# 2012 Interim Report

January to June

SWISS POST

## Presentation of figures

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 charts

All charts are shown to scale to present a true and fair view.
20 mm is equivalent to 1 billion francs.
Percentages in charts are standardised as follows:
Horizontal: 75 mm is equivalent to 100 percent.
Vertical: 40 mm is equivalent to 100 percent.

## Key for charts 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.

# **Interim report** January to June 2012

# Key points in brief

## Solid interim result

– **Group profit** totalled 459 million francs, a decrease of around 17 percent from the first half of 2011, but, given the challenging environment, is still strong within the Group’s objectives.

– With the **average invested capital**, Swiss Post generated value added of 208 million francs, and was thus able to meet the financial expectations of the Federal Council as at 30 June 2012.

– As at 30 June 2012, **equity** stood at 5,160 million francs. Equity is being further strengthened in view of the forthcoming conversion of Swiss Post into a public limited company under special legislation and PostFinance into a public limited company regulated by the Swiss Financial Market Supervisory Authority (FINMA).

– Swiss Post is once again on track to meet the financial **targets of its owner** in 2012. However, group profit, economic value added and return on sales are forecast not to reach the previous year’s figures.

## Positive results in all four of Swiss Post’s markets

– In the **communication market**, Swiss Post recorded an operating result of 61 million francs up to the end of June 2012 (previous year: 75 million francs). This negative trend is primarily due to the lower operating result of PostMail, mainly as a result of higher employee benefit expenses.

– In the **logistics market**, Swiss Post recorded an operating result of 73 million francs (previous year: 78 million francs). This fall is mainly due to increased staff expenses, higher resale merchandise and service expenses and increased other operating expenses.

– At 295 million francs (previous year: 330 million francs), PostFinance’s operations in the **retail financial market** contributed the most to the Group’s operating result. The decrease is primarily attributable to increased staff expenses, higher resale merchandise and service expenses and a reduced result from financial services. The lower result from financial services can be traced to the difficult market environment, which in turn offered less profitable investment opportunities.

– The national **public passenger transport market** is growing steadily. In the public passenger transport market, Swiss Post generated an operating result of 18 million francs (previous year: 19 million francs). The slight downturn year-on-year is due, among other things, to higher employee benefit expenses within staff expenses.

# Management report

## General developments

### The economy

The global economy continued to register moderate growth. There were wide regional variations in economic growth worldwide. The emerging economies made a significant contribution to global growth. Japan recorded strong growth owing to a catch-up effect. The US registered moderate progress. In the euro zone, a number of countries on the region's periphery experienced deep recession while Germany's gross domestic product continued to grow strongly. Overall, however, the euro zone economy stagnated. In Switzerland, real GDP increased by more than expected. This was largely due to the stabilising effect of the Swiss currency's floor against the euro. Consequently, goods exports fell only slightly, despite the continuing weak international environment while service exports improved. Improved consumer sentiment triggered a considerable rise in household spending. As expected, the increase in real GDP in Switzerland, the main business market for Swiss Post, slowed considerably in the second quarter.

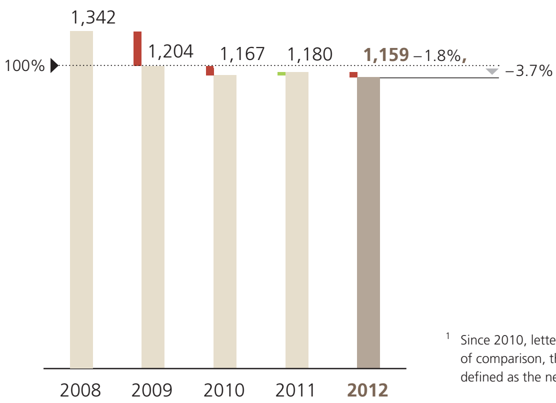
### Customers and sectors

#### Communication market

There were wide variations in performance between products in the communication market. The number of addressed letters handled by PostMail and Post Offices & Sales in the first half of 2012 was lower year-on-year. Meanwhile, unaddressed mail increased by around 47 percent year-on-year as a result of acquisitions. On the other hand, newspaper delivery volumes were negatively affected (– 1.9 percent) by changes in customer behaviour. Post Offices & Sales recorded a downturn in over-the-counter payment transactions. By contrast, net sales of non-postal brand-name items saw positive growth. Import and export volumes (mail) fell in comparison with the previous year. At Swiss Post Solutions, growth in the Document Output unit had a positive impact on the income from services provided.

1.8 percent decrease in addressed letters year-on-year

**Communication market | Addressed letters**
2008 to 2012, showing change from prior year / over four years
2009 = 100%[1], figures expressed in millions as at 30.6.



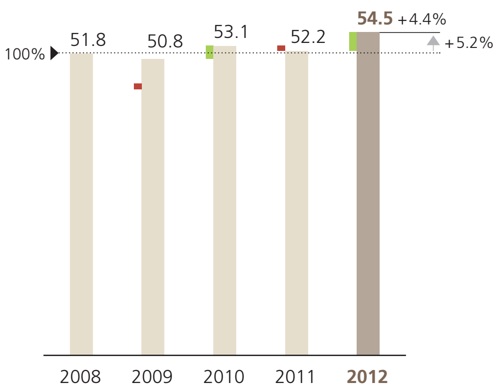

[1] Since 2010, letter volumes have been calculated using a new method. For the purposes of comparison, the prior-year figure was adjusted accordingly and the figure for 2009 was defined as the new base value. Comparability with results for 2008 is therefore limited.

## Logistics market

The logistics sector is characterised 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, there is increasing overlap between the courier, express and parcels segments and traditional dispatch. Parcel volumes increased year-on-year (+4.4 percent). This is in part due to the partial recovery of import parcel processing from Germany and the increase in Internet business.

4.4 percent increase year-on-year

**Logistics market | Parcels**
2008 to 2012, showing change from prior year / over five years
2008 = 100%, figures expressed in millions as at 30.6.

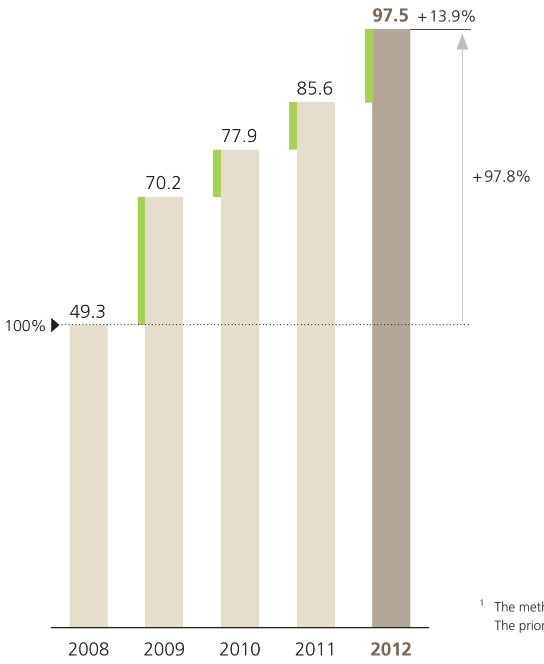


## Retail financial market

PostFinance recorded a further inflow of customer deposits year-on-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 six months of the year, average customer deposits totalled 97,529 million francs. This represents an increase of around 14 percent from the previous year.

Steady increase in average customer deposits

**Retail financial market | Average customer deposits (PostFinance)**[1]
2008 to 2012 showing change from prior year / over five years
2008 = 100%, CHF billion as at 30.6.




[1] The method for calculating average customer deposits was changed on 1.1.2009. The prior-year amount was adjusted accordingly.

## Public passenger transport market

The national public passenger transport market is growing steadily. As the budgets of public sector organisations which act as contracting bodies for transport services are being squeezed, the pressure on prices is set to increase. Major foreign providers are submitting bids for 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 urban bus networks and bus routes in France and the Principality of Liechtenstein for a number of years. In the first six months of the year, PostBus increased the number of kilometres covered by around 7 percent, recording a total of 63.7 million kilometres.

## Strategy

In order to fulfil its legal mandate, Swiss Post must create added value for its shareholder/owner. Its chosen strategy for doing so has five strategic thrusts: provide high-quality services, ensure competitive prices, secure sustainable and 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 6 January 2012, the Swiss Post parent company acquired all shares in Direct Mail Company AG and Direct Mail Logistik AG. Swiss Post previously held a 50 percent share in both companies. With the acquisition of all shares in Intermail AG, which in turn holds the remaining 50 percent of both companies, Swiss Post has become the sole shareholder of Direct Mail Company AG and Direct Mail Logistik AG. Swiss Post also acquired all shares of IN-Media AG as well as 50 percent of DMB Direct Mail Biel-Bienne AG. Based in Basel, the Direct Mail Company Group provides products and services in the field of direct marketing and the delivery of unaddressed mail. Throughout Switzerland, the Group employs 135 permanent staff and around 2,500 part-time staff at its sites in Lausanne, Biel, Thun, Zurich, Domat / Ems and Niederbipp.

On 27 February 2012, CarPostal France SAS took over all the shares of the Rochette corporate group, a family business specialising in passenger transport in the Loire département in France. With this takeover, the company has strengthened its presence in France's local public transport sector. The group, based near the city of Saint-Etienne, comprises the holding company Rochette Participations SAS and four transport companies: Archimbaud Frères SARL, Rochette Plaine SARL, Rochette Nord SARL and Caporin Voyages SARL, with 90 percent of their services in regular service operations. The Rochette Group employs around 140 staff.

On 29 February 2012, Direct Mail Company AG took over the delivery business of AWZ AG and its subsidiary ADZ Agentur für Direktwerbung AG, which discontinued its activity in this field on the same date. The operating unit offers products and services in the Berne, Aargau/ Solothurn, Zug and Ticino areas, employing around 1,500 staff.

On 25 April 2012, PostBus Switzerland Ltd purchased all of the shares in Lausanne-based velopass SARL. velopass SARL is currently the largest bike-sharing provider in Switzerland and operates eleven self-hire networks in more than 20 cities in western Switzerland and Ticino. With this takeover, PostBus has become the new leader on the Swiss bike-sharing market, consolidating its strong position as a provider of combined mobility services. This has resulted in the creation of a nationwide network of self-hire bikes which can be accessed using a single subscriber card. velopass SARL has nine employees.

**Group** | Effects of the acquisition of subsidiaries
1.1. to 30.6.2012

| CHF m | Operating income | Operating expenses | Operating result |
|---|---|---|---|
| Direct Mail Company Group | 52 | 52 | 0 |
| Rochette Group | 9 | 8 | 1 |
| velopass SARL | 1 | 1 | 0 |
| | **62** | **61** | **1** |

# Finance

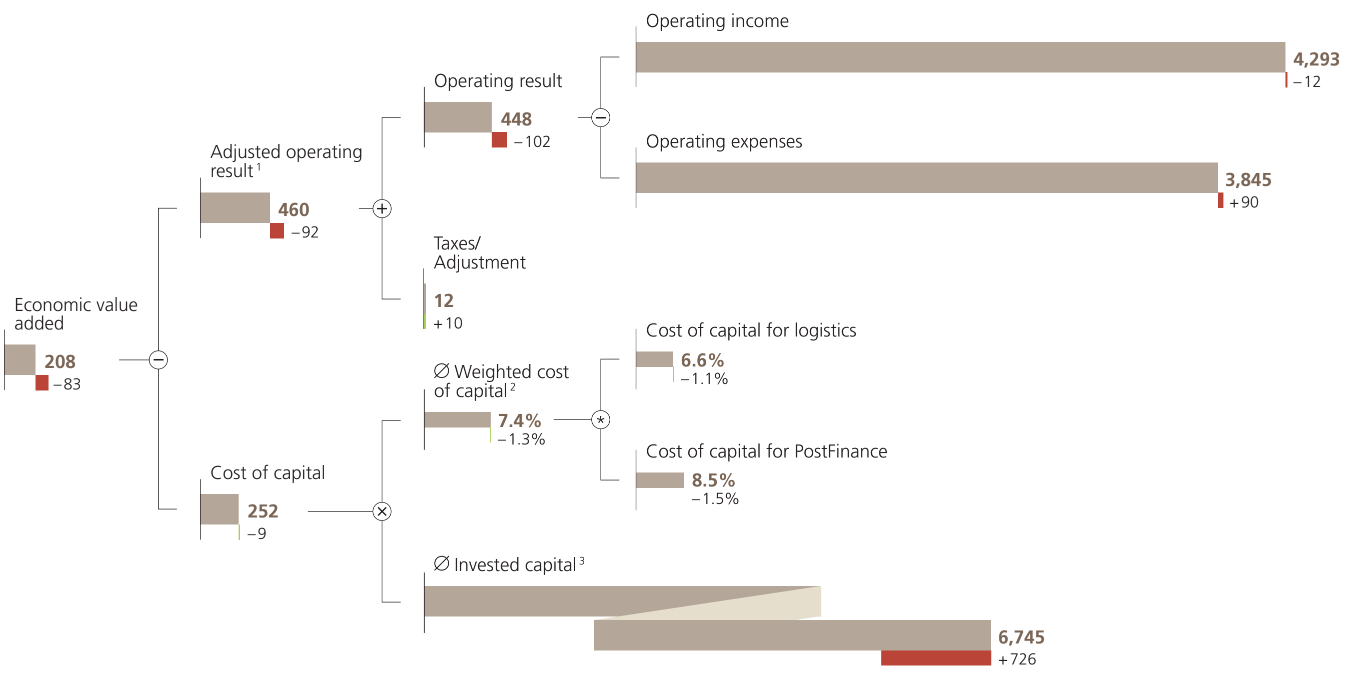
## Economic value added

In accordance with the Federal Council's financial targets, Swiss Post must maintain, and if possible increase its enterprise value. Value added is created when the adjusted operating result exceeds the cost of average invested capital. In addition to the overall result, this approach also factors in the risks and the capital employed. Furthermore, the Federal Council expects Swiss Post to be able to finance its investments from the cash flow generated. In principle, this means that no debt capital can be taken on to finance investments.

As at 30 June 2012, Swiss Post met the financial expectations of the Federal Council and generated economic value added of 208 million francs. This sum represents around 29 percent less than in the previous year (291 million francs). This fall in value is primarily the result of the lower adjusted operating result. The average amount of capital invested increased above all for PostFinance (Basel II) and Real Estate (large-scale building projects). Capital costs declined by 9 million francs in comparison with the previous year.

Lower adjusted operating result reduced economic value added

**Group | Economic value added**
1.1. to 30.6.2012 showing change from prior year
CHF m, 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 after taxes (WACC) for logistics and equity cost of capital for the retail financial market (PostFinance).
3 At PostFinance corresponds to ∅ equity in accordance with Basel II (CHF 3,178 million) and in logistics units to the ∅ net operating assets (NOA) of CHF 3,567 million.

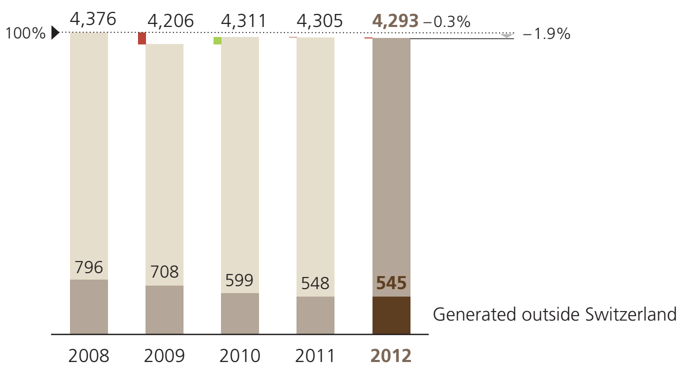
# Statement of comprehensive income

## Operating income

In the first six months of 2012, operating income stood at 4,293 million francs (previous year: 4,305 million francs). This represents a fall of 0.3 percent.

0.3 percent decrease in operating income year-on-year

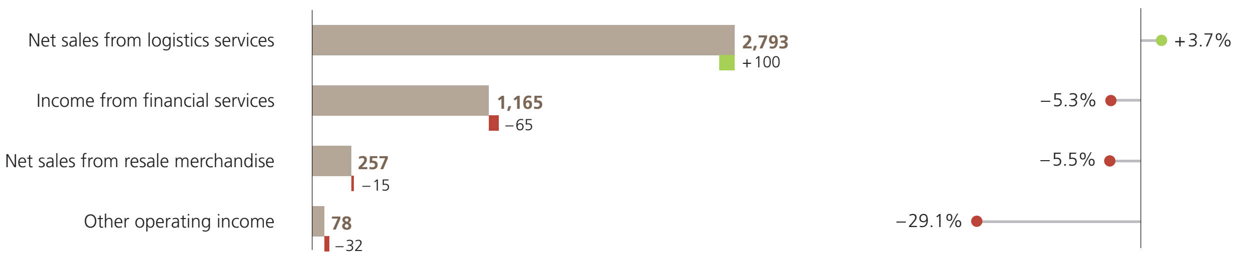
**Group | Operating income**
1.1. to 30.6.2008 to 2012 showing change from prior year / over five years
2008 = 100%, CHF m




Net sales from logistics services increased by 100 million francs year-on-year. This was primarily due to increased sales from newspapers and parcels as well as the fact that the fully-acquired DMC Group was included for the first time. Net sales from resale merchandise fell, primarily in the communication market (Post Offices & Sales) due to a new booking system for philatelic products (stamps sales for franking purposes are now included in net sales from logistics services). Income from financial services decreased due to lower interest income. Other operating income decreased, primarily as a result of lower proceeds from the disposal of property, plant and equipment.

Decrease in operating income despite increased net sales from logistics services

**Group | Operating income**
1.1. to 30.6.2012 showing change from prior year
CHF m, percent

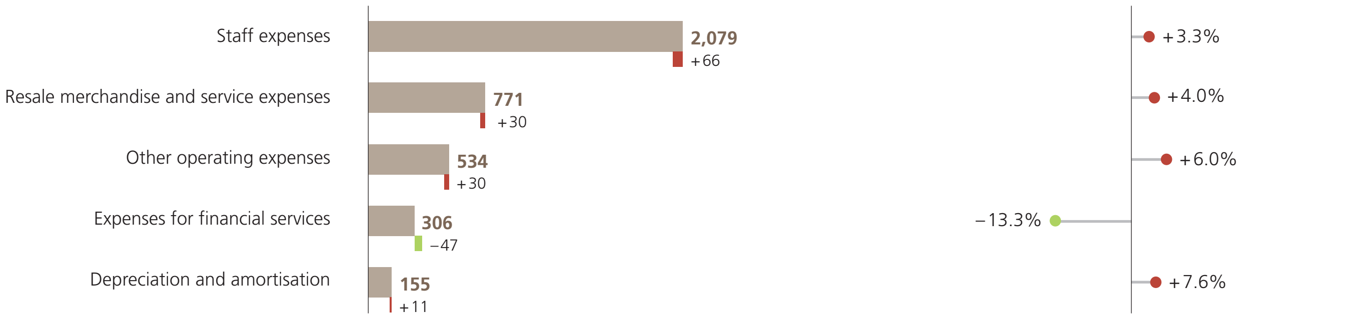


## Operating expenses

The increase in staff expenses was primarily due to the higher average headcount and higher employee benefit expenses. Resale merchandise and service expenses increased by 30 million francs. This increase is primarily due to higher third-party charges, increased compensation paid to transport companies and the takeover of the DMC Group. Expenses for financial services decreased due to lower interest costs and lower impairment losses. Other operating expenses increased by 6 percent year-on-year. This was chiefly the result of higher expenses for maintenance and repair, operating equipment and consulting services. Due to the higher depreciation and amortisation on vehicles and intangible assets, depreciation and amortisation costs increased by 11 million francs year-on-year.

Increase due to higher staff expenses and other operating expenses

**Group | Operating expenses**
1.1. to 30.6.2012 showing change from prior year
CHF m, percent




## Operating result

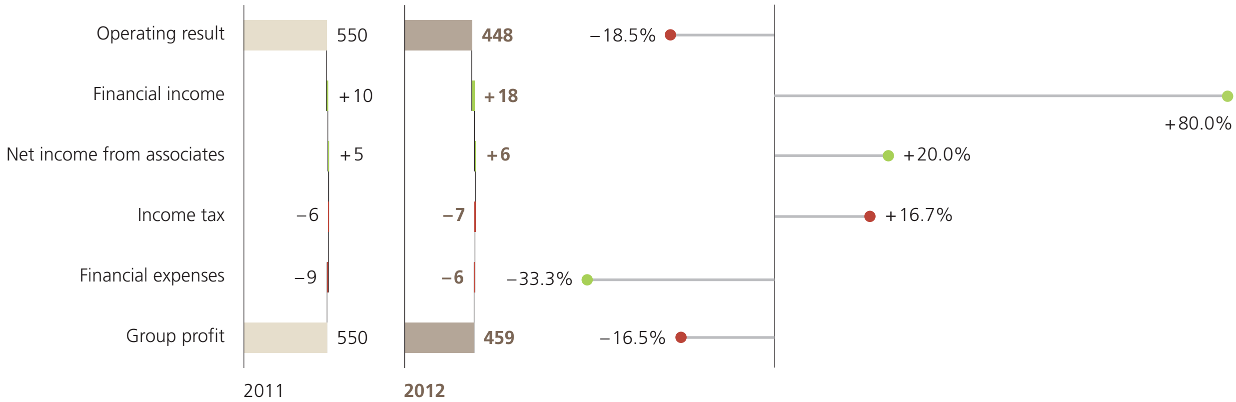
The decline in the operating result year-on-year is primarily due to the increased employee benefit expenses and lower income from the disposal of properties. The aforementioned expense and income trends led to a fall in the operating result of 102 million francs, representing a decrease of around 18.5 percent in comparison with the previous year.

## Group profit

The share attributable to associates in the result increased by one million francs year-on-year to reach 6 million francs. Financial expenses fell by 3 million francs year-on-year. Financial income increased by 8 million francs year-on-year (see the Notes on page 23 under "Other changes during the reporting period"). Income tax increased by one million francs to 7 million francs due to higher deferred taxes.

Group profits fell by around 17 percent year-on-year

**Group | Reconciliation of operating result to Group profit**
1.1. to 30.6.2011 and 2012 showing change from prior year
CHF m, percent




## Segment results

All four markets contributed to the positive operating result.

**Group** | Segment results
1.1. to 30.6.2012
with prior-year period
CHF m, percent, full-time equivalents

| | Operating income | | Operating result[1] | | Margin[2] | | Headcount[3] | |
|---|---|---|---|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Communication market | 2,417 | 2,372 | 61 | 75 | 2.5 | 3.2 | 31,555 | 30,945 |
| PostMail[4] | 1,596 | 1,574 | 112 | 142 | 7.0 | 9.0 | 18,260 | 17,906 |
| Swiss Post Solutions | 276 | 271 | 2 | 3 | 0.7 | 1.1 | 6,598 | 6,215 |
| Post Offices & Sales | 828 | 831 | –53 | –70 | | | 6,697 | 6,824 |
| Logistics market | | | | | | | | |
| PostLogistics[4] | 761 | 737 | 73 | 78 | 9.6 | 10.6 | 5,524 | 5,538 |
| Retail financial market | | | | | | | | |
| PostFinance | 1,171 | 1,235 | 295 | 330 | | | 3,470 | 3,396 |
| Public passenger transport market | | | | | | | | |
| PostBus[5] | 377 | 354 | 18 | 19 | 4.8 | 5.4 | 2,262 | 2,039 |
| Other[6] | 462 | 483 | 1 | 48 | | | 2,152 | 2,176 |
| Consolidation | –1,178 | –1,180 | | | | | | |
| | **4,293** | **4,305** | **448** | **550** | | | **44,963** | **44,094** |

1 Operating result corresponds to earnings before non-operating financial income and taxes (EBIT).
2 The retail financial market (PostFinance) uses the indicator return on equity, which is not shown here; no margin is calculated for "Other"; negative margins are not reported.
3 Average expressed in terms of full-time equivalents (excl. trainees).
4 With the omission of Swiss Post International as at 1 January 2012, the previous year's figures were adjusted.
5 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 IFRS.
6 Includes service units (Real Estate, Information Technology, Corporate Purchasing and Language Services) and management units (e.g. Human Resources, Finance and Communication).

## Communication market

### *PostMail*

PostMail: Provides largest contribution to result in communication market

For the first half of 2012, PostMail registered an operating result of 112 million francs, some 30 million francs less than the previous year primarily as a result of higher employee benefit expenses.

Operating income increased by 22 million francs, amounting to 1,596 million francs. Sales from unaddressed mail increased by 37 million francs due to the complete takeover of the DMC Group. Income from newspapers increased by 11 million francs due to an increase in foreign supplements and average weight. International business, however, recorded a fall of 22 million francs, primarily due to the discontinuation of the business activity of the subsidiary PrimeMail GmbH.

Operating expenses totalled 1,484 million francs, representing an increase of 52 million francs year-on-year. In addition to the increase resulting from the complete takeover of the DMC Group, the increase in expenses was chiefly attributable to the increase in employee benefit expenses of 21 million francs. Productivity improvements in sorting and delivery, however, led to lower staff expenses. The discontinuation of the operational activity of PrimeMail GmbH also reduced expenses.

The headcount increased by 354 full-time equivalents year-on-year as a result of the takeover of the DMC Group. In the core business, the headcount fell by 329 full-time equivalents.

### *Swiss Post Solutions*

Swiss Post Solutions: Steady growth in Switzerland and the US

The operating result of 2 million francs posted by Swiss Post Solutions for the first half of 2012 was one million francs less than the previous year. The excellent result in the Document Output unit was unable to offset the negative impact from the other units. This was primarily due to pricing pressure in the US, where many of the long-term contracts were up for renewal, the sluggish new Global Services business and the unfavourable development in the cards product mix.

Swiss Post Solutions generated operating income of 276 million francs. After an adjustment of 5 million francs for the negative currency translation effect, organic growth of 10 million francs was recorded. The US (+17 percent) and Switzerland (+8 percent) as well as the Document Output unit (+6 percent) provided a particularly strong contribution. The withdrawal from the Managed Media Services business area, the reduced administration services for MEILLERGHP GmbH, falling Global Services project sales and customer losses in France had a negative impact on sales performance.

Driven by a disproportionately high increase in staff costs, operating expenses totalled 274 million francs, around 2 percent higher than the previous year. While staff costs kept pace with increasing turnover in the high-growth units, it proved impossible to reduce these costs quickly enough in the declining activities (in particular France).

The headcount increased in comparison with the previous year from 6,215 full-time equivalents to 6,598. Additional employees were recruited in the US (+146) and Vietnam (+324) in light of the growth in business, whereas a net change of –87 full-time equivalents was recorded in all other countries. This was primarily due to the planned reduction of fixed-term work contracts involved in the population census project in Germany.

### *Post Offices & Sales*

## Post Offices & Sales: Continued welcome improvement in results

The slight losses in the sales of stamps were more than offset through sustainable cost management, improving the overall result by 17 million francs. In the first half of 2012, Post Offices & Sales achieved an operating result of – 53 million francs. Sales of stamps for franking parcels and letters are no longer recorded in Philately but in logistics products. The traditional stamp collection products continue to be recorded in Philately.

Operating income was barely maintained and fell by 3 million year-on-year to 828 million francs. Despite the fall in volumes of logistics products, sales increased by 9 million francs. In contrast, turnover from resale merchandise fell by 12 million francs because – as mentioned above – the sale of stamps for franking purposes is now completely recorded in the net sales from logistics services. The long-standing decline in payment transactions continued, with a fall of more than 4 percent due to substitution through e-banking. However, the fall in revenue of around 2 million francs was offset by increased compensation from the opening of postal accounts and customer appointment referrals. Net sales of non-postal brand-name items continued to register an encouraging rise. Sales increased by one million francs in comparison with the previous year to reach 233 million francs. Gift cards deserve a special mention as sales of this product made a significant contribution to the growth in sales, together with the incorporation of iPhones and iPads in the product range and the successful marketing of fan bands during Euro 2012.

Operating expenses were cut by 20 million francs year-on-year to 881 million francs. The postal product volume trends triggered to a fall in service expenses of 16 million francs. The saving of 9 million francs achieved in other operating expenses made it possible to absorb the increase in staff expenses of 5 million francs. This was primarily due to the increase in employee benefit expenses of 9 million francs.

The headcount of 6,697 employees decreased by 127 full-time equivalents year-on-year due to developments in the post office network.

## Logistics market

### *PostLogistics*

## PostLogistics: Solid operating result

PostLogistics achieved an operating result of 73 million francs, representing a fall of 5 million francs year-on-year. This decline was primarily due to increased costs for third-party transporters and IT, as well as an exceptional impairment loss and wage measures.

Operating income totalled 761 million francs, exceeding the previous year's total by 24 million francs. This increase can be attributed to increased parcel volumes, the new customers – Antalis and Coca-Cola – acquired during the course of 2011 and increased sales in the fuel business and fleet management.

Operating expenses increased year-on-year by a total of 29 million francs to 688 million francs. Due to the wage measures, staff expenses exceeded the previous year's figure by 3 million francs. Resale merchandise and service expenses increased by 9 million francs year-on-year due to higher costs for third-party transporters. This increase was caused by higher parcel volumes and greater recourse to third-party transporters instead of in-house drivers. Other operating expenses increased by 11 million francs in comparison with the previous year. This was due to higher IT costs, higher vehicle maintenance costs and higher fuel costs. Depreciation and amortisation exceeded the previous year's value by 6 million francs. This can be attributed to the fact that goodwill had to be written off in the subsidiary IT ServiceHouse AG due to customer losses.

The average headcount fell by 14 to 5,524 full-time equivalents. The main reason for this fall was the optimisation of the transport unit.

## Retail financial market

*PostFinance*

PostFinance: Renewed increase in customer deposits

In the first half of 2012, PostFinance recorded an operating result of 295 million francs, representing a decrease of 35 million francs (– 10.6 percent) year-on-year.

Interest income before impairment losses fell by 48 million francs (– 8.3 percent) year-on-year. This fall was caused by the difficult market environment and the associated less profitable investment opportunities. As a result of the appreciation in value of financial assets (5 million francs, previous year: decrease in value of 31 million francs), the fall in interest income was partially offset. In the first half of 2012, PostFinance recorded net commission and service income of 146 million francs (minus one million francs, – 0.7 percent). The lower income from the falling deposits in post offices were primarily offset by higher earnings from credit cards and mortgages. Overall, operating income remained high at 745 million francs (previous year: 759 million francs; – 1.8 percent).

Operating expenses including depreciation and amortisation of 451 million francs increased by 22 million francs (+ 5.1 percent) year-on-year. Both non-staff expenses (207 million francs; + 4.0 percent) and staff expenses (240 million francs; + 6.7 percent) were higher than the previous year.

In total, PostFinance created an additional 74 full-time equivalents in comparison with the previous year (+ 2.2 percent).

## Public passenger transport market

*PostBus*

PostBus: Growth in Switzerland and abroad

The operating result was one million francs lower than the previous year. While the operating result improved by one million francs in France year-on-year, the operating result in Switzerland over the same period declined by 2 million francs, primarily due to increased employee benefit expenses.

PostBus increased its operating income by 6.5 percent to 377 million francs. The renewed expansion of the product range in Switzerland generated 16 million francs, of which increased payments accounted for 8 million francs while increased transport revenue accounted for 5 million francs. With the takeover of the Rochette Group in France, sales increased by more than one third to 31 million francs. Driven by growth and inflation, operating expenses increased by 24 million francs.

Expansion of the service in Switzerland combined with market growth in France enabled PostBus to cover an additional 4.4 million kilometres. In turn, this led to a need for more staff representing 73 full-time equivalents in Switzerland and 150 full-time equivalents abroad, increasing the headcount to 2,262 full-time equivalents.

## Other

*Management and service units*

Management and service units: Lower operating result

By 30 June 2012, the "Other" segment recorded an operating result of one million francs (previous year: 48 million francs). The decrease year-on-year is primarily due to lower profits from the disposal of property, plant and equipment and increased operating expenses.

The operating income of 462 million francs fell by 21 million francs year-on-year. The fall in profits of 30 million francs from the disposal of property, plant and equipment was only partially offset by increased rental income, increased other operating income and higher sales from logistics services.

Operating expenses increased by 26 million francs to 461 million francs. The increased operating expenses were primarily due to an increase of 17 million francs in other operating expenses, mainly owing to higher real estate maintenance and repair expenses, as well as an increase of 3 million francs in staff expenses, resale merchandise and service expenses and depreciation and amortisation.

Headcount fell by 24 in comparison with the previous year to 2,152 full-time equivalents.

## Cash flow and investments

Cash flow declined by 32 million francs to 506 million francs year-on-year.

Overall, investments in property, plant and equipment (146 million francs), real estate held as financial investments (6 million francs), intangible assets (9 million francs) and shareholdings (24 million francs) were up 25 million francs on the previous year. This was primarily due to increased investments in shareholdings. Investments over the past six months were again financed entirely from Swiss Post's own resources.

Investments are completely self-financed again

**Group | Internal financing**
1.1. to 30.6.2012 showing change from prior year
CHF m, percent


1 before appropriation of profit

## Consolidated balance sheet

### Receivables due from banks

In comparison with 31 December 2011, receivables due from banks increased by around 5 billion francs. This increase was primarily due to the additional cash reserves for the most part held at the Swiss National Bank.

### Financial assets

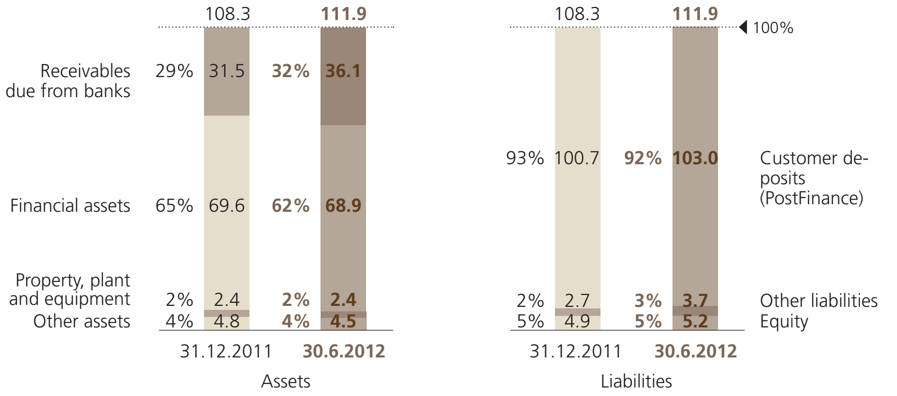
In comparison with the end of 2011, financial assets fell by around 0.8 billion francs. The decrease can be attributed to the desired shortening of the average duration of PostFinance financial assets.

## Property, plant and equipment

The book value of property, plant and equipment increased by 16 million francs in comparison with the situation as at 31 December 2011. In the first six months of 2012, depreciation and amortisation on property, plant and equipment increased by 7 million francs, reaching around 135 million francs.

Total assets above the 100-billion franc mark again

**Group | Balance sheet structure**
As at 31.12.2011 and 30.6.2012
CHF billion




## Customer deposits

Over the past six months, customer deposits at PostFinance increased by 2,298 million francs to reach a total of 103,005 million francs as at 30 June 2012. Customer deposits accounted for about 92 percent of the Group's total assets.

## Other liabilities (provisions)

Provisions (incl. employee benefit obligations) fell by 172 million francs. This was essentially due to the fall in employee benefit obligations of 161 million francs. This reduction is above all justified by the employer's contribution reserves. The remaining reduction in provisions amounted to around 11 million francs, of which around 8 million francs were recognised in the income statement.

## Equity

Consolidated equity as at 30 June 2012 was calculated net of the appropriation of profit for 2011. In view of the upcoming conversion of Swiss Post into a public limited company under special legislation and PostFinance into a public limited company regulated by the Swiss Financial Market Supervisory Authority (FINMA), the equity capital required is even higher.

## Outlook

The Swiss National Bank continues to forecast a slow recovery for the global economy. This is being driven by reflationary global monetary policy and robust domestic demand in the emerging economies. In the euro zone and the US, progress is likely to be limited. It is assumed that the financial crisis and sovereign debt crisis in Europe will gradually ease. The associated risks nevertheless remain high. In particular, the difficult situation in Greece and Spain has already had a significantly negative impact on household and business sentiment within the euro zone. The economic situation consequently remains unstable.

Despite the strong growth at the beginning of the year, the short-term prospects for Switzerland remain relatively limited. The renewed tension on the financial markets, depressed business sentiment in Europe and the continuing strong Swiss franc will weigh on growth. Little impetus is expected to come from the export-oriented sectors in the coming months. In light of the high level of uncertainty and the pressure on profit margins, companies are likely to be somewhat reluctant to invest. Supported by low interest rates and constant immigration, private consumption and construction investment could emerge as growth drivers. The Swiss National Bank forecasts GDP growth of around 1.5 percent in 2012. The economic outlook continues to be afflicted by a considerable degree of uncertainty, as the Swiss economy is exposed to the risk of a significant downturn as a result of the fragile situation in Europe. If the economic situation in Switzerland were to weaken in the future, this would also have a negative effect on Swiss Post. Swiss Post can be expected to once again achieve a good result, although it is unlikely to reach the prior year's excellent result.

The economic prospects and increased competition, the sustained substitution effects, the optimisation of business customer shipping operations and the necessary continued strengthening of equity support Swiss Post in its belief that it should continue to pursue the strategy defined.

# Financial report

## Group

### Consolidated statement of comprehensive income

| **Group** \| Statement of comprehensive income<br>CHF m | 2012<br>1.1. to 30.6.<br>reviewed | 2011<br>1.1. to 30.6.<br>reviewed | 2011<br>audited |
|---|---|---|---|
| Net sales from logistics services | 2,793 | 2,693 | 5,377 |
| Net sales from resale merchandise | 257 | 272 | 579 |
| Income from financial services | 1,165 | 1,230 | 2,439 |
| Other operating income | 78 | 110 | 204 |
| **Total operating income** | **4,293** | **4,305** | **8,599** |
| Staff expenses | –2,079 | –2,013 | –4,026 |
| Resale merchandise and service expenses | –771 | –741 | –1,520 |
| Expenses for financial services | –306 | –353 | –728 |
| Depreciation and amortisation | –155 | –144 | –293 |
| Other operating expenses | –534 | –504 | –1,124 |
| **Total operating expenses** | **–3,845** | **–3,755** | **–7,691** |
| **Operating result** | **448** | **550** | **908** |
| Financial income | 18 | 10 | 24 |
| Financial expenses | –6 | –9 | –19 |
| Net income from associates | 6 | 5 | 12 |
| **Profit before tax** | **466** | **556** | **925** |
| Income tax | –7 | –6 | –21 |
| **Group profit** | **459** | **550** | **904** |
| **Other comprehensive income** | | | |
| Change in fair value reserves | 28 | 10 | –26 |
| Change in hedging reserves | –5 | –4 | –8 |
| Change in currency translation reserves | –1 | –13 | –1 |
| Change in deferred taxes | 0 | 0 | –1 |
| **Total other comprehensive income** | **22** | **–7** | **–36** |
| **Total comprehensive income** | **481** | **543** | **868** |
| Group profit attributable to | | | |
| Swiss Confederation (owner) | 459 | 550 | 904 |
| Non-controlling interests | 0 | 0 | 0 |
| Total comprehensive income attributable to | | | |
| Swiss Confederation (owner) | 481 | 543 | 868 |
| Non-controlling interests | 0 | 0 | 0 |

# Consolidated balance sheet

| **Group** \| Balance sheet<br>CHF m | 30.6.2012<br>reviewed | 31.12.2011<br>audited | 30.6.2011<br>reviewed |
|---|---|---|---|
| **Assets** | | | |
| Cash | 1,809 | 2,067 | 1,749 |
| Receivables due from banks | 36,122 | 31,534 | 16,806 |
| Interest-bearing receivables from customers | 116 | 81 | 1,338 |
| Trade accounts receivable | 958 | 927 | 878 |
| Other receivables | 1,063 | 1,071 | 1,143 |
| Inventories | 79 | 77 | 75 |
| Non-current assets held for sale | 0 | 1 | 1 |
| Financial assets | 68,854 | 69,629 | 71,669 |
| Investments in associates | 42 | 53 | 46 |
| Property, plant and equipment | 2,437 | 2,421 | 2,338 |
| Investment property | 55 | 49 | 40 |
| Intangible assets | 324 | 296 | 294 |
| Deferred income tax assets | 52 | 48 | 56 |
| **Total assets** | **111,911** | **108,254** | **96,433** |
| **Liabilities** | | | |
| Customer deposits (PostFinance) | 103,005 | 100,707 | 88,241 |
| Other financial liabilities | 1,260 | 22 | 921 |
| Trade accounts payable | 538 | 651 | 466 |
| Other liabilities | 993 | 874 | 1,000 |
| Provisions | 414 | 425 | 417 |
| Employee benefit obligations | 525 | 686 | 812 |
| Current income tax liabilities | 1 | 2 | 1 |
| Deferred income tax liabilities | 15 | 8 | 8 |
| **Total debt capital** | **106,751** | **103,375** | **91,866** |
| Endowment capital | 1,300 | 1,300 | 1,300 |
| Capital reserves | 2,332 | 2,231 | 2,231 |
| Retained earnings | 1,554 | 1,398 | 1,055 |
| Currency translation reserves | –59 | –58 | –70 |
| Profits and losses recorded directly in other comprehensive income | 31 | 8 | 49 |
| **Equity attributable to the owner** | **5,158** | **4,879** | **4,565** |
| Non-controlling interests | 2 | 0 | 2 |
| **Total equity** | **5,160** | **4,879** | **4,567** |
| **Total liabilities** | **111,911** | **108,254** | **96,433** |

# Consolidated statement of changes in equity

**Group** | Statement of equity

| CHF m | Endowment capital | Capital reserves | Retained earnings | Currency translation reserves | Profits and losses recorded directly in other comprehensive income | Equity attributable to the owner | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|
| **Balance as at 1.1.2011** | **1,300** | **2,131** | **805** | **–57** | **43** | **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 |
| Profits transferred to statement of comprehensive income due to sale of financial assets | | | | | –4 | –4 | | –4 |
| Amortisation of fair value reserves for financial assets reclassified as held to maturity | | | | | 3 | 3 | | 3 |
| Change in unrealised profits/losses on hedging reserves for cash flow hedges (net) | | | | | 14 | 14 | | 14 |
| Profits/losses transferred to statement of comprehensive income from cash flow hedges | | | | | –18 | –18 | | –18 |
| Change in deferred taxes | | | | | – | – | | – |
| Change in currency translation reserves | | | | –13 | | –13 | 0 | –13 |
| **Total other comprehensive income** | | | | **–13** | **6** | **–7** | **0** | **–7** |
| **Total comprehensive income** | | | **550** | **–13** | **6** | **543** | **0** | **543** |
| Dividends | | | –300 | | | –300 | 0 | –300 |
| Capital contribution | | 100 | | | | 100 | | 100 |
| **Balance as at 30.6.2011** | **1,300** | **2,231** | **1,055** | **–70** | **49** | **4,565** | **2** | **4,567** |
| **Balance at 1.1.2012** | **1,300** | **2,231** | **1,398** | **–58** | **8** | **4,879** | **0** | **4,879** |
| **Group profit** | | | **459** | | | **459** | **0** | **459** |
| Increase in fair value reserves for available-for-sale financial assets | | | | | 29 | 29 | | 29 |
| Profits transferred to statement of comprehensive income due to sale of financial assets | | | | | –2 | –2 | | –2 |
| Amortisation of fair value reserves for financial assets reclassified as held to maturity | | | | | 1 | 1 | | 1 |
| Change in unrealised profits/losses on hedging reserves for cash flow hedges (net) | | | | | –29 | –29 | | –29 |
| Profits/losses transferred to statement of comprehensive income from cash flow hedges | | | | | 24 | 24 | | 24 |
| Change in deferred taxes | | | | | 0 | 0 | | 0 |
| Change in currency translation reserves | | | | –1 | | –1 | 0 | –1 |
| **Total other comprehensive income** | | | | **–1** | **23** | **22** | **0** | **22** |
| **Total comprehensive income** | | | **459** | **–1** | **23** | **481** | **0** | **481** |
| Dividends | | | –300 | | | –300 | 0 | –300 |
| Capital contribution | | 100 | | | | 100 | | 100 |
| Change in non-controlling assets | | 1 | –3 | | | –2 | 2 | 0 |
| **Balance as at 30.6.2012** | **1,300** | **2,332** | **1,554** | **–59** | **31** | **5,158** | **2** | **5,160** |

# Consolidated cash flow statement

| **Group** \| Cash flow statement<br>CHF m | 2012<br>1.1. to 30.6. | 2011<br>1.1. to 30.6. | 2011 |
|---|---|---|---|
| Profit before tax | 466 | 556 | 925 |
| Depreciation and amortisation | 155 | 144 | 293 |
| Net gain on disposal of property, plant and equipment | –7 | –39 | –40 |
| Net impairment of financial assets | –4 | 32 | 84 |
| Change in fair value of financial assets | 74 | 209 | 210 |
| Net (decrease) in provisions | –83 | –136 | –254 |
| Other financial income / expense | –9 | –10 | –18 |
| Other non-cash income / expense | –6 | –4 | –11 |
| Change in net current assets: | | | |
| (Increase)/Decrease in receivables | –39 | 273 | 4 |
| (Decrease) in liabilities | –171 | –500 | –11 |
| Decrease/(Increase) in other non-interest-bearing current assets | –2 | 0 | –2 |
| Change in items from financial services: | | | |
| Decrease/(Increase) in receivables due from banks (original term of three months or more) | 26 | –28 | 287 |
| Decrease (increase) in financial assets | 717 | 1,144 | 3,094 |
| Change in customer deposits (PostFinance)/ interest-bearing receivables from customers | 2,265 | 1,683 | 15,406 |
| Change in other receivables/ liabilities from financial services | 1,422 | 739 | –275 |
| Income taxes paid | –6 | –5 | –13 |
| **Net cash from/used in operating activities** | **4,798** | **4,058** | **19,679** |
| Purchases of property, plant and equipment | –146 | –134 | –377 |
| Purchases of property held as a financial investment | –6 | 0 | –11 |
| Purchases of intangible assets (excl. goodwill) | –9 | –19 | –30 |
| Purchases of subsidiaries, net of cash and cash equivalents acquired | –24 | –7 | –11 |
| Proceeds from the sale of property, plant and equipment | 20 | 54 | 89 |
| Proceeds from the sale of other (non operating) financial assets | 8 | 8 | 6 |
| Interest received (excl. financial services) | 20 | 17 | 24 |
| **Net cash used in investment activities** | **–137** | **–81** | **–310** |
| (Decrease) in other financial liabilities | –2 | –15 | –36 |
| Interest paid | 0 | –1 | –2 |
| Payments to acquire non-controlling interests | –2 | – | –11 |
| Transfer from appropriation of profit to Swiss Post pension fund | –100 | –100 | –100 |
| Dividends paid to the owner | –200 | –200 | –200 |
| Dividends paid to non-controlling interests | 0 | 0 | –2 |
| **Net cash used in financing activities** | **–304** | **–316** | **–351** |
| Foreign exchange losses from cash and cash equivalents | 0 | –3 | –1 |
| **Change in cash and cash equivalents** | **4,357** | **3,658** | **19,017** |
| Cash and cash equivalents at 1 January | 33,439 | 14,422 | 14,422 |
| **Cash and cash equivalents at end of reporting period** | **37,796** | **18,080** | **33,439** |
| Cash and cash equivalents include: | | | |
| Cash | 1,809 | 1,749 | 2,067 |
| Receivables due from banks with an original term of less than 3 months | 35,987 | 16,331 | 31,372 |

# Notes to the Interim Report

## Basis of preparation

The condensed consolidated interim financial statements of Swiss Post Group as at 30 June 2012 were prepared in accordance with IAS 34 "Interim Financial Reporting" and were reviewed. The same accounting policies were applied as in the 2011 Financial Report with the following restriction.

Various revised standards are effective from the 2012 reporting period onwards, but do not have a material impact on the results of operations or financial position of Swiss Post Group.

## Accounting changes

From the 2012 reporting period onwards, Swiss Post International no longer exists as a separate segment. The assets and liabilities were allocated to the PostMail and PostLogistics segments and the previous year's figures were adjusted accordingly.

## Segment information

| **Segments** \| Results<br>CHF m<br>Up to or as at 30.6.2012 | PostMail[1] | Swiss Post Solutions | Post Offices & Sales | PostLogistics[1] | PostFinance | PostBus[2] | Other[3] | Consolidation | Group |
|---|---|---|---|---|---|---|---|---|---|
| Operating income | | | | | | | | | |
| from customers | 1,398 | 243 | 510 | 547 | 1,166 | 376 | 53 | | 4,293 |
| from other segments | 198 | 33 | 318 | 214 | 5 | 1 | 409 | –1,178 | – |
| **Total operating income** | **1,596** | **276** | **828** | **761** | **1,171** | **377** | **462** | **–1,178** | **4,293** |
| Operating result | 112 | 2 | –53 | 73 | 295 | 18 | 1 | | 448 |
| Net financial income | | | | | | | | | 12 |
| Net income from associates | 1 | –2 | – | 5 | 2 | 0 | 0 | | 6 |
| **Profit before tax** | | | | | | | | | **466** |
| Headcount[4] | 18,260 | 6,598 | 6,697 | 5,524 | 3,470 | 2,262 | 2,152 | | 44,963 |
| Up to or as at 30.6.2011 (figures restated) | | | | | | | | | |
| Operating income | | | | | | | | | |
| from customers | 1,358 | 242 | 514 | 533 | 1,230 | 353 | 75 | | 4,305 |
| from other segments | 216 | 29 | 317 | 204 | 5 | 1 | 408 | –1,180 | – |
| **Total operating income** | **1,574** | **271** | **831** | **737** | **1,235** | **354** | **483** | **–1,180** | **4,305** |
| Operating result | 142 | 3 | –70 | 78 | 330 | 19 | 48 | | 550 |
| Financial income | | | | | | | | | 1 |
| Net income from associates | 0 | –4 | – | 7 | 2 | 0 | 0 | | 5 |
| **Profit before tax** | | | | | | | | | **556** |
| Headcount[4] | 17,906 | 6,215 | 6,824 | 5,538 | 3,396 | 2,039 | 2,176 | | 44,094 |

1 With the division of the Swiss Post International segment to PostMail and PostLogistics with effect from 1.1.2012, the prior year's figures were adjusted.
2 The PostBus segment is subject to the Law on the Transport of Persons (PBG). This provides for separate accounting regulations for licensed transport businesses (RKV). There are differences between the RKV and the IFRS results.
3 Includes service units (Real Estate, Information Technology, Corporate Purchasing and Language Services) and management units (e.g. Human Resources, Finance and Communication).
4 Average expressed in terms of full-time equivalents (excl. trainees).

### *Material changes in segment assets*

In comparison with 31 December 2011, the segment assets of PostFinance increased by 3,419 million francs, in particular due to the considerable influx of customer deposits.

## Changes in the scope of consolidation

### *Mergers*

– Swiss Post Solutions

On 19 January 2012, GHP Immobilien Verwaltungs GmbH was consolidated with Swiss Post Solutions GmbH, Bamberg while, on 23 January 2012, GHP Immobilien GmbH & Co. KG merged with Swiss Post Solutions GmbH, Bamberg.

– PostMail

On 3 April 2012, Intermail AG merged with Direct Mail Company AG with retroactive effect dated 29 February 2012.

– PostMail

On 22 May 2012, R & M Routage & Mailing SA merged with Edigroup SA with retroactive effect dated 1 January 2012.

### *Acquisitions*

– PostMail

On 6 January 2012, the Swiss Post parent company acquired all shares in Direct Mail Company AG and Direct Mail Logistik AG. Swiss Post previously held a 50 percent share in both companies. With the acquisition of all shares in Intermail AG, which in turn holds the remaining 50 percent of both companies, Swiss Post became the sole shareholder of Direct Mail Company AG and Direct Mail Logistik AG. Swiss Post also acquired all shares of IN-Media AG as well as 50 percent of DMB Direct Mail Biel-Bienne AG. Based in Basel, the Direct Mail Company Group provides products and services in direct marketing and the delivery of unaddressed mail. Throughout Switzerland, the DMC Group employs 135 permanent staff and around 2,500 part-time staff at its sites in Lausanne, Biel, Thun, Zurich, Domat / Ems and Niederbipp.

– PostBus

On 27 February 2012, CarPostal France SAS took over all the shares of the Rochette corporate group, a family business specialising in passenger transport in the Loire département in France. With this takeover, the company strengthened its presence in the local public transport sector in France. The group, based near the city of Saint-Etienne, comprises the holding company Rochette Participations SAS and four transport companies: Archimbaud Frères SARL, Rochette Plaine SARL, Rochette Nord SARL and Caporin Voyages SARL, with 90 percent of their services in regular service operations. The Rochette Group employs around 140 staff.

– PostMail

On 29 February 2012, Direct Mail Company AG took over the delivery business of AWZ AG, which discontinued its activity in this field on the same date. Based in Berne, AWZ AG and its subsidiary ADZ AG provides products and services in direct marketing. The company operates in the Berne, Aargau/Solothurn, Zug and Ticino areas, employing around 1,500 staff.

– PostBus

On 25 April 2012, PostAutoSchweiz AG purchased all the shares of Lausanne-based velopass SARL. velopass SARL is currently the largest bike-sharing provider in Switzerland and operates eleven self-hire networks in more than 20 cities in western Switzerland and Ticino. With this takeover, PostBus has become the new leader on the Swiss bike-sharing market, consolidating its strong position as a provider of combined mobility services. This has resulted in the creation of a nationwide network of self-hire bikes which can be accessed using a single subscriber card. velopass SARL has nine employees.

With the acquisitions, the following assets and liabilities were newly incorporated in the consolidation based on provisional figures:

Assets and liabilities arising from acquisitions

| CHF m | 30 June 2012<br>Provisional total fair values[1] |
|---|---|
| Cash and cash equivalents | 2 |
| Trade accounts receivable and other receivables | 27 |
| Inventories | 0 |
| Property, plant and equipment, intangible assets and investments | 36 |
| Other financial liabilities | –10 |
| Trade accounts payable | –13 |
| Provisions and other liabilities | –24 |
| **Fair value of net assets** | **18** |
| Goodwill | 17 |
| Cash and cash equivalents acquired[2] | –2 |
| Fair value of existing shareholdings[3] | –9 |
| Purchase price payments falling due at a later date (earn-outs) | 0 |
| Payment of liabilities from acquisitions in previous years | 0 |
| **Net cash outflow for acquisitions** | **24** |

1 Comprising: Direct Mail Company AG, Direct Mail Logistik AG, IN-Media AG, operating business of AWZ-Gruppe, Holding Rochette Participations SAS, Archimbaud Frères SARL, Rochette Plaine SARL, Rochette Nord SARL, Caporin Voyages SARL, velopass SARL.
2 Comprising: cash and short-term receivables from banks.
3 Shares already held in Direct Mail Company AG and Direct Mail Logistik AG were re-evaluated at fair value.

The acquisition costs for the companies acquired during the course of the first six months of 2012 as well as the operational element together total 26 million francs. This amount was for the most part paid in cash and cash equivalents. The earn-outs payable at a later date total less than 0.3 million francs and are therefore not material.

The goodwill from these transactions consists of assets which cannot be identified separately or cannot be reliably established; this essentially comprises acquired know-how and expected synergies within the group. Goodwill is not tax deductible.

The fair value of the acquired receivables does not include any material non-collectable receivables.

The directly attributable acquisition costs amounted to less than 0.2 million francs and are recorded in the statement of comprehensive income under the item "Other operating expenses".

Since the time of acquisition, the acquired companies have contributed 62 million francs to operating income and 1 million francs to the operating result.

Overall, the effects of the mentioned acquisitions on the consolidated accounts are not material.

*Other changes during the reporting period*

On 6 January 2012, the Swiss Post parent company acquired all shares in Direct Mail Company AG and Direct Mail Logistik AG. Swiss Post previously held a 50 percent share in both companies. With the acquisition of all shares in Intermail AG, which in turn holds the remaining 50 percent of both companies, Swiss Post became the sole shareholder of Direct Mail Company AG and Direct Mail Logistik AG. Both companies will therefore be fully consolidated from January 2012 and no longer valued at equity. The re-appraisal of existing shareholdings at fair value in a takeover revealed a profit of 9 million francs, which is recorded in the comprehensive statement of income under the item "Financial income".

On 9 February 2012, the remaining shares (20 percent) in Swiss Post Porta a Porta S.p.A. were acquired. Swiss Post therefore now holds 100 percent of the share capital of Swiss Post Porta a Porta S.p.A. Swiss Post was already the majority shareholder with an 80 percent shareholding. The difference resulting from the transaction was recorded directly in equity.

## Information concerning receivables due from banks and financial assets

The receivables due from banks increased by around 4.6 billion francs compared with 31 December 2011. This increase was primarily due to the additional cash reserves for the most part held at the Swiss National Bank.

In the EU countries most affected by the debt crisis (PIIGS countries), the following financial commitments exist:

| Financial assets in the PIIGS countries<br>Carrying amounts in CHF m | 30.6.2012 | 31.12.2011 | 30.6.2011 |
|---|---|---|---|
| Spain | 694 | 777 | 777 |
| Ireland | 82 | 179 | 258 |
| Italy | 43 | 43 | 68 |
| Greece | 5 | 8 | 16 |
| Portugal | 0 | 0 | 0 |

The repayments of regular maturities in the first half of 2012 totalled 183 million francs and were paid on time.

## Investment obligations

As at 30 June 2012, investment obligations totalled 379 million francs. This amount is essentially attributable to two projects in Berne: the PostParc and the PostFinance tower headquarters.

## Seasonal nature

Swiss Post's business activity is affected by a small number of seasonal influences. These primarily include customer deposits (PostFinance) in the PostFinance segment which stand at a high level at year-end. 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 for 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

Prior to the approval of this Interim Report by Swiss Post’s Board of Directors on 28 August 2012, no material events occurred that would have resulted in adjustments to the carrying amounts of the Group’s assets and liabilities.

## Acquisitions of subsidiaries between 1 July and 28 August 2012

No major subsidiaries were acquired between 1 July and 28 August 2012.

## Joint venture

France's La Poste and Swiss Post, two of the leading postal service providers in Europe, are combining their respective cross-border activities in the mail sector with a view to expanding and advancing the development of their international mail business. The announced partnership was approved by the competition authorities on 4 July 2012. This enabled the joint venture ASENDIA to be founded on 6 July 2012. La Poste and Swiss Post own equal shares in the joint venture, which is one of the most important players in this sector. ASENDIA is active in more than 25 locations throughout Europe, Asia and North America thanks to existing subsidiaries and sales agents of both Swiss Post and La Poste. Initially, around 1,000 ASENDIA employees working in 15 countries will generate annual sales of some 400 million euros. In 2013, a common customer-oriented product and service range will gradually be introduced. For Swiss Post, this means that, from July 2012, the 22 companies integrated will no longer be fully consolidated but will be carried at equity in the consolidated financial statements as part of the the ASENDIA joint venture. The effects on the consolidated accounts of Swiss Post are not material.

# 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 2012 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 17 to 25. 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 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 Interim Financial Reporting.

**KPMG AG**

| | |
|---|---|
| Orlando Lanfranchi<br>Licensed Audit Expert | Stefan Andres<br>Licensed Audit Expert |

Gümligen-Bern, 30 August 2012

## Additional information concerning PostFinance

The following statement has been prepared on the basis of IFRS principles and contains the PostFinance financial statements excluding subsidiaries and associates. Transactions with other segments within the group (e.g. payments to Post Offices & Sales as well as PostMail) have not been eliminated.

### Income statement

| **PostFinance** \| Income statement<br>CHF m | 2012<br>1.1. to 30.6. | 2011<br>1.1. to 30.6. | 2011 |
|---|---|---|---|
| **Interest income** | | | |
| Interest income on receivables due from banks | 0 | 3 | 6 |
| Interest income on securities lending and reverse repurchase transactions | 8 | 11 | 22 |
| Interest income on interest-bearing amounts due from customers | 4 | 4 | 9 |
| Interest and dividend income on financial assets | 727 | 786 | 1,540 |
| **Interest expense** | | | |
| Interest expense for customer deposits | –210 | –227 | –461 |
| Interest expense for amounts due to banks | 0 | 0 | –1 |
| Interest expense on repurchase transactions | 0 | 0 | 0 |
| **Net interest income** | **529** | **577** | **1,115** |
| Change in impairment of financial assets | 5 | –31 | –83 |
| Losses on payment transactions | –1 | –5 | –8 |
| **Net interest income, net of impairment** | **533** | **541** | **1,024** |
| Commission income on lending, securities and investment business | 59 | 58 | 119 |
| Commission income on other services | 24 | 20 | 44 |
| Income from services | 266 | 266 | 542 |
| Commission and services expenses | –203 | –197 | –404 |
| **Net services and commission income** | **146** | **147** | **301** |
| Net trading income | 66 | 69 | 146 |
| Realised profits and losses on financial assets | 2 | 5 | 5 |
| Other operating income | –2 | –3 | –2 |
| **Total operating income** | **745** | **759** | **1,474** |
| Staff costs | –239 | –225 | –446 |
| General overheads | –207 | –199 | –426 |
| Depreciation and amortisation | –4 | –5 | –10 |
| **Total operating expenses** | **–450** | **–429** | **–882** |
| **Operating profit** | **295** | **330** | **592** |
| Net investment income from associates | 1 | 1 | 1 |
| Income from intra-Group financing | –1 | –4 | –2 |
| **Profit** | **295** | **327** | **591** |

## Balance sheet

**PostFinance** | Balance sheet

| CHF m | 30.6.2012 | 31.12.2011 | 30.6.2011 |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 1,781 | 2,024 | 1,710 |
| Receivables due from banks | 36,050 | 31,461 | 16,731 |
| Interest-bearing amounts due from customers | 116 | 81 | 1,338 |
| Derivative financial instruments | 102 | 127 | 212 |
| Financial assets | 68,528 | 69,269 | 71,227 |
| Investments | 15 | 15 | 15 |
| Property, plant and equipment | 35 | 30 | 28 |
| Prepaid expenses | 839 | 853 | 846 |
| Other assets | 289 | 477 | 165 |
| **Total assets** | **107,755** | **104,337** | **92,272** |
| **Liabilities** | | | |
| Due to banks | 1,211 | 1 | 852 |
| Due to customers on Deposito and investment accounts | 36,013 | 34,183 | 31,112 |
| Other amounts due (to customers) | 69,412 | 68,850 | 59,163 |
| Derivative financial instruments | 28 | 10 | 4 |
| Prepaid expenses | 235 | 71 | 232 |
| Provisions | 2 | 5 | 5 |
| Other liabilities | 38 | 129 | 38 |
| **Total debt capital** | **106,939** | **103,249** | **91,406** |
| Allocated equity [1] | 500 | 500 | 500 |
| Fair value reserves | 16 | – 12 | 25 |
| Hedging reserves | 5 | 9 | 14 |
| Profit | 295 | 591 | 327 |
| **Total equity** | **816** | **1,088** | **866** |
| **Total liabilities** | **107,755** | **104,337** | **92,272** |

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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