IF IT REALLY COUNTS,
RELY ON AUSTRIAN POST.

Post

INTERIM REPORT Q1–3 2010

AUSTRIAN POST

HIGHLIGHTS Q1–3 2010

- **Good results in Q3**
  – **Revenue** down 0.7% from the previous year
  – **EBIT** up 10.9%

- **Q1–3 at prior-year level**
  – **Revenue** only decreased slightly by minus 0.6%
  – **EBIT** rises 1.2% to EUR 94.8m

- **Improved cash flow, solid financial position**
  – **Operating cash flow** before changes in working capital and tax improves by 12.1% to EUR 164.8m
  – **Balance sheet** boasts a high level of cash and cash equivalents at EUR 266.5m

- **Outlook: stable development**
  – **EBIT in 2010 at last year's level expected**
  – **Medium-term EBITDA margin target between 10% and 12% confirmed**

OVERVIEW OF KEY INDICATORS

INCOME STATEMENT **EUR m**	**Q1–3 2009**	**Q1–3 2010**	**Change 2009/2010**
Revenue	1,723.2	1,713.2	–0.6%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	168.9	168.9	0.0%
EBITDA margin	9.8%	9.9%	–
Earnings before interest and tax (EBIT)	93.7	94.8	+1.2%
EBIT margin	5.4%	5.5%	–
Earnings before tax (EBT)	91.3	88.7	–2.8%
Profit for the period	67.4	68.1	+1.0%
Earnings per share (EUR)	1.00[1]	1.01[1]	+1.0%
Employees (average for period, full-time equivalents)	26,099	25,161	–3.6%
CASH FLOW			
Operating cash flow before changes in working capital and tax	147.0	164.8	+12.1%
Operating cash flow before changes in working capital	128.4	115.0	–10.4%
Cash flow from operating activities	112.0	103.3	–7.7%
Investment in property, plant and equipment	48.3	29.0	–40.0%
Investment in Group holdings	0.3	2.9	–
Free cash flow	77.0	79.2	+2.9%
Free cash flow before the acquisition/disposal of securities	71.9	74.1	+3.1%
BALANCE SHEET	**31.12.2009**	**30.9.2010**	
Total assets	1,775.3	1,719.7	–3.1%
Capital and reserves	673.7	641.5	–4.8%
Non-current assets	1,141.3	1,109.0	–2.8%
Current assets	634.0	610.6	–3.7%
Net debt	231.2	273.4	+18.3%
Equity ratio	38.0%	37.3%	–
Capital employed	861.7	872.1	+1.2%

[1] In relation to 67.6 million shares

STATEMENT BY THE MANAGEMENT BOARD

Ladies and Gentlemen!
Dear shareholders!

The first nine months of the 2010 financial year developed very satisfactorily for Austrian Post. On balance, Group revenue decreased during this period. However, the actual decline of minus 0.6% turned out to be very moderate. Growth in the Parcel & Logistics Division could almost fully compensate for reductions in other business areas. Moreover, we succeeded in counteracting this downward trend on the basis of efficiency-enhancing measures as well as reductions in operating costs and direct personnel expenditures. In the first three quarters of 2010, earnings before interest and tax (EBIT) of Austrian Post rose 1.2% from the prior-year level, and even climbed by 10.9% in comparison to the third quarter 2009.

The financial situation of the Group continues to be extremely stable. The cash and cash equivalents at the disposal of Austrian Post totaled EUR 266.5m at the end of September 2010, whereas the operating cash flow before changes in working capital and tax increased by 12.1% to EUR 164.8m.

In the Mail Division, the trends towards the electronic substitution of letters and the customers' reduction of shipment weights are continuing. However, intensive customer acquisition efforts combined with positive one-off effects managed to minimize the volume decline. An important milestone and enhancement of value in the service portfolio is the planned joint venture between Austrian Post and Swiss Post. The activities of the two postal providers relating to the conception and printing of addressed advertising mail will be bundled in a joint venture. The new joint venture offers customers one-stop-shop services, and enables the two partners to exploit potential synergies within the context of product specialisation at the individual locations.

The Parcel & Logistics Division posted revenue growth in all regions and an overall increase of 3.8% in the first three quarters of 2010. Growth in the core business was even higher in the light of the fact that unprofitable transport logistics operations were terminated in Germany at the end of last year. We achieved successes with our international cooperation strategy, with two new partners in England and France serving to expand our parcel network EURODIS.

The Branch Network Division is undergoing constant change. Unprofitable company-operated branches are continually being converted to postal partner offices. However, the measures implemented to reduce costs could only partially compensate for the drop in revenue, due to the fact that our business with financial services and retail products also declined. For this reason, Austrian Post will persistently continue pursuing its strategy to improve the structure of the division.

An important step to further develop the branch network was taken on the basis of the extension and intensification of the cooperation with our banking partner BAWAG P.S.K. In the future, the full range of postal and banking products and services offered by BAWAG P.S.K. and Austrian Post will be available at more than 500 locations throughout Austria.

In order to effectively counteract the structural changes taking place in the postal business, Austrian Post will continue to take all the measures it considers necessary to enhance the efficiency and productivity of the Company.

Against the backdrop of the upcoming full-scale liberalisation of the Austrian letter mail market as of January 1, 2011, Austrian Post believes it is headed in the right direction. The top priority is to offer efficient and innovative services in line with market requirements. The aim is to maintain an outstanding level of service, and to ensure an earnings situation featuring the targeted EBITDA margin of between 10% and 12% annually.

Georg Pölzl
Chairman of the Management Board

Rudolf Jettmar
Deputy Chairman of the Management Board

Herbert Götz
Member of the Management Board

Walter Hitziger
Member of the Management Board

Carl-Gerold Mende
Member of the Management Board

GROUP MANAGEMENT REPORT Q1–3 2010

Economic and market environment

Following a strong GDP decline of 3.5% in 2009, the economic situation in Austria stabilised in 2010 as a result of merchandise exports. The Austrian economy benefitted from a favourable international economic environment, and is expected to expand by 2.0% in 2010 according to the latest forecast made by the Austrian Institute of Economic Research (WIFO). The inflation rate in 2010 is expected to reach a level of 1.8% (WIFO), driven by the increase in crude oil import prices.

The German economy is anticipated to expand at a rate of 3.3%. Economic growth forecasts for countries in South East and Eastern Europe vary considerably: Slovakia +4.1%, Hungary +0.6%, Croatia -1.5%, Serbia +1.5%, Bosnia-Herzegovina +0.5% (International Monetary Fund).

Letter mail and parcel volumes are also partially linked to overall market developments and consumer behaviour. Another fundamental trend is the electronic substitution of letters, which is continuing uninterruptedly and causes an ongoing volume decline for all postal service providers.

The total volume of direct mail items depends on the advertising expenditures of companies. According to the quarterly forecast published by ZenithOptimedia, investments in advertising are expected to climb more sharply than originally expected. Advertising expenditures are forecast to grow by 3.0% in 2010.

The parcel and logistics market is showing a positive volume development, driven by growing international trade and the general increase in Internet sales.

Changes in the consolidation scope

In the first three quarters of 2010, the consolidation scope was expanded to include two companies in the Mail Division, feibra West GmbH (Austria) and Post d.o.o. za usluge (Croatia) as well as LogIn Service d.o.o. (Bosnia-Herzegovina) in the Parcel & Logistics Division. All three companies were established by Austrian Post. ThermoMed Life Sciences GmbH & Co KG was integrated into trans-o-flex ThermoMed GmbH & Co KG. Eurodis GmbH, which was fully consolidated in the past, is now consolidated at equity effective June 30, 2010. Eurodis coordinates the European-wide shipment of parcels between partner companies and the Austrian Post Group.

Business development

The revenue development of Austrian Post in the first three quarters of 2010 confirmed the forecasted trends. However, the revenue decline of 0.6% turned out to be very moderate. Whereas the Mail Division reported the expected decrease in revenue, the Parcel & Logistics Division continued its upward growth. The business development of Austrian Post in the third quarter of 2010 was also in line with the overall trend, with revenue down by 0.7%.

During the first nine months of 2010, revenue of the Mail Division fell 0.7% in a year-on-year comparison. In the third quarter 2010, revenue was down only 0.4%, which can be attributed to the gains achieved by the Infomail and Media Post Business Areas. The main trends negatively affecting the Mail Division continued, i.e. the electronic substitution of letters, the declining business with high value mail items and the reduced weight of mail items being posted. However, intensive efforts to attract new customers managed to limit the revenue decrease. Similarly, positive one-off effects related to elections and an additional working day in the second quarter in comparison to the prior-year period positively impacted the performance of the Mail Division.

The Parcel & Logistics Division featured an ongoing rise in business volume. Although the price situation remains tense, the division profited from good volume development as well as an increase in new customers. Despite the termination of unprofitable transport logistics operations in Germany, revenue in the first three quarters of 2010 rose 3.8% year-on-year and 2.9% in the third quarter compared to the prior-year level.

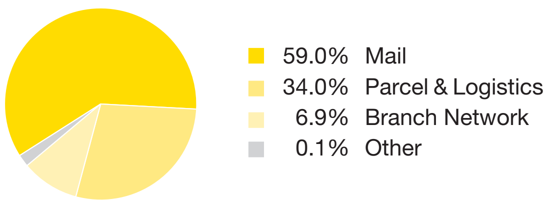
The revenue and organisational structure of the Branch Network Division is undergoing change. External sales decreased by EUR 23.5m, whereas total costs were reduced by EUR 26.1m. The changed reporting of revenue derived from sales of prepaid phone cards based on the new Austrian VAT regulations also contributed EUR 8.1m to the revenue decline. Internal sales were also down by EUR 10.2m due to the increasing direct collection of letters and parcels from large customers.

Revenue by division[1]

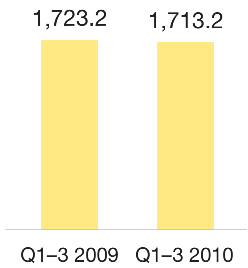
EUR m	Q1–3 2009	Q1–3 2010	Change %	Change EUR m	Q3 2009	Q3 2010
Revenue (external sales)	**1,723.2**	**1,713.2**	**–0.6%**	**–10.0**	**567.3**	**563.1**
Mail	1,018.7	1,011.2	–0.7%	–7.5	330.3	329.1
Parcel & Logistics	561.5	582.9	+3.8%	+21.3	190.4	195.8
Branch Network	141.2	117.6	–16.7%	–23.5	46.0	37.7
Other	3.2	3.7	+15.5%	+0.5	1.1	1.2
Consolidation	–1.4	–2.3	–61.2%	–0.9	–0.5	–0.7
Working days in Austria[2]	188	189	–	–	66	66

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

Revenue by division
in %



Revenue
EUR m



Income statement

EUR m	Q1–3 2009	Q1–3 2010	Change %	Change EUR m	Q3 2009	Q3 2010
Revenue	**1,723.2**	**1,713.2**	**–0.6%**	**–10.0**	**567.3**	**563.1**
Other operating income	52.5	55.5	+5.8%	+3.0	16.5	21.0
Raw materials, consumables and services used	–563.3	–549.3	–2.5%	–14.0	–195.2	–188.7
Staff costs	–839.8	–839.2	–0.1%	–0.6	–278.9	–277.2
Other operating expenses	–208.6	–211.8	+1.6%	+3.2	–67.3	–74.1
Share of profit/loss of associates	4.9	0.5	–90.3%	–4.4	0.0	0.1
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**168.9**	**168.9**	**0.0%**	**0.0**	**42.3**	**44.1**
Depreciation, amortisation and impairment losses	–75.2	–74.0	–1.5%	–1.1	–24.0	–23.8
EBIT Earnings before interest and tax (EBIT)	**93.7**	**94.8**	**+1.2%**	**+1.1**	**18.3**	**20.3**
Other financial result	–2.4	–6.1	–	–3.7	–2.3	–2.2
Earnings before tax (EBT)	**91.3**	**88.7**	**–2.8%**	**–2.6**	**16.0**	**18.2**
Income tax	–23.9	–20.6	–13.7%	–3.3	–4.8	–4.1
Profit after tax = Profit for the period	**67.4**	**68.1**	**+1.0%**	**+0.7**	**11.2**	**14.0**
Earnings per share (EUR)	1.00	1.01	+1.0%	+0.01	0.17	0.21

It is essential for Austrian Post to continually improve productivity and efficiency in order to counteract the revenue decline of EUR 10m. Staff costs, which comprise the largest operating expense item of Austrian Post at EUR 839.2m, remained constant in a year-on-year comparison. In addition to direct personnel expenditures for salaries and wages, staff costs also encompass changes in staff-related provisions as well as restructuring costs in line with the voluntary social plan for employees leaving the Company.

Direct personnel expenditures were reduced by about EUR 20m compared to the first three quarters of 2009. On average, the total workforce decreased by 938 employees year-on-year to 25,161 people. Costs related to employee social plan payments amounted to approximately EUR 30m. Provisions had to be increased as a result of the currently low discount rate.

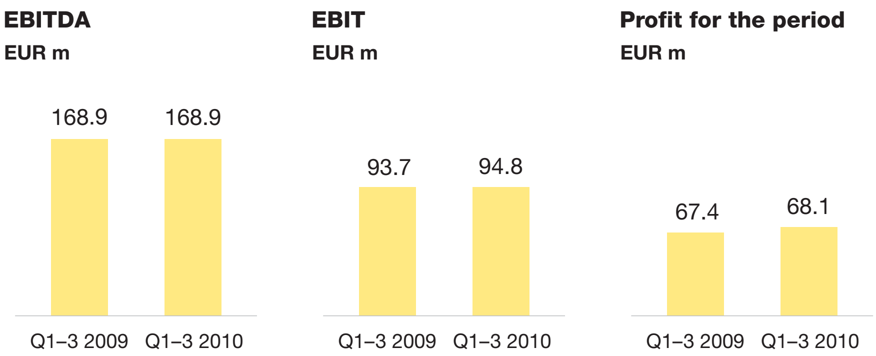
Operating costs were reduced by EUR 10.8m in the first three quarters of 2010. Retail products encompassed in the item raw materials, consumables and services used declined by EUR 8.1m, in part due to the changed reporting of prepaid phone cards. Other operating income rose slightly to EUR 55.5m during the period under review, including income from rents and leases of EUR 18.0m.

EBITDA by division

EUR m	Q1–3 2009	Q1–3 2010	Change %	Change EUR m	Q3 2009	Q3 2010
Total EBITDA	**168.9**	**168.9**	**0.0%**	**0.0%**	**42.3**	**44.1**
Mail[1]	190.6	197.7	+3.7%	+7.1	57.7	59.3
Parcel & Logistics[1]	13.0	27.4	–	+14.3	3.5	9.1
Branch Network[1]	–2.3	–10.4	–	–8.1	–1.3	–4.5
Other[1]	–25.3	–35.5	–40.5%	–10.2	–15.6	–14.9
Employee social plan payments	–7.2	–10.2	–42.7%	–3.1	–2.1	–5.0

[1] Excluding payments related to the social plan for employees (changed reporting since 2010)

Earnings before interest, tax, depreciation and amortisation (EBITDA) of Austrian Post amounted to EUR 168.9m in the first three quarters of the 2010 financial year, exactly the same level as in the preceding year. Accordingly, the EBITDA margin was 9.9%. In the same period, depreciation, amortisation and impairment losses of Austrian Post decreased by EUR 1.1m to EUR 74.0m.



EBIT by division

EUR m	Q1–3 2009	Q1–3 2010	Change %	Change EUR m	Q3 2009	Q3 2010
Total EBIT	**93.7**	**94.8**	**+1.2%**	**+1.1**	**18.3**	**20.3**
Mail[1]	164.4	170.5	+3.7%	+6.1	49.9	50.9
Parcel & Logistics[1]	–6.3	9.3	–	+15.6	–2.9	3.1
Branch Network[1]	–6.7	–14.8	–	–8.0	–2.8	–6.0
Other[1]	–50.5	–59.9	–18.8%	–9.5	–23.7	–22.6
Employee social plan payments	–7.2	–10.2	–42.7%	–3.1	–2.1	–5.0

[1] Excluding payments related to the social plan for employees (changed reporting since 2010)

In the first nine months of 2010, earnings before interest and tax (EBIT) of Austrian Post rose by 1.2% or EUR 1.1m from the prior-year level. This is related to the fact that the revenue drop could be compensated by cost savings. Third-quarter 2010 EBIT even improved by EUR 2.0m to EUR 20.3m.

In comparing earnings indicators, it is important to note that the previous year's performance was positively affected by proceeds of EUR 4.4m derived from the sale of a 49.8% stake in the company Mader Zeitschriftenverlags GmbH.

There was a change in the reporting of termination benefits relating to the voluntary social plan for employees. Since the beginning of 2010, these expenses have been assigned to the particular division in which they arise, whereas termination benefits had been previously recognised in the Other segment. Division earnings excluding employee social plan payments changed as follows:

The Mail Division generated an EBIT increase of EUR 6.1m to EUR 170.5m in the first three quarters of 2010. EBIT of the Parcel & Logistics Division rose by EUR 15.6m to EUR 9.3m, whereas EBIT at the Branch Network Division amounted to minus EUR 14.8m, a decline of EUR 8.0m. On balance, employee social plan payments at Austrian Post totalled EUR 10.2m, of which the largest share or EUR 6.3m was allocated to the Branch Network Division.

EBIT of the Other segment excluding employee social plan payments fell from minus EUR 50.5m to minus EUR 59.9m. This encompasses, amongst other items, non-allocated costs for central departments, expenses in connection with unused properties as well as the change in staff-related provisions. The reduction in earnings was largely influenced by the changes in provisions. The currently low interest rate through a reduced discount factor requires a higher allocation of provisions.

The other financial result of Austrian Post declined to minus EUR 6.1m in the first three quarters of 2010, which is related, amongst other factors, to lower interest rates.

Earnings before tax fell by EUR 2.6m to EUR 88.7m. After deducting income taxes totalling EUR 20.6m, the Group net profit (profit after tax for the period) amounted to EUR 68.1m, corresponding to earnings of EUR 1.01 per share for the first nine months of the 2010 financial year. This was in comparison to earnings of EUR 1.00 per share in the prior-year period.

Assets and finances

Balance sheet structure by terms

EUR m	Dec. 31, 2009	Sept. 30, 2010	Structure Sept. 30, 2010
Assets			
Non-current assets	1,141.3	1,109.0	64.5%
thereof other financial assets and financial investments in securities	97.9	94.5	5.5%
Current assets	634.0	610.6	35.5%
thereof cash and cash equivalents	293.8	266.5	15.5%
	1,775.3	**1,719.7**	**100.0%**
Equity and liabilities			
Capital and reserves	673.7	641.5	37.3%
Non-current liabilities	514.0	525.2	30.5%
thereof provisions	453.4	456.3	26.5%
Current liabilities	587.6	552.9	32.2%
thereof provisions	150.9	134.5	7.8%
	1,775.3	**1,719.7**	**100.0%**

Austrian Post takes a risk-averse business approach. This is demonstrated by its high equity ratio, the 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 64.5% of the total assets of EUR 1,719.7m, or EUR 1,109.0m.

The most important non-current asset items are property, plant and equipment at EUR 663.4m, as well as financial investments in securities and other financial investments totalling EUR 94.5m. The principal current asset items totalling EUR 321.9m are receivables as well as cash and cash equivalents of EUR 266.5m.

On the equity and liabilities side, the balance sheet total is comprised of capital and reserves (37.3%), non-current liabilities (30.5%) and current liabilities (32.2%). Non-current liabilities of EUR 525.2m largely consist of provisions totalling EUR 456.3m. The provisions for employee under-utilisation amounted to EUR 285.9m, thereof EUR 34.9m provisions allocated for employees transferring to the Austrian federal government. Current liabilities amounting to EUR 552.9m primarily consist of provisions and trade payables.

All in all, the analysis of the balance sheet of Austrian Post shows a considerable level of current and non-current financial resources. Austrian Post had cash and cash equivalents of EUR 266.5m as at September 30, 2010, and financial investments in securities amounting to EUR 53.4m. Accordingly, the financial resources at the disposal of Austrian Post in the first three quarters of 2010 totalled EUR 319.9m at the end of September 2010. As opposed to the total financial resources of Austrian Post, financial liabilities only amount to EUR 125.2m.

Cash flow

EUR m	Q1–3 2009	Q1–3 2010
Operating cash flow before changes in working capital and tax	**147.0**	**164.8**
Operating cash flow before changes in working capital	**128.4**	**115.0**
± Cash flow from changes in working capital	–16.4	–11.7
Cash flow from operating activities	**112.0**	**103.3**
± Cash flow from investing activities	–35.0	–24.1
thereof sale/disposal of securities	5.1	5.0
= **Free cash flow**	**77.0**	**79.2**
Free cash flow before the acquisition/disposal of securities	**71.9**	**74.1**

In the first nine months of 2010, operating cash flow before changes in working capital and tax increased by 12.1% or EUR 17.8m to EUR 164.8m. Diverse tax payments for prior periods negatively affected the operating cash flow before changes in working capital, which totalled EUR 115.0m and was thus below the previous year's level.

The cash flow from changes in working capital amounted to minus EUR 11.7m in the first three quarters of 2010, partly due to the higher level of receivables. On balance, the cash flow from operating activities in the first three quarters of 2010 was EUR 103.3m, down from EUR 112.0m in the comparable period of 2009.

The cash flow from investing activities at minus EUR 24.1m includes the purchase of property, plant and equipment (CAPEX) amounting to EUR 29.0m, and proceeds from the disposal of property, plant and equipment of EUR 6.5m.

The free cash flow was EUR 79.2m, which is therefore higher than the comparable figure of EUR 77.0m in the previous year.

Capital expenditure

During the first three quarters of 2010, capital expenditure at Austrian Post reached a level of EUR 35.5m. The investments were primarily for technical plant and machinery, office equipment, fixtures and fittings, as well as prepayments in the Group subsidiaries trans-o-flex and meiller. Capital expenditure in Austria mainly related to construction measures as well as machinery and letter mail sorting equipment.

Employees

During the period under review, the average number of full-time employees at Austrian Post fell by 3.6%, or 938 people, to 25,161. This decline can be primarily attributed to the lower number of employees working for the Mail and Branch Network Divisions and in the Other segment.

Most of Austrian Post's labour force (20,902 full-time equivalent employees) is employed by the parent company, Österreichische Post AG. More than 4,000 employees work for subsidiaries.

Employees by division[1]

	Q1–3 2009	Q1–3 2010	Structure
Mail	15,349	14,974	59.5%
Parcel & Logistics	3,953	4,002	15.9%
Branch Network	4,773	4,334	17.2%
Other	2,024	1,851	7.4%
Total	**26,099**	**25,161**	**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 operational risks in carrying out its business operations. Austrian Post responsibly deals with these risks. The focus on its core business activities, along with decades of experience in the business, have enabled Austrian Post to identify risks at an early stage, evaluate them and quickly take suitable precautionary measures.

The main risks and uncertainties which Austrian Post faces, such as the structure of employment contracts, technical, regulatory and legal risks, financial as well as market and competitive risks and information on the internal controlling system and risk management with regard to the accounting process are described in detail in the Annual Report 2009 of Austrian Post (pages 83–89 and 138–141).

On the basis of the defined risks, there are also uncertainties for the remaining three 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. 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, conventional letter mail is being increasingly replaced by e-mail or other electronic media. The trend towards the electronic substitution of letters and particularly towards the electronic delivery of mail items is being accelerated by the economic crisis and will continue in the future. The upcoming change in VAT regulations for postal services could have a negative effect on Austrian Post‘s revenue development.

In addition, particularly in a tense market environment, Austrian Post is affected by the potential loss of business suffered by its customers. Earnings from financial services in the Branch Network Division are strongly dependent on the market success of Austrian Post’s banking partner BAWAG P.S.K. Similarly, earnings from telecommunications products are closely linked to the product development success of Austrian Post’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.

All the above-mentioned risks could lead to a considerable decline in overall volumes and thus negatively impact earnings.

Outlook 2010

Austrian Post expects the same trends affecting business development in the previous quarters to continue in the fourth quarter and thus for the entire 2010 financial year. Austrian Post expects total Group revenue in 2010 to decrease by of 1% to 2% compared to 2009, based on declining volumes in the Mail and Branch Network Divisions accompanied by an increased business volume in the Parcel & Logistics Division.

The development of operating costs and earnings is also anticipated to remain constant. In line with the prevailing tendencies in the first three quarters, the prospect of achieving a Group EBIT in 2010 at last year's level seems realistic.

The required capital expenditures (CAPEX) will amount to about EUR 65m in 2010.

On a medium-term basis, the previously described trends and particularly the electronic substitution of traditional letter mail are expected to continue. For this reason, Austrian Post will do everything it can in order to be successful in accordance with its four core strategies. In addition to "defending market leadership" and "growing in selected markets", the Group will continuously press ahead with its operational improvement efforts focusing on "enhancing efficiency" and "customer orientation".

The aim is to maintain an outstanding level of service, and to ensure an earnings situation featuring the targeted EBITDA margin of between 10% and 12% annually.

Significant events after the interim reporting period

Austrian Post and BAWAG P.S.K. decided to extend their cooperation up until the year 2020. The new branch office concept calls for the full range of postal and banking products and services offered by BAWAG P.S.K. and Austrian Post to be available at more than 500 locations throughout Austria.

Austrian Post and Swiss Post plan to bundle their international activities in the field of conception and printing of addressed advertising mail within the framework of a joint venture. The Austrian Post company meiller direct GmbH headquartered in Schwandorf, Germany as well as its subsidiaries will merge with the business operations in Bamberg, Germany of Swiss Post Solutions in the direct mail business area at the beginning of 2011. This was stipulated in a contractual agreement signed on October 15, 2010.

The newly established company, in which Austrian Post will hold a 65% stake, will be consolidated at equity by Austrian Post AG starting with the expected closing of the transaction at the end of 2010.

PERFORMANCE OF DIVISIONS

Mail Division

EUR m	Q1–3 2009	Q1–3 2010	Change %	Change EUR m	Q3 2009	Q3 2010
External sales	**1,018.7**	**1,011.2**	**–0.7%**	**–7.5**	**330.3**	**329.1**
Letter Mail	544.1	529.9	–2.6%	–14.2	173.3	169.5
Infomail	378.7	383.3	+1.2%	+4.5	128.0	128.8
Media Post	95.9	98.1	+2.3%	+2.2	29.0	30.9
Internal sales	34.8	38.5	+10.8%	+3.8	12.6	12.7
Total revenue	1,053.5	1,049.7	–0.4%	–3.7	342.9	341.8
EBITDA excl. social plan	**190.6**	**197.7**	**+3.7%**	**+7.1**	**57.7**	**59.3**
Depreciation, amortisation and impairment losses	–26.2	–27.2	+3.6%	+1.0	–7.8	–8.5
EBIT excl. social plan	**164.4**	**170.5**	**+3.7%**	**+6.1**	**49.9**	**50.9**
Termination payments, social plan	0.0	–2.1	–	+2.1	0.0	–0.7
EBITDA margin[1]	18.1%	18.8%	–	–	16.8%	17.4%
EBIT margin[1]	15.6%	16.2%	–	–	14.5%	14.9%
EBIT incl. social plan	164.4	168.4	+2.5%	+4.1	49.9	50.2
Employees[2]	15,349	14,974	–2.4%	–375	–	–

[1] Earnings excluding payments for the employee social plan in relation to total revenue
[2] Average for the period, full-time equivalents

External sales of the Mail Division fell by 0.7% in the first three quarters of 2010 from the comparable period of 2009 to EUR 1,011.2m. The third quarter decrease was 0.4%. Intensive customer acquisition efforts combined with positive one-off effects such as elections in Austria managed to minimize the volume decline.

In the first three quarters of 2010, revenue generated by the Letter Mail Business Area declined by 2.6% or EUR 14.2m from the prior-year period. The trend towards the substitution of letters by electronic media is continuing, for example in the customer segments of financial services and telecommunications. A decline was also evident in other areas as well as in the public sector, which cut back on the number of registered letters it posted.

Revenue achieved by the Infomail Business Area (addressed and unaddressed direct mail items) in the first nine months of 2010 rose by 1.2% or EUR 4.5m compared to the previous year's level. Efforts to acquire new customers were successful, and could thus compensate for the loss of the large customer Quelle. On balance, the Infomail Business Area registered a positive volume development albeit with lower average weights of mail items.

Revenue of the Media Post Business Area increased by 2.3% or EUR 2.2m due to the growing business volume generated by company magazines and the effects of regional elections.

All in all, the Mail Division posted an EBIT excluding employee social plan payments of EUR 170.5m in the first nine months of 2010, a rise of 3.7% from the comparable period of the previous year. This earnings improvement is primarily related to efficiency increases. Both operating expenses and direct personnel expenditures could be reduced.

Parcel & Logistics Division

EUR m	Q1–3 2009	Q1–3 2010	Change %	Change EUR m	Q3 2009	Q3 2010
External sales	**561.5**	**582.9**	**+3.8%**	**+21.3**	**190.4**	**195.8**
Internal sales	17.8	17.4	–2.0%	–0.4	5.7	5.9
Total revenue	579.3	600.3	+3.6%	+21.0	196.1	201.7
EBITDA excl. social plan	**13.0**	**27.4**	**–**	**+14.3**	**3.5**	**9.1**
Depreciation, amortisation andimpairment losses	–19.4	–18.1	–6.4%	–1.2	–6.5	–6.1
EBIT excl. social plan	**–6.3**	**9.3**	**–**	**+15.6**	**–2.9**	**3.1**
Termination payments, social plan	0.0	–0.3	–	+0.3	0.0	–0.1
EBITDA margin[1]	2.3%	4.6%	–	–	1.8%	4.5%
EBIT margin[1]	–1.1%	1.5%	–	–	–1.5%	1.5%
EBIT incl. social plan	–6.3	9.0	–	+15.3	–2.9	2.9
Employees[2]	3.953	4.002	+1.2%	+49	–	–

[1] Earnings excluding payments for the employee social plan in relation to total revenue
[2] Average for the period, full-time equivalents

In the first three quarters of 2010, external sales of the Parcel & Logistics Division climbed by 3.8% to EUR 582.9m as a consequence of the good volume development, whereas external sales in the third quarter rose by 2.9%. The parcel and logistics market showed an overall trend towards volume growth although price pressure continued.

The premium parcel product segment (parcel delivery within 24 hours) generated total revenue of EUR 460.7m in the first nine months of 2010. This corresponds to a 0.3% rise in revenue, which was negatively affected by the termination of loss-making transport logistics operations in Germany. The adjusted revenue in this product segment on the German market actually shows a volume increase of about 7% year-on-year, which is mainly related to new customer acquisition. The subsidiary trans-o-flex in Germany accounted for approximately three quarters of premium parcel revenue. The business parcel segment in Austria as well as in South East and Eastern Europe also continued to develop very positively.

Revenue of the standard parcels segment in Austria developed even more gratifyingly, rising by 20% to EUR 114.2m. The main reasons for this positive development were organic growth, the increased mail order business since June 2009 as well as parcel volumes shifted from the premium to the standard segment.

There was a clear turnaround in the performance of the Parcel & Logistics Division. In the first three quarters of 2010, EBIT excluding employee social plan payments rose to EUR 9.3m, up EUR 15.6m from the previous year.

Branch Network Division

EUR m	Q1–3 2009	Q1–3 2010	Change %	Change EUR m	Q3 2009	Q3 2010
External sales	**141.2**	**117.6**[1]	**–16.7%**	**–23.5**	**46.0**	**37.7**
Internal sales	136.8	126.6	–7.5%	–10.2	44.0	41.1
Total revenue	278.0	244.3[1]	–12.1%	–33.8	90.0	78.8
EBITDA excl. social plan	**–2.3**	**–10.4**	**–**	**–8.1**	**–1.3**	**–4.5**
Depreciation, amortisation and impairment losses	–4.4	–4.3	–1.7%	–0.1	–1.5	–1.5
EBIT excl. social plan	**–6.7**	**–14.8**	**–**	**–8.0**	**–2.8**	**–6.0**
Termination payments, social plan	0.0	–6.3	–	+6.3	–	–3.4
EBITDA margin[2]	–0.8%	4.3%	–	–	–1.4%	–5.7%
EBIT margin[2]	–2.4%	–6.0%	–	–	–3.1%	–7.6%
EBIT incl. social plan	–6.7	–21.0	–	–14.3	–2.8	–9.4
Employees[3]	4,773	4,334	–9.2%	–439	–	–

[1] Decline includes EUR 8.1m due to the changed reporting of revenue starting in 2010
[2] Earnings excluding payments for the employee social plan in relation to total revenue
[3] Average for the period, full-time equivalents

The organisation of the branch network is undergoing change, which impacts revenue development as well as the cost structure. External sales of the Branch Network Division fell by EUR 23.5m in the first nine months of 2010, whereas total costs were reduced by EUR 26.1m.

Part of the revenue decline, or EUR 8.1m, is related to the changed reporting of revenue from prepaid calling cards as the result of new Austrian VAT regulations. During the 2009 financial year, the nominal value of prepaid calling cards was still recognised as revenue, whereas the related costs of the goods sold were reported as raw materials, consumables and services used. Since January 1, 2010, only the commission derived from prepaid calling card sales is recognised. Moreover, sales of retail products declined in the first three quarters of 2010. In particular, telecommunications products in the field of mobile telephony are subject to market saturation.

Financial services and the related commissions earned also showed a downward trend, which is attributable to reduced margins and the related low interest rate environment at the present time.

Internal sales with postal services also further decreased, and were down by 7.5%. There has been a fundamental reduction in the volume of letters posted and subsequently transported by the branch network. Moreover, letters are increasingly being picked up directly from customers within the context of the enhanced services offered by Austrian Post.

The service and cost structure of the branch network is being continually improved as a result of the structural change taking place in the Branch Network Division. Unprofitable company-operated branches in Austria are being converted by Austrian Post into post partners. Austrian Post had a total of 1,866 postal service points at the beginning of November 2010, of which 1,000 units were operated by external partners. Plans call for converting additional unprofitable company-operated branches to postal partner offices.

EBIT of the Branch Network Division excluding employee social plan payments amounted to minus EUR 14.8m in the first three quarters of 2010, down from minus EUR 6.7m in the comparable period of 2009. The workforce of the Branch Network Division was reduced by 439 employees compared to the prior-year period. Due to structural change the employee social plan payments amounted to EUR 6.3m.

Vienna, November 8, 2010

The Management Board

Georg Pölzl m.p.
Chairman of the Management Board

Rudolf Jettmar m.p.
Deputy 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

IFRS CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated income statement

EUR m	Q1–3 2009	Q1–3 2010	Q3 2009	Q3 2010
Revenue	1,723.2	1,713.2	567.3	563.1
Other operating income	52.5	55.5	16.5	21.0
Total operating income	1,775.7	1,768.7	583.7	584.0
Raw materials, consumables and services used	–563.3	–549.3	–195.2	–188.7
Staff costs	–839.8	–839.2	–278.9	–277.2
Depreciation, amortisation and impairment losses	–75.2	–74.0	–24.0	–23.8
Other operating expenses	–208.6	–211.8	–67.3	–74.1
Total operating expenses	–1,686.9	–1,674.3	–565.4	–563.8
Profit from operations	**88.8**	**94.4**	**18.3**	**20.3**
Share of profit/loss of associates	4.9	0.5	0.0	0.1
Other financial result	–2.4	–6.1	–2.3	–2.2
Total financial result	**2.4**	**–5.6**	**–2.2**	**–2.1**
Profit before tax	**91.3**	**88.7**	**16.0**	**18.2**
Income tax	–23.9	–20.6	–4.8	–4,1
Profit for the period	**67.4**	**68.1**	**11.2**	**14.0**
Attributable to equity holders of the parent company	67.4	68.1	11.2	14.0
EUR				
Basic earnings per share	**1.00**	**1.01**	**0.17**	**0.21**
Diluted earnings per share	**1.00**	**1.01**	**0.17**	**0.21**
EUR m				
Profit from operations	88.8	94.4	18.3	20.3
Share of profit/loss of associates	4.9	0.5	0.0	0.1
Earnings before interest and tax (EBIT)	**93.7**	**94.8**	**18.3**	**20.3**

Statement of comprehensive income

EUR m	Q1–3 2009	Q1–3 2010	Q3 2009	Q3 2010
Profit for the period	**67.4**	**68.1**	**11.2**	**14.0**
Currency translation differences	–0.1	–0.2	0.2	0.0
Revaluation of financial instruments held for sale	2.6	1.7	1.8	0.8
Deferred taxes	–0.6	–0.4	–0.4	–0.2
Revaluation of financial instruments hedging	3.7	0.0	0.1	–0.5
Deferred taxes	–0.9	0.0	0.0	0.1
Other comprehensive income	**4.6**	**1.1**	**1.6**	**0.2**
Total comprehensive income	**72.0**	**69.1**	**12.8**	**14.3**
Attributable to equity holders of the parent company	72.0	69.1	12.8	14.3

Consolidated balance sheet

EUR m	Dec. 31, 2009	Sept. 30, 2010
Assets		
Non-current assets		
Goodwill	181.8	186.5
Intangible assets	66.7	65.4
Property, plant and equipment	695.7	663.4
Investment property	37.0	35.2
Investments in associates	8.3	5.8
Financial investments in securities	56.5	53.2
Other financial assets	41.4	41.4
Receivables	10.5	15.3
Deferred tax assets	43.2	42.8
	1,141.3	**1,109.0**
Current assets		
Financial investments in securities	0.2	0.2
Inventories	22.3	22.0
Receivables	317.7	321.9
Cash and cash equivalents	293.8	266.5
	634.0	**610.6**
	1,775.3	**1,719.7**
Equity and liabilities		
Capital and reserves		
Share capital	337.8	337.8
Capital reserves	130.5	130.5
Revenue reserves	128.2	106.5
Revaluation of financial instruments	–2.6	–1.4
Currency translation reserves	0.2	0.0
Profit for the period	79.7	68.1
	673.7	**641.5**
Non-current liabilities		
Provisions	453.4	456.3
Financial liabilities	32.3	31.0
Payables	12.8	23.7
Deferred tax liabilities	15.4	14.1
	514.0	**525.2**
Current liabilities		
Provisions	117.0	109.1
Tax provisions	33.9	25.4
Financial liabilities	94.5	94.2
Payables	342.1	324.3
	587.6	**552.9**
	1,775.3	**1,719.7**

Consolidated cash flow statement

EUR m	Q1–3 2009	Q1–3 2010
Operating activities		
Profit before tax	91.3	88.7
Depreciation, amortisation and impairment losses	75.2	74.0
Share of profit/loss of associates	–4.9	–0.5
Write-ups, write-downs of financial assets	–1.2	–0.2
Non-current provisions	–7.4	2.9
Gain/loss on disposal of non-current assets	–1.1	–4.3
Gain/loss on the disposal of financial instruments	0.1	0.0
Taxes paid	–18.7	–49.8
Net interest received/paid	–4.4	0.7
Currency translation	–0.6	–0.8
Other non-cash transactions	0.0	4.3
Operating cash flow before changes in working capital	**128.4**	**115.0**
Changes in working capital		
Receivables	–0.7	–9.9
Inventories	3.0	0.3
Current provisions	–4.6	–7.9
Payables	–14.1	5.8
Cash flow from changes in working capital	**–16.4**	**–11.7**
Cash flow from operating activities	**112.0**	**103.3**
Investing activities		
Purchase of intangible assets	–2.0	–5.9
Purchase of property, plant and equipment and investment property	–48.3	–29.0
Proceeds from the sale of non-current assets	4.0	6.5
Acquisition/disposal of subsidiaries	–3.9	–2.7
Acquisition/disposal of associates	3.6	–0.3
Acquisition of financial investments in securities	–24.7	0.0
Acquisition of other financial instruments	–1.5	0.0
Proceeds from the sale of financial investments in securities	29.8	5.0
Dividends received from associates	0.2	0.2
Interest received	7.8	2.0
Cash flow from investing activities	**–35.0**	**–24.1**
Free cash flow	**77.0**	**79.2**
Financing activities		
Changes in financial liabilities	–14.9	–2.5
Dividends paid	–168.9	–101.3
Interest paid	–3.4	–2.7
Cash flow from financing activities	**–187.2**	**–106.5**
Net change in cash and cash equivalents	**–110.3**	**–27.3**
Cash and cash equivalents at January 1	248.1	293.8
Cash and cash equivalents at September 30	**137.9**	**266.5**

Segment reporting

Q1–3 2009 EUR m	Mail	Parcel & Logistics	Branch Network	Other	Consol-idation	Group
External sales	1,018.7	561.5	141.2	3.2	–1.4	1,723.2
Internal sales	34.8	17.8	136.8	126.1	–315.5	0.0
Total revenue	**1,053.5**	**579.3**	**278.0**	**129.3**	**–316.9**	**1,723.2**
Profit/loss from operations	159.9	–6.3	–6.7	–58.0	0.0	88.8
Share of profit/loss from associates	4.5	0.0	0.0	0.3	0.0	4.9
EBIT	**164.4**	**–6.3**	**–6.7**	**–57.6**	**0.0**	**93.7**
Segment assets	443.2	591.7	53.1	491.0	–0.5	1,578.4
Investments in associates	7.8	0.0	0.0	0.6	0.0	8.3
Segment liabilities	336.7	255.1	70.4	428.6	–5.4	1,085.4
Segment investments	18.1	17.2	2.6	17.6	0.0	55.6
Depreciation, amortisation and impairment losses	26.2	19.4	4.4	25.2	0.0	75.2
thereof impairment losses	2.0	0.0	0.0	0.0	0.0	2.0
Employees	15,349	3,953	4,773	2,024	–	26,099

Q3 2009 EUR m	Mail	Parcel & Logistics	Branch Network	Other	Consol-idation	Group
External sales	330.3	190.4	46.0	1.1	–0.5	567.3
Internal sales	12.6	5.7	44.0	42.1	–104.3	0.0
Total revenue	**342.9**	**196.1**	**90.0**	**43.2**	**–104.8**	**567.3**
Profit/loss from operations	49.9	–2.9	–2.8	–25.9	0.0	18.3
Share of profit/loss from associates	0.0	0.0	0.0	0.1	0.0	0.0
EBIT	**49.9**	**–2.9**	**–2.8**	**–25.8**	**0.0**	**18.3**
Depreciation, amortisation and impairment losses	–7.8	–6.5	–1.5	–8.2	0.0	–24.0
thereof impairment losses	0.0	0.0	0.0	0.0	0.0	0.0

Geographical segments

	Austria		Germany		Other Countries		Group	
Q1–3 EUR m	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**
External sales	1,201.9	1,184.7	419.9	425.1	101.4	103.4	1,723.2	1,713.2
Segment assets	982.7	896.7	318.4	315.4	103.1	96.7	1,404.1	1,308.7
Segment investments	33.7	30.7	12.7	10.4	9.2	3.0	55.6	44.1

Segment reporting

Q1–3 2010 EUR m	**Mail**	**Parcel & Logistics**	**Branch Network**	**Other**	**Consol-idation**	**Group**
External sales	1,011.2	582.9	117.6	3.7	–2.3	1,713.2
Internal sales	38.5	17.4	126.6	124.2	–306.8	0.0
Total revenue	**1,049.7**	**600.3**	**244.3**	**127.9**	**–309.0**	**1,713.2**
Profit/loss from operations	168.2	9.0	–21.0	–61.9	0.0	94.4
Share of profit/loss from associates	0.2	0.0	0.0	0.3	0.0	0.5
EBIT	**168.4**	**9.0**	**–21.0**	**–61.6**	**0.0**	**94.8**
Segment assets	382.1	417.0	44.8	465.5	–0.7	1,308.7
Investments in associates	5.2	0.1	0.0	0.5	0.0	5.8
Segment liabilities	332.5	99.9	72.8	427.7	–0.4	932.6
Segment investments	25.0	11.1	2.0	6.0	0.0	44.1
Depreciation, amortisation and impairment losses	27.2	18.1	4.3	24.4	0.0	74.0
thereof impairment losses	1.9	0.0	0.0	0.9	0.0	2.8
Employees	14,974	4,002	4,334	1,851	–	25,162

Q3 2010 EUR m	**Mail**	**Parcel & Logistics**	**Branch Network**	**Other**	**Consol-idation**	**Group**
External sales	329.1	195.8	37.7	1.2	–0.7	563.1
Internal sales	12.7	5.9	41.1	40.6	–100.2	0.0
Total revenue	**341.8**	**201.7**	**78.8**	**41.7**	**–101.0**	**563.1**
Profit/loss from operations	50.1	2.9	–9.4	–23.4	0.0	20.3
Share of profit/loss from associates	0.0	0.0	0.0	0.0	0.0	0.1
EBIT	**50.2**	**2.9**	**–9.4**	**–23.4**	**0.0**	**20.3**
Depreciation, amortisation and impairment losses	–8.5	–6.1	–1.5	–7.7	0.0	–23.8
thereof impairment losses	0.0	0.0	0.0	0.0	0.0	0.0

Geographical segments

	Austria		**Germany**		**Other Countries**		**Group**	
Q3 EUR m	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**
External sales	388.7	380.5	144.6	149.1	34.0	33.5	567.3	563.1

Consolidated statement of changes in equity

Q1–3 2009 EUR m	Share capital	Treasury shares	Capital reserves	Revenue reserves
Balance at January 1, 2009	**350.0**	**–12.2**	**130.5**	**178.2**
Withdrawal of treasury shares	–12.2	12.2		
Dividends paid				–50.0
Profit for the period				
Other comprehensive income				
Total comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**
Balance at September 30, 2009	**337.8**	**0.0**	**130.5**	**128.2**

Q1–3 2010 EUR m	Share capital	Treasury shares	Capital reserves	Revenue reserves
Balance at January 1, 2010	**337.8**	**0.0**	**130.5**	**128.2**
Dividends paid				–21.6
Profit for the period				
Other comprehensive income				
Total comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**
Balance at September 30, 2010	**337.8**	**0.0**	**130.5**	**106.5**

Revaluation of finanancial instruments

Held for sale	Hedging	Currency translation reserves	Profit for the period	Consolidated equity
–20.4	**–4.2**	**0.7**	**118.9**	**741.5**
				0.0
			–118.9	–168.9
			67.4	67.4
1.9	2.8	–0.1		4.6
1.9	**2.8**	**–0.1**	**67.4**	**72.0**
–18.5	**–1.4**	**0.6**	**67.4**	**644.6**

Revaluation of finanancial instruments

Held for sale	Hedging	Currency translation reserves	Profit for the period	Consolidated equity
–3.0	**0.3**	**0.2**	**79.7**	**673.7**
			–79.7	–101.3
			68.1	68.1
1.2	0.0	–0.2		1.1
1.2	**0.0**	**–0.2**	**68.1**	**69.1**
–1.7	**0.3**	**0.0**	**68.1**	**641.5**

NOTES

1. Basis of preparation

The interim consolidated financial statements of Austrian Post as at September 30, 2010 were prepared in accordance with the binding International Financial Reporting Standards (IFRS) valid at September 30, 2010, 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 September 30, 2010, 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 2009 financial year.

In the first three quarters of 2010, the following new or revised standards and interpretations were binding for the first time:

New and revised standards and interpretations		Effective date[1]
IFRS 1	First-Time Adoption of IFRS	July 1, 2009
IFRS 1	Additional Exemptions for the First-Time Adoption of IFRS	Jan. 1, 2010
IFRS 1	Adjustments based on revised IFRS 7	July 1, 2010
IFRS 2	Share-based Payments	Jan. 1, 2010
IFRS 3/IAS 27	Business Combinations and Consolidated and Separate IFRS Financial Statements	July 1, 2009
IAS 32	Financial Instruments: Classification of Rights Issues	Feb. 1, 2010
IAS 39	Financial Instruments: Recognition and Measurement – Permissible Transactions within the Context of Hedging Relationships	July 1, 2009
IFRIC 17	Distribution of Non-cash Assets to Owners	July 1, 2009
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010
Other	Annual Improvements to IFRS 2009	mostly Jan. 1, 2010

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

The revised standards IFRS 1, IAS 32, IAS 39 and the interpretation IFRIC 17 and IFRIC 19 are currently not applicable to the Austrian Post Group. The “Improvements to IFRS” do not have any material impact on the presentation of the consolidated financial statements of the Austrian Post Group.

The amendments to IFRS 2 clarify how to account for share-based payment arrangements settled in cash in the Group. The standard in detail clarifies how an individual subsidiary in a Group should account for some share-based payment arrangements in its own financial statements. An entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the Group settles the transaction, and no matter whether the transaction is settled in shares or cash. The amendments to IFRS 2 currently do not have any material impact on the presentation of the consolidated financial statements.

The changes undertaken in IFRS 3 “Business Combinations” alter the treatment of the acquisition costs and the accounting of step acquisitions and changes in interests held, with loss or retention of control. The revised standard features a greater scope of application and an option as to the choice of approach to the valuation of goodwill and an alteration in the accounting of contingent consideration. The amendments also affect reacquired rights, contingent liabilities, claims for indemnification, intangible assets and produce a new approach to measuring the assets and liabilities acquired with a company, with this entailing their recognition and classification. IRFS 3 joins the updated IAS 27 “Consolidated and Separate Financial Statements” in governing the revamped measurement of partial disposals of subsidiaries as well as that of stakes in NCIs (non-controlled interests). Due to the first time application of the amendments to IFRS 3 and IAS 27, the Group expects an impact on the profit, asset and financial position of the Group as well as the presentation of the consolidated financial statements of Austrian Post in the course of business combinations.

The consolidated financial statements are presented in euros. Unless otherwise stated, all amounts are stated in millions of euros (EUR m). Where rounded amount 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 2009 financial year as at December 31, 2009, 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 23 domestic subsidiaries (December 31, 2009: 21) and 40 foreign subsidiaries (December 31, 2009: 41), in which the Company directly or indirectly holds a majority of the voting rights, are included in consolidation. Furthermore, 4 domestic companies (December 31, 2009: 5) and 1 foreign company (December 31, 2009: 0) are consolidated according to the equity method.

Changes in the consolidation scope

The following business combinations or changes in the interest held by the Group were carried out in the first three quarters of 2010:

Company name	Interest		Date of	Note
	from	to	transaction	
Mail				
feibra GmbH (feibra Tirol GmbH)[1]	–	100.0%	March 1, 2010	Merger
feibra West GmbH	–	100.0%	Jan. 28, 2010	Incorporation
Post d.o.o. za usluge	–	100.0%	Jan. 8, 2010	Incorporation
EBPP Electronic Bill Presentment and Payment GmbH	40.0%	100.0%	July 1, 2010	Successive acquisition
R-Electronic-Bill-Presentment Beteiligungs GmbH	–	100.0%	July 1, 2010	Acquisition
Parcel & Logistics				
trans-o-flex ThermoMed GmbH & Co KG (ThermoMed Life Sciences GmbH & Co KG – formerly Rhenus Life Sciences GmbH & Co KG)[2]	–	100.0%	Feb. 1, 2010	Accretion
Eurodis GmbH	80.0%	59.4%	June 15, 2010	Disposal of interest
LogIn Service d.o.o.	–	100.0%	Jan. 7, 2010	Incorporation
tof Logistic Service GmbH (TTL Tour Trans Log Service GmbH)[1]	–	100.0%	Sept. 1, 2010	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.
[2] Accretion of the company ThermoMed Life Sciences GmbH & Co KG listed in parenthesis, formerly Rhenus Life Sciences GmbH & Co KG, to the limited partner due to the withdrawal of the general partner ThermoMed Life Sciences Verwaltungs GmbH, formerly Rhenus Life Sciences Verwaltungs GmbH.

Mail
Effective July 1, 2010, the Austrian Post Group acquired a 100% stake in R-Electronic-Bill-Presentment Beteiligungs GmbH, which in turn holds a 60% interest in EBPP Electronic Bill Presentment and Payment GmbH. Accordingly, the 40% share in EBPP Electronic Bill Presentment and Payment GmbH previously held by Austrian Post was increased to 100%.

EBPP Electronic Bill Presentment and Payment GmbH is a leading company in the field of electronic invoicing which offers a broad range of solutions for the electronic transmission of documents. Within the context of its increased customer orientation and innovation, Austrian Post intends to implement dual delivery services on the basis of this acquisition, i.e. to transmit documents both physically and electronically via its new product called mein.brief.at.

As Austrian Post increased its stake to 100%, EBPP Electronic Bill Presentment and Payment GmbH is no longer recognised as a share in associated company but is fully consolidated as of July 1, 2010, in the consolidated financial statements of Austrian Post.

The acquisition price for the remaining 60% stake in EBPP Electronic Bill Presentment and Payment GmbH as well as the 100% stake in R-Electronic-Bill-Presentment Beteiligungs GmbH amounted to EUR 2.4m.

Based on the acquisition price for the remaining 60% stake, a revaluation of the existing 40% interest in the company was required pursuant to IFRS 3.42. This revaluation to the corresponding fair value of EUR 1.6m resulted in a loss of EUR 1.3m. Therefore, the acquisition price totalled EUR 4.0m.

The following assets and liabilities were assumed by Austrian Post in connection with the acquisitions of EBPP Electronic Bill Presentment and Payment GmbH as well as R-Electronic-Bill-Presentment Beteiligungs GmbH:

EUR m	**Fair value**	**Carrying amount before acquisition**
Goodwill	3.1	0.0
Intangible assets	0.1	0.1
Current assets	0.9	0.9
Current provisions and liabilities	0.1	0.1
Net assets acquired	**4.0**	**0.9**

Parcel & Logistics
In the middle of June 2010, Austrian Post sold a 20.6% stake in Eurodis GmbH. As a result of relinquishing voting rights within the framework of the disposal of a 20.6% interest in Eurodis GmbH, Austrian Post no longer has a controlling influence in the company and therefore changed the method of consolidation. As of July 1, 2010, Eurodis GmbH is consolidated according to the equity method.

3. Other information
Austrian Post acquired customer relationships from redmail Logistik & Zustellservice GmbH. They relate to the delivery of unaddressed mail items in Austria, particularly advertising and free newspapers, with the exception of the federal provinces of Carinthia and Styria, as well as the delivery of addressed mail items, i.e. advertising and other types of mail.

The acquisition of customer relationships from redmail enables Austrian Post to further expand its market presence. The additional delivery volume will be handled by existing logistics structures and thus create synergy effects in postal distribution.

Austrian Post also acquired customer relationships within the context of an asset deal with Medienvertrieb West GmbH, and reported goodwill. The acquired business area specialises in the delivery, production and distribution of unaddressed mail items, particularly advertising and free newspapers, and operates primarily in the federal province of Salzburg.

Austrian Post presented the planned changes in its General Terms and Conditions to the responsible regulatory authority. The terms and conditions were subsequently adapted to reflect revisions in the Austrian VAT law. Postal services designated as universal postal services, which primarily refer to postal items up to 2 kg (MAIL, INFO.MAIL), the sending of daily, weekly and monthly newspapers and magazines and parcels with a weight of up to 10 kg with the exception of EMS continue to be tax-free, if they are deposited at postal service points or posted in letterboxes in accordance with Austrian Post's General Terms and Conditions. For this reason, Austrian Post will offer both VAT-taxable and VAT-free postal services starting in January 2011.

Related party transactions

As at September 30, 2010, there was no material change in the transactions with related parties and individuals as presented in the consolidated financial statements as at December 31, 2009.

4. 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 September 30, 2010, 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.

Austrian Post signed a contractual agreement on October 15, 2010, with Swiss Post setting up a joint venture designed to bundle their international activities in the area of adressed direct mail items. Austrian Post will hold a 65% stake in the newly established company, whereas 35% will be owned by Swiss Post.

Within the framework of the joint venture, the Austrian Post company meiller direct GmbH headquartered in Schwandorf, Germany as well as its subsidiaries will merge with the business operations of Swiss Post Solutions in the business mail business area based in Bamberg, Germany at the beginning of 2011. The joint venture will operate subsidiaries in the Czech Republic, Poland, Russia, France and Sweden. The strategic focus of the new company will be the consulting, conception and production of individualised, addressed advertising mail. In particular, this encompasses the production of direct mail items and envelopes as well as lettershop activities.

Due to the co-determination rights, the joint venture will be jointly managed and Austrian Post will not be able to excercise a dominating influence.

The stake in the new joint venture will be reported as shares in associated companies in the consolidated financial statements of Austrian Post and recognised accordingly.

The formal closing is expected at the end of 2010. The transaction is subject to the approval of the responsible antitrust authorities.

On October 12, 2010, a specially convened session of the Supervisory Board of Austrian Post resolved to extend the cooperation agreement with BAWAG P.S.K. until December 31, 2020. The purpose of the partnership is to build up a sustainably secure network offering a full range of postal and banking services at more than 500 jointly operated outlets throughout Austria. This partnership allows a stronger customer orientation as well as better utilisation of synergy potentials.

5. Negative note

The interim report of Austrian Post AG, Vienna for the first three quarters of 2010 was neither audited nor subject to an auditor's review.

Vienna, November 8, 2010

The Management Board

Georg Pölzl
Chairman of the Management Board

Rudolf Jettmar
Deputy Chairman of the Management Board

Herbert Götz
Member of the Management Board

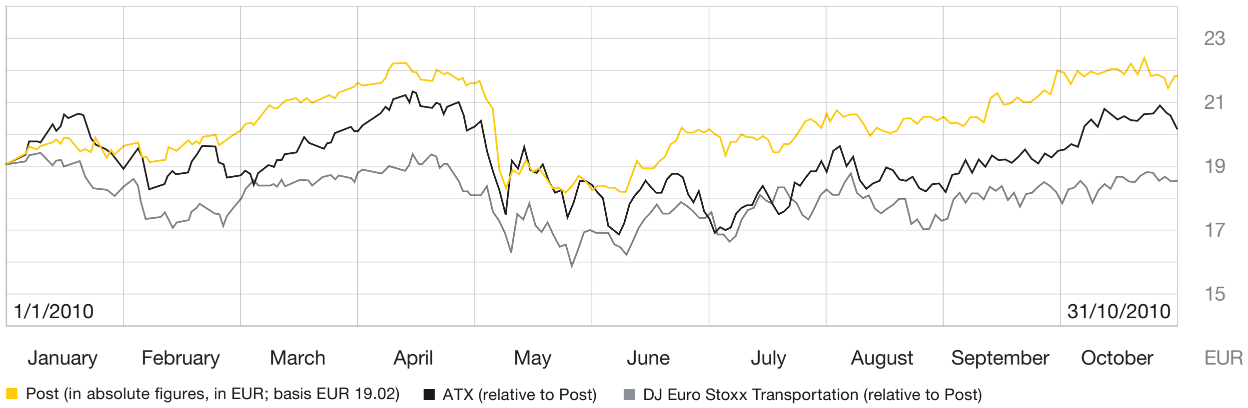
Walter Hitziger
Member of the Management Board

Carl-Gerold Mende
Member of the Management Board

FINANCIAL CALENDAR 2011

March 15, 2011	Annual Report 2010, for release at 07:30 a.m.
April 18, 2011	Record date, deadline for submitting proof of shareholder status to participate in the Annual General Meeting
April 28, 2011	Annual General Meeting 2011, Vienna
May 12, 2011	Ex-dividend day and dividend payment day
May 13, 2011	Interim report for the first quarter 2011, for release at 07:30 a.m.
August 19, 2011	Half-year financial report 2011, for release at 07:30 a.m.
November 17, 2011	Interim report for the first three quarters 2011, for release at 07:30 a.m.

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, typo-graphical 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: November 8, 2010

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