

DE POST-LA POSTE ANNUAL REPORT 2007

# STRONGER AND FURTHER



2007

# KEY FIGURES

MILLIONS EUR FOR THE YEAR ENDED 31 DECEMBER

## P&L and B/S key figures

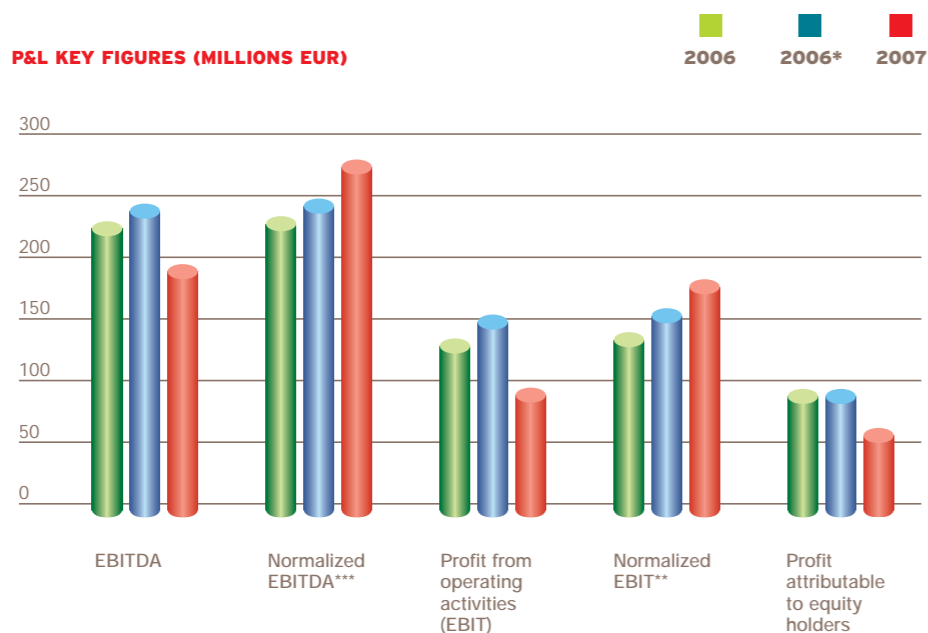
	2007	2006*	2006
Operating Income	2,276.4	2,230.5	2,230.5
Payroll costs	(1,420.2)	(1,400.4)	(1,414.9)
Other operating costs	(759.8)	(674.7)	(679.6)
Profit from operating activities (EBIT)	96.4	155.3	135.9
Normalized EBIT**	182.7	160.0	140.7
Profit attributable to equity holders	64.8	96.0	96.0

Equity	2007	2006*	2006
	805.7	799.2	799.2

## Other key figures

	2007	2006*	2006
EBITDA	195.1	242.7	228.9
Normalized EBITDA***	277.7	247.4	233.7
Operating cash flow	136.3	79.3	87.6
Dividend per share	148.4	103.5	103.5
Number of employees (headcount at year end)	37,526	39,311	39,311
Number of employees (FTE at year end)	32,571	34,742	34,742

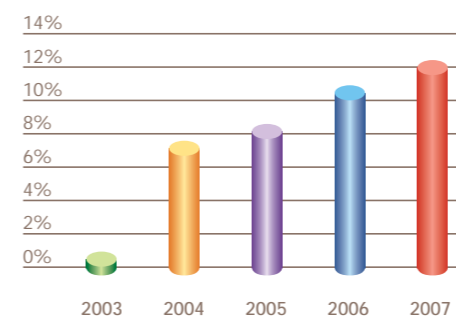
P&L KEY FIGURES (MILLIONS EUR)



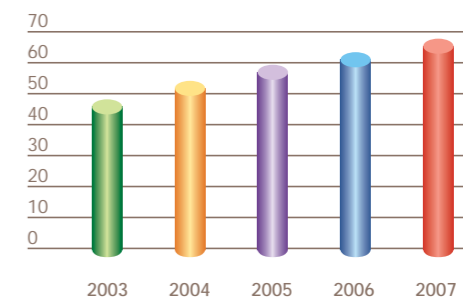
2003 - 2007

# FIVE YEARS OF CHANGE

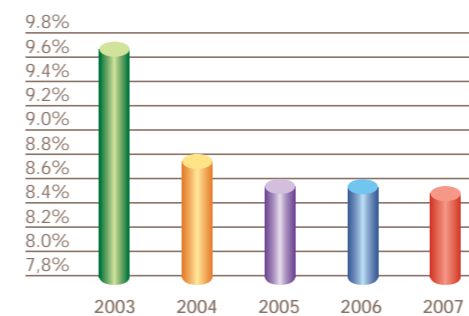
NORMALIZED EBITDA MARGIN \*



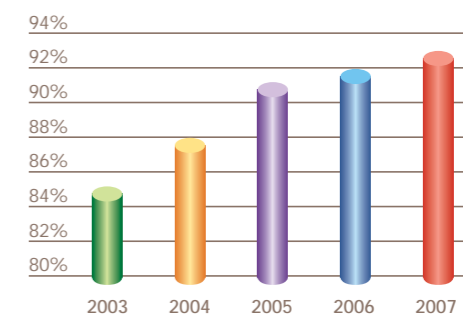
REVENUE PER FULL TIME EQUIVALENT (THOUSANDS EUR)



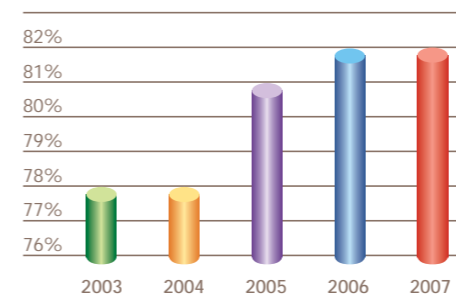
ABSENTEEISM



NEXT-DAY DELIVERY QUALITY



CUSTOMER SATISFACTION



(\*The figures in the financial statements for the year 2006 were adapted to ensure comparability in presentation (see note 8)

(\*\*) Normalized EBIT : EBIT minus non-recurring items

(\*\*\*) Normalized EBITDA : EBITDA minus non-recurring items

\* 2003 and 2004 EBITDA and revenue per FTE are based on Belgian GAAP figures; 2005, 2006 and 2007 ones are based on IFRS figures

DE POST - LA POSTE

## OUR MISSION

We aspire to be the trusted leader in postal solutions for physical and secure electronic delivery and value for money financial services.

We are passionate people and simple processes make the difference in serving our customers and our communities.

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# WITH DETERMINATION





FOREWORD BY MARTINE DUREZ, CHAIRWOMAN OF THE BOARD OF DIRECTORS

## ON SCHEDULE

The combined efforts of all employees have enabled De Post-La Poste to again generate good results in 2007. On behalf of the Board of Directors I would like to thank Johnny Thijs and all De Post-La Poste employees.

These good results mean that consolidated turnover of De Post-La Poste was 2,276.4 million euros, a rise of 2% versus 2006. Excluding the impact of the sale of the French subsidiary Asterion (sold in September 2007), this rise is actually 3.2%.

The rise in turnover was primarily driven by major sales efforts, limiting the fall in volumes in 2007 to 0.1%.

Consolidated profitability also rose in 2007. EBITDA was 195.1 million euros. This would appear to represent a fall versus 2006, but in fact it represents a rise of 12.2% compared with the year-ago figure if the non-recurring costs in 2007 are not taken into account, especially 67.2 million euros for the collective agreement (2007-2008) concluded at the beginning of 2007. The consolidated net profit after taxes was 64.8 million euros.

These good results are satisfying for all stakeholders :

- Customers, who are seeing the health of De Post-La Poste, the provider of a quality universal service, further improve;
- Employees, who have invested exceptional efforts in recent years to transform their company;

- Shareholders, who have shown their confidence in the Group.

Everyone must continue to invest efforts ahead of the liberalization of the European postal sector in 2011, which is crucial if De Post-La Poste is to successfully implement all the necessary changes on schedule, in constant dialogue with the unions, and ensure that its services are always close to its customers.

It is essential that a modernized De Post-La Poste is able to face competitors in the balanced regulatory environment. This means that the Belgian authorities must, as the new postal directive empowers them to do, impose a number of minimum obligations on all operators pertaining to geographical coverage, delivery frequency and working conditions. Were these minimum obligations not to be imposed, De Post-La Poste would face an insurmountable structural handicap. In this context, the funding of a high-quality universal service is another vital matter for De Post-La Poste and for citizens.

If these conditions of a true "level playing field" are met and given the commitment of all employees, De Post-La Poste will be able to preserve its model of corporate responsibility, based on respect and trust. A balanced regulatory environment is essential if De Post-La Poste is to continue to assume its social role and serve each and every one of its customers. This is a critical matter for De Post-La Poste and we will give it our full attention in 2008.

**Martine Durez**



FOREWORD BY JOHNNY THIJS, CEO

## STRONGER AND FURTHER

De Post-La Poste continued to improve its health in 2007. Sales and operational profit rose, and we managed to get another large batch of change projects on the rails. Our goals were achieved and sometimes even exceeded. 2007 was a good year for the Group and I warmly thank all employees for their efforts. I would also like to thank our Chairwoman Martine Durez and her colleagues on the Board of Directors for their constructive cooperation.

The advancements in 2007 are the consequence of major efforts De Post-La Poste has been investing for five years now. In comparison to 2003, the group has improved at every level. In this time, for instance, normalized EBITDA has multiplied elevenfold, normalized revenues have risen by more than 13% and next-day delivery quality has improved from 85% to 92.6%, while revenue per FTE has gone up by 39%. These figures demonstrate that the often-difficult changes are paying dividends. Change is working!

Our job is not yet done however. Our Strategic Five-year Plan was updated in 2007 to ensure that we'll be completely ready for the 'big date' in 2011, the liberalization of the market. We have to become even stronger to stay ahead of the competitors we'll face tomorrow. And we have to continue to work on change and improvement.

Our future depends entirely on our capacity to drive down costs further, and on the trust our

customers have in us. In a totally liberalized market our future stands or falls on loyal customers. Only satisfied customers will remain loyal. Which is why we've intentionally placed the quality bar so high: 95% for next-day delivery, drastic reductions in waiting times at our points of sale and swift responses to customer questions and complaints.

The changes that are meant to cut costs remain high on our list of priorities. The transformation of the retail network should be finished in mid 2009. In the mail organization, in the five years from 2008 we'll be rationalizing our network of delivery offices, re-organizing it from 500 to 150. Some mail delivery duties will be performed by "mail deliverers", part-time contractual employees.

Lower costs and higher quality are expected to enable us to provide good value-for-money and so remain competitive. On the other hand, we are also investing efforts in new growth. There are some interesting growth opportunities to be exploited. I'm especially thinking about international markets, parcels and express, document management and direct mail. We have elaborated a specific voluntaristic strategy for all these fields.

Quality, customer satisfaction, value-for-money, growth and employee motivation: these are critical success factors. We will obviously continue to work on them.

**Johnny Thijs**



JOZEF, 78 YEARS

## 01 "WHY HAS DE POST-LA POSTE CHANGED SO MUCH IN RECENT YEARS?"

In 2002 De Post-La Poste undertook a huge program to modernize every part of its business. This was an absolute necessity as we were faced with a situation that had the potential to threaten the very existence of our company, due not only to alarming financial losses in 2002 and 2003, but also to increasing competition, the development of electronic communication tools, the annual 2-3% fall in mail volumes and the loss-making post office network, which was unable to meet the needs of customers.

But that was not all, because the quality of Prior mail delivery was low, customer and employee satisfaction were both below average and absenteeism was verging on 10%.

Over the past three years many major investments have been made to modernize our infrastructure, such as the new sorting centers, our operational processes and how we organize our work. Every field of activity, every employee of De Post-La Poste, has been involved in these changes. Examples of change projects are the transformation of the post office network, the optimization of the red post box network and the reorganization of mail collection and delivery. Their purpose is to prepare us for the future and the many challenges we face every single day.

The partnership with the Post Danmark/CVC consortium sealed in 2006 has enabled us to continue to strengthen our position and invest more resources and expertise in our modernization. An external partner willing to share its expertise with us was essential. Our duties and the fundamental role we play in society, however, have remained the same throughout.

All the changes have been made and shall continue to be made in a socially responsible way, in dialogue with the unions.

More than ever, customers are at the heart of our thinking. Their loyalty is the key to the future development of De Post-La Poste in an increasingly competitive environment. We must accordingly constantly be on the lookout for ways of giving them better value-for-money. To do that, we have had to radically transform how we work. We started several years ago and the process will continue going forward.



ARLETTE, 53 YEARS

## 02 "WHAT HAS CHANGED SINCE 2003?"

A great deal has changed at De Post-La Poste. Our core business, mail, and the postal points of sale have experienced the most striking transformations. But changes have been introduced at each department.

### THE MODERNIZATION OF OUR LOGISTICS CHAIN

In recent years, the organization of mail, our core business, has experienced major changes, on the back of investments in new sorting infrastructure.

Since 2007 De Post-La Poste has five state-of-the-art sorting centers, together representing the biggest investment we have ever made. The centers are the result of an unavoidable need to modernize our logistics chain to safeguard our competitiveness. They allow us to improve the performance of our logistics chain and gain a competitive edge. These sorting centers place De Post-La Poste in the leading group of European operators in terms of technology.

The sorting centers play an essential role in the fast and appropriate handling of some 10 million items that De Post-La Poste is entrusted with daily. Over the next few years these centers will have an impact on the entire mail chain, from collection to delivery.

### MULTICHANNELING

The accessibility of De Post-La Poste's products and services through various retail channels is getting a lot of attention. Since 2005 De Post-La Poste has been committed to an integrated multichannel approach. The post office was once the sole outlet for De Post-La Poste products and services. We wanted to give customers the opportunity to access us when it suits them. We believe in a strategy combining several sales channels, such as post offices, PostPoints, partner stores selling stamps, our online eShop and... our mailpersons.

At the same time, we are investing in work tools for our employees. All post offices have been equipped with PostStation for a few years now, for instance. This computer system provides access to all types of information on our products and services as well as conveniently registering all transactions. In 2006 we also launched a program to refurbish post offices. The purpose of the STORE program is to guarantee an optimal working environment for staff, and a welcoming, contemporary retail environment for customers.



DIRK, 46 YEARS

## 03 "WHAT IMPROVEMENTS HAVE THE CHANGES BROUGHT?"

Several key indicators show that De Post-La Poste's modernization projects over the past half a decade are already starting to pay dividends. In comparison to 2003, operational profit (normalized EBITDA) has multiplied elevenfold, normalized revenues have risen by more than 13% and next-day delivery quality has improved from 85% to 92.6%, while revenue per FTE has gone up by 39%.

	2003	2004	2005	2006	2007
Normalized EBITDA margin*	1.1%	7.7%	8.7%	11.0%	12.5%
Absenteeism	9.7%	8.8%	8.6%	8.6%	8.5%
Next-day delivery quality	85%	88%	91%	92%	92.6%
Revenue per FTE* (in thousands euros)	48.7	53.9	59.0	63.6	67.5
Customer satisfaction	78%	78%	81%	82%	82%

### IMPROVED EFFICIENCY

The changes undertaken in 2002 have significantly boosted the efficiency, productivity and so profitability of the company. Many projects have contributed to this, the reorganization of deliveries and new sorting centers to name but two.

### GREAT ACCESSIBILITY

The development of the PostPoint network means that outlets selling basic postal products are open 20% longer now. This accessibility will continue to increase over the next few months as we roll out more and more PostPoints.

Alongside the post offices and the PostPoints, we have strengthened other retail channels. By the end of 2007 we had more than 5,000 points of sale where our customers could purchase stamps. That is 1,000 more than in 2006.

De Post-La Poste wishes to reinforce the success of Western Union and become the product's undisputed leader on the Belgian market. So from 2008 Western Union will be available in all post offices.

De Post-La Poste's online eShop has proven itself as a worthwhile retail channel for basic postal products. Its range of 150-plus products attracted 46,000 customers in 2007, generating turnover of 6.750 million euros (+45% compared with 2006 !).

Even after the reorganization of the red post box network, which is now complete, De Post-La Poste continues to have one of the highest concentrations of boxes, per km<sup>2</sup>, in Europe. There are fewer boxes, but they are easier to reach and the last collection is later. In 2007 more than 2,000 boxes were emptied between five and seven in the evening, while almost 400 boxes were emptied between seven and nine, 56% more boxes than in 2005.

\* 2003 and 2004 EBITDA and revenue per FTE are based on Belgian GAAP figures; 2005, 2006 and 2007 ones are based on IFRS figures



BRANDON, 21 YEARS

## 04 "WILL CHANGE REMAIN A PRIORITY UNTIL 2011?"

De Post-La Poste cannot rest on its laurels just yet. On 1 January 2011 we will find ourselves on a totally liberalized market. In anticipation, in 2007 we updated our Strategic Plan (2008-2010). The many efforts already invested have made us leaner, but we still have work to do. Over the next few years we will work to cut costs, strengthen customer confidence, constantly assure quality, safeguard value-for-money and achieve new growth.

So change will not come to a halt in 2008. On the contrary, we have projects readied that will offer customers products and services that meet their needs in full. We'll launch a new parcels and express range, with various innovations and improvements. And Kilopost and Taxipost will achieve synergies by merging within De Post-La Poste. New initiatives are also in store to give new élan to our bank, BPO.

On the other hand, we will continue to drive down costs. The transformation of the retail network will be complete by mid 2009. Crucially, the project does not make the postal point of service any less local: the total opening hours of the postal outlets will actually be 23% higher in 2009 compared with 2006.

The mail delivery activities will also undergo change. Our new sorting center technologies enable us to immediately sort mail into individual rounds. We began implementing this in 2007 and the task will be continued in 2008. Further down the line we will refine the system to sort mail by building.

The network of 500 delivery offices will gradually be re-organized to 150 operational platforms. A large number of short mail rounds will be introduced, performed by "mail deliverers".

New products, lower costs and ever better service improve customer satisfaction. Next-day delivery quality also improved in 2007 (to 92.6%) and we continue to target 95%. The scan systems will be rolled out universally for parcels and registered mail, while question and complaints handling is also being constantly refined. In 2009 the post offices must serve at least 80% of customers within five minutes.

Last but not least, we are always looking to identify new growth opportunities. Some are expected in direct mail and document management, and in the international markets, where De Post-La Poste has doubled its turnover in the past five years. It is no coincidence that Belgian Post International's director was given a seat on the Group's Management Committee in 2007.

CLAUDE - MAIL

# IN THE LEAD





JOHAN, 31 YEARS

## 05 "WHAT IS DE POST-LA POSTE DOING TO BOOST SALES?"

Some of De Post-La Poste's change programs are fuelled by the necessity of reducing costs. But De Post-La Poste is also implementing a dynamic sales strategy, which is paying dividends. Our initiatives enable us to improve our revenues by marketing new products and services, capturing back customers in liberalized markets and capitalizing on niches of growth. In 2007, our revenues increased in addressed DM (+ 4%), parcels (+3.8%), international mail (+8.3%), newspaper delivery (+3.5%) and hybrid solutions through our subsidiaries (+11.8%).

Addressed direct mail is a targeted medium that advertizers can personalize to make it more effective and efficient. De Post-La Poste is developing a string of innovative competitive products that make life easier for businesses and help them quickly generate professional-looking addressed DM to their customers. One of them is Click & Post, which can be used to design and print a mailing and have it sent to addressees in less than 48 hours, all from a simple PC.

In early 2008 the parcels product range is set to be reoriented to the needs of the market and of the consumers and consolidated under the Taxipost brand. Both domestic and international products will be included.

De Post-La Poste is also investing efforts to strengthen its presence in document management, following in the successful footsteps of the subsidiaries. eXbo, which primarily works in document flow outsourcing, experienced a 12% hike in income in 2007, generating record operating profits. Income at Speos, the document printing specialist, actually grew a full 20%. Belgium's National Institute for Health and Disability Insurance uses Speos's services for the production and delivery of doctor's receipt books and recently praised the quality of the service.

By the end of 2007 the customer portfolio at Certipost, which markets secure e-communication products, comprised 400,000 residents and 28,000 corporates.

Nothing is quite that straightforward in a competitive environment however. In 2007 we launched a pilot PublIPack project, aimed at improving market share in the very important unaddressed mail market. The project was initially popular with large customers but an ensuing price war put huge pressure on margins. In response, we decided to drop the project to protect our profitability. Our mailpersons will nevertheless continue to deliver unaddressed mail as part of the Distripost service.



BAI LING, 37 YEARS

## 06 "WHAT IS DE POST-LA POSTE DOING TO IMPROVE CUSTOMER SATISFACTION?"

According to our analyses, customer satisfaction is based mainly on three aspects: correct, on-time mail delivery, the accessibility of postal products and services, and the efficiency with which questions and complaints are handled.

### MAIL DELIVERY

79% of next-day mail items were delivered on time in 2002. The many changes rolled out in recent years boosted that figure to 92.6% in 2007. That means the 95% target set in the management contract is well on the way to being achieved.

In addition, direct mail items, totalling some 700 million a year, are now delivered within two days, rather than the previous four. The same halving of the delivery applies to parcels and a further reduction down to one day is expected in the course of 2008. The tracking of parcels will be made possible by the use of a barcode system.

### OUTLET NETWORK

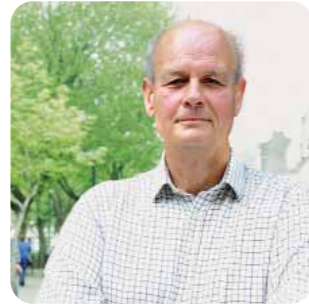
Clearly, queues have an impact on our public image and how our customers view our services. In response, we launched the Waiting Queues project to install a ticket system in the 180 most visited post offices.

The system has certainly improved things. In 2007 almost 70% of customers at these post offices were served within five minutes. Our target by the end of 2008 is 80%.

Welcome and service quality at our post offices is regularly evaluated by mystery shoppers, whose findings help us identify where we need to improve further.

### EFFICIENT HANDLING OF QUESTIONS AND COMPLAINTS

This has been given priority status at De Post-La Poste in recent years. The single phone number (022.012345) went live in 2005. As our organization has evolved, so too have the questions and concerns of our customers. We do our utmost to provide the answers and explanations customers are entitled to. We address this further in the next question.



WILLIAM, 64 YEARS

07

## "HOW DOES DE POST-LA POSTE RESPOND TO THE CONCERNS OF ITS CUSTOMERS?"

Bearing in mind the major changes and restructuring at De Post-La Poste (closure of post offices, removal or relocation of post boxes, changes to mail rounds), it is only natural that our customers have more questions about impacts and may express also concerns.

### BETTER RESPONSE

Customer satisfaction is a critical success factor for the future of De Post-La Poste. In response, over the past couple of years we've rolled out a wide range of customer contact possibilities, including a one-stop helpline (022.012345) and the website.

From May 2006, every complaint made to De Post-La Poste is registered, acknowledged in writing and given a unique reference, which helps customers monitor progress.

Our customer service center now accommodates more than 140 operators. Their job is to efficiently and professionally respond to the incoming questions and complaints of customers. The service is increasingly successful, fielding almost 4,500 calls every day, nearly 1,500 up on the 2006 figure. Information requests constitute 85% of calls, complaints 15%.

We have also put together a team specialized in dealing with complaints with respect to the delivery of newspapers and magazines.

We expect to improve and increase the call center's capacity, procedures and toolbox in 2008.

Despite the growing number of received calls, customer satisfaction has generally improved over the past five years, from 78% to 82%. We are targeting 90% in the long run.

### BETTER INFORMATION

We rolled out a huge image campaign in 2007 to reaffirm the commitment of De Post-La Poste and its employees to serving customers every single day. Who else than De Post-La Poste guarantees a high-quality postal service throughout the country for every single inhabitant.



LOU, 27 YEARS

08

## "POST OFFICES ARE CLOSING AND POSTPOINTS OPENING. HOW DOES THE RETAIL FUTURE LOOK?"

De Post-La Poste is continually reviewing how it interacts with customers to adapt to their needs and behavior. If our customers are to have continued convenient access to our products and services, we need to ensure that our retail network is in a good financial state. Our focus is on achieving this by 2009.

### POST OFFICE, POSTPOINT: HIGHLY COMPLEMENTARY SERVICES

The transformation of our retail network took on a major new form in 2007. The most significant change was the closure of post offices, which were replaced by PostPoints. The year saw 255 new PostPoints open, bringing the total number to 350 by the end of 2007. PostPoints are convenient, with longer opening times and a wide range of basic postal products and services, from postage stamps and franking advice, to deposit and collection of parcels and registered mail. Customers can also pay bills (with structured reference) of up to 300 euros. PostPoints offer more than 90% of the products and services most frequently asked for at a post office. In the course of 2008 all PostPoints are to be equipped with a deposit box for BPO customer transfers.

More than 50% of PostPoint franchises have been awarded to local independent retailers. This choice underscores once again how important it is to De Post-La Poste that PostPoints are in the heart of local communities.

At the same time we have continued our program of closing post offices: 251 went in 2007. In accordance with our commitment, these closures were delayed until a PostPoint had been opened in the neighborhood. This also gives customers time to become familiar with the new point of sale model.

In 2007 we opened new post offices in ten rural municipalities in Belgium that had been without a postal point of sale.

Our retail network will enter a new phase in 2008 with the closure of 300 post offices and the opening of 270 new PostPoints. By 2009 we expect to have a network of 1,300 points of sale, equally divided between post offices and PostPoints.



HANNA, 81 YEARS

## 09 "WHAT ROLE WILL THE MAILPERSON HAVE IN THE FUTURE?"

As Belgium's universal service provider, De Post-La Poste has important social duties. We will do our utmost to ensure that we continue to remain steadfast to our vital social function and guarantee the delivery of mail to every household throughout the country, five days a week.

To meet the double challenge of greater competition and lower mail volumes, De Post-La Poste must regularly review how it organizes the work of its mailpersons. Better known by the name Georoute, the reorganization of mail delivery is expected to improve the operational efficiency of our services, boost delivery quality and generate a fairer spread of the workload.

Georoute III will be gradually introduced in the field of mail delivery in 2008, and we will gradually reorganize Mail further. The 500 delivery centers will be re-organized to 150, while some mail will be delivered by part-time contractual employees known as mail deliverers.

As the final link in the mail chain, mailpersons will continue to be our "ambassadors". We feel that, despite changes to their job, mailpersons should continue to play a social role vis-à-vis our customers. In 2008 we revive the SVP Facteur campaign, specifically for less mobile people who want to access basic postal products and services through their mailperson. At the same time we continue to explore the possibilities of strengthening and funding this social role in partnership with the public authorities.



FRANÇOIS, 23 YEARS

## 10 "WHAT IS DE POST-LA POSTE DOING TO MODERNIZE THE CORPORATE CULTURE?"

De Post-La Poste is first of all a matter of people. If our modernization process is to be successful, we must help the entire workforce to adapt to all these changes. This necessity led to the establishment of the STAR program, one of the biggest ever at our organization.

The aim of STAR is to fuel change in corporate culture, based on one of our core values: working together towards results. The principles are simple as such: less red tape, more shared work in teams, greater autonomy, to name a few. The goal too is straightforward: achieving the best results, in-house and for customers. STAR is our new way of working, based on the facts and the figures with respect to customer satisfaction, quality and employee motivation. It requires the involvement of every co-worker in the daily activities and of the teams that assume their responsibilities at every level, under the supervision of leaders.

STAR transforms us from a traditional hierarchy structure to a participative organization in which every employee has a role to play in change. It was launched in 2006, but it was only in 2007 that the program really started to pick up pace. The goal by 2010 is to establish teams throughout De Post-La Poste that employ the same methodology, with maximum focus on customer needs. Almost 400 teams were involved in the program at the end of 2007, including the managers of the 166 retail "clusters" in the new retail network structure. Another 300 teams will adopt the methodology in 2008.

Just how successful we are in modernizing our corporate culture depends of course on the existence of and respect for daily social dialogue. In 2007 such social dialogue produced a new collective agreement 2007-2008. It includes specific retirement measures and confirms the commitment to avoiding layoffs in response to our restructuring.

AHLEM - RETAIL & BESNIK - CONTACT CENTER

# RIGHT ON TIME





MARLEEN, 48 YEARS

## 11 "HOW DOES DE POST-LA POSTE TRAIN ITS CO-WORKERS?"

Employee training is an important part of the STAR program. Almost 2,747 training days were organized in 2007, with a focus on leadership courses. This investment in our staff will be augmented in 2008, when at least 3,685 days are planned.

Employee motivation is a decisive factor in company performance and in the success of the corporate culture change program. The 2007 survey, which covered the entire De Post-La Poste workforce for the first time ever, elicited more than 24,800 responses (66% of staff). This meant that the results could be viewed as truly representative. The scores were used to generate action plans for each separate entity. Another survey is planned for 2008 to measure progress and provide pointers for new action.

The campaign against absenteeism continues to get special attention, given this is a time of major changes. Absenteeism rose in the first half of the year, but fell again from the summer. At the end of 2007 it was at 8.49%, which is slightly down on the 2006 figure. New measures will be rolled out in 2008 as we strive towards our 7% target.

Fighting absenteeism also demands the right approach to psychosocial prevention. A special 18-strong team is charged with the various aspects of employee well-being. Particular attention is given to counselling the victims of aggression. In 2007 there were 31 reported attacks on mailpersons and a further 39 on post offices, which is down slightly on the year-ago figures. Our specialized teams provided 151 victims with immediate support.

A more preventive approach is targeted in 2008 with the setting up of local psychosocial prevention units to bring us closer to our employees.



JAMES, 37 YEARS - KATHLEEN, 36 YEARS

## 12 "DOES DE POST-LA POSTE HAVE INTERNATIONAL AMBITIONS?"

De Post-La Poste's international ambitions are achieved through Belgian Post International, the division responsible for all international letter and parcel activities. Belgian Post International experienced further growth in 2007. Turnover grew 8% on the year-ago figure, reaching 376 million euros. BPI has almost doubled its turnover in five years and it is now a top-five European player.

BPI has a presence in 19 countries and continues to break into new markets all the time, as proved by recent customer gains in London, Paris and New York. This success is driven by the high quality of BPI's services, competitive pricing and personalized approach to major international accounts. BPI was recently awarded the International Postal Corporation's certificate of excellence in recognition of the quality of its services and processes. Ten operators across the globe have earned this certificate.

Growth potential in liberalized international markets being as it is, in 2008 Belgian Post International will open a new sorting center at the Brucargo site, with the capacity to absorb larger volumes of letters and parcels.

Belgian Post International became a fully fledged commercial division within the new organization on 1 January 2008, showing the importance of international activities for De Post-La Poste.



PETER, 34 YEARS

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## “IS DE POST-LA POSTE A SOCIALLY RESPONSIBLE COMPANY ?”

De Post-La Poste is fully integrated in Belgian society. We want to retain and strengthen that bond. We visit the country's 4.5 million households every day, and this social role typifies the company.

The very nature of our activities facilitates communication between people, companies and organizations. We bring people closer together, through the “universal service” we guarantee (mail delivery every week day to every household), and through our public service duties (pension payments, newspaper delivery etc).

De Post-La Poste is also the country's biggest employer (36,900 people throughout Belgium) with a presence in every part of the nation (1,400 buildings, 6,100 vans and trucks, 5,300 mopeds, 4,000 bikes, 10,800 people on the street every day).

That generates extraordinary environmental responsibilities among other things. De Post-La Poste has undertaken to cut its energy consumption by no less than 7.5% between 2005 and 2012.

De Post-La Poste is also a caring employer. We promise equal opportunities for all our employees. We are a company of diversity, accommodating an array of cultures, languages, ages, origins and talents.

The approved Diversity Policy Memorandum guarantees equal treatment for every co-worker.

As a concerned employer, De Post-La Poste invests in workplace measures to prevent accidents, improve safety and upgrade the general quality of its buildings.

Last but not least, De Post-La Poste takes responsibility for its own long-term continuity very seriously. Only a strong De Post-La Poste can fulfil its social duties. The far-reaching change process to safeguard this continuity is being carried out in a socially responsible way, fully respecting :

- the Management Contract with the Belgian State
- the dialogue with unions and workforce
- the needs of employees in the adaptation phase
- the proximity needs of our clients



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## YOU HAVE SOME MORE QUESTIONS AND...

### YOU ARE CUSTOMER OF DE POST-LA POSTE

De Post-La Poste BP 5000 - 1000 Brussels  
T. 022.012345  
serviceclients@post.be

### YOU ARE A JOURNALIST

T. +32.2.276 21 84  
press.relations@post.be

### YOU ARE INTERESTED IN THE FINANCIAL RESULTS

pierre.winand@post.be

PIERRE - FACILITY MANAGEMENT

# DRIVEN TO SUCCEED



## CORPORATE GOVERNANCE

### GENERAL

As a limited liability company under public law, De Post-La Poste is governed first and foremost 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, De Post-La Poste is governed by the Belgian Companies Code.

As an unlisted company, De Post-La Poste, is not subject to the Belgian Code on Corporate Governance (Lippens Code) of 9 December 2004. Nonetheless, De Post-La Poste 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 the Lippens 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 De Post-La Poste's governance model are the following:

- a Board of Directors that defines the general policy and strategy of De Post-La Poste 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 Managing Director (hereafter Chief Executive Officer – 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.

### BOARD OF DIRECTORS

#### COMPOSITION

As provided for in the Law of 1991, the Board of Directors is composed of:

- Five directors (the category A directors) appointed by the Belgian State by Royal Decree deliberated in 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.

Martine Durez has been Chairperson of the Board of Directors since 17 January 2006. Besides the Chairperson, the Board is currently composed of the following members:

- Arthur Goethals (A)
- Luc Lallemand (A)
- Christian Leysen (A)
- Jean-François Robe (A)
- Geert Duyck (B)
- Helge Israelsen (B)
- Søren Vestergaard - Poulsen (B)
- Fritz Schur (B)
- Johnny Thijs (CEO)



BOARD OF DIRECTORS

### 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 principle, the Board meets at least 4 times per year. In 2007, it met 8 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 seventy-five 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 a monthly activity report on the company's day-to-day management and reports on the financial situation 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;
- 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 the company, 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 2007.

#### 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 checks and balances.

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 Board of Directors 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 5 times in 2007.

#### 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 7 times in 2007.

#### COMPOSITION OF THE COMMITTEES

##### Strategic Committee

- Johnny Thijs (Chairperson)
- Luc Lallemand
- Helge Israelsen
- Christian Leysen
- Fritz Schur

##### Audit Committee

- Helge Israelsen (Chairperson)
- Geert Duyck
- Arthur Goethals
- Jean-François Robe

##### Remuneration and Nomination Committee

- Martine Durez (Chairperson)
- Arthur Goethals
- Geert Duyck
- Helge Israelsen



MANAGEMENT COMMITTEE

#### REMUNERATION OF THE DIRECTORS

The remuneration of the members of the Board of Directors was decided by the General Meeting of Shareholders of 25 January 2000. In 2007 the gross annual remuneration was equal to:

- 33,984 euros for the Chairperson, who also chairs the Joint Industrial Committee (Paritair Comité / Commission Paritaire) of De Post-La Poste (in 2007 this Joint Committee met 12 times);
- 16,992 euros for the other directors, with the exception of the CEO.

Finally, the members of the Board (with the exception of the CEO) are entitled to an attendance fee of 1,416 euros per attended meeting of one of the advisory Committees established by the Board. 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.

Søren Vestergaard - Poulsen and Geert Duyck have waived their right to remuneration and attendance fees.

#### 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 Managing Director must be French-speaking and vice-versa. On 21 December 2007, the mandate of the current Managing Director,

Johnny Thijs, was prolonged for a new term of six years, effective as of 7 January 2008.

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 that is composed as follows :

- Bernard Delvaux : Director Mail & Parcels Operations
- Mark Michiels : Director Human Resources and Organisation (with effect as of 5 October 2007, in replacement of Luc Luyten, who retired on 31 August 2007)
- Baudouin Meunier : Director Enterprise, Group Marketing & Regulatory
- Koen Van Gerven : Director Residential, SOHO's & Small Enterprises
- Johan Vinckier : Director Service Operations
- Pierre Winand : Finance & Accounting (Chief Financial Officer)

Peter Somers was added to the Management Committee in September 2007 as Director International Mail and Parcels Activities.

The Management Committee assists the CEO in the management of the company. It also has the powers to negotiate all renewals and amendments to the Management Contract concluded between the State and the Company.

Management Committee members are granted powers at operational level.

For the year ending 31 December 2007, a remuneration of 0.9 million euros (2006: 0.9 million euros) was paid to the CEO (base and variable salary). He was awarded 174 share options (2006: idem) under the Employee Stock Option Plan.

A global remuneration of 2.8 million euros (base and variable salary) was paid to the other members of the Management Committee (2006: 2.8 million euros). They were awarded 378 share options (2006: 324) under the Employee Stock Option Plan. Finally, the company contributed an aggregate amount of 128,028 euros in insurance premiums for the group insurance scheme that was subscribed to in favor of the members of the Management Committee

The Board of Directors, the advisory Committees of the Board and the Management Committee are assisted by the Corporate Secretary. Dirk Tirez, General Counsel, was appointed as Corporate Secretary on 17 October 2007, in replacement of Jean-Luc Paternoster.

#### **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 currently composed as follows:

- Ernst & Young Bedrijfsrevisoren BCVBA, represented by Mr. Pierre Anciaux;
- Grant Thornton, Lippens & Rabaey BVCV, represented by Mrs. Marleen Mannekens;
- Mr. Philippe Roland, President of the Court of Auditors;
- Mr. Josef Beckers, Member of the Court of Auditors.

#### **ADDITIONAL FEES PAID TO THE AUDITORS**

In 2007, De Post-La Poste paid an aggregate amount of 88,950 euros (excl. VAT) in additional fees for other (non-mandate) audit missions carried out by the company's auditors, Ernst & Young and Grant Thornton.

#### **GOVERNMENT COMMISSIONER**

The Government Commissioner is Els Houtman. She 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.

#### DE POST-LA POSTE

# ANNUAL FINANCIAL REPORT 2007

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**1. SELECTED FINANCIAL FIGURES**

MILLION EUR FOR THE YEAR ENDED 31 DECEMBER

2007

2006

**P&L and B/S key figures**

Operating income	2,276.4	2,230.5
Payroll costs	(1,420.2)	(1,400.4)
Other operating costs	(759.8)	(674.7)
Profit from operating activities (EBIT)	96.4	155.3
Profit attributable to equity holders	64.8	96.0

Equity	805.7	799.2
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**Other key figures**

EBITDA	195.1	242.7
Operating cash flow	136.3	79.3
Dividend per share	148.4	103.5
Number of employees (at year end)	37,526	39,311
Number of FTE (at year end)	32,571	34,742

**2. KEY EVENTS OF THE YEAR****2.1. REGULATORY LEVEL****MODERNIZATION OF THE POSTAL LEGISLATION**

The following postal legislative package has been reviewed and modernized:

- Act of 26 December 1956 regarding the postal service
- Act of 6 July 1971 regarding the incorporation of De Post-La Poste
- Royal Decree of 12 January 1970 regarding regulation of the postal service
- Ministerial Decree of 12 January 1970 regarding regulation of the postal service

Finally, some provisions of the Act of 21 March 1991 regarding the establishment of some public enterprises have been updated.

The new regulatory framework consists of the following instruments:

- Act of 1 April 2007 regarding modification of the Act of 6 July 1971 and the Act of 26 December 1956 (Belgisch Staatsblad - Moniteur belge, 14 May 2007)
- Act of 1 April 2007 regarding modification of the Act of 21 March 1991 (Belgisch Staatsblad - Moniteur belge, 14 May 2007)
- Royal Decree of 27 April 2007 regarding regulation of the postal service (Belgisch Staatsblad - Moniteur belge, 1 June 2007)
- Ministerial Decree of 20 April 2007 regarding regulation of the private mail boxes (Belgisch Staatsblad - Moniteur belge, 1 June 2007 + erratum 29 June 2007)
- Royal Decree of 30 April 2007 regarding regulation of financial postal services (Belgisch Staatsblad - Moniteur belge, 1 June 2007)
- Ministerial Decree of 30 April 2007 regarding regulation of financial postal services (Belgisch Staatsblad - Moniteur belge, 1 June 2007)

Most of the regulatory provisions dated from the time that De Post-La Poste was a branch of the State (Ministry) before adopting the status of an autonomous public company. These provisions regulated the operational and marketing related aspects of postal services to be provided by De Post-La Poste. Furthermore, following the autonomy that De Post N.V.-La Poste S.A. has received as of October 1992 (first Management Contract), a significant number of issues related to product conditioning and operations are to be decided by De Post N.V.-La Poste S.A. itself.

The postal regulation has been reviewed with a view to creating legal certainty to take into account more recent European and Belgian legislation conflicting with the older regulation, to enhance the flexibility and autonomy of De Post N.V.-La Poste S.A. in product and pricing issues, as well as to modernize and simplify the old postal and financial postal regulations.

#### LIBERALIZATION

The proposed third postal directive of the European Commission of 18 October 2006 aims to achieve an internal market for postal services through the removal of exclusive and special rights in the postal sector, safeguard a common level of universal services for all users in all EU countries and set harmonized principles for the regulation of postal services in an open market environment, with the aim of reducing other obstacles to the functioning of the internal market.

The Commission's proposal has been subject to a co-decision procedure. In this respect, the European Parliament adopted its first reading on 11 July 2007 with the following modifications to the European Commission's initial proposal:

- Full liberalization on 1 January 2011 (2013 for 11 Member States) with a reciprocity principle: in order to avoid market distortion and unfair competition, those Member States having opened their markets should be able to refuse authorization to operators still protected by a national monopoly in another Member State.
- Continued possibility for licensing regimes with possibility for a level playing field approach and the protection of social standards and working conditions.

The European Council of Ministers of 8 October 2007 followed largely the first reading of the European Parliament. The Council confirmed the dates for full liberalization and maintained the regulatory acquis of the scope of the universal service and the proposed associated financing mechanisms (state funding, state purchase, compensation fund, "pay or play" or any other method compliant with European law). An annex has been added to the proposal directive containing guidance on the calculation method for the net cost and unfair burden of the universal service.

The second reading at the European Parliament started in November 2007. It is expected that no major changes will be brought to the common position of the European Council of Ministers so that the final text could be decided upon in the first quarter of 2008.

De Post-La Poste insists on a rapid transposition of the postal directive in Belgian law so as to ensure legal certainty. It therefore insists on the following decisions, which will have to be made at Belgian level:

- designation of De Post-La Poste as the sole universal service provider for the whole territory
- adequate and secured financing of the cost of the universal service
- adequate licensing regime with a balanced level playing field in terms of social standards and operational standards
- pricing flexibility for non-single piece mail and parcel items under universal service

#### PRESS SECTOR

In light of the 4th Management Contract valid from 24 September 2005 until 23 September 2010 between De Post N.V.-La Poste S.A. and the State, an addendum has been signed to the tripartite

agreement of 15 September 2005 between editors of newspapers, De Post N.V.-La Poste S.A. and the State relating to the commercial and operational modalities of the early distribution of newspapers.

The addendum concerns a continuation of the tripartite agreement until the end of the 4th Management Contract.

#### 2.2. DE POST-LA POSTE

##### OPENING OF THE LAST OF THE NEW SORTING CENTERS AND ROLL-OUT OF THE AUTOMATED SORTING PER DISTRIBUTION ROUNDS

After Ghent X, Charleroi X and Antwerp X in 2006, our new sorting center of Liège X opened on 8 January 2007. The overhaul of the existing Brussels X sorting center was also fully completed in 2007.

The construction of the 4 new sorting centers and the overhaul of the fifth one were key steps in De Post-La Poste's modernization plan. The total cost of the investment program amounted to over 200 million euros over a period of four years.

The new or overhauled sorting centers benefit from the latest technology, allowing a significant improvement in quality and in productivity. They also enabled the phasing out of the inside activities in the logistic platforms, all of which were closed during 2007, and the automated sorting in the 5 sorting centers of the mail per distribution rounds, reducing the need for manual sorting in our local distribution offices. By the end of 2007, automated round sorting had been implemented for the mail of biggest distribution offices, in all regions except Brussels (foreseen before mid 2008).

##### COMPLETION OF THE RE-ORGANIZATION OF DISTRIBUTION AND RE-ORGANIZATION OF THE DISTRIBUTION BACK-OFFICE

In the course of 2007, De Post-La Poste completed the implementation of the 'Géoroute 2' optimization of the distribution by rolling it out to the remaining 20% of the distribution offices. The rounds of our mail distributors were optimized by using route planning software and techniques.

De Post-La Poste also re-organized the back-office of our collect and distribution business in order to reduce the time spent by our employees on non-customer facing activities.

##### EVOLUTION OF OUR RETAIL NETWORK

In 2007, 255 PostPoints were opened to reach a total of 350. They replace 251 wholly-owned post offices closed during 2007. PostPoints are retail outlets offering the majority of postal services. They are owned and operated by third party partners under agency contracts.

This conversion of post offices into PostPoints is part of the evolution of our retail network which aims at maintaining a postal presence throughout the country whilst optimizing our cost structure in order to ensure the financial and commercial viability of our retail network. The conversion program, which is executed without any forced dismissal, will continue in 2008.

##### NEW COLLECTIVE LABOR AGREEMENT 2007-2008

On 17 April 2007, De Post N.V.-La Poste S.A. and its social partners approved the Collective Labor Agreement reached on 29 March 2007 and covering the years 2007-2008. The new agreement included a new salary grid, a 0.5% general increase as from 1 December 2007 and a revalorization of some of the lower pay grades.

The agreement also included the possibility for our statutory agents aged 58 and older (57 for those performing certain activities considered as heavy) with a seniority of at least 35 years to benefit from a form of early-retirement. Qualifying employees aged 50 and over opting for a part-time job will also benefit from an indemnity paid by De Post N.V.-La Poste S.A.

De Post-La Poste has recorded a charge to the 2007 income statement amounting to 67.2 million euros to cover the cost of the early retirement and part-time measures.

#### SALE OF THE ASTERION GROUP OF COMPANIES

On 15 May 2007, De Post-La Poste and Pitney Bowes announced that they had entered in negotiations for the sale by De Post-La Poste of its 100% shareholding in the Asterion group of companies. The transaction was effectively completed on 12 September 2007.

Asterion is one of the leaders in the document management sector in France and was developed by De Post-La Poste since 2000. The group operates several production sites in France and employs over 700 people.

Pitney Bowes provides the world's most comprehensive suite of mailstream software, hardware, services and solutions to help manage the flow of documents, letters and packages into, within, and out of organizations of all sizes.

De Post-La Poste's disposal of its French document management business allows it to focus its resources on its Belgian document management activities.

The disposal of the Asterion group of companies generated a non-recurring profit on disposal of 6.5 million euros in the 2007 consolidated accounts of De Post-La Poste.

#### DELTAMEDIA FOCUSES ITS ACTIVITIES ON THE DISTRIBUTION OF NEWSPAPERS

Deltamedia, a 100% subsidiary of De Post-La Poste, announced on 13 June 2007 its intent to terminate its PubliPack experiment in order to concentrate on the distribution of newspapers. PubliPack was a new unaddressed advertising product. PubliPack and the distribution of unaddressed advertising products were loss-making due to the intense price war in this sector.

As a result of this decision, Deltamedia engaged into a restructuring plan designed to align its structure with its remaining activities. This generated a 5.9 million euros non-recurring restructuring charge in the 2007 consolidated financial statements of De Post-La Poste.

De Post-La Poste remains active in the 'unaddressed' market through its DistriPost product which is distributed daily by its postmen.

#### MERGER OF THE TAXIPOST AND KILOPOST ACTIVITIES WITHIN DE POST N.V.-LA POSTE S.A.

On 11 October 2007, De Post-La Poste announced its intention to merge its parcels business, the so-called 'Kilopost' product, with the one operated by its 100% subsidiary, Taxipost SA-NV in order to form a new business unit within De Post N.V.-La Poste S.A., 'Parcels & Express'. This merger will allow the activity to attain the critical mass necessary to operate a competitive, profitable and viable parcels business. The new business will benefit from increased economies of scale in sorting and distribution and will therefore be able to better serve its customers. In addition, a new product offering will be developed and rolled out.

As part of this re-organization, De Post N.V.-La Poste S.A. signed a collective labor agreement with the unions representing the workers of Taxipost SA-NV. This agreement covers the jobs that will be offered by De Post N.V.-La Poste S.A. in its Parcels & Express or Mail businesses as well as the conditions of contract terminations. In the context of the restructuring plan, a non-recurring charge of 6.0 million euros was recorded in the consolidated income statements of De Post-La Poste.

### 3. FINANCIAL REVIEW

#### 3.1. INCOME STATEMENT

De Post-La Poste realized during the 2007 financial year after-tax profits of 64.9 million euros (2006: 96.1 million euros). The decline in after-tax profits is entirely explained by the non-recurring charges recorded during the year and in particular the 67 million euros pre-tax charge covering the cost of the early retirement and part-time work plans approved in 2007. Excluding the non-recurring charges, the operating performance has improved compared to last year due to increased sales and underlying costs growing moderately.

At the operating activities level (EBIT), the company registered a profit of 96.4 million euros (2006: 155.3 million euros). Excluding the non-recurring income and charges, Profits from Operating Activities rose 14.2% driven by an increase of the operating income which rose by ca. 2% to reach 2,276.4 million euros (2006: 2,230.5 million euros). Operating expenses increased by 5%, as non-recurring charges, interim costs, transport costs and terminal dues relating to our International Mail business more than compensated the reduction in personnel costs generated by the reduction in the number of FTE's on our payroll. Excluding non-recurring charges, costs increased 0.8%.

MILLION EUR FOR THE YEAR ENDED 31 DECEMBER	2007	2006 (*)	DELTA
<b>Total operating income</b>	<b>2,276.4</b>	<b>2,230.5</b>	<b>2%</b>
Materials cost	(46.8)	(47.0)	0%
Services and other goods	(586.4)	(511.3)	15%
Payroll costs	(1,420.2)	(1,400.4)	1%
Other operating expenses	(27.9)	(29.0)	-4%
<b>Total operating expenses</b>	<b>(2,081.2)</b>	<b>(1,987.8)</b>	<b>5%</b>
<b>EBITDA</b>	<b>195.1</b>	<b>242.7</b>	<b>-20%</b>
Depreciation, amortization	(98.7)	(87.4)	13%
<b>Profit from operating activities (EBIT)</b>	<b>96.4</b>	<b>155.3</b>	<b>-38%</b>
Financial result	29.9	15.9	88%
Share of profit of associates	4.4	2.8	57%
<b>Profit before tax</b>	<b>130.7</b>	<b>174.0</b>	<b>-25%</b>
Income tax expense	(65.9)	(77.9)	-15%
<b>Profit for the year</b>	<b>64.9</b>	<b>96.1</b>	<b>-32%</b>

(\*)The figures in the financial statements for the year 2006 were adapted to ensure comparability in presentation (see note 8)

Both 2007 and 2006 were impacted by a series of non-recurring items which affected the EBITDA, the Profit from Operating Activities and the results after tax. Normalized EBITDA and normalized Profit from Operating Activities exclude the impact of those non-recurring items.

MILLION EUR	2007	2006	EVOLUTION
<b>Reported EBITDA</b>	<b>195.1</b>	<b>242.7</b>	
Collective Labor Agreement 2007-2008	67.2		
Other restructuring charges	14.7		
Pending litigation provision	6.6	6.3	
BPO return on equity commitment	7.2		
Changes in accounting estimates for employee benefits	(6.6)		
Profit on the disposal of the Asterion group	(6.5)		
Other		(1.6)	
<b>Normalized EBITDA</b>	<b>277.7</b>	<b>247.4</b>	<b>12.2%</b>

MILLION EUR	2007	2006	EVOLUTION
<b>Profits from Operating Activities (EBIT)</b>	<b>96.4</b>	<b>155.3</b>	
Collective Labor Agreement 2007-2008	67.2		
Other restructuring charges	18.4		
Pending litigation provision	6.6	6.3	
BPO return on equity commitment	7.2		
Changes in accounting estimates for employee benefits	(6.6)		
Profit on the disposal of the Asterion group	(6.5)		
Other		(1.6)	
<b>Normalized Profits from Operating Activities (EBIT)</b>	<b>182.7</b>	<b>160.0</b>	<b>14.2%</b>

In April 2007, the company and the representatives of the workforce approved a Collective Labor Agreement covering the years 2007 and 2008. The agreement includes the possibility for workers meeting specific age and years of service requirements to leave the company under a form of early retirement scheme and a scheme under which employees aged 50 or more are offered incentives to opt for part-time work. The cost of the early retirement and part-time schemes amounts to 67.2 million euros.

In 2007, De Post-La Poste announced the restructuring of several of its activities: the free-press and unaddressed businesses carried out by subsidiary Deltamedia, the parcels business operated by Taxipost, the cleaning activities and part of the activities of the eXbo subsidiary. The non-recurring charges to the group's EBITDA and EBIT amounted respectively to 14.7 million euros and 18.4 million euros.

Under an agreement dated 20 December 2002, De Post-La Poste has committed to compensate Fortis, owner of 50% of the shares of BPO, if BPO does not reach agreed upon levels of return on equity for the period 2007 to 2014. De Post-La Poste has re-computed the value of this obligation based on BPO's latest available business plan and a non-recurring charge of 7.2 million euros was recorded.

De Post-La Poste has performed a review of the accounting estimates relating to its liabilities for employee benefits. This review, which is based on improved historical data, has led to the recognition of a non recurring income of 6.6 million euros.

After deduction of certain transaction costs and other transaction-related charges, De Post-La Poste has recorded a non-recurring profit of 6.5 million euros on the disposal in 2007 of its 100% shareholding in the Asterion group of companies.

## OPERATING INCOME

Operating income rose by ca. 2% to 2,276.4 million euros (2006: 2,230.5 million euros). This increase is in spite of the impact as from September 2007 of the disposal of the Asterion group of companies. Excluding this change in scope, operating income grew by more than 3% with most of the operating activities contributing to this increase.

MILLION EUR	2007	2006	EVOL	EVOL %
<b>Mail</b>	<b>1,778</b>	<b>1,725</b>	<b>53</b>	<b>3.1%</b>
Domestic Mail	1,360	1,338	22	1.7%
International Mail	378	348	29	8.4%
Philately	40	38	2	5.1%
<b>Retail &amp; Financial Services</b>	<b>236</b>	<b>225</b>	<b>10</b>	<b>4.6%</b>
Parcels & Express	97	96	1	0.6%
Unaddressed Mail	71	69	2	2.9%
Document Management	96	112	(17)	-14.9%
Corporate Services	38	41	(3)	-7.0%
Intercompany Transactions	(39)	(38)	(1)	3.4%
<b>De Post-La Poste Group</b>	<b>2,276</b>	<b>2,231</b>	<b>45</b>	<b>2.0%</b>

The Mail activities which represent 78% (2006: 77%) of the Group's operating income, showed an increase of 3.1% year on year.

**Domestic Mail** revenues improved by 1.7% (22 million euros) as volumes were marginally up and price increases more than compensated a negative product mix.

- Against the historical structural trend, Daily Mail volumes for the year were stable as some Administrative mail volume shifted toward Daily Mail following the elimination of the Admin Preferential tariff.
- Administrative Mail volume declined more than 2% due to a transfer to Daily Mail of some volume and in spite of benefiting from a shift of customers away from Registered Mail toward Administrative Mail.
- Addressed Direct Mail volume continued to grow over 3% and gained market share in the advertising market.
- Press volumes were up over 1%.
- Registered Mail volumes showed a double digit decline as mailers changed their behavior and relied more on regular mail. The impact on revenue is even higher given the higher unit price of Registered Mail. It should however be noted that Registered Mail is an expensive product to distribute which reduces the impact of the decline on the overall profitability.
- Value Added Services showed a significant growth in 2007 since operating income increased by more than 11%. Value Added Services include services such as on-site collection and franking of mail products (Servipost, Home Collection), forwarding of changes in address (Mutapost), etc.

The **International Mail** activity registered a growth of its revenues of 8% (29 million euros), both inside and outside Europe (sales registered for the first time in USA).

- Business Mail (transit mail) turnover grew by 23% as new contracts were won, delivering significant volume increases.
- Inbound Mail turnover showed a double-digit decline as volumes were down slightly compared to 2006 and the product mix was unfavorable (Economy vs. Priority, Europe vs. Rest of the World). Turnover was further impacted by settlements with foreign postal operators relating to prior years.

- Outbound Mail turnover was up 14% driven by a 10% volume growth and higher prices partially compensated by a negative product mix.

Compared to last year, the **Retail & Financial Services** division increased its revenues by 10 million euros or almost 5% mainly driven by the remunerations for the back-office work performed by the Financial Post, the commissions received from our 50% affiliate, Bank van De Post - Banque de La Poste ("BPO") and the third-party products sold through our retail network. Our customers, in line with the behaviors reported by other banks, reduced their holdings in savings accounts and mutual funds and invested their savings in certificates of deposits and insurance savings products. As a result, the flow into certain classes of savings products compensated the outflow from others.

**Parcels and Express** revenues grew by 1 million euros in a very competitive market. This performance was achieved in spite of a targeted attack from competition against our customer base and before the launch of our new parcels offering in 2008.

**Unaddressed Mail** revenues increased by 2 million euros as they benefited from the launch of our PubliPack commercial initiative in February 2007. This product was an immediate commercial success and captured a significant market share. However, PubliPack and the distribution of unaddressed advertising products remained loss-making due to the intense price war in this sector and the decision was made to terminate the experiment and for Deltamedia to exit the free-press and unaddressed advertising markets. De Post-La Poste will remain active in the segment through its premium Distripost product, an unaddressed advertising mail product distributed by the normal postal network.

**Document Management** revenues declined by 17 million euros compared to 2006. This decline is entirely due to the disposal of the Asterion group of companies in September 2007. Excluding the impact of the disposal, revenues increased by 9 million euros or 10%. This good performance is explained on the one hand by the full-year contribution of the contract with the 'RIZIV-INAMI – Federal Social Security Administration' concerning the provision of the health care certificates which started in the course of 2006, the good performance of Asterion in the eight months it was consolidated and revenue growth in most other lines of our Document Management business.

**Corporate Services** revenues include the gross profit made on the disposal of the Asterion group of companies in September 2007.

#### OPERATING COSTS

Operating costs, including depreciation, amortization and impairment charges, for 2007 amounted to 2,180.0 million euros (2006: 2,075.1 million euros), a 5% increase compared to last year. Excluding the favorable impact on costs of the deconsolidation of Asterion as from September 2007 (28.1 million euros reduction in costs) and the impact of the increase in non-recurring costs described above (93.8 million euros increase compared to 2006), operating costs increased by 39.2 million euros or 1.9%. Since 22.1 million euros of this increase relates to transport costs and terminal dues paid to foreign operators and are linked to the growth of our international business, the underlying increase in costs is 17.1 million euros or 0.8%. This increase remains significantly below inflation in spite of significant investments in projects such as the new parcels offering and the implementation of new software for the financial back-office.

The **raw material, consumables and goods for resale** remained flat at 46.8 million euros (2006: 47.0 million euros).

The **costs for goods and services** increased by 75.1 million euros or 14.7% compared to 2006. Excluding the favorable impact on costs of the deconsolidation of Asterion (6.1 million euros), the costs of goods and services increased by 16.1%:

MILLION EUR	2007	2006	EVOL	EVOL %
Rent and Rental Costs	58.2	54.0	4.2	7.8%
Maintenance and Repairs	71.8	63.5	8.3	13.1%
Energy delivery and other goods	65.5	62.0	3.5	5.6%
Postal and Telecom costs	9.7	9.9	(0.2)	-2.1%
Insurance costs	19.7	20.4	(0.8)	-3.7%
Transport costs	137.8	115.8	22.0	19.0%
Publicity and Advertising	15.1	12.4	2.7	21.9%
Interims and Consultancy	84.8	75.1	9.7	12.9%
Third party remuneration, fees	107.2	84.5	22.6	26.8%
Other services	16.6	13.6	3.0	21.9%
<b>Total</b>	<b>586.4</b>	<b>511.3</b>	<b>75.1</b>	<b>14.7%</b>

- Rent and rental costs increased due to a continued switch away from ownership toward renting for the vehicle fleet and the full-year impact of VAT on the new sorting centers opened in the course of 2006 and in early 2007.
- Maintenance shows an increase of 8.3 million euros due to the full-year impact of the maintenance contracts for the new sorting centers, the costs of removing asbestos from our buildings and exit costs relating to the move away from the WTC tower.
- Energy delivery and other goods are negatively impacted by the increase of energy costs.
- Transport costs increased by 22 million euros and followed the growth of our international mail activities. Terminal dues and transport costs relating to this activity have risen by 22.3 million euros, driven by higher volumes and the final settlements of accounts relating to prior years with foreign postal operators.
- Interim costs increased by 10.5 million euros compared to last year. Interims are used to cover short-term staffing needs or to bridge short to medium term gaps for significant projects. Our usage of interims in 2007 was influenced by the increase in absenteeism in the first part of the year and by the various transformational projects such as the transfer of activities to the new Liège X sorting center, the re-organization of our distribution and distribution back-office and the restructuring of our retail network. Costs for consultancy decreased by 0.8 million euros.
- Third party remuneration and fees increased by 22.6 million euros mainly due to the cost of contractors for Deltamedia as we significantly increase our capacity and volume for the launch of the PubliPack experiment. Other factors in the increase are the project costs associated with the implementation of a new software system for our subcontracting business for financial back-office (Financial Post).

Our **payroll costs** amounted to 1,420.2 million euros in 2007 (2006: 1,400.4 million euros). Excluding the 11.6 million euros favorable impact of the de-consolidation of the Asterion group of companies, the 67.2 million euros non-recurring expense relating to the 2007-2008 Collective Labor Agreement, a 6.0 million euros non-recurring charge (part of the 18.4 million euros charge in total) relating to the restructuring of our Deltamedia, Taxipost and cleaning businesses and the 6.6 million euros non recurring benefit from the changes in accounting estimates for employee benefits, our payroll costs declined with 35.2 million euros or 2.5%.

The underlying decline in payroll cost can be explained by the reduction of the average workforce of 1,323 FTE's driven by the various re-organization plans. This is partially compensated by the full-year impact of the salary indexation of November 2006, the 0.5% salary increase granted as from December 2007 in the collective labor agreement and seniority increase.

In comparison to 2006, **depreciation, amortization and impairment charges** increased by 11.3 million euros. The increase is due to the full-year impact of the depreciation of the new sorting centers and to a 4.7 million euros impairment on the buildings, fixtures, fittings and equipment of the retail offices that will be closed in 2008 as part of the evolution of the retail network.

Other **operating charges** decreased by 1.1 million euros mainly due to the deconsolidation of the Asterion group of companies.

Our **financial results** improved by 14 million euros driven by a 10 million euros increase in income from cash and investment securities and 6.7 million euros reduction in the interest expense associated with employee benefits. The increase in interest rates favorably impacted both the income from cash and investment securities and interest cost element of the employee benefits whilst higher average cash balances also contributed to the increased interest income.

**Taxes** decreased from 77.9 million euros in 2006 to 65.9 million euros in 2007, a 15% drop, as ordinary profit before taxation declined by 26%. The increased relative weight of taxes is mainly explained by the fact that no deferred tax asset was recognized on the taxable losses incurred by some subsidiaries.

### 3.2. BALANCE SHEET

#### ASSETS

The evolution in **property, plant and equipment** (-48.5 million euros) is explained by four main elements:

- New acquisitions: 79.5 million euros of which 36.5 million euros for the renovation of a certain number of retail outlets and other buildings
- Depreciation and impairment losses: -87.9 million euros
- The sale of the Asterion group: -21.5 million euros
- Transfers to assets held for sale and investment properties: -14.8 million euros decreased

**Intangible assets** grew by 0.5 million euros as investments in software (13.5 million euros) and software development costs (8.6 million euros) were partly compensated by the related amortizations (19.9 million euros), impairment charges (4 million euros) and the impact of the disposal of the Asterion group of companies (0.7 million euros).

The **investment in associates** decreased by 18.1 million euros from 80.7 million euros to 62.6 million euros, reflecting the reduction in the unrealized gains on the BPO's bond portfolio (15.9 million euros), the pickup of our share of BPO's and Certipost's 2007 results (4.4 million euros) and the dividend relating to the 2006 results of BPO (4.0 million euros). Investments in associates were also negatively impacted by our forfeiting part of our share of the 2007 results of BPO as part of the commitment given to Fortis regarding the return on equity of BPO.

**Investment property** increased by 7.9 million euros in 2007 as a number of properties formerly used for our operations were vacated and rented out.

**Deferred taxes assets** amount to 127.3 million euros (2006: 140.8 million euros). The decrease of 13.1 million euros is mainly explained by the variance in the deferred tax asset on employee benefits.

**Investment securities** increased by 626 million euros as part of the cash and cash equivalent was invested in various financial investments:

- 513 million euros in money market funds (2006 : -)
- 282 million euros in commercial papers (2006 : 140.5 million euros)
- 126.1 million euros (2006: 211.3 million euros) in 4 asset management contracts that include a capital guarantee clause at maturity. The asset management agreements allow different investment strategies involving acquisitions and disposals of various types of financial instruments, in many cases a mixture of risk-free assets and risk-bearing assets (a wide range of derivative and non-derivative financial instruments, including structured notes and investments in collective investment schemes). The initial investment amounted to 125.3 million euros, while the unrealized return as of 31 December 2007 amounted to 0.8 million euros.
- 90 million euros in Floating Rate Notes (2006: -)

The amount of **assets held for sale** almost decreased significantly from 20.7 million euros in 2006 to 1.7 million euros as the sale of the site of the former Antwerp X sorting center was completed during the year.

**Trade and other receivables** decreased by 55.2 million euros to 357.9 million euros (2006: 413.1 million euros). 40.2 million euros of this decline is due to the disposal and deconsolidation of the Asterion group of companies. The balance is explained by a reduction in the trade and tax receivables and reclassifications from liabilities.

**Cash and cash equivalents** declined by 74% to 154.8 million euros (2006: 594.2 million euros) as a significant portion of the cash available at the end of the year was invested in investment securities.

#### LIABILITIES

**Equity** amounts to 805.7 million euros (2006: 799.2 million euros). The inclusion of the 64.9 million euros consolidated net profit for the 2007 period is partially compensated by the unrealized losses on the bond portfolio of the BPO for 15.9 million euros and by the payment during the year of a dividend of 42.4 million euros.

**Interest-bearing loans and borrowings** amount to 124.5 million euros (2006: 30.8 million euros). During 2007, an amount of 100 million euros was borrowed from the European Investment Bank.

**Employee benefits** remain stable at 623.9 million euros (2006: 629.9 million euros). The addition due to the early retirement and part-time work schemes adopted as part of the collective labor agreement of 2007 (67.2 million euros) and to service and interest costs of the year for the other benefits were compensated by the payment of the benefits of prior early retirement plans and other post employment and long-term benefits as well as by gains due to changes in accounting estimates.

**Non current provisions** increased to 48.3 million euros (2006: 46.4 million euros) as the utilization (7.3 million euros) and transfer to current provisions (13.2 million euros) of the provision for onerous contracts linked to the WTC tower is compensated by a 24.5 million euros increase in non current provisions for litigations.

**Current provisions** amount to 26.7 million euros (2006: 7.4 million euros) following the transfer of the provision for onerous contracts from non current and the recording of restructuring provisions amounting to 5.7 million euros to cover the non-personnel costs of the restructuring of the Deltamedia and Taxipost activities.

**Trade and other liabilities** decline to 887.7 million euros (2006: 958.7 million euros) driven by the disposal and deconsolidation of the Asterion group of companies (39.5 million euros), by reclassifications between assets and liabilities (10 million euros) and the normal movements for the year (15 million euros).

### 3.3. CASH FLOW STATEMENT

The cash flow from the operating activities generates a cash inflow of 184.0 million euros (2006: 211.3 million euros). This reduction of 27.3 million euros compared to last year's performance is due to:

- Higher taxes paid (16.0 million euros) as the higher profits of the main company could not be offset against the higher losses of other group companies
- A decrease (4.9 million euros) of the funds deposited by third parties (vs. an increase of 24 million euros last year)
- A smaller improvement (inflow of 12.2 million euros in 2007 against an inflow of 23 million euros in 2006) of the working capital items other than the funds deposited by third parties
- A positive net interest differential (received – paid) of 7.4 million euros year on year

**Proceeds from sale of property, plant and equipment** increased by 13.4 million euros to 32.7 million euros (2006: 19.3 million euros) as non productive assets continue to be disposed of. In 2007, the sale of the former site of Antwerp X was completed.

The disposal of our 100% ownership in the Asterion group of companies generated a cash inflow, net of the cash disposed of, of 22.4 million euros.

**Acquisitions of property, plant and equipment** amounted to 79.5 million euros (2006: 126.4 million euros). The significant reduction compared to 2006 is due to the completion of construction of the new sorting centers as the last one was inaugurated in January 2007.

The net debt position increased by 100.8 million euros as the company drew the 100 million euros loan granted by the European Investment Bank for the financing of the new sorting centers.

DE POST-LA POSTE

## CONSOLIDATED FINANCIAL STATEMENTS 2007

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#### 4. CONSOLIDATED INCOME STATEMENT

MILLION EUR FOR THE YEAR ENDED 31 DECEMBER	NOTES	2007	2006 (*) COMPARABLE
Turnover		2,227.1	2,184.6
Other operating income	9.7	49.3	46.0
<b>Total operating income</b>		<b>2,276.4</b>	<b>2,230.5</b>
Materials cost	9.20	(46.8)	(47.0)
Payroll costs	9.9	(1,420.2)	(1,400.4)
Services and other goods		(586.4)	(511.3)
Other operating expenses	9.8	(27.9)	(29.0)
Depreciation, amortization		(98.7)	(87.4)
<b>Total operating expenses</b>		<b>(2,180.0)</b>	<b>(2,075.2)</b>
<b>Profit from operating activities (EBIT)</b>		<b>96.4</b>	<b>155.3</b>
Share of profit of associates	9.18	4.4	2.8
Financial income	9.10	46.8	37.8
Financial cost	9.10	(16.9)	(21.9)
<b>Profit before tax</b>		<b>130.7</b>	<b>174.0</b>
Income tax expense	9.11	(65.9)	(77.9)
<b>Profit for the year</b>		<b>64.9</b>	<b>96.1</b>
Attributable to:			
Equity holders of the Parent		64.8	96.0
Minority interest		0.1	0.1

(\*) The figures in the financial statements for the year 2006 were adapted to ensure comparability in presentation (see note 8)

#### 5. CONSOLIDATED BALANCE SHEET

MILLION EUR AS AT 31 DECEMBER	NOTES	2007	2006 (*) COMPARABLE
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9.12	724.6	773.1
Intangible assets	9.15	55.4	54.9
Investment securities	9.17	0.0	2.7
Investments in associates	9.18	62.6	80.7
Investment property	9.13	21.8	13.9
Deferred tax assets	9.11	127.3	140.8
Trade and other receivables	9.19	2.8	1.0
		<b>994.6</b>	<b>1,067.1</b>
<b>Current assets</b>			
Assets held for sale	9.14	1.7	20.7
Investment securities	9.17	1,011.1	385.1
Inventories	9.20	8.6	8.7
Income tax receivable	9.11	2.9	0.3
Trade and other receivables	9.19	355.1	412.1
Cash and cash equivalents	9.21	154.8	594.2
		<b>1,534.1</b>	<b>1,421.0</b>
<b>Total assets</b>		<b>2,528.7</b>	<b>2,488.1</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the Parent</b>			
Issued capital		783.8	783.8
Reserves		(43.0)	(80.7)
Retained earnings		64.8	96.0
		<b>805.6</b>	<b>799.1</b>
Minority interest		0.1	0.1
<b>Total equity</b>		<b>805.7</b>	<b>799.2</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	9.22	124.5	30.8
Employee benefits	9.23	623.9	629.9
Trade and other payables	9.25	10.5	9.4
Provisions	9.26	48.3	46.4
Deferred tax liabilities	9.11	0.3	0.7
		<b>807.5</b>	<b>717.2</b>
<b>Current liabilities</b>			
Interest-bearing loans and borrowings	9.22	0.6	5.1
Bank overdrafts	9.21	0.0	0.1
Provisions	9.26	26.7	7.4
Income tax payable	9.11	0.6	0.4
Trade and other payables	9.25	887.7	958.7
		<b>915.6</b>	<b>971.7</b>
<b>Total liabilities</b>		<b>1,723.1</b>	<b>1,688.9</b>
<b>Total Equity and liabilities</b>		<b>2,528.7</b>	<b>2,488.1</b>

(\*) The figures in the financial statements for the year 2006 were adapted to ensure comparability in presentation (see note 8)

## 6. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

MILLION EUR	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				MINORITY INTERESTS	TOTAL EQUITY
	ISSUED CAPITAL/ AUTHORIZED CAPITAL	OTHER RESERVES	RETAINED EARNINGS	TOTAL		
<b>As per 1 January 2007</b>	<b>783.8</b>	<b>(80.7)</b>	<b>96.0</b>	<b>799.1</b>	<b>0.1</b>	<b>799.2</b>
Fair value through equity for Assets Held For Sale by associates		(15.9)		(15.9)		(15.9)
Transfer		96.0	(96.0)	-		-
Profit for the year			64.8	64.8	0.0	64.8
Dividends paid		(42.4)		(42.4)		(42.4)
<b>As per 31 December 2007</b>	<b>783.8</b>	<b>(43.0)</b>	<b>64.8</b>	<b>805.6</b>	<b>0.1</b>	<b>805.7</b>

MILLION EUR	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				MINORITY INTERESTS	TOTAL EQUITY
	ISSUED CAPITAL/ AUTHORIZED CAPITAL	OTHER RESERVES	RETAINED EARNINGS	TOTAL		
<b>As per 1 January 2006</b>	<b>443.8</b>	<b>(182.2)</b>	<b>154.6</b>	<b>416.3</b>	<b>0.0</b>	<b>416.3</b>
Fair value through equity for Assets Held For Sale by associates		(53.1)	-	(53.1)		(53.1)
Shares issued	340.0			340.0		340.0
Transfer		154.6	(154.6)	-		-
Profit for the year			96.0	96.0	0.1	96.1
<b>As per 31 December 2006</b>	<b>783.8</b>	<b>(80.7)</b>	<b>96.0</b>	<b>799.1</b>	<b>0.1</b>	<b>799.2</b>

Other reserves per 31 December 2007 are composed of 100.2 million euros of the legal reserve, 10 million euros of tax free reserve, 32.4 million euros of Earnings of prior years and -185.6 million euros of the consolidation reserve.

The amounts under "fair value through equity for assets held for sale by associates" concern the unrealized gains and losses on the bond portfolio of the BPO. See also section 9.18 for more details.

MILLION EUR	TOTAL		SHARE CLASS A		SHARE CLASS B	
	NUMBER OF SHARES	NUMBER OF SHARES	NUMBER OF SHARES	NUMBER OF SHARES	MILLION EURO	MILLION EURO
<b>As per 1 January 2007</b>	<b>409,838.0</b>	<b>204,920.0</b>	<b>483.8</b>	<b>204,918.0</b>	<b>300.0</b>	
Changes during the year	-	-	-	-	-	-
Transfer	-	-	-	-	-	-
<b>As per 31 December 2007</b>	<b>409,838.0</b>	<b>204,920.0</b>	<b>483.8</b>	<b>204,918.0</b>	<b>300.0</b>	

The shares have no nominal value and are fully paid up. As per the shareholder's agreement dated 17 January 2006, Post Invest Europe Sarl is entitled to a minimum dividend of 10 million on the results of 2007.

## 7. CONSOLIDATED CASH FLOW STATEMENT

MILLION EUR FOR THE YEAR ENDED 31 DECEMBER	2007	COMPARABLE(*) 2006
Profit from operating activities (EBIT)	88.3	155.3
Depreciation and amortization	98.7	86.7
Impairments	5.2	6.3
Gain on sale of property, plant and equipment	(3.2)	(5.2)
Change in employee benefit obligations	(16.1)	(68.8)
Change in the fair value of the financial guarantee	4.2	-
Change in the fair value of investment securities	7.6	(8.3)
Interest received	46.8	37.7
Interests paid	(4.2)	(2.5)
Dividends received	4.0	2.0
Income tax paid	(54.7)	(38.7)
<b>Cash flow from operating activities before changes in working capital and provisions</b>	<b>176.7</b>	<b>164.4</b>
Decrease in trade and other receivables	3.0	28.0
Decrease (increase) in inventories	(1.8)	1.5
Decrease in trade and other payables	(4.7)	(14.7)
Deposits received from third parties	(4.9)	24.0
Increase in provisions	15.8	8.2
<b>Net Cash from operating activities</b>	<b>184.0</b>	<b>211.3</b>
<b>Investing activities</b>		
Proceeds from sale of property, plant and equipment	32.7	19.3
Proceeds from sale of investments	-	2.1
Disposal of subsidiaries, net of cash disposed of	22.4	-
Acquisition of property, plant and equipment	(79.5)	(126.4)
Acquisition of intangible assets	(18.4)	(24.1)
Acquisition of other investments	(3.9)	(1.0)
Acquisition of subsidiaries, net of cash acquired	(1.0)	(1.9)
<b>Net cash used in investing activities</b>	<b>(47.7)</b>	<b>(132.0)</b>
<b>Financing activities</b>		
Proceeds from the issue of share capital	0.0	340.0
Proceeds from borrowings	100.8	0.7
Repayment of borrowings	-	(2.7)
Payment of financing lease liabilities	-	(0.3)
Dividends paid to equity holders of the Parent	(42.4)	-
<b>Net Cash from financing activities</b>	<b>58.4</b>	<b>337.7</b>
<b>Net increase in cash and cash equivalents</b>	<b>194.9</b>	<b>417.0</b>
Cash and cash equivalent less bank overdraft as of 1st January	594.2	522.1
Investment securities as of 1st January	376.8	31.9
<b>Cash and cash equivalents and Investment securities as of 1st January</b>	<b>971.0</b>	<b>554.0</b>
Cash and cash equivalent less bank overdraft as of 31st December	154.8	594.2
Investment securities as of 31st December	1,011.1	376.8
<b>Cash and cash equivalents and Investment securities as of 31st December</b>	<b>1,165.9</b>	<b>971.0</b>
<b>Movements between 1st January and 31st December</b>	<b>194.9</b>	<b>417.0</b>

(\*)The figures in the financial statements for the year 2006 were adapted to ensure comparability in presentation (see note 8)

## 8. COMPARABILITY BETWEEN FINANCIAL YEARS

De Post-La Poste has adapted the 2006 published figures to align the presentation of the financial statements with its main competitors in order to facilitate comparability. The figures on the face of the financial statements are those after reclassifications. The details of the reclassifications are provided hereafter in order to facilitate the reconciliations with the figures published last year.

### IMPACT ON THE INCOME STATEMENT

MILLION EUR FOR THE YEAR ENDED 31 DECEMBER	2006 PUBLISHED	IMPACT RECLASSIFICATION	2006 COMPARABLE
Turnover	2,184.6		2,184.6
Other operating income	46.0		46.0
<b>Total operating income</b>	<b>2,230.5</b>		<b>2,230.5</b>
Materials cost	(47.0)		(47.0)
Payroll costs	(1,414.9)	14.5	(1,400.4)
Services and other goods	(511.3)		(511.3)
Other operating expenses	(28.3)	(0.7)	(29.0)
Depreciation, amortization	(93.0)	5.6	(87.4)
<b>Total operating expenses</b>	<b>(2,094.6)</b>	<b>19.4</b>	<b>(2,075.2)</b>
<b>Profit from operating activities (EBIT)</b>	<b>135.9</b>	<b>19.4</b>	<b>155.3</b>
Share of profit of associates	2.8		2.8
Financial income	37.8		37.8
Financial cost	(2.5)	(19.4)	(21.9)
<b>Profit before tax</b>	<b>174.0</b>	<b>-</b>	<b>174.0</b>
Income tax expense	(77.9)		(77.9)
<b>Profit for the year</b>	<b>96.1</b>	<b>-</b>	<b>96.1</b>
Attributable to:			
Equity holders of the Parent	96.0		96.0
Minority interest	0.1		0.1

The changes made at the level of the income statement are as follows:

**IAS 19:** Reclassification of the interest cost and the financial cost linked to actuarial gains and losses from 'personnel cost' to 'financial cost'. This new presentation is more relevant as it allows comparison with the presentation of the majority of our peer group.

For the same reason, the cost for bad debts is included in the EBITDA definition, whereas in the published figures for 2006 this was not the case.

**IAS 1:** Transfer of the contribution to the "Service social des Postes" – "Sociale dienst van de Post" from other operating expenses to payroll costs. This new presentation is more relevant as we publish an income statement by nature.

### IMPACT ON THE BALANCE SHEET

MILLION EUR AS AT 31 DECEMBER	2006 PUBLISHED	IMPACT RECLASSIFICATION	2006 COMPARABLE
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	773.1		773.1
Intangible assets	54.9		54.9
Investment securities	2.7		2.7
Investments in associates	80.7		80.7
Investment property	13.9		13.9
Deferred tax assets	21.1	119.7	140.8
Trade and other receivables	1.0		1.0
	<b>947.4</b>	<b>119.7</b>	<b>1,067.1</b>
<b>Current assets</b>			
Assets held for sale	20.7		20.7
Investment securities	385.1		385.1
Inventories	8.7		8.7
Income tax receivable	119.9	(119.7)	0.3
Trade and other receivables	412.1		412.1
Cash and cash equivalents	594.2		594.2
	<b>1,540.6</b>	<b>(119.7)</b>	<b>1,421.0</b>
<b>Total assets</b>	<b>2,488.1</b>	<b>0.0</b>	<b>2,488.1</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the Parent</b>			
Issued capital	783.8		783.8
Reserves	(80.7)		(80.7)
Retained earnings	96.0		96.0
	<b>799.1</b>		<b>799.1</b>
Minority interest	0.1		0.1
<b>Total equity</b>	<b>799.2</b>		<b>799.2</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	30.8		30.8
Employee benefits	629.9		629.9
Trade and other payables	9.4		9.4
Provisions	46.4		46.4
Deferred tax liabilities	0.7		0.7
	<b>717.2</b>		<b>717.2</b>
<b>Current liabilities</b>			
Interest-bearing loans and borrowings	5.1		5.1
Bank overdrafts	0.1		0.1
Provisions	7.4		7.4
Income tax payable	0.4		0.4
Trade and other payables	958.7		958.7
	<b>971.7</b>		<b>971.7</b>
<b>Total liabilities</b>	<b>1,688.9</b>		<b>1,688.9</b>
<b>Total Equity and liabilities</b>	<b>2,488.1</b>		<b>2,488.1</b>

At the level of the balance sheet, we have transferred the deferred taxes that were split in 2006 in current and non-current to non-current assets as stated by IAS 1 paragraph 70.

## IMPACT ON THE CASH FLOW

MILLION EUR FOR THE YEAR ENDED 31 DECEMBER	2006 PUBLISHED	IMPACT RECLASSIFICATION	2006 COMPARABLE
<b>Operating activities</b>			
Profit from operating activities (EBIT)	135.9	19.4	155.3
Depreciation, Amortization and impairment	93.0	(6.3)	86.7
Impairments	-	6.3	6.3
Gain on sale of property, plant and equipment	(5.2)		(5.2)
Change in employee benefit obligations	(49.4)	(19.4)	(68.8)
Change in the fair value of investment securities	-	(8.3)	(8.3)
Interest received	37.7		37.7
Interests paid	(2.5)		(2.5)
Dividends received	2.0		2.0
Income tax paid	(38.7)		(38.7)
<b>Cash flow from operating activities before changes in working capital and provisions</b>	<b>172.7</b>	<b>(8.3)</b>	<b>164.4</b>
Decrease in trade and other receivables	28.0		28.0
Decrease (increase) in inventories	1.5		1.5
Decrease in trade and other payables	9.3	(24.0)	(14.7)
Deposits received from third parties		24.0	24.0
Increase in provisions	8.2		8.2
<b>Net Cash from operating activities</b>	<b>219.6</b>	<b>(8.3)</b>	<b>211.3</b>
<b>Investing activities</b>			
Proceeds from sale of property, plant and equipment	19.3		19.3
Proceeds from sale of investments	2.1		2.1
Acquisition of property, plant and equipment	(126.4)		(126.4)
Acquisition of intangible assets	(24.1)		(24.1)
Acquisition of other investments	(1.0)		(1.0)
Acquisition of subsidiaries, net of cash acquired	(1.9)		(1.9)
<b>Net cash used in investing activities</b>	<b>(132.1)</b>		<b>(132.0)</b>
<b>Financing activities</b>			
Proceeds from the issue of share capital	340.0		340.0
Proceeds from borrowings	0.7		0.7
Repayment of borrowings	(2.7)		(2.7)
Payment of financing lease liabilities	(0.3)		(0.3)
Change in Investment Securities	(353.2)	353.2	0.0
<b>Net Cash from financing activities</b>	<b>(15.5)</b>	<b>353.2</b>	<b>337.7</b>
<b>Net increase in cash and cash equivalents</b>	<b>72.1</b>	<b>344.9</b>	<b>417.0</b>
Cash and cash equivalent less bank overdraft as of 1 January	522.1		522.1
Investment securities as of 1 January	-	31.9	31.9
<b>Cash and cash equivalents and Investment securities as of 1 January</b>	<b>522.1</b>	<b>31.9</b>	<b>554.0</b>
Cash and cash equivalent less bank overdraft as of 31 December	594.2		594.2
Investment securities as of 31 December	-	376.8	376.8
<b>Cash and cash equivalents and Investment securities as of 31 December</b>	<b>594.2</b>	<b>376.8</b>	<b>971.0</b>
<b>Movements between 1 January and 31 December</b>	<b>72.1</b>	<b>344.9</b>	<b>417.0</b>

The modifications at the level of the cash flow are:

- IAS 19: Reclassification of the interest cost and the financial cost linked to actuarial gains and losses from 'personnel cost' to 'financial cost'.
- Modification in the presentation of the cash flow table (split of amortizations and impairments, same for trade payables and third party receivables)
- Isolation of changes in investment securities

## 9. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 9.1. GENERAL INFORMATION

## BUSINESS ACTIVITIES

De Post N.V.-La Poste S.A. and its subsidiaries (hereinafter referred to as "De Post-La Poste") 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.

De Post-La Poste, 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. De Post-La Poste also carries out public-interest activities on behalf of the State.

## LEGAL STATUS

De Post N.V.-La Poste S.A. is a limited liability company under public law. De Post N.V.-La Poste S.A. has its registered office at the Muntcentrum-Centre Monnaie, 1000 Brussels.

## 9.2. CHANGE IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year. De Post-La Poste has adopted the following new and amended IFRS during the year. The adoption of these revised standards did not have any effect on the financial performance or position of the Group. They did, however, give rise to additional disclosures:

- IFRS 7 Financial instruments: disclosures
- IAS 1 Amendment – Presentation of Financial Statements

The principal effect of these changes is outlined hereunder.

## Adoption of IFRS 7 Financial instruments: Disclosures

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and the extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no impact on the financial position or performance, comparative information has been revised where needed.

## Amendment of IAS 1 Presentation of financial statements

In accordance with the amendment of IAS 1 Presentation of Financial Statements, De Post-La Poste now reports on its capital management objectives, policies and procedures. The new disclosures that become necessary due to this change in IAS 1 can be found in note 9.27.

### Standards and Interpretations not yet applied by De Post-La Poste

The following new Standards and Interpretations, which are yet to become mandatory, have not been applied by De Post-La Poste for the preparation of its 2007 financial statements.

STANDARD OR INTERPRETATION	EFFECTIVE FOR IN REPORTING PERIODS STARTING ON OR AFTER
<b>IFRIC 14</b>	
IAS 19 The limit on a Defined Benefit Asset Minimum Funding Requirements and their interaction	1 January 2008
<b>IFRS 8</b>	
Operating segments	1 January 2009

### 9.3. 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: 27.01%
- Dividend yield: 7.96%
- Expected life: 4 years

#### • 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, expected long term returns on plan assets, benefit increases and future wage increases, which are updated on an annual basis. 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.

Furthermore, with regards to Accumulated Compensated Absences, the "consumption pattern" of the illness days was derived from the statistics over the first nine months of 2007, as provided by HR&O. The number of days of illness depends on the age, identified per segment of the statutory population.

In addition, with regards to the same liability, another key variable is the percentage of the projected salary used for determining the cost: 71% guaranteed salary independent of service and independent of the number of days in the 'notional' account ("cagnotte") 29% 'top up' guaranteed salary for the number of days accumulated in the account.

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 records available for the transportation benefit.

#### • Useful Lives and Residual Values

Useful lives and residual values of tangible and intangible assets are determined based on periodic analyses of actual useful lives (historicals) and the planned use of these assets (budget & long-term plan).

The estimated useful life of an asset can be amended upon occurrence of an event which might impact its remaining use (e.g. breach of one of the IAS 36 impairment indicators).

Material changes in the estimated useful life of assets are disclosed in the financial statements upon occurrence.

#### • Provisions

Provisions are recognized for liabilities to third parties, arising from past events whose settlement is expected to result in a (reliably measurable) cost. They represent uncertain obligations that are carried at the best estimate of the future obligation.

#### • Revenue Recognition

The recognition of revenue and other operating income is reported when a service has been rendered and its income can be reliably measured. In addition, there must be a high probability of the economic benefit from the transaction flowing back to De Post-La Poste.

For the services rendered, the stage of completion determines the fraction of the amounts recognized. In application of this principle, the revenue deferral relative to the sale of stamps is estimated at 3% and that from franking machine activity is estimated at 6.15%.

#### • Deferred Taxes

In accordance with IAS 12, deferred taxes are recognized for temporary differences between the carrying amounts of the IFRS statements and the (BGAAP) tax accounts.

De Post-La Poste recognized a deferred tax asset in respect of all temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

#### • Financial instruments

De Post-La Poste designated all financial instruments at fair value through P&L, upon initial recognition. The company has chosen this category because the performance of these instruments is evaluated on a fair value basis, in line with the documented investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

### 9.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on a historical cost basis, except for investment securities that are measured at fair value. The consolidated financial statements are presented in euros and all values are rounded to the nearest million except when otherwise indicated.

These consolidated financial statements are adopted by the Board of Directors on the 1 April 2008 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 De Post-La Poste's latest approved budget forecast where applicable. Judgments

are based on the information available at each balance sheet 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 its subsidiaries that it controls exclusively 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 presumed to exist when De Post N.V.-La Poste S.A. holds at least 50%, plus one share of the entity's voting power; these presumptions 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 De Post N.V.-La Poste S.A. 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 balance sheet 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 De Post N.V.-La Poste S.A. has significant influence, but which is neither a subsidiary nor a joint venture (see below) of the investor. 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 De Post N.V.-La Poste S.A. 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 balance sheet (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 De Post-La Poste 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.

#### Jointly controlled entities

Entities over which De Post N.V.-La Poste S.A. exercises joint control under a contractual agreement with one or more other partners are also accounted for under the equity method.

#### 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.

#### Conversion of the financial statements of subsidiaries denominated in foreign currencies

De Post N.V.-La Poste S.A. did not have any subsidiaries preparing consolidated financial statements in foreign currencies at 31 December 2007 or 31 December 2006.

#### INTANGIBLE ASSETS

An intangible asset is recognized on the balance 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 De Post-La Poste; (3) De Post-La Poste 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 De Post-La Poste, 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
Licences 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	10 years
Furniture	10 years
Computer Equipment	5 years

(\*) 25 years for industrial buildings and sorting centers acquired after 01/01/2006, 30 years for industrial buildings and sorting centers acquired before that date.

(\*\*) 4 years for bikes and motorcycles acquired after 01/01/2006, 5 years for bikes and motorcycles acquired before that date

#### 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 balance sheet 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 De Post-La Poste and used durably by it is stated at the revalued amount less discount for the lack of liquidity. The revalued amounts are determined periodically on the basis of market prices. The stamp collection is recorded in the section "fixtures and fittings" of the balance sheet.

#### 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 De Post-La Poste can recover through sale) and its value in use (corresponding to the cash that De Post-La Poste 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, but only where there is an indication of impairment for a CGU to which no goodwill is allocated. 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 balance sheet date.

The acquisition price of interchangeable inventories is determined by application of the FIFO method (first in, first out). Inventories of minor importance whose value and composition remain stable over time are stated in the balance sheet 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 balance sheet 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 De Post-La Poste 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.

De Post-La Poste 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 De Post-La Poste 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 balance sheet 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 De Post-La Poste 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 De Post-La Poste 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 "share 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 De Post-La Poste. Benefits not paid for on the balance sheet 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 De Post-La Poste 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 balance sheet 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:

$$\begin{array}{l}
 \text{Actuarial valuation of the obligation under IAS 19} \\
 - \text{Past service costs not yet recognized (solely for post-employment benefits)} \\
 + \text{Actuarial gains/- actuarial losses not yet recognized (solely for post-employment benefits)} \\
 - \text{Fair value of the plan assets} \\
 = \text{Provision to be constituted (or asset to be recognized if the fair value of the plan assets is higher).}
 \end{array}$$

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 De Post-La Poste. 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, De Post-La Poste 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 a period equal to the average length of the employees' residual service period.

#### Termination benefits

Where De Post-La Poste 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 De Post-La Poste. 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, except the "medical expenses" advantage.

#### PROVISIONS

A provision is recognized only when:

1. De Post-La Poste 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 (discount factor). 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 De Post-La Poste has an obligation in this respect. Provisions for future operating losses are prohibited.

If De Post-La Poste 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 De Post-La Poste demonstrates a constructive obligation to restructure at the balance sheet 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 balance sheet date.

Deferred taxation is calculated according to the liability method on the temporary differences arising between the carrying amount of the balance sheet 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 balance sheet 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 balance sheet 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 net.

#### 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 balance sheet 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 De Post-La Poste has not entered into this type of transaction. Nor does De Post-La Poste enter into speculative-type derivatives transactions.

## 9.5. 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 we are facing. There may be additional risks to the ones described below which we are currently unaware of. There may be risks that we now believe are immaterial, but which may ultimately have a material adverse effect in the long run.

### OPERATIONAL RISKS

The mail business is an integral part of the total business and represents 78% of group operating income. Technologies such as e-mail and internet can be used to send and transfer information. Due to the increased substitution, traditional mail volumes in Belgium have decreased in recent years and this downward trend is expected to continue in the coming years. If substitution continues on a large scale, it could negatively impact the volumes, revenues and profitability of the mail business and of the company as a whole.

Economic developments and trends may have a material adverse effect on the company's financial condition and/or results of operations. Given that the mail business has high fixed costs and greatly depends on high volume to recover such costs, an economic downturn could have a negative effect on the result of this business segment and as a consequence on the group results.

The success of the business also depends upon avoiding strikes, work stoppages and slowdowns by employees. Actions by large unions or small groups of employees could seriously disrupt the operations. The business may also be negatively affected by the terms of the collective labor agreement 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.

Changes in market conditions may lead the company to revise its strategy regarding which businesses it wants to operate. Examples of this are price erosion in the unaddressed and parcels market, changes in client behavior towards e-invoicing and modifications in the attitude of large advertisers towards direct marketing. Revised strategies may lead to exiting these activities. The resulting employment reduction and other significant restructuring costs could impact the company's profitability.

In order to maintain its market position, the company must make large on-going investments in infrastructure, such as trucks and sorting centers. De Post-La Poste bases its infrastructure investments on 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 we underestimate the future capacity requirements, we will not be able to meet the needs of customers, this will have a negative impact on the revenues and profits. If we overestimate the future needs or if major contracts are cancelled by customers, this will result in excess capacity and this will also negatively impact the profitability.

De Post-La Poste restructures redesigns or integrates various aspects of the operations in order to achieve cost savings and other efficiencies. The restructuring operations or cost reducing measures may not achieve the results we intend and may have a negative effect on the profitability and revenues.

De Post-La Poste 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.

De Post-La Poste is protected against unauthorized access to data through various measures

relating to the employees, organization, applications, systems and networks. We also use firewalls, virus scanners and access control at operating system level to protect the confidentiality, integrity and authenticity of the data.

### FINANCIAL RISKS

#### Exchange rate risk

All the business activities of De Post-La Poste are located in the euro zone. There are very few transactions in foreign currencies, other than for international mandates. The exchange rate risk is consequently virtually nil and is not subject to any form of active management.

#### Interest rate risk

The jointly controlled entity "Bank van De Post-Banque de La Poste" (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 are measured at their fair value through equity under IFRS. Since BPO is an equity-accounted entity, 50% of the change in its equity directly influences the consolidated equity of De Post-La Poste.

MILLION EUR	2007 + 1%	2007 - 1%	2006 + 1%	2006 - 1%
Result BPO	2.0	(2.0)	16.0	(16.0)
Equity De Post-La Poste	1.0	(1.0)	8.0	(8.0)

De Post-La Poste has also concluded a loan of 100 million euros with the European Investment Bank. This loan matures in 2022 and is against a floating Euribor rate of 3 months minus 3.7 bps.

In 2007, the company invested 90 million euros in floating rate notes. These bonds have a variable quarterly coupon that is equal to Euribor 3 months plus a spread. De Post-La Poste made also an investment of 500.5 million euros in Money Market funds. These funds are against a floating interest rate. These floating interest rates may fluctuate substantially and could have a negative impact on our results and our financial condition in a given period.

De Post-La Poste has also invested in commercial papers. The changes in interest rates can have a negative effect on these investments and thus also on the profitability of the company.

#### Credit risk

The credit risk by definition only concerns that part of De Post-La Poste's activities that do not generate cash revenues. It is three-pronged:

- the credit risk derives, first of all, from the concentration of key accounts, which generate major turnover and represent a very large amount of outstanding receivables. However, this risk is limited since these customers have deposited bank guarantees and direct debit authorizations, which cover the major portion of the receivable amount;
- for less significant customers, De Post-La Poste requires that they satisfy a solvency investigation. The financial management of De Post-La Poste carries this investigation out itself and fixes a credit limit, which is updated every six months. If the solvency investigation produces a negative result, De Post-La Poste requires the customer to make payments in cash. This risk is therefore also limited;
- finally, the third type of risk is linked to the fact that certain customers fall within certain sectors of business or geographical zones (foreign customers). Similarly, systematic credit-analysis procedures limit the credit risk when key accounts are activated.

Our policy is to deal only with creditworthy counterparties. With respect to credit risk arising from the other financial assets of the group, which comprise 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.

MILLION EUR	2007	2006
<b>Credit risk classes of financial assets</b>		
Held to maturity financial assets	-	2.7
Financial assets at fair value through P&L, designated as such upon initial recognition	1,011.1	385.1
Cash and Cash equivalents	154.8	594.2
Trade and other receivables	357.9	413.1
<b>Credit risk classes of financial assets</b>	<b>1,523.8</b>	<b>1,395.1</b>

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 hereunder.

MILLION EUR	2007	2006
<b>At 1 January</b>	<b>18.4</b>	<b>5.0</b>
Impairments: Additions	15.1	14.7
Impairments: Utilization	(0.5)	(0.6)
Impairments: Reversal	(5.6)	(0.8)
<b>At 31 December</b>	<b>27.4</b>	<b>18.4</b>

Some of the unimpaired trade receivables are past due as at the reporting date. The ageing analysis of financial assets that are past due but not impaired is as follows:

MILLION EUR	2007	2006
Current	240.6	294.0
< 60 days	61.3	52.1
60 -120 days	3.1	9.7
> 120 days	3.7	6.5
<b>Total</b>	<b>308.7</b>	<b>362.3</b>

The management considers that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The changes in the fair value of the financial liabilities (see Note 9.22) are not due to changes in credit risk. This is presented in the table hereunder:

MILLION EUR	2007	2006
<b>Carrying amount at 1 January</b>	<b>35.9</b>	<b>38.3</b>
Changes attributable to changes in credit risk	0	0
Other changes	89.2	(2.4)
<b>Carrying amount at 31 December</b>	<b>125.1</b>	<b>35.9</b>

#### Liquidity risk

Due to the very nature of its business activities, De Post-La Poste has little need for finance, given that a large portion of its revenues (sales of stamps, etc.) are received in cash.

As at 31 December 2007, financial liabilities have contractual maturities which are summarized below:

MILLION EUR	CURRENT LESS THAN 1 YEAR	NON-CURRENT WITHIN 1 YEAR BUT NOT LATER THAN 5 YEARS	NON-CURRENT LATER THAN 5 YEARS
<b>31 DECEMBER 2007</b>			
Finance lease obligations	0.8	3.1	0.4
"Return On Equity" obligation	9.0	14.1	
Bank loan			100.0
Trade and other payables	887.7	1.5	9.0

Compared to the maturity of the financial liabilities in the previous reporting period:

MILLION EUR	CURRENT LESS THAN 1 YEAR	NON-CURRENT WITHIN 1 YEAR BUT NOT LATER THAN 5 YEARS	NON-CURRENT LATER THAN 5 YEARS
<b>31 DECEMBER 2006</b>			
Unsecured bank loan	0.2		
Finance lease obligations	5.0	9.6	0.9
"Return On Equity" obligation	9.0	18.0	
Other borrowings	0.6	0.1	
Trade and other payables	958.7	0.4	9.0

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

#### 9.6. BUSINESS COMBINATIONS

##### ASTERION SAS

BPG France SAS, a wholly-owned subsidiary of De Post-La Poste, sold its shares in Asterion SAS and its subsidiaries Asterion Direct and Asterion Sud, (representing 100% of the company's total share capital) to Pitney Bowes Holding SNC. The different elements of the disposal are the following:

The Final Purchase Price	24.3 million euros
Cash received in 2007	18 million euros
On escrow account	6 million euros
Cash received in 2008	0.3 million euros

The assets and liabilities of the subsidiary Asterion SAS and its affiliates are fully "deconsolidated". After deduction of all transaction related costs, De Post-La Poste has recorded a non-recurring profit of 6.5 million euros on the disposal in 2007 of its 100% participation in the Asterion group of companies.

##### CERTIPOST N.V./S.A.

The Board of Certipost decided on 21 December 2007 to increase its capital by 1.9 million euros. The capital increase was realized by the issuance paid in cash of 820 new shares (De Post-La Poste and Belgacom 410 shares each).

In addition to this capital increase, the payment of the uncalled capital of 0.8 million euros was requested. Both De Post N.V.-La Poste S.A. and Belgacom transferred 0.4 million euros on 21 December 2007.

**FOND DES SARTS N.V.-S.A.**

On 3 May 2007, the General Shareholders' Meeting of De Post-La Poste decided to merge Fond Des Sarts N.V.-S.A. with De Post N.V.-La Poste S.A. by transferring the entire patrimony of Fond Des Sarts, as well as its rights and obligations.

**POSTSHOP N.V. - S.A.**

On 20 June 2007, the General Shareholders' Meeting of De Post-La Poste decided to merge Postshop N.V.- S.A. with De Post N.V.-La Poste S.A. by transferring the entire patrimony of Postshop N.V.-S.A., as well as its rights and obligations.

**9.7. OTHER OPERATING INCOME**

MILLION EUR	2007	2006
Gain on disposal of property, plant and equipment	4.5	7.0
Benefits in kind	0.3	1.5
Commissions received	10.6	7.9
Rental income of investment property	1.8	1.7
Other rental income	6.0	4.8
Third party costs recovery	5.9	12.1
Gross income on disposal of subsidiary	14.4	-
Other	5.8	11.0
	<b>49.3</b>	<b>46.0</b>

The share of rental income related to investment property amounts to 1.8 million euros (2006: 1.7 million euros).

The third party costs recovery relates to the sales realized by the company's restaurants. The negative variance is due to the temporary closing of certain restaurants for refurbishment reasons.

The gross income on disposal of subsidiary of 14.4 million euros is the 'gross' result of the sale of Asterion. After deduction of transaction costs and certain accruals and provisions relating to the disposal and recorded in various lines of operating expenses, the net profit on the disposal of the Asterion group of companies amount to 6.5 million euros.

Other sources of operating income mainly consist of reimbursements by third parties of damages suffered by De Post N.V.-La Poste S.A. and its subsidiaries.

**9.8. OTHER OPERATING EXPENSE**

MILLION EUR	2007	2006 (*) COMPARABLE
Provisions (litigations (personnel not included), environment, restructuring)	6.3	6.0
Local and real estate taxes	6.4	7.6
Impairment on trade receivables	5.0	5.9
Penalties	0.2	0.6
Expenses related to 'Return On Equity' obligation	7.2	-
Other	2.8	8.9
	<b>27.9</b>	<b>29.0</b>

(\*)The figures in the financial statements for the year 2006 were adapted to ensure comparability in presentation (see note 8)

The expenses related to 'Return On Equity Obligation' of 7.2 million euros are an adjustment of the guarantee over the BPO result. We also refer to note 9.18.

**9.9. EMPLOYEE EXPENSE**

MILLION EUR	2007	2006 (*) COMPARABLE
Payroll costs	1,122.9	1,167.1
Collective Labor Agreement (CLA) 2007-2008	67.2	-
Social security contributions	217.1	224.1
Other personnel costs	13.0	9.3
	<b>1,420.2</b>	<b>1,400.4</b>

(\*) The figures in the financial statements for the year 2006 were adapted to ensure comparability in presentation (see note 8)

On 17 April 2007, De Post N.V.-La Poste S.A. and its social partners approved the Collective Labor Agreement reached on 29 March 2007 and covering the years 2007-2008. The agreement included the possibility for our statutory agents aged 58 and older (57 for those performing certain activities considered as heavy) with a seniority of at least 35 years to benefit from a form of early-retirement. Qualifying employees aged 50 and over opting for a part-time job will also benefit from an indemnity paid by De Post N.V.-La Poste S.A. De Post-La Poste has recorded a charge to the 2007 income statement amounting to 67.2 million euros to cover the cost of the early retirement and part-time measures.

As at 31 December 2007, the headcount of De Post-La Poste amounted to 37,526 (2006: 39,311) and is composed as follows:

- Statutory personnel: 25,810
- Contractual personnel: 11,716

The number of FTE at year-end amounted to 32,571 (2006: 34,742) and is composed as follows:

- Statutory personnel: 22,363
- Contractual personnel: 10,208

**9.10. FINANCIAL INCOME AND FINANCIAL COST**

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

MILLION EUR	2007	2006 (*) COMPARABLE
Financial income	46.8	37.8
Financial cost	(16.9)	(21.9)
<b>Net financial result</b>	<b>29.9</b>	<b>15.9</b>

(\*)The figures in the financial statements for the year 2006 were adapted to ensure comparability in presentation (see note 8)

**FINANCIAL INCOME**

MILLION EUR	2007	2006
Income from financial assets at fair value through P&L, designated as such upon initial recognition	5.8	8.3
Interest income from financial assets at fair value through P&L, designated as such upon initial recognition	25.5	2.8
Interest income from liquidities put at the disposal of the State	6.1	12.0
Interest income from short term bank deposits	3.7	8.3
Interest income from current accounts	1.0	0.5
Gain from exchange differences	2.9	2.9
Other	1.8	3.0
<b>Financial Income</b>	<b>46.8</b>	<b>37.8</b>

Financial income increased by 9 million euros or 24% in 2007. Certain elements are compensating each other:

- Due to additional investments in commercial papers and money market funds, the interest income from financial assets grew to 25.5 million euros.
- Interest income from bank accounts and liquidities decreased by 10 million euros because a larger proportion of the available cash was invested in financial assets.
- The 5.8 million euros income from financial assets represents the capital gain on the disposal of the asset management contracts (MIRA) investments (13.9 million euros) and the changes in fair value of these investments (-8.1 million euros) (see note 9.17 Investment securities).

**FINANCIAL COST**

MILLION EUR	2007	2006 (*) COMPARABLE
Interest expense from financial liabilities at fair value through P&L, designated as such upon initial recognition	1.8	1.5
Financial costs on benefit obligations (IAS 19)	12.7	19.4
Loss from exchange differences	1.6	2.6
Impairment current/financial assets	(0.6)	(2.2)
Other finance costs	1.4	0.5
<b>Financial cost</b>	<b>16.9</b>	<b>21.9</b>

(\*)The figures in the financial statements for the year 2006 were adapted to ensure comparability in presentation (see note 8)

**9.11. INCOME TAX/DEFERRED TAX**

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

MILLION EUR	2007	2006
<b>Tax expense comprises :</b>		
Current tax expenses	(52.9)	(39.1)
Adjustment recognized in the current year in relation to the current tax of prior years	-	-
Deferred tax expense relating to the origination and reversal of temporary differences	(13.0)	(38.8)
<b>Total tax expense</b>	<b>(65.9)</b>	<b>(77.9)</b>

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

MILLION EUR	2007	2006
<b>Tax expense using statutory tax rate</b>	<b>44.4</b>	<b>59.1</b>
Profit before income tax	130.7	174.0
Statutory tax rate	33.99%	33.99%
<b>Reconciling items between statutory and effective tax</b>		
Tax effect of rates in other jurisdictions	(0.1)	0.0
Tax effect of non tax deductible expenses	21.7	21.1
Notional interest deduction	(8.5)	(8.5)
Tax effect of tax losses utilized by subsidiaries	(3.8)	(0.5)
Subsidiaries in loss situation	18.2	11.4
BPO / Certipost (equity method)	(1.5)	(1.6)
Interco adjustments	(1.8)	(1.6)
<b>Other</b>		
Other differences	(2.8)	(1.8)
<b>TOTAL</b>	<b>65.9</b>	<b>77.9</b>
<b>Tax expense using effective rate (current period)</b>	<b>(65.9)</b>	<b>(77.9)</b>
Profit before income tax	130.7	174.0
Effective tax rate	50.39%	44.77%

The total income tax expense amounts to 65.9 million euros or 50.4% of the profit before taxes less income from associated companies. The tax impact of the non tax deductible expenses relates to the 2007 disallowed items (18 million euros) and the amount of provisions which constitute permanent differences (3.7 million euros).

At December 2007, De Post-La Poste recognized a net deferred income tax asset of 127.3 million euros. This net deferred income tax asset is composed as follows:

MILLION EUR	2007	2006
<b>Deferred tax assets</b>		
Employee benefits	134.2	150.4
Provisions	11.3	8.0
Other	29.3	28.1
<b>Total deferred tax asset</b>	<b>174.8</b>	<b>186.6</b>
<b>Deferred tax liabilities</b>		
Property plant and equipment	38.3	41.2
Intangible assets	5.1	4.6
Other	4.2	0.0
<b>Total deferred tax liabilities</b>	<b>47.5</b>	<b>45.8</b>
<b>Net deferred tax asset</b>	<b>127.3</b>	<b>140.8</b>

Deductible temporary differences arise in respect of provisions for employee benefits and other provisions, impairment losses, leasing and provision for financial guarantee. Taxable temporary differences arise in respect of accelerated tax depreciation of property, plant and equipment, intangible assets, inventories and revenue recognition. No deferred tax is recognized on temporary differ-

ences arising from investments in subsidiaries and associates, because De Post-La Poste 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 aggregate to 0.3 million euros (2006: 0.1 million euros)

### 9.12. PROPERTY, PLANT AND EQUIPMENT

MILLION EUR	LAND AND BUILDINGS	PLANT AND EQUIPMENT	FURNITURE AND VEHICLES	FIXTURES AND FITTINGS	OTHER PROPERTY AND EQUIPMENT	TOTAL
<b>Acquisition cost</b>						
Balance at 1 January 2006	838.2	310.6	179.7	51.4	112.2	1,492.1
Acquisitions	32.6	30.6	44.4	11.2	7.7	126.4
Disposals	-	(32.9)	(8.1)	(1.4)	(5.0)	(47.4)
Assets classified as held for sale or investment property	(21.4)	21.2	-	-	(62.1)	(62.3)
<b>Balance at 31 December 2006</b>	<b>849.4</b>	<b>329.5</b>	<b>216.0</b>	<b>61.3</b>	<b>52.8</b>	<b>1,508.9</b>
<b>Balance at 1 January 2007</b>	<b>849.4</b>	<b>329.5</b>	<b>216.0</b>	<b>61.3</b>	<b>52.8</b>	<b>1,508.9</b>
Acquisitions	0.5	14.7	27.7	36.5	0.1	79.5
Acquisitions through business combinations	-	-	-	-	-	-
Disposals	-	(39.9)	(12.6)	(2.0)	-	(54.5)
Disposals through the sale of subsidiaries	(4.3)	(46.6)	(2.7)	(6.5)	(0.2)	(60.3)
Assets classified as held for sale or investment property	(53.9)	-	-	(25.8)	-	(79.7)
Other movements	45.8	(4.3)	5.6	1.0	(51.9)	(3.8)
<b>Balance at 31 December 2007</b>	<b>837.4</b>	<b>253.3</b>	<b>234.0</b>	<b>64.4</b>	<b>0.9</b>	<b>1,390.1</b>
<b>Revaluation</b>						
Balance at 1 January 2006	-	-	-	-	7.4	7.4
<b>Balance at 31 December 2006</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7.4</b>	<b>7.4</b>
Balance at 1 January 2007	-	-	-	-	7.4	7.4
<b>Balance at 31 December 2007</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7.4</b>	<b>7.4</b>
<b>Depreciation and impairment losses</b>						
Balance at 1 January 2006	(374.4)	(229.4)	(109.7)	(27.4)	-	(740.9)
Acquisitions through business combinations	-	-	-	-	-	-
Disposals	-	34.3	6.8	5.6	0.5	47.2
Disposals through the sale of subsidiaries	-	-	-	-	-	-
Depreciation	(15.4)	(13.2)	(40.0)	(11.0)	(0.8)	(80.5)
Impairment losses	-	(1.7)	-	-	-	(1.7)
Assets classified as held for sale or investment property	32.3	-	-	-	0.3	32.6
Other increase (decrease)	-	-	-	-	-	-
<b>Balance at 31 December 2006</b>	<b>(357.6)</b>	<b>(210.1)</b>	<b>(142.9)</b>	<b>(32.8)</b>	<b>0.0</b>	<b>(743.3)</b>

MILLION EUR	LAND AND BUILDINGS	PLANT AND EQUIPMENT	FURNITURE AND VEHICLES	FIXTURES AND FITTINGS	OTHER PROPERTY AND EQUIPMENT	TOTAL
<b>Balance at 1 January 2007</b>	<b>(357.6)</b>	<b>(210.1)</b>	<b>(142.9)</b>	<b>(32.8)</b>	<b>0.0</b>	<b>(743.3)</b>
Acquisitions through business combinations	-	-	-	-	-	-
Disposals	-	39.9	12.6	2.0	-	54.5
Disposals through the sale of subsidiaries	3.1	29.4	2.6	3.6	-	38.8
Depreciation	(23.8)	(26.7)	(24.0)	(11.3)	0.0	(85.8)
Impairment losses	(0.9)	2.3	(1.6)	(1.8)	-	(2.1)
Assets classified as held for sale or investment property	59.4	-	-	5.5	-	64.9
Other increase (decrease)	(10.0)	10.0	-	-	-	-
<b>Balance at 31 December 2007</b>	<b>(329.9)</b>	<b>(155.1)</b>	<b>(153.3)</b>	<b>(34.7)</b>	<b>0.0</b>	<b>(672.9)</b>

### Carrying amount

<b>At 31 December 2006</b>	<b>491.8</b>	<b>119.4</b>	<b>73.3</b>	<b>28.5</b>	<b>60.2</b>	<b>773.1</b>
<b>At 31 December 2007</b>	<b>507.5</b>	<b>98.2</b>	<b>80.7</b>	<b>29.8</b>	<b>8.3</b>	<b>724.6</b>

The evolution in property, plant and equipment is explained by four main elements:

- New acquisitions: 79.5 million euros of which 36.5 million euros for the renovation of post offices and other industrial buildings
- Depreciation and impairment losses: -87.9 million euros
- The sale of the Asterion group: -21.5 million euros
- Transfers to assets held for sale and investment properties: -14.8 million euros

The transfer to other asset categories mainly relates to the separate presentation in the balance sheet of investment properties and property, plant and equipment held for sale following the adoption of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Therefore, there are no disposals for land and buildings.

An impairment test was carried out in respect of the non-current assets at 31 December 2007 to verify that the book values of the property, plant and equipment are supported by their recoverable amounts. As a result, an impairment loss has been recognized on the post offices, which will be closed, and the property, plant and equipment of Taxipost.

The decrease by 51.9 million euros in the category "Other property, plant and equipment" (which concerns mainly assets under construction) between 31 December 2007 (8.3 million euros) and 2006 (60.2 million euros) is explained by the completion of the last phase of the new sorting centers and therefore, the transfer to the other property plant and equipment categories.

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

**9.13. INVESTMENT PROPERTY**

MILLION EUR	LAND & BUILDINGS
<b>Acquisition cost</b>	
Balance at 1 January 2006	32.4
Other movements	(1.2)
<b>Balance at 31 December 2006</b>	<b>31.2</b>
Balance at 1 January 2007	31.2
Acquisitions	3.5
Transfer from/to other asset categories	8.5
<b>Balance at 31 December 2007</b>	<b>43.2</b>
<b>Depreciation and impairment losses</b>	
Balance at 1 January 2006	(16.5)
Depreciation	(0.8)
<b>Balance at 31 December 2006</b>	<b>(17.3)</b>
Balance at 1 January 2007	(17.3)
Impairment losses	(0.5)
Transfer from/to other asset categories	(3.6)
<b>Balance at 31 December 2007</b>	<b>(21.4)</b>
<b>Carrying amount</b>	
<b>At 31 December 2007</b>	<b>21.8</b>
<b>At 31 December 2006</b>	<b>13.9</b>

Investment property essentially relates to apartments located in buildings hosting 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 1.8 million euros (2006: 1.7 million euros). The fair value of the investment property can be estimated at 32.5 million euros (2006: 22.6 million euros).

**9.14. ASSETS HELD FOR SALE**

MILLION EUR	2007	2006
Property, plant and equipment	1.7	20.7
	<b>1.7</b>	<b>20.7</b>

At 31 December 2007, De Post–La Poste recognized assets held for sale for 1.7 million euros. The majority of assets relating to this category are retail outlets; consequence of the optimization of our post offices network.

The decrease of 19 million euros in asset held for sale between 2006 and 2007 is due to the sale of the sorting centers Antwerp X and Charleroi X. These were sold in September and December 2007, so they are not included anymore in the figure of 2007.

Profits on disposal of 3.2 million euros (2006: 5.2 million euros) were accounted for in the income statement in the section "Other operating income. The impairment charges are accounted for in the section "Depreciation, amortization" and is quasi zero (2006: 2.9 million euros).

**9.15. INTANGIBLE ASSETS**

MILLION EUR	GOODWILL	DEVELOPMENT COSTS	SOFTWARE	TOTAL
<b>Acquisition cost</b>				
Balance at 1 January 2006	39.8	26.6	97.0	163.4
Acquisitions		1.9	22.2	24.1
Disposals			(0.6)	(0.6)
<b>Balance at 31 December 2006</b>	<b>39.8</b>	<b>28.5</b>	<b>118.5</b>	<b>186.9</b>
Balance at 1 January 2007	39.8	28.5	118.5	186.9
Acquisitions	-	8.6	9.9	18.4
Acquisitions and additions through business combinations				-
Disposals	(2.5)	(18.4)	(0.9)	(21.8)
Disposals through the sale of subsidiaries	(23.6)	(0.1)	(8.0)	(31.7)
Transfer to other asset categories		48.0	(48.0)	-
Other movements			3.6	3.6
<b>Balance at 31 December 2007</b>	<b>13.8</b>	<b>66.5</b>	<b>75.1</b>	<b>155.4</b>
<b>Amortization and impairment losses</b>				
Balance at 1 January 2006	(36.9)	(8.1)	(71.8)	(116.8)
Disposals			0.6	0.6
Amortization		(5.2)	(10.5)	(15.7)
<b>Balance at 31 December 2006</b>	<b>(36.9)</b>	<b>(13.3)</b>	<b>(81.7)</b>	<b>(131.9)</b>
Balance at 1 January 2007	(36.9)	(13.3)	(81.7)	(131.9)
Disposals	2.5	18.4	0.9	21.8
Disposals through the sale of subsidiaries	23.2	0.1	7.6	31.0
Amortization	-	(8.1)	(8.7)	(16.9)
Impairment losses		(3.5)	(0.5)	(4.0)
Transfer to other asset categories		(36.3)	36.2	(0.0)
Other movements			(0.0)	(0.0)
<b>Balance at 31 December 2007</b>	<b>(11.1)</b>	<b>(42.7)</b>	<b>(46.1)</b>	<b>(100.0)</b>
<b>Carrying amount</b>				
<b>At 31 December 2006</b>	<b>2.9</b>	<b>15.2</b>	<b>36.8</b>	<b>54.9</b>
<b>At 31 December 2007</b>	<b>2.6</b>	<b>23.8</b>	<b>29.0</b>	<b>55.4</b>

Intangible assets remained almost stable versus last year: the group's investments in developments costs (8.6 million euros) and software (13.5 million euros) are counterbalanced by the related amortizations (16.9 million euros) and impairments (4.0 million euros).

The three most important software developed internally in 2007 are Poststation (computerization and modernization of post offices), Parcels (optimization of the parcels distribution) and TOM (optimization of the mail-transport). The Poststation software has been activated for a total amount of 33.6 million euros at year end 2007 (29.8 million euros for 2006), with a Net Book Value of 6.2 million euros (2.9 million euros in 2006). The remaining amortization period has been estimated at 2 years.

Some previously activated development costs, for which future profitability could not be guaranteed anymore, are completely impaired. The sale of the Asterion group impacted negatively the net book value of the intangibles by 0.7 million euros.

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

In addition to development costs capitalized, De Post-La Poste spent 25 million euros on research and development during the year (2006: 29.5 million euros).

#### 9.16. LEASE

##### FINANCE LEASE

The financial lease liabilities as of 31 December 2006 were essentially located within the Asterion subsidiary. The finance lease liabilities as of 31 December 2007 relate only to the Saint-Denis building and machinery. The building was acquired in the framework of the disposal of Asterion and the machinery is essentially located within the subsidiaries Speos and Secumail.

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

MILLION EUR	USEFUL LIVES	CARRYING AMOUNT DEC 31, 2007	CARRYING AMOUNT DEC 31, 2006
Land and Buildings (Saint-Denis)	25 years	3.0	1.9
Machinery and equipment	5 years	2.4	15.8

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

MILLION EUR	2007	2006
<b>Minimum lease payments</b>		
Within 1 year	0.8	5.0
1 to 5 years	3.1	9.6
More than 5 years	0.4	0.9
Total	4.4	15.5
Less		
<b>Future finance costs</b>	<b>0.6</b>	<b>1.8</b>
<b>Present value of the minimum lease payments</b>		
Within 1 year	0.6	4.3
1 to 5 years	2.8	8.6
More than 5 years	0.4	0.8
Total	3.8	13.7

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:

MILLION EUR	2007	2006
Less than one year	37.4	37.6
Between one year and five years	92.0	110.5
More than five years	27.7	43.5
	<b>157.1</b>	<b>191.6</b>

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 58.2 million euros (2006: 54 million euros). The operational lease agreements include fixed lease payments. The risks and rewards incidental to the ownership are not transferred to De Post-La Poste.

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

MILLION EUR	2007	2006
Less than one year	5.6	5.8
Between one year and five years	12.5	8.8
More than five years	6.5	4.5
	<b>24.7</b>	<b>19.1</b>

The income that is related to operational lease agreements is recognized in the section "Other operating income" for an amount of 7.8 million euros (2006: 6.5 million euros).

#### 9.17. INVESTMENT SECURITIES

MILLION EUR	2007	2006
<b>Non current investments</b>		
Financial assets held to maturity	-	2.7
	-	2.7

MILLION EUR	2007	2006
<b>Current investments</b>		
Financial assets at fair value through profit or loss, designated as such upon initial recognition	1,011.1	385.1
	<b>1,011.1</b>	<b>385.1</b>

MILLION EUR	FINANCIAL ASSETS HELD TO MATURITY	TOTAL NON CURRENT INVESTMENTS	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS DESIGNATED AS SUCH UPON INITIAL RECOGNITION	TOTAL CURRENT INVESTMENTS	TOTAL
<b>Acquisition cost</b>					
<b>Balance at 1 January 2006</b>	<b>2.8</b>	<b>2.8</b>	<b>31.9</b>	<b>31.9</b>	<b>34.7</b>
Acquisitions	1.1	1.1	344.9	344.9	345.9
Changes in fair value	-	-	8.3	8.3	8.3
Disposals	(0.8)	(0.8)	-	-	(0.8)
Disposals through the sale of subsidiaries	-	-	-	-	-
Transfer to other asset categories	(0.2)	(0.2)	-	-	(0.2)
Other movements	(0.1)	(0.1)	-	-	(0.1)
<b>Balance at 31 December 2006</b>	<b>2.8</b>	<b>2.8</b>	<b>385.1</b>	<b>385.1</b>	<b>387.9</b>
<b>Balance at 1 January 2007</b>	<b>2.8</b>	<b>2.8</b>	<b>385.1</b>	<b>385.1</b>	<b>387.9</b>
Acquisitions	-	-	772.3	772.3	772.3
Changes in fair value	-	-	(7.6)	(7.6)	(7.6)
Disposals	-	-	(136.0)	(136.0)	(136.0)
Disposals through the sale of subsidiaries	-	-	(2.7)	(2.7)	(2.7)
Transfer to other asset categories	(2.8)	(2.8)	-	-	(2.8)
<b>Balance at 31 December 2007</b>	<b>0.0</b>	<b>0.0</b>	<b>1,011.1</b>	<b>1,011.1</b>	<b>1,011.1</b>
<b>Depreciation and impairment losses</b>					
Balance at 1 January 2006	(0.1)	(0.1)	-	-	(0.1)
<b>Balance at 31 December 2006</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>-</b>	<b>-</b>	<b>(0.1)</b>
<b>Balance at 1 January 2007</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>-</b>	<b>-</b>	<b>(0.1)</b>
Other movements	0.1	0.1	-	-	0.1
<b>Balance at 31 December 2007</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying amount</b>					
<b>At 31 December 2006</b>	<b>2.7</b>	<b>2.7</b>	<b>385.1</b>	<b>385.1</b>	<b>387.8</b>
<b>At 31 December 2007</b>	<b>0.0</b>	<b>0.0</b>	<b>1,011.1</b>	<b>1,011.1</b>	<b>1,011.1</b>

As per 31 December 2007, De Post-La Poste had invested 125.3 million euros in asset management contracts. These investments mature in 2009 and for three of them, a coupon pay-out of 1.5% is foreseen each year. A capital guarantee clause at maturity is included in all contracts. The fair value of these investments is determined directly by reference to published price quotations in an active market and amounts to 125.6 million euros at 31 December 2007.

The other short-term investment securities are commercial papers, money market funds and floating rate notes. Most of the commercial papers have a maturity between one and three months and their interest rates vary from 4% to 5%. The company subscribed also for 90 million euros floating rate notes. These bonds mature in 2009 and 2010. They have a variable quarterly coupon that is equal to Euribor 3 months plus a spread. We assume that the market value of these instruments is not materially different from the cost added with the unrealized interest for the elapsed period since purchase. The market value of the commercial papers was estimated at 282 million euros while the market value of the floating rate notes was estimated at 90.2 million euros.

De Post-La Poste holds 500.5 million euros in Money Market Funds. These investments are against a floating interest rate. The fair value of these investments is determined directly by reference to published price quotations in an active market and amounted to 513 million euros as of 31 December 2007.

All the investments above are accounted for as financial assets at fair value designated as such upon initial recognition. Their performance is evaluated on a fair value basis in accordance with a documented investment strategy. Information about the investments is provided internally on that basis to the company's management.

The non-current financial assets of 2006 (2.7 million euros) were transferred to "non-current other receivables".

#### 9.18. INVESTMENT IN ASSOCIATES

MILLION EUR	2007	2006
<b>Balance at 1 January</b>	<b>80.7</b>	<b>131.1</b>
Share of profit	4.4	2.8
Dividends received	(4.0)	(2.0)
Expenses related to 'Return On Equity' obligation	(3.5)	-
Participation in capital increase of associates	0.9	1.9
Other movements in equity of associates	(15.9)	(53.1)
<b>Balance at 31 December</b>	<b>62.6</b>	<b>80.7</b>

#### SHARE OF PROFIT/LOSS

In both years, the amount is composed of our share in the profit of BPO (2007: 5.2 million euros and 2006: 4.6 million euros), partially offset by our share in the Certipost losses (2007: -0.8 million euros and 2006: -1.8 million euros).

#### DIVIDENDS RECEIVED

The 4 million euros are the part of the BPO dividend distribution attributed to De Post N.V.-La Poste S.A.

#### EXPENSES RELATED TO 'RETURN ON EQUITY' OBLIGATION

The expenses related to 'Return On Equity' obligation amounting to 3.5 million euros, are linked to the utilization of the provision.

#### PARTICIPATION IN CAPITAL INCREASE

These amounts represent the subscription of new shares by De Post N.V.-La Poste S.A. in the Certipost N.V. - S.A. subsidiary.

#### OTHER MOVEMENTS

The amounts represent mainly the reduction in unrealized gains on the bond portfolio of the BPO. The totality of the above items, with the exception of "other movements" are considered current assets/liabilities.

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

MILLION EUR 2007	OWNERSHIP	TOTAL ASSETS	TOTAL LIABILITIES	REVENUES	PROFIT /(LOSS)
BPO	50%	6,411.7	6,278.2	289.0	12.5
Certipost	50%	10.5	(10.0)	9.5	(2.1)

MILLION EUR 2006	OWNERSHIP	TOTAL ASSETS	TOTAL LIABILITIES	REVENUES	PROFIT /(LOSS)
BPO	50%	6,576.1	6,415.3	272.6	9.2
Certipost	50%	11.1	(10.5)	8.1	(4.0)

#### 9.19. TRADE AND OTHER RECEIVABLES

MILLION EUR	2007	2006
Trade receivables	-	0.5
Other receivables	2.8	0.5
	<b>2.8</b>	<b>1.0</b>

#### CURRENT TRADE AND OTHER RECEIVABLES

MILLION EUR	2007	2006
Trade receivables	308.7	362.3
Tax receivables, other than income tax	3.6	6.4
Other receivables	42.7	43.3
	<b>355.1</b>	<b>412.1</b>

MILLION EUR	2007	2006
Accrued income	20.1	23.5
Deferred charges	13.4	14.3
Other receivables	9.2	5.4
<b>Current - Other receivables</b>	<b>42.7</b>	<b>43.3</b>

The 2.8 million euros balance of the non-current trade receivables consists almost entirely of cash guarantees (2.7 million euros). The carrying amount of the non-current receivables is considered a reasonable approximation of the fair value of this financial asset, as it is expected to be paid within a short timescale, so that the impact of the time value of money is not significant.

Current trade receivables amount include third-party trade debtors (160 million euros), receivables from the State (88 million euros), credit notes to be received, suppliers with debit balance (38 million euros) and prepayments (23 million euros).

Tax receivables relate to the outstanding VAT amounts to be received from the Ministry of Finance.

Under current receivables, "Other receivables" consist almost entirely of accrued income and deferred charges. Important elements herein are the commission to be received from BPO, 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.

#### 9.20. INVENTORIES

MILLION EUR	2007	2006
Raw materials	2.0	2.7
Finished products	2.8	3.5
Goods purchased for resale	5.4	3.2
Reductions in value	(1.7)	(0.6)
<b>Inventories</b>	<b>8.6</b>	<b>8.7</b>

Raw materials include supplies, consumables and a stock of spare parts valued at 1.7 million euros. Finished products are stamps available for sale. Goods for resale mainly include postograms and post cards, besides lottery products.

Inventories are measured at the lower of cost and net realizable value at the balance sheet date.

In 2007, an amount of -1.5 million euros (2006: 1.5 million euros) is recognized as an expense in the section "Material cost". This section includes write down of inventories as well as the activation of uniforms (none in 2006).

The write down of 1.7 million euros is included in other operating expense. Most of this write down is due to the re-assessment of the stamps inventory, which is registered following the destruction of stamps with an old facial value.

#### 9.21. CASH AND CASH EQUIVALENTS

MILLION EUR	2007	2006
Cash in Post Offices	127.9	155.9
Transit accounts	2.7	21.6
Bank current accounts	43.4	57.7
Liquidities deposited with the State Treasury	-	59.1
Short term bank deposits	-	300.0
Overdrafts with State Treasury	(19.3)	-
Bank overdrafts	-	(0.1)
<b>Cash and cash equivalents</b>	<b>154.8</b>	<b>594.2</b>

#### 9.22. FINANCIAL LIABILITIES

MILLION EUR	2007	2006
<b>Financial liabilities at fair value through P&amp;L, designated as such upon initial recognition</b>		
"Return On Equity" obligation	21.3	21.4
Bank loans	100.0	-
Finance lease liabilities	3.2	9.4
Other borrowings	-	0.1
	<b>124.5</b>	<b>30.8</b>

**CURRENT LIABILITIES**

MILLION EUR	2007	2006
<b>Financial liabilities at fair value through P&amp;L, designated as such upon initial recognition</b>		
Unsecured bank loan	-	0.2
Finance lease liabilities	0.6	4.3
Other borrowings	-	0.6
	<b>0.6</b>	<b>5.1</b>

De Post N.V.-La Poste S.A. has committed to compensate Fortis, owner of 50% of the shares of BPO, in the case that BPO does not reach agreed upon levels of return on equity for the period 2007 to 2014. The fair value of this obligation as of 31 December 2007 amounts to 21.3 million euros.

The decrease in current and non-current financial lease liabilities is due to the disposal of Asterion. A bank loan of 100 million euros concluded in 2007 with the EIB increases the total of the non-current financial liabilities. This loan matures in 2022.

**9.23. EMPLOYEE BENEFITS**

De Post-La Poste 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 Agreement (CLA hereafter). The benefits granted under these plans differ according to the three categories of employees of De Post-La Poste: civil servants, baremic contractual employees and non-baremic contractual employees.

The following table summarises the balance sheet entries of the different benefits as at 31/12/2006 and 31/12/2007:

MILLION EUR	DBO 31/12/2007	DBO 31/12/2006
<b>TOTAL</b>	<b>(623.9)</b>	<b>(629.7)</b>
Post-employment benefits	(235.4)	(278.8)
Long-term employee benefits	(165.0)	(144.7)
Termination benefits	(76.4)	(51.0)
Other long-term benefits	(147.1)	(155.2)

**POST-EMPLOYMENT BENEFITS**

Post-employment benefits include medical expenses, family allowances, restaurant costs, transport costs, bank costs, funerary costs and retirement gifts.

**Medical expenses**

Active and inactive civil servants and baremic employees as well as the surviving spouses and orphans are eligible to medical costs benefits, subject to certain conditions. In general, 40% of the medical costs are refunded after deduction of the social security reimbursements. For other costs, a fixed amount is refunded.

**Family allowances**

The civil servants of De Post-La Poste (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 De Post-La Poste.

Under IAS19, only liabilities for current and future inactive statutory employees are calculated. From 2007 onwards, the valuation is based on individual information received from ONAFTS - RKW, which allowed a more refined calculation. This new treatment has an impact on the duration of the benefit and as a consequence on the corresponding discount rate. According to IAS 8, this new treatment can be considered as a change in accounting estimates. As a consequence, De Post-La Poste has recognized a positive amount of 31.8 million euros in the profit and loss statement in 2007.

**Restaurant**

Active workers, pensioners and pre-pensioners have the possibility to have lunch in the restaurants of De Post-La Poste at a subsidized price. Their spouses, cohabitants and children have this possibility too, but at a price that might be higher than the basic price.

**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. After death or retirement of affiliated workers, the spouse and children continue to receive this benefit under some conditions.

**Bank**

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

In 2007, De Post-La Poste received from the Bank van De Post-Banque de La Poste (BPO) individual information per benefit granted. In 2006, this information was not available in an individualized form. This new treatment has an impact on the average cost and on the duration of the benefit. According to IAS 8, this new treatment can be considered to be a change in accounting estimates. As a consequence, De Post-La Poste has recognized a positive amount of 13.9 million euros in profit and loss in 2007.

**LONG-TERM EMPLOYEE BENEFITS**

Long-term employee benefits include accumulated compensated absences 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 De Post-La Poste.

The methodology for 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 first nine months of 2007, as provided by HR & O.

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 accordance with IAS 8, an additional cost of 35.9 million euros has been accounted for in 2007 due to the change in the pay-out percentage of the salaries and the change in accounting estimates.

#### Part-time regime (50+)

Under the Collective Labor Agreement (CLA) 2005-2006 and the new CLA of 2007-2008 signed on 17 April 2007, statutory employees, aged between 50 and 59, are entitled to enter into a system of partial (50%) career interruption. De Post-La Poste makes contributions equal to 7.5% of the gross annual salary for a period of a maximum of 48 months.

#### TERMINATION BENEFITS

##### Early Retirement

Under the CLA 2001-2004, 2005-2006 and the new CLA of 2007-2008, civil servants meeting certain age and service conditions could elect to enter into early-retirement schemes whereby De Post-La Poste continues to pay them a portion of their salary at departure and until they reach retirement age. Furthermore, employees meeting certain age and service conditions could elect to benefit from a year of paid holiday the year preceding their entry into the early retirement scheme. In accordance with the new CLA, the existing schemes are accessible to new entrants until 31 March 2008.

##### Career Interruption 100%

Civil servants that meet certain age and seniority conditions can enter into a system of career interruption of 100% just before their early retirement. Allowances are paid by Rijksdienst voor arbeidsvoorziening – Office national de l'emploi (RVA-ONEM) and De Post-La Poste.

#### OTHER LONG-TERM BENEFITS

##### Workers Compensation Plans

Until 1 October 2000, De Post-La Poste 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 De Post-La Poste itself.

Since 1 October 2000, De Post-La Poste has contracted insurance policies to cover the risk.

De Post-La Poste's net liability for employee benefits comprise the following at 31 December:

MILLION EUR	2007	2006
Present value of obligations	(619.5)	(633.8)
Fair value of plan assets	1.3	0.8
<b>Present value of net obligations for plan</b>	<b>(618.2)</b>	<b>(633.1)</b>
<b>Present value of net obligations</b>	<b>(618.2)</b>	<b>(633.1)</b>
Unrecognized actuarial gains/losses	(5.8)	3.1
<b>Net liability</b>	<b>(623.9)</b>	<b>(629.9)</b>
Employee benefits amounts in the balance sheet		
Liabilities	(623.9)	(629.9)
Assets		
<b>Net liability</b>	<b>(623.9)</b>	<b>(629.9)</b>

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

MILLION EUR	2007	2006
<b>Present value at 1 January</b>	<b>(633.8)</b>	<b>(707.6)</b>
Service cost	(71.5)	(11.0)
Interest cost	(17.2)	(20.0)
Actuarial gains	22.9	25.2
Benefits paid	74.4	79.6
Effect of changes in accounting estimates per IAS 8	3.0	-
Disposals through the sale of subsidiaries	2.8	-
<b>Defined benefit obligation at 31 December</b>	<b>(619.5)</b>	<b>(633.8)</b>

The expense recognized in the income statement is presented hereafter:

MILLION EUR	2007	2006
Service cost	(71.5)	(11.0)
Interest cost	(17.2)	(20.0)
Actuarial gains and (losses)	7.5	(1.0)
Financial	1.0	0.5
Other	6.4	(1.6)
Effect of changes in accounting estimates per IAS 8	10.0	-
Financial	3.5	-
Other	6.6	-
<b>Net expense</b>	<b>(71.2)</b>	<b>(32.0)</b>

MILLION EUR	2007	2006
Payroll costs	(58.5)	(12.5)
Financial cost	(12.7)	(19.5)
<b>Net expense</b>	<b>(71.2)</b>	<b>(32.0)</b>

Interest costs and financial actuarial gains of losses have been included in "finance costs". All other expenses summarized above were included in the income statement line item "Payroll costs". De Post-La Poste recognizes all actuarial gains and losses in accordance with the corridor approach through profit and loss. There are no fixed contribution plans.

The main assumptions used in computing the benefit obligations at the balance sheet date are the following:

	2007	2006
Rate of inflation	2.0%	2.0%
Future salary increase	3.0%	3.0%
Medical cost trend rate	6.0%	6.0%
Mortality tables	MR/FR	MR/FR

The fair value of the plan assets held by the "Service Social des Postes" can be reconciled as follows:

MILLION EUR	2007	2006
<b>Fair value of plan assets at 1 January</b>	<b>0.8</b>	<b>0.6</b>
Contributions by employer	5.3	5.1
Benefits paid	(4.8)	(4.9)
<b>Fair value of plan assets at 31 December</b>	<b>1.3</b>	<b>0.8</b>

The discount rates have been determined by reference to market yields at the balance sheet date on AA credit rated corporate bonds expressed in the same currency as the liabilities. They range from 4.6% to 5.5% (2006: 3.85% to 4.50%).

In terms of sensitivity, if the medical cost rate assumed in the actuarial valuation of the defined benefit obligations varied by +/- 1%, this would have altered De Post-La Poste defined benefit schemes as follows:

MILLION EUR	2007 +1%	2007 -1%
Aggregate of current service and interest cost	1.9	(1.4)
Defined benefit obligation for medical costs	21.2	(16.8)

MILLION EUR	2006 +1%	2006 -1%
Aggregate of current service and interest cost	2.3	(1.8)
Defined benefit obligation for medical costs	28.3	(22.1)

#### 9.24. SHARE-BASED PAYMENTS

In 2006, the Board of De Post-La Poste approved the creation of an Employee Stock Option Plan ('ESOP') for the Management. Under this plan, De Post-La Poste will grant option rights to the management in 2006, 2007 and 2008. Once granted, the options vest one-third per year over a period of three years. The option plan is allocated to approximately 60 senior managers, including the CEO and the Management Committee.

The fair value of the option is expensed over the vesting period. In accordance with IFRS 2, the fair value of the options has been determined using the Binomial Option Pricing Model. The charge to the 2007 income statement amounted to 1.9 million euros (2006: 0.02 million euros). 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 2007 or 2006.

The total number of outstanding options is as follows:

NUMBER	2007	2006
<b>Options outstanding at 1 January</b>	<b>1,336.0</b>	-
Options granted during the year	1,388.0	1,412.0
Options exercised during the year	-	-
Options forfeited during the year	-	(44.0)
Options out due to bad leavers	-	(32.0)
<b>Options outstanding at 31 December</b>	<b>2,724.0</b>	<b>1,336.0</b>

	2007	2006
<b>Number of persons at 1 January</b>	<b>54.0</b>	-
IN	6.0	60.0
OUT	0.0	(6.0)
<b>Number of persons at 31 December</b>	<b>60.0</b>	<b>54.0</b>

The fair value of the options and the assumptions used in applying the Binomial Option pricing model are as follows:

EUR	2007	2006
Fair value of options granted	294.2	184.8
Exercise price	2,593.0	1,464.0
Expected volatility	27.0%	27.9%
Expected option life (in years)	4Y	4Y
Risk-free interest rate	4.1%	3.6%

All share options have the same exercise price per granting; there are no "ranges" of exercise prices within a given granting.

From the 2,724 outstanding options, 1,336 (granted in 2006) have an exercise price of 1,464 euros and a remaining option life of 3 years, the other 1,388 options, granted at 31 December 2007, have an exercise price of 2,593 euros and an option life of 4 years.

As a result of the establishment of the ESOP, De Post N.V.-La Poste S.A. has entered into a number of put and call option agreements:

- De Post N.V.-La Poste S.A. has a call option toward Post Invest Europe S.à.r.l. ('PIE') to purchase the shares relating to the exercised options at a price corresponding to the exercise price.
- PIE has a call option for the shares that De Post N.V.-La Poste S.A. may purchase from the beneficiaries of the ESOP. The price will be the actual purchase price from the beneficiaries of the ESOP.
- De Post N.V.-La Poste S.A. has also a put option for the shares it may purchase from the beneficiaries of the ESOP. The price is the lower of the price paid by De Post N.V.-La Poste S.A. and the exercise price (i.e. the price originally paid by De Post N.V.-La Poste S.A. to PIE).

These options are not revaluated and do not impact the income statement of De Post-La Poste because, in accordance with IAS39, the company cannot have a market risk on its own shares.

## 9.25. TRADE AND OTHER PAYABLES

## NON-CURRENT TRADE AND OTHER PAYABLES

MILLION EUR	2007	2006
Other payables	10.5	9.4
	<b>10.5</b>	<b>9.4</b>

## CURRENT TRADE AND OTHER PAYABLES

MILLION EUR	2007	2006
Trade payables	145.2	186.3
Payroll and social security payables	389.6	419.2
Tax payable other than income tax	4.1	5.8
Other payables	348.8	347.3
	<b>887.7</b>	<b>958.7</b>

The carrying amounts are considered to be a reasonable approximation of the fair value.

Year over year, the current trade and other payables present a decrease of 7.4%.

- The trade payables are decreasing by 41.1 million euros (-22%) mainly due to the change in payables relating to terminal dues.
- Payroll and social security payables are showing a decrease of 29.6 million euros or 7.1% attributed to a reduction in outstanding holiday and rest arrears (-14 million euros) and to the elimination of the provision of the operational premium and the management premium (-11 million euros). These 2 premiums were incorporated directly in the remuneration of the people concerned.
- The other payables are remaining stable and a more detailed table can be found hereunder.

MILLION EUR	2007	2006
Advance payments on orders	5.7	3.9
Advance received from State	84.3	84.3
Cash guarantees received	6.3	12.6
Accruals	51.0	73.6
Deferred income	52.8	37.0
Deposits received from third parties	109.2	114.2
Other payables	39.5	21.8
<b>Current - Other payables</b>	<b>348.8</b>	<b>347.3</b>

## 9.26. PROVISIONS

MILLION EUR	LITIGATION	ENVIRONMENT	ONEROUS CONTRACTS	RESTRUCTURING	OTHER	TOTAL
<b>Balance at 1 January 2007</b>	<b>29.5</b>	<b>3.4</b>	<b>19.6</b>	<b>0.6</b>	<b>0.7</b>	<b>53.8</b>
Additional provisions recognized	31.0	0.3	1.1	5.7	0.2	38.4
Provisions used	(1.9)	(0.1)	(7.3)	-	(0.3)	(9.6)
Provisions reversed	(6.3)	-	-	-	(0.1)	(6.4)
Other movements	2.0	(2.0)	-	-	-	-
Disposals through the sale of subsidiaries	-	-	-	(0.6)	(0.6)	(1.2)
<b>Balance at 31 December 2007</b>	<b>54.3</b>	<b>1.7</b>	<b>13.4</b>	<b>5.7</b>	<b>(0.2)</b>	<b>75.0</b>
Non current balance at end of year	47.6	0.7	0.2	-	(0.3)	48.3
Current balance at end of year	6.7	1.0	13.2	5.7	0.1	26.7
	<b>54.3</b>	<b>1.7</b>	<b>13.4</b>	<b>5.7</b>	<b>(0.2)</b>	<b>75.0</b>

MILLION EUR	LITIGATION	ENVIRONMENT	ONEROUS CONTRACTS	RESTRUCTURING	OTHER	TOTAL
<b>Balance at 1 January 2006</b>	<b>22.7</b>	<b>1.2</b>	<b>19.9</b>	<b>-</b>	<b>1.8</b>	<b>45.6</b>
Additional provisions recognized	13.4	2.2	-	0.6	0.3	16.5
Provisions used	(2.1)	(0.1)	(0.3)	-	(1.4)	(3.8)
Provisions reversed	(4.5)	-	-	-	-	(4.5)
Other movements	-	-	-	-	-	-
Disposals through the sale of subsidiaries	-	-	-	-	-	-
<b>Balance at 31 December 2006</b>	<b>29.5</b>	<b>3.4</b>	<b>19.6</b>	<b>0.6</b>	<b>0.8</b>	<b>53.8</b>
Non current balance at end of year	23.1	3.3	19.3	-	0.7	46.4
Current balance at end of year	6.4	0.1	0.3	0.6	0.1	7.4
	<b>29.5</b>	<b>3.4</b>	<b>19.6</b>	<b>0.6</b>	<b>0.8</b>	<b>53.8</b>

The provision for **litigation** represents a best estimate of the probable losses resulting from litigation or probable litigation between De Post-La Poste and third parties. The period anticipated for the cash outflows pertaining thereto is dependent on developments in the length of the underlying proceedings.

The provision related to **environment** issues covers among others the soil sanitation of land.

The provision on **onerous contracts** concerns the building WTC and covers the obligations of De Post-La Poste towards the building owner and the Belgian State.

These obligations can be summarised as follows:

- Onerous contract (sub-lease contract to the Dienst Vreemdelingen-Office des Etrangers)
- Onerous contract (period of non-occupation of the buildings)
- Obligation to pay non-asbestos-related refurbishment works to bring WTC in its initial rental state
- Obligation to compensate certain renovation costs incurred by the building's owner

This provision should be entirely utilized in 2008.

This provision for **restructuring** mainly covers restructuring costs for Taxipost (4.5 million euros) and Deltamedia (1.2 million euros) that will occur during 2008.

### 9.27. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

De Post-La Poste 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, De Post-La Poste has not established a formal set of upper and lower limits for this ratio, given the absence of any significant loans up until December 2007 (EIB loan). The main objectives for the capital management are to ensure the Group'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.

MILLION EUR	2007	2006
<b>Capital</b>		
Issued capital	783.8	783.8
Other reserves	(43.0)	(80.7)
Retained earnings	64.8	96.0
Minority interests	0.1	0.1
Total	805.7	799.2
<b>Net Debt</b>		
Interest bearing loans and borrowings	124.6	35.9
Non-interest bearing loans and borrowings	194.0	198.9
- Investment securities	(1,011.1)	(385.1)
- Cash and cash equivalents	(154.8)	(594.1)
Total	(847.4)	(744.4)
<b>Net Debt to Capital ratio</b>	<b>(1.1)</b>	<b>(0.9)</b>

### 9.28. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

De Post-La Poste is the subject of a number of competition proceedings before the European Commission. De Post-La Poste is cooperating fully with the European Commission. No provision has been recorded related to these enquiries, given the fact that the company at this stage, based on the current status of the matters (no formal proceedings have been opened to date), has no clear visibility and certainty of the extent and its financial impact, if any.

The 2003 decision of the European Commission approving the 297.5 million euros capital injection by the Belgian State into De Post-La Poste, is currently under appeal before the European Court of First Instance. No provision has been recorded related to this procedure, given the fact that the company at this stage, based on the current status of the matter, has no clear visibility and certainty of the extent and its financial impact, if any.

In January 2007, the Belgian Competition Authority initiated one new competition proceeding on the basis of a complaint from a competitor of De Post-La Poste. The Belgian Competition Authority issued a formal decision to close this enquiry in November 2007.

Two competition enquiries, initiated on the basis of complaints (in 1998 and in 2005) from customers of De Post-La Poste, are pending before the Belgian Competition Authority. De Post-

La Poste is cooperating fully with the Belgian Competition Authority. One of the customers filed separately a claim for damages before the Brussels Commerce Court in 2005. No provision has been recorded related to these enquiries/litigation, given the fact that the company at this stage, based on the current status of the matters, has no clear visibility and certainty of the extent and its financial impact, if any.

### 9.29. RIGHTS AND COMMITMENTS

#### COMMITMENTS TO ACQUIRE FIXED ASSETS

The capital expenditure registered on the balance sheet date and not yet incurred has decreased sharply from 95 million euros to 1 million euros, owing to the finalization of the sorting centers project. Last year's 95 million euros purchase commitment with Alteris N.V./S.A. related solely to the new sorting centers.

#### COMMITMENTS FOR SALES OF FIXED ASSETS

The total amount of this engagement is 0.5 million euros. The amount remains stable compared to 2006.

#### GUARANTEES RECEIVED

At 31 December 2007, De Post-La Poste benefits bank guarantees in a sum of 21 million euros, issued by banks on behalf of De Post-La Poste's customers (2006: 21 million euros). These guarantees can be called in and paid against in the event of non-payment or bankruptcy. Thus, they offer De Post-La Poste financial certainty during the period of contractual relations with the customer. This amount remained stable over the last 4 years, with an annual variance of less than 1.5 million euros.

#### GOODS FOR RESALE ON CONSIGNMENT

At 31 December 2007, merchandise (lottery tickets, etc.) representing a sales value of 20 million euros had been consigned by partners for the purpose of sale through the postal network. This represents a steep decline versus 2006 year-end, when the consigned goods inventory still amounted to 99 million euros. The main reasons for the decrease are :

- The discontinuation of the sale of fiscal stamps.
- The tickets for public transport (TEC) are now generated by the Poststation terminals, thus eliminating the need for a stock of these tickets.
- The Belgacom telecards are no longer on offer in the post offices.

#### GUARANTEES GIVEN

De Post-La Poste acts as guarantor in the following cases:

- Verzekeringen van De Post Leven-Assurances de La Poste Vie (APO): in the context of two equity swap transactions entered into between APO and respectively Commerzbank AG (15 million euros) and BNP Paribas (10 million euros). These two guarantees expire on 27 April 2009. The guarantee was put in place in the framework of the launch of the Poststock Fund I, a branch 23 product marketed via post offices.
- DoMyMove : 4.5 million euros guarantee left in the framework of the DoMyMove collaboration agreement between De Post-La Poste, Belgacom and Electrabel.

#### FUNDS OF THE STATE

De Post N.V.-La Poste S.A. 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 presented off balance sheet. These funds reached an amount 19,277 million euros at 31 December 2007 and 17,242 million euros at 31 December 2006.

### 9.30. RELATED PARTY TRANSACTIONS

#### A. CONSOLIDATED COMPANIES

A list of subsidiaries and equity-accounted companies, together with a brief description of their business activities, is given in Note 9,31.

#### B. RELATIONS WITH THE SHAREHOLDERS

The direct shareholders of De Post N.V.-La Poste S.A. are the Belgian State (24.13%), Federale Participatie- en Investeringsmaatschappij N.V.-Société Fédérale de Participation et d'Investissement S.A. (25.87%), which itself is also held by the Belgian State, and Post Invest Europe Sarl (50% minus one share), where 50% are indirectly held by the Post Danmark A/S and 50% by C.V.C.

##### 1) The Belgian State

###### a) Management Contract

De Post N.V.-La Poste S.A. provides public-interest services to the Belgian State and various government agencies. The Management Contract entered into between De Post N.V.-La Poste S.A. and the Belgian State, in effect since publication on 20 December 2005 (erratum 16/01/2006) in the Belgian Gazette of the Royal Decree approving the Management Contract, stipulates the rules and conditions for carrying out the tasks that De Post N.V.-La Poste S.A. assumes in execution of its public-interest activities and the financial intervention of the Belgian State. The Management Contract covers a period of five years as from the date of its publication in the Belgian Gazette.

The Management Contract defines the following public-interest activities:

- Postal service:
  - 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 De Post N.V.-La Poste S.A. 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 licence stamps on behalf of the Mixed Administrative Belgo-Luxemburg 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 licences;
  - 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 De Post N.V.-La Poste S.A. in the distribution of voting packages and ballot papers;
  - cooperation of De Post N.V.-La Poste S.A. in the printing and distribution of official forms, of offers of employment;

- provision of De Post N.V.-La Poste S.A. 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 De Post N.V.-La Poste S.A. and the price invoiced to the user of the public services.

The procedures for invoicing and liquidation applicable to the public-interest activities carried out by De Post N.V.-La Poste S.A. for the Belgian State are set down in a separate agreement, in which the Belgian State undertakes to pay for the public services provided by De Post N.V.-La Poste S.A.

###### b) Treasury function

In accordance with the Royal Decree of 15 July 1997 introducing measures for consolidation of the financial assets of public authorities, De Post N.V.-La Poste S.A. administers the accounts of institutional entities and the accounts in relation to the Postchèque business. These entities form part of the public authorities sector.

The contract of 20 December 2005 lays down the provisions applicable between De Post N.V.-La Poste S.A. and the Federal Public Service for Finance as regards the organization of movements of funds between the two institutions together with the provision of certain funds administered by De Post N.V.-La Poste S.A. to the public Treasury.

Under this agreement, two types of funds belonging to public authorities are administered by De Post N.V. - La Poste S.A., i.e.:

1. funds of the State. De Post N.V.-La Poste S.A. settles and liquidates the financial transactions of government ministries (taxes, VAT, etc.) on behalf of the State. De Post N.V.-La Poste S.A. records these amounts off balance sheet;
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 De Post N.V.-La Poste S.A. and recorded off balance.

##### 2) Post Danmark

A number of experts have been provided by Post Danmark in order to assist De Post-La Poste in the realization of a series of productivity improvement and commercial re-positioning projects (new sorting centers, parcels, etc.). De Post-La Poste takes in charge the salary costs of these experts together with the costs related to their expatriation. The costs invoiced by Post Danmark in relation to these activities amount to 1.3 million euros (2006: 1.2 million euros).

#### C. RELATIONS WITH BPO

BPO is a jointly controlled subsidiary of De Post N.V.-La Poste S.A. and Fortis Bank-Fortis Banque, 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 N.V.-La Poste S.A. and Generale Bank-Générale de Banque (now Fortis Bank - Fortis Banque) 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 in 2002. BPO pays De Post N.V.-La Poste S.A. 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 90.3 million euros in 2007 (2006: 90.9 million euros).

**Working capital**

BPO has placed 9.0 million euros at the disposal of De Post N.V.-La Poste S.A. without guarantee or payment of interest by De Post N.V.-La Poste S.A. This sum will remain available to De Post N.V.-La Poste S.A. throughout the term of the framework agreement. It is intended to constitute the working capital enabling De Post N.V.-La Poste S.A. to conduct business on behalf of BPO.

**Insurance contract**

An insurance distribution contract has been concluded between De Post N.V.-La Poste S.A., BPO and Fortis.

The parties concerned have agreed to offer and market insurance products via BPO using the distribution network of De Post N.V.-La Poste S.A. In effect, up to and including the accounting year 2014, the contract provides for an access fee, a commission on all the insurance products sold by De Post N.V.-La Poste S.A. and additional commissions if the sales figures laid down are achieved.

**D. RELATIONS WITH THE DIRECTORS AND MANAGEMENT****Board of Directors**

Since 17 January 2006, Martine Durez has been Chairperson of the Board of Directors, which, besides the Chairperson, now comprises the following members:

- Arthur Goethals (A)
- Luc Lallemand (A)
- Christian Leysen (A)
- Jean-François Robe (A)
- Geert Duyck (B)
- Helge Israelsen (B)
- Søren Vestergaard - Poulsen (B)
- Fritz Schur (B)
- Johnny Thijs (Chief Executive Officer)

The remuneration of members of the Board of Directors was established by the General Meeting of Shareholders of 25 January 2000 as follows (gross remuneration per annum):

- 33,984 euros for the Chairperson, who also chairs the Joint Industrial Committee (Paritair Comité / Commission Paritaire) of De Post-La Poste without a fee or remuneration (the Joint Committee met 12 times in 2007)
- 16,992 euros for the other directors.

Finally, attendance fees of 1,416 euros are foreseen for each Board member (with the exception of the CEO) for each attended meeting of one of the Committees created by the Board. No supplementary attendance fees or any other remuneration are attributed concerning the meetings of the "Commission Paritaire".

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

**CEO and the Management Committee**

The CEO regularly reports to the Board and makes recommendations to it concerning the operations, activities and management of the company.

A remuneration of 0.9 million euros was paid to the CEO for the year ending 31 December 2007. (2006: 0.9 million euros). The CEO was awarded 174 share options (2006: 174) under the Employee Stock Option Plan.

The CEO is assisted in the management of the company by a Management Committee, composed as follows:

- Bernard Delvaux: Director Mail & Parcels Operations
- Mark Michiels: Director Human Resources and Organisation (as per October 5 2007, in replacement of Luc Luyten, who retired on August 21 2007)
- Baudouin Meunier: Director Enterprise, Group Marketing & Regulatory
- Koen Van Gerven: Director Residential, SOHO's and Small Enterprises
- Johan Vinckier: Director Service Operations
- Pierre Winand: Chief Financial Officer

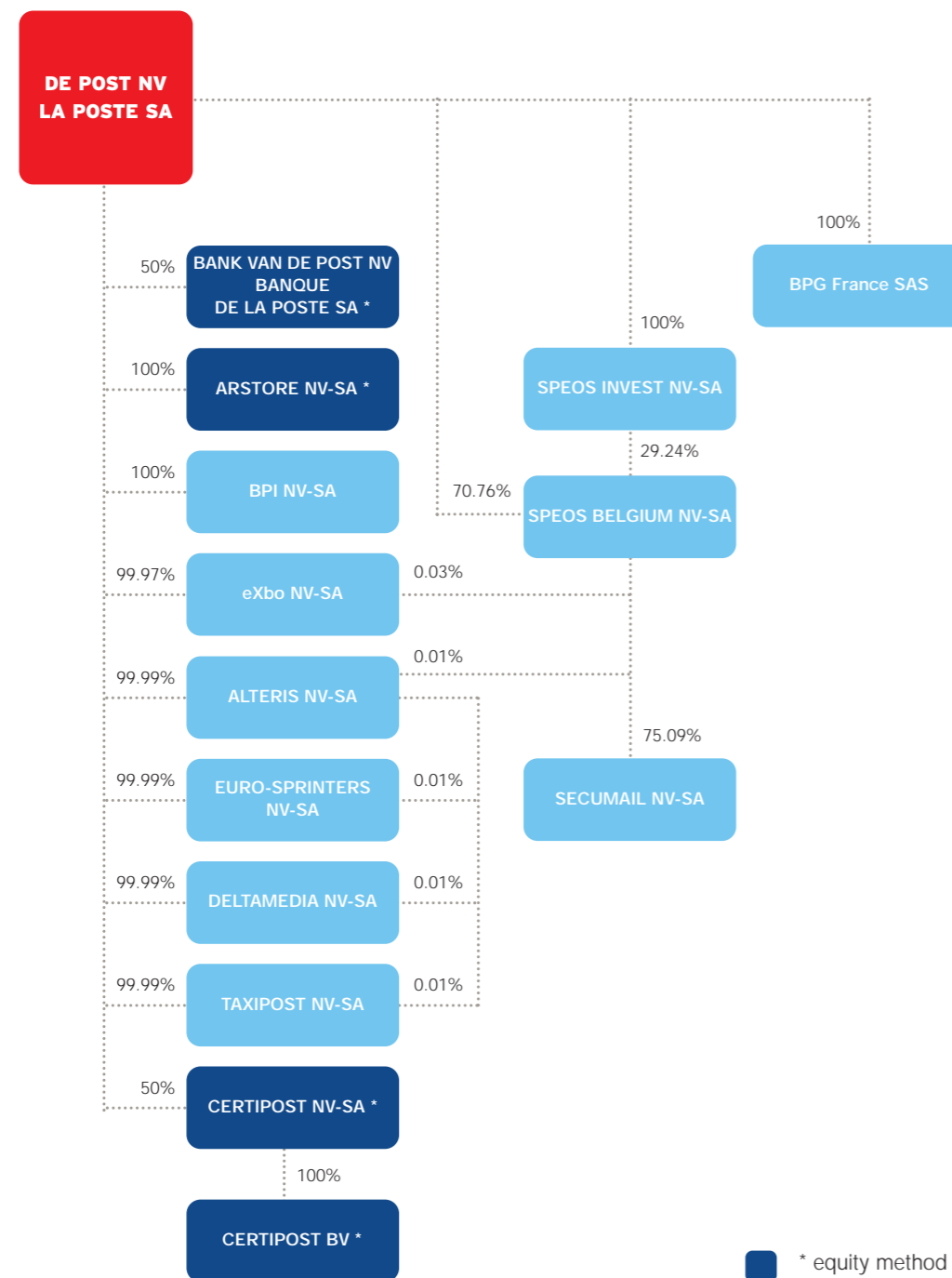
In September 2007, Peter Somers has been added to the Management Committee as Director for the International Mail and Parcels activities.

The Management Committee assists the CEO in the management of the company. The Management Committee is also competent as a College to negotiate all renewals and amendments to the Management Contract concluded between the State and the Company. Management Committee members are granted powers at operational level.

A remuneration of 2.8 million euros was paid to the members of the Management Committee (as base salary and bonus), not including the CEO, for the year ending 31 December 2007 (2006: 2.8 million euros). They were awarded 378 share options (2006: 324) under the Employee Stock Option Plan.

Finally, De Post-La Poste has paid a total of 128,028 euros in group insurance premiums of which the Management Committee members are the beneficiaries.

## 9.31. GROUP COMPANIES



De Post-La Poste's subsidiaries are presented as follows:

NAME	SHARE OF VOTING RIGHTS 2007	IN% TERMS 2006	COUNTRY INCORPORATION	VAT NO.
Alteris NV - SA (formerly Laterio NV - SA)	100%	100%	Belgium	BE474.218.449
Arstore NV - SA (formerly Vicindo Printing) (****)	100 %	100%	Belgium	BE419.892.709
Asterion Direct SAS (formerly Vicindo Symbiose Ouest) (**)	0%	100%	France	FR04324397744
Asterion SAS (**)	0%	100%	France	FR56379440670
Asterion SUD SAS (**)	0%	100 %	France	FR53349604439
BPG France SAS	100%	100%	France	FR18352871743
Deltamedia NV - SA	100%	100%	Belgium	BE424.368.565
Eurosprinters NV - SA	100%	100%	Belgium	BE447.703.597
eXbo Services International NV - SA	100%	100%	Belgium	BE472.598.153
Fond des Sarts BVBA - SPRL (***)	0%	100%	Belgium	BE473.254.486
Postshop NV - SA (***)	0%	100%	Belgium	BE466.385.403
Secumail NV - SA (*)	75%	75%	Belgium	BE462.012.780
Speos Belgium NV - SA	100%	100%	Belgium	BE427.627.864
Speos Invest NV - SA	100%	100%	Belgium	BE463.888.444
Taxipost NV - SA	100%	100%	Belgium	BE867.722.408
BPI NV - SA	100%	0%	Belgium	BE889.142.877

(\*) The minority interests (0.1 million euros at 31 December 2007; 0.1 million euros at 31 December 2006) shown in the balance sheet concern these subsidiaries.

(\*\*) Disposal of the subsidiaries of BPG France

(\*\*\*) Integrated in De Post NV-La Poste SA (merger)

(\*\*\*\*) In liquidation

A brief description of the business activities of the main subsidiaries is given below:

- **Eurosprinters** offers 24/7 tailor-made transportation services for goods up to 24 tons.
- **Deltamedia** distributes newspapers in Belgium.
- **eXbo** helps customers to improve the efficiency of their document flows, be they incoming, internal or outgoing documents. eXbo offers to manage mailrooms, digital mail, copy center, printing-on-demand, printed matter, franking, mailings, archives, scanning, reception desk and switchboard, office supplies as well as the management of your printers and faxes.
- **Speos Belgium** provides services for the outsourcing of administrative and financial document management such as bills, bank statements and pay slips. Services include physical and electronic document management and processing, document scanning, laser edition, enveloping, e-billing, e-viewing and electronic archiving.

## LIST OF EQUITY-ACCOUNTED INVESTMENTS

The list of equity-accounted investments can be summarised as follows:

NAME	SHARE OF VOTING RIGHTS 2007	IN% TERMS 2006	COUNTRY INCORPORATION	VAT NO.
Certipost BV	50%	50%	Netherlands	NL10275594B01
Bank van de Post N.V.- Banque de La Poste S.A.	50%	50%	Belgium	BE456.038.471
Certipost N.V/SA	50%	50%	Belgium	BE454.396.406

A brief description of the equity-accounted companies is given below:

- **Certipost**, a company created in 2003, jointly controlled by De Post N.V.-La Poste S.A. and Belgacom, enables organizations to communicate electronically with any customer, citizen, supplier and public institution, by automating inbound and outbound information flows, streamlining document exchange and by securing and certifying electronic communications. Furthermore, Certipost is supplier of the digital certificates within the Belgian electronic identity card (eID). Certipost offers solutions enabling electronic invoicing, document exchange within the supply chain, e-government with social security and customs, electronic registered mail, electronic security, electronic counters and the use of the electronic identity card within organizations.
- The relations with **BPO** are described in Note 9.30.

### 9.32. EVENTS AFTER THE BALANCE SHEET DATE

De Post-La Poste has concluded an agreement with Belgacom to acquire its 50% of the shares of Certipost. As a result of this transaction, Certipost will be fully owned by De Post-La Poste.

Through the take-over of Certipost, De Post-La Poste will offer a combination of electronic document management and complementary services such as printing, scanning and preparation of administrative mail. This purchase is subject to a series of conditions and is expected to be completed in the first quarter of 2008. The financial impact of this take-over can not be determined in detail at this moment.

The proposal of the European postal directive, for which the second reading started in 2007, was voted by the European Parliament on 31 January 2008. This text confirms a full liberalization on 1 January 2011 and the Belgian Government will have to define the regulatory environment of the universal service and the associated financing mechanisms. The financial impact of these events can not be determined in detail at this moment.

## REPORT OF THE JOINT AUDITORS

TO THE GENERAL MEETING OF SHAREHOLDERS OF LA POSTE SA DE DROIT PUBLIC/ DE POST NV VAN PUBLIEK RECHT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

We have audited the consolidated financial statements of La Poste SA de droit public/De Post NV van publiek recht and its subsidiaries (collectively referred to as "the Group") for the year ended 31 December 2007, 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 balance sheet as at 31 December 2007, and the consolidated statement of income, 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 balance sheet shows total assets of € 2,258.7 millions and the consolidated income statement shows a profit for the year, share of the Group, of € 64.8 millions.

#### 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 Réviseurs 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 2007 give a true and fair view of the Group's financial position as at 31 December 2007 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.

#### 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, 1 April 2008

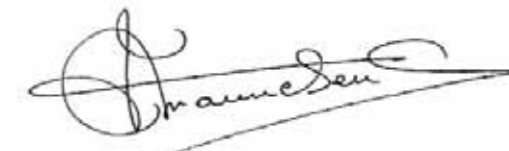
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