EBIT	**74.1**	**93.7**	**+26.5%**	**17.8**	**27.4**
Mail	194.8	190.8	–2.1%	63.4	59.5
Parcel & Logistics	5.7	15.9	+177.8%	3.8	6.3
Branch Network	7.3	8.5	+17.4%	4.0	–2.4
Other/Consolidation	–133.7	–121.5	+9.2%	–53.3	–35.9

In Q1–3 2006, Austrian Post increased EBIT (earnings before interest and tax) to EUR 93.7m, or by 26.5% year-on-year. Subsequently, the EBIT margin was 7.4%.

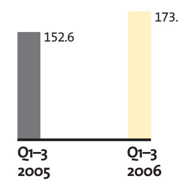
All operating divisions made a positive contribution to earnings. EBIT at the Mail Division was EUR 190.8m, at the Parcel & Logistics Division EUR 15.9m, and at the Branch Network Division EUR 8.5m.

In Other/Consolidation, the EBIT amounted to minus EUR 121.5m in Q1–3 2006 (minus EUR 133.7m in Q1–3 2005). This includes the costs for central departments, expenses in connection with unused properties, as well as the increase in provisions for employee under-utilisation.

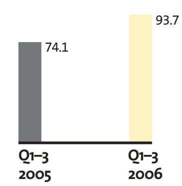
Due to the favourable liquidity situation, the financial result improved to EUR 3.3m in Q1–3 2006.

Austrian Post's earnings before tax were up 32.6% to EUR 97.0m, whereas profit for the period improved by 11.2% to EUR 70.7m compared to the previous year. The tax charge in Q1–3 2006 was higher than in the comparable period last year, in particular due to advance tax payments in Q3.

EBITDA Q1–3 (EUR m)



EBIT Q1–3 (EUR m)



Assets and finances

Balance sheet analysis

Assets	31.12.2005 EUR m	30.9.2006 EUR m	30.9.2006 Percentage of total
Non-current assets	997.4	975.3	60.8%
thereof: financial assets	172.6	206.3	12.9%
Current assets	542.6	609.1	38.0%
thereof: cash and cash equivalents	174.5	300.4	18.7%
Non-current assets held for sale	23.0	20.3	1.2%
	1,563.0	**1,604.6**	**100.0%**

Equity and liabilities	31.12.2005 EUR m	30.9.2006 EUR m	30.9.2006 Percentage of total
Capital and reserves	762.1	792.7	49.4%
Non-current liabilities	361.3	440.6	27.5%
thereof: provisions	311.6	385.5	24.0%
Current liabilities	439.6	371.4	23.1%
	1,563.0	**1,604.6**	**100.0%**

On the assets side, total assets of Austrian Post amounted to EUR 1,604.6m, chiefly consisting of non-current assets of EUR 995.6m (62.0% of total).

The bulk of non-current assets consists of property, plant and equipment amounting to EUR 660.8m, as well as financial assets of EUR 206.3m.

The main current assets items are receivables of EUR 289.0m as well as cash and cash equivalents totalling EUR 300.4m.

On the liabilities side, the main items are capital and reserves and non-current liabilities (total of 76.9%), and current liabilities (23.1%).

Long-term liabilities of EUR 440.6m largely consist of provisions, e.g. for jubilee benefits, termination benefit obligations and for employee under-utilisation (total: EUR 385,5m).

Trade payables make up the bulk of current liabilities.

Net cash surplus of EUR 55.1m

At present, Austrian Post has a net cash surplus of EUR 55.1m. This is calculated as the difference between interest-bearing assets (cash and cash equivalents, receivables) of EUR 507.2m, and interest-bearing liabilities (provisions, financial liabilities, employee benefit obligations and other interest-bearing obligations) of EUR 452.1m.

Cash flow

	Q1–3 2005 EUR m	Q1–3 2006 EUR m
Operating cash flow before changes in working capital	**187.3**	**193.6**
+/– Changes in working capital	–2.7	3.6
= **Cash flow from operating activities**	**184.5**	**197.2**
+/– Cash flow from investing activities	–36.1	–30.6
= **Free cash flow**	**148.5**	**166.6**
+/– Cash flow from financing activities	–67.7	–40.7
= **Net increase in cash and cash equivalents**	**80.8**	**125.9**

Cash flow up to EUR 193.6m

In Q1–3 2006, operating cash flow before changes in working capital of Austrian Post rose by 3.4%, or 6.3m, to EUR 193.6m compared to the same period of the previous year. This rise reflects the improvement in Group earnings, as well as increases in provisions and in depreciation and amortisation.

Cash flow from the changes in working capital amounted to EUR 3.6m in the first three quarters. This includes cash inflows of EUR 49.5m from the disposal of current financial assets, reductions in liabilities such as trade payables, as well as the payment of a liability resulting from the purchase of a property.

This resulted in a cash flow from operating activities of EUR 197.2m in Q1–3 2006.

Net cash flow from investing activities in the period amounted to minus EUR 30.6m. This reflects the purchase of property, plant and equipment of EUR 39m, the acquisition of other financial assets totalling EUR 59.8m, and income from the disposal of assets of EUR 37.6m.

Free cash flow of EUR 166.6m

As a result, total free cash flow was EUR 166.6m, and the net increase in cash and cash equivalents amounted to EUR 125.9m.

Capital expenditure

In Q1–3 2006, capital expenditure on the part of Austrian Post amounted to EUR 39.0m. The majority of the investments related to projects in Austria. The focus was on investments in sorting centres in Hall, Tyrol and Graz, as well as ongoing investments in property.
For the whole of 2006, Austrian Post is budgeting total investments of EUR 60m to 70m, primarily for maintenance purposes.

Employees

Number of employees declines by 3.2%

Compared to the same period last year, the average number of employees (full-time equivalents) in the Austrian Post Group decreased by 3.2%, or 813 people, to the current level of 24,621 employees.

Employees by division[1)]

	Q1–3 2005	Q1–3 2006	Share %	2005
Mail	15,716	15,426	62.7%	15,556
Parcel & Logistics	2,463	2,271	9.2%	2,461
Branch Network	5,506	5,266	21.4%	5,446
Other/Consolidation	1,749	1,658	6.7%	1,729
Total	**25,434**	**24,621**	**100.0%**	**25,192**

1) Average for period, full-time equivalents

Outlook for 2006

Upward revision of EBIT forecast

Austrian Post continues to expect a stable mail market in 2006. The liberalisation of the mail market that came into effect on 1 January 2006 and the partial access to cluster box units in Austria will likely only have a minor impact on the overall performance of Austrian Post during the rest of the year. In addition, income from the financial services business of our financial partner BAWAG P.S.K. is expected to remain stable. Based on these assumptions, Austrian Post anticipates a slight increase in total revenues in 2006. In the light of the performance achieved in Q1–3 2006, the earlier prediction of an EBIT increase ranging from 10% to 15% has now been revised upwards to between 15% and 20%. Austrian Post's medium-term goal is to sustainably establish its EBIT margin in the 7% to 8% range.

Events after the balance sheet date

Acquisition of trans-o-flex

On 27 October 2006, Austrian Post concluded an agreement to acquire a 74.9% shareholding in the German logistics company trans-o-flex. The transaction is expected to be closed by the end of 2006, subject to the approval of antitrust authorities. trans-o-flex is a niche supplier of parcel services, achieving revenues of approximately EUR 460m and an EBITDA of EUR 27m during the twelve-month period July 2005 to June 2006. In October 2006 Austrian Post signed the contract to fully acquire the croatian direct marketing company Weber Escal (sales volume 2005: approx. EUR 2.0m).

Performance of divisions

Mail Division

Upward sales growth and stable earnings

Mail Division – key indicators	Q1–3 2005 EUR m	Q1–3 2006 EUR m	Change %	Q3 2005 EUR m	Q3 2006 EUR m
External sales	**941.1**	**958.8**	**+1.9%**	**302.4**	**308.3**
Internal sales	48.4	49.3	+1.8%	15.9	15.3
Total revenue	989.5	1,008.1	+1.9%	318.3	323.6
EBIT	**194.8**	**190.8**	**–2.1%**	**63.4**	**59.5**
EBIT margin[1]	19.7%	18.9%	–	19.9%	18.4%
Employees[2]	15,716	15,426	–1.8%	–	–

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

Mail Division – external sales by business area	Q1–3 2005 EUR m	Q1–3 2006 EUR m	Change %	Q3 2005 EUR m	Q3 2006 EUR m
Letter Mail	572.0	564.9	–1.2%	182.5	178.9
Infomail	278.1	298.1	+7.2%	91.8	97.6
Media Post	91.0	95.8	+5.3%	28.1	31.8

Year-on-year external sales by the Mail Division rose by 1.9% in Q1–3 2006 to EUR 958.8m.

In line with expected trends, the Letter Mail business area recorded a decline in revenues of 1.2%. It must be taken into consideration that Q3 2006 had one working day less than Q3 2005. In addition, the comparable period last year was positively impacted by the nationwide mailing of the “e-Card”, distributed by Austria’s national health insurance carriers.

In contrast, Q1–3 2006 earnings from the Infomail business area (addressed and unaddressed advertising) increased during the period under review by 7.2% to EUR 298.1m. This was based on rising direct mail volumes in the Austrian advertising market as well as the consolidation of feibra Hungary, which was acquired in September 2005. The expected negative effects of market liberalisation and partial open access for competitors to cluster box units did not materialise during Q1–3 2006.

The revenue increase in the Media Post segment reflected a change in Austria’s newspaper landscape, as well as the positive effects of Austria’s parliamentary elections on 1 October 2006.

The Mail Division achieved an EBIT amounting to EUR 190.8m in the first three quarters. However, the performance was lower than in the same period of the previous year, due to higher depreciation and amortisation.

Parcel & Logistics Division

Strong growth in sales and improved earnings

Parcel & Logistics Division – key indicators	Q1–3 2005 EUR m	Q1–3 2006 EUR m	Change %	Q3 2005 EUR m	Q3 2006 EUR m
External sales	**150.5**	**163.5**	**+8.6%**	**49.0**	**52.1**
Internal sales	33.6	36.3	+8.0%	11.8	12.2
Total revenue	184.1	199.8	+8.5%	60.8	64.4
EBIT	**5.7**	**15.9**	**+177.8%**	**3.8**	**6.3**
EBIT margin[1)]	3.1%	7.9%	–	6.2%	9.8%
Employees[2)]	2,463	2,271	–7.8%	–	–

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

External sales by the Parcel & Logistics Division in Q1–3 2006 were up 8.6% to EUR 163.5m compared to the same period last year. The increase chiefly relates to higher growth rates generated by the domestic parcels business as well as the international parcels segment. The revenue increase in the domestic parcels segment primarily reflects robust growth in B2C deliveries (mail order and e-commerce). Strong revenue growth in the international parcels segment can be primarily attributed to the favourable business development of e-commerce providers. The volume of parcels mailed to Austria posted double-digit growth rates. In addition to the market segment serving private customers (B2C, C2C), Austrian Post has also generated its first revenue contributions from its new market for business customers (B2B). Revenues from the subsidiaries in Slovakia and Croatia also improved compared with the comparable period last year.

The Parcel & Logistics Division posted EBIT of EUR 15.9m in the first three quarters (Q1–3 2005: EUR 5.7 m).

Branch Network Division

Increase in sales and earnings

Branch Network Division – key indicators	Q1–3 2005 EUR m	Q1–3 2006 EUR m	Change %	Q3 2005 EUR m	Q3 2006 EUR m
External sales	**138.2**	**145.4**	**+5.2**	**44.8**	**48.6**
Internal sales	155.6	155.1	–0.3%	50.7	48.4
Total revenue	293.8	300.5	+2.3%	95.5	97.0
EBIT	**7.3**	**8.5**	**+17.4%**	**4.0**	**–2.4**
EBIT margin[1)]	2.5%	2.8%	–	4.2	–2.5%
Employees[2)]	5,506	5,266	–4.4%	–	–

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

External sales by the Branch Network Division for Q1–3 2006 were up 5.2% to EUR 145.4m in comparison with the same period last year. This increase mainly relates to increased revenues from retail products (e.g. mobile, telephone and Internet products). Revenues in financial services also improved. There have been no negative effects in connection with the planned change of ownership with respect to banking partner BAWAG P.S.K. The decline in internal sales revenues in Q1–3 2006 compared to the previous year is primarily attributable to a decrease in the letters, Infomail and parcels which were posted at Austrian Post branches.

Although Q3 earnings were negatively impacted by an extraordinary writedown of EUR 3.4m, the Branch Network Division succeeded in improving its EBIT to EUR 8.5m in Q1–3 2006 (Q1–3 2005: EUR 7.3m).

Interim consolidated financial statements

Consolidated balance sheet

EUR m	30.9.2006	31.12.2005
ASSETS		
Non-current assets		
Intangible assets and goodwill	48.0	46.5
Property, plant and equipment	660.8	728.7
Investment in associates	4.3	0.3
Other financial assets	206.3	172.6
Receivables	15.9	9.0
Deferred tax assets	39.2	40.3
	975.3	**997.4**
Current assets		
Other financial assets	0.5	50.0
Inventories	19.1	19.6
Receivables	289.0	298.5
Cash and cash equivalents	300.4	174.5
	609.1	**542.6**
Non current assets held for sale	**20.3**	**23.0**
	1,604.6	**1,563.0**

EUR m	30.9.2006	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	0.6	0.7
Currency translation reserves	0.5	0.5
Retained profits	70.7	99.9
	792.7	**762.1**
Non-current liabilities		
Provisions	385.5	311.6
Financial liabilities	37.1	35.2
Payables	16.9	13.5
Deferred tax liabilities	1.1	0.9
	440.6	**361.3**
Current liabilities		
Provisions	145.2	120.1
Financial liabilities	7.1	7.0
Payables	219.2	312.5
	371.4	**439.6**
	1,604.6	**1,563.0**

Consolidated income statement

EUR m	Q1–3 2006	Q1–3 2005	Q3 2006	Q3 2005
Revenue	**1,271.1**	**1,233.5**	**409.7**	**397.5**
Other operating income	39.2	36.1	10.7	13.9
Total operating income	**1,310.3**	**1,269.6**	**420.3**	**411.4**
Raw material, consumables and services used	–187.4	–172.0	–60.9	–55.7
Staff costs	–789.4	–784.3	–250.0	–248.6
Depreciation and amortisation	–79.7	–78.5	–28.0	–31.7
Other operating expenses	–161.2	–161.5	–54.4	–56.1
Total operating expenses	**–1,217.7**	**–1,196.2**	**–393.3**	**–392.1**
Profit from operations	**92.6**	**73.4**	**27.0**	**19.3**
Share of profit/loss of associates	1.2	0.7	0.5	–1.5
Other financial result	3.3	–0.9	2.2	0.7
Total financial result	**4.5**	**–0.2**	**2.7**	**–0.8**
Profit before tax	**97.0**	**73.2**	**29.7**	**18.5**
Income tax	–26.3	–19.4	–10.6	–6.6
Profit after tax	**70.7**	**53.7**	**19.1**	**11.9**
Profit from discontinued operations	**0.0**	**9.8**	**0.0**	**0.0**
Profit for the period	**70.7**	**63.6**	**19.1**	**11.9**
Attributable to:				
Equity holders of the parent company	70.7	63.6	19.1	11.9
Minority interests	0.0	0.0	0.0	0.0
EUR				
Undiluted earnings per share	**1.01**	**0.91**	**0.27**	**0.17**
Diluted earnings per share	1.01	0.91	0.27	0.17
EUR m				
Profit from operations	92.6	73.4	27.0	19.3
Share of profit/loss of associates	1.2	0.7	0.5	–1.5
Earnings before interest and tax (EBIT)	**93.7**	**74.1**	**27.4**	**17.8**

Consolidated cash flow statement

EUR m	Q1–3 2006	Q1–3 2005
Operating activities		
Profit before tax	97.0	73.2
Depreciation and amortisation	79.7	78.5
Write-downs/write-ups of financial assets	–1.2	–1.6
Long-term provisions	73.9	66.9
Gain/loss on disposal of non-current assets	–8.2	–6.9
Gain/loss on disposal of financial assets	–0.7	–0.1
Taxes paid	–41.1	–19.7
Net interest received	–5.8	–3.0
Operating cash flow before changes in working capital	**193.6**	**187.3**
Changes in working capital		
Receivables	1.2	15.1
Inventories	0.5	1.3
Payables	3.4	0.6
Other financial assets	49.5	25.1
Deferred tax	0.3	–1.0
Short-term provisions	0.2	–5.0
Other liabilities	–51.4	–38.8
Cash flow from changes in working capital	**3.6**	**–2.7**
Cash flow from operating activities	**197.2**	**184.5**
Investing activities		
Purchase of intangible assets	–3.8	–1.4
Purchase of property, plant and equipment	–35.2	–38.4
Acquisition/disposal of subsidiaries	–1.6	–4.5
Acquisition/disposal of associates	–2.8	–0.5
Purchase of financial assets	–59.8	–19.8
Income neutral revaluation and currency translation reserves	–0.1	0.8
Proceeds from sale of non-current assets	37.6	13.9
Proceeds from sale of other financial assets	26.5	5.0
Dividends received from associates	0.2	2.3
Interest received from associates	8.4	6.7
Cash flow from investing activities	**–30.6**	**–36.1**
Free cash flow	**166.6**	**148.5**
Financing activities		
Changes in financial liabilities	2.0	–24.0
Dividends paid	–40.0	–40.0
Interest paid	–2.6	–3.7
Cash flow from financing activities	**–40.7**	**–67.7**
Net change in cash and cash equivalents	**125.9**	**80.8**
Cash and cash equivalents at 1 January	174.5	50.3
Cash and cash equivalents at 30 September	**300.4**	**131.1**

Segment reporting

Business segments (divisions) Q1–3 (EUR m)	Mail		Parcel & Logistics		Branch Network		Other/Consolidation		Group	
	Q1–3 2006	Q1–3 2005	Q1–3 2006	Q1–3 2005	Q1–3 2006	Q1–3 2005	Q1–3 2006	Q1–3 2005	Q1–3 2006	Q1–3 2005
External sales	958.8	941.1	163.5	150.5	145.4	138.2	3.3	3.7	1,271.1	1,233.5
Internal sales	49.3	48.4	36.3	33.6	155.1	155.6	–240.6	–237.6	0.0	0.0
Total revenue	**1,008.1**	**989.5**	**199.8**	**184.1**	**300.5**	**293.8**	**–237.3**	**–233.8**	**1,271.1**	**1,233.5**
Profit/loss from operations	190.2	194.5	15.9	5.7	8.5	7.3	–122.0	–134.1	92.6	73.4
Share of profit/loss of associates	0.6	0.3	0.0	0.0	0.0	0.0	0.6	0.4	1.2	0.7
EBIT	**190.8**	**194.8**	**15.9**	**5.7**	**8.5**	**7.3**	**–121.5**	**–133.7**	**93.7**	**74.1**
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	366.9	411.6	68.1	68.1	46.6	54.9	577.4	599.5	1,059.0	1,133.9
Investments in associates	3.6	0.2	0.0	16.1	0.0	0.0	0.7	0.5	4.3	16.8
Segment liabilities	300.0	301.5	34.2	36.6	71.0	86.3	356.0	205.0	761.3	629.5
Segment investments	17.5	38.0	4.0	6.7	3.7	1.8	16.2	11.6	41.4	58.1
Depreciation and amortisation	29.5	21.8	6.1	5.2	8.6	5.2	35.5	46.2	79.7	78.5
Non-cash expenses other than depreciation	–1.4	4.6	–0.6	1.0	–3.7	1.7	79.6	59.7	73.9	66.9
Employees (average for period, full-time equivalents)	15,426	15,716	2,271	2,463	5,266	5,506	1,658	1,749	24,621	25,434

Geographical segments Q1–3 (EUR m)	Austria		Germany		CEE	
	Q1–3 2006	Q1–3 2005	Q1–3 2006	Q1–3 2005	Q1–3 2006	Q1–3 2005
External sales	1,241.0	1,213.4	2.6	0.0	27.5	20.1
Segment assets	1,044.1	1,118.7	0.7	0.0	14.2	15.3
Segment investments	40.7	57.0	0.0	0.0	0.7	1.1

Business segments (divisions) Q3 (EUR m)	Mail		Parcel & Logistics		Branch Network		Other/Consolidation		Group	
	Q3 2006	Q3 2005	Q3 2006	Q3 2005	Q3 2006	Q3 2005	Q3 2006	Q3 2005	Q3 2006	Q3 2005
External sales	308.3	302.4	52.1	49.0	48.6	44.8	0.7	1.3	409.7	397.5
Internal sales	15.3	15.9	12.2	11.8	48.4	50.7	–76.0	–78.4	0.0	0.0
Total revenue	**323.6**	**318.3**	**64.4**	**60.8**	**97.0**	**95.5**	**–75.3**	**–77.1**	**409.7**	**397.5**
Profit/loss from operations	59.1	63.3	6.3	5.3	–2.4	4.0	–36.0	–53.3	27.0	19.3
Share of profit/loss of associates	0.4	0.0	0.0	–1.5	0.0	0.0	0.1	0.0	0.5	–1.5
EBIT	**59.5**	**63.4**	**6.3**	**3.8**	**–2.4**	**4.0**	**–35.9**	**–53.3**	**27.4**	**17.8**

Geographical segments Q3 (EUR m)	Austria		Germany		CEE	
	Q3 2006	Q3 2005	Q3 2006	Q3 2005	Q3 2006	Q3 2005
External sales	398.3	391.4	1.3	0.0	10.0	6.1

Consolidated statement of changes in equity

Q1–3 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**
Increase in equity investments								**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				–0.1				**–0.1**		**–0.1**
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							70.7	**70.7**		**70.7**
Total net gains and losses recognised in the income statement	0.0	0.0	59.9	–0.1	–0.1	0.0	10.8	**70.5**		**70.5**
Dividend							–40.0	**–40.0**		**–40.0**
Capital increase out of capital reserves	340.0	–340.0						**0.0**		**0.0**
Balance at 30 September 2006	**350.0**	**274.5**	**96.4**	**0.6**	**0.5**	**0.0**	**70.7**	**792.7**	**0.0**	**792.7**

Q1–3 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								0.0	–2.2	**–2.2**
Net gains and losses not recognised in the income statement										
Currency translation differences					0.1			**0.1**		**0.1**
Revaluation of investments				0.8				**0.8**		**0.8**
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							63.6	**63.6**	0.3	**63.9**
Total net gains and losses recognised in the income statement	0.0	0.0	47.1	0.8	0.1	–3.3	16.5	**61.2**	**–7.8**	**53.4**
Dividend							–40.0	**–40.0**		**–40.0**
Capital increase out of capital reserves	0.0	0.0						**0.0**		**0.0**
Balance at 30 September 2005	**10.0**	**614.5**	**76.5**	**0.8**	**0.4**	**0.0**	**23.6**	**725.8**	**0.0**	**725.8**

Notes

1. Accounting policies

The consolidated interim financial statements of Austrian Post for Q1–3 ending 30 September 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 September 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 September 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 ending 31 December 2005, which are the basis for these interim statements.

2. Consolidation

2.1. Consolidated Group
Apart from the parent company, Austrian Post, a total of eleven domestic subsidiaries (31 December 2005: twelve) and eight foreign subsidiaries (31 December 2005: six), in which the Company directly or indirectly holds a majority of the voting rights, are included in consolidation.

The shares in Kolos s.r.o., Slovakia, and Kolos Marketing s.r.o., Czech Republic (wholly owned, acquisition cost EUR 1.6m), acquired in virtue of the agreement dated 26 April 2006, were consolidated for the first time as at the balance sheet date 30 September 2006. A joint venture company was not included in consolidation because it is 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 (acquisition cost: EUR 2.9m), was included as an associate as at 30 September 2006.

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

feibra VertriebsgmbH, Neudörfl, 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.

The acquisitions of Kolos s.r.o., Slovakia, and Kolos Marketing s.r.o., Czech Republic, have an effect on the assets and finances of the Company at the time of acquisition as follows:

EUR m	
Non-current assets	0.1
Current assets	0.3
Provisions and liabilities	–0.4
Net financial assets at fair value	**0.1**
Goodwill	1.4
Customer base	0.1
Purchase price	**1.6**

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, amounting to EUR 10.0m, was increased by EUR 340.0m to EUR 350.0m 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 Q1–3 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.

As at 30 September 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, as at 30 September 2006, and for which IAS 10 prescribes adjustments or disclosure, have been recognised to the extent known to the Company.

On 27 October 2006, Austrian Post concluded an agreement to acquire a 74.9% shareholding in the German logistics company trans-o-flex. The transaction is expected to be closed by the end of 2006, subject to the approval of antitrust authorities.

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Financial calendar

14 March 2007	**Annual Results 2006**
26 April 2007	**Annual General Meeting in Vienna**
10 May 2007	**Ex-dividend day and Dividend payment day**
11 May 2007	**First Quarter Report 2007**
9 August 2007	**First Half Year Report 2007**
13 November 2007	**Third Quarter Report 2007**

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* The increase in earnings (earnings before interest and taxes / EBIT) in Q1–3 2006 compared to the same period in 2005.