

2011 Interim Report

January to June

Key points in brief

■ Gratifying Group result

- **Group profit** totalled 550 million francs, an increase of around 14 percent over the previous year. This improvement is primarily due to PostFinance's success in the retail financial market.
- With **average invested capital** of 6,031 million francs, Swiss Post generated value added of 291 million francs. As a consequence of the improved operating result, this amounts to 34 million francs more than in the prior-year period.
- As at 30 June 2011, **equity** amounted to 4,567 million francs. Reported equity is consequently still below the equity base desirable for a logistics and financial services group. In view of the planned conversion of Swiss Post into a special form of public limited company and PostFinance into a public limited company under private law regulated by the Swiss Financial Market Supervisory Authority (FINMA), the equity capital required is even higher.
- Swiss Post is on track to meet the financial **targets of its owner** once again in 2011. Group profit, economic value added and return on sales are currently all forecast to match the previous year's figures.

■ Different trends in Swiss Post's four markets

- In the **communication market**, Swiss Post generated an operating result of 80 million francs in the first half of 2011 (previous year: 79 million francs). The slightly higher operating result than in the same period last year was the result of efficiency gains.
- In the **logistics market**, Swiss Post posted an operating result of 73 million francs (previous year: 76 million francs). Thanks to cost savings, it was possible to hold the operating result on virtually the same level despite a decline in operating income of 30 million francs.
- With 330 million francs (previous year: 274 million francs), PostFinance's operations in the **retail financial market** contributed the most to the Group's operating result. This is primarily attributable to higher customer deposits and net interest income.
- The national **public passenger transport market** is growing steadily. In this market, Swiss Post generated an operating result of 19 million francs (previous year: 17 million francs). Among other things, the increase over the previous year is due to an expansion of services.

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■ Presentation of values

The amounts shown in the Interim Report are rounded. 0 is a rounded amount indicating that the original figure was less than half of the unit used.

A dash (-) in place of a figure indicates that the value is zero.

■ True-to-scale representation of figures in graphics

All graphics are shown to scale to present a true and fair view.

20 mm is equivalent to CHF 1 billion.

Percentages in graphics are standardized as follows:

Horizontal: 75 mm is equivalent to 100 percent.

Vertical: 40 mm is equivalent to 100 percent.

■ Legend for graphics and tables

■ Current year

■ Previous year

■ Positive effect on result

■ Negative effect on result

■ Languages

The Interim Report is available in English, German, French and Italian.

The German version is authoritative.

General developments

The economy

Around the world, economic recovery continued during the first half of 2011, even if prospects have dimmed somewhat in recent weeks. Economic growth showed significant regional variation. As already noted in previous quarters, emerging economies such as China recorded the highest growth rates. In the eurozone, and in Germany in particular, recovery was aided by strong export and investment activity. In the USA, on the other hand, high energy prices depressed consumer sentiment and had a dampening effect on growth. In addition, the continuing crisis in the US real estate market is hampering economic recovery. Japan's gross domestic product (GDP) took a dive following the catastrophic earthquake. Capacity utilization in Switzerland's economy remained high. Despite the strong appreciation of the franc, it continued to benefit from robust international demand. Owing to the increase in the value of the franc, however, export margins came increasingly under pressure. According to SECO, the rise in real GDP during the first half of 2011 slowed in Switzerland, Swiss Post's most important sales market.

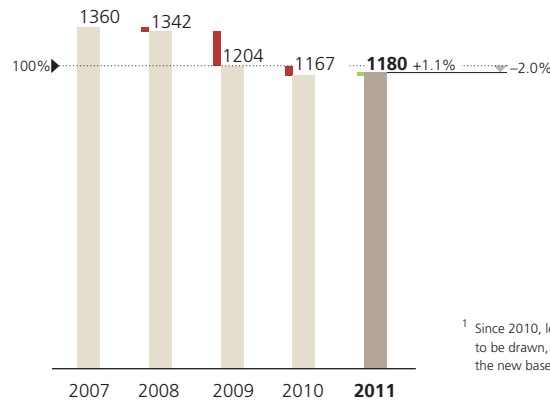
Customers and sectors

Communication market

Products in the communication market experienced different trends. The market for unaddressed mail proved highly sensitive to the underlying economy. Swiss Post was impacted by the sluggish economic recovery here during the first half of the year. Newspaper delivery volumes were negatively affected by changes in customer behaviour. In comparison with the previous year, the volume of newspapers delivered fell by around 1 percent. In the first half of 2011, the market for addressed letters at PostMail and Post Offices & Sales increased by a total of 1.1 percent in comparison with the previous year. The Post Offices & Sales Group unit experienced a decline in payment transactions. By contrast, net sales of non-postal brand-name items saw positive growth. At Swiss Post International, import and export volumes (parcels) and export volumes (mail) fell in comparison with the prior-year period. At Swiss Post Solutions, the merger of the Direct Mail division into a joint venture with Austrian Post had the most significant impact on results.

Group | Addressed letters Switzerland

2007 to 2011, showing change from previous year/over three years
2009 = 100% ¹, figures expressed in millions as at 30 June



¹ Since 2010, letter volumes have been calculated using a new method. To enable comparisons to be drawn, the prior-year value was adjusted accordingly and the 2009 figure was defined as the new base value. Comparisons with 2007 and 2008 are therefore approximate only.

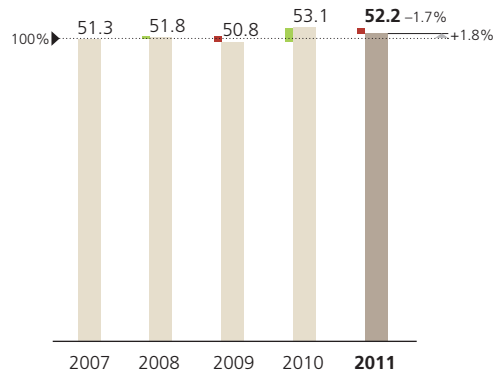
Logistics market

The logistics sector continues to be characterized by increasing competition and price pressure, both nationally and internationally. Customers are price-sensitive and have high expectations with regard to quality. As a result of deregulation and changing customer needs, the courier, express and parcels segment is coming to overlap more and more with traditional freight forwarding. Logistics customers are increasingly seeking providers who can offer a one-stop shop for all the services they require. Parcel volumes fell by 1.7 percent over the previous year. It should however be noted that special mailing campaigns were run last year.

Retail financial market

Group | Parcels Switzerland

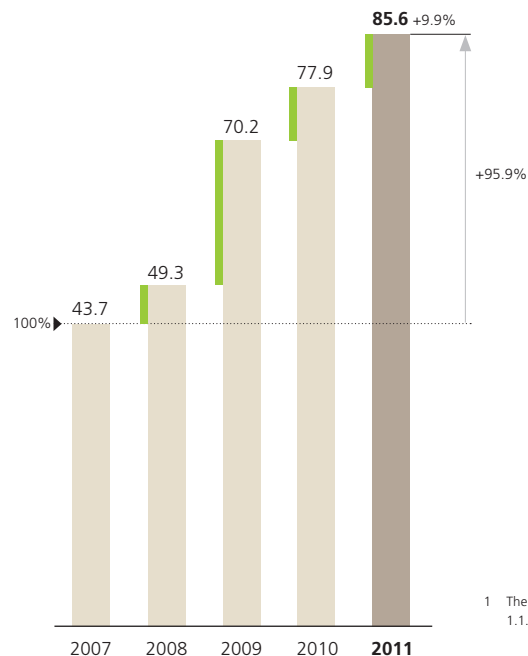
2007 to 2011, showing change from previous year/over five years
 2007 = 100%, figures expressed in millions as at 30 June



Although customers are now becoming less wary of internationally active banks, PostFinance recorded an increased inflow of customer deposits compared with the previous year. Swiss Post's financial arm continues to enjoy the trust of customers who manage their own finances and who appreciate a simple and inexpensive range of services. In the first half of the year, average customer deposits totalled 85,644 million francs. This represents an increase of 9.9 percent over the prior-year period.

Group | Average customer deposits (PostFinance)¹

2007 to 2011 showing changes over five years
 2007 = 100%, CHF billion as at 30 June



¹ The method for calculating average customer deposits was changed from 1.1.2009. Prior-year amounts were adjusted accordingly.

Public passenger transport market

The national market for public passenger transport is growing steadily. However, since the public sector organizations that act as contracting bodies for transport services are having to tighten their belts, the pressure on prices will increase. In 2010 some cantons and cities put bus services out to tender, or announced their intention to do so in 2011. Major foreign providers submit bids for some contracts in Switzerland, but to date have been unable to gain a foothold in Switzerland's predominantly locally based and densely integrated public transport network. By contrast, PostBus has been operating bus networks and bus routes in France and the Principality of Liechtenstein for a number of years.

Strategy

In order to fulfil its legal mandate, Swiss Post must create added value for its shareholder/owner, the Confederation. Its chosen strategy for doing so has five key planks: provide high-quality services, offer competitive prices, achieve sustainable profitable growth through new solutions, cut costs in a socially responsible manner, and optimally exploit the prevailing conditions in the business environment.

Scope of consolidation

On 3 January 2011, Swiss Post International Holding Ltd acquired all shares in two small (from the Group's perspective) companies based in Switzerland and Germany.

Finance

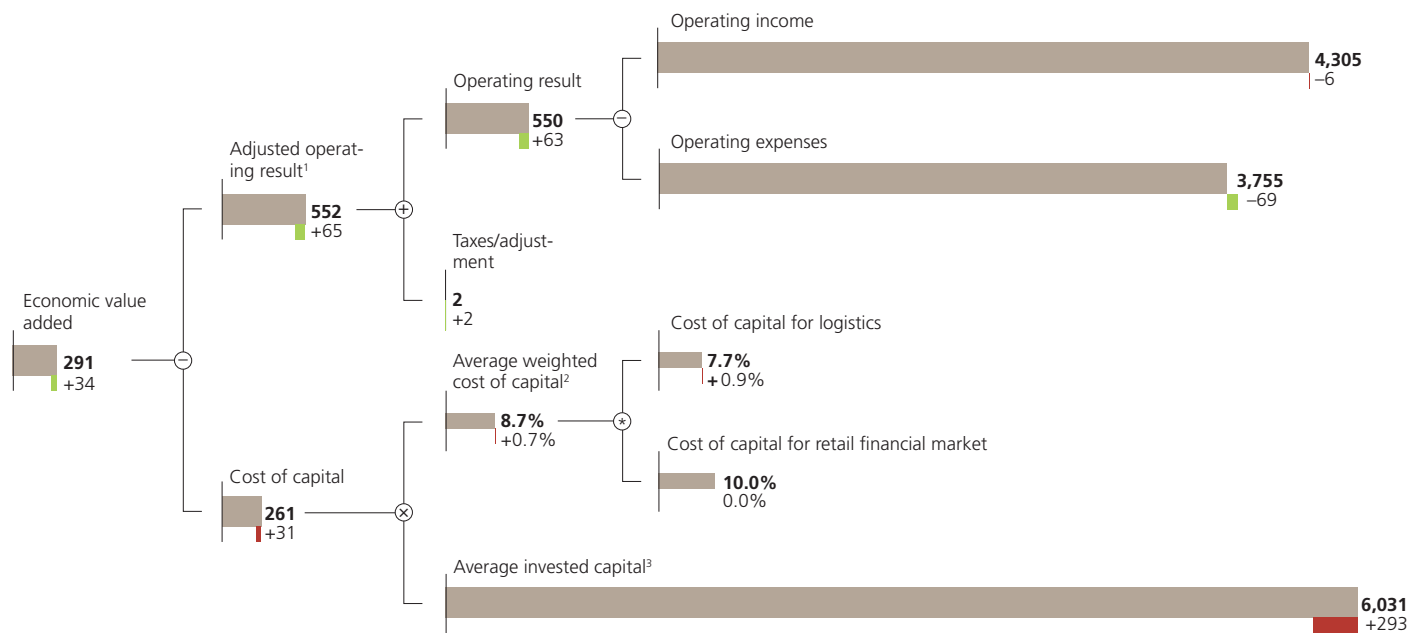
Economic value added

In accordance with the Federal Council's financial targets, Swiss Post must maintain, and if possible increase the company's value. Value added is created when the adjusted operating result exceeds the cost of average invested capital. In addition to the statement of comprehensive income, this approach also factors in the risks and the capital employed. For the retail financial market (PostFinance), this value is calculated not on the basis of average invested capital but of conventional capital adequacy in accordance with Basel II and a 10 percent cost of capital. Swiss Post's economic value added is included as a key indicator in the calculation of the variable performance component of management remuneration.

As at 30 June 2011, Swiss Post met the Federal Council's financial expectations and generated economic value added of 291 million francs, around 13 percent more than in the previous year (257 million francs). This added value stems from the higher adjusted operating result, primarily attributable to the retail financial market (PostFinance). A rise in average invested capital led to higher capital costs.

Group | Economic value added

H1 2011 showing change from previous year
 CHF million, percentage points



© Weighted with the average invested capital in logistics and in the retail financial market (PostFinance).

1 Net operating profit after tax (NOPAT).

2 Corresponds to weighted average cost of capital (WACC) for logistics and equity cost of capital for the retail financial market (PostFinance).

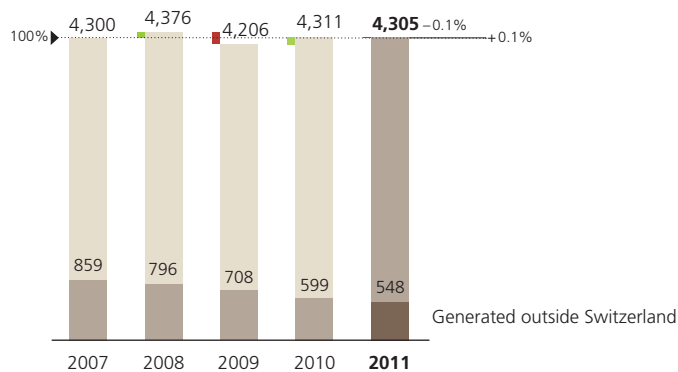
3 Corresponds to average equity according to Basel II (CHF 2,496 million) in the retail financial market (PostFinance) and to average net operating assets (NOA) of CHF 3,535 million in logistics.

Statement of comprehensive income
Operating income

In the first half of 2011, operating income amounted to 4,305 million francs (previous year: 4,311 million francs). This represents a fall of 0.1 percent.

Group | Operating income

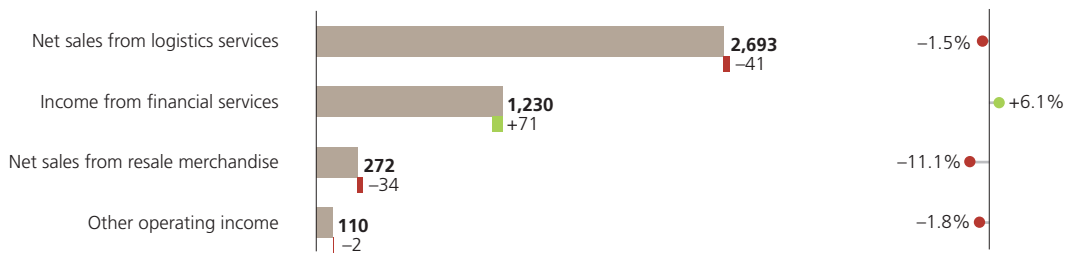
H1 2007 to 2011 showing change from previous year and over five years
2007 = 100%, CHF million



Net sales from logistics services were down 41 million francs year on year. This was mostly due to negative exchange rate movements and the divestment of subsidiaries in the communication market (Swiss Post Solutions). Net sales from resale merchandise declined primarily in the logistics market as a result of a (profit-neutral) change in the accounting system and lower fuel sales. The increase in income from financial services is attributable to higher net interest income in the retail financial market (PostFinance). However, other operating income remained approximately on a par with the year-back period.

Group | Operating income

H1 2011 showing change from previous year
CHF million, percent

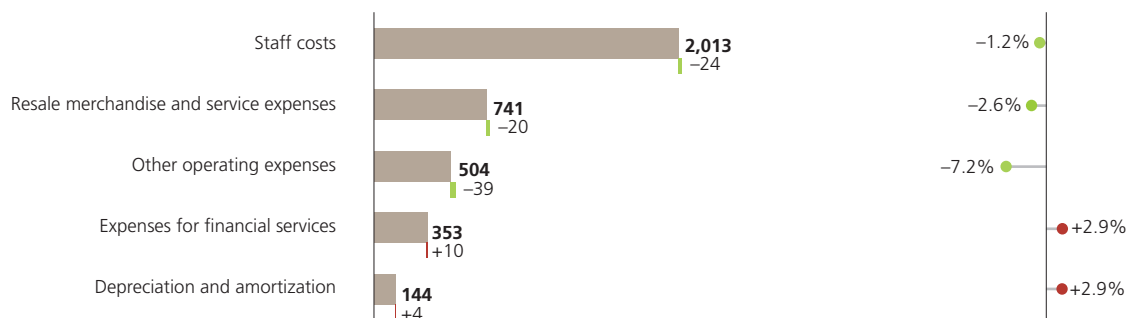


Operating expenses

The decrease in staff costs was chiefly due to the lower average headcount. Resale merchandise and service expenses were down for the same reasons as net sales from resale merchandise. The increase in expenses for financial services is due to higher writedowns. Other operating expenses fell by 7.2 percent year on year. Depreciation and amortization expenses remained virtually unchanged from the previous year.

Group | Operating expenses

H1 2011 showing change from previous year
 CHF million, percent



Operating result

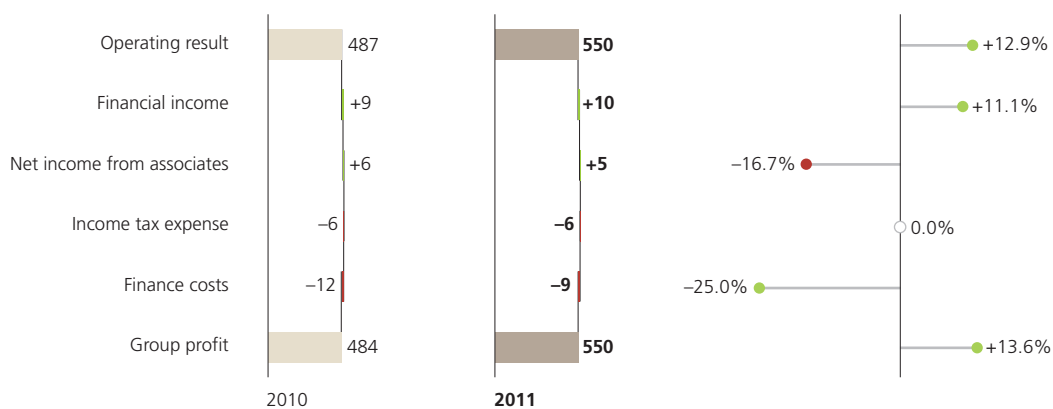
The improved operating result compared with the prior-year period is primarily attributable to success in the retail financial market (PostFinance). This is due to an increase in customer deposits, along with considerably higher net interest income compared with the same period last year. The above-mentioned cost trends and earnings performance contributed to an improvement in the operating result by 63 million francs, an increase of around 13 percent over the same period last year.

Group profit

Net income from associates fell year on year by 1 million francs to 5 million francs. However, as a result of positive foreign currency effects, finance costs decreased by 3 million francs. Financial income rose to 10 million francs, mainly because of higher interest income and foreign currency gains. Income tax expense remained on a par with the prior-year period.

Group | Reconciliation of operating result to Group profit

H1 2010 and 2011 showing change from previous year
 CHF million, percent



Segment results

Apart from Post Offices & Sales, all segments contributed to the positive operating result.

Group Segment results 1.1. to 30.6.2011 with prior-year period CHF million, percent, full-time equivalents	Operating income		Operating result ¹		Margin ²		Headcount ³	
	2011	2010	2011	2010	2011	2010	2011	2010
Communications market								
PostMail	1,295	1,310	123	109	9.5	8.3	16,924	17,108
Swiss Post International	385	382	24	27	6.2	7.1	1,203	1,256
Swiss Post Solutions	271	327	3	0	1.1		6,215	7,021
Post Offices & Sales	831	854	-70	-57			6,824	6,917
Logistics market								
PostLogistics	708	738	73	76	10.3	10.3	5,317	5,333
Retail financial market								
PostFinance	1,235	1,164	330	274			3,396	3,200
Public passenger transport market								
PostBus ⁴	354	342	19	17	5.4	5.0	2,039	1,986
Other ⁵	483	493	48	41			2,176	2,277
Consolidation	-1,257	-1,299						
	4,305	4,311	550	487			44,094	45,098

1 Operating result corresponds to earnings before net non-operating financial income/finance costs and taxes (EBIT).

2 The retail financial market (PostFinance) uses the indicator return on equity; no margin is calculated for "Other"; negative margins are not reported.

3 Average expressed in terms of full-time equivalents.

4 In the field of regional public transport, PostBus is subject to the DETEC ordinance on the accounting of licensed businesses (RKV). There are differences between RKV and IFRSs.

5 Includes service units (Real Estate, Information Technology, Corporate Purchasing and Language Services) and management units (e.g. Human Resources, Finance and Communication).

Communications market

■ PostMail: Exceeded 2010 result

PostMail posted an operating result of 123 million francs for the first half of 2011, exceeding the previous year's figure by 14 million francs.

Operating income fell by 15 million francs to 1,295 million francs. This decline is in large part attributable to addressed letters. Income from unaddressed mail also witnessed a slight fall. Earnings from newspapers remained at the same level as the prior-year period.

Operating expenses were reduced by 29 million francs over the previous year to 1,172 million francs. Improved productivity in all areas resulted in lower staff costs. In addition, the infrastructure contribution to the post office network that PostMail has to pay in 2011 is lower than in 2010.

The headcount fell by 184 to 16,924 full-time equivalents. As with staff costs, this trend is chiefly due to optimization measures carried out in the sorting centres.

■ Swiss Post International: Improved operating result

At 24 million francs, the operating result of Swiss Post International was 3 million francs down on the previous year. Writedowns of intangible assets amounting to around 4 million francs had an exceptional impact on the operating result. Adjusted for the above writedowns, Swiss Post International improved its operating result by 1 million francs to 28 million francs. The adjusted operating profit margin was 7.3 percent (previous year: 7.1 percent). While positive business trends and optimization in the international mail as well as the courier, express and parcel segments contributed to the improved operating result (up 3 million francs), falling volumes in Swiss imports/exports were the main factor responsible for the reduction in the operating result by 2 million francs.

In terms of operating income, Swiss Post International recorded a year-on-year rise of 3 million francs to 385 million francs. Along with additional operating income from acquisitions (6 million francs) and increased sales at foreign subsidiaries (13 million francs), this increase was due to positive foreign currency effects (14 million francs; lower foreign currency losses on receivables from foreign postal administrations). This additional income was offset to some extent by falling Swiss import/export volumes and the loss of one major customer in Italy.

At 361 million francs, operating expenses were 6 million francs higher than in the previous year. This increase was due to negative foreign currency effects in the order of 13 million francs (foreign currency losses on receivables from foreign postal administrations). Adjusted for these foreign currency effects, operating expenses fell by 7 million francs. On the one hand, staff costs were reduced by 5 million francs, and secondly resale merchandise expenses fell as a result of volume factors (imports/exports Switzerland).

Despite the subsidiaries acquired in 2010 and 2011 (+41 full-time equivalents), the average headcount fell by 53 to 1,203 full-time equivalents. This was largely because of workforce reductions in the parcels segment (loss of parcel volumes from Deutsche Post AG) and in Italy (loss of one major customer).

■ **Swiss Post Solutions:** Welcome year-on-year improvement

On 21 December 2010, Swiss Post Solutions merged its Direct Mail division into a joint venture with Austrian Post. This affected six companies and one section of a subsidiary. The divestment of this division is a major factor in the changes vis à vis the previous year.

The operating result of 3 million francs is 3 million francs better than the prior-year period. This positive result was due in particular to the restructuring measures undertaken in Germany in 2010 and to favourable business trends in Switzerland.

The operating income of 271 million francs was 56 million francs down on the previous year. Exchange rate effects on the euro, the British pound sterling and the US dollar amounted to 27 million francs. In addition, divestment of the Direct Mail companies also resulted in a decline in income of 51 million francs in the first half of the year. Adjusted for these divestment and currency effects, Swiss Post Solutions succeeded in increasing its operating income by around 22 million francs.

Operating expenses fell by 59 million francs year on year to 268 million francs. The main reasons for this significant drop were the divestment of the Direct Mail companies on the one hand, and the cost savings resulting from restructuring in Germany on the other hand.

The average headcount of 6,215 full-time equivalents was down by around 800 compared with the previous year. As a result of a newly opened production facility in Vietnam, however, it was possible to create some 228 jobs and consequently offset to some extent the loss of around 1,100 full-time equivalents caused by divestment of the Mail companies.

■ **Post Offices & Sales:** Broadly on track

Although the number of customer access points remained stable at 3,610 post offices, agencies and home delivery services, it was not possible to stem the market-driven decline in payments or falling sales in the letters segment. Post Offices & Sales generated an operating result of -70 million francs in the first half of 2011.

Operating income fell year on year by 23 million francs to 831 million francs. The downward trend in domestic letters resulted in a revenue shortfall of 5 million francs. In addition, internal compensation (infrastructure contribution) fell by 13 million francs. The decline in payment transactions owing to substitution by e-banking which has been evident for some time continues unabated. Revenues here fell by 5 million francs. The trend in net sales of non-postal brand-name items continued to be gratifying, with sales rising year on year by 4 million francs to 232 million francs. Special mention should be made in particular of gift cards, the sale of which contributed greatly to sales growth. The 2 million franc year-on-year fall in sales of philatelic products was largely due to higher sales in 2010 resulting from the popularity of the special stamp issued to mark the Basel Carnival.

In comparison with the prior-year period, operating expenses were cut by 10 million francs to 901 million francs. The downward trend in postal product volumes resulted in a decrease in service expenses of around 8 million francs. Despite inflation, staff costs were held at the same level as the previous year and other operating expenses were reduced by a total of 5 million francs.

The headcount totalled 6,824 full-time equivalents, 93 fewer than the previous year as a result of developments in the post office network.

Logistics market

■ **PostLogistics:** Achieved operating result of 73 million francs

PostLogistics achieved an operating result of 73 million francs, which represents a fall of 3 million francs compared with the first half of 2010. This decline is principally due to lower parcel volumes and higher staff costs.

Operating income came to 708 million francs, 30 million francs down on the previous year as a result of the decline in income from resale merchandise of 36 million francs. There were two reasons for this: firstly, changes were made to the method of calculation. This did not influence the operating result, however. Secondly, there was a drop in the volume of fuel sold. Lower parcel volumes, due mainly to the loss of import parcel processing in business with Germany, resulted in a fall in sales amounting to 3 million francs. It was possible to offset the above effects to some extent by acquiring a major new customer.

Compared with the previous year, operating expenses fell by 27 million to 635 million francs. Staff costs were 6 million francs higher than in the previous year. This was mainly due to expenses for early retirement and for employee benefits for the people PostLogistics took over from a major customer. Resale merchandise expenses were over 29 million francs lower than the previous year. Like the income figures, this was primarily due to the new method of calculation and reduced fuel volumes. Thanks to the savings made on IT costs, rental expenses and office and administrative expenses, other operating expenses were down 4 million francs.

The average headcount fell by 16 to 5,317 full-time equivalents. The above-mentioned takeover of a major customer's employees was offset by reorganization.

Retail financial market

■ **PostFinance:** Continued rise in customer deposits

PostFinance achieved a first-half operating result of 330 million francs, which represents an increase of 56 million francs (+20.4 percent) compared with the prior-year period.

Net interest income rose by 59 million francs year on year (+11.4 percent). This was due to the continued rise in customer deposits. Writedowns including losses from payment transactions amounted to 36 million francs, 10 million francs higher than in the previous year. In its commission and service business, PostFinance reported first-half profits of 147 million francs (+8 million francs; +5.8 percent). The loss of revenue due to the ongoing decline in inpayments at post offices was more than offset in particular by higher income from credit cards and mortgages. Overall, operating income rose by 759 million francs (previous year: 692 million francs, +9.7 percent).

Operating expenses including depreciation of 429 million francs rose by 11 million francs (+2.6 percent) over the previous year. While non-staff costs remained virtually unchanged year on year (199 million, -0.4 percent), staff costs went up by 12 million to 225 million francs (+5.6 percent) as a result of the creation of new sales jobs.

Overall, PostFinance increased its average headcount by 196 over the prior-year period to 3,396 full-time equivalents.

Public passenger transport market

■ **PostBus:** Profits up

At 19 million francs, the operating result was 2 million francs up on the previous year.

Following further expansion of its services as well as fare adjustments that came into effect in the 2011 timetable year, PostBus's operating income increased by 12 million francs year on year to 354 million francs.

Operating expenses rose by 10 million francs to 335 million francs. Additional services in Switzerland led to an increase in staff costs of approximately 3 million francs and higher compensation paid to Postbus operators of around 6 million francs. The increase in the price of fuel of over 0.13 francs per litre also contributed to higher operating expenses.

PostBus was only able to run the additional services with extra personnel. As a consequence, the headcount at PostBus rose by 2.7 percent to a total of 2,039 full-time equivalents.

Other

■ Higher operating result thanks to cost optimization

In the first half of 2011, Swiss Post's other units posted an operating result of 48 million francs (previous year: 41 million francs), a rise of 7 million francs.

Operating income of 483 million francs (previous year: 493 million francs) fell by 10 million francs year on year. This was chiefly attributable to lower net sales from logistics services (-7 million francs) and a fall in other operating income (-3 million francs).

Operating expenses fell by 17 million francs to 435 million francs, which more than made up for the drop in operating income. This was in large part due to the decrease in other operating expenses by 15 million francs to 224 million francs.

The headcount contracted by 101 over the previous year to 2,176 full-time equivalents.

Cash flow and investments

In comparison with the prior-year period, cash flow improved by 78 million francs. This is essentially due to the 66 million franc increase in Group profit.

Overall, investment in property, plant and equipment (134 million francs), intangible assets (19 million francs) and equity interests (7 million francs) was up 30 million francs on the prior-year period. Investments over the past six months were again financed entirely from Swiss Post's own resources.

Group | Internal financing

H1 2011 showing change from previous year
 CHF million, percent



Consolidated balance sheet

Financial assets

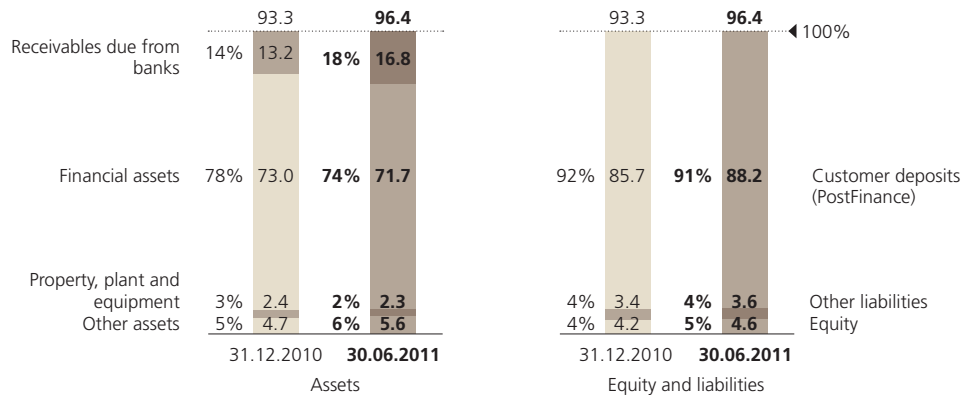
In comparison with the end of 2010, financial assets fell by around 1.4 billion francs. This decrease is due to transfers to receivables due from banks and other assets.

Property, plant and equipment

The carrying amount of property, plant and equipment fell by 51 million francs compared with the figure at 31 December 2010. This was mainly the result of reclassification of CHF 40 million out of property, plant and equipment and into investment property. Totalling around 144 million francs, depreciation and amortization expenses changed only marginally in the first half of 2011.

Group | Balance sheet structure

As at 31.12.2010 and 30.6.2011
CHF billion



Customer deposits

Over the past six months, customer deposits at PostFinance increased by 2,516 million francs to 88,241 million francs. As at 30 June 2011, customer deposits accounted for around 91 percent of the Group's total assets.

Other liabilities (provisions)

Provisions (including employee benefit obligations) decreased by 234 million francs. This was essentially due to the reduction in employee benefit obligations of 226 million francs, chiefly in relation to employer's contribution reserves. The remaining reduction in provisions amounted to around 8 million francs, over 5 million francs of which were recognized in the income statement.

Equity

Consolidated equity as at 30 June 2011 was calculated net of the appropriation of profit for 2010. Reported equity is still below the equity base desirable for a logistics and financial services group. In view of the upcoming conversion of Swiss Post into a special form of public limited company and PostFinance into a public limited company regulated by the Swiss Financial Market Supervisory Authority (FINMA), the equity capital required is even higher.

Outlook

Internationally, the risks of a downturn continue to loom large, especially risks relating to the sovereign debt problems of peripheral countries in the eurozone. Moreover, because of high deficits around the world, various countries find themselves being forced to undertake fiscal consolidation and savings measures despite the fragile state of their economies. The upturn in the global economy is likely to continue over the coming months, although the global economic prospects are less rosy than in the first half of the year. In the USA in particular, the latest production and labour market indicators were disappointing. Owing to higher raw material prices and production outages in Japan, the National Bank revised its growth forecasts for industrialized countries downwards in 2011.

In Switzerland the main risks remain firstly the impact of the strength of the franc on exports, and secondly the risk of the real estate market overheating. The Swiss National Bank still expects real GDP to grow by around 2 percent in Switzerland this year. If as a result of the above-mentioned risks the economy in Switzerland were to weaken significantly, this would also have negative consequences for Swiss Post.

This outlook, coupled with increasingly fierce competition, ongoing substitution effects, mailing optimization by business customers, and a still-inadequate equity base, strengthens Swiss Post's conviction that it is right to implement the defined strategy.

Group

Consolidated statement of comprehensive income

Group Statement of comprehensive income CHF m	2011 1 Jan. to 30 June	2010 1 Jan. to 30 June	2010
Net sales from logistics services	2,693	2,734	5,533
Net sales from resale merchandise	272	306	619
Income from financial services	1,230	1,159	2,378
Other operating income	110	112	206
Total operating income	4,305	4,311	8,736
Staff costs	-2,013	-2,037	-4,076
Resale merchandise and service expenses	-741	-761	-1,558
Expenses for financial services	-353	-343	-689
Other operating expenses	-504	-543	-1,174
Depreciation and amortization	-144	-140	-309
Total operating expenses	-3,755	-3,824	-7,806
Operating result	550	487	930
Financial income	10	9	20
Finance costs	-9	-12	-20
Net income from associates	5	6	7
Profit before tax	556	490	937
Income tax expense	-6	-6	-27
Group profit	550	484	910
Other comprehensive income			
Change in fair value reserves	10	-10	15
Change in hedging reserves	-4	1	-2
Change in currency translation differences	-13	-10	-32
Change in deferred taxes	0	0	0
Total other comprehensive income	-7	-19	-19
Total comprehensive income	543	465	891
Group profit attributable to			
Swiss Confederation (owner)	550	483	910
Non-controlling interests	0	1	0
Total comprehensive income attributable to			
Swiss Confederation (owner)	543	464	891
Non-controlling interests	0	1	0

Consolidated balance sheet

Group Balance sheet			
CHF m	30 June 2011	31 Dec. 2010	30 June 2010
Assets			
Cash	1,749	1,685	1,901
Receivables due from banks	16,806	13,185	17,184
Interest-bearing amounts due from customers	1,338	505	110
Trade accounts receivable	878	897	1,005
Other receivables	1,143	1,131	1,104
Inventories	75	75	86
Non-current assets held for sale	1	3	5
Financial assets	71,669	73,043	67,858
Investments in associates	46	50	35
Property, plant and equipment	2,338	2,389	2,388
Investment property	40	–	–
Intangible assets	294	289	299
Deferred income tax assets	56	58	74
Total assets	96,433	93,310	92,049
Equity and liabilities			
Customer deposits (PostFinance)	88,241	85,725	84,596
Other financial liabilities	921	390	422
Trade accounts payable	466	618	632
Other liabilities	1,000	881	1,002
Provisions	417	425	420
Employee benefit obligations	812	1,038	1,171
Current income tax liabilities	1	3	0
Deferred income tax liabilities	8	6	9
Total liabilities	91,866	89,086	88,252
Endowment capital	1,300	1,300	1,300
Capital reserves	2,231	2,131	2,131
Retained earnings	1,055	805	378
Gains and losses recognized in other comprehensive income	49	43	21
Currency translation reserves	–70	–57	–35
Equity attributable to the owner	4,565	4,222	3,795
Non-controlling interests	2	2	2
Total equity	4,567	4,224	3,797
Total equity and liabilities	96,433	93,310	92,049

Consolidated statement
of changes in equity

Group Statement of changes in equity CHF m	Endowment capital	Capital reserves	Retained earnings	Gains and losses recognized in other comprehen- sive income	Currency translation reserves	Equity attributable to the owner	Non-control- ling interests	Total
Balance at 1 Jan. 2010	1,300	1,881	345	30	-25	3,531	3	3,534
Group profit			483			483	1	484
Decrease in fair value reserves for available-for-sale financial assets				-13		-13		-13
Gains transferred to statement of comprehensive income due to disposal of financial assets				-2		-2		-2
Amortization of fair value reserves for financial assets reclassified as held to maturity				5		5		5
Change in unrealized gains/losses on hedging reserves for cash flow hedges (net)				24		24		24
Gains/losses transferred to statement of comprehensive income from cash flow hedges				-23		-23		-23
Deferred taxes				0		0		0
Change in currency translation reserves					-10	-10	0	-10
Total other comprehensive income				-9	-10	-19	0	-19
Total comprehensive income			483	-9	-10	464	1	465
Dividends			-450			-450	-2	-452
Capital contribution		250				250		250
Total transactions with the owner and non-controlling interests		250	-450			-200	-2	-202
Balance at 30 June 2010	1,300	2,131	378	21	-35	3,795	2	3,797
Balance at 1 Jan. 2011	1,300	2,131	805	43	-57	4,222	2	4,224
Group profit			550			550	0	550
Increase in fair value reserves for available-for-sale financial assets				11		11		11
Gains transferred to statement of comprehensive income due to disposal of financial assets				-4		-4		-4
Amortization of fair value reserves for financial assets reclassified as held to maturity				3		3		3
Change in unrealized gains/losses on hedging reserves for cash flow hedges (net)				-20		-20		-20
Gains/losses transferred to statement of comprehensive income from cash flow hedges				16		16		16
Deferred taxes				0		0		0
Change in currency translation reserves					-13	-13	0	-13
Total other comprehensive income				6	-13	-7	0	-7
Total comprehensive income			550	6	-13	543	0	543
Dividends			-300			-300	0	-300
Capital contribution		100				100		100
Total transactions with the owner and non-controlling interests		100	-300			-200	0	-200
Balance at 30 June 2011	1,300	2,231	1,055	49	-70	4,565	2	4,567

**Consolidated
cash flow statement**

Group Cash flow statement CHF m	2011 1 Jan. to 30 June	2010 1 Jan. to 30 June	2010
Profit before tax	556	490	937
Depreciation and amortization	144	140	309
Net gain on disposal of property, plant and equipment	-39	-34	-47
Net impairment of financial assets	32	22	22
Change in fair value of financial assets	209	262	529
Net (decrease) in provisions	-136	-143	-262
Other net financial income/(finance costs)	-10	-5	-13
Other non-cash income/(expense)	-4	-6	-7
Change in net current assets:			
Decrease in receivables	273	117	291
(Decrease) in liabilities	-500	-266	-198
Decrease/(increase) in other non-interest-bearing current assets	0	-4	0
Change in items from financial services:			
(Increase)/decrease in receivables due from banks (term of 3 months or more)	-28	237	381
Decrease/(increase) in financial assets	1,144	-7,026	-12,453
Change in customer deposits (PostFinance)/ interest-bearing amounts due from customers	1,683	7,345	8,080
Change in other receivables/ liabilities from financial services	739	428	142
Income taxes paid	-5	-5	-8
Net cash from/used in operating activities	4,058	1,552	-2,297
Purchases of property, plant and equipment	-134	-108	-321
Purchases of intangible assets (excl. goodwill)	-19	-6	-18
Payments to acquire subsidiaries, net of cash and cash equivalents acquired	-7	-16	-25
Proceeds from disposal of property, plant and equipment	54	57	94
Proceeds from disposal of subsidiaries, net of cash and cash equivalents disposed of	-	-	-3
Proceeds from disposal of (payments to acquire) other (non-operating) financial assets (net)	8	6	3
Interest received (excl. financial services)	17	14	20
Net cash used in investing activities	-81	-53	-250
(Decrease) in other financial liabilities	-15	-11	-7
Interest paid	-1	-2	-3
Transfer from profit available for appropriation to Swiss Post pension fund	-100	-250	-250
Dividends paid to the owner	-200	-200	-200
Dividends paid to non-controlling interests	0	-2	-1
Net cash used in financing activities	-316	-465	-461
Foreign exchange gains/(losses)	-3	19	-9
Change in cash and cash equivalents	3,658	1,053	-3,017
Cash and cash equivalents at 1 January	14,422	17,439	17,439
Cash and cash equivalents at end of the reporting period	18,080	18,492	14,422
Cash and cash equivalents include:			
Cash	1,749	1,901	1,685
Receivables due from banks with an original term of less than 3 months	16,331	16,591	12,737
Cash and cash equivalents at end of the reporting period	18,080	18,492	14,422

Notes to the Interim Report

Basis of preparation

The condensed consolidated interim financial statements of Swiss Post Group as at 30 June 2011 were prepared in accordance with IAS 34 "Interim Financial Reporting" and are unaudited. The same accounting policies were applied as in the 2010 Financial Report with the following exception.

Various new and revised Standards and Interpretations are effective from the 2011 reporting period onwards, but do not have a significant effect on the results of operations or financial position of Swiss Post Group.

Accounting changes

■ Investment property

Due to the renovation of "Schanzenpost" in Berne (which was previously used as an operating property) and the resulting change of use, the property now qualifies as an investment property under IFRSs. This resulted in a reclassification from property, plant and equipment to investment property in the amount of CHF 40 million. The investment property comprises land and buildings under construction that are held to earn rentals or for capital appreciation, rather than for use in the supply of services, for administrative purposes or for sale in the ordinary course of business. Investment property under construction is measured at cost.

Segment information

Segments Results		Swiss Post	Swiss Post	Post Offices	Post-	PostFinance	PostBus ¹	Other ²	Consolida-	Group
CHF m	PostMail	Internat-	Solutions	& Sales	Logistics				tion	
Up to or at 30 June 2011		ional								
Operating income										
from customers	1,043	343	242	514	505	1,230	353	75	–	4,305
from other segments	252	42	29	317	203	5	1	408	–1,257	–
Total operating income	1,295	385	271	831	708	1,235	354	483	–1,257	4,305
Operating result	123	24	3	–70	73	330	19	48		550
Net financial income/ finance costs										1
Net income from associates	0	7	–4	–	–	2	0	0		5
Profit before tax										556
Headcount ³	16,924	1,203	6,215	6,824	5,317	3,396	2,039	2,176		44,094
Up to or at 30 June 2010										
Operating income										
from customers	1,056	339	299	516	529	1,159	342	71	–	4,311
from other segments	254	43	28	338	209	5	0	422	–1,299	–
Total operating income	1,310	382	327	854	738	1,164	342	493	–1,299	4,311
Operating result	109	27	0	–57	76	274	17	41		487
Net financial income/ finance costs										–3
Net income from associates	0	5	0	–	–	1	0	0		6
Profit before tax										490
Headcount ³	17,108	1,256	7,021	6,917	5,333	3,200	1,986	2,277		45,098

¹ The PostBus segment is subject to the Passenger Transport Act (PBG), which provides for separate accounting regulations for licensed transport businesses (RKV). There are differences between the RKV and the IFRS results.

² Includes service units (Real Estate, Information Technology, Corporate Purchasing and Language Services) and management units (e.g. Human Resources, Finance and Communication).

³ Average expressed in terms of full-time equivalents (excl. trainees).

Changes in the composition of the Group

■ Significant changes in segment assets

The segment assets of PostFinance increased by CHF 2,975 million compared with 31 December 2010 due to the strong inflow of customer deposits.

■ Mergers

On 3 January 2011, MCM Direct Limited was merged with Swiss Post International (UK) Ltd.

On 22 June 2011, GBS + Temps GmbH was merged with Swiss Post Solutions GmbH, Waltershausen.

■ Acquisitions

With effect from 3 January 2011, Swiss Post International Holding Ltd acquired all shares in two companies based in Switzerland and Germany that are insignificant from a Group perspective.

In the case of the above-mentioned acquisitions, the effects on the results of operations and Group result are insignificant for Swiss Post.

Investment obligations	Investment obligations have decreased by around CHF 19 million since the end of 2010. As at 30 June 2011, they amounted to around CHF 135 million, due in particular to the project in Berne comprising PostFinance's high-rise head office building.
Seasonal nature	With a few exceptions, Swiss Post's business activities are not affected by significant seasonal influences. These exceptions primarily include customer deposits (PostFinance) in the PostFinance segment, which at year-end stand at a high level. For various reasons (13th monthly salary payment, invoice receipts credited at year-end, etc.) both private and business customers hold a large amount of liquidity. To a lesser extent, this also applies to this Interim Report. The Christmas season has a positive impact on the logistics units, whereas the summer months are weaker.
Events after the reporting period	<p>Prior to the approval of this Interim Report by Swiss Post's Board of Directors on 30 August 2011, no significant events occurred that would have resulted in adjustments to the carrying amounts of the Group's assets and liabilities.</p> <p>Hamburg-based PrimeMail GmbH withdrew from the letter and catalogue segment and discontinued its operations in that segment with effect from 1 July 2011. Although no new customer contracts will be signed, existing contracts will be continued until the end of their term. There are no further events that would have to be disclosed.</p>
Acquisitions of subsidiaries between 1 July and 30 August 2011	No subsidiaries were acquired between 1 July and 30 August 2011.

Review Report to the Board of Directors

Swiss Post, Berne (Swiss Post Group)

Introduction

We have been engaged to review the accompanying consolidated balance sheet of Swiss Post as at 30 June 2011 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the 6-month period then ended, and a summary of significant accounting policies and other explanatory notes (the consolidated interim financial statements) on pages 16 to 22. The Board of Directors is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, Review of Interim Financial Information performed by the Independent Auditor of the Entity. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements as at 30 June 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 Interim Financial Reporting.

KPMG AG

Orlando Lanfranchi
Licensed Audit Expert

Stefan Andres
Licensed Audit Expert

Gümligen-Bern, 30 August 2011

Additional information about PostFinance

Income statement

The following financial statements of PostFinance were prepared in accordance with the principles of IFRS segment reporting and include the separate financial statements of PostFinance but not the associates. Intra-Group transactions with other segments (including services purchased by Post Offices & Sales and PostMail) have not been eliminated.

PostFinance Income statement CHF m	2011 1 Jan. to 30 June	2010 1 Jan. to 30 June	2010
Interest income			
Interest income on receivables due from banks	3	1	4
Interest income on securities lending and reverse repurchase transactions	11	8	21
Interest income on interest-bearing amounts due from customers	4	4	9
Interest and dividend income on FVTPL ¹ : designated	–	–	–
Interest and dividend income on financial assets	786	741	1,513
Interest expense			
Interest expense for customer deposits	–227	–236	–473
Interest expense for amounts due to banks	0	0	–1
Interest expense on repurchase transactions	0	0	0
Net interest income	577	518	1,073
Change in impairment of financial assets	–31	–22	–22
Losses on payment transactions	–5	–4	–7
Net interest income, net of impairment	541	492	1,044
Commission income on lending, securities and investment business	58	56	112
Commission income on other services	20	17	37
Income from services	266	271	555
Commission and services expenses	–197	–205	–437
Net services and commission income	147	139	267
Net trading income	69	61	129
Realized gains and losses on financial assets	5	2	3
Other operating income	–3	–2	–3
Total operating income	759	692	1,440
Staff costs	–225	–213	–419
General overheads	–199	–199	–438
Depreciation and amortization	–5	–6	–12
Total operating expenses	–429	–418	–869
Operating profit²	330	274	571
Net investment income from associates	1	1	2
Income from intra-Group financing	–4	–1	0
Profit	327	274	573

1 FVTPL: financial assets at fair value through profit or loss (designated).

2 Corresponds to the operating result of the PostFinance segment.

Balance sheet

PostFinance | Balance sheet

CHF m	30 June 2011	31 Dec. 2010	30 June 2010
Assets			
Cash and cash equivalents	1,710	1,645	1,885
Receivables due from banks	16,731	13,103	17,121
Interest-bearing amounts due from customers	1,338	505	110
Derivative financial instruments	212	191	149
Financial assets	71,227	72,621	67,479
Investments	15	15	14
Property, plant and equipment	28	26	25
Prepaid expenses	846	878	803
Other assets	165	313	207
Total assets	92,272	89,297	87,793
Equity and liabilities			
Due to banks	852	312	348
Due to customers on Deposito and investment accounts	31,112	29,320	26,826
Other amounts due (to customers)	59,163	58,331	59,547
Derivative financial instruments	4	4	6
Deferred income	232	88	237
Provisions	5	4	4
Other liabilities	38	133	41
Total liabilities	91,406	88,192	87,009
Allocated equity ¹	500	500	500
Fair value reserves	25	14	-11
Hedging reserves	14	18	21
Profit	327	573	274
Total equity	866	1,105	784
Total equity and liabilities	92,272	89,297	87,793

¹ Since 1 January 2003, PostFinance has had CHF 500 million in equity available to cover fluctuations in the fair value of available-for-sale financial assets.

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