bpost annual report 2011

innovation technologies growth

Innovation is investing in the future.

contents

index

Key figures 2011

Operating income

2,364.6
million EUR

Normalized EBIT

358.6
million EUR

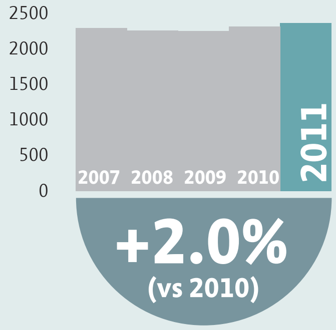
Normalized profit (EAT)

227.1
million EUR

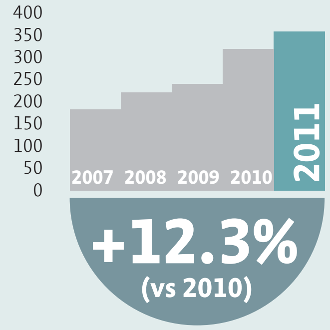
Normalized EBIT margin

15.2%

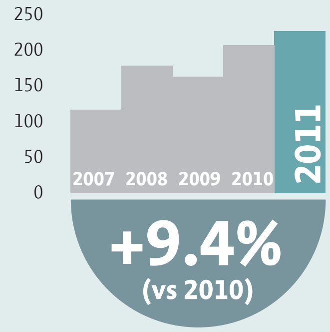
Operating income
(million EUR)



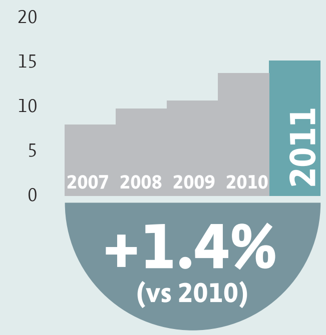
Normalized EBIT
(million EUR)



Normalized profit (EAT)
(million EUR)



Normalized EBIT margin
(%)



For the year ended 31 december In million EUR	2011	2010	2009	Evolution 2011 - 2010
P&L and B/S key figures				
Operating income	2,364.6	2,317.8	2,250.1	2.0%
Payroll costs	(1,288.1)	(1,314.5)	(1,201.5)	-2.0%
Other operating costs	(1,007.2)	(680.9)	(675)	47.9%
Profit from operating activities (EBIT)	69.2	322.4	373.6	-78.5%
Normalized profit from operating activities	358.6	319.2	240.1	12.3%
Profit attributable to equity holders	(57.4)	209.6	290.9	-127.4%
Equity	777.3	1,114.3	1,132.5	-30.2%
Other key figures				
EBITDA	160.6	437.4	475.2	-63.3%
Normalized EBITDA	450	434.2	341.7	3.6%
Operating free cash flow (*)	226.2	224.7	187.2	0.7%
Dividend per share (in EUR)	-	526.8	416.7	-
Number of employees (at year end)	32,110	33,616	34,180	-4.5%
Number of FTE (average)	27,973	29,324	30,030	-4.6%

(*) Impact «Personal accounts of individuals» and State advances excluded annual report 2011

32,110
employees (end 2011)

12 million
mail items and
100,000
parcels handeled a day

10,000
mailman rounds and
4.5 million
households served
5 days a week

14,000
red post boxes

Operating income per Business Unit
(in million EUR)

Multichannel network

1,373 points of sales
(end 2011):

676 post offices
697 PostPoints

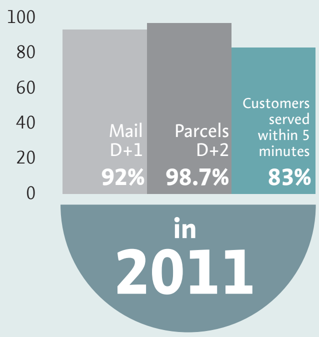
eShop

Contact Center

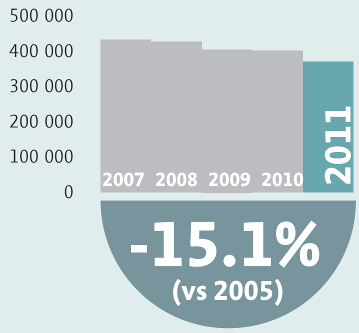
3,500 stamp shops
(end 2011)

www.bpost.be/site/fr/postgroup/prestations/numbers/index.html

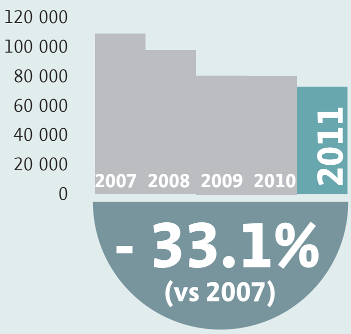
Quality (%)



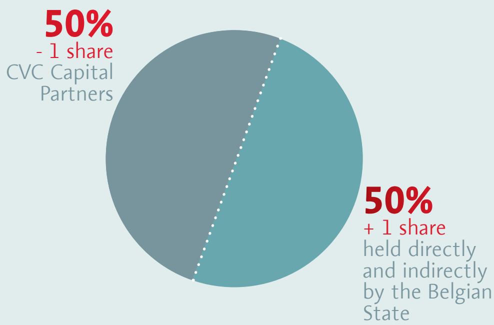
Energy consumption (MWh)



CO_2 emissions (tons)



Shareholders



innovation, technologies, growth

bpost

- bpost is the leading postal operator in Belgium, universal service provider
- bpost's core business is collecting, sorting, transporting and delivering letters and parcels
- bpost also develops activities responding to the interaction between electronic communication and mail; bpost and its subsidiaries provide solutions in document management, certified electronic communication, international added value services and more
- Bank van De Post/Banque de La Poste, a joint venture of bpost and BNP Paribas Fortis, markets a range of banking and insurance products

our mission

We will be the **strongest** and **most trusted** postal operator

We will leverage our **core competenties** and develop **new capabilities** in order to achieve **sustainable and profitable growth** in a changing world

We will make the **difference** for **our customers** and the society thanks to our **passionate people**

about this report

This year, for the first time we present a Corporate Social Responsibility report in accordance with the Global Reporting Initiative's international guidelines. This report is an integral part of bpost's 2011 annual report, which deals with our operational, financial, environmental and corporate performance – essential information for our stakeholders.

message
to our stakeholders

bpost performed well in 2011: we achieved our targets. Although the economic situation steadily declined in the course of the year, bpost's operational results were better than the figures of preceding years.

On 25 January 2012 the European Commission ended its investigation into state aid at bpost in the period 1992-2010 and announced its decision. The ruling that bpost has to pay back 417 million EUR (Gross overcompensation before tax impact of the overcompensation, interests and taxes on interests) to the Belgian State was disappointing, but it does not threaten the viability of the company with regards to customers and employees. The reimbursement did have a significant impact on the net results in 2011. In fact, we set up a provision for 291 million EUR, which has obviously weighed heavily on the net figures. In particular, it led to a net loss of 57.4 million EUR, whereas without this exceptional reimbursement normalized EBITDA, EBIT and net result are all significantly higher than they were in 2010.

bpost has become one of the most efficient postal companies in Europe, with a place in the leading group in terms of operational profitability and quality, and a number one ranking in terms of fully automated sorting and volumes per full-time equivalent. These are the rewards of many years' hard work to change and modernize. All our employees deserve our appreciation and our gratitude for their commitment and sense of responsibility.

bpost kept its course in 2011

Martine Durez : bpost's turnover rose by 2% in 2011 from 2,317.8 million EUR (2010) to 2,364.6 million EUR. In spite of this, net profit and operating profit fell due to the provisions to cover the exceptional reimbursement to the Belgian State. This provision had a negative impact on the net profit which turned from 209.6 million EUR in 2010 into a net loss of 57.4 million EUR in 2011, EBIT fell from 322.4 million EUR in 2010 to 69.2 million EUR in 2011.

When the provision for the reimbursement to the Belgian State and other non-recurring costs and revenues are excluded, there is positive growth in the results. For instance, EBITDA rose from 434.2 million EUR in 2010 to 450 million EUR in 2011 (+3.6%), EBIT rose from 319.2 million EUR in 2010 to 358.6 million EUR in 2011 (+12.3%) and net profit rose from 207.5 million EUR in 2010 to 227.1 million EUR in 2011 (+9.4%).

The positive growth in the normalized results is due among other things to control of operating costs and the growing success of new products, especially EU license plates, the positive development of the foreign subsidiaries and the effects of the price rise at the beginning of 2011. These factors offset the fall in the volume of addressed mail, which amounted to 2% in 2011 (compared to -1% in 2010 and -4% in the crisis year 2009).

Johnny Thijs: Despite the good normalized results, there are a select number of indicators we have to be very wary of. For instance, volumes in 2011 fell by 2%, which is significantly more than in the preceding years. It shows that the competition of internet and electronic communication is biting hard in Belgium, too. So we have to continue our change programs unabated in all echelons of the company.

Customer satisfaction is another factor that requires special attention. In 2011 we noted that our customers place higher demands on service. As we have driven up quality in recent years, with respect to on-time delivery of letters and parcels among other things, customers have also raised their expectations. We did not meet them in full in a number of areas in 2011.

Customer satisfaction is key, especially in a fully liberalized market, which is why "Customer First" is our main priority in 2012.

There was some social friction in the spring with regard to the restructuring of the mail organization

Martine Durez: Happily, we managed to iron things out in the consultations with the social partners and in March an agreement was reached in the Joint Committee on the amendment of the regulations for auxiliary mail carriers. That was a big step forward for the company.

bpost again showed that it wishes to prioritize all the human aspects of the Strategic Plan.

Johnny Thijs: Our organization revolves around people. Our results and our quality stand or fall with the motivation and commitment of our employees. With that in mind, in 2012 we launched the "bpeople" project to encourage their involvement and commitment. You cannot provide optimal service if you do not have committed, customer-oriented employees.

Investments were also made in future growth in 2011

Martine Durez: That's right, bpost has preserved its financial and operational health, but we cannot rest on our laurels. The postal environment is evolving all the time and we have to show that we can anticipate future developments. That's why in 2011 we implemented new change programs in both the sales

"We invest in projects with growth potential."

network and the parcels and letters organization.

Johnny Thijs: We are not just targeting lower costs and higher efficiency, we also have the ambition to grow. We are looking at new opportunities. With that in mind, we invest in projects and ventures with growth potential.

For example, we followed our acquisition of MSI Worldwide in the USA with the purchase of Citipost Asia in Singapore and Hong Kong. We also signed a partnership with Trade2CN, a major player on China's fast-growing parcels market. We latched on to new trends on the market, such as e-commerce and the increasing demand for hybrid or integrated solutions, including the new vehicle number plates in Belgium. We have also worked hard to strengthen our core business. We successfully launched RelatioMail, a tool for large customers that helps them make their paper documents, such as invoices, more commercially relevant.

Lastly, in 2011 we set up "bpost by appointment", an important strategic project in which we examine the possibilities of developing a range of bpost home delivery services. It may be the springboard to promising new activities that can drive bpost's growth in the future.

bpost feels very strongly about Corporate Social Responsibility

Martine Durez: As a state enterprise and one of the biggest employers in Belgium, we take this very seriously. We are a value-driven company with a focus on sustainability and the long-term interests of the company.

In a number of key areas, such as reducing carbon emissions, cutting energy consumption, employee wellbeing and stakeholder involvement, ... we go much further than the laws and regulations prescribe.

Johnny Thijs: For instance, in 2012 we will meet our targets to reduce our carbon emissions by 35% in the period 2007-2012 and to cut our energy consumption by 15% in the period 2005-2012. At the end of 2012, we will set new targets in both areas for the coming years. We want to give our customers peace of mind that their letters and parcels are delivered with the least possible impact on the environment. In 2012 we want to earn a place among the top five IPC international postal operators in this respect.

What are the expectations for 2012?

Martine Durez: The economic situation is unfavorable and uncertain. Inflation is rising and that obviously has an impact on our payroll costs, which make up a large percentage of our total costs. We have also reached an agreement with the government to cut the annual compensation for services of general economic interest by EUR 10 million.

Johnny Thijs: Even so, our ambition in 2012 is to at least match our normalized result for 2011. We will do our utmost to achieve this, and that also includes constant cost cutting. The preservation of our financial health depends on it. That will enable us to build up a financial cushion to help us deal with further falls in volume.

Why is the title of this annual report "Innovation, technologies, growth"?

Johnny Thijs: bpost is a modern company that makes full use of state-of-the-art technologies. We are constantly innovating to ensure our processes run at peak efficiency. Our five sorting centers are equipped with the most effective technologies, so we can sort mail at street and house number level. Track&Trace codes mean that parcels and registered mail can be tracked at all times. All service points in our sales network are connected with PostStation, so that customers can be served with greater speed and accuracy. We recently developed "Globify" within our international parcels service, which gives customers immediate information on the cost of an article purchased from a foreign e-trader, including shipping and customs duties.

This constant injection of innovation and high technology will be one of the drivers of our future growth.

The European Commission's decision early in 2012 on state aid in the period 1992-2010 has removed a factor of major uncertainly

Martine Durez: That's right. Now we can focus on the future. The Commission does still have to decide on the fifth management contract. Clearly we will do everything within our power with the European Commission to guarantee the public services and their adequate financing. We feel that the management contract fits into the new framework that the Commission adopted with regard to services of public economic interest, and we are confident that it will approve the contract in the course of 2012.

innovation
around our core businesses

technologies
in our processes

growth
to safeguard our future

Johnny Thijs
CEO

Martine Durez
Chairwoman of
the Board of Directors

key events
of the year

January 2011
Communication of the Vision 2020 for Mail & Service Operations

In January 2011, the management of bpost's Mail & Service Operations unit, the unit in charge of the collect, sorting and distribution of all mail and parcels products in Belgium, began touring facilities across Belgium to inform its personnel of its strategic plan for the next 5 to 10 years. The objective of the plan is to address the main challenge faced by the unit : how to absorb at the same time the decline in the volume of addressed mail whilst at the same time supporting the development and the growth of products such as parcels. The plan includes the following initiatives :

- Transformation of the 5 sorting centers into 5 Industrial Mail Centers which will sort the mail per address and will prepare the distributors' mail bags.
- All parcels-sorting activities will be centralized in one of the sorting centers.
- The number of distribution offices will decrease from over 400 to about 60 Mail Centers.

Together with other technological and operational changes, the Vision 2020 strategic plan will enable Mail & Services Operations to adapt to the changing market conditions.

June 2010-January 2011
bpost becomes the company's legal name

On 17 June 2010, La Poste – De Post announced its intention to change its name into bpost and to modernize its logo and visual identity.

The new name and logo underline the significant changes undertaken over the last eight years and demonstrate that the company is looking resolutely toward the future.

Whilst La Poste – De Post started using bpost as a commercial denomination in the course of 2010, the change in legal name occurred on 17 January 2011.

April 2011
The enquiries of the Auditorat lead to a referral to the Belgian Competition Commission Authority

On 7 April 2011, the Auditorat's conclusions lead to the opening of an investigation by the Belgian Competition Authority in connection with complaints filed by Publimail NV/SA, Link2Biz International NV/SA and G3 Worldwide Belgium NV/SA.

October 2011
Acquisition of Citipost Asia

On 10 October 2011, bpost announced the acquisition of 100% of Citipost Asia, a company activement in mail and parcels in Hong Kong and Singapore. The company, which will be renamed bpost Asia will allow bpost to develop its activities on the Asian markets.

September 2011
The European Court of Justice upholds the decision of the General Court

In February 2009, the General Court annulled, on procedural grounds, the decision of the European Commission authorizing the capital increase of 2003. The Belgian State brought an appeal against this judgment before the Court of Justice. On 22 September 2011, the Court of Justice rejected the appeal.

As a consequence of the 2009 decision of the General Court, the Commission launched a formal State aid investigation into the 2003 capital increase and other 1992-2002 measures covered by the Commission's annulled 23 July 2003 decision.

July 2011
The Belgian postal regulator imposes a fine on bpost

On 20 July 2011 the Belgian postal regulator ("BIPT/IBPT") concluded that the Company's 2010 pricing policy infringed the Belgian Postal Act and imposed a fine of 2.3 million EUR. bpost contests the BIPT/IBPT's findings and appealed the decision. The appeal is pending before the Brussels Court of Appeal.

bpost, an innovative high-tech company, in step with the times

bpost has been completely transformed over the past decade. We have become a modern, efficient company that is up to the challenge of adapting to a constantly evolving postal environment.

We have reinvented ourselves on the basis of innovation and new technologies. We now market innovative products and work hard to meet the needs of our customers and of society as a whole, in terms of postal solutions and improved service quality.

Solutions

We have evolved from a philosophy of "convenience products" to one of "added-value solutions". We endeavor to gain a better understanding of how our customers work, their business model, so that we can approach them with solutions that are better tailored to their needs.

We use new technologies in our core business to create solutions that incorporate four key elements: paper, digital solutions, parcels and payment.

So for document management we develop and market paper and paperless solutions, such as scanning incoming invoices and inputting them in our customers' systems, mass printing of administrative and financial documents, and electronic invoicing.

We are also active where we might not be expected to be, such as the production and delivery of the new European vehicle number plates, health care certificates for INAMI and electronic certificates.

In the field of e-commerce bpost is the only postal operator to have developed a service to provide consumers buying articles on a foreign-based website with immediate information on the final cost of their purchase, including delivery charges and taxes (Globify).

Accessibility

The world is changing, as are customer behavior and expectations. Which is why bpost has developed a multi-channel sales network and is now testing products and solutions that can be accessed 24/7 outside of the traditional sales channels (post office, PostPoints). For 2011 these include Selfpost, for franking and sending mail, the Mobile Postcard, a smartphone application for creating and sending postcards, and bpack 24/7, for dropping off and picking up parcels.

Core businesses

The biggest developments with regard to new technologies over the past decade have occurred in our core business: mail.

The Georoute program first introduced in 2003 enables us to determine the daily workload of all delivery members of staff, based on measured mail volumes, and how long they need to complete their work. This information enables us to constantly optimize the delivery rounds.

Undoubtedly, the biggest change in our logistical chain was the commissioning in 2006 of our new sorting centers, which are all state of the art. Because of the high-tech capacities of our sorting machines we have been able to gradually introduce mechanized sorting at round level. The next logical step is sorting in the order of the round (sequencing). This has already begun and will be rolled out over several years.

The technologies we have introduced in our core business have driven down costs while also improving quality. In 2001, 93.6% of mail was delivered within the delivery term.

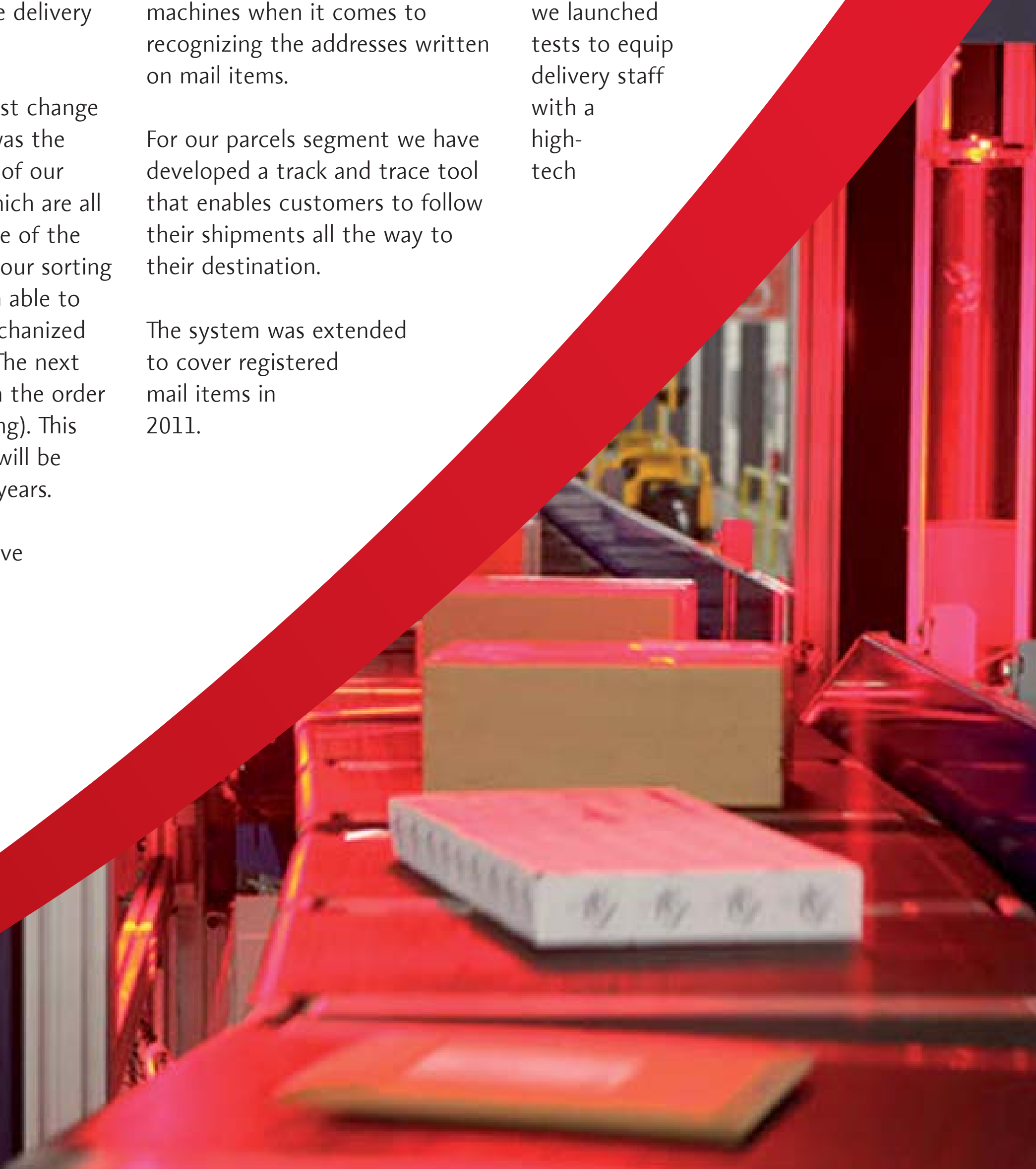
To reinforce those efforts to improve mail-handling quality, we have introduced a single barcode system (Mail ID), which improves the performance of our sorting machines when it comes to recognizing the addresses written on mail items.

For our parcels segment we have developed a track and trace tool that enables customers to follow their shipments all the way to their destination.

The system was extended to cover registered mail items in 2011.

To maximize security around the payment of pensions at home by delivery staff, we have acquired a machine specially designed to prepare envelopes containing cash.

At the end of 2011 we launched tests to equip delivery staff with a high-tech



tool that could open up new opportunities, such as accepting electronic payments and signatures, reading bankcards and printing receipts, while limiting cash handling and manual filing.

Corporate social responsibility

bpost is fully aware of the impact of its activities on the environment. With this in mind, a special tool has been made available to help large customers to measure the carbon footprint of their promotional campaigns. In 2010 bpost launched the DM Carbon Meter, becoming the first postal operator and the first communication channel in Belgium to introduce a tool to measure the carbon footprint generated over the full lifecycle of an addressed DM campaign.

bpost has also developed a mechanism that offers customers the possibility of offsetting the carbon emissions produced when they send mail items by contributing to projects designed to reduce greenhouse gas emissions in emerging countries.

the postal environment

The postal market was fully opened up to competition in Belgium and most of the European Union on 1 January 2011.

The liberalization of the postal market was the product of a gradual process following the implementation of three EU directives adopted in 1997, 2002 and 2008 respectively. The third postal directive (Directive 2008/6 of the European Parliament and of the Council of 20 February 2008) installed the framework for the full opening of the market. It set up a European internal market for postal services by withdrawing exclusive rights while also preserving a common level of universal service for all users in European Union member states and introducing the collective principles of postal service regulation. The various member states are left to establish how this is implemented.

In Belgium it is the law of 13 December 2010 that transposes the directive on the liberalization of the postal market.

2011 was therefore the first year of a new era in which all mail – letters and parcels – can be handled and delivered by anyone who wishes to do so.

bpost is used to providing postal services in a competitive environment, of course. Even before the full opening of the market bpost generated a good percentage of turnover in competitive markets, such as international mail, parcels, banking, newspapers and door-to-door direct mail. The basic mail service is also in competition with other channels: letters with text messages and email; invoices and administrative documents with ATMs, online banking and e-billing; addressed advertising with all advertising media. bpost faces competition in all facets of its business.

Over time, bpost has introduced numerous changes at every level of the company, becoming a solid, modern, innovative company able to compete on its markets while fulfilling its community-based tasks and providing the universal service, which is the collection and delivery of letters and parcels five days a week throughout Belgium. bpost was designated universal service provider for an eight-year term commencing in 2011.

strategy

bpost has set the following strategic goals:

taking advantage of pockets of growth

around our core businesses.

defending our core businesses

by offering good value for money and modern solutions.

protecting and enhancing our profitability

by constantly improving our productivity and cost control.

achieving the right balance between economic continuity and the expectations Belgian society has

of a public enterprise.

Visit our site / bpost Group

http://www.bpost.be/site/fr/postgroup/index.html

stimulating growth

Our 2011-2015 strategic plan is based on the complete liberalization of the postal market, the development of physical competition, the proliferation of electronic communication media and the constantly evolving, ever more demanding needs and expectations of customers.

growth

- defend our basic products: letters, parcels, banking and insurance services
- develop innovative, attractive and competitive solutions
- seize the opportunities of e-commerce

excellence

- introduce new technologies
- modernize our procedures and working methods
- further improve the quality of our services

commitment

- win the loyalty of our customers
- develop our corporate culture
- rely upon motivated and committed employees focused on their customers

4 drivers for the proper implementation of our 2011-2015 strategic plan :

stimulating growth

Pursuing growth by looking for new sources of income is a major challenge for bpost.

We can grow first and foremost by defending our core business, our basic products – letters and parcels – and our banking & insurance services. We continue to invest in traditional mail, for example by promoting addressed direct mail as well as transactional and administrative documents.

Growth is also achieved by developing attractive, innovative and competitive solutions that meet the needs of customers. Among other things, we market document management solutions and integrated solutions that cover parcels, paper, digital and payments.

Last but not least, growth is driven by the burgeoning success of e-commerce. Online sales are on the up, prompting a major rise in parcel volumes in Belgium and abroad. bpost is a key player in the Belgian sector for parcels flows between and to consumers and is active on new markets, such as North America and Asia. We have been active in Asia since 2011, following the acquisition of Citipost Asia, a letter and parcels handler in Hong Kong, and the establishment of a partnership with Trade2CN, a Chinese e-commerce platform presenting over 40,000 Chinese companies and brands.

targeting operational excellence

We must target operational excellence if we are to fulfill the expectations of customers. This involves introducing new technologies, revising our procedures and working methods, developing our corporate culture and, above all, focusing strongly on improving the quality of our services.

Innovation and the introduction of new technologies within our organization have greatly contributed to improving our efficiency in recent years. Thanks to increased automation and centralization in mail handling, today we are able to market high-quality services with regard to delivery terms and mail tracking.

Over the coming years we will continue to automate and centralize. The Vision 2020 project set out in our strategic plan will help our organization to adapt efficiently to new volumes and reduce costs by generating economies of scale in infrastructure, without any adverse impact on service quality.

driving customer loyalty

Customers who use our basic services today will often go on to buy our new products and services tomorrow. With this in mind, we must win their loyalty. A loyal customer is a satisfied customer who keeps coming back for more and is happy to recommend our services to others.

The quickest way to create customer loyalty is to keep your promises. We also target customer loyalty by developing innovative solutions with strong added value that better meet the needs and expectations of customers and offer good value for money. And by deploying a multichannel sales network close to our customers and ensuring better accessibility to our basic postal products and services.

In recent months the customer satisfaction has waned slightly, especially among large customers. With this in mind, in 2011 we decided to re-launch Customer First program in order to achieve a loyalty rating of 70.

working with motivated, committed employees

If we are to fulfill our mission we must be able to rely upon motivated employees that are focused on customers. The aim of the bpeople project launched at the end of 2011 is to establish the conditions needed to promote the wellbeing and commitment of all employees at the company. It is expected to help us establish customer loyalty based on what we do and how we act.

products and solutions

commercial communication

addressed advertising mail, door-to-door drops, newspapers and magazines

document management

invoice scanning, printing of transactional documents and electronic invoicing, mail collection and franking solutions

parcels

standard delivery within 24 hours and special solutions: personalized express delivery, logistics of online sales

banking and insurance

services provided by Bank van De Post / Banque de La Poste

international

mail, parcels, administrative mail, addressed advertising mail

integrated solutions

from order to delivery by way of document printing or contacts with suppliers

Visit our site

http://www.bpost.be

a customer-oriented organization

Our products and solutions are developed and marketed by three separate commercial divisions, each dedicated to a certain type of customer:

bpost business

manages all commercial relations with large customers, both private and public, that are looking for specific and often complex solutions, as well as the self-employed and small businesses.

bpost international

is the international business unit, specializing in worldwide mail, parcel and e-commerce logistics solutions (fulfillment, handling, delivery and return management).

residential market and maSS channels

serves residential customers through the management and development of 'mass channels' (post offices, PostPoints, eShop, stamp shops, Contact Center).

becoming
solution-minded

In the real world not all customers are the same. Whether it is a distribution chain, consumer goods producer, bank, public institution, hospital or social secretariat, their needs will often be different from the needs of other customers. In response bpost must develop specific postal solutions.

To better understand and respond to the challenges of our customers, we took in 2011 the decision to structure our business organization by sector rather than by product.

Commercial communication solutions

bpost markets responses to customer needs in terms of commercial communication.

We market such communication and direct marketing products as addressed advertising mail, door-to-door drops and qualified addresses databases. We also manage daily and periodic distribution as well as relations with newspaper and magazine publishers.

With respect to publishers, our main achievement in 2011 was optimization of operational, administrative and financial processes. This led to improved complaints management and the establishment of a contingency plan in case of bad weather, among other things.

This concern for the needs of our customers also drove the development of solutions integrating the management of qualified addresses databases and addressed advertising mail. The performance of direct mail campaigns is directly related to the quality of targeting addressees. The management of opt-in addresses has been given special attention, not simply as product but also as an integral part of bpost's response to needs identified together with the customer.

Distripost customers have also benefitted from solutions that better meet their needs in door-to-door media. An online planning tool was developed for Distripost bookings and swift uptake means it now accounts for almost 80% of transactions.

Document management solutions

Our customers have access to solutions to meet their administrative and financial communications needs. We develop and market paper- and digital-based solutions, such as invoice scanning, printing of transactional documents and electronic invoicing.

We also market coherent, flexible mail collection and franking solutions with strong added value.

RelatioMail, the strength of transactional communication

In 2011 bpost launched RelatioMail in response to the growth of electronic communication. The aim of RelatioMail is to help our customers to turn their large volumes of administrative and financial mail into an added-value communication and possibly even marketing channel.

Eight pilots were launched in 2011 together with banks, financial institutions, public utilities and telecoms companies. The initial results show that paper is a strong means of communication with commercial advantages in terms of customer experience, brand identification and cross selling.

RelatioMail is accordingly positioned as an integrated communication and message personalization product.

Integrated solutions

bpost markets integrated solutions that enable us to manage the whole process, from order to delivery by way of document printing or contacts with suppliers. One example is the production and delivery of books of health care certificates for RIZIV/INAMI and traffic fine statements for the federal police.

Another is our management of the production and distribution of the new EU vehicle number plates. The project, which was launched in 2010, continued with success in 2011. In the course of the year around 1.6 million number plates were produced and distributed by bpost to the great satisfaction of the federal authorities.

Solutions on the parcels market

At bpost we do everything within our power to defend our core business, but we also look to take advantage of growth opportunities wherever we may find them.

In our industry, most opportunities are unquestionably found on the parcels market, given the possibilities generated by the strong growth in e-commerce.

Year on year, parcels flows from online sales are rising sharply. In 2011 we developed a Parcels & Express range, which now goes under the bpack name, to meet the complex needs of

customers who want the most reliable service for their own customers.

Besides standard delivery within 24 hours, bpost also markets special solutions, such as personalized express delivery, and the logistics of online sales, ranging from storage to shipment, not forgetting return management.

bpost is now a major player in the Belgian parcels sector and we feel our solutions will be able to take full advantage of the potential on the B2B parcels market.

solutions for residential customers

The main solutions marketed to residential customers are related to banking and insurance. Banking activities are an integral part of our business and it is a segment that is growing all the time. We want to ensure that everyone who steps into a post office is aware of the services provided by our bank, Banque de La Poste – Bank van De Post (BPO). To this end, in recent years we have worked to improve BPO's brand familiarity and visibility. In 2011 a survey showed that 93% of customers were satisfied with the services provided by BPO and that four customers in every five were prepared to recommend BPO. Around 65,000 new accounts were opened in 2011.

As well as postal and financial transactions, post offices also sell partner products. Our wish is to concentrate on a selection of major partners who create value.

By way of example, almost half of all Western Union transactions in Belgium are carried out at a post office. That makes bpost Western Union's primary distribution channel. In 2011 we decided to pilot the integration of this service at twelve high-potential PostPoints, with the aim of strengthening our partnership with Western Union.

PostMobile, which was launched in 2008, is another example of a partnership that enhances the range of products available at post offices. In a market where complicated rate plans are the norm, we have opted for simplicity and transparency.

We are always looking for innovative products, which certainly describes Mobile Postcard, another addition to our range in 2011. Consumers can use this application to create and send actual postcards from their smartphone. bpost prints the postcard and delivers it to any postal address in Belgium.

International solutions

One of our growth centers is located outside of Belgium. Our international solutions are managed by bpost international, whose core business is handling and delivering administrative mail, parcels and addressed advertising mail. bpost international has an extensive distribution network and partnerships with foreign operators to ensure deliveries are always made on time.

bpost international's main strengths – since as far back as 2002 – are good value for money and a customer-oriented approach, based on added-value solutions that inspire loyalty.

The International Trade Lane (ITL) developed by bpost international in 2011 is the finest example. ITL lets consumers immediately see the full cost of the product they wish to buy online, including all extra charges (shipping, VAT, import and customs duty). bpost international is the only postal operator to market such a service, which is essential if growth is to be achieved on the Asian and North American markets. This service will be fully operational in spring 2012.

Another example of added value is Easy Return, a very convenient solution by which customers can return parcels when they do not meet expectations. When choosing bpost international, e-entrepreneurs benefit from return solutions that are perfectly tailored to their needs, based on the weight, dimensions and country of origin of the parcel in question.

In recent years bpost international has been awarded a host of certificates. They are important because they give our customers an objective indication of our efficiency and provide proof of the quality of our services. They also show that we have competent, motivated employees in whom we invest.

Small and medium enterprises, opportunities for growth

In 2011 bpost business experienced especially strong growth in the small and medium enterprises segment. That growth was driven by businesses that have discovered the effectiveness of addressed advertising and our ever-improving operational quality. As a consequence, bpost has captured market share in both the door-to-door and parcels segments.

SMEs are a source of potential growth in e-commerce. With this in mind, in 2011 bpost partnered with Belgacom and Google to help SMEs create a website and encourage them to opt for solutions that help them develop their online sales.

multichannel sales network

proximity

676 post offices, 697 PostPoints and 3,500 stamp shops, 1 post office in each of the 589 municipalities in Belgium

service quality

87% of our customers are satisfied with the quality of their contact in our points of sale, 83% of our customers are served within 5 minutes

modernity

modern, convenient post offices with open and secured counters. «Moon zones» accessible outside of working hours

Visit
our site

http://www.bpost.be

in response to our customers' needs

bpost has a diversified distribution network that is as close as can be to its customers and tailored to their routines, movements and schedule.

multichannel

Our customers find an answer to their needs through a variety of channels : post offices, PostPoints, Contact Center and eShop.

accessibility

The eShop, the online retail outlet accessible 24/7. Between 2006 and 2010, opening hours in the full post offices and PostPoints network increased by 42%.

information

The Contact Center agents fielded almost 2 million calls for information.

access to our **products and services**

In recent years bpost has pursued a strategy to diversify the channels through which postal products are available and the customer contact points.

Whereas just a few years ago customers were tied to a single post office, today they can access bpost products and services through an array of channels: post offices, PostPoints, Contact Center and eShop.

Over time, bpost has also built a strong network of account managers to serve specific types of customer, such as large companies, SMEs and government.

The keywords to describe bpost's sales network are "accessibility" and "proximity".

Post offices

Post offices carry the full range of postal, banking and insurance products and services. At the end of 2011 our sales network included 676 post offices.

We continued to invest in post offices in 2011 as part of our strategy to modernize the network as well as improving convenience and security. Among other things, open counters have been gradually introduced, along with a secure management system based on the low cash branch (LCB) concept, as well as Bank in the Post spaces, where advisors can meet customers in a friendly environment to confidentially discuss our range of banking products and services.

We have also equipped new post offices with «moon zones». These are areas customers can access outside of working hours to withdraw cash or print account statements. It means that our customers can serve themselves without having to go to the counter, which also helps our efforts to reduce waiting times at our post offices. Most LCB post offices now have their own «moon zone» (some 175 post offices at the end of 2011).

In our continued efforts to meet the needs of our customers, we piloted (Selfpost) machines in four post offices, giving customers the possibility of franking their letters and parcels themselves.

PostPoints

PostPoints are points of sale within the framework of an alliance with private or public partners. They essentially carry postal products and offer around 90% of mail services available at post offices. Staff are specially trained by bpost to ensure customers always receive impeccable service and professional advice.

This channel is growing year on year. In 2011, 697 PostPoints registered 7,150,000 contacts, which was almost 8% more than in 2010. PostPoints thus became even more complementary to post offices.

They have also greatly improved the accessibility of basic postal products. Between 2006 and 2011, opening hours across the post office and PostPoint network were extended by 42%.

Stamp shops

While the range of postal products available there is limited (essentially domestic stamps), stamp shops contribute to the success of the multi-channel strategy developed by bpost. With this in mind, since 2010 we have worked to better integrate them in our network and established the criteria a point of sale has to fulfill before it is allowed to sell stamps. At the end of 2011, 3,500 points of sale of this type had been officially licensed.

eShop

bpost's online retail outlet has grown at a steady pace since its launch in May 2005. Traffic in 2011 increased by 7% on the previous year, confirming that eShop is now an essential channel for many residential and business customers. Business customers account for 46% of all orders through the channel and generate over 70% of its income.

The average spend per order continues to rise and is now 197 EUR. Turnover increased fourfold between 2007 and 2011. More than ever, eShop is proving its worth as part of a multi-channel strategy.

Contact Center

The Contact Center is bpost's unique call centre (022 012345), staffed by almost 400 agents in total. Each of them has specific knowledge of selected bpost products and services. In 2011 Contact Center agents fielded almost two million calls.

In June 2011 bpost signed the Customer Charter, an initiative of consumer organization Test-Achats and the Minister for Enterprise and Simplification. In subscribing to the Customer Charter, bpost undertakes to do everything within reason to improve how customer questions and complaints are handled.

bpack 24/7

A new distribution channel was opened in 2011. bpack 24/7 is an automated parcel machine equipped with 70 boxes, at which parcels can be picked up or dropped off. As the name suggests, customers can use the service around the clock. Three machines have already been installed at secure locations with high footfall. Others of the same type will be installed in 2012. With home delivery and post office and PostPoint pick-up, bpost has the most extensive delivery network on the parcels market.

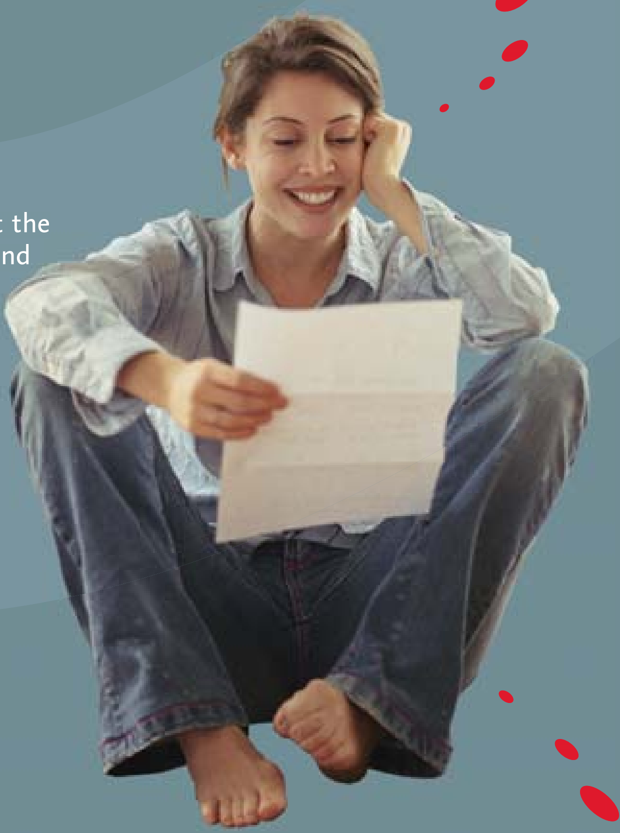
customer satisfaction: our top priority

5 priorities in our points of sale

helpfulness, politeness, contact time, professionalism and waiting time

performance in our core businesses

delivery of mail on time and at the right place, accurate invoices and products easy to use



provide excellent customer service

make the difference in our contacts with the customer

Visit our site

http://www.bpost.be

at the very center
of our concerns

Customer satisfaction is our prime concern. It rose for several years in succession, but sagged a little in 2011. We will do our utmost in 2012 and beyond to get things back on track.

measure and improve our quality

The higher the expectations of our customers, the more we have to work to show them we can meet them. That is why we regularly measure perceived quality vs real quality of our customer services.

listen to our customers

We asked customers to share their opinion about the quality of the services they can access through the post offices and the PostPoints. Thanks to «bpost listens to you», we identified the five customer priorities

train our employees

3,000 sales employees and office managers have follow a training course designed to raise their awareness of the role they play in enhancing customer satisfaction

convince customers, building on loyalty

Despite the improvement in performance in recent years, some customers, particularly the largest, have become less satisfied. They expect more from us.

We have already proven that we impact customer satisfaction with targeted actions. We managed to halve average waiting times at post offices between 2007 and 2011, from 7 minutes to 3½ minutes. 83% of our customers are actually served within 5 minutes.

Overall delivery quality has also improved. In 2011, 93.6% of mail was delivered within the delivery term, a slight fall on the previous year, due among other things to the particularly tough weather conditions at the start of the year.

Customer First

The more customer expectations increase, the more we have to prove that we can satisfy them. bpost is driven to advance and grow. With this in mind, we measure our performance against the perceived and actual quality of services provided to customers.

We constantly evaluate customer satisfaction on the basis of perception and experience in the Customer First program. This plays a key role in identifying and guiding all actions needed to bring customer satisfaction back up to the desired level to ensure they remain loyal.

Customer First is founded on three action points. First, getting the fundamentals right: delivering mail to the right location on time, drawing up accurate invoices and offering products that are easy to use. Second, cherishing our customers, chiefly within the framework of their contacts with bpost. The front-line employees who meet customers face-to-face are the ones who can really make a difference, based on the impression they make. Third, ensuring that all employees adopt a customer-oriented approach.

Customers can find alternatives to most of our products and services (electronic systems, other media, competitor parcels services). We must make a number of adjustments to persuade our customers that bpost is a reliable partner.

But there is no magic formula to make our customers satisfied. The key is to guarantee constant high-quality service in all areas. Therefore, the proper response is to introduce an overall approach in which every employee plays a role, from management to delivery staff.

Satisfaction at our points of sale

In recent years we have noted that residential customers are increasingly satisfied with the services we provide in our points of sale.

This follows various campaigns, including mystery shopping, ‘bpost listens’ and employee training.

Mystery shopping

Mystery shopping enables us to experience the service provided at our points of sale first hand.

All post offices and PostPoints in Belgium are regularly visited by a mystery shopper. The goal is to precisely evaluate the quality of our services: customer welcome, professionalism, sales approach (knowledge of products and procedures), waiting times and compliance with the communication plan.

In 2011, post offices and PostPoints each received 2,500 visits from a third-party company. In 87% of cases, the contact with the employee was rated satisfactory.

'bpost listens'

In September 2011 we held a survey at 15 post offices and 12 PostPoints, selected among other things on the basis of visitor numbers, to find out what our customers think about the quality of the services they can access through these channels. We asked customers to share their opinions immediately after being served.

'bpost listens to you' is a tool deployed to drive the constant improvement of network services. It can be used to identify the five customer priorities: helpfulness, politeness, contact time, professionalism and waiting time.

In 2011 we also invited customers to a roundtable to give them an opportunity to express their needs and expectations in terms of information at post offices. Various themes were addressed, including the customer experience at post offices or PostPoints, the customer relationship with bpost and communication.

Together with other companies, bpost also took part in a study into perceptions regarding waiting times. Politeness and helpfulness were the two factors that came to the fore. If these two ingredients are present, the waiting time will be less of an issue for the customer.

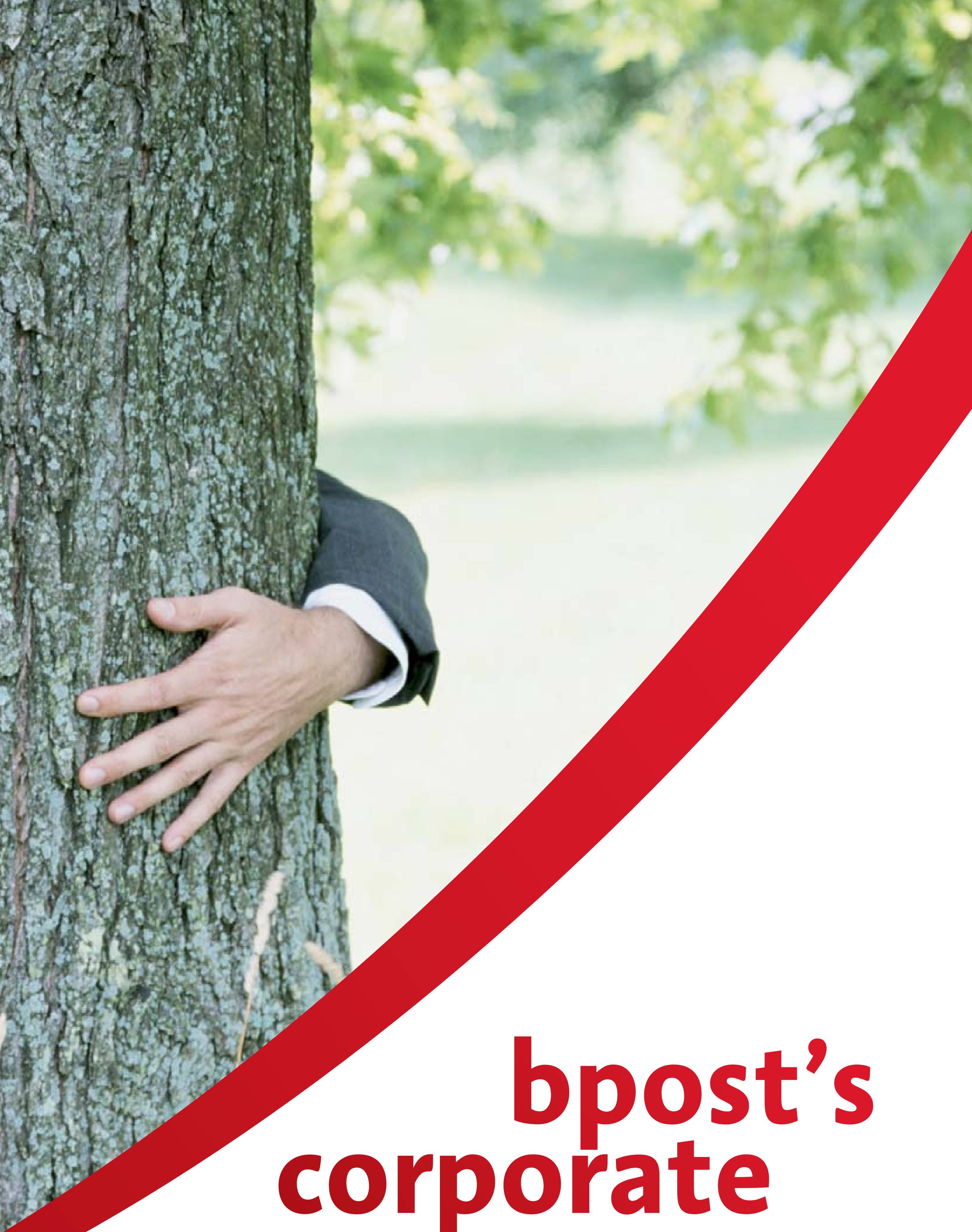
The aim of all these initiatives is always the same: the constant improvement of our performance to ensure that our customers' needs and expectations are met at our points of sale.

Training our employees

Customer satisfaction is determined by an intricate combination of factors. Every aspect has an impact: while the quality of our products clearly plays an important role, the quality of our customer contacts does too.

With this in mind, bpost has designed a training course for some 3,000 sales employees and office managers at post offices to raise awareness of the role they play in enhancing customer satisfaction.

The GOOLDA/BRASMA welcome model (greet, make eye contact, help/offer solutions, smile, thank, say goodbye) is a key aspect here.



bpost's corporate
social responsibility

bpost's corporate **social responsibility**

bpost is a company firmly anchored in Belgian society. With this in mind and also given our status as a public company, we must show a strong commitment to corporate social responsibility when doing business.

For several years bpost has been working on a daily basis to safeguard its social mission, promote equal opportunities and the wellbeing of its employees and contribute to greater protection of the environment.

bpost is present everywhere and every day. This presence expresses itself in the maintenance of a retail network accessible to all and the fact that our delivery staff visit every mailbox in the country every day. We care deeply about maintaining this intimacy and we work on it every single day.

Recent years have seen far-reaching restructuring and modernization at bpost. The change programs introduced within our company have demanded significant adaptation efforts and commitment from each and every employee. These changes would not have been so successful without the introduction of a string of support tools for our employees. And changes will continue to come in the future. As will support for our employees and the desire to promote their wellbeing.

Lastly, by the very nature of what we do, we have an impact on the environment, be that in terms of carbon emissions or energy consumption. However, by implementing programs to systematically reduce and raise awareness of the carbon emissions generated in our operations, we can give our customers and stakeholders peace of mind that the environmental impact of handling every letter and every parcel they entrust to us is minimal. We also intend to show that paper is a carrier of information that respects the environment, provided it is used in a responsible way.

Scope of the report and application of the Global Reporting Initiative

The corporate social responsibility report has been written with due consideration for the guidelines of the Global Reporting Initiative (GRI). At the end of the chapter we provide a summary of the GRI guidelines and indicators applied and mentioned throughout the annual report. This report is self-declared at level B.

Origin of corporate social responsibility (CSR) at bpost

In October 2007 the Management Committee took the decision to initiate a CSR program. The goal was, on the one hand, to take stock of what we had already achieved in terms of CSR and, on the other, to formulate a global CSR action plan that also takes account of our financial constraints.

In our annual reports since 2007 bpost has given an account of the progress achieved in the fields of environment, corporate culture, community involvement and customer satisfaction.

In March 2011 the Management Committee took the decision to make CSR the fifth pillar of bpost's strategy (alongside sustainable growth, operational efficiency, customer satisfaction and corporate culture) and to integrate CSR more deeply into our processes and corporate culture to ensure we are perceived by all our stakeholders (customers, shareholders, public authorities, employees) as a company that takes its corporate social responsibility seriously.

Presentation of the themes

The themes developed in the CSR part of the annual report were identified on the basis of an analysis of what is most important to bpost and the responsibilities we as a company must assume to reduce our impacts.

This process, which was carried out in-house, enabled us to advance the themes we have prioritized this year. Three main subjects are addressed: employees, society and environment. Each of these subjects is broken down into various themes and associated with the GRI indicators.

Other aspects that are an integral part of CSR – connected with operating and financial results, corporate governance and customer satisfaction – are handled in a cross-

disciplinary way in the annual report. All the actions we take in these fields are summarized in the table at the end of this section.

CSR organization

In 2007 a task force was set up to author a global CSR action plan. As time went by this task force took shape and in 2011 it arrived at the following governance structure: a coordination committee, reporting directly to the CEO, oversees three steering groups running the various projects on the ground.

Relations with our stakeholders

bpost is a company that is present everywhere and every day. Which means we have a great many stakeholders. However, we have identified the main stakeholders, to whom we listen as part of a dialogue. The main actions we take with regard to these stakeholders are listed in the table below. Clearly, the list is not exhaustive. These actions and others are described in the annual report.

Who's who?	Our actions
Shareholders	
- **Belgian State** - **CVC Capital Partners**	- 7 Board of Directors meetings in 2011
Customers	
- **Key accounts and corporate customers** - **SME and SOHO** - **Residential customers**	- Organization of roundtables with customers to gain a better understanding of their needs and expectations - Publication of an information magazine for all customers - "bpost listens to you" campaign (customer survey immediately after a transaction)
Employees	

- **Staff**
- **Social partners**
	- Annual measurement of employee satisfaction and motivation and establishment of action plans
	- Social dialogue:
	    - 12 Joint Committee meetings
	    - Organization of various meetings with the social partners during the implementation of the change projects

Suppliers	
	- Study of the main suppliers to gain a better understanding of their vision and results in terms of sustainability - Awareness raising among suppliers to get them to adopt a sustainable environmental approach
Media	
	- Press conferences on the big strategic projects (Vision 2020) - Distribution of press releases
Political authorities	
- **Federal government and the minister in charge (minister of public enterprises)** - **Federal parliament (Infrastructure, Communications and Public Enterprises Commission)** - **Cities and municipalities**	- Presentation of the "Vision 2020" strategic plan to members of the Infrastructure Commission of the Belgian Chamber of Representatives - Contacts with the local authorities to inform them about the company's projects and look for solutions to the problems they may have with the services of bpost

our workforce:
our biggest asset

We will manage to make a difference in the eyes of our customers only if our employees show strong commitment.

The economic context and the unavoidable fall in mail volumes force us to continue on the path of change. Faced with these challenges, we have taken the decision to make our human capital a priority through the bpeople project launched at the end of 2011. This will focus on the conditions required to promote the wellbeing and commitment of all employees. These aspects actually determine the performance of the company and are key to the success of the change programs to come.

Since 2007 bpost regularly measures employee satisfaction and motivation. In 2011, 83% of employees responded to this survey. The results led to the formulation of action plans that are intended to improve motivation in our company. Starting in 2012, as part of the bpeople project, the main focus will be on measuring employee commitment.

Supporting employees

bpost is a company in the midst of change. Job descriptions in the company are changing all the time. The Job Mobility Center is the bpost department that links today's organization with tomorrow's and provides support to members of staff who no longer have a job in their entity after restructuring. This department has four main tasks: overall planning of staff needs in the mid and long term, employability, support and coaching, and managing temporary work.

bpost gives its employees a wide array of opportunities to grow and develop. We set great store by internal mobility. Proof of that lies in the fact that 90% of vacancies are filled by internal candidates.

The wellbeing of our employees also involves guidance and support in terms of physical and mental health. The Psychosocial Prevention service is responsible for managing work-related stress. This comprises running prevention campaigns, raising awareness among managers, registering complaints and providing support, even stress management courses. Psychosocial support staff also provides counseling in response to

Job Mobility Center :
90% of vacancies are filled by internal candidates

bpost Academy :
in 2011, bpost Academy gave 37,717 days of training for 17,040 staff members

Psychosocial Prevention :
a service managing work-related stress

traumatic events, such as physical and verbal aggression, the death of a colleague and occupational accidents, as well as conflicts between members of staff or complaints about unethical or sexual harassment.

Recognizing experience

bpost positions itself on the job market as an organization that is also attractive to people with few qualifications. We offer them a job, but also training opportunities and the possibility of official recognition of their practical experience, through the skills certificate or a diploma.

Diplomas are invaluable in your career. They increase your employment options and your future prospects in the company. With this in mind, in 2011 the Job Mobility Center launched an initiative for employees without a higher secondary education qualification. In association with the Centra voor Volwassenonderwijs and the Centre de Promotion Sociale, bpost offers these employees the chance to follow a two-year course, mainly on the basis of distance learning, to valorize the skills and knowledge acquired in their work, with the possibility of earning a higher secondary education diploma.

By the end of 2011, 273 employees had expressed concrete interest in this initiative. The pilot programme was launched in January 2012 in the provinces Antwerp and West Flanders. It will be extended to other parts of the country in the course of the year.

bpost has its own training centre for employees. In 2011 bpost Academy gave 37,717 days of training for 17,040 staff members. As well as job-based training, employees were also able to follow training free of charge, in the fields of communication, sales, languages and leadership.

Diversity and equal opportunities

A good level of diversity in teams at all echelons is important if bpost is to be able to meet the challenges of today and tomorrow. It is necessary to combine old know-how and new knowledge, the approaches of women and of men, taking the best attributes from the various generations, their abilities and cultures.

At bpost diversity management is part of talent management. It responds to the various concerns of the company:

the need to optimize resources and individual commitment, improve customer focus, fight prejudice and promote a corporate culture based on open-mindedness and respect.

The first 2011 action plan presents priority actions to support women as they try to forge a career, to promote equal opportunities for employees with a disability and to better identify the issues of intercultural diversity on the field. It also presents the cross-disciplinary actions with regard to training and raising awareness.

Lastly, diversity and equal opportunities have been firmly established in the Code of Conduct, which applies to all staff, while a diversity column has been introduced in the company magazine.

bpost views diversity as a process of permanent improvement over the long term, in dialogue with the social partners.

Code of Conduct

bpost published its Code of Conduct in 2007. It sets out the behavior the company expects of each of its employees in the performance of their job. It especially addresses respect for others, equal opportunities, integrity, conflicts of interest and confidentiality.

The Code was updated in 2011 to take account of the new mission and values of bpost as well as the growing importance of corporate governance.

It applies to all employees of bpost. It also stresses the active role management must play in promoting compliance with the Code and the values of bpost.

Employee relations

The staff representatives are consulted on all changes. Together with any specific points that may be mentioned in the collective agreements, the statutory provisions of bpost explicitly provide a structure of dialogue/negotiation in which plans to restructure the various departments are examined and discussed, including implementation schedules.
The company's consultation structure provides for local (zonal consultation committees), regional (regional consultation committee) and national bodies (Mail, Retail, FM-Cleaning joint subcommittees, central services consultation committee).

In addition, before implementation the restructuring projects are discussed in the Joint Committee, the central body for negotiation and dialogue with the social partners.

2011 was primarily characterized by the continued restructuring of mail rounds (Georoute, introduction of automated sorting at round level) and the restructuring of the delivery network into "logistical platforms".

The 2011 collective agreement, which was concluded at the end of 2010, confirms management's commitment to achieving all restructurings without compulsory redundancies. Additionally, it provides for the payment in 2011 of a one-off bonus to all employees, based on the profitability level achieved by the company in 2010.

This agreement covers pay-grade contract and statute members of staff, who make up around 85% of the workforce. It does not apply to auxiliary mail carriers, who are covered by a special agreement, or non-pay-grade contract employees.

our commitment to society

bpost's foremost characteristic is our daily presence throughout the territory of Belgium. This is expressed in the great accessibility of our products and services through a network of more than 1,300 points of sale, among other places.

In addition, every one of the 589 municipalities in the kingdom has at least one post office offering postal and banking services.

Providing the universal service

But our main mission is providing the universal service, which is the collection and delivery of mail and parcels five days a week throughout the territory. On a daily basis, some 10,000 delivery staff visit every street in Belgium to bring mail to some 4.5 million households.

In 2010 we were given this responsibility by the Belgian state for a minimum term of eight years and, since 1 January 2011, we provide the universal service in a fully liberalized environment. In the face of growing competition, both physical and electronic, the continuation of this mission will depend on our ability to maintain a healthy economic and financial structure.

Providing public services

The relationship between the Belgian state and bpost is regulated in a Management Contract, which sets down how bpost is to fulfill its tasks for the provision of the public services entrusted to it, as well as the payment it receives from the Belgian state in return. Every year bpost receives a compensation for the provision of these services, such as the doorstep payment of pensions and allowances to people with a disability, the delivery of newspapers before 7.30 AM, magazines and printed election matter.

Supporting literacy

bpost supports the drive towards improved literacy.

This commitment is put into practice by giving financial support to the bpost Literacy Fund, which was established in 1997 and managed by the King Baudouin Foundation. Since 2009 we have given the fund a new impetus by donating part of the revenue from the sale of Christmas stamps. In the past four years the Fund has received over 1,500,000 EUR, which has enabled it to support new literacy projects run by various organizations.

The 2011

Christmas stamps were designed by children. bpost ran a drawing competition open to all primary school children. Over 20,000 children entered a drawing on the "Christmas and New Year" theme. All entries were published online, where anyone could vote for their favorite. Over 123,000 visitors cast their vote. The philately committee chose two winners from among the drawings that received the most votes.

Encouraging writing

In 2009 bpost launched an educational program to promote writing among children aged 6 to 12. The goal was to introduce children to the basics of the mail business by encouraging them to write letters and cards. Teachers have access to a range of educational tools that can be downloaded from the bpost website for their lessons, depending on the age group.

The program has been a big success and bpost renewed the initiative in 2011, this time developing new tools for young children (aged 3 to 5) too.

St Nicolas

Over 200,000 letters are sent to St Nicolas every year in November and early December. For six weeks, 15 bpost employees help the saint in his work by sending a gift to every child who contacts him.

Participation in the 12-12 campaign

bpost is delighted to support selected humanitarian campaigns. In 2011 bpost informed its customers about the "12-12" Horn of Africa famine appeal on 442 big screens in post offices. bpost waived the full transaction charge for every payment to account 000-0000012-12 made in a post office and donated another 25,000 EUR to the campaign itself.

Supporting voluntary employee initiatives

In 2010 bpost launched an initiative to encourage employees who participate as volunteers in civil society, cultural, social and environmental projects in Belgium and elsewhere. This STAR4U initiative was a big success and it came back for the second year in 2011.

In these two years, 426 projects were entered; 164 were accepted and received a donation between 500 and 2,000 EUR. In total, 150,000 EUR were set aside to support these initiatives in 2010 and 2011.

Partnership with the WWF

In 2009 bpost entered into a partnership with the WWF. The ambition was to draw on the experience and know-how of this NGO in pursuit of bpost's goals in the Green Post project, and to raise environmental awareness among both employees and customers.

WWF

WORKING WITH BPOST TO REDUCE OUR FOOTPRINT

Membership of Business & Society

In 2008 bpost became a member of Business & Society, a network of businesses that set the benchmark for CSR in Belgium. Business & Society also provides support and tools to businesses that wish to integrate CSR into their management processes and operations.

our commitment to the environment

bpost delivers 12 million letters and 100,000 parcels every weekday. This obviously has an impact on the environment.

To influence the whole of its value chain, from supplier to customer, in 2009 bpost developed a program to build a postal system that is less of a burden on the environment. Known as Green Post, the program covers all energy and environmental aspects of the company as well as the development of energy-efficient solutions and products for our customers.

By implementing a set of measures, bpost wishes to give customers peace of mind that their letters and parcels will be delivered in the most responsible conditions with minimal impact on the environment.

Influencing our suppliers at the source

This year bpost has broadened its field of action by adopting a new sustainable purchasing policy with suppliers. In 2011 we partnered with Ecovadis to conduct a study among our 50 key suppliers aimed at gaining a better understanding of their vision and results in terms of sustainability. Environmental performance (energy, water, waste, products…) and social performance (health and safety, working conditions, child/forced labor…) were taken into account. Each supplier was rated on a scale of 1 to 10. Less than 1% of suppliers were identified as being in a high-risk category. In 2012 bpost will implement awareness-raising actions at these suppliers.

Paper is one of the main natural resources used by bpost. Paper is an environmentally friendly conveyer of information, provided it is consumed and recycled in a responsible, rational and ecological way. bpost intends to set the example in this area. In 2011 we were given the FSC Award in recognition of our efforts to consume paper responsibly (FSC, PEFC and/or recycled paper). This policy – which has been transposed into an FSC agreement – also covers the consumption of paper at bpost's stamps production facility. All postage stamps have been printed on FSC paper since 2010. bpost is the leading postal operator in Europe in this field.

bpost has been monitoring printing paper consumption at its offices since 2008. This is accompanied by a campaign to raise awareness, a reduction in paper weight and the management of all printing costs. In the four years after this program was introduced paper consumption has decreased by over 20%.

Optimizing the management of our impacts

Reducing our environmental impacts

Since the establishment of the Green Post program bpost has constantly worked to reduce its impacts on the environment. The starting point is observing and applying the environmental regulations. With this in mind, bpost arranges annual inspections, updates declarations and works closely with the various authorities.

Besides the regulatory aspects, bpost works actively to implement environmental management systems. In 2011 nine of our main sites earned ISO 14001 certification. The five sorting centers were certified in 2009. This means that the annual volume of letters and parcels is now handled in responsible environmental circumstances. The stamps production facility in Mechelen and the company's main office were certified in 2010; bpost international and the Aalst Mail Center in 2011.

The other sites are also going through the same process, especially with regard to how waste is managed. The goal is to reduce waste and connected costs by making money on paper waste. With this in mind, 33% of paper discarded as unsorted waste between 2009 and 2011 was salvaged as waste paper and sold. In 2011 bpost launched a campaign to actively raise awareness at the 50 Mail Centers with the goal of reducing waste by 10% between 2009 and 2012.

Reducing our climate change impacts

Greenhouse gas emissions are the determining factor when measuring the environmental impact of bpost's operations. Road transport is the backbone of the mail collection and delivery network and bpost cannot provide its primary service without a large fleet.

bpost has developed an ambitious action plan to reduce its carbon emissions by 35% in 2007-2012 and its energy consumption by 15% in 2005-2012. We have now started to work on new targets for 2020 and to ratchet up our efforts.

In 2011 bpost completed many projects to reduce energy consumption on company premises. This actually accounts for approximately 50% of the greenhouse gas emissions generated by our operations. These projects have led to a 7% decrease of the energy consumption between 2010 and 2011.

As well as consuming green electricity, bpost has implemented a relighting campaign, testing new technologies such as LEDs, motion detectors and modular lighting.

At bpost we also work to reduce the energy requirements of our premises. Since 2009, 200 buildings that consume high amounts of energy have been audited. The results have been used as input in the development of action plans. Building insulation campaigns have been implemented and the use of gas favored for heating ends.

In 2011 bpost undertook the construction of a very low energy building in Verviers and we now look to apply the most energy-efficient techniques on every new-build project.

It is of course vital to gather and analyze as much data as possible, which is why bpost is computerizing its energy consumption metering system.

Sustainable mobility

bpost makes use of many different types of transport for its logistical operations. The bpost fleet comprises 6,298 vans, 2,892 mopeds, 402 trucks and 3,500 bikes – 2,545 of them electrical bikes since 2010. The acquisition of these electrical bikes is the first step in the overhaul of our fleet.

bpost also trains van drivers to drive in an environmentally friendly way, which allows us to save 5-7% on fuel. Over 3350 employees have already taken the course. Between October 2011 and February 2012, we held the Eco-Driving Challenge. The goal was to get employees thinking about their actual consumption and to create team dynamics at the various Mail Centers.

In 2010 a new car policy was also introduced, featuring vehicles with low carbon emissions. The aim is to encourage employees to choose a company car that emits less carbon.

Development of more sustainable solutions

In 2010 bpost launched the DM Carbon Meter in association with Greenloop. This tool enables major customers to measure the carbon footprint of their addressed DM campaigns. This helps them to continue to reduce their environmental impact and spurs them to adopt an environmentally friendly policy.

bpost was the first postal operator and the first communication channel in Belgium to work on the development of a tool to measure the carbon footprint generated during the complete lifecycle of an addressed DM campaign.

This tool shows that the entire process of mail delivery (collect, sorting, delivery) represents less than 10% of carbon emissions linked to the complete lifecycle of a mailing (design, production, distribution, recycling).

To complement this low-carbon offering, bpost gives its customers the possibility of offsetting the carbon emissions generated in delivering their mail items.

This offering, in joint initiative with CO2logic, raises financing for projects to cut greenhouse emissions in emerging countries. bpost also participates in the project by offsetting carbon emissions generated by its own mail. In 2011, 158 tons of carbon were offset.

paper is a renewable, sustainable resource

In Belgium 43% of all paper in use is recycled (paper can be recycled up to five times without any effect on quality). Three-quarters of the remaining 57% comes from wood felled in thinning operations or sawmill waste. The rest (25%) comes from forests managed specially for paper production. The majority of these forests are managed in a sustainable way. However, illegal felling and unsustainable forestry management still occur. Consumers have a key role in changing this. It is important for consumers to check the origin of the fibers in the paper they use and to use paper in a more responsible way.

With this in mind, bpost is committed to becoming the best in class with regard to responsible paper consumption. Our partners the WWF and the FSC help us to achieve that goal. Various measures have already been taken in recent years: 99% of the paper we buy is FSC/PEFC certified or recycled; 100% of our postage stamps are printed on FSC paper and ambitious goals have been set for reducing in-house consumption and raising awareness of the need for responsible consumption of paper among our employees and our customers.

quantitative CSR indicators

Environment

Consumption of printing paper (EN 1)

Year	Volume (reams)	Weight (kg)
2008	224,200	551,532
2009	179,600	441,816
2010	167,263	411,467
2011	174,000	428,040

Fossil and fuel consumption (EN 3)

Year	Gas (kWh)	Fuel oil (kWh)	Vehicle fuel (diesel – gasoline) (kWh)
2008	101,633,144	27,263,117	212,384,701
2009	92,346,963	24,992,346	209,655,122
2010	92,979,507	25,176,025	207,667,778
2011	78,906,293	23,142,668	195,755,370

Year	Gas (GJ)	Fuel oil (GJ)	Vehicle fuel (diesel – gasoline) (GJ)
2008	365,879	98,147	764,585
2009	332,449	89,972	754,758
2010	334,726	90,634	747,604
2011	284,063	83,314	704,719

Electricity consumption (EN 4)

Year	kWh	GJ
2008	86,685,038	312,066
2009	79,290,570	285,446
2010	76,505,190	275,419
2011	71,690,745	258,087

Greenhouse gas emissions[1] (EN 16)

Year	TeqCO_2
2007	109,198
2008	97,919
2009	80,839
2010	80,496
2011	73,765

1 bpost calculates its greenhouse gas emissions on the basis of the methodology developed by PostEurop based on the Greenhouse Gas Protocol. This methodology has been applied retrospectively to greenhouse gas emissions for the years 2007 to 2010.

Collected waste (EN 22)

Year	Paper and cardboard (m³)	Class 2 waste (m³)
2008	28,580	29,250
2009	28,659	29,149
2010	28,004	26,921
2011	27,068	25,362

Collected waste (EN 22)

Year	Paper (tons)	Cardboard (tons)	Plastic (tons)	Polypropylene (tons)
2008	632	288	43	54
2009	692	309	42	28
2010	740	334	63	24
2011	809	447	76	32

Recycled cartridges (EN 22)

Year	Cartridges (tons)
2008	7,680
2009	10,954
2010	12,526
2011	12,294

Jobs, social relations and work

bpost workforce composition (LA 1)

	2009	2010	2011
Full-time equivalent 31/12	**29,095**	**28,514**	**27,245**
Fixed-term contract	2,272	146	218
Open-ended contract	26,706	28,268	26,926
Replacement contract	116	100	101
Total headcount 31/12	**33,645**	**33,132**	**31,588**
Full time	22,699	22,164	21,339
Part time	10,946	10,968	10,249
Male	66.02%	66.23%	65.63%
Female	33.98%	33.77%	34.37%
Distribution by age group			
0-30	3,694	3,572	3,983
31-35	2,860	2,778	2,718
36-40	4,381	4,224	3,688
41-45	5,006	4,946	4,757
46-50	5,296	5,246	4,997
51-55	7,123	6,772	5,310
56+	5,286	5,594	6,135
Average number of temporary staff	**1,107**	**712**	**867**
Subsidiaries			
Full-time equivalent 31/12	523	472	484
Total headcount 31/12	535	486	522

Turnover (LA 2)

	2009	2010	2011
In	1,687	1,948	2,289
Out	2,348	2,237	3,798
Turnover	6.8%	7.3%	10.9%

Turnover $\dfrac{\textbf{(in+out)/2}}{\textbf{(FTE year start + FTE year end)/2}}$

Accident and absenteeism rate (LA 7)

	2009	2010	2011
Accident rate	0.86%	0.87%	0.77%
Absenteeism rate	7.90%	8.64%	7.46%
Accident frequency	46.88	50.45	38.19
Accident severity	1.39	1.48	1.04

Formal training (LA 10)

	2009	2010	2011
Number of hours	341,114	235,738	235,738
Number of hours/year/employee	12	8	9

Informal training (LA 10)

	2009	2010	2011
Number of hours	268,887	224,596	230,779
Number of hours/year/employee	9	8	8

Distribution of employees by gender, age, minority group membership, and other indicators of diversity (LA 13)

		Female	Male
2009	Middle management	27.96%	72.04%
	Senior management	14.46%	85.54%
2010	Middle management	30.99%	69.01%
	Senior management	14.29%	85.71%
2011	Middle management	32.39%	67.61%
	Senior management	16.98%	83.02%

corporate governance

General

As a limited liability company under public law, bpost is governed by the Law of 21 March 1991 on the reform of certain economic public companies (the "Law of 1991"). For all matters not specifically covered by the 1991 Law, bpost is governed by the Belgian Companies Code.

As an unlisted company, bpost is not subject to the Belgian Code on Corporate Governance of 12 March 2009. Nonetheless, bpost does wish to commit to observing the philosophy of good governance, integrity and transparent decision making, by adhering to the Corporate Governance principles laid down in this Code and the OECD's Guidelines on Corporate Governance of State-owned Enterprises. Some of these principles and guidelines have already been implemented in the Charter of the Board of Directors and the advisory committees (see "Charter of the Board of Directors and the Committees" below for more information).

The main characteristics of bpost's governance model are the following:

- a Board of Directors that defines the general policy and strategy of bpost and supervises the operational management;
- a Strategic Committee, an Audit Committee and a Remuneration and Nomination Committee created within the Board to assist and make recommendations to the Board;
- a CEO who is responsible for the operational management and to whom the Board of Directors has delegated powers of day-to-day management;
- a Management Committee that, in addition to exercising the powers entrusted to it by the 1991 Law, assists the CEO in the exercise of his duties;
- a clear division of responsibilities between the Chairperson of the Board of Directors and the CEO.

In 2011, the corporate governance framework at bpost has evolved as a result of the amendment of certain provisions of the Law of 1991 by the Law of 6 April 2010 in relation to corporate governance in listed companies and autonomous public enterprises (the "Law of 6 April 2010"). The amendments concern the content of the annual remuneration report, the payment of variable remuneration to the CEO, the directors and the members of the Management Committee and the payment of departure indemnities.

Board of directors

Composition

In 2011, the Board of Directors was composed of:

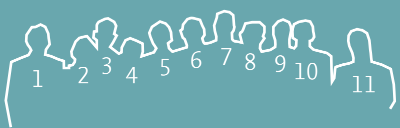
- Five directors, including the Chairperson of the Board of Directors, (the category A directors) appointed by the Belgian State by Royal Decree deliberated by the Council of Ministers;
- Four directors (the category B directors) appointed by the other shareholders (i.e., all shareholders except the public authorities); and
- The CEO, who belongs to neither of the aforementioned categories, but is appointed by the Belgian State via Royal Decree deliberated by the Council of Ministers.

Martine Durez has been Chairperson of the Board of Directors since 17 January 2006. Her mandate was renewed as per 17 January 2012 by Royal Decree date 2 February 2012. Besides the Chairperson, the Board was composed of the following members:

- Arthur Goethals (A)
- Luc Lallemand (A)
- Christian Leysen (A)
- Jean-François Robe (A)
- Geert Duyck (B)
- K.B. Pedersen (B)
- Søren Vestergaard-Poulsen (B)
- Bjarne Wind (B)
- Johnny Thijs (Chief Executive Officer)

The mandate of the members of the Board of Directors expired on 17 January 2012. Since that date, the Board of Directors

Board of Directors



1. Arthur Goethals (A)
2. Caroline Ven (A)
3. Luc Lallemand (A)
4. Martine Durez (Chairperson)
5. Laurent Levaux (A)
6. Johnny Thijs (CEO)
7. Søren Vestergaard-Poulsen (B)
8. K.B. Pedersen (B)
9. Geert Duyck (B)
10. Bjarne Wind (B)
11. Luc Windmolders (Government Commissioner)

is composed of the following members:

- Martine Durez (Chairperson)
- Arthur Goethals (A)
- Luc Lallemand (A)
- Laurent Levaux (A)
- Caroline Ven (A)
- Geert Duyck (B)
- K.B. Pedersen (B)
- Søren Vestergaard-Poulsen (B)
- Bjarne Wind (B)
- Johnny Thijs (Chief Executive Officer).

This composition reflects the diversity requirements of the Law of 28 July 2011 which promotes the presence of women on the boards of directors of autonomous state enterprises.

Powers and functioning

With the exception of the actions reserved to other bodies, the Board has the authority to take all necessary and useful actions to realize the corporate purpose of the company. The Board has adopted charters that organize the functioning of the Board and the advisory Committees. These charters are aimed at enforcing and clarifying the rules of good governance and thus increasing the transparency in the decision making process.

The Board is convened by the Chairperson or the CEO, whenever the interest of the company requires it or upon request of at least two directors. In 2011, the Board met 7 times.

The Board can deliberate only if at least half of the members are present or represented. In principle, the decisions of the Board are taken by absolute majority. However, with respect to a number of specific matters (listed in article 27 §2 of the Bylaws), the Board can only decide if at least two directors of each category are present or represented, and decision on such matters can only be adopted with the majority of 75 per cent of the votes cast.

In addition, pursuant to the Law of 1991, the following decisions require a two-thirds majority:

- the approval of all renewals or amendments to the Management Contract;
- the acquisition of participations in companies, associations and institutions that exceed one of the thresholds laid down in Article 13, §2, paragraph one, of the 1991 Law.

In the event of a tie the Chairperson's vote prevails.

The CEO presents an activity report on the company's day-to-day management and reports on the financial situation at every meeting. The follow-up of decisions taken at previous meetings is also discussed at every meeting.

Charter of the Board of Directors and the Committees

The Board has adopted charters to clarify the rules of good governance and transparency and implement these at all levels. These charters contain rules with respect to:

- The duties of the Board of Directors and the Committees on the one hand and of the Management Committee and the CEO on the other;
- The responsibilities of the Chairperson and the Corporate Secretary;
- The periodic reporting to the members of the Board on the progress and the implementation of the Business Plan and other important developments regarding the Company's activities;
- Requirements with which the members of the Board of Directors need to comply in order to ensure that they have the adequate experience, expertise and competences to fulfill their duties and responsibilities;
- A system of disclosure regarding mandates held and rules aimed at avoiding conflicts of interests and providing guidance on how to inform the Board in a transparent way in case such conflicts occur. The Board may decide to exclude the member who has a conflict of interest from the deliberations and vote on that subject.

The Board continuously evaluates and improves its functioning in order to steer the company ever better and more efficiently.

Committees created by the Board of Directors

The Board of Directors has established three Committees, which are responsible for assisting the Board of Directors and making recommendations in specific fields: the Strategic Committee, the Audit Committee, and the Remuneration and Nomination Committee.

Strategic Committee

The Strategic Committee is responsible for assisting the Board of Directors in defining the group's strategy. Among other things, it makes recommendations on the strategic orientations of bpost, the business plan, and acquisition and partnership opportunities. The Strategic Committee is chaired by the CEO and is further composed of two directors of each category. It met 3 times in 2011.

Audit Committee

The Audit Committee is responsible for assisting the Board of Directors in accounting, audit and internal control matters. Among other things, it makes recommendations on the accounting policy, the examination of the accounts, the control of the budget, the examination of the reliability of financial information, and the organization and monitoring of the system of internal control and compliance.

In addition to reviewing audit reports, the Committee monitors the work and the activities of the internal Audit Department. The Director of the internal Audit Department is accountable to the Chairperson of the

Audit Committee and reports administratively to the CEO. The Audit Committee is composed of two directors of each category and is chaired by a director of category B. It met 4 times in 2011.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is responsible for making recommendations concerning management appointments and remuneration. Among other things, it makes recommendations on the appointment of the CEO and the remuneration of members of the Management Committee, and any share schemes that could be adopted for executive management and staff. The Committee is chaired by the Chairperson of the Board of Directors and is further composed of one director of category A and two directors of category B. It met 4 times in 2011.

Composition of the Committees

Strategic Committee

- Johnny Thijs (Chairperson)
- Luc Lallemand
- K.B. Pedersen
- Christian Leysen
- Bjarne Wind

Since 17 January 2012, the Strategic Committee is composed of:

- Johnny Thijs (Chairperson)
- Arthur Goethals
- Laurent Levaux
- K.B. Pedersen
- Søren Vestergaard-Poulsen

Audit Committee

- Bjarne Wind (Chairperson)
- Geert Duyck
- Arthur Goethals
- Jean-François Robe

Since 17 January 2012, the Audit Committee is composed of:

- Bjarne Wind (Chairperson)
- Geert Duyck
- Luc Lallemand
- Caroline Ven

Remuneration and Nomination Committee

- Martine Durez (Chairperson)
- Geert Duyck
- Arthur Goethals
- Bjarne Wind

The composition of the Remuneration and Nomination Committee remained unchanged after the renewal of the Board of Directors on 17 January 2012.

Chief Executive Officer (CEO) and the Management Committee

After deliberation by the Council of Ministers, the CEO is appointed by Royal Decree for a renewable term of six years. If the Chairperson of the Board of Directors is Dutch-speaking, the CEO must be French-speaking and vice-versa. By Royal Decree of 26 February 2008, the mandate of the current CEO, Johnny Thijs, was prolonged for a new term of six years, effective as of 7 January 2008, upon proposal of the Board and recommendation of the Remuneration Committee.

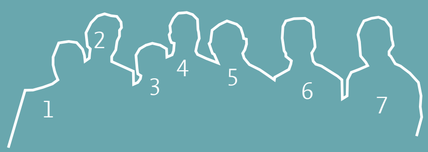
The CEO is responsible for the operational management of the company. He has powers of day-to-day management that are delegated to him by the Board of Directors and he represents the company within the framework of the day-to-day management and the other powers delegated to him. This representation includes the exercise of the voting rights attached to shares and interests owned by the company.

The CEO is assisted in the management of the company by a Management Committee. The Management Committee also has the statutory powers to negotiate all renewals and amendments to the Management Contract concluded between the State and the Company. Powers at operational level are delegated by the CEO to members of the Management Committee or any other employees of the company.

The Management Committee is currently composed as follows:

- Johnny Thijs: CEO
- Baudouin Meunier: Business Customers, Group Marketing, Regulatory

Management Committee



1. Mark Michiels : Human Resources & Organisation
2. Baudouin Meunier : Business Customers; Group Marketing; Regulatory
3. Pierre Winand : Chief Financial Officer; Service Operations
4. Kurt Pierloot (*) : Mail Service Operations
5. Johnny Thijs : CEO
6. Koen Van Gerven : Residential Market and Mass Channels; ICT
7. Peter Somers (*) : Parcels and International

(*) added to the Management Committee

- Mark Michiels: Human Resources and Organisation
- Koen Van Gerven: Residential Market and Mass Channels, ICT
- Pierre Winand: Chief Financial Officer, Service Operations

The persons listed below have been granted certain operational responsibilities and are added to the Management Committee:

- Kurt Pierloot: Mail Service Operations
- Peter Somers: Parcels and International

They are invited to participate in all meetings of the Management Committee to discuss issues relating to the management of the Company or matters that fall within the scope of their responsibilities.

Corporate Secretary

The Board of Directors, the advisory Committees of the Board and the Management Committee are assisted by the Corporate Secretary. This position is held by Dirk Tirez, who is also General Counsel of the company.

Board of Auditors

The audit of the financial situation of the company and of the annual accounts is entrusted to a Board of Auditors composed of four members, two of which are appointed at the general meeting of shareholders and the two others by the Court of Auditors. The Board is composed as follows:

- Ernst & Young Bedrijfsrevisoren BCVBA, represented by Mr. Eric Golenvaux;
- PVMD BCVBA, represented by Mr. Lieven Delva;

- Mr. Philippe Roland, First President of the Court of Auditors;
- Mr. Josef Beckers, Member of the Court of Auditors.

In addition, Ernst & Young and PVMD are responsible for the audit of the consolidated annual accounts of the company and its subsidiaries.

Government Commissioner

The Government Commissioner was Mr. Wim Coumans until 2 May 2011. As from that date, Mr. Michel Bovy has been appointed to substitute Mr. Coumans in this function. Since 1 February 2012, the Government Commissioner is Mr. Luc Windmolders. He represents the Minister who is responsible for Public Companies, and monitors compliance with the Law, the company's articles of association and the Management Contract.

Remuneration Report

Declaration relating to the remuneration policy

As a limited liability company under public law, bpost has developed a specific remuneration policy, decided by the Board of Directors upon recommendation of the Remuneration and Nomination Committee, taking into account the different groups of employees of the company.

The remuneration policy aims to offer an equitable reward package to all employees (statutory, contractual), and directors, which is competitive with the reference Belgian market.

Any change in the remuneration policy is to be approved by the Remuneration and Nomination Committee.

In general, bpost distinguishes different groups, for which the basis remuneration principles will be explained and detailed:

1. Members of the Board of Directors
2. CEO
3. Other members of the Management Committee and Senior Management

1. Members of the Board of Directors

The remuneration of the members of the Board of Directors was decided by the General Meeting of Shareholders of 25 April 2000.

Pursuant to that decision, the members of the Board of Directors (with the exception of the CEO) are entitled to receive the following annual remuneration for their mandate as member of the Board:

- 37,019.66 EUR for the Chairperson, who also chairs the Joint Industrial Committee (Paritair Comité / Commission Paritaire) of bpost;
- 18,509.84 EUR for the other directors, with the exception of the CEO.

These amounts are indexed annually.

No other benefits are paid to the members of the Board of Directors for their mandate as director.

Pursuant to the abovementioned decision of the General Meeting of Shareholders of 25 April 2000, the members of the Board of Directors (with the exception of the CEO) are entitled to an attendance fee of 1,548.16 EUR per attended meeting of one of the advisory Committees established by the Board of Directors of which they are a member. No additional attendance fees or remunerations are foreseen for the attendance of the meetings of the Joint Industrial Committee by the Chairperson of the Board.

Messrs. Søren Vestergaard-Poulsen and Geert Duyck have waived the attendance fees and other remunerations linked to their position as a Board Member.

During the financial year, the members of the Board of Directors received the following total gross annual remuneration:

Member	Board meetings	Audit Committee	Strategic Committee	Remuneration & Nomination Committee	TOTAL
Martine Durez	37,019.66 EUR	Not a member	Not a member	6,192.64 EUR	43,212.30 EUR
Arthur Goethals	18,509.84 EUR	1,548.16 EUR	Not a member	4,644.48 EUR	24,702.48 EUR
Luc Lallemand	18,509.84 EUR	Not a member	4,610.44 EUR	Not a member	23,120.28 EUR
Christian Leysen	18,509.84 EUR	Not a member	3,062.28 EUR	Not a member	21,572.12 EUR
Jean-François Robe	18,509.84 EUR	3,096.32 EUR	Not a member	Not a member	21,606.16 EUR
Bjarne Wind	18,509.84 EUR	6,192.64 EUR	4,610.44 EUR	6,192.64 EUR	35,505.52 EUR
K.B. Pedersen	18,509.84 EUR	Not a member	4,610.44 EUR	Not a member	23,120.28 EUR
Geert Duyck	/	/	/	/	/
Søren Vestergaard-Poulsen	/	/	/	/	/

2. Remuneration of the CEO

The remuneration package of the CEO is reviewed annually by the Board of Directors upon recommendation of the Remuneration and Nomination Committee and is based on a market comparison with large Belgian companies.

For the year ending 31 December 2011, a remuneration of 1,104,941 EUR (2010: 1.069 million EUR) was paid to the CEO, and can be broken down as follows:

- Base salary (gross remuneration): 751,414 EUR
- Variable remuneration (performance driven bonus paid in cash): 291,298 EUR (relating to the performance in 2010)
- Pension and death in service coverage: 58,929 EUR
- Other compensation components*: 3,300 EUR

*representation allowances

In addition to the above, the CEO also benefits from the use of a company car; leasing cost thereof amounts to 23,960 EUR.

No options have been granted in 2011. During the year, the CEO exercised 203 options granted in 2006 (116) and 2008 (87).

3. Remuneration of the other members of the Management Committee and Senior Management

The remuneration package of the other members of the Management Committee and Senior Management is reviewed annually and approved by the Board of Directors upon recommendation of the Remuneration and Nomination Committee and is based on a benchmark exercise comparing bpost with large Belgian companies.

The objective of bpost is to offer a total remuneration package which is in line with the median of the ‘reference market’, being understood that remuneration packages are set on a banding level rather than on an individual basis.

The different elements of the remuneration package are:

Base salary

The base salary is benchmarked with other large Belgian companies, in line with the above principles.

The individual base salary is based on:

- Function
- Compa-ratio within the banding
- Relevant experience
- Performance and competencies

The performance of each individual is reviewed annually in a “Performance Management Process” (PMP).

Variable salary

A variable salary may be granted, based on the achievement of:

- corporate objectives
- business unit objectives
- individual objectives

The target variable salary is between 5% to 30% of the annual base salary, depending on the banding.

bpost uses a multiplication system whereby the actual variable salary paid out can vary depending on the corporate and individual performance.

Other benefits

bpost offers other benefits, such as pension, death and disability insurance, hospitalization insurance, company car, etc. These benefits are benchmarked regularly and adapted according to Belgian practices. The benefit varies according to the banding. During 2011, no stock option plan has been introduced.

For the year ending 31 December 2011, a global remuneration of 3,229,868 EUR (2010: 2.93 million EUR) was paid to the members of the Management Committee, other than the CEO, and can be broken down as follows:

- Base salary: 2,103,373 EUR paid under an employment agreement, excluding social security contributions paid by bpost;
- Variable remuneration (performance driven bonus paid in cash) : 913,314 EUR (relating to the performance in 2010)
- Pension and death in service and disability coverage: 189,107 EUR
- Other compensation components*: 24,074 EUR

*representation allowances and luncheon vouchers

In addition of the above, the members of the Management Committee also benefit from the use of a company car; leasing cost thereof amounts to 106,929 EUR.

No options have been granted in 2011. During the year, members of the Management Committee exercised 505 options granted in 2006, 2007 and 2008. The detail of stock option movements is as follows:

	Baudouin Meunier	Pierre Winand	Mark Michiels	Koen Van Gerven	Peter Somers	Kurt Pierloot
Stock options exercised during current year:	106	120	62	98	93	26
- Granted in 2006	18	18	8	18	8	4
- Granted in 2007	36	54	54	36	54	22
- Granted in 2008	52	48	0	44	31	0

Internal Control and Risk Management Systems

Internal Control and Risk Management Systems in relation to the preparation of the Consolidated Financial Statements

The following description of bpost's internal control and risk management activities is a factual description of the activities performed. The description uses the structure recommended by the Commission Corporate Governance.

Control environment

The control environment with regards to the preparation of the consolidated financial statements is organized through several functions.

The accounting and control organization consists of three levels: (i) the accounting team in the different legal entities responsible for the preparation and reporting of the financial information, (ii) the business controllers at the different operating units of the organization responsible inter alia for the review of the financial information in their area of responsibility, and (iii) the Group Finance Department, responsible for the final review of the financial information of the different legal entities and operating units and for the preparation of the consolidated financial statements.

Next to the structured controls outlined above, bpost's external auditors perform independent interim and year-end control procedures on the financial statements.

The Internal Audit Department conducts a risk based audit program to provide assurance on the internal control effectiveness and risk management in the different processes at legal entity level.

bpost's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards board and which have been endorsed by the European Union. All IFRS accounting principles, guidelines and interpretations, to be applied by all legal entities and operating units, are communicated on a regular basis by the Group Finance Department to the accounting teams in the different legal entities and operating units. IFRS trainings take place when deemed necessary or appropriate.

The vast majority of the Group companies use the same software to report the financial data for consolidation and external reporting purposes. For those that do not use the software, the Group Finance Department ensures that their reporting is aligned with the Group's chart of accounts and accounting principles before introducing them in the reporting and consolidation software.

Risk assessment

Appropriate measures are taken to ensure a timely and qualitative reporting and to reduce the potential risks related to the financial reporting process, including: (i) careful and detailed planning of all activities, including owners and timings, (ii) guidelines which are communicated by Group Finance to the various participants in the process prior to the closing, including relevant points of attention, and (iii) follow-up and feedback of the timelines, quality and lessons learned in order to strive for continuous improvement. A quarterly review takes place of the financial results which are reviewed in details by management and are presented to and reviewed by the Audit Committee of the Board of Directors. A half-year review of the financial results is also performed which are reviewed by and discussed with the Statutory Auditor. Material changes to the IFRS accounting principles are coordinated by the Group Finance Department, reviewed by the Statutory Auditor, approved by the Audit Committee, and by the Board of Directors of bpost. Material changes to the statutory accounting principles of bpost or of other group companies are approved by the relevant Boards of Directors.

Control activities

The proper application by the legal entities of the accounting principles as described in the notes to the financial statements and as communicated to them by the Group Finance Department, as well as the accuracy, consistency and completeness of the reported information, is reviewed on an ongoing basis by the control organization (as described above) through a process of account justification and review. In addition, all relevant entities are controlled by the Internal Audit Department on a periodic basis. Policies and procedures are in place for the most important underlying processes (sales, procurement, investments, treasury, etc.) and are subject to: (i) regular controls by the respective management teams, and (ii) and independent evaluation and review by the Internal Audit Department during their audit. A close monitoring of potential segregation of duties conflicts in the main IT system is carried out on a regular basis.

Information and communication

A very significant proportion of the Group's turnover, expenses and profit is generated by the Group's parent company, bpost SA-NV which is also the main operating company. All operating units of this company use an ERP system platform to support the efficient processing of business transactions and provide its management with transparent and reliable management information to monitor, control and direct its business operations. The provision of information technology services to run, maintain and develop those systems is performed by a professional IT service delivery department which is monitored on its delivery performance through service level agreements as well as performance and incident reporting. bpost has implemented management processes to ensure that appropriate measures are taken on a daily basis to sustain the performance, availability and integrity of its IT systems. Proper assignment of responsibilities, and coordination between the pertinent departments, ensures an efficient and timely communication process of periodic financial information to management and to the Board of Directors. Information accuracy, security and availability are always considered by the Internal Audit Department as part of the regular audits or special assignments. Detailed financial information is provided on a monthly basis to management and to the Board of Directors. Some limited financial information is disclosed to the wider public at midyear. At yearend all relevant financial information is disclosed. Prior to the external reporting, the financial information is subject to (i) the appropriate controls by the above-mentioned control organization, (ii)

Monitoring

Any significant change of the IFRS accounting principles as applied by bpost is subject to approval by the Audit Committee and by the Board of Directors. When relevant, the members of the Audit Committee are updated on the evolution and important changes in the underlying IFRS standards. All relevant financial information is presented to the Audit Committee and the Board of Directors to enable them to analyze the financial statements. Relevant findings by the Internal Audit Department and/or the Statutory Auditor on the application of the accounting principles, as well as the adequacy of the policies and procedures, and segregation of duties, are reported to the Audit Committee on a quarterly basis. Also a quarterly treasury update is submitted to the Audit Committee. A procedure is in place to convene the appropriate governing body of the Company on short notice if and when circumstances so dictate.

Internal Control and Risk Management Systems in general

The Board of Directors and the Management Committee have approved the bpost Code of Conduct, which was first issued in 2007 and updated in 2011. The Code of Conduct sets forth the basic principles of how bpost wants to do business. Implementation of the Code of Conduct is mandatory for all companies of the Group. More detailed policies and guidelines are developed as considered necessary to ensure consistent implementation of the Code of Conduct throughout the Group.

bpost's internal control framework consists of a number of policies for the main business processes. The Internal Audit Department monitors the internal control situation and reports to the Audit Committee on a quarterly basis.

At the request of the Board of Directors and the Audit Committee management is in the process of developing a global enterprise risk management ('ERM') framework to assist the Group in managing the material risks on an explicit basis.

financial report

2011

financial report 2011

1. Selected financial figures

FOR THE YEAR ENDED 31 DECEMBER In million EUR	2011	2010	2009	EVOLUTION 2011-2010
P&L and B/S key figures				
Operating income	2,364.6	2,317.8	2,250.1	2.0%
Payroll costs	(1,288.1)	(1,314.5)	(1,201.5)	-2.0%
Other operating costs	(1,007.2)	(680.9)	(675.0)	47.9%
Profit from operating activities (EBIT)	69.2	322.4	373.6	-78.5%
Normalized profit from operating activities	358.6	319.2	240.1	12.3%
Profit attributable to equity holders	(57.4)	209.6	290.9	-127.4%
Equity	777.3	1,114.3	1,132.5	-30.2%
Other key figures				
EBITDA	160.6	437.4	475.2	-63.3%
Normalized EBITDA	450.0	434.2	341.7	3.6%
Operating free cash flow (*)	226.2	224.7	187.2	0.7%
Dividend per share	-	526.8	416.7	-
Number of employees (at year end)	32,110	33,616	34,180	-4.5%
Number of FTE (average)	27,973	29,324	30,030	-4.6%

(*) Impact «Personal accounts of individuals» and State advances excluded

2. Financial Review

2.1. Income Statement

In 2011, bpost achieved a reported net loss of 57.4 million EUR (2010: net profit of 209.6 million EUR). The loss for the year is explained by provisions established to cover in full the potential consequences of the decision by the European Commission that the company had been overcompensated for the provision of services of general economic interest. The provisions amount in total to 290.8 million EUR and affects the other operating expenses line (a cost of 299.0 million EUR) and the income tax line (a reduction in costs of 8.2 million EUR). Excluding the evolution of the non-recurring items, among which the largest are the aforementioned provisions, and the changes in scope, the profit for the year increased by 19.8 million EUR or 9.5%.

The company recorded a profit from operating activities (EBIT) of 69.2 million EUR which declined by 78.5% compared to last year (2010: 322.4 million EUR). Excluding the non-recurring items, among which the largest are the provisions relating to the decision by the European Commission, and the changes in scope, EBIT rose by 12.4%.

Operating income amounted to 2,364.6 million EUR (2010: 2,317.8 million EUR). While the company observed during the year a worsening of the underlying volume decline in Domestic Mail, new products (e.g. European License Plates) combined with price increases and the further development of the foreign subsidiaries generated a year-over-year increase of 2.0% of the turnover. This increase is partially compensated at operating income level due to the decline of other operating income as fewer unoccupied buildings were sold compared to 2010.

The total operating expenses increased by 299.9 million EUR. However, excluding the provisions relating to the decision by the European Commission, operating expenses increased by 1.0 million EUR.

Payroll costs show a decrease of 26.4 million EUR. Including interim costs, total personnel costs decreased by 19.5 million EUR. Excluding the impact of the non-recurring items (15.7 million EUR), payroll and interim costs remained stable. The impact of the reduction of 1,338 FTE's driven by the productivity enhancement initiatives compensated the effect of the two salary indexations.

Services and other goods, excluding the cost of interim workers which is discussed in the previous paragraph, increased by 18.4 million EUR. This increase is mainly explained by (i) an increase in transport costs (7.7 million EUR) directly correlated to the increase in volume of international mail; (ii) an increase (5.9 million EUR) in rental and insurance costs for the vehicle fleet; (iii) higher fuel price (4.5 million EUR); and (iv) increased investments (4.0 million EUR) in projects designed to boost future sales and reduce costs.

Other Operating Expenses increased by 320.1 million EUR driven by the operating cost component of the provisions relating to the decision by the European Commission (299 million EUR).

Excluding the evolution of the non-recurring items and the change in scope, underlying operating income increased by 2% and underlying operating expenses (including depreciation, amortization and impairment charges) increased by 0.3%.

FOR THE YEAR ENDED 31 DECEMBER In million EUR	2011	2010	2009	EVOLUTION 2011-2010
Turnover	2,342.3	2,279.0	2,228.4	2.8%
Other operating income	22.3	38.7	21.7	-42.4%
Total operating income	**2,364.6**	**2,317.8**	**2,250.1**	**2.0%**
Materials cost	(32.0)	(27.3)	(19.1)	17.2%
Services and other goods	(570.4)	(545.1)	(524.0)	4.6%
Payroll costs	(1,288.1)	(1,314.5)	(1,201.5)	-2.0%
Other operating expenses	(313.5)	6.6	(30.2)	-
Total operating expenses excluding depreciations/amortizations	**(2,204.0)**	**(1,880.4)**	**(1,774.9)**	**17.2%**
EBITDA	**160.6**	**437.4**	**475.2**	**-63.3%**
Depreciation, amortization	(91.3)	(115.0)	(101.6)	-20.6%
Profit from operating activities (EBIT)	**69.2**	**322.4**	**373.6**	**-78.5%**
Financial income	14.4	11.1	22.1	29.7%
Financial cost	(19.7)	(31.7)	(27.8)	-37.9%
Share of profit of associates	2.2	13.3	4.7	-83.5%
Profit before tax	**66.0**	**315.0**	**372.6**	**-79.0%**
Income tax expense	(123.4)	(105.4)	(81.7)	17.1%
Profit for the year	**(57.4)**	**209.6**	**290.9**	**-127.4%**

Income Statement

Both 2010 and 2011 were impacted by a number of non-recurring items which affected the EBITDA, the EBIT and the profit of the year. Normalized EBITDA, normalized EBIT and normalized profit for the year exclude the impact of those non-recurring items.

FOR THE YEAR ENDED 31 DECEMBER In million EUR	2011	2010	2009	EVOLUTION %
Reported EBITDA	**160.6**	**437.4**	**475.2**	
Provisions relating to the decision of the European Commission	299.0	-	-	-
Collective Labor Agreement	-	27.3	19.4	
Curtailment employee benefits	-	-	(116.8)	
Pending litigation provision	(9.6)	(9.3)	-	
BPO return on equity commitment	-	-	(13.1)	
Modifications in employee benefits schemes	-	(21.2)	(23.0)	
Normalized EBITDA	**450.0**	**434.2**	**341.7**	**3.6%** Normalized EBITDA

FOR THE YEAR ENDED 31 DECEMBER In million EUR	2011	2010	2009	EVOLUTION %
Profit from Operating Activities (EBIT)	**69.2**	**322.4**	**373.6**	
Provisions relating to the decision of the European Commission	299.0	-	-	
Collective Labor Agreement	-	27.3	19.4	
Curtailment employee benefits	-	-	(116.8)	
Compensation for termination of allowances	-	-	-	
Other restructuring charges	-	-	-	
Pending litigation provision	(9.6)	(9.3)	-	
BPO return on equity commitment	-	-	(13.1)	
Modifications in employee benefits schemes	-	(21.2)	(23.0)	
Normalized Profit from Operating Activities (EBIT)	**358.6**	**319.2**	**240.1**	**12.3%** Normalized EBIT

FOR THE YEAR ENDED 31 DECEMBER In million EUR	2011	2010	2009	EVOLUTION %
Profit for the year (EAT)	**(57.4)**	**209.6**	**290.9**	
Provisions relating to the decision of the European Commission	290.8	-	-	
Collective Labor Agreement	-	18.0	12.8	
Curtailment employee benefits	-	-	(116.8)	
Compensation for termination of allowances	-	-	-	
Other restructuring charges	-	-	-	
Pending litigation provision	(6.3)	(6.1)	-	
BPO return on equity commitment	-	-	(8.6)	
Modifications in employee benefits schemes	-	(14.0)	(15.2)	
Normalized Profit for the year (EAT)	**227.1**	**207.5**	**163.1**	**9.4%** Normalized profit for the year

The non-recurring items split per line of the income statement (at EBIT level) can be summarized as follows:

FOR THE YEAR ENDED 31 DECEMBER In million EUR	2011	2010	2009	EVOLUTION 2011-2010
Operating income				
Non recurring income	**0.0**	**0.0**	**0.0**	**0.0**
Payroll costs	(9.6)	6.1	(120.4)	(15.7)
Other operating charges	299.0	(9.3)	(13.1)	308.3
Depreciation, amortization and impairment	0.0	0.0	0.0	0.0
Non-recurring costs	**289.4**	**(3.2)**	**(133.5)**	**(292.6)**
Non-recurring items	**289.4**	**(3.2)**	**(133.5)**	**(292.6)**

Non-recurring items at EBIT level

On 25 January 2012, the European Commission communicated to the Belgian State its decision relating to the enquiry into alleged state aid that it had opened in July 2009 and relating to the period 1992-2010. In its decision, the European Commission found that the company had been undercompensated for the period 1992-2005 and overcompensated for the period 2006-2010. The European Commission decided that the amount of overcompensation could not be offset against the amount of under-compensation as they related to different management contracts between the company and the Belgian State. In determining the amount of over- or under-compensation, the European Commission compared the amounts received from the Belgian State in compensation for the services of general economic interest entrusted by the Belgian State to the company with the costs of performing those services. The European Commission included in the amounts received from the Belgian State an amount corresponding to the profit realized by the company on the reserved (i.e. monopoly) area of the universal service obligation above a certain level that the European Commission deemed 'reasonable'. The company has yet to be officially notified of the decision and has yet to decide on a potential appeal regarding the decision. In light of the fact that (i) no decision has been taken regarding an appeal, (ii) any appeal does not suspend the obligation by the Belgian State to recover the overcompensation, (iii) the outcome of any appeal is both uncertain and in the far future, the company provided in its 2011 accounts provisions covering all the financial impacts of the decision by the European Commission. The impact of the provisions on the EBIT amounts to 299.0 million EUR. The impact on the profit for the year amounts to 290.8 million EUR.

In December 2009, the company had announced its intention to introduce a scheme under which employees who reached the age of 58 by 31 December 2010 and were employed in certain departments which had been designated as being under restructuring and who were not replaced, had the possibility to apply for early retirement. The cost of the scheme was estimated at 19.4 million EUR and a non-recurring charge was recorded in the 2009 income statement. A similar scheme was adopted in 2010 relating to other departments and had led to the recording of a 27.3 million EUR charge in the 2010 financial statements.

In 2009, the scheme providing certain medical benefits for the company's retirees was transferred to a non-profit association managed by the representatives of the workers. The curtailment of the benefit triggered a reversal of the employee benefit liability recorded on the company's balance sheet and generated a non-cash, non-recurring income of 116.8 million EUR in the 2009 financial statements. No such curtailment was realized in 2010 and 2011.

A provision recorded in previous years and relating to a pending litigation was re-measured in 2011 and was reduced by an amount of 9.6 million EUR (2010: 9.3 million EUR). Since the charge relating to the original provision had been considered as non-recurring, the reversal of the provision in 2011 and 2010 is also considered to be non-recurring.

In 2009, the company and Fortis Bank reached an agreement to alter the contracts linking them in Banque de La Poste – Bank van De Post ('BPO'). As a result of this agreement, the company reversed the unused portion of the provision it had established to cover the risk of the 'Return on Equity' clause included in the contracts. The reversal amounted to 13.1 million EUR which was recorded in the 2009 financial statements.

The periodic review of the accounting estimates relating to its liabilities for employee benefits has led in 2010 to the recognition of a non-recurring income (shown as negative personnel expenses) of 21.2 million EUR (2009: 23 million EUR). In 2009, the source of the non-recurring income was changes in the computation methodology as additional and improved data became available. In 2010, the source of the non-recurring income related to changes in the rules of a plan following the Collective Labor Agreements covering the years 2009, 2010 and 2011. In 2011, the review of the accounting estimates has not led to the recognition of a non-recurring impact.

2.1.1. Operating Income

Operating income increased by 2% to 2,364.6 million EUR (2010: 2,317.8 million EUR). The changes in scope (2011 includes 3 months of sales by bpost Asia, which was fully consolidated as from October 2011) account for an increase in revenues of 1.2 million EUR. Excluding these changes in scope, the increase in operating income is 45.6 million EUR or 2%.

The evolution per product line can be summarized as follows:

FOR THE YEAR ENDED 31 DECEMBER In million EUR	2011	2010	2009	EVOLUTION 2011-2010
Transactional Mail	967.2	954.4	942.4	1.3%
Advertising Mail	309.1	318.9	310.9	-3.1%
Press	399.7	389.5	385.8	2.6%
Parcels	158.3	120.8	108.0	31.0%
Value Added Services	102.9	85.0	86.8	21.1%
International Mail	197.9	199.4	174.0	-0.8%
Banking & Financial Products	200.6	200.9	191.3	-0.1%
Other	28.8	49.0	51.0	-41.2%
Total bpost	**2,364.6**	**2,317.8**	**2,250.1**	**2.0%**

Operating income per product line

Domestic Mail, which includes *Transactional and Advertising Mail* as well as Press grew by 0.8% compared to last year as the volume decline of 2.0% was more than compensated by a 2.7% improvement in pricing and mix.

The **Parcels** activity grew by 31.0% driven by the launch of the production and distribution of the new European-compliant license plates and by transfers from International Mail to Parcels product lines. Excluding these impacts, sales climbed by 10.4% driven by increased volumes and increase in price and mix.

Value Added Services revenues improved by 21.1%, mainly due to the launch of the distribution of the license plates. The revenues generated by the European-compliant license plates are partly reported under Parcels and partly under Value Added Services.

Excluding the impact of the acquisition of bpost Asia, revenues were down by 2.7 million EUR for **International Mail**. However, not taking into account the transfers to Parcels, underlying sales for International Mail rose by 9.3 million EUR or 4.7%.

Banking & Financial Products are in line with last year. Increased banking and insurance commissions received from bpost's 50% affiliate BPO are compensated by a lower remuneration for the cashier activities and the decline of the some traditional postal financial products.

The evolution per business unit is as follows:

FOR THE YEAR ENDED 31 DECEMBER In million EUR	2011	2010	2009	EVOLUTION 2011-2010
BIZ	1,626.0	1,592.4	1,558.0	2.1%
RSS	499.5	502.7	499.5	-0.6%
INT	226.0	204.0	171.9	10.8%
Corporate	13.0	18.6	20.7	-30.1%
Total Operating Income	**2,364.6**	**2,317.8**	**2,250.1**	**2.0%**

Evolution per business unit

BIZ business unit

Operating income of the BIZ business unit (the business unit dedicated to large and medium domestic customers) grew from 1,592.4 million EUR in 2010 to 1,626.0 million EUR in 2011 representing a 2.1% increase.

FOR THE YEAR ENDED 31 DECEMBER In million EUR	2011	2010	2009	EVOLUTION 2011-2010
Transactional Mail	704.2	686.3	679.5	2.6%
Advertising Mail	290.7	302.9	299.4	-4.0%
Press	396.0	387.6	384.0	2.2%
Parcels	97.8	81.5	67.8	20.0%
Value Added Services	89.2	72.2	73.9	23.6%
International Mail	19.8	22.5	23.7	-12.0%
Banking & Financial Products	40.3	44.7	36.3	-9.8%
Other	(12.2)	(5.3)	(6.6)	130.2%
Total BIZ	**1,626.0**	**1,592.4**	**1,558.0**	**2.1%**

BIZ business unit – operating income

Transactional Mail includes the Daily, Registered, Social Outbound and Administrative Mail product families. The increase in price and the improvement of the product mix contributed to an increase in operating income of 3% compensating a slight volume decline of 0.7%. The Administrative Mail volumes increased by 4.1% consequence of a partial substitution from Daily Mail and Addressed Direct Mail, whereas Daily, Registered and Social Outbound volumes continued their decline.

Advertising Mail includes both the Addressed Direct Mail and the Unaddressed Mail product families. Volumes declined by 5.2% mainly due to the difficult economic environment during the second half of the year, the absence of elections compared to 2010 and the loss of a major client within Unaddressed Mail. Price and product mix improved by 2%.

Press includes the distribution of newspapers and periodicals. Price and mix delivered an increase in sales of 2%, whilst volumes were flat as the increase in newspaper subscriptions is compensated by the decrease in periodicals.

Parcels include the parcels and specialty logistics activities for the Belgian clients. Sales for this product family grew by 20.1% mainly driven by increased volumes due to the launch of the distribution of the European license plates. Furthermore, the lower volumes with some large business customers, which suffer from the poor economic climate, have been compensated by the acquisition of new clients, growth in e-commerce related volumes, price increases (overall price impact estimated at +3.9% compared to last year) and increased volumes in the international product range.

Value Added Services include bpost's document management or data activities as well as other value added services such as the pick-up of mail from the clients' premises and the franking of the mail items. The growth recorded in 2011 is mainly due to the Value Added Service component of the European license plates.

Banking & Financial Products include a number of financial services provided to large customers. The decrease is driven by volume decline in the cashier activities.

RSS business unit

Operating income of the RSS business unit slightly decreased by 0.6% compared to 2010. The RSS business unit serves the residential customers as well as all customers using mass market channels such as the post offices, the Post Points or the bpost's eShop to purchase their mail products. The RSS business unit also sells banking and insurance products under an agency agreement with BPO and AG Insurance as well as a number of other payment products.

FOR THE YEAR ENDED 31 DECEMBER In million EUR	2011	2010	2009	EVOLUTION 2011-2010
Transactional Mail	259.5	265.5	260.8	-2.3%
Parcels	32.8	32.0	32.4	2.5%
Value Added Services	13.5	12.4	12.2	8.9%
Banking & Financial Products	160.3	156.2	155.0	2.6%
Other	33.5	36.5	39.2	-8.2%
Total RSS	**499.5**	**502.7**	**499.5**	**-0.6%**

RSS business unit – operating income

Transactional Mail includes the Daily, Registered and Social Outbound Mail product families. Volumes declined by 5.3%, which is slightly below previous years (2010: -6%). Price and product mix showed a 3.1% increase compared to 2010.

For *Parcels* pricing and product mix compensated the overall volume decline estimated at 3.8%.

Banking & Financial Products grew by 2.6% as the growth in commissions received for the sale of banking and insurance products was partially compensated by lower revenues related to other financial products (traditionally declining market segments and the cleaning up of the product portfolio).

Value Added Services revenues increased driven by a 6.6% volume growth, higher prices and a better mix for the mail forwarding and temporary mail conservation services.

The sale of *Other* products fell by 8.2% due to the continuing decline in the sale of philately products (decline of 6.9% in 2011) and the lower sales of retailer products.

International business unit

The International business unit sells domestic mail products such as transactional or advertising mail to international customers and international mail products such as inbound mail or business mail international to international customers. Since 1 October 2011 the International business unit includes the contribution of bpost Asia. Excluding the contribution of bpost Asia sales grew by 10.2%.

FOR THE YEAR ENDED 31 DECEMBER In million EUR	2011	2010	2009	EVOLUTION 2011-2010
Advertising Mail	18.4	16.0	11.4	15.0%
Parcels	27.7	7.3	7.8	279.5%
International Mail	178.1	176.9	150.4	0.7%
Other	1.9	3.9	2.3	-51.3%
Total International	**226.0**	**204.0**	**171.9**	**10.8%**

International business unit – operating income

Turnover of *Advertising Mail* was up by 15.0% driven by a 13.8% increase in price and mix.

Not taking into account the transfers from International Mail, underlying sales for Parcels grew by 116.7% as new contracts were won for Parcels International delivering significant volume increases.

At comparable scope (excluding transfers to Parcels and incorporation bpost Asia) the I*nternational Mail* portfolio increased by 6.8% or 12 million EUR. This increase is mainly due to the double-digit growth of MSI Worldwide Mail (6 million EUR) and the 5.4% growth in inbound mail, driven mainly by better price and mix (partially due to the favorable settlement with foreign operators of previous years' terminal dues) whilst volumes were flat. The revenues of transit mail are in line with last year as the volume decline is compensated by the increase in price and the improvement of the product mix.

2.1.2. Operating Expenses

Operating expenses, including depreciation, amortization and impairment charges, amounted to 2,295.3 million EUR (2010: 1,995.4 million EUR), a 299.9 million EUR increase compared to last year.

The changes in scope (bpost Asia) account for an increase in expenses of 1.1 million EUR.

Excluding the impact of the scope and the evolution of the non-recurring expenses, including the provisions relating to the decision by the European Commission, underlying operating expenses increased by 6.3 million EUR.

The **raw material, consumables and goods for resale** increased by 4.7 million EUR at 32.0 million EUR (2010: 27.3 million EUR). The key driver of this increase is the launch of the contract for the production and distribution of Europe-compliant license plates.

The **costs for goods and services** increased by 25.3 million EUR or 4.4% compared to 2010. Excluding the impact of the changes in scope (0.8 million EUR), the costs for goods and services rose by 24.5 million EUR or 4.5%:

FOR THE YEAR ENDED 31 DECEMBER In million EUR	2011	2010	2009	EVOLUTION EUR	EVOLUTION %
Rent and Rental costs	63.8	59.0	56.6	4.8	8.1%
Maintenance and Repairs	59.6	55.8	56.9	3.8	6.8%
Energy delivery	41.7	39.1	38.5	2.6	6.6%
Other goods	21.2	27.5	28.5	(6.3)	-22.9%
Postal and Telecom costs	8.7	7.6	9.0	1.1	14.6%
Insurance costs	12.0	10.8	17.7	1.1	10.5%
Transport costs	141.8	134.1	121.7	7.7	5.8%
Publicity and Advertising	18.1	27.6	17.4	(9.5)	-34.4%
Consultancy	35.6	34.9	23.7	0.8	2.2%
Interim	40.1	33.3	53.4	6.9	20.7%
Third party remuneration, fees	110.6	100.7	87.6	9.9	9.8%
Other services	17.1	14.7	13.0	2.4	16.5%
Total	**570.4**	**545.1**	**524.0**	**25.3**	**4.4%**

Cost of goods and services

- Rent and rental costs increased by 4.8 million EUR owing to the continuing shift from ownership toward operational lease for the vehicle fleet. Rental costs for building remained stable year-over-year.

- Maintenance and repairs rose by 3.8 million EUR or 6.8% primarily as a consequence of the start of new yearly contracts for software licenses.

- Energy delivery showed a 2.6 million EUR increase to 41.7 million EUR. Increasing average fuel price for the vehicles (4.5 million EUR) more than counterbalanced the reduction in energy consumption driven by mild weather.

- Other goods fell from 27.5 million EUR to 21.2 million EUR due to specific cost initiatives to reduce the consumption of consumables as well as costs incurred last year following the company's new name and logo.

- Insurance costs climbed to 12.0 million EUR, due to the rise in the fleet insurance costs.

- Transport costs showed a 7.7 million EUR increase. Increased volumes and sales in the international subsidiaries are the key drivers. The changes in scope (bpost Asia) marginally contributed to the increase (0.7 million EUR).

- Publicity and Advertising costs declined by 9.5 million EUR compared to 2010. The introduction of the company's new name and logo as well as campaigns for supporting bpost's products contributed to the high level of publicity and advertising costs in 2010. In 2011, these costs went back to more usual levels.

- Consultancy costs remained stable at 35.6 million EUR (2010: 34.9 million EUR). bpost has continued to undertake projects to support future revenue growth or improvement of productivity such as the development of an IT platform for billing purposes, programs to optimize the performance of mail activities, the further improvement of the commercial offering (innovative solutions and value added services), etc.

- Interim costs climbed to 40.1 million EUR (2010: 33.3 million EUR). The utilization of interims in 2011 was on average 101 FTE higher than in 2010. Interims are used to cope with the short term needs for manpower due to natural attrition, continuing absenteeism or high turnover of personnel mainly observed in operational service units.

- Third party remuneration and fees showed an increase of 9.9 million EUR compared to 2010. The increased number of transactions performed by Post Points and the full year impact of a quality bonus (2010 only seven months) contributed for 2.3 million EUR to this increase. The increased requirements for ICT developments (+ 3.3 million EUR) as well as the needs for interim managers to bridge short term gaps in the internal organization (+4.5 million EUR) mainly explain the remaining growth.

- Other goods increase by 2.4 million EUR or 16.5%. The increase is mainly due to the introduction in 2011 of a compulsory contribution to the costs of the postal regulator IBPT-BIPT.

Payroll costs amounted to 1,288.1 million EUR in 2011 (2010: 1,314.5 million EUR) which represents a decrease of 26.4 million EUR. The scope changes generated by the consolidation of bpost Asia for 3 months generated an increase of 0.2 million EUR. Non-recurring items contributed a net income (negative cost) of 6.1 million EUR in 2010 whereas they represent an increase in expenses of 9.6 million EUR in 2011. The evolution of the non-recurring items had therefore a negative impact of 15.7 million EUR compared to 2010. Excluding the impact of the changes in scope and of the evolution of the non-recurring items, payroll costs showed an underlying reduction of 10.9 million EUR or 0.8%.

The average workforce was reduced by 1,338 FTE's (2010: 922) generating a saving of 58.3 million EUR (2010: 41.4 million EUR) driven by the various productivity enhancement projects. This reduction should be analyzed alongside the increase in the use of interims of 101 FTE's (or 6.9 million EUR reported under cost of goods and services). All units contributed to the reduction in the headcount. Reorganizations and productivity programs in the postal value chain activities (distribution, transport, collect,…), and in post offices continued to be implemented alongside the optimization of the support activities such as Human Resources, Facility Management, Purchasing and Cleaning.

The payroll costs were also favorably influenced for an amount of 8.1 million EUR by the favorable salary mix effect generated by the recruitment of postal distributors at a lower salary scale.

These positive evolutions were partially compensated by:

- The cost-of-living increases of October 2010 (full impact in 2011) and June 2011 which generated an increase in payroll of 35.0 million EUR;

- Regular seniority and merit increases for 3.6 million EUR;

- An unfavorable evolution of the employee benefits liability (including the recognition of the unrecognized actuarial losses), the lower utilization of rest arrears and higher performance related premiums for an amount of 14.3 million EUR.

Depreciation, amortization and impairment charges decreased by 23.7 million EUR due to lower impairment charges.

Other operating charges moved from a net income of 6.6 million EUR in 2010 to a net expense of 313.5 million EUR in 2011. The 2011 financial statements had been negatively impacted by the recording of provisions amounting to 299.0 million EUR relating to the decision of the European Commission as well as an addition of environmental related provision of 7.9 million EUR.

Financial results improved by 15.3 million EUR. The variation is mainly explained by the evolution of the financial charges relating to employee benefits (decrease of 14.8 million EUR) due to a slight increase of the discount rate used to value the benefits.

Taxes increased from 105.4 million in 2010 to 123.4 million in 2011. Excluding the impact of the decision of the European Commission, income taxes increased from 105.4 million in 2010 to 131.6 million in 2011 representing 36% of the profit before tax compared to 33.5% in 2010.

2.2. Statement of financial position

2.2.1. Assets

During 2011, additions of **property, plant and equipment** (66.8 million EUR) were lower than depreciations and impairments (79.8 million EUR). The net transfers towards assets held for sale and from investment property amounted to 1.2 million EUR. As a result of these movements, the net value of the property, plant and equipment declined by 14 million EUR. The main investments of the year related to the refurbishing, upgrade and maintenance of the buildings of the mail and retail networks (19 million EUR), production facilities for sorting and printing activities (21 million EUR), vehicles (5 million EUR), and IT- and other equipment (13 million EUR).

Intangible assets increased by 0.7 million EUR. This increase is mainly due to the following factors:

- Goodwill on bpost Asia acquisition (3.4 million EUR), investments in software (7.6 million EUR), software development costs (3.8 million EUR)
- Partially compensated by the amortization of the year: 14.1 million EUR

The **investment in associates** decreased by 46.9 million EUR from 131.2 million EUR to 84.3 million EUR, reflecting the impact of the unrealized gains on BPO's bond portfolio (-49.4 million EUR) and the incorporation of the company's share of BPO's 2011 results (2.2 million EUR compared to 13.3 million EUR in 2010).

Investment properties decreased from 19.5 million EUR in 2010 to 18.2 million EUR in 2011 as less buildings were rented out.

Deferred taxes assets amount to 72.4 million EUR (2010: 81.9 million EUR). The decrease of 9.5 million EUR is mainly explained by the reduction in the timing difference between the accounting and the tax value of the employee benefits (-11.5 million EUR).

Investment securities increased to 515.6 million EUR (2010: 31.3 million EUR).The company has invested part of its available cash in commercial papers and short term government paper.

Current trade and other receivables increased by 5.7 million EUR to 397.0 million EUR (2010: 391.3 million EUR), mainly driven by a 5.1 million EUR increase in trade receivables. The increase in trade receivables is mainly due to an increase of 12.2 million EUR in the terminal dues owed by foreign operators, partially offset by a decrease of the outstanding trade accounts receivables. Other receivables increased by 1.2 million EUR.

Cash and cash equivalents decreased by 488.8 million EUR to 626.7 million EUR (2010: 1,115.5 million EUR) due to the reallocation of the financial portfolio. bpost has invested more cash in investment securities compared to 2010.

2.2.2. Liabilities

Equity amounts to 777.3 million EUR (2010: 1,114.3 million EUR). The 57.4 million EUR consolidated net loss for the 2011 period, the decrease of the company's share of the unrealized gains on BPO's bond portfolio for 49.4 million EUR and the payment during the year of a dividend amounting to 216.2 million EUR contributed to this decrease.

As a consequence of the exercise window made available in 2011 of the Employee Stock Option Plan ("ESOP") Alteris NV-SA, a 100% subsidiary of bpost, holds 2,589 shares of bpost, which are considered as Treasury Shares in the equity (14.0 million EUR).

Non-current interest-bearing loans and borrowings decreased to 92.2 million (2010: 101.6 million EUR) as the first part of the European Investment Bank loan (payable in December 2012) amounting to 9.1 million EUR is transferred to the current financial liabilities.

Employee benefits are almost unchanged compared to last year and amount to 379.8 million EUR (2010: 378.8 million EUR). This increase of 1.0 million EUR is mainly due to the following elements:

- The payment of benefits decreased the liability by 55.5 million EUR (2010: 64.6 million EUR) including 12.1 million EUR for the payment of accumulated compensated absences and 17.4 million EUR for the payment of early-retirement and part-time work benefits;

- Service costs and interest costs relating to the year increased the balance for a total amount of 35.9 million EUR (2010: 70.8 million EUR). In 2010, service costs were impacted for an amount of 27.7 million EUR by the approval of a new early-retirement scheme. The termination benefits negotiated in Joint Committee during 2011 represent an amount of 7.8 million EUR;

- 20.4 million EUR were transferred from the unrecognized actuarial gains/losses (mainly due to their amortization through the consolidated income statement) which decreased the unrecognized loss from 27.6 million EUR to 7.2 million EUR.

After deduction of the deferred tax asset relating to the employee benefits (63.6 million EUR) the net liability amounts to 316.2 million EUR (2010: 303.7 million EUR).

Non-current provisions amount to 79.6 million EUR (2010: 83.4 million EUR). The reversal (12.9 million EUR) of provisions for litigations was partially compensated by the increase of the provision relating to environmental liabilities for an amount of 7.9 million EUR.

Current provisions amount to 334.5 million EUR (2010: 37.5 million EUR). The increase of 297.0 million EUR comes mainly from an additional provision for litigations relating to the decision of the European Commission.

Current trade and other liabilities decreased to 686.5 million EUR (2010: 712.7 million EUR), driven by the reduction in other payables (13.9 million EUR). This reduction is mainly due to reduced advances related to lower terminal dues transactions. Payroll and social security payables (6.4 million EUR) and trade payables (3.8 million EUR) showed also a decrease.

2.3. Statement of cash flows

Operating activities generated in 2011 a net cash inflow of 296.3 million EUR (2010: 266.9 million EUR, excluding the clearing of the deposits of third parties and the repayment of the advances received). During 2010, bpost terminated the system of cash deposits from third parties and all outstanding balances were returned to their owners (cash outflow of 28.0 million EUR). Also in 2010, advances received from the State to fund certain State Treasury's operations were repaid (84.3 million EUR) as part of the restructuring of the relationship between bpost and the State Treasury. The increase of 29.4 million EUR in operating activities compared to last year's performance is due to:

- Deterioration of operating performance generating a cash loss from operating activities 244.4 million EUR lower than last year mainly driven by lower EBIT (decrease of 253.2 million EUR) counterbalanced by lower tax pre-payments (decrease of 8.0 million EUR).

- In 2011, the decrease of the operating performance is compensated by an increase of the provisions (302.7 million EUR). This increase is driven by the provision following the decision by the European Commission.

- Working capital, excluding the impact of the funds deposited by third parties and the repayment of advances, consumed 42.5 million EUR of cash (2010: consumed 13.8 million EUR of cash). A different phasing in Terminal Dues (-26.3 million EUR), social liabilities (-6.1 million EUR) and taxes related to previous years (-10.0 million EUR) explain mainly this evolution.

Proceeds from sale of property, plant and equipment decreased by 14.5 million EUR to 12.0 million EUR (2010: 26.5 million EUR). During 2011, the company continued to sell properties which are no longer used for its operations but less cash was generated by the disposals.

Acquisitions of property, plant and equipment increased to 66.8 million EUR (2010: 57.1 million EUR).

Acquisition of intangible assets amounted to 11.4 million EUR (2010: 11.2 million EUR).

The *acquisition of subsidiaries, net of cash acquired includes* in 2011 the payment for the acquisition of 100% of bpost Asia.

Net cash as reported in note 8.5 and including cash and cash equivalent, investment securities reduced by the amount of interest bearing loans and borrowing and by non-interest bearing loans and borrowing decreased to 1,039.9 million EUR (2010: 1043.8 million EUR). Excluding payment of a dividend of 216.2 million EUR and treasury shares of 14.0 million EUR paid during the year, cash generation in 2011 therefore amounted to 225.6 million EUR (223.7 million EUR).

financial consolidated statements 2011

3. Consolidated income statement

FOR THE YEAR ENDED 31 DECEMBER In million EUR	NOTES	2011	2010	2009
Turnover		2,342.3	2,279.0	2,228.4
Other operating income	8.7	22.3	38.7	21.7
Total operating income		**2,364.6**	**2,317.8**	**2,250.1**
Materials cost		(32.0)	(27.3)	(19.1)
Services and other goods		(570.4)	(545.1)	(524.0)
Payroll costs	8.9	(1,288.1)	(1,314.5)	(1,201.5)
Other operating expenses	8.8	(313.5)	6.6	(30.2)
Depreciation, amortization		(91.3)	(115.0)	(101.6)
Total operating expenses		**(2,295.3)**	**(1,995.4)**	**(1,876.5)**
Profit from operating activities (EBIT)		**69.2**	**322.4**	**373.6**
Financial income	8.10	14.4	11.1	22.1
Financial cost	8.10	(19.7)	(31.7)	(27.8)
Share of profit of associates		2.2	13.3	4.7
Profit before tax		**66.0**	**315.0**	**372.6**
Income tax expense	8.11	(123.4)	(105.4)	(81.7)
Profit from continuing operations		**(57.4)**	**209.6**	**290.9**
Profit from discontinued operations		-	-	-
Profit for the year		**(57.4)**	**209.6**	**290.9**
Attributable to:				
Owners of the Parent		(57.4)	209.2	290.9
Non-controlling interests		(0.0)	0.4	0.0

4. Consolidated statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER In million EUR	2011	2010	2009
Profit for the year	**(57.4)**	**209.6**	**290.9**
Fair value for financial assets available for sale by associates	(49.4)	(57.1)	82.8
(Loss)gain on available for sale financial assets	(74.8)	(86.6)	125.4
Income tax effect	25.4	29.4	(42.6)
Non-controlling interests	0.0	0.1	0.5
Other comprehensive income for the year, net of tax	**(49.4)**	**(57.0)**	**83.3**
Total comprehensive income for the year, net of tax	**(106.9)**	**152.6**	**374.2**
Attributable to:			
Owners of the Parent	(106.9)	152.1	373.7
Non-controlling interest	0.0	0.5	0.5

5. Consolidated statement of financial position

AS AT 31 DECEMBER In million EUR	NOTES	2011	2010	2009
Assets				
Non-current assets				
Property, plant and equipment	8.12	608.8	622.8	668.1
Intangible assets	8.15	70.0	69.3	79.8
Investment securities	8.17	0.0	0.0	0.0
Investments in associates	8.18	84.3	131.2	175.1
Investment properties	8.13	18.2	19.5	15.9
Deferred tax assets	8.11	72.4	81.9	70.7
Trade and other receivables	8.19	0.8	0.9	0.6
		854.5	925.7	1,010.2
Current assets				
Assets held for sale	8.14	0.5	1.6	3.6
Investment securities	8.17	515.6	31.3	125.3
Inventories	8.20	8.2	7.7	8.6
Income tax receivable	8.11	0.4	0.4	0.5
Trade and other receivables	8.19	397.0	391.3	351.5
Cash and cash equivalents	8.21	626.7	1,115.5	1,080.3
		1,548.4	1,547.8	1,569.8
Total assets		**2,402.9**	**2,473.5**	**2,580.0**
Equity and liabilities				
Equity attributable to equity holders of the Parent				
Issued capital		783.8	783.8	783.8
Treasury shares		(14.0)	-	-
Reserves		64.0	120.3	57.2
Retained earnings		(57.4)	209.1	290.9
		776.4	1,113.2	1,131.8
Non-controlling interests		0.9	1.1	0.7
Total equity	6	**777.3**	**1,114.3**	**1,132.5**
Non-current liabilities				
Interest-bearing loans and borrowings	8.22	92.2	101.6	101.8
Employee benefits	8.23	379.8	378.8	371.1
Trade and other payables	8.25	13.0	14.3	14.2
Provisions	8.26	79.6	83.4	98.0
Deferred tax liabilities	8.11	0.4	0.5	0.3
		565.0	578.6	585.4
Current liabilities				
Interest-bearing loans and borrowings	8.22	9.7	0.8	0.8
Bank overdrafts		0.2	0.1	0.0
Provisions	8.26	334.5	37.5	32.4
Income tax payable	8.11	29.6	29.4	36.1
Trade and other payables	8.25	686.5	712.7	792.7
		1,060.5	780.6	862.1
Total liabilities		**1,625.5**	**1,359.2**	**1,447.5**
Total Equity and liabilities		**2,402.9**	**2,473.5**	**2,580.0**

6. Consolidated statement of changes in equity

In million EUR	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					NON-CONTROLLING INTERESTS	TOTAL EQUITY
	AUTHORIZED & ISSUED CAPITAL	TREASURY SHARES	OTHER RESERVES	RETAINED EARNINGS	TOTAL		
As per 1 January 2009	**783.8**	**-**	**(75.6)**	**221.7**	**929.9**	**0.2**	**930.1**
Profit for the year 2009	-	-	-	290.9	290.9	-	290.9
Other comprehensive income	-	-	304.5	(221.8)	82.8	0.5	83.3
Total comprehensive income	**-**	**-**	**304.5**	**69.1**	**373.7**	**0.5**	**374.1**
Dividends (Pay-out)	-	-	(171.7)		(171.7)		(171.7)
As per 31 December 2009	**783.8**	**-**	**57.3**	**290.9**	**1,131.8**	**0.7**	**1,132.5**
Profit for the year 2010	-	-	-	209.2	209.2	0.4	209.6
Other comprehensive income	0.0	-	233.8	(290.9)	(57.1)	0.1	(57.0)
Total comprehensive income	**0.0**	**-**	**233.8**	**(81.7)**	**152.1**	**0.5**	**152.6**
Dividends (Pay-out)	-	-	(170.8)		(170.8)	(0.1)	(170.9)
As per 31 December 2010	**783.8**	**-**	**120.3**	**209.1**	**1,113.2**	**1.1**	**1,114.3**
Profit for the year 2011	-	-	-	(57.4)	(57.4)	0.0	(57.4)
Other comprehensive income	-	-	159.6	(209.1)	(49.4)	0.0	(49.4)
Total comprehensive income	**-**	**-**	**159.6**	**266.5**	**(106.9)**	**0.0**	**(106.9)**
Dividends (Pay-out)	-	-	(215.9)	-	(215.9)	(0.3)	(216.2)
Treasury shares	-	(14.0)	-	-	(14.0)		(14.0)
As per 31 December 2011	**783.8**	**(14.0)**	**64.0**	**(57.4)**	**776.4**	**0.9**	**777.3**

Other reserves per 31 December 2011 (64.0 million EUR) are composed of 100.2 million EUR of legal reserves, 28.8 million EUR of tax free reserves, 23 million EUR of earnings of prior years and -88.0 million EUR of consolidation reserves.

The amount under "Other comprehensive income" relates mainly to the unrealized gains and losses on the bond portfolio of BPO. See also section 8.18 for more details.

The 14.0 million EUR in treasury shares are held by Alteris NV-SA, and have acquired as part of the 2011 Employee Stock Option Plan exercise window ("ESOP").

	TOTAL	SHARE CLASS A		SHARE CLASS B		SHARE CLASS C	
	NUMBER OF SHARES	NUMBER OF SHARES	MILLION EURO	NUMBER OF SHARES	MILLION EURO	NUMBER OF SHARES	MILLION EURO
As per 1 January 2010	**409,838.0**	**204,920.0**	**483.8**	**204,461.0**	**299.3**	**457.0**	**0.7**
Changes during the year	-	-	-	-	-	-	-
As per 31 December 2010	**409,838.0**	**204,920.0**	**483.8**	**204,461.0**	**299.3**	**457.0**	**0.7**
Changes during the year	-	-	-	(2,240.0)	(3.2)	2,240.0	3.2
As per 31 December 2011	**409,838.0**	**204,920.0**	**483.8**	**202,221.0**	**296.1**	**2,697.0**	**3.9**

The shares have no nominal value and are fully paid up.

The class C shares are composed as follows:

- As at 31 December 2011, Management owns 108 shares acquired through the exercise of options received under the Employee Stock Option Plan ("ESOP").
- As a consequence of the "ESOP" exercise window opened in 2011, Alteris NV-SA holds 2,589 shares of bpost considered as Treasury Shares in the bpost equity.

The class C shares are entitled to the same dividend rights as the A and B class shares and carry full voting rights.

7. Consolidated statement of cash flows

AS AT 31 DECEMBER In million EUR	2011	2010	2009
Operating activities			
Profit from operating activities (EBIT)	69.2	322.4	373.6
Depreciation and amortization	91.3	115.0	101.6
Impairment on bad debts	0.6	(2.2)	3.4
Gain on sale of property, plant and equipment	(8.8)	(21.8)	(7.2)
Change in employee benefit obligations	(10.9)	(19.1)	(196.7)
Interest received	14.4	11.1	25.5
Interests paid	(7.8)	(4.9)	(7.6)
Dividends received	-	-	-
Income tax paid	(102.3)	(110.3)	(40.6)
Cash flow from operating activities before changes in working capital and provisions	**45.7**	**290.1**	**251.9**
Decrease/(increase) in trade and other receivables	10.1	(20.0)	(0.8)
Decrease/(increase) in inventories	0.3	0.8	0.5
Increase/(decrease) in trade and other payables	(52.9)	(78.9)	30.3
Deposits received from third parties	0.0	(28.0)	(118.7)
Increase/(decrease) in provisions	293.2	(9.5)	(23.4)
Net Cash from operating activities	**296.3**	**154.6**	**139.9**
Investing activities			
Proceeds from sale of property, plant and equipment	12.0	26.5	9.8
Proceeds from sale of investments	-	-	-
Disposal of subsidiaries, net of cash disposed of	-	-	-
Acquisition of property, plant and equipment	(66.8)	(57.1)	(46.5)
Acquisition of intangible assets	(11.4)	(11.2)	(19.4)
Acquisition of other investments	0.1	-	-
Acquisition of subsidiaries, net of cash acquired	(4.0)	(0.4)	(15.4)
Net cash used in investing activities	**(70.1)**	**(42.2)**	**(71.5)**
Financing activities			
Proceeds from the issue of share capital	-	-	-
Treasury shares	(14.0)	-	-
Proceeds from borrowings	-	-	-
Repayment of borrowings	-	-	-
Payment of financing lease liabilities	(0.5)	(0.3)	(1.2)
Dividends paid to equity holders of the Parent	(216.2)	(170.9)	(171.7)
Net Cash from financing activities	**(230.7)**	**(171.2)**	**(172.9)**
Net increase in cash and cash equivalents	**(4.6)**	**(58.9)**	**(104.4)**
Cash and cash equivalent less bank overdraft as of 1st January	1,115.4	1,080.3	198.5
Investment securities as of 1st January	31.3	125.3	1,111.5
Cash and cash equivalents and Investment securities as of 1st January	**1,146.7**	**1,205.5**	**1,310.0**
Cash and cash equivalent less bank overdraft as of 31st December	626.5	1,115.5	1,080.3
Investment securities as of 31st December	515.6	31.3	125.3
Cash and cash equivalents and Investment securities as of 31st December	**1,142.1**	**1,146.8**	**1,205.5**
Movements between 1st January and 31st December	**(4.6)**	**(58.9)**	**(104.4)**

8. Notes to the consolidated financial statements

8.1. General information

Business activities

bpost and its subsidiaries (hereinafter referred to as 'bpost') provide national and international mail services comprising the collection, transport, sorting and distribution of mail, printed documents, newspapers as well as addressed and non-addressed documents.

bpost, through its subsidiaries and business units, also sells a range of other products and services, including postal, banking and financial products, express delivery services, document management and related activities. bpost also carries out public-interest activities on behalf of the Belgian State.

Legal status

bpost is a limited-liability company under public law. bpost has its registered office at the Muntcentrum-Centre Monnaie, 1000 Brussels.

8.2. Change in accounting

The accounting policies adopted are consistent with those of the previous financial year.

The following new or revised accounting standards and interpretations entered into force in 2011 but they did not have any effect on the presentation, the financial performance or position of bpost because not applicable in the case of bpost:

- **IAS 24** - Related Party disclosure (revised)
- **IAS 32** – Financial Instruments: Presentation – Classification of Rights Issues
- **IFRS 1** - First-time adoption of International Financial reporting Standards (Amendment) – Severe hyperinflation and Removal of fixed dates for first-time adopters
- **IFRS 7** – Financial instruments: Disclosures – Amendment to disclosure
- **IFRIC 14 – IAS 19** – Amendments: Prepayments of a Minimum Funding requirement
- **Improvements to International Financial Reporting Standards (issued 2010)**

Standards and Interpretations not yet applied by bpost

The following new IFRS Standards and IFRIC Interpretations, which are yet to become mandatory, have not been applied by bpost for the preparation of its 2011 financial statements.

Standard or interpretation	Effective for in reporting periods starting on or after
IFRS 9 – Financial Instruments –Classification and Measurement	1 January 2015
IFRS 10 – Consolidated Financial Statements	1 January 2013
IFRS 11 – Joint Arrangements	1 January 2013
IFRS 12 – Disclosure of Interests in Other Entities	1 January 2013
IFRS 13 – Fair value Measurement	1 January 2013
IAS 1 – Statement of Comprehensive income	1 July 2012
IAS 12 – Income Taxes – Deferred Taxes: Recovery of Tax assets	1 July 2012
IAS 19 – Amendment to IAS 19	1 July 2013
Various - Annual improvements to IFRS	N/A

Standards and Interpretations applied by bpost

As at 31 December 2011, the accounting policies of bpost are in compliance with the IAS / IFRS Standards and Interpretations SIC / IFRIC listed below:

International Financial Reporting Standards (IFRS)
IFRS 2 – Share-based Payment
IFRS 3 – Business Combinations (issued in 2004) for acquisition completed before 1 January 2010
IFRS 3 – Business Combinations (Revised in 2008)
IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations

International Accounting Standards (IAS)
IAS 1 – Presentation of Financial Statements
IAS 2 – Inventories
IAS 7 – Statement of Cash Flows
IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10 – Events after the Reporting Period
IAS 12 – Income Taxes
IAS 16 – Property, Plant and Equipment
IAS 17 – Leases
IAS 18 – Revenue
IAS 19 – Employee Benefits
IAS 24 – Related Party Disclosures
IAS 27 – Consolidated and Separate Financial Statements (Revised in 2008)
IAS 28 – Investments in Associates
IAS 32 – Financial Instruments: Presentation
IAS 34 – Interim Financial Reporting
IAS 36 – Impairment of Assets
IAS 37 – Provisions, Contingent Liabilities and Contingent Assets
IAS 38 – Intangible Assets
IAS 40 – Investment Property

Interpretations SIC / IFRIC
IFRIC 1 – Changes in Existing Decommissioning, Restoration and Similar Liabilities
IFRIC 4 – Determining whether an Arrangement contains a Lease
IFRIC 10 – Interim Financial Reporting and Impairment
SIC 12 – Consolidation – Special Purpose Entities

The other standards and interpretations currently endorsed by the EU and effective for the preparation of the 2011 financial statements are not applicable in the context of bpost.

bpost has not early adopted any other standard, interpretation, or amendment that was issued but is not yet effective.

8.3. Significant accounting judgments

A series of significant accounting judgments underlie the preparation of IFRS compliant consolidated financial statements. These impact the value of assets and liabilities. Estimates and assumptions are made concerning the future. These are re-assessed on a continuous basis and are based on historically established patterns and expectations with regards to future events that appear reasonable under the existing circumstances.

• Employee Stock Option Plan (ESOP)

In accordance with IFRS 2, the ESOP impact is measured using the Binomial Option Pricing Model and the price thus calculated is recognized in the income statement under personnel costs and spread over the term of the options. The various input parameters are summarized hereafter:

- Volatility of share price: 39.59%
- Dividend yield: 9.71%
- Expected life: NA

• Employee Benefits - IAS 19

The key assumptions, inherent to the valuation of employee benefit liabilities and the determination of the pension cost, include employee turnover, mortality rates and retirement ages, discount rates, benefit increases and future wage increases, which are updated on an annual basis. Given the increase of the reference database with each year of historical data that is added, the data become ever more stable and reliable. Actual circumstances may vary from these assumptions, giving rise to different employee benefit liabilities, which would be reflected as an additional profit or cost in the income statement.

Regarding the Accumulated Compensated Absences benefit, the consumption pattern of the illness days was derived from the statistics over the twelve months of 2011. The number of days of illness depends on the age, identified per segment of the statutory population. Since 2010, the rate of guaranteed salary has been set at 75% in case of long-term illness. Thus, the percentage of the guaranteed salary used for determining the cost of days accumulated in the notional account is 25% (in 2011 and 2010) (2009: 29%).

For most benefits, an average cost per inactive member is used for the valuation of the benefits. This average cost has been estimated by dividing the annual cost for inactive members by the number of inactive beneficiaries based on the reference data received from the pensions' administration.

The discount rates have been determined by reference to market yields at the statement of financial position date. bpost used the Towers Watson tool for the determination of the discount rates, which is based on a mix of financial and non financial AA corporate bonds.

8.4. Summary of significant accounting policies

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in Euros (EUR) and all values are rounded to the nearest million except when otherwise indicated.

The consolidated financial statements have been approved by the Board of Directors on 5 June 2012 and have been prepared using the measurement basis specified by the International Financial Reporting Standards (IFRS). The measurement bases are more fully described in the accounting policies below.

All accounting estimates and assumptions that are used in preparing the financial statements are consistent with bpost's latest approved budget / long-term plan projections, where applicable. Judgments are based on the information available on each statement of financial position date. Although these estimates are based on the best information available to the management, actual results may ultimately differ from those estimates.

Consolidation

The parent company and all the subsidiaries it controls are included in the consolidation. No exception is permitted.

Subsidiaries

Assets and liabilities, rights and commitments, income and charges of the parent and the subsidiaries fully controlled are consolidated in full. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. It is assumed to exist when bpost holds at least 50%, plus one share of the entity's voting power; these assumptions may be rebutted if there is clear evidence to the contrary. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether bpost controls an entity.

Consolidation of a subsidiary takes place from the date of acquisition, which is the date on which control of the net assets and operations of the acquiree is effectively transferred to the acquirer. From the date of acquisition, the parent (the acquirer) incorporates into the consolidated income statement the financial performance of the acquiree and recognizes in the consolidated statement of financial position the acquired assets and liabilities (at fair value), including any goodwill arising on the acquisition. Subsidiaries are de-consolidated from the date on which control ceases. Intragroup balances and transactions, as well as unrealized gains and losses on transactions between group companies are eliminated in full.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Associates

An associate is an entity in which bpost has significant influence, but which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not to control those policies. It is presumed to exist when bpost holds at least 20% of the investee's voting power but not to exist when less than 20% is held; these presumptions may be rebutted if there is clear evidence to the contrary.

All associates are accounted for using the equity method: the participating interests are separately included in the consolidated statement of financial position (under the caption "Investments in associates") at the closing date at an amount corresponding to the proportion of the associate's equity (as restated under IFRS), including the result for the period. Dividends received from an investee reduce the carrying amount of the investment.

The portion of the result of associates attributable to bpost is included separately in the consolidated income statement under the caption “Share of result of associates (equity method)”.

Unrealized profits and losses resulting from transactions between an investor (or its consolidated subsidiaries) and associates are eliminated to the extent of the investor’s interest in the associate.

Goodwill and negative acquisition differences

Where an entity is acquired, the difference recorded on the date of acquisition between the acquisition cost of the investment and the fair value of the identifiable assets, liabilities and contingent liabilities acquired is accounted for as goodwill (if the difference is positive) or directly as a profit in the income statement (if the difference is negative).

Goodwill is not amortized, but is tested for impairment annually.

Intangible assets

An intangible asset is recognized on the consolidated statement of financial position sheet where the following conditions are met: (1) the asset is identifiable, i.e. either separable (if it can be sold, transferred, licensed) or it results from contractual or legal rights; (2) it is probable that the expected future economic benefits that are attributable to the asset will flow to bpost; (3) bpost can control the resource; and (4) the cost of the asset can be measured reliably.

Intangible fixed assets are carried at acquisition cost (including the costs directly attributable to the transaction, but not indirect overheads) less any accumulated amortization and less any accumulated impairment loss. The expenses in relation to the research phase are charged to the income statement. The expenses in relation to the development phase are capitalized. Within bpost, internally generated intangible assets represent mainly IT projects.

Intangible assets are amortized on a systematic basis over their useful life, using the straight-line method. The applicable useful lives are:

Intangible assets	Useful life
IT development costs	5 years maximum
Licenses for minor software	3 years
Concessions, patents, customers, know-how, trade marks and other similar rights	To be determined on a case by case basis
Goodwill	N/A, but annual impairment test

Property, plant and equipment

Property, plant and equipment are carried at acquisition cost, less any accumulated depreciation and less any accumulated impairment loss. Cost includes any directly attributable cost of bringing the asset to working condition for its intended use. No borrowing cost is included in the cost of property, plant and equipment.

Expenditure on repair and maintenance which serve only to maintain, but not increase, the value of fixed assets are charged to the income statement. However, expenditures on major repair and major maintenance, which increases the future economic benefits that will be generated by the fixed asset, are identified as a separate element of the acquisition cost.

The depreciable amount is allocated on a systematic basis over the useful life of the asset, using the straight-line method. The depreciable amount is the acquisition cost, except for vehicles. For vehicles, it is the acquisition cost less the residual value of the asset at the end of its useful life. The applicable useful lives are:

Property, plant and equipment	Useful life
Land	N/A
Central administrative buildings	40 years
Network buildings	40 years
Industrial buildings, sorting centers	25 years
Fitting-out works to buildings	10 years
Tractors and forklifts	10 years
Bikes and motorcycles	4 years
All other vehicles (cars, trucks, etc,)	5 years
Machines	5 - 10 years
Furniture	10 years
Computer Equipment	5 years

Lease transactions

A finance lease, which transfers substantially all the risks and rewards incident to ownership to the lessee, is recognized as an asset and a liability at amounts equal to the present value of the minimum lease payments (= sum of capital and interest portions included in the lease payments) or, if lower, the fair value of the leased assets. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability in order to obtain a constant rate of interest on the debt over the lease term. The depreciation policy for leased assets is consistent with that for similar assets owned.

Rentals paid/received under operating lease (ones that do not transfer substantially all the risks and rewards incidental to ownership of an asset) are recognized as an expense by the lessee/ as an income by the lessor on a straight-line basis over the lease term.

Investment properties

Investment properties are carried at acquisition cost less any accumulated depreciation and less any impairment loss. The depreciation amount is allocated on a systematic basis over the useful life of the asset, using the straight-line method. The applicable useful lives can be found in the table that is included in section “Property, plant and equipment”.

Assets held for sale

Non-current assets are classified as assets held for sale under a separate heading in the statement of financial position if their carrying amount is recovered principally through sale rather than through continuing use. This is demonstrated if certain strict criteria are met (active program to locate a buyer has been initiated, property is available for immediate sale in its present condition, sale is highly probable and is expected to occur within one year from the date of classification).

Non-current assets held for sale are no longer depreciated but may be impaired. They are stated at the lower of carrying amount and fair value less costs to sell.

Stamp collection

The stamp collection that is owned by bpost and used durably by it is stated at the re-evaluated amount less discount for the lack of liquidity. The re-evaluated amounts are determined periodically on the basis of market prices. bpost proceeds to the reevaluation of its collection every five years. The stamp collection is recorded in the section “Other Property, Plant and Equipment” of the statement of financial position.

Impairment of assets

An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell (corresponding to the cash that bpost can recover through sale) and its value in use (corresponding to the cash that bpost can recover if it continues to use the asset).

When possible, the tests have been performed on individual assets. When however it is determined that assets do not generate independent cash flows, the test is performed at the level of the cash-generating unit (CGU) to which the asset belongs (CGU = the smallest identifiable group of assets that generates inflows that are largely independent from the cash flows from other CGUs).

An impairment test is carried out annually for a CGU to which goodwill is allocated. For a CGU to which no goodwill is allocated, impairment test is only carried out when there is an indication of impairment. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

Where impairment is identified, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash-generating unit. Any excess is then allocated to reduce the carrying amount of other fixed assets of the CGU in proportion to their book values, but solely to the extent that the selling price of the assets in question is lower than their carrying amount. Impairment on goodwill may never be reversed at a later date. Impairment on other fixed assets is reversed if the initial conditions that prevailed at the time the impairment was recorded cease to exist, and solely to the extent that the carrying amount of the asset does not exceed the amount that would have been obtained, after depreciation, had no impairment been recorded.

Inventories

Inventories are measured at the lower of cost and net realizable value at the statement of financial position date.

The acquisition price of interchangeable inventories is determined by application of the FIFO method. Inventories of minor importance whose value and composition remain stable over time are stated in the statement of financial position at a fixed value.

The cost of inventories comprises all costs incurred in bringing inventories to their present location and condition, including indirect production costs. The cost price of stamps includes the direct and indirect costs of production, excluding costs of borrowing and overheads that do not contribute to bringing them to the present location and condition. The allocation of fixed costs of production to the cost price is based on normal production capacity.

A write-down is necessary when the net realizable value at the statement of financial position date is lower than the cost.

Share based payments

The stock option plan is measured using valuation techniques based on option pricing models. Under these models, the options are measured at fair value on the grant date. The option price thus calculated is recognized in the income statement under the section “Payroll costs” and spread over the term of the options.

Revenue recognition

Revenue arising from the sale of goods is recognized when bpost transfers the significant risks and rewards of ownership to the buyer and it is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from the rendering of services is recognized according to the stage of completion of the services rendered. In application of this principle, the revenue relative to the stamp sale and franking machine activity is recognized in income at the time the mail is delivered.

bpost also receives commissions on sales of partner products through its network of post offices. Commission income is recorded at the time the services are provided.

Interest income is recognized using the effective yield method and the revenue related to dividends is recognized when the group's right to receive the payment is established. Rental income arising from operating leases or investment properties is accounted for on a straight line basis over the lease term.

Receivables

Receivables are initially measured at their nominal value and later at their amortized cost, i.e. the present value of the cash flows to be received (unless the impact of discounting is not significant).

An individual assessment of the recoverability of the receivables is made. Impairment is recognized where cash settlement is wholly or partially doubtful or uncertain.

Prepayments and accrued income are also presented under this caption.

Investment securities

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant for the way it is measured and whether any resulting income and expenses is recognized in profit or loss or directly in equity.

There are different categories of financial assets:

(1) Financial assets held for trading include (a) derivatives and (b) assets that bpost has voluntarily decided to classify in the category "at fair value through profit or loss" at the time of initial recognition. These financial assets are measured at their fair value at each statement of financial position date, changes in fair value being recognized in the income statement.

(2) Held-to-maturity financial assets are financial assets, other than derivatives, with fixed or determinable payments and fixed maturity dates, which bpost has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method.

(3) Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortized cost using the effective interest method.

(4) Available-for-sale financial assets constitute a residual category that includes all the financial assets not classified under one of the previous categories, for instance investments in equity instruments (other than shares in subsidiaries, jointly controlled entities and associates), investments in open-ended mutual funds and bonds that bpost has neither the intention nor the ability to hold to maturity. These available-for-sale financial assets are measured at fair value, with changes in fair value recognized directly in equity until the financial assets are derecognized, at which time the cumulative gains or losses previously recognized in equity are recycled in profit or loss.

Regular way purchases or sales of financial assets are recognized and de-recognized using settlement date accounting. The fair values of the financial assets are determined by reference to published price quotations in an active market.

Cash and cash equivalents

This caption includes cash in hand, at bank, values for collection, short-term investments (with maturity date not exceeding three months as from acquisition date) that are highly liquid and are readily convertible into a known amount of cash and that are subject to an insignificant risk of changes in value, after deduction of bank overdrafts.

Share capital

Ordinary shares are classified under the caption "issued capital".

Treasury shares are deducted from equity. Movements of treasury shares do not affect the income statement.

Other reserves comprise the results of the previous periods, the legal reserve and the consolidated reserve.

Retained earnings include the result of the current period as disclosed in the income statement.

Employee benefits

Short-term benefits

Short-term benefits are recognized as an expense when an employee has rendered the services to bpost. Benefits not paid for on the statement of financial position date are included under the caption "Payroll and social security payables".

Post-employment benefits and long-term benefits

Employee benefits are valued using an actuarial valuation method and provisions are set up for them (under deduction of any plan assets) in so far as bpost has an obligation to incur the costs in relation to these benefits. This obligation can be a legal, contractual or constructive obligation ("vested rights" on the basis of past practice).

In application of these principles, a provision (calculated according to an actuarial method laid down by IAS 19) is set up in the context of the post-employment benefits to cover:

- the future costs relative to current retirees (a provision representing 100% of the future estimated costs of those retirees);
- the future costs of potential retirees, estimated on the basis of the employees currently in service, taking account of the accumulated service of these employees on each statement of financial position date and the probability that the personnel will reach the desired age to obtain the benefits (the provision is constituted progressively, as and when members of the personnel advance in their careers).

A provision is also created for long-term benefits to cover benefits that will only be paid in a number of years but that are already earned by the employee on the basis of the past service. Here, as well, the provision is calculated according to an actuarial method imposed by IAS 19.

The provision is calculated as follows:

Actuarial valuation of the obligation under IAS 19

– Past service costs not yet recognized (solely for post-employment benefits)

\+ Actuarial gains/– actuarial losses not yet recognized (solely for post-employment benefits)

– Fair value of the plan assets

= Provision to be constituted (or asset to be recognized if the fair value of the plan assets is higher).

The calculation of the obligation is done using the projected unit credit method. Each year of service confers entitlement to an additional credit unit to be taken into account in valuing the benefits granted and the obligations pertaining thereto. The discount rate used is the yield of high-quality corporate bonds or is based on government bonds with a maturity similar to that of the benefits being valued.

In the event that the benefits are modified, there is a past service cost that is recognized in the income statement (an expense for the year if there is an increase in benefits, profit for the year in the event of a reduction in benefits). Only in the case of post-employment benefits is the past service cost spread over the period that the employees may yet have to work in order to qualify for the benefits. The benefits vest immediately in bpost. Any modification to these benefits therefore has a direct impact on the income statement.

Actuarial assumptions (concerning the discount rate, mortality factor, costs of future benefits, inflation, etc.) are used to assess employee benefit obligations in conformity with IAS 19. Actuarial gains and losses inevitably appear, resulting (1) from changes in the actuarial assumptions year on year, and (2) deviations between actual costs and actuarial assumptions used for the IAS 19 valuation. In the case of long-term benefits, these actuarial gains and losses are recognized directly in the income statement.

In the case of post-employment benefits, bpost has opted (a) not to recognize actuarial gains and losses that remain within a corridor of 10% of the higher of the following amounts: the amount of the IAS 19 obligation and the fair value of the plan assets, and (b) to spread in the income statement the actuarial gains and losses that fall outside this corridor over two years (or average remaining service period for the active population, if shorter than two years).

Termination benefits

Where bpost terminates the contract of a member of its personnel prior to his normal retirement date or where the employee voluntarily agrees to leave in consideration for benefits, a provision is constituted in so far as there is an obligation on bpost. This provision is discounted if the benefits are payable after more than one year.

All benefit obligation plans of all employee benefits are wholly unfunded.

Provisions

A provision is recognized only when:

(1) bpost has a present (legal or constructive) obligation as a result of past events;

(2) it is probable (more likely than not) that an outflow of resources will be required to settle the obligation; and

(3) a reliable estimate of the amount of the obligation can be made.

Where the impact is likely to be material (mainly for long-term provisions), the provision is estimated on a net present value basis. The increase in the provision due to the passage of time is recognized as a financial expense.

A provision for restoring polluted sites is recognized if bpost has an obligation in this respect. Provisions for future operating losses are prohibited.

If bpost has an onerous contract (the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it), the present obligation under the contract is recognized as a provision.

A provision for restructuring is only recorded if bpost demonstrates a constructive obligation to restructure at the statement of financial position date. The constructive obligation should be demonstrated by: (a) a detailed formal plan identifying the main features of the restructuring; and (b) raising a valid expectation to those affected that it will carry out the restructuring by starting to implement the plan or by announcing its main features to those affected.

Dividends payable in respect of year N are only recognized as liabilities once the shareholders' rights to receive these dividends (during the course of year N+1) are established.

Income taxes

Income tax includes current taxation and deferred taxation. Current taxation is the amount of taxes to be paid (recovered) on the taxable income for the current year together with any adjustment in the taxes paid (to be recovered) in relation to previous years. It is calculated using the rate of tax on the statement of financial position date.

Deferred taxation is calculated according to the liability method on the temporary differences arising between the carrying amount of the statement of financial position items and their tax base, using the rate of tax expected to apply when the asset is recovered or the liability is settled. In practice, the rate in force on the statement of financial position date is used.

Deferred taxes are not recognized in respect of:

(1) goodwill that is not amortized for tax purposes;

(2) the initial recognition of an asset or liability in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit; and

(3) investments in subsidiaries, branches, associates and joint ventures if it is likely that dividends will not be distributed in the foreseeable future.

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. The same principles apply to recognition of deferred tax assets for unused tax losses carried forward. This criterion is reassessed on each statement of financial position date.

Deferred taxes are calculated at the level of each fiscal entity. The deferred tax assets and liabilities of various subsidiaries may not be presented on a net basis.

Deferred revenue

Deferred revenue is the portion of income received during the current or prior financial periods but which relates to a subsequent financial period.

Transactions in foreign currencies

Transactions in foreign currencies are initially recorded in the functional currency of the entities concerned using the exchange rates prevailing on the dates of the transactions. Realized exchange rate gains and losses and non-realized exchange rate gains and losses on monetary assets and liabilities on the statement of financial position date are recognized in the income statement.

Derivative financial instruments

Derivative financial instruments are measured at fair value with changes in fair value recognized in the income statement.

Special rules may apply in the case of hedging transactions by means of derivatives, but bpost has not entered into this type of transaction. Nor does bpost enter into speculative-type derivatives transactions.

8.5. Risk Management

Any of the following risks could have a material adverse effect on the company's financial position, results of operation and liquidities. The risks described below are not the only risks that the company is facing. There may be additional risks to the ones described below which the company is currently unaware of. There may be risks that are currently believed to be immaterial, but which may ultimately have a material adverse effect in the long run.

Risks relating to the regulatory and legislative framework

The Belgian postal market has been fully opened to competition as from 1 January 2011. In 2011, bpost generated approximately 80% of its operating income from its mail activities. Although no major competitor has entered the Belgian mail market during 2011, the liberalization can still impact the company's profitability and market position going forward.

bpost's ability to raise its tariffs on products of the universal service obligation in order to offset increasing costs is limited due to restrictions included in the 4th Management Contract with the Belgian State. The 4th Management Contract expired in September 2010, but has been extended pending the approval of the 5th Management Contract by the European Commission.

bpost is an autonomous public-sector enterprise that has adopted the legal form of a limited liability company under Belgian law. The company is governed by Belgian laws applicable to all private limited liability companies save to the extent that the law of 21 March 1991 (the "1991 Law"), or other laws or regulations adopted pursuant thereto, provide otherwise. The 1991 Law differs from ordinary Belgian corporate laws in certain important respects. The company is also subject to a specific insolvency and liquidation regime and some of its assets may not be subject to enforcement measures by creditors.

As a result of bpost's status as an autonomous public-sector enterprise, it is also governed by certain provisions of Belgian public law. The interaction between the laws applicable to all private limited liability companies and the specific public and law provisions and principles applicable to bpost may present difficulties in interpretation and present certain risks.

bpost employed 18,899 statutory employees as per 31 December 2011, whose employment conditions are more onerous for the company than the private sector contracts in particular in terms of cost, possibility to dismiss and flexibility. This restricts bpost's ability to react to drastic changes in the economic environment or to improve efficiency and flexibility to levels comparable to those of its competitors.

The introduction of VAT on a number of products as per 1st of January 2012 may result in a loss of revenues earned from customers that cannot recover VAT.

New legislation giving e-registered mail the same legal value as registered mail was published in the Belgian Gazette on 30 December 2010. When this legislation becomes effective, this could have an adverse effect on the volume of registered mail sold by the company.

The degree to which the company can be held liable or co-liable for goods which bpost imports and for which it performs inbound customs clearance is still unsure. If the company were to be held liable, it could lead to potentially significant losses.

Risks relating to business operations and company environment

A limited number of key customers account for a significant proportion of bpost's revenues. The top 100 customers are estimated to represent 45% of mail and services revenue.

Aggressive competition by new market entrants may result in bpost having to reduce prices in order to defend its volumes. Such price reductions or the loss of one or more key customers would result in a loss of revenues and could have a material adverse impact on the company's results.

Changes in customer behavior, such as volume erosion by increased use of email, text messaging, e-invoicing etc., directly impact the company's revenues. Any acceleration of the electronic substitution could have an adverse impact on the company's result.

The decline in volume may furthermore lead the company to revise its strategy regarding which businesses it wants to operate. The revised strategies may lead to exiting certain activities. The resulting employment reduction and other significant restructuring costs could impact the company's profitability.

Mail volume is partially correlated to the level of economic activity in Belgium and to a certain extent abroad. Economic downturns lead to a reduction in mail volumes which directly affects bpost's results as it cannot immediately and fully compensate the lower level of activity through cost reductions as the fixed network nature of its operations entails a high level of fixed costs.

Strike actions by unions or small groups of employees could potentially disrupt bpost's operations and lead to the loss of customers. The company may also be negatively affected by the terms of the Collective Labor Agreements concluded with the employees. These terms could include increases in compensation and employee benefits, less flexible working rules than competitors and limitations on future workforce reduction.

bpost is reliant on a number of key assets, such as the industrial sorting centers and some key complex ICT systems, in order to provide its services within the constraints of the Management Contract, the REIMS agreements, the Universal Postal Union ("UPU") treaty or within delivery timeframes agreed with key customers.

These and other assets operated by bpost are potentially subject to problems which could result in loss of data or disruption to the company's operations.

Should one or more of these key assets fail temporarily or totally, the consequent disruption could lead to a loss of reputation for the company and a loss of customers, and would give rise to unforeseen additional expenditure in order to rectify the issues. This could have a material adverse effect on the operational results of bpost.

In order to maintain its market positions, the company must make large on-going investments in infrastructure, based on mail volume forecasts. It may be difficult to forecast accurately the future requirements, since they are based on a large number of factors. As a consequence, there may be a mismatch between the investments and the actual requirements. If the company underestimates the future capacity requirements, it will not be able to meet the needs of customers and this will have a negative impact on the revenues and profits. If it overestimates the future needs or if major contracts are cancelled by customers, this will result in excess capacity and thus will also negatively impact the profitability.

bpost restructures redesigns or integrates various aspects of its operations in order to develop alternative revenue streams or achieve cost savings and other efficiencies. The roll-out of new services and the restructuring of operations or cost reduction measures may not achieve the intended results which may have a negative effect on the profitability and revenues.

bpost may be unable to prevent the employees from engaging in fraud and misconduct that could adversely affect the business and reputation. Employee misconduct could result in financial losses, the loss of clients and sanctions.

bpost is protected against unauthorized access to data through various measures relating to the employees, organization, applications, systems and networks. It also uses firewalls, virus scanners and access control at operating system level to protect the confidentiality, integrity and authenticity of the data. Failing to maintain the data security could lead to reputational damage, claims and hence potential losses.

Risk relating to litigation

By a judgment dated 10 February 2009, the General Court annulled, on procedural grounds, the decision of the European Commission of 23 July 2003, which had approved a 297.5 million EUR capital increase and certain other State measures in favor of bpost. On 22 April 2009, the Belgian State brought an appeal against this judgment before the Court of Justice of the European Union. This appeal was rejected by the Court of Justice in its judgment of 22 September 2011. As a consequence of the 10 February 2009 judgment, the Commission on 13 July 2009 launched a formal State aid investigation into the 2003 capital increase and other 1992-2002 measures covered by the Commission's annulled 23 July 2003 decision. The Commission also broadened the scope of the investigation by extending it to State compensation for public services and other ad-hoc State measures over the entire 1992-2010 period.

On 25 January 2012, the Commission found 416.5 million EUR of aid (excluding interest) to be incompatible with the internal market. The Belgian State has recovered such aid from bpost with recovery interest, and the Commission has agreed with the computation of these amounts (which takes into account the corporate tax effect).

bpost is currently considering whether or not to appeal the Commission's decision (such an appeal would not suspend the decision).

The Company takes the view, on the basis of the information known at this point, that the European Commission's ongoing State aid review of the 2011-2015 SGEI compensation arrangements should not give rise to a provision in the 2011 accounts for a likely finding of overcompensation for services of general economic interest in 2011. The Company has credible arguments, on the basis of the Commission's January 25, 2012 decision, the 2011 SGEI package and the recent decisions on La Poste (France) and Post office Limited (UK), to defend the 2011 compensation as well as the revised 5th Management Contract.

It should be noted, however, that the Belgian authorities are still with the Commission at the stage of an informal review. Neither the 2011 compensation nor the draft 5th Management Contract have been formally notified yet and the Commission has not yet opened a formal investigation procedure either.

The outcome is in the current stage inherently uncertain and it cannot be excluded that the Commission may conclude that bpost has received State aid that is incompatible with the common market and order the Belgian government to recover such aid from bpost with interest at applicable recovery rates. In any event, the amount of the obligation, if any, cannot be measured with sufficient reliability.

bpost is currently involved in the following pending investigations and claims relating to competition issues:

- an investigation by the Belgian Competition Authority in connection with complaints filed by Publimail NV-SA, Link2Biz International NV-SA and G3 Worldwide Belgium NV-SA;
- a claim for damages in an alleged (provisional) amount of approx. 18.5 million (exclusive of late payment interest) in the context of legal proceedings initiated by Publimail NV-SA and pending before the Brussels commercial court; and
- a claim for damages in an alleged amount of approx. 28 million (exclusive of late payment interest) in the context of legal proceedings initiated by Link2Biz International NV-SA on 3 August 2010 and pending before the Brussels commercial court.

Moreover, on 20 July 2011 the Belgian postal regulator ("BIPT/IBPT") concluded that the Company's 2010 pricing policy infringed the Belgian Postal Act and imposed a fine of 2.3 million EUR. bpost contests the BIPT/IBPT's findings and appealed the decision. The appeal is pending before the Brussels Court of Appeal.

All claims and allegations are contested by bpost.

Financial risks

Exchange rate risk

bpost's exposure to exchange rate risk is limited and is not actively managed.

Interest rate risk

bpost's associate BPO is, like any bank, subject to the interest rate risk, which directly influences its margin.

Interest rates likewise influence valuation of BPO's bond portfolio, which is measured at an available for sale asset (reflected as fair value through Other Comprehensive Income). Since BPO is an equity-accounted entity, 50% of the change in its equity directly influences the consolidated equity of bpost. The following table illustrates the impact of a change in interest of 1% on BPO's equity and, through the equity pick up, on bpost's:

AS AT 31 DECEMBER In million EUR	2011	
	1%	-1%
Equity BPO	0.53	(0.53)
Equity bpost	0.27	(0.27)

bpost is also directly exposed to interest rate risks. The 100 million EUR loan granted by the European Investment Bank, for which the cost amortization is foreseen in 2022, carries a floating interest rate (3 months Euribor rate minus 3.7 basis points).

Credit risk

bpost is exposed to credit risks through its operational activities, in the investment of its liquidities and through its investment in BPO.

AS AT 31 DECEMBER In million EUR	2011	2010	2009
Credit risk classes of financial assets			
Held to maturity financial assets	515.6	6.1	-
Financial assets at fair value through P&L, designated as such upon initial recognition	-	25.2	125.3
Cash and Cash equivalents	626.6	1,115.5	1,080.3
Trade and other receivables	397.8	392.2	352.1
Credit risk classes of financial assets	**1,540.0**	**1,539.0**	**1,557.7**

Operational activities

The credit risk by definition only concerns that part of bpost's activities that are not paid upfront in cash. bpost actively manages its exposure to credit risk by investigating the solvency of its customers. This translates into a credit rating which is updated every week for all Belgian customers. For foreign customers, the credit rating is updated at contract renewal (and more often in case of doubt on the customer solvency situation). If the solvency investigation produces a negative result, bpost requests the customers to make upfront cash payments, to provide bank guarantees and/or to grant bpost a direct debit.

Trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and the movements can be found in the table below.

In million EUR	2011	2010	2009
At 1 January	**8.0**	**23.5**	**21.7**
Impairments: Additions	0.8	2.1	2.5
Impairments: Utilization	(1.0)	(15.2)	(0.5)
Impairments: Reversal	(0.3)	(2.5)	(0.2)
At 31 December	**7.5**	**8.0**	**23.5**

Some of the trade receivables are past due as at the reporting date. The ageing analysis of the trade receivables that are past due is as follows:

AS AT 31 DECEMBER In million EUR	2011	2010	2009
Current	325.8	318.0	281.5
< 60 days	34.6	33.7	39.6
60 -120 days	2.3	5.2	4.4
> 120 days	1.9	2.6	-
Total	**364.6**	**359.5**	**325.5**

Investment of liquidities

Regarding the company's investment of its liquidities, which includes cash and cash equivalents and investment securities, the exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The changes in the fair value of the financial liabilities (see Note 8.22) are not due to changes in credit risk. This is presented in the table hereunder:

In million EUR	2011	2010	2009
Carrying amount at 1 January	**102.4**	**102.6**	**102.6**
Changes attributable to changes in credit risk	0.0	0.0	0.0
Other changes	(0.5)	(0.2)	0.0
Carrying amount at 31 December	**101.9**	**102.4**	**102.6**

BPO

BPO invests the funds that have been deposited by its customers. The bank has adopted a strict investment policy that determines an overall allocation of the investments across Belgian State bonds, other sovereign bonds and bonds from financial and commercial corporations. In addition, maximum concentration limits per issuer, per sector, per rating, per country and per currency have been established and are constantly monitored.

Liquidity Risk

bpost's current liquidity risk is limited due to the high level of cash at hand and due to the fact that a significant portion of its revenues is paid by its customers prior to bpost's performing the service.

The maturity of the liabilities in the previous reporting period were as follows:

In million EUR 31 DECEMBER 2010	CURRENT LESS THAN 1 YEAR	NON-CURRENT WITHIN 1 YEAR BUT NOT LATER THAN 5 YEARS	LATER THAN 5 YEARS
Finance lease obligations	0.8	1.6	-
Trade and other payables	712.7	5.3	9.0
Bank loan	-	36.4	63.6

As at 31 December 2011, liabilities have contractual maturities which are summarized below:

In million EUR 31 DECEMBER 2011	CURRENT LESS THAN 1 YEAR	NON-CURRENT WITHIN 1 YEAR BUT NOT LATER THAN 5 YEARS	LATER THAN 5 YEARS
Finance lease obligations	0.5	1.0	-
Trade and other payables	686.5	13.0	-
Bank loan	9.2	45.5	45.5

The above contractual maturities are based on the contractual undiscounted payments, which may differ from the carrying values of the liabilities at the statement of financial position date.

Capital management policies and procedures

bpost monitors capital on the basis of the ratio of the carrying amount of equity versus net debt.

The elements composing the equity for this ratio are the same as stated in the equity reconciliation. Net debt is composed of loans less investment securities and cash and cash equivalents. The ratio is calculated as [Net debt / Capital].

Currently, bpost has not established a formal set of upper and lower limits for this ratio, given the absence of any significant loans up until December 2011 (except EIB loan). The main objectives for the capital management are to ensure the company's ability to continue as a going concern and to provide an adequate return to shareholders.

The table below details the elements of the monitoring ratio.

AS AT 31 DECEMBER In million EUR	2011	2010	2009
Capital			
Issued capital / Authorized capital	783.8	783.8	783.8
Other reserves	50.0	120.3	57.2
Retained earnings	57.4	209.1	290.9
Non-controlling interests	0.9	1.1	0.7
Total	**777.3**	**1,114.3**	**1,132.5**
Net Debt / (net cash)			
Interest bearing loans and borrowings	101.9	102.4	101.8
Non-interest bearing loans and borrowings	0.5	0.5	112.8
- Investment securities	(515.6)	(31.3)	(125.3)
- Cash and cash equivalents	(626.7)	(1,115.5)	(1,080.3)
Total	**(1,039.9)**	**(1,043.8)**	**(990.9)**
Net Debt/(Net Cash) to Capital ratio	**(1.3)**	**(0.9)**	**(0.9)**

The non-interest bearing loans and borrowings, which included the advances received from the State and the deposits received from third parties, both recorded under other current payables, were almost completely refunded in 2010 as part of the reorganization of the relationship with the State Treasury.

8.6. Business combinations

Citipost Asia

On 7 October 2011, bpost acquired 100% of the shares of Citipost (Holdings) Ltd., a U.K. private company limited by shares, currently named bpost Asia (Holdings) Ltd.. bpost Asia (Holdings) Ltd. is a holding company owning 100% of the shares of Citipost Asia Ltd. (currently named bpost Hong Kong Ltd.), which operates in Hong Kong. bpost Hong Kong Ltd. in turn holds 100% of the shares of Citipost Pte. Ltd. (currently named bpost Singapore Pte. Ltd.), which is located in Singapore. Consequently bpost Asia (Holdings) Ltd., bpost Hong Kong Ltd. and bpost Singapore Pte. Ltd. have been consolidated using the full-integration method as from 1 October 2011. The acquired companies' main activities are the distribution of mail and parcels in Hong Kong and Singapore.

The calculated goodwill could still be subject to change, as the initial purchase price will be adjusted in accordance with the terms of the purchase contract.

In million EUR	
Elements of the cost of acquisition	
- Cash paid	4.3
- Cash in the company	0.3
Total cost of acquisition	**4.0**
Fair value of the assets acquired ie 100% Net Assets	0.9
Goodwill	**3.4**

CARRYING AMOUNT IN THE ACQUIRED ENTITY In million EUR	
Cash and Cash Equivalents	0.3
Receivables	0.9
Non-current Assets	0.5
Liabilities	0.8
Net Assets	0.9

8.7. Other operating income

FOR THE YEAR ENDED 31 DECEMBER In million EUR	2011	2010	2009
Gain on disposal of property, plant and equipment	8.8	22.1	7.3
Benefits in kind	1.2	1.2	0.4
Rental income of investment property	2.0	2.4	1.8
Other rental income	1.6	1.7	2.6
Third party costs recovery	4.7	6.0	5.7
Other	4.0	5.3	4.0
	22.3	38.7	21.7

The share of rental income related to investment property amounts to 2.0 million EUR (2010: 2.4 million EUR).

The third party costs recovery relates to the sales realized by the company's restaurants.

Other sources of operating income mainly consist of reimbursements by third parties of damages suffered by bpost and its subsidiaries.

8.8. Other operating expense

FOR THE YEAR ENDED 31 DECEMBER In million EUR	2011	2010	2009
Provisions	306.1	(8.5)	29.1
Local and real estate taxes	5.7	4.3	2.5
Impairment on trade receivables	0.6	(2.2)	3.4
Expenses related to 'Return On Equity' obligation	-	-	(13.1)
Other	1.1	(0.1)	8.4
	313.5	(6.6)	30.2

The variance in provision is mainly explained by the decision of the European Commission. Note 8.26 provides details on the evolution of the provisions.

Local and real estate taxes show an increase compared to 2010 as bpost is no longer completely exempted from the property taxes on buildings partially rented out to third parties.

8.9. Payroll costs

FOR THE YEAR ENDED 31 DECEMBER In million EUR	2011	2010	2009
Employee remuneration	1,062.6	1,090.7	1,004.9
Compensation for termination of allowances	0.0	(1.0)	(35.9)
Social security contributions	212.1	209.6	221.2
Other personnel costs	13.4	15.2	11.4
	1,288.1	1,314.5	1,201.5

As at 31 December 2011, the headcount of bpost amounted to 32,110 (2010: 33,616) and is composed as follows:

- Statutory personnel: 18,899 (2010: 21,254)
- Contractual personnel: 13,211 (2010: 12,362)

The average FTE number for 2011 is 27,973 (2010: 29,324).

8.10. Financial income and financial cost

The following amounts have been included in the income statement line for the reporting periods presented:

FOR THE YEAR ENDED 31 DECEMBER In million EUR	2011	2010	2009
Financial income	14.4	11.1	22.1
Financial costs	(19.7)	(31.7)	(27.8)
Net financial result	**(5.4)**	**(20.6)**	**(5.6)**

Financial income

FOR THE YEAR ENDED 31 DECEMBER In million EUR	2011	2010	2009
Interest income from financial assets at fair value through P&L, designated as such upon initial recognition	0.1	0.8	7.9
Interest income from financial assets held to maturity	7.1	0.0	0.0
Interest income from liquidities put at the disposal of the State	0.1	6.1	10.5
Interest income from short term bank deposits	2.0	1.2	1.1
Interest income from current accounts	2.0	0.5	0.1
Gain from exchange differences	2.5	2.0	2.1
Other	0.6	0.5	0.5
Financial Income	**14.4**	**11.1**	**22.1**

Financial costs

FOR THE YEAR ENDED 31 DECEMBER In million EUR	2011	2010	2009
Interest expense from financial liabilities at fair value through P&L, designated as such upon initial recognition	0.0	1.4	3.0
Financial costs on benefit obligations (IAS 19)	11.9	26.8	23.5
Interest on loans	1.5	0.0	0.0
Loss from exchange differences	3.3	2.1	3.5
Impairment current/financial assets	(0.2)	(0.9)	(3.4)
Other finance costs	3.2	2.3	1.1
Financial costs	**19.7**	**31.7**	**27.8**

8.11. Income tax/Deferred tax

Income taxes recognized in the income statement can be detailed as follows:

AS AT 31 DECEMBER In million EUR	2011	2010	2009
Tax expense included:			
Current tax expenses	(120.3)	(121.0)	(61.7)
Adjustment recognized in the current year in relation to the current tax of prior years	6.3	4.6	0.3
Deferred tax expense relating to the origination and reversal of temporary differences	(9.4)	11.0	(20.3)
Total tax expense	**(123.4)**	**(105.4)**	**(81.7)**

The reconciliation of the effective tax rate with the aggregated weighted nominal tax rate can be summarized as follows:

AS AT 31 DECEMBER In million EUR	2011	2010	2009
Tax expense using statutory tax rate	**22.4**	**107.1**	**126.7**
Profit before income tax	66.0	315.0	372.6
Statutory tax rate	33.99%	33.99%	33.99%
Reconciling items between statutory and effective tax			
Tax effect of rates in other jurisdictions	-	-	-
Tax effect of non tax deductible expenses	7.8	7.8	18.3
Notional interest deduction	(8.0)	(8.9)	(10.3)
Tax effects prior year	(1.2)	(4.6)	(0.3)
Tax effect of tax losses utilized by subsidiaries	(1.2)	(2.9)	(0.6)
Subsidiaries in loss situation	1.2	1.0	2.0
BPO (equity method)	(1.5)	(9.0)	(1.6)
Interco adjustments	(0.5)	7.6	0.0
Other:			
Tax effect of European Commission decision	93.4	-	-
Other differences	11.0	7.3	(52.4)
TOTAL	**123.4**	**105.4**	**81.7**
Tax using effective rate (current period)	(123.4)	(105.4)	(81.7)
Profit before income tax	66.0	315.0	372.6
Effective tax rate	187.0%	33.5%	21.9%

The tax effect of the European Commission decision represents the tax cost relating to the non deductible provision of 275 million EUR generating 93.4 million EUR in taxes.

As of 31 December 2011, bpost recognized a net deferred income tax asset of 72.4 million EUR. This net deferred income tax asset is composed as follows:

AS AT 31 DECEMBER In million EUR	2011	2010	2009
Deferred tax assets			
Employee benefits	63,6	75,1	77,8
Provisions	21,5	21,1	19,6
Other	21,5	22,8	16,0
Total deferred tax asset	**106,6**	**119,1**	**113,4**
Deferred tax liabilities			
Property plant and equipment	30,1	30,9	34,2
Intangible assets	4,1	4,6	6,4
Other	0,1	1,6	2,2
Total deferred tax liabilities	**34,2**	**37,2**	**42,8**
Net deferred tax asset	**72,4**	**81,9**	**70,7**

No deferred tax is recognized on temporary differences arising from investments in subsidiaries and associates, because bpost has control on the reversal of the temporary difference and it is probable that they will not be reversed in the foreseeable future.

The temporary differences associated with investments in subsidiaries and associates for which a deferred tax liability has not been recognized amount to 1.3 million EUR (2010: 1.6 million EUR).

8.12. Property, plant and equipment

In million EUR	LAND AND BUILDINGS	PLANT AND EQUIP-MENT	FURNITURE AND VEHI-CLES	FIXTURES AND FIT-TINGS	OTHER PROPERTY, PLANT AND EQUIP-MENT	TOTAL
Acquisition cost						
Balance at 1 January 2009	**841.9**	**257.8**	**241.4**	**74.3**	**12.3**	**1,427.7**
Acquisitions	-	11.5	15.6	17.8	1.5	46.5
Acquisitions through business combinations	-	0.1	1.6	0.5	-	2.2
Disposals	-	(29.8)	(26.0)	(14.5)	-	(70.3)
Assets classified as held for sale or investment property	3.7	-	-	(17.9)	-	(14.3)
Other movements	-	9.5	0.4	0.1	(10.0)	-
Balance at 31 December 2009	**845.5**	**249.2**	**233.1**	**60.3**	**3.8**	**1,391.9**
Balance at 1 January 2010	**845.5**	**249.2**	**233.1**	**60.3**	**3.8**	**1,391.9**
Acquisitions	0.3	7.9	19.7	21.3	7.9	57.1
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	(0.1)	(1.9)	(16.7)	(4.7)	0.0	(23.4)
Assets classified as held for sale or investment property	(12.1)	0.0	0.0	(5.3)	0.0	(17.4)
Other movements	5.7	0.0	2.0	(9.9)	2.2	0.0
Balance at 31 December 2010	**839.4**	**255.2**	**238.1**	**61.7**	**13.9**	**1,408.2**

Balance at 1 January 2011	**839.4**	**255.2**	**238.1**	**61.7**	**13.9**	**1,408.2**
Acquisitions	3.9	6.9	17.3	24.6	14.0	66.8
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	(1.2)	(12.7)	(4.8)	0.0	(18.7)
Assets classified as held for sale or investment property	(4.3)	0.0	0.0	(2.4)	0.0	(6.7)
Other movements	5.5	0.0	0.0	(5.3)	0.0	0.1
Balance at 31 December 2011	**844.4**	**260.9**	**242.7**	**73.8**	**27.9**	**1,449.7**

Revaluation

Balance at 1 January 2009	-	-	-	-	7.4	7.4
Balance at 31 December 2009	**-**	**-**	**-**	**-**	**7.4**	**7.4**
Balance at 1 January 2010	-	-	-	-	7.4	7.4
Balance at 31 December 2010	**-**	**-**	**-**	**-**	**7.4**	**7.4**
Balance at 1 January 2011	-	-	-	-	7.4	7.4
Balance at 31 December 2011	**-**	**-**	**-**	**-**	**7.4**	**7.4**

Depreciation and impairment losses

Balance at 1 January 2009	**(349.3)**	**(177.5)**	**(161.4)**	**(36.5)**	**-**	**(724.7)**
Acquisitions through business combinations	-	(0.1)	(1.0)	(0.2)	-	(1.3)
Disposals	0.2	29.8	26.0	14.3	-	70.3
Disposals through the sale of subsidiaries	-	-	-	-	-	-
Depreciation	(20.7)	(15.8)	(22.1)	(14.1)	-	(72.8)
Impairment losses	5.0	(2.0)	(7.1)	(8.3)	-	(12.4)
Assets classified as held for sale or investment property	(1.0)	-	-	10.7	-	9.6
Other increase (decrease)	-	-	0.1	-	-	0.1
Balance at 31 December 2009	**(365.9)**	**(165.6)**	**(165.6)**	**(34.1)**	**-**	**(731.2)**
Balance at 1 January 2010	**(365.9)**	**(165.6)**	**(165.6)**	**(34.1)**	**-**	**(731.2)**
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.1	1.9	16.7	4.7	0.0	23.4
Disposals through the sale of subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation	(20.2)	(14.8)	(23.5)	(17.6)	0.0	(76.1)
Impairment losses	0.4	(4.1)	(6.9)	(5.7)	(3.4)	(19.7)
Assets classified as held for sale or investment property	8.1	0.0	0.0	2.8	0.0	10.9
Other increase (decrease)	(6.7)	(0.0)	0.0	6.7	0.0	(0.0)
Balance at 31 December 2010	**(384.1)**	**(182.6)**	**(179.4)**	**(43.3)**	**(3.4)**	**(792.8)**
Balance at 1 January 2011	**(384.1)**	**(182.6)**	**(179.4)**	**(43.3)**	**(3.4)**	**(792.8)**
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	1.2	12.7	4.8	0.0	18.7
Disposals through the sale of subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation	(20.4)	(14.3)	(21.6)	(16.3)	0.0	(72.7)
Impairment losses	1.2	(3.2)	(3.6)	(1.4)	0.0	(7.1)
Assets classified as held for sale or investment property	4.8	0.0	0.0	0.8	0.0	5.6
Other increase (decrease)	(5.1)	0.0	0.3	5.1	(0.3)	0.0
Balance at 31 December 2011	**(403.7)**	**(199.0)**	**(191.6)**	**(50.3)**	**(3.7)**	**(848.2)**

Carrying amount

At 31 December 2009	479.7	83.6	67.5	26.1	11.2	668.1
At 31 December 2010	455.2	72.6	58.7	18.3	17.9	622.8
At 31 December 2011	440.7	61.9	51.1	23.4	31.7	608.8

Property, plant and equipment decreased from 622.8 million EUR to 608.8 million EUR, i.e. by 14.0 million EUR. This decrease is explained by:

- New acquisitions (66.8 million EUR) mainly relating to production facilities for sorting and printing activities (20.8 million EUR), mail and retail network infrastructure (18.5 million EUR), ATM- and security infrastructure (9.3 million EUR), vehicles for transport activities (5.3 million EUR), IT- and other equipment (12.9 million EUR)

- Depreciation & impairment losses (79.8 million EUR)

- Transfer to assets held for sale (2.4 million EUR) and from investment property (1.2 million EUR)

All amortization and impairment charges are included in the section "Depreciation, amortization" of the income statement.

8.13. Investment property

In million EUR	LAND AND BUILDINGS
Acquisition cost	
Balance at 1 January 2009	**36.1**
Acquisitions	-
Transfer from/to other asset categories	(0.9)
Balance at 31 December 2009	**35.1**
Balance at 1 January 2010	**35.1**
Acquisitions	0.0
Transfer from/to other asset categories	8.7
Balance at 31 December 2010	**43.7**
Balance at 1 January 2011	**43.7**
Acquisitions	0.0
Transfer from/to other asset categories	(0.3)
Balance at 31 December 2011	**43.4**
Depreciation and impairment losses	
Balance at 1 January 2009	**(19.6)**
Depreciations	(0.1)
Impairment losses	-
Transfer from/to other asset categories	0.4
Balance at 31 December 2009	**(19.2)**
Balance at 1 January 2010	**(19.2)**
Depreciations	(0.1)
Impairment losses	0.0
Transfer from/to other asset categories	(4.9)
Balance at 31 December 2010	**(24.3)**
Balance at 1 January 2011	**(24.3)**
Depreciations	(0.1)
Impairment losses	-
Transfer from/to other asset categories	(0.8)
Balance at 31 December 2011	**(25.2)**
Carrying amount	
At 31 December 2009	15.9
At 31 December 2010	19.5
At 31 December 2011	18.2

Investment property mainly relates to apartments located in buildings used as post offices. Investment properties are carried at acquisition cost less any accumulated depreciation and less any impairment loss. The depreciation amount is allocated on a systematic basis over useful life (in general 40 years).

The rental income of the investment property amounts to 2.0 million EUR (2010: 2.4 million EUR). The estimated fair value of the investment property decreased from 42.7million EUR to 41.3million EUR or by 1.4 million EUR driven by a reduction in the number of properties rented out.

8.14. Assets held for sale

AS AT 31 DECEMBER In million EUR	2011	2010	2009
Property, plant and equipment	0,5	1,6	3,6
	0,5	1,6	3,6

Assets held for sale decreased from 1.6 million EUR to 0.5 million EUR. The decrease by 1.1 million EUR in asset held for sale is due to deeds signed in 2011 (3.3 million EUR) and cancellation of prior year's sales agreements (0.2 million EUR), partly counterbalanced by new sales agreements signed in 2011 (2.4 million EUR).

The number of buildings recognized in assets held for sale decrease from 13 at the end of 2010 to 4 at the end of 2011. The majority of these assets are retail outlets which are vacant as a consequence of the optimization of the post offices network.

Profits on disposal of 8.8 million EUR (2010: 22 million EUR) were accounted for in the income statement in the section "Other operating income". In 2011 impairment charges for the amount of 0.2 million EUR were recorded for in the section "Depreciation, amortization" (2010: none).

8.15. Intangible assets

In million EUR	GOODWILL	DEVELOP-MENT	SOFTWARE	OTHER INTAN-GIBLE ASSETS	TOTAL
Acquisition cost					
Balance at 1 January 2009	**22.9**	**82.9**	**84.7**	**7.3**	**197.8**
Acquisitions	14.1	8.3	11.1	-	33.5
Acquisitions and additions through business combinations	-	-	0.2	-	0.2
Disposals	-	(3.2)	(8.2)	-	(11.4)
Disposals through the sale of subsidiaries	-	-	-	-	-
Transfer to other asset categories	-	-	-	-	-
Other movements	-	-	-	-	-
Balance at 31 December 2009	**37.0**	**87.9**	**87.8**	**7.3**	**220.1**
Balance at 1 January 2010	**37.0**	**87.9**	**87.8**	**7.3**	**220.1**
Acquisitions	0.0	1.2	9.1	1.0	11.4
Acquisitions and additions through business combinations	0.4	0.0	0.0	(0.0)	0.4
Disposals	0.0	(0.2)	(8.8)	0.0	(9.0)
Disposals through the sale of subsidiaries	0.0	0.0	0.0	0.0	0.0
Transfer to other asset categories	0.0	0.0	0.0	0.0	0.0
Other movements	0.0	0.0	(3.7)	3.7	0.0
Balance at 31 December 2010	**37.4**	**89.0**	**84.4**	**12.1**	**222.9**

Balance at 1 January 2011	**37.4**	**89.0**	**84.4**	**12.1**	**222.9**
Acquisitions	3.4	3.8	7.6	0.0	14.8
Acquisitions and additions through business combinations	0.0	0.0	0.0	0.1	0.1
Disposals	0.0	0.0	0.0	0.0	0.0
Disposals through the sale of subsidiaries	0.0	0.0	0.0	0.0	0.0
Transfer to other asset categories	0.0	0.0	0.0	0.0	0.0
Other movements	0.0	(0.2)	0.0	0.0	(0.1)
Balance at 31 December 2011	**40.8**	**92.7**	**92.1**	**12.2**	**237.7**

Amortization and impairment losses

Balance at 1 January 2009	**(12.1)**	**(60.7)**	**(56.4)**	**(1.5)**	**(130.6)**
Acquisitions and additions through business combinations	-	-	(0.1)	-	(0.1)
Disposals	-	3.2	8.2	-	11.4
Disposals through the sale of subsidiaries	-	-	-	-	-
Amortization	-	(11.2)	(7.8)	(1.4)	(20.5)
Impairment losses	-	(0.5)	-	-	(0.5)
Transfer to other asset categories	-	-	-	-	-
Other movements	-	-	-	-	-
Balance at 31 December 2009	**(12.1)**	**(69.1)**	**(56.1)**	**(2.9)**	**(140.2)**
Balance at 1 January 2010	**(12.1)**	**(69.1)**	**(56.1)**	**(2.9)**	**(140.2)**
Acquisitions and additions through business combinations	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.2	8.8	0.0	9.0
Disposals through the sale of subsidiaries	0.0	0.0	0.0	0.0	0.0
Amortization	0.0	(7.5)	(12.9)	(1.4)	(21.9)
Impairment losses	(1.2)	0.8	0.0	0.0	(0.4)
Transfer to other asset categories	0.0	0.0	0.0	0.0	0.0
Other movements	0.0	0.0	3.0	(3.0)	0.0
Balance at 31 December 2010	**(13.2)**	**(75.7)**	**(57.3)**	**(7.3)**	**(153.5)**
Balance at 1 January 2011	**(13.2)**	**(75.7)**	**(57.3)**	**(7.3)**	**(153.5)**
Acquisitions and additions through business combinations	0.0	0.0	0.0	(0.1)	(0.1)
Disposals	0.0	0.0	0.0	0.0	0.0
Disposals through the sale of subsidiaries	0.0	0.0	0.0	0.0	0.0
Amortization	0.0	(5.7)	(7.6)	(1.5)	(14.7)
Impairment losses	0.0	0.7	0.0	0.0	0.7
Transfer to other asset categories	0.0	0.0	0.0	0.0	0.0
Other movements	0.0	0.0	0.0	0.0	0.0
Balance at 31 December 2011	**(13.2)**	**(80.7)**	**(64.9)**	**(8.9)**	**(167.7)**

Carrying amount

At 31 December 2009	25.0	18.8	31.7	4.4	79.8
At 31 December 2010	24.2	13.3	27.1	4.7	69.3
At 31 December 2011	27.6	11.9	27.2	3.2	70.0

Intangible assets increased from 69.3 million EUR to 70.0 million EUR or by 0.7 million EUR. This increase can be decomposed as follows:

- Goodwill increase in result of Citipost acquisitions (3.4 million EUR)
- Investments in software and licenses (7.6 million EUR), development costs capitalized (3.8 million EUR)
- Amortization & impairment losses (14.0 million EUR)

All amortization and impairment charges are included in the section “Depreciation, amortization” of the income statement.

8.16. Lease

Finance Lease

The finance lease liabilities as of December 31, 2011 relate to the Saint-Denis building, machinery and vehicles. The building was acquired in the context of the disposal of Asterion.

The net carrying amount and useful lives of the leased assets are as follows:

In million EUR	USEFUL LIVES	CARRYING AMOUNT DEC 31, 2011
Land and Buildings (Saint-Denis)	25 years	2.5
Machinery and equipment	5 years	0.6
Vehicles	5 years	0.0

The future minimum finance lease payments at the end of each reporting period under review were as follows:

AS AT 31 DECEMBER In million EUR	2011	2010	2009
Minimum lease payments			
Within 1 year	0.6	0.9	0.8
1 to 5 years	1.1	1.7	1.9
More than 5 years	0.0	0.0	0.0
Total	**1.7**	**2.5**	**2.7**
Less			
Future finance costs	**0.1**	**0.2**	**0.2**
Present value of the minimum lease payments			
Within 1 year	0.5	0.8	0.7
1 to 5 years	1.0	1.6	1.8
More than 5 years	-	-	0.0
Total	**1.6**	**2.3**	**2.5**

The financial lease agreements include fixed lease payments and a purchase option at the end of lease term.

Operating Lease

The group's future minimum operating lease payments are as follows:

FOR THE YEAR ENDED 31 DECEMBER In million EUR	2011	2010	2009
Less than one year	58.4	48.5	40.0
Between one year and five years	128.8	130.0	116.6
More than five years	78.9	68.1	61.6
	266.1	246.6	218.2

The operating leases relate to buildings and vehicles. Lease payments are recognized as an expense in the section "Services and other goods" for an amount of 63.8 million EUR (2010: 59 million EUR).

The operational lease agreements include fixed lease payments. The risks and rewards incidental to the ownership are not transferred to bpost.

The group's future minimum operating lease income is as follows and relates to buildings:

FOR THE YEAR ENDED 31 DECEMBER In million EUR	2011	2010	2009
Less than one year	3.7	2.7	1.5
Between one year and five years	15.0	11.4	6.1
More than five years	19.1	11.8	6.5
	37.8	25.9	14.1

The income that is related to operational lease agreements is recognized in the section "Other operating income" for an amount of 3.6 million EUR (2010: 4.1 million EUR).

8.17. Investment securities

In million EUR	FINANCIAL ASSETS HELD TO MATURITY	TOTAL NON-CURRENT INVEST-MENTS	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS. DESIGNATED AS SUCH UPON INITIAL RECOGNITION	FINANCIAL ASSETS HELD TO MATURITY	TOTAL CURRENT INVEST-MENTS	TOTAL
Acquisition cost						
Balance at 1 January 2009			**1,111.5**	**-**	**1,111.5**	**1,111.5**
Acquisitions	-	-	-	-	-	-
Acquisitions through business combinations	-	-	-	-	-	-
Changes in fair value	-	-	-	-	-	-
Disposals	-	-	(986.2)	-	(986.2)	(986.2)
Balance at 31 December 2009			**125.3**	**-**	**125.3**	**125.3**
Balance at 1 January 2010			**125.3**	**-**	**125.3**	**125.3**
Acquisitions	-	-	25.1	6.1	31.2	31.2
Acquisitions through business combinations	-	-	-	-	-	-
Changes in fair value	-	-	-	-	-	-
Disposals	-	-	(125.2)	-	(125.2)	(125.2)
Balance at 31 December 2010			**25.2**	**6.1**	**31.3**	**31.3**
Balance at 1 January 2011			**25.2**	**6.1**	**31.3**	**31.3**
Acquisitions	-	-	-	3,980.1	3,980.1	3,980.1
Acquisitions through business combinations	-	-	-	0.0	0.0	
Changes in fair value	-	-	-	-	0.0	0.0
Disposals	-	-	(25.2)	(3,470.6)	(3,495.8)	(3,495.8)
Balance at 31 December 2011			**0.0**	**515.6**	**515.6**	**515.6**
Impairment losses						
Balance at 1 January 2009						
Other movements	-	-	-		-	-
Balance at 31 December 2009						
Balance at 1 January 2010						
Other movements	-	-	-		-	-
Balance at 31 December 2010						

In million EUR	FINANCIAL ASSETS HELD TO MATURITY	TOTAL NON-CURRENT INVEST-MENTS	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS. DESIGNATED AS SUCH UPON INITIAL RECOGNITION	FINANCIAL ASSETS HELD TO MATURITY	TOTAL CURRENT INVEST-MENTS	TOTAL
Balance at 1 January 2011						
Other movements	-	-	-		-	-
Balance at 31 December 2011						
Carrying amount						
At 31 December 2009			125.3	-	125.3	125.3
At 31 December 2010			25.2	6.1	31.3	31.3
At 31 December 2011			0.0	515.6	515.6	515.6

As per December 31 2011, bpost holds 513.1 million EUR in commercial papers and government issues. Most of the commercial papers have a maturity between one and three months and their interest rates vary from 3% to 5%. These investments are recognized as financial assets held to maturity.

The 25.2 million EUR in floating rate notes came to an end in 2011 and the amount was reinvested in commercial papers. This investment was accounted for as financial assets at fair value designated as such upon initial recognition.

8.18. Investment in associates

In million EUR	2011	2010	2009
Balance at 1 January	**131.2**	**175.1**	**87.7**
Share of profit	2.2	13.3	4.7
Other movements in equity of associates	(49.4)	(57.1)	82.7
Balance at 31 December	**84.3**	**131.2**	**175.1**

Share of profit/loss

In 2011, the amount is composed of bpost's share in the profit of BPO of 2.2 million EUR. Last year, the share of profit was composed of BPO's profit amounting to 13.3 million EUR.

Dividends received

In 2011, no dividend originating from associate companies was attributed to bpost.

Other movements

The amount represents the impact of the unrealized losses on BPO's bond portfolio (-49.4 million EUR).

An overview of the selected financial figures of the associates is presented in the following tables.

In million EUR	OWNERSHIP	TOTAL ASSETS	TOTAL LIABILITIES (excl. equity)	REVENUES	PROFIT/ (LOSS)
2010					
BPO	50%	8,191.9	7,929.1	337.4	26.6
2011					
BPO	50%	8,039.8	7,871.3	378.6	4.4

8.19. Trade and other receivables

AS AT 31 DECEMBER In million EUR	2011	2010	2009
Trade receivables	0.1	0.0	-
Other receivables	0.7	0.9	0.6
Non-current trade and other receivables	**0.8**	**0.9**	**0.6**

AS AT 31 DECEMBER In million EUR	2011	2010	2009
Trade receivables	364.6	359.5	325.5
Tax receivables, other than income tax	0.5	1.1	0.9
Other receivables	31.9	30.7	25.1
Current trade and other receivables	**397.0**	**391.3**	**351.5**

AS AT 31 DECEMBER In million EUR	2011	2010	2009
Accrued income	16.3	15.6	14.3
Deferred charges	13.4	12.1	8.2
Other receivables	2.2	3.0	2.6
Current - Other receivables	**31.9**	**30.7**	**25.1**

The non-current receivables are considered as a reasonable approximation of the fair value of this financial asset, as it is expected to be paid within a short timeframe, making the impact of the time value of money is not significant.

Current trade receivables amount include third-party trade debtors (154.2 million EUR), receivables from the State (89.2 million EUR), invoices to be issued (20.0 million EUR) credit notes to be received, suppliers with debit balance (66.0 million EUR) and prepayments (34.6 million EUR).

Tax receivables relate to the outstanding VAT amounts to be received.

Within current receivables, "Other receivables" consist almost entirely of accrued income and deferred charges. The main items herein are the commission to be received from BPO (15.7 million EUR), prepaid rent and other accruals.

Trade and other receivables are mainly short-term. The carrying amounts are considered to be a reasonable approximation of the fair value.

8.20. Inventories

AS AT 31 DECEMBER In million EUR	2011	2010	2009
Raw materials	1.8	1.9	1.4
Finished products	2.8	2.3	3.2
Goods purchased for resale	4.9	5.6	6.0
Reductions in value	(1.3)	(2.1)	(2.0)
Inventories	**8.2**	**7.7**	**8.6**

Raw materials include consumables, i.e. materials used for printing purposes. Finished products are stamps available for sale. Goods purchased for resale mainly include postograms, post cards, and supplies for resale.

In 2011, an amount of -0.3 million EUR (2010: 1.2 million EUR) is recognized in the section 'Material cost'. This figure represents the stock variation of the different product types.

The reductions in value of the stock have been updated. In 2010, an impairment was booked for uniforms which became obsolete due to the new brand of bpost. This reduction was utilized during 2011.

8.21. Cash and cash equivalents

AS AT 31 DECEMBER In million EUR	2011	2010	2009
Cash in Postal network	138.7	210.0	179.0
Transit accounts	10.3	(1.6)	(7.0)
Cash payment transactions under execution	(122.5)	(169.0)	-
Bank current accounts	297.7	376.1	81.7
Liquidities deposited with the State Treasury	0.0	0.0	826.6
Short term deposits	302.5	700.0	-
Cash and cash equivalents	**626.7**	**1,115.5**	**1,080.3**

Until 2010, bpost and the State Treasury operated a quasi cash pool under which bpost systematically deposited overnight its available cash to the State Treasury and drew from the pool the cash needed for the payments made by bpost on behalf of the State Treasury and certain other State institutions (e.g. for the pensions paid at home). Both the deposits and the cash drawn from the pool were shown as 'Liquidities deposited with the State Treasury'.

Since 2010, the quasi cash pool is no longer operating. As a result, bpost has deposited its own available cash with third party bank accounts and has invested some of its available cash in a short term deposit with the State Treasury. The State Treasury is providing the necessary funding for the payments it requires bpost to make on its behalf or on behalf of other State institutions.

The cash of the funding not yet disbursed on the date of the closing is shown in the 'Cash in Postal Network' and in the 'Bank current accounts' on the one hand and as negative cash in 'Cash payment transactions under execution' so that the net impact of the funding on the company's cash position is nil.

8.22. Financial liabilities

AS AT 31 DECEMBER In million EUR	2011	2010	2009
Financial liabilities at amortized cost			
Bank loans	91.2	100.0	100.0
Finance lease liabilities	1.0	1.6	1.8
Non-current liabilities	**92.2**	**101.6**	**101.8**

AS AT 31 DECEMBER In million EUR	2011	2010	2009
Financial liabilities at amortized cost			
Bank loans	9.2	0.0	0.0
Finance lease liabilities	0.5	0.8	0.8
Current liabilities	**9.7**	**0.8**	**0.8**

The financial liabilities consist mainly of a bank loan of 100 million EUR concluded in 2007 with the European Investment Bank.

In accordance with the terms of the loan agreement, a first tranche of the loan (payable in December 2012) amounting to 9.1 million EUR was transferred to the current financial liabilities. This loan will be fully paid off in 2022.

8.23. Employee benefits

bpost grants its active and retired personnel post-employment benefits, long-term benefits, other long term benefits and termination benefits. These benefit plans have been valued in conformity with IAS 19. Some of them originate from measures negotiated in the framework of Collective Labor Agreements ('CLA'). The benefits granted under these plans differ according to the three categories of employees of bpost: civil servants (also known as statutory employees), baremic contractual employees (as from 2010, including the auxiliary agents category) and non-baremic contractual employees.

The employee benefits are as follow:

AS AT 31 DECEMBER In million EUR	2011	2010	2009
TOTAL	**(379.8)**	**(378.8)**	**(371.1)**
Post-employment benefits	(68.1)	(52.4)	(44.2)
Long -term employee benefits	(157.9)	(166.9)	(183.1)
Termination benefits	(38.8)	(42.3)	(29.9)
Other long-term benefits	(115.0)	(117.2)	(113.9)

Net of the deferred tax asset relating to them, employee benefits amount to 316.2 million EUR (2010: 303.7 million EUR).

AS AT 31 DECEMBER In million EUR	2011	2010	2009
Employee benefits	(379.8)	(378.8)	(371.1)
Deferred tax assets impact	63.6	75.1	77.8
Employee benefits net of deferred tax	**(316.2)**	**(303.7)**	**(293.3)**

Post-employment benefits

Post-employment benefits include medical expenses (until 2009), family allowances, transport costs, bank costs, funerary costs and retirement gifts.

Medical expenses

In June 2009, the obligation related to the medical expenses benefit granted to the inactive members has transferred to the new separate entity "PENSOC", a non profit association totally unrelated to bpost, by paying a one-off contribution of 19 million EUR. Since this date, bpost no longer has any constructive obligation and the benefit is no longer valued.

Following the curtailment of this benefit, a profit of 116.8 million EUR has been recorded in bpost's 2009 consolidated income statement, in accordance with the IAS 19 "Employee benefits" standard.

Family allowances

The civil servants of bpost (both active and pensioners) with children at their charge (youths and disabled) receive a family allowance from Office National d'Allocations Familiales pour Travailleurs Salariés (ONAFTS) – Rijksdienst voor Kinderbijslag voor Werknemers (RKW). These costs are then re-invoiced to bpost.

Transportation

Inactive civil servants as well as their family members are entitled to personal vouchers that can be exchanged for a transport ticket for a trip in Belgium or for a price reduction on other transport tickets. When an affiliated worker or retired worker dies, the spouse and children continue to receive this benefit under some conditions.

As from 1 January 2012, widow(er)s and orphans of inactive civil servants will not be eligible anymore for this benefit. The Defined Benefit Obligation as at 31 December 2011 does not take into account this plan amendment and the impact of this change estimated at a gain of 2.2 million EUR will be recognized in the 2012 consolidated income statement.

Bank

All active members, pre-pensioners and pensioners that have a "Postcheque" account in which their salary/pension is paid, benefit from a reduction of the fees charged on the current account as well as favorable interest rates on savings accounts, savings certificates, investment funds and loans.

Long-term employee benefits

Long-term employee benefits include accumulated compensated absences, pension saving days and part-time benefits.

Accumulated Compensated Absences

Civil servants are entitled to 21 sick-days per year. During these 21 days and if they have received the appropriate note from a doctor, they receive 100% of their salary. If any given year, a civil servant is absent less than 21 days, the balance of the un-used sickness days is carried over to the following years up to a maximum of 300 days (as from 2006). Employees who are ill for more than 21 days during a year will first use up the year's allotment and then use the days carried over from previous years as per their individual account. During this period, they will receive their full salary. Once the allotment of the year and the days carried over are used up, they receive reduced payments.

Both the full salary paid under the "sick days" scheme and the reduced payments beyond that are costs incurred by bpost.

There have been no modifications to the calculation methodology comparatively to 2010. The valuation is based on the future “projected payments / cash outflows”. The cash outflows are calculated for the totality of the population considered, based on a certain consumption pattern, derived from the statistics over the 12 months of 2011. The individual notional accounts are projected for the future and decreased by the actual number of days of illness.

The annual payment is the number of days used (and limited by the number of days in the savings account) multiplied by the difference between the projected salary (increased with social charges) at 100% and the reduced payments. The relevant withdrawal and mortality rates have been applied together with the discount rate applicable to the duration of the benefit.

In 2010, the Collective Labor Agreement negotiated for 2010 and 2011 had triggered the elimination of a number of sick-days for some specific civil servants in exchange for the payment of a compensation.

Pension saving days

Civil servants have the possibility to convert the unused sick days above the 300 days in their ‘notional’ account (see above “Accumulated Compensated Absences “ benefit) in pension saving days (1 pension saving day per 7 sick days) and to convert each year a maximum of 3 days of extra-legal holidays. Contractual employees with a permanent contract are entitled to a maximum of 2 pension saving days per year and have the possibility to convert each year a maximum of 3 days of extra-legal holidays. The pension saving days are accumulated year over year and can be used as from the age of 50.

The methodology of valuation is based on the same approach as the benefit “Accumulated Compensated Absences“. The valuation is based on the future “projected payments / cash outflows”. These are calculated for the totality of the population considered, based on a certain “consumption” pattern, derived from the statistics over the 12 months of 2011. The individual “pension saving days” accounts are projected per person and decreased by the actual number of used pension saving days.

The annual payment is the number of pension saving days used multiplied by the projected daily salary (increased with social charges, holiday pay, end of year premium, management and integration premium). The relevant withdrawal and mortality rates have been applied together with the discount rate applicable to the duration of the benefit.

Part-time regime (50+)

Under the Collective Labor Agreements covering respectively the years 2007-2008, 2009-2010 and 2011, statutory employees, aged between 50 and 59 , are entitled to enter into a system of partial (50%) career interruption. bpost makes contributions equal to 7.5% of the gross annual salary for a period of a maximum of 48 months.

Termination benefits

Early Retirement

At the end of 2011, the following early-retirement plans are included in this benefit:

- A plan under the Collective Labor Agreement for the years 2009-2010 available to the employees meeting certain age and function conditions as at 31/12/2010 at the latest. This plan will be terminated as from 31/12/2012;
- the plan covered by the Collective Labor Agreement for 2011 accessible to the civil servants meeting certain age and service organization conditions as at 31/12/2012 at the latest;
- and, a new plan accessible only in 2011 to the civil servants of one specific department subject to age and seniority conditions as described in the Joint Committee Convention of 6 October 2011.

In the early-retirement schemes, bpost continues to pay to the beneficiaries a portion (75%) of their salary at departure and until they reach retirement age. Furthermore, the early-retirement period is treated as a service period.

Social Plan

A re-engineering of a support unit has been presented to and approved by the Joint Committee of 15/12/2011. A redundancy plan will be accessible to the workers of this specific department fulfilling certain age conditions as from April 2012 until December 2012. A redundancy payment will be paid by bpost to the personnel having chosen for the Social Plan.

Other long-term benefits

Workers Compensation Accident Plan

Until 1 October 2000, bpost was self-insured for injuries on the workplace and on the way to the workplace. As a result, all compensations to workers for accidents which occurred before 1 October 2000 are incurred and financed by bpost itself.

Since 1 October 2000, bpost has contracted insurance policies to cover the risk.

bpost's net liability for employee benefits comprises the following:

AS AT 31 DECEMBER In million EUR	**2011**	**2010**	**2009**
Present value of funded obligations	(387.0)	(406.4)	(400.3)
Fair value of plan assets	-	-	-
Present value of net obligations for funded plan	**(387.0)**	**(406.4)**	**(400.3)**
Present value of net obligations	**(387.0)**	**(406.4)**	**(400.3)**
Unrecognized actuarial (gains)/losses	7.2	27.6	29.2
Net liability	**(379.8)**	**(378.8)**	**(371.1)**
Employee benefits amounts in the statement of financial position			
Liabilities	(379.8)	(378.8)	(371.1)
Net liability	**(379.8)**	**(378.8)**	**(371.1)**

The changes in the present value of the obligations are as follows:

In million EUR	**2011**	**2010**	**2009**
Present value at 1 January	**(406.4)**	**(400.3)**	**(534.3)**
Service cost	(20.5)	(54.1)	(40.0)
Interest cost	(15.4)	(16.7)	(21.1)
Past service (cost)/gain	(0.0)	-	(0.1)
Actuarial gains	(0.2)	0.1	36.8
Benefits paid	55.5	64.6	66.6
Curtailment and settlement (loss)/gain	-	-	91.8
Defined benefit obligation at 31 December	**(387.0)**	**(406.4)**	**(400.3)**

The expense recognized in the income statement is presented hereafter:

FOR THE YEAR ENDED 31 DECEMBER In million EUR	2011	2010	2009
Service cost	(20.5)	(54.1)	(40.0)
Interest cost	(15.4)	(16.7)	(21.1)
Past service (cost)/gain	(0.0)	-	(0.1)
Actuarial gains and (losses)	(20.6)	(1.5)	148.8
- of which reported as a financial cost	*3.4*	*(10.1)*	*(2.4)*
- of which reported as an operating expense	*(24.0)*	*8.5*	*151.2*
Net expense	**(56.5)**	**(72.3)**	**87.7**

The service cost included: in 2009, the charge of the early-retirement plan (related to the CLA 2009-2010) estimated at 19.4 million EUR and in 2010, an amount of 30.8 million EUR relating to the CLA 2011.

In 2011, an amount of 7.8 million EUR related to the termination benefit is included in the service cost.

FOR THE YEAR ENDED 31 DECEMBER In million EUR	2011	2010	2009
Payroll costs	(44.5)	(45.5)	111.2
Financial cost	(12.0)	(26.8)	(23.5)
Net expense	**(56.5)**	**(72.3)**	**87.7**

Interest costs and financial actuarial gains or losses have been recorded as financial costs. All other expenses summarized above were included in the income statement line item “Payroll costs”.

bpost recognizes all actuarial gains and losses in accordance with the corridor approach through profit and loss. As from financial year 2010, bpost adopted a new systematic method for faster recognition of actuarial gains and losses for post-employments benefits: accumulated actuarial gains or losses, in excess of 10% of the maximum of the Defined Benefit Obligation and the Fair Value of Assets, are amortized over two years (or average remaining service period for the active population, if shorter than two years). The accumulated unrecognized actuarial losses at the end of 2009 were amortized over 2010 and 2011. In 2011, the amortization amount has increased with all new gains or losses over 2010 and 2011 accumulated at 31 December 2011 that are not higher (in absolute terms) than 10% of Defined Benefit Obligation. The expense for 2011 calculated in this way amounts to 19.0 million EUR (2010: 11.5 million EUR).

All net actuarial gains or losses amortized in the yearly pension expense are recognized as operating costs. There are no fixed contribution plans.

The main assumptions used in computing the benefit obligations at the statement of financial position date are the following:

	2011	2010	2009
Rate of inflation (long term)	2.0%	1.9%	1.9%
Future salary increase	3.0%	2.9%	2.9%
Mortality tables	MR/FR	MR/FR	MR/FR

The fair value of the plan assets held by the "Service Social des Postes" can be reconciled as follows:

In million EUR	2011	2010	2009
Fair value of plan assets at 1 January	-	-	**0.8**
Contributions by employer	-	-	-
Benefits paid	-	-	(0.8)
Fair value of plan assets at 31 December	-	-	-

The discount rates have been determined by reference to market yields at the statement of financial position date. The discount rates used in 2011 range from 3.6% to 5.3% (2010: 3.7% to 5.1%):

BENEFIT	Duration (years)	Discount rate	
		31/12/2010	31/12/2011
Family allowances	7	4.20%	4.35%
Transportation	10	4.85%	4.85%
Bank	13	5.10%	5.30%
Funeral expense	7	4.15%	4.35%
Gratification	7	4.20%	4.35%
Accumulated compensated absences	4	3.70%	3.60%
Workers compensation in case of accidents	12	4.85%	5.10%
Pension saving days	7	4.15%	4.35%
Jubilee Premiums	7	4.15%	4.35%

In November 2011, the Belgian Government has decided new measures concerning the adaptation of the legal retirement age and the new conditions of part-time career interruption. The intention of bpost is to do everything possible to minimize the impact on positions acquired before the adoption of these new measures. It cannot, however, be excluded that the bpost's actual early-retirement and part-time regime plans mentioned above could be impacted.

At this moment, it is not possible to estimate the potential financial effect of the new law and her application on the Defined Obligation Benefits of bpost.

8.24. Share-based payments

In 2006, the Board of bpost approved the creation of an Employee Stock Option Plan ('ESOP') for the Management. Under this plan, bpost has granted in 2006, 2007 and 2008 to some members of the management options to purchase shares in the company. Once granted, the options vest one-third per year over a period of three years.

At 31 December 2011, 58 senior managers, including the CEO and the Management Committee, benefit from the option plan. No options were granted in 2011 and 2,240 options were exercised during the year.

The fair value of the option is expensed over the vesting period. In accordance with IFRS 2, the fair value of the options is determined using the Binomial Option Pricing Model.

As a result of the exercise window opened in 2011, Alteris NV-SA holds 2,589 shares of bpost, which are considered as Treasury Shares in the bpost equity.

The liability relating to the share-based payments at 31 December 2011 amounts to 4.6 million EUR (2010: 7 million EUR).

The profit to the 2011 income statement amounted to 1.3 million EUR (2010: charge of 1 million EUR). All share-based employee remunerations are accounted following the cash-settled methodology. There have been no modifications to the terms of the share-based payments plan during 2011.

The total number of outstanding options is as follows:

IN NUMBER	2011	2010	2009
Options outstanding at 1 January	**3,679.0**	**3,688.0**	**4,452.0**
Options granted during the year	-	-	-
Options exercised during the year	(2,240.0)	-	(589.0)
Options forfeited during the year	(50.0)	-	-
Options out due to bad leavers		(9.0)	(175.0)
Options outstanding at 31 December	**1,389.0**	**3,679.0**	**3,688.0**

	2011	2010	2009
Number of persons at 1 January	**74.0**	**76.0**	**80.0**
IN	-	-	-
OUT	(16.0)	(2.0)	(4.0)
Number of persons at 31 December	**58.0**	**74.0**	**76.0**

The fair value of the granted options and the assumptions used in applying the Binomial Option pricing model are as follows:

FOR THE YEAR ENDED 31 DECEMBER EUR	2011	2010	2009
Fair value of options granted	NA	NA	NA
Share price	5,414.0	5,062.0	2,907.0
Expected volatility	39.6%	40.5%	39.4%
Expected option life (in years)	NA	NA	NA
Risk-free interest rate	0.6%	1.1%	1.7%

All amounts are based on the scenario of a 100% dividend pay-out of the profit of the year.

All share options have the same exercise price per granting; there are no “ranges” of exercise prices within a given granting.

The 1,389 outstanding options at the end of 2011 are detailed as follows:

Year of granting	2011	2010	2009
Remaining options at 31 December 2011	1,062	327	-
Exercise price (in EUR)	2,848.0	2,593.0	1,464.0
Remaining option life (in years)	0.5 Y	0.5 Y	-

The following put and call option agreements are in force:

- bpost has a call option toward PIE to purchase the shares to which the beneficiaries are entitled relating to the exercised options at a price corresponding to the exercise price;
- Alteris NV-SA (subsidiary of bpost) and the beneficiaries of the ESOP have a put and call option agreement pursuant to which beneficiaries can sell to Alteris NV-SA (and under certain circumstances Alteris NV-SA can acquire) the bpost shares that the beneficiaries acquired under the plan;

- PIE has a call option for the shares that Alteris NV-SA may acquire from the beneficiaries of the ESOP. The exercise price will be the price originally paid by Alteris NV-SA to the beneficiaries.
- Alteris NV-SA has also a put option vis-à-vis PIE for the shares it may purchase from the beneficiaries of the ESOP. The price is the lower of the price paid by Alteris NV-SA and the exercise price.

These options are not revaluated and do not impact the income statement of bpost because, in accordance with IAS39, the company cannot have a market risk on its own shares.

8.25. Trade and other payables

AS AT 31 DECEMBER In million EUR	2011	2010	2009
Trade payables	0.0	-	-
Other payables	13.0	14.3	14.2
Non-current trade and other payables	**13.0**	**14.3**	**14.2**

AS AT 31 DECEMBER In million EUR	2011	2010	2009
Trade payables	189.6	193.4	179.2
Payroll and social security payables	326.2	332.6	350.3
Tax payable other than income tax	0.6	2.9	1.8
Other payables	170.1	183.7	261.3
Current trade and other payables	**686.5**	**712.7**	**792.7**

The carrying amounts are considered to be a reasonable approximation of the fair value. The other payables included in current trade and other payable include the following items:

AS AT 31 DECEMBER In million EUR	2011	2010	2009
Advance payments on orders	9.1	8.6	8.3
Advance received from State	0.0	0.0	84.3
Cash guarantees received	5.0	5.7	5.0
Accruals	47.9	52.8	52.6
Deferred income	85.2	79.8	55.4
Deposits received from third parties	0.5	0.5	28.5
Other payables	22.4	36.3	27.4
Current - Other payables	**170.1**	**183.7**	**261.3**

Since 2010, the company no longer accepts deposits from third parties and reduces existing third party deposits.

8.26. Provisions

In million EUR	LITIGATION	ENVIRONMENT	ONEROUS CONTRACTS	RESTRUCTURING	OTHER	TOTAL
Balance at 1 January 2009	**70.2**	**1.7**	**2.5**	**2.3**	**77.0**	**153.8**
Additional provisions recognized	32.4	0.3	1.2	2.9	0.4	37.2
Provisions used	(0.3)	0.0	(1.0)	(0.6)	(40.0)	(42.0)
Provisions reversed	(3.7)	-	(1.0)	(0.2)	(13.6)	(18.5)
Other movements	-	-	-	-	-	-
Disposals through the sale of subsidiaries	-	-	-	-	-	-
Balance at 31 December 2009	**98.5**	**1.9**	**1.7**	**4.3**	**24.0**	**130.5**
Non-current balance at end of year	96.2	0.4	0.2	1.0	0.2	98.0
Current balance at end of year	2.3	1.5	1.5	3.3	23.8	32.5
	98.5	1.9	1.7	4.3	24.0	130.5

In million EUR	LITIGATION	ENVIRONMENT	ONEROUS CONTRACTS	RESTRUCTURING	OTHER	TOTAL
Balance at 1 January 2010	**98.5**	**1.9**	**1.7**	**4.3**	**24.0**	**130.5**
Additional provisions recognized	9.5	0.0	2.9	0.0	1.9	14.3
Provisions used	(0.2)	(0.0)	(0.7)	(2.9)	(0.9)	(4.7)
Provisions reversed	(16.4)	(0.1)	(2.1)	(0.1)	(0.6)	(19.2)
Other movements	-	-	-	-	-	-
Disposals through the sale of subsidiaries	-	-	-	-	-	-
Balance at 31 December 2010	**91.4**	**1.8**	**1.8**	**1.4**	**24.5**	**120.9**
Non-current balance at end of year	81.2	0.4	0.2	0.5	1.1	83.4
Current balance at end of year	10.2	1.4	1.6	0.9	23.4	37.5
	91.4	1.8	1.8	1.4	24.5	120.9

In million EUR	LITIGATION	ENVIRONMENT	ONEROUS CONTRACTS	RESTRUCTURING	OTHER	TOTAL
Balance at 1 January 2011	**91.4**	**1.8**	**1.8**	**1.4**	**24.5**	**120.9**
Additional provisions recognized	305.7	8.4	1.0	0.1	0.3	315.4
Provisions used	(2.6)	(0.3)	(0.9)	(0.6)	(0.2)	(4.6)
Provisions reversed	(16.5)	0.0	(0.9)	(0.0)	(0.1)	(17.5)
Other movements	-	-	-	-	-	-
Disposals through the sale of subsidiaries	-	-	-	-	-	-
Balance at 31 December 2011	**378.0**	**9.9**	**1.0**	**0.7**	**24.4**	**414.1**
Non-current balance at end of year	69.6	7.9	0.7	0.3	1.1	79.6
Current balance at end of year	308.4	2.0	0.3	0.4	23.4	334.5

The provision for **litigation** represents a best estimate of the probable losses resulting from litigation or probable litigation between bpost and third parties. The period anticipated for the cash outflows pertaining thereto is dependent on developments in the length of the underlying proceedings.

The additional provision of 305.7 million EUR includes the provision relating to the decision of the European Commission (299 million EUR).

The provision related to **environment** issues covers among others the soil sanitation of land. The variation of 2011 concerns one specific site.

The provision on **onerous contracts** concerns the best estimate of the costs relating to the closing of mail and retail offices.

The provision for **restructuring** mainly covers restructuring costs for Taxipost (0.4 million EUR).

8.27. Contingent liabilities and contingent assets

By a judgment dated 10 February 2009, the General Court annulled, on procedural grounds, the decision of the European Commission of 23 July 2003, which had approved a 297.5 million EUR capital increase and certain other State measures in favor of bpost. On 22 April 2009, the Belgian State brought an appeal against this judgment before the Court of Justice of the European Union. This appeal was rejected by the Court of Justice in its judgment of 22 September 2011. As a consequence of the 10 February 2009 judgment, the Commission on 13 July 2009 launched a formal State aid investigation into the 2003 capital increase and other 1992-2002 measures covered by the Commission's annulled 23 July 2003 decision. The Commission also broadened the scope of the investigation by extending it to State compensation for public services and other ad-hoc State measures over the entire 1992-2010 period.

On 25 January 2012, the Commission found 416.5 million EUR of aid (excluding interest) to be incompatible with the internal market. The Belgian State has recovered such aid from bpost with recovery interest, and the Commission has agreed with the computation of these amounts (which takes into account the corporate tax effect).

bpost is currently considering whether or not to appeal the Commission's decision (such an appeal would not suspend the decision).

The Company takes the view, on the basis of the information known at this point, that the European Commission's ongoing State aid review of the 2011-2015 SGEI compensation arrangements should not give rise to a provision in the 2011 accounts for a likely finding of overcompensation for services of general economic interest in 2011. The Company has credible arguments, on the basis of the Commission's January 25, 2012 decision, the 2011 SGEI package and the recent decisions on La Poste (France) and Post office Limited (UK), to defend the 2011 compensation as well as the revised 5th Management Contract.

It should be noted, however, that the Belgian authorities are still with the Commission at the stage of an informal review. Neither the 2011 compensation nor the draft 5th Management Contract have been formally notified yet and the Commission has not yet opened a formal investigation procedure either.

The outcome is in the current stage inherently uncertain and it cannot be excluded that the Commission may conclude that bpost has received State aid that is incompatible with the common market and order the Belgian government to recover such aid from bpost with interest at applicable recovery rates. In any event, the amount of the obligation, if any, cannot be measured with sufficient reliability.

bpost is currently involved in the following pending investigations and claims relating to competition issues:

- an investigation by the Belgian Competition Authority in connection with complaints filed by Publimail NV-SA, Link2Biz International NV-SA and G3 Worldwide Belgium NV-SA;
- a claim for damages in an alleged (provisional) amount of approx. 18.5 million (exclusive of late payment interest) in the context of legal proceedings initiated by Publimail NV-SA and pending before the Brussels commercial court; and
- a claim for damages in an alleged amount of approx. 28 million (exclusive of late payment interest) in the context of legal proceedings initiated by Link2Biz International NV-SA on 3 August 2010 and pending before the Brussels commercial court.

Moreover, on 20 July 2011 the Belgian postal regulator ("BIPT/IBPT") concluded that the Company's 2010 pricing policy infringed the Belgian Postal Act and imposed a fine of 2.3 million EUR. bpost contests the BIPT/IBPT's findings and appealed the decision. The appeal is pending before the Brussels Court of Appeal.

All claims and allegations are contested by bpost.

8.28. Rights and commitments

Guarantees received

At 31 December 2011, bpost benefits from bank guarantees in a sum of 39.0 million EUR, issued by banks on behalf of bpost's customers (2010: 41.3 million EUR). These guarantees can be called in and paid against in the event of non-payment or bankruptcy. They therefore offer bpost financial certainty during the period of contractual relations with the customer.

Goods for resale on consignment

At 31 December 2011, merchandise (lottery tickets, etc.) representing a sales value of 6.8 million EUR had been consigned by partners for the purpose of sale through the postal network.

Guarantees given

bpost acts as guarantor (1.7 million EUR guarantee) in the framework of the DoMyMove collaboration agreement between bpost, Belgacom and Electrabel.

bpost has an agreement with Dexia, ING and KBC, according to which they agree to provide for up to 37.5 million EUR in guarantees for bpost upon simple request.

Funds of the State

bpost settles and liquidates the financial transactions of government institutions (taxes, VAT, etc.) on behalf of the State. The funds of the State constitute transactions "on behalf of" and are not included in the statement of financial position.

8.29. Related party transactions

A. Consolidated companies

A list of subsidiaries and equity-accounted companies, together with a brief description of their business activities, is provided in Note 8.30.

B. Relations with the shareholders

The direct shareholders of bpost are the Belgian State (24.14%), Federale Participatie- en Investeringsmaatschapij NV-Société Fédérale de Participation et d'Investissement SA (25.87%), which itself is also held by the Belgian State, Post Invest Europe ("PIE") Sarl (49.34%), where 100% are indirectly held by CVC Funds and 108 shares (0.03%) owned by current and former bpost employees under the ESOP plan (of which 18 shares are owned by bpost). Alteris NV-SA, a 100% subsidiary of bpost NV-SA, holds the remaining share (0.63%).

The Belgian State

a) Management Contract

bpost provides public services (services of general economic interest) to the Belgian State. The Management Contract entered into between bpost and the Belgian State, in effect since 24 September 2005, stipulates the rules and conditions for carrying out the tasks that bpost assumes in execution of its public and the financial intervention of the Belgian State.

The Management Contract covers a period of five years as from the date of its entry into force and was set to expire on 23 September 2010. Pursuant to article 5, §3, second paragraph, of the 1991 Law, the 4th Management Contract was automatically prolonged pending the entry into force of a new Management

Contract. This prolongation was published in the Belgian State Gazette of 23 September 2010 and shall continue to apply until approval of the 5th Management Contract by the European Commission.

The 4th Management Contract defines the following public services:

- Postal services

  - collecting, sorting, transporting and distributing national and international mail;
  - distributing newspapers, printed periodicals and addressed and non-addressed electoral printed documents;

- Financial services

  - recovering receipts on behalf of third parties;
  - receiving deposits of cash on current account, effecting payments by cheque and wire transfers on such accounts, receiving deposits and effecting payments on behalf of bpost or other financial institutions
  - issuance of postal orders, home payment of retirement and survivors' pensions and disabled persons' allowances
  - the payment of attendance fees at elections, the printing and sale of license stamps on behalf of the Mixed Administrative Belgo-Luxembourg Commission, the accounting of funds and documents of title for traffic penalties, the distribution and payment of documents of title from the National Office for Annual Holidays
  - the printing, sale, reimbursement, replacement and exchange of fishing licenses
  - guaranteeing the opening of an account without cash facility and offering a minimum service

- Other services:

  - the social role of the postmen
  - appropriate information to the public on request by the competent authority
  - the printing and delivery of electronic mail
  - message certification services
  - the services carried out for State accountants and determination of the daily cash position
  - the sale of revenue and penalty stamps
  - cooperation of bpost in the distribution of voting packages and ballot papers
  - cooperation of bpost in the printing and distribution of official forms, of offers of employment
  - provision of bpost resources for the organization of examinations for accessing public office
  - the provision in post offices of an appropriate infrastructure allowing, via the internet, facilitation of relations between citizens and the government.

The Management Contract sets down the principles for invoicing the Belgian State. The Belgian State's intervention covers the difference between the actual cost price to bpost and the price invoiced to the user of the public services.

b) Cashier function

bpost administers the cash accounts of the Belgian State and certain institutional. These entities form part of the public authorities sector.

The contract of 20 December 2005 lays down the provisions applicable between bpost and the Belgian Treasury as regards the organization of movements of funds between the two institutions together with the provision of certain funds administered by bpost to the Belgian Treasury.

Under this agreement, two types of funds belonging to public authorities are administered by bpost, i.e.:

1. *funds of the State*. bpost settles and liquidates the financial transactions of government ministries (taxes, VAT, etc.) on behalf of the State. bpost records these amounts off the consolidated statement of bpost's financial position;

2. *funds of the Royal Decree of 15 July 1997*. These are the liquidities of parastatal agencies (National Social Security Office, family allowances, etc.) deposited through bpost and recorded off the consolidated statement of bpost's financial position.

C. Relations with BPO

BPO is a subsidiary of bpost and BNP Paribas Fortis, which engages in business as a credit institution. Its banking and insurance products are offered via the network of post offices.

Framework agreement

On 28 February 1995, De Post-La Poste (now bpost) and Generale Bank-Générale de Banque (now BNP Paribas Fortis) entered into a framework agreement for the purpose of setting up a partnership for the distribution of banking products. The provisions of the framework agreement have been re-negotiated several times. BPO pays bpost a commission determined in accordance with market conditions for the distribution of banking and insurance products and for the performance of certain back-office activities. The commission amounted to 103.5 million EUR in 2011 (2010: 101.0 million EUR).

Working capital

BPO has placed 9.0 million EUR at the disposal of bpost without guarantee or payment of interest by bpost. This sum will remain available to bpost throughout the term of the framework agreement. It is intended to constitute the working capital enabling bpost to conduct business on behalf of BPO.

Insurance contract

An insurance distribution contract has been concluded between bpost, BPO, AG Insurance (formerly Fortis Insurance), Agallis and Fortis Banque. This agreement has been amended in 2010, with effect as of January1, 2010 to reflect the corporate reorganization of the Fortis group (AG Insurance being now independent from Fortis Bank), a new commission scheme and a renewal of the exclusivity clause.

The parties concerned have agreed to offer and market insurance products of AG Insurance via BPO using the distribution network of bpost. In effect, up to and including the accounting year 2014, the contract provides for an access fee, commission on all the insurance products sold by bpost and additional commissions if the sales figures laid down are achieved.

8.30. Group companies

The business activities of the main subsidiaries can be described as follows:

- Euro-Sprinters offers 24/7 flexible distribution solutions and related services for goods up to 24 tons.
- Deltamedia distributes newspapers in Belgium.
- eXbo helps customers to improve the efficiency of their document flows, be their incoming, internal or outgoing documents. eXbo offers to manage mailrooms, digital mail, printing-on-demand, printed matter, archives, scanning and reception desk.
- Speos Belgium provides a multi-channel platform for the outsourcing of transactional documents, such as bills, bank statements and pay slips. Services includes the document generation, the printing (black and white or full color) and the enclosing, the electronic distribution (email, Certipost, zoomit, webservices), and the archiving. Speos also offers backup and peak solutions for companies having their own print shop. Furthermore Speos offers dedicated end-to-end solutions (for ex. European Licence Plate,...)

- Certipost offers solutions to manage document flows and digital identities. These solutions allow organizations to automate their business processes, cut cost and operate more efficiently. Every day Certipost delivers thousands of invoices, pay slips and other business documents to the right person or organization. Furthermore, Certipost has years of experience in the management of electronic identities by offering consultancy, solutions for electronic signatures and by providing tokens with digital identities. Certipost also supplies the digital certificates for the Belgian electronic identity card (eID). The company is based in Aalst, and has representation in the Netherlands.

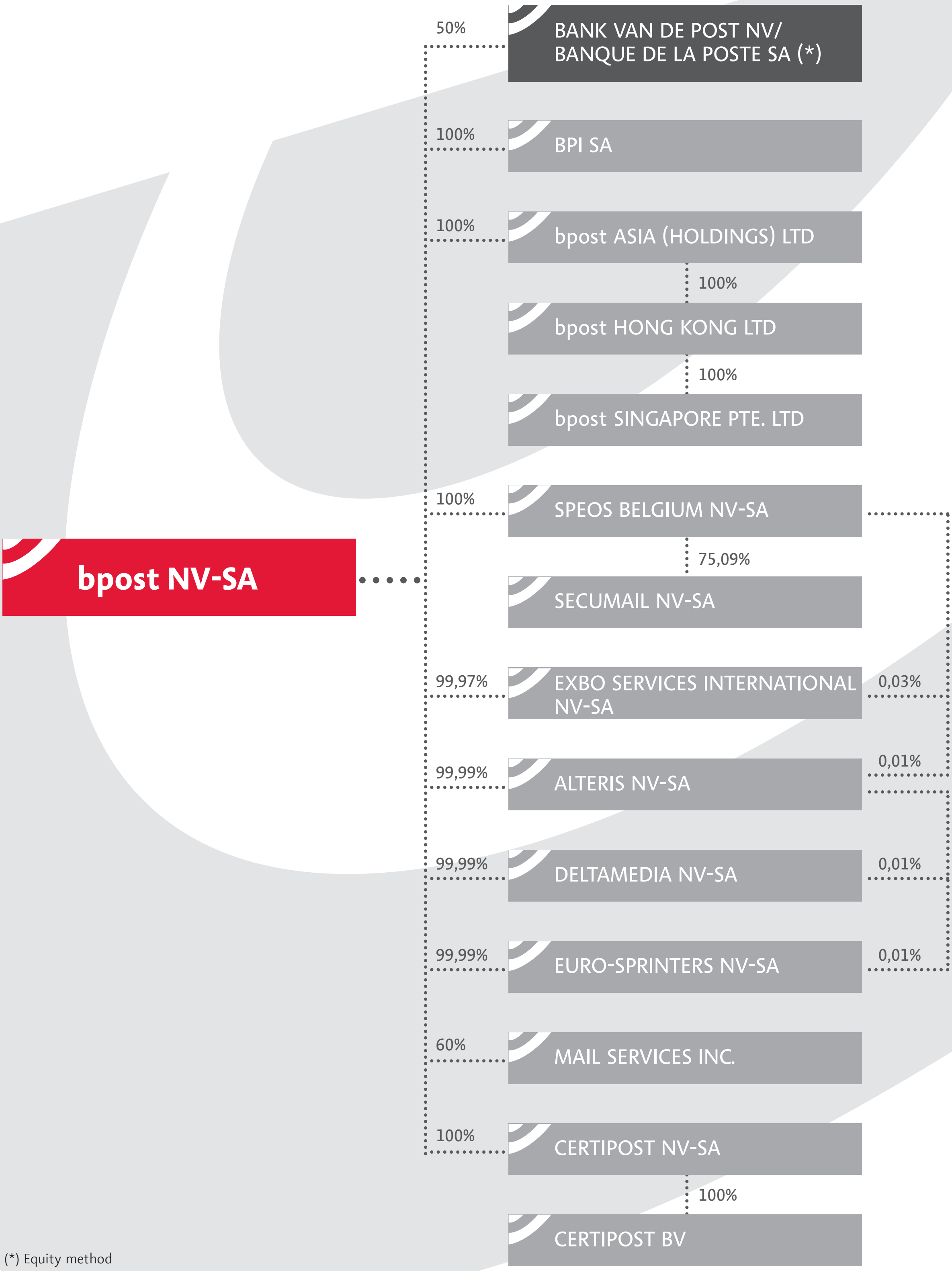
- Mail Services Incorporated (MSI) is a US-based mail and parcel delivery service company which has three processing centers located in North America: One located in Virginia near Washington DC, one located in Chicago, IL and one located in Toronto, Canada. MSI's primary customer base includes e-commerce companies and businesses which send parcels, bulk amounts of mail, postcards, or publications to individuals residing primarily outside the U.S. borders. MSI also has a small amount of domestic (i.e. within the U.S.) business as well.

- Citipost Asia, now renamed bpost Asia, is headquartered in Hong Kong and has a subsidiary in Singapore. The company provides a full range of delivery and logistics solutions covering mail, express, freight, warehousing, fulfillment, pick/pack, data management and project management. Its current customers include prominent names in the banking, insurance, asset management, publishing and printing sectors.

Name	Share of voting rights in % terms		Country of incorporation	VAT no.
	2011	2010		
Bank van de Post NV-Banque de La Poste SA	50%	50%	Belgium	BE456.038.471

Name	Share of voting rights in % terms		Country of incorporation	VAT no.
	2011	2010		
Alteris NV-SA (formerly Laterio NV-SA)	100%	100%	Belgium	BE474.218.449
BPI NV-SA	100%	100%	Belgium	BE889.142.877
Certipost NV-SA	100%	100%	Belgium	BE475.396.406
Corpco NV-SA (**)		100%	Belgium	N/A
Deltamedia NV-SA	100%	100%	Belgium	BE424.368.565
Euro-Sprinters NV-SA	100%	100%	Belgium	BE447.703.597
eXbo Services International NV-SA	100%	100%	Belgium	BE472.598.153
Mail Services Inc. (*)	60%	60%	USA	
Speos Belgium NV-SA	100%	100%	Belgium	BE427.627.864
Veocube NV-SA (formerly Speos Invest NV-SA **)		100%	Belgium	BE463.888.444
Certipost BV	100%	100%	Netherlands	N/A
Courier Network System NV-SA (***)		100%	Belgium	BE449.540.758
Express Road NV-SA (***)		100%	Belgium	BE432.808.258
Secumail NV-SA (*)	75%	75%	Belgium	BE462.012.780
bpost Asia (Holdings) LTD	100%		UK	
bpost Hong Kong LTD	100%		Hong Kong	
bpost Singapore Pte. LTD	100%		Singapore	

* The non-controlling interests of 0.9 million EUR shown on the consolidated statement of financial position relate to these subsidiaries.
** Corpco NV-SA and Veocube NV-SA merged with bpost NV-SA as of January 2011
*** Courier Network System NV-SA and Express Road NV-SA merged with Euro-Sprinters NV-SA as of January 2011



(*) Equity method

8.31. Events after the statement of financial position date

Excluding the financial impact of the European Commission decision on 25 January 2012 (mentioned beforehand and taken in 2011), no significant events impacting the company's financial position have been observed after the statement of financial position date.

report of the Joint Auditors

to the General Meeting of shareholders of bpost SA de droit public / bpost NV van publiek recht on the consolidated financial statements for the year ended 31 December 2011

In accordance with legal requirements, we report to you on the performance of our audit mandate of Joint Auditors. This report contains our opinion on the consolidated financial statements as well as the required additional comments and information.

Unqualified opinion on the consolidated financial statements with emphasis of matter

We have audited the consolidated financial statements of bpost SA de droit public/bpost NV van publiek recht and its subsidiaries (collectively referred to as «the Group») for the year ended 31 December 2011, prepared in accordance with International Financial Reporting Standards («IFRS») as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated income statement, statement of changes in equity and cash flow for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of € 2,402.9 million and the consolidated income statement shows a loss for the year, attributable to the Group, of € 57.4 million.

Responsibility of the Board of Directors for the preparation and fair presentation of the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Joint Auditors

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements, and the auditing standards applicable in Belgium, as issued by the Institute of Registered Auditors («Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren «) and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. We have evaluated the appropriateness of accounting policies used, the reasonableness of significant accounting estimates made by the Group and the presentation of the consolidated financial statements, taken as a whole. Finally, we have obtained from the Board of Directors and the Group's officials the explanations and information necessary for executing our audit procedures. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2011 give a true and fair view of the Group's financial position as at 31 December 2011 and of the results of its operations and its cash flows in accordance with IFRS as adopted for use by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Without qualifying our opinion expressed above, we draw the attention to Note 8.27 to the consolidated financial statements regarding the decision of 25 January 2012 taken by the European Commission on aid received by bpost from the Belgian State over the period 1992-2010. The European Commission did not open a formal investigation procedure for the period after 2010. Therefore bpost did not record a provision in its 2011 consolidated financial statements since the outcome of such a potential formal investigation by the European Commission is currently uncertain and the amount of the obligation, if any, cannot be measured with sufficient reliability.

Additional comments

The preparation and the assessment of the information that should be included in the annual report on the consolidated financial statements are the responsibility of the Board of Directors.

Our responsibility is to include in our report the following additional comments and information, which do not modify the scope of our opinion on the consolidated financial statements:

- The annual report on the consolidated financial statements deals with the information required by law and is consistent with the consolidated financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the entities included in the consolidation are facing, and on their situation, their foreseeable evolution or the significant influence of certain facts on their future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate.

Brussels, 5 June 2012

The Joint Auditors

Ernst & Young Bedrijfsrevisoren BCVBA
Represented by

PVMD Bedrijfsrevisoren BCVBA
Represented by

Eric Golenvaux
Partner

Lieven Delva
Partner

GRI table: identification of reported parameters

1. Strategy and Analysis

		Reporting status	Pages/Remarks
1.1	Statement of the CEO	Full	Message to our stakeholders – p.2
1.2	Key impacts, risks and opportunities	Full	Financial statements – p.57 Our commitment to the environment – p.41

2. Organizational profile

		Reporting status	Pages/Remarks
2.1	Name of the organization	Full	Financial statements – p.57
2.2	Primary brands products and/or services	Full	Financial statements – p.57 Products and solutions – p.16
2.3	Operational structure	Full	Financial statements – p.57 Products and solutions – p.16
2.4	Location of organization's headquarters	Full	Financial statements – p.57
2.5	Number of countries where the organization operates	Full	Financial statements – p.57
2.6	Nature of ownership and legal form	Full	Financial statements – p.57
2.7	Markets	Full	Financial statements – p.57 Products and solutions – p.16
2.8	Scale of reporting organization	Full	Financial statements – p.57
2.9	Significant changes during the reporting period regarding size, structure, or ownership	Full	N/A No significant changes occurred during the reporting period
2.10	Awards	Full	Our commitment to the environment – p.41

3. Report parameters

		Reporting status	Pages/Remarks
3.1	Reporting period	Full	Annual report 2011 – 1/1/2011 to 12/31/2011
3.2	Date of most recent previous report	Full	April 20th 2011 (annual report 2010)
3.3	Reporting cycle	Full	Annual
3.4	Contact point	Full	p.132
3.5	Process for defining report content	Partial	bpost's corporate social responsibility – p.32 Today, bpost identifies materiality based on the impact of its activity on environment, its people and on society. Materiality and the topics are validated by the CSR committee. bpost has no stakeholders dialogue process related to CSR.
3.6	Boundary of the report	Full	About this report – p.1
3.7	Any specific limitations on the scope of boundary of the report	Full	About this report – p.1
3.8	Basis for reporting on joint ventures, subsidiaries…	Full	Financial statements – p.57
3.9	Data measurement techniques and the bases of calculation	Full	Quantitative CSR indicators – p.44
3.10	Explanation of the effect of any re-statements of information	Full	N/A No changes occurred during the reporting period
3.11	Significant changes in the scope, boundary or measurement methods used in the report	Full	Quantitative CSR indicators – p.44
3.12	GRI table	Full	p.127
3.13	Policy and current practice with regard to seeking external assurance for the report.	Full	Financial statements – p.125 – external assurance for the financial statements

		Reporting status	Pages/Remarks

4. Governance, Commitments and Engagement

4.1	Governance structure	Full	Corporate governance – p.47
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Full	Corporate governance – p.47 Statutes of the company – www.bpost.be
4.3	Number and gender of members of the highest governance body that are independent and/or non-executive members	Full	Corporate governance – p.47 Statutes of the company – www.bpost.be
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Full	Corporate governance – p.47 Our workforce : our biggest asset – p.36 Relations with our stakeholders – p.34
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives and the organization's performance	Full	Corporate governance – p.47
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Full	Corporate governance – p.47
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity	Full	Corporate governance – p.47
4.8	Internally developed statements of mission or values, codes of conduct	Full	Our mission – p.1 Our workforce : our biggest asset – p.36
4.9	Procedures for overseeing the organization's identification and management of performance	Full	Corporate governance – p.47
4.10	Processes for evaluating the highest governance body's own performance	Full	Corporate governance – p.47
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	Full	bpost's corporate social responsibility – p.32
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	Full	A multichannel sales network – p.22 Our commitment to the environment – p.41
4.13	Memberships in associations and/or national/international advocacy organizations	Full	Our commitment to society – p.39
4.14	List of stakeholder groups	Full	bpost's corporate social responsibility – p.32
4.15	Basis for identification and selection of stakeholders with whom to engage	Full	bpost's corporate social responsibility – p.32
4.16	Approaches to stakeholder engagement	Full	bpost's corporate social responsibility – p.32
4.17	Key topics and concerns that have been raised through stakeholder engagement	Full	Customer satisfaction: our top priority – p.26

Performance indicators

Economic Performance Indicators

EC	Disclosure on management approach	Full	Financial statements – p.57
EC1	Direct economic value	Full	Financial statements – p.57 Note : bpost has no legal obligation to respond to norm IAS 14
EC4	Significant financial assistance received from government	Full	4th Management Contract – (Royal Decree of 12/13/2005 - Belgian Gazette 12/20/2005) www.bpost.be

Environmental Performance Indicators

EN	Disclosure on management approach	Full	Our commitment to the environment – p.41
EN1	Materials used by weight or volume	Partial	Quantitative CSR indicators – p.44
EN3	Direct energy consumption	Full	Quantitative CSR indicators – p.44
EN4	Indirect energy consumption	Full	Quantitative CSR indicators – p.44

		Reporting status	Pages/Remarks
EN5	Energy saved due to conservation and efficiency improvements	Full	Our commitment to the environment – p.41
EN7	Initiatives to reduce indirect energy consumption	Full	Our commitment to the environment – p.41
EN16	Total direct and indirect greenhouse gas emissions	Full	Our commitment to the environment – p.41
EN18	Initiatives to reduce greenhouse gas emissions	Full	Our commitment to the environment – p.41
EN22	Total weight of waste by type and disposal method	Full	Quantitative CSR indicators – p.44
EN26	Initiatives to mitigate environmental impacts of products and services	Full	Our commitment to the environment – p.41
Social Performance Indicators			
LA	Disclosure on management approach	Full	Our workforce : our biggest asset – p.36
LA1	Total workforce by employment type, employment contract, and region	Full	Quantitative CSR indicators – p.44
LA2	Employee turnover	Full	Quantitative CSR indicators – p.44
LA4	Percentage of salaried employees covered by collective bargaining agreements	Full	Our workforce : our biggest asset – p.36
LA5	Minimum notice period(s) regarding operational changes	Full	Our workforce : our biggest asset – p.36 Principles of negotiation and dialogue are set in union status. Reorganization files have to be transmitted to union representatives within 10 working days before staff representatives consultation
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region	Full	Quantitative CSR indicators – p.44
LA10	Average hours of training per year per employee by gender, and by employee category	Partial	Quantitative CSR indicators – p.44
LA11	Programs for skills management and lifelong learning	Full	Our workforce : our biggest asset – p.36
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Partial	Quantitative CSR indicators – p.44 Our workforce : our biggest asset – p.36
Human Rights Performance Indicators			
HR	Disclosure on management approach	Full	Our commitment to the environment – p.41
HR6	Child labor	Full	Our commitment to the environment – Influencing our suppliers at the source – p.41
HR7	Forced or compulsory labor	Full	Our commitment to the environment – Influencing our suppliers at the source – p.41
Society Performance Indicators			
SO	Disclosure on management approach	Full	Our commitment to society – p.39
SO1	Local community engagement, impact assessments, and development programs	Full	Our commitment to society – p.39 Note : bpost has not developed assessment processes
Product Responsibility Performance Indicators			
PR	Disclosure on management approach	Full	Customer satisfaction: our top priority – p.26
PR5	Practices related to customer satisfaction	Full	Customer satisfaction: our top priority – p.26
Logistics and Transport Indicators			
LT2	Composition of the fleet	Full	Our commitment to the environment – p.41
LT8	Environmental impact of buildings	Partial	Our commitment to the environment – p.41

Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **bpost** has presented its report "Annual Report 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 24 May 2012

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

B
GRI REPORT
GRI CHECKED

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

***Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 3 May 2012. GRI explicitly excludes the statement being applied to any later changes to such material.*

bpost glossary

Administrative mail : invoices, account statements, payslips.

Auxiliary mail carrier: new position within the framework of the Mail network organization model.

Belex: system introduced in 2002 for measuring mail delivery quality in accordance with the European standards and conducted by an external body.

BIZ (bpost business): commercial division of bpost that manages all commercial relations with large customers, the self-employed and small businesses.

BPI (bpost international): commercial division of bpost that manages the mail items of large foreign operators as well as the mail items of international businesses that send letters and parcels to or from Belgium.

Daily mail: daily mail franked using stamps.

Direct Mail: addressed advertising sent through the mail.

Document management: solutions based on traditional paper, parcels and/or electronic technology, such as the scanning and printing of documents (invoices, bank statements and payslips) or electronic invoicing.

eShop: bpost's online shop open 24/7, which sells over 200 postal products.

Green Post: bpost program covering all energy and environmental aspects as well as the development of 'green' solutions and products for our customers.

Mail Service Operations (MSO): is bpost's operational department that handles the collection, possible franking, sorting, transport and delivery of letters, printed matter, newspapers, magazines, unaddressed mailings and parcels. MSO also offers limited financial services at home, such as pension payments, deposit forms acceptance and the withdrawal of small amounts from a postal bank account. Furthermore, MSO delivers logistics services to internal and external customers through their Supply Chain division.

Management Contract: an agreement between the Belgian state and the public company stating the public service tasks and the arrangements on how they are carried out.

Post office: point of sale managed by bpost staff that sells postal (such as stamps, parcels and registered mail) and financial products and services (BPO, Western Union).

Post Point: point of sale located in a supermarket, a local retail establishment (such as a bookshop or a mini-market), a town hall or similar selling standard bpost products and services.

Postal directive (third): Directive 2008/6 of the European Parliament and the European Council, adopted on 20 February 2008, which sets the framework for the full opening of the postal market to competition across the entire territory of the European Union.

Public service tasks: tasks assigned to a company by the legislator on the basis of an agreement. These tasks are services of general (economic) interest and include services for citizens, the community and the government.

Residential market and maSS channels (RSS): commercial division of bpost that markets to residential customers through the management and development of 'mass channels' (post offices, Post Points, eShop, stamp shops, Contact Center).

Sorting center: industrial site where mail items are sorted mechanically or manually; bpost has five sorting centers: Charleroi X, Antwerp X, Ghent X, Brussels X, Liege X.

Stamp shop: retail establishment (such as a bookshop, supermarket or service station) selling regular postage stamps for domestic use.

Unaddressed mail items: mail items that do not bear an address and are delivered to every address.

Universal service: collection and home delivery of letters and parcels five days a week throughout the territory of Belgium at a controlled quality level and price; bpost is the designated universal service provider until 31 December 2018.

financial glossary

B/S: Balance Sheet, also called 'statement of financial position'

Capex: total amount invested in fixed assets

Cash Flow: statement showing a company's receipts (cash inflows) and expenses (cash outflows), instead of the revenue and cost of a given period.

Dividend per share: total dividends paid out over an entire year (including interim dividends but not including special dividends) divided by the number of outstanding ordinary shares issued

EAT or Profit for the year: Earnings After Taxes

EBIT: Earnings Before Interests and Taxes

EBITDA: Earnings Before Interests, Taxes, Depreciation and Amortization

EBIT margin: profitability measure equal to Earnings Before Interests and Taxes divided by the net sales

Equity: sum of Capital, Reserves, Retained Earnings and non-controlling interests

FTE: Full Time Equivalent. Average calculation of full-time and part-time employees on a full-time equivalent basis

Non-controlling interest: the equity in a subsidiary not attributable, directly or indirectly, to a parent

Normalized EBITDA/EBIT/EAT: EBITDA/EBIT/EAT excluding the non-recurring items

Operating Expense: sum of all noninterest related expense, composed of material costs, services and other goods, payroll costs, other operating expense, depreciation and amortization. Operating expenses exclude income tax expenses.

Operating Free Cash Flow (FCF): cash flow from operating activities + cash flow for investing activity

Operating Income: sum of all noninterest related income, composed of turnover and other operating income, such as revenue from disposal of assets, insurance retributions, subsidies received, …

P&L: Profit & Loss statement, in the US referred to as 'income statement' Share of profit of associates: pro rata incorporation of the result of subsidiaries in which bpost does not have a majority shareholding

Total comprehensive income: the change in equity during a period resulting from transactions and other events, other than those changes resulting from transactions with owners in their capacity as owners. It comprises all components of "profit or loss" and of "other comprehensive income".

Turnover: total of the company's sales less discounts

contacts

bpost
Centre Monnaie - Muntcentrum
1000 BRUSSELS
www.bpost.be

Management :
tel. +32 2 276 22 10

Press Relations :
tel. +32 2 276 21 84
press.relations@bpost.be

Public Affairs :
tel. +32 2 276 29 41
public.affairs@bpost.be

HR-Contact Center :
tel. 0800 222 47
hrcc@bpost.be

bpost
BP 5000
1000 BRUSSELS

Customer Service :
tel. +32 22 012345
serviceclients@bpost.be

bpost international
E.M.C Gebouw 829 C
1931 ZAVENTEM - BRUCARGO
tel. +32 2 276 25 00
www.bpostinternational.com

certipost
Ninovesteenweg, 196
9320 EREMBODEGEM
tel. +32 53 60 11 11
www.certipost.be

eXbo
Quai de Willebroek /
Willebroekkaai, 22
1000 BRUSSELS
tel. +32 2 276 32 00
www.exbo.be

speos
Rue Bollinckxstraat, 24-32
1070 BRUSSELS
tel. +32 2 558 02 00
www.speos.be

deltamedia
Neerhonderd, 46
9230 WETTEREN
tel. +32 9 365 64 20
www.deltamedia.be

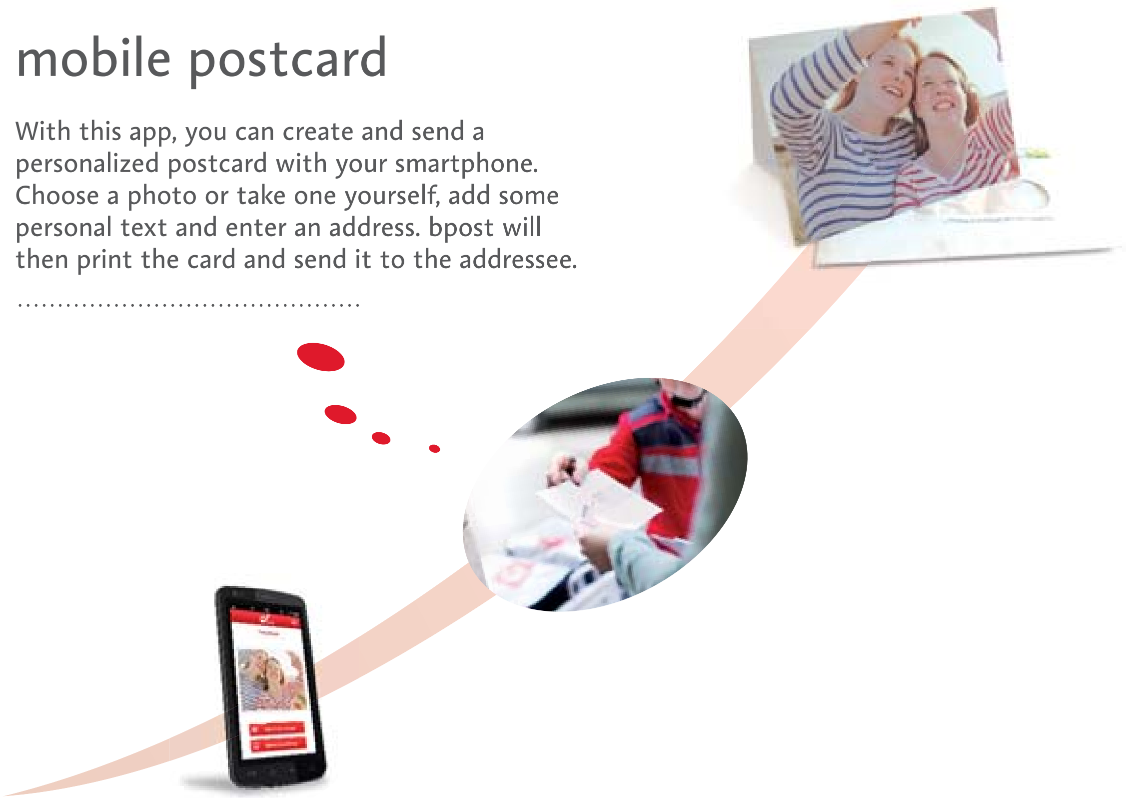
Euro-Sprinters®
Artur De Coninckstraat, 2-4
3070 KORTENBERG
tel. +32 70 233 533
www.eurosprinters.com

Customer Service
Tel. +32 22 012345
serviceclients@bpost.be

Editor-in-chief : Piet Van Speybroeck - Centre Monnaie-Muntcentrum - 1000 Brussels
Concept, content and coordination : Piet Van Speybroeck and Eric Halloy
Design and production : www.comfi.be
Printing : JCBGAM

mobile postcard

With this app, you can create and send a personalized postcard with your smartphone. Choose a photo or take one yourself, add some personal text and enter an address. bpost will then print the card and send it to the addressee.



www.bpost.be