



we are
bpost
we deliver
value

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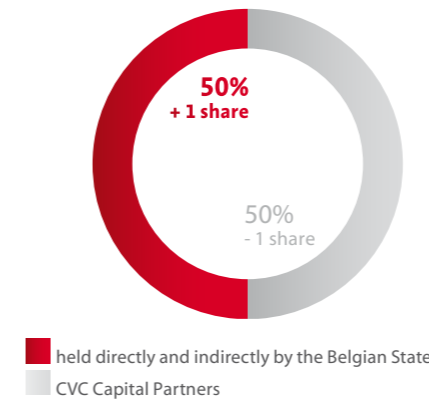
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bpost at a glance

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

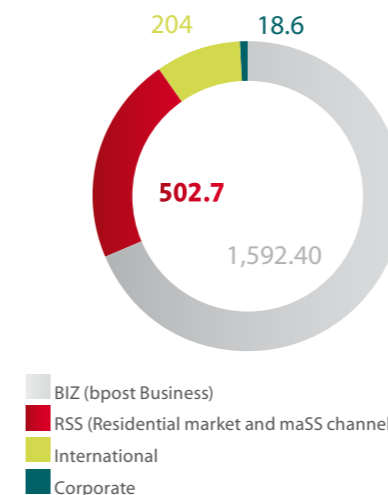
Shareholders



Multichannel network

- 1,394 points of sales (end 2010): 690 Post Offices and 704 Post Points
- eShop
- Contact Center
- 2,750 stores for postage stamps (end 2010)

Operating income 2010 per business unit (in million EUR)



Some key figures

- Operating income (2010): 2, 317.8 million EUR
- 33,616 employees - 28,618 FTE (end 2010)
- 12 million mail items and 90,000 parcels handled a day
- 10,000 mailman rounds and 4.5 million households served 5 days a week
- 14,000 red post boxes

Our **Mission**

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

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

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

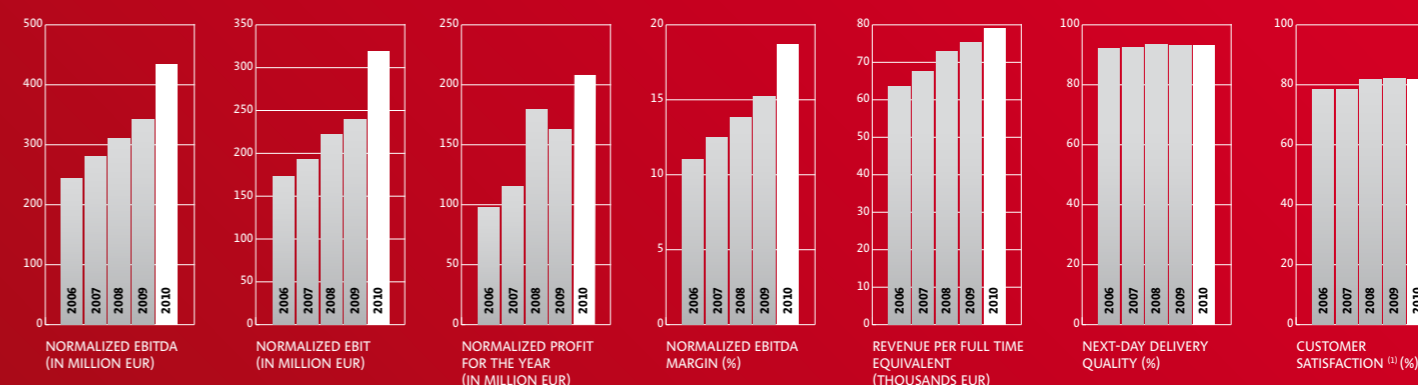


Key figures 2010

	2010	2009	2008	EVOLUTION 2010-2009
P&L and B/S key figures				
(in million EUR for the year ended 31 December)				
Operating income	2,317.8	2,250.1	2,262.4	3.0%
Payroll costs	-1,314.5	-1,201.5	-1,294.2	9.4%
Other operating costs	-680.9	-675	-698.8	0.9%
Profit from operating activities (EBIT)	322.4	373.6	269.4	-13.7%
Normalized profit from operating activities	319.2	240.1	221.9	32.9%
Profit attributable to equity holders	209.6	290.9	221.8	-28.8%
Equity	1,114.3	1,132.5	930.1	-1.6%
Other key figures				
EBITDA	437.4	475.2	360.5	-8.0%
Normalized EBITDA	434.2	341.7	312.5	27.1%
Normalized profit for the year (EAT)	207.5	163.1	178.7	27.2%
Operating free cash flow (*)	224.7	187.2	228.6	20.0%
Normalized EBITDA margin	18.7%	15.2%	13.8%	-
Dividend per share (in EUR)	526.8	416.7	419	-
Number of FTE (at year end)	28,618	29,618	30,660	-
Number of FTE (average)	29,324	30,030	31,460	-
Revenue per FTE	79.6	75.2	72.8	-

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

performance 2006 - 2010



(1) On a same methodology basis - Overall satisfaction about bpost measured on a 7 points scale (% of satisfied customers who answered 5-6-7 to the question "In general, how satisfied are you about bpost?").

Message to our stakeholders

2010 was an **excellent** year for bpost. The trend of upward figures, which began in 2004, was continued. 2010 was also a pivotal year. De Post - La Poste - Die Post became bpost, a new name to set the seal on years of major changes, in the final straight line towards liberalization of the postal sector on 1 January 2011.



Johnny Thijs
CEO

Martine Durez
Chairwoman of the
Board of Directors

“Offering value to our shareholders,
customers, employees and society.”

Johnny Thijs, CEO

2010 was an excellent year, why?

Martine Durez: Because the results were again better than the previous year and the years before. As a result, the company has improved its financial well-being, which creates a strong foundation for our future development and for the universal service provision of tomorrow.

bpost sales rose 3.0% from 2,250.1 million EUR (in 2009) to 2,317.8 million EUR (in 2010). Normalized operating profit (EBITDA) went from 341.7 million EUR to 434.2 million EUR. Normalized EBIT grew from 240.1 million EUR to 319 million EUR. The fall in mail volumes, which was as high as 4% in the crisis year 2009, was restricted to 1% in 2010. That is a plus, especially compared with some other European postal operators, who recorded considerably larger volume reductions.

These are strong figures and the Board of Directors thanks all bpost employees for their efforts.

Johnny Thijs: We made progress in operational terms too, and all colleagues deserve a compliment. For example, delivery quality in 2010 rose to an average of “95.3% on time”, compared with 94.8% in 2009. At 95.3%, we exceeded the target in the Management Contract (95%) and achieved the best delivery quality score ever.

This is important, because quality is the cornerstone of customer satisfaction, which in turn is the condition of full competitiveness on the liberalized postal market.

Customer satisfaction was up only slightly in 2010, but we are working on further improvement. 82% of our scores on a scale of 1-7 were 5, 6 or 7 in 2010, the same as in 2009. Promising, but we want to drive that figure up further to secure the loyalty of our customers.

It is also nice to observe that the motivation of our employees continues to rise, in spite of the many changes we are pushing through in our organization. The annual employee survey shows that their satisfaction (scores of 5, 6 or 7) rose from less than 70% in 2007 to 81% in 2010. It is a sign that employees understand and support the changes.

The seal was set on years of change with a new name: bpost.

MD: It's a decision that was taken after careful consideration. You don't just change a name that everyone has become familiar with over such a long time. But after years of change we felt it was time for “new packaging” for a company that had been totally transformed. 2010 was an excellent time to do it: a few months before the liberalization of the market we were able to make clear, with a new name and a rejuvenated logo, that we were completely prepared for a new era.

JT: In “bpost” we have now a single name, recognizable for everyone in Belgium and on the international scene. The name also very clearly refers to our two fundamental characteristics: one, we are and will remain a postal company, and two, we have and will retain firm roots in our Belgian home market.

The whole process has been carefully prepared and we observe that the new name has caught on very quickly.

The postal market was fully liberalized on 1 January 2011. Does that constitute a threat for bpost?

MD: bpost knows all about competition: a substantial part of our turnover is already generated on open

“ The Board of Directors has taken initiatives in the past years to maximize the integration of the rules of good governance in our activities. ”

Martine Durez, Chairwoman of the Board of Directors

markets. We have also prepared thoroughly in recent years. We are ready to face up to new competitors with good-quality products, increasingly better service and value for money.

But we must remain alert. Competitors will doubtless try their luck on the liberalized market, and that can lead to bpost ceding market share.

The advance of email and internet is unstoppable too. Up to now bpost has been able to limit the loss of volume, but developments in other countries show that we have to factor in the possibility of larger drops.

We have therefore approved a new Strategic Plan for 2011-2015. It is expected to enable bpost to get to grips with the loss of income pursuant to liberalization and web substitution. We will therefore continually adapt our processes to embrace technological advancements, as a result of which a growing number of activities will be automated, especially letter and parcel sorting.

What does the new Strategic Plan entail?

JT: We will continue to work on changes that reduce our costs and raise the flexibility and efficiency of our processes. As in the past, the changes will be made in consultation with the unions. It was confirmed in the Collective Agreement for 2011 that this will happen without any compulsory redundancies.

We are also taking more initiatives to compensate for drops in volumes as much as possible with new products combining the power of a letter and the speed of electronic media. We are doing our utmost to maximize the growth potential of such market segments as document management, bank and insurance, parcels and direct mail. In 2010 we were successful in each of these segments and I am sure this trend will continue in 2011.

In the coming years our policy will be founded on six strategic priorities:

- Ensuring the growth of our financial results (sales and operating profit) and earning bpost a place in the leading group of European postal companies;
- Pursuing further growth, despite the loss of letter mail volume;
- Continuing to control and cut costs;
- Pursuing excellence in everything we do. Quality is a daily obsession for us;
- Improving quality and service to improve customer satisfaction. Customer questions and complaints need to be handled better and more swiftly;
- Performing our obligations with regard to the universal service and services of public interest with dedication.

A company that offers value to stakeholders, but also a company with values?

MD: Absolutely, we feel very strongly about social values such as dialogue within the company, sustainability, diversity and transparency in decision making. The Board of Directors has taken initiatives in the past years to maximize the integration of the rules of good governance in our activities.

bpost has also worked on an updated “code of conduct” for employees. Discrimination, corruption, bullying, any form of unethical behavior will be expressly prohibited and penalized.

The company’s values were clarified again this year. It is essential that everyone knows and understands them and incorporates them in their day-to-day duties. All employees will accordingly be able to assert that the customer is at the center of everything they do, that they are ambitious and reliable team players.

The decision has also been taken to seriously promote

diversity and equal opportunities at bpost. While diversity is already a very clear characteristic of our company, it has proved necessary to conduct an analysis to improve the interaction with the various elements. The fight against every form of discrimination is also part of this, as given concrete expression by the adoption of a multi-year action plan for diversity and equal opportunities.

JT: bpost has acted as a “caring company” when it comes to environment, customers and employees. There too, we want to prove that we are a company respectful of values.

Our environmental targets continue to be a 35% reduction in carbon emissions in our operations by 2012 (compared with 2007) and a 15% reduction in energy consumption (compared with 2005).

In 2010 we again donated a percentage of the revenue from the Christmas postage stamp to the bpost Literacy Fund (350,000 EUR), which is administered by the King Baudouin Foundation. We also launched a new initiative to support the voluntary social efforts of our employees. bpost reserves 150,000 EUR for projects supported by colleague volunteers through the STAR4U benefit fund. Some 300 applications were received in 2010, around a hundred of which were selected by the jury.

Lastly: what can we expect in 2011?

MD: It will obviously be a pivotal year, given the liberalization. We look forward to it with confidence but also with vigilance.

In 2011 we also expect the results of the formal investigation into state support opened by the European Commission in February 2009. The Commission’s decision is clearly very important for the company.

JT: In a fully competitive environment, even more than in the past, we will have to make a difference through the combination of outstanding quality, a fair price and efficient service, perfectly tailored to the needs and wants of customers. We have everything we need to present our customers with that winning combination.

I am confident we will be able to offer all our stakeholders robust, substantial value in 2011 too.



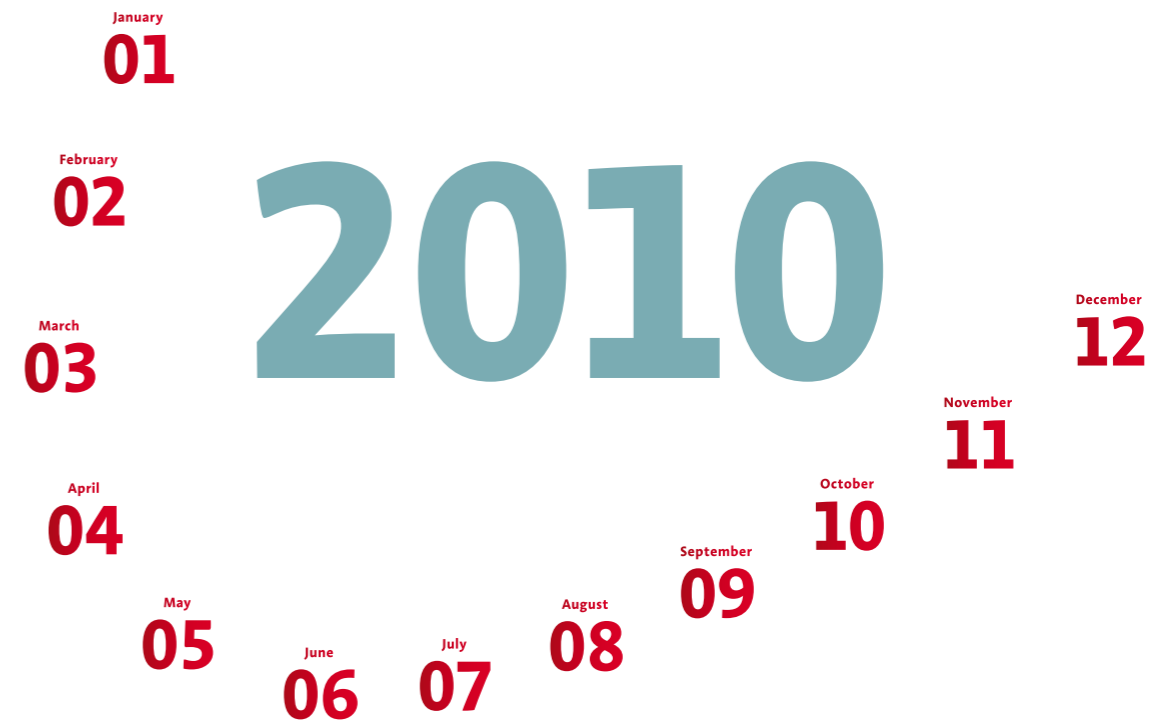
Johnny Thijs
CEO



Martine Durez
Chairwoman of the Board of Directors

EBIT
319
million EUR
(+7.5%)

Key events of the year



Liberalization

On 18 November 2010, the Belgian Parliament adopted the law organizing the liberalization of the postal market. As from January 1, 2011, the Belgian postal market has been fully opened.

The Third postal directive 2008/6 of the European Parliament and the European Council was adopted on 20 February 2008 and published on 27 February 2008. The Directive aims to achieve an internal market for postal services through the removal of exclusive and special rights in the postal sector, to safeguard a common level of universal services for all users in all EU countries and to set harmonized principles for the regulation of postal services.

Enquiry from the European Commission

In February 2009, the General Court reversed on procedural grounds the decision of the European Commission authorizing the capital increase of 2003.

The Belgian State filed an appeal against this decision of the court.

Pending the resolution of the appeal, the European Commission re-opened the file of the 2003 capital increase and launched an investigation into potential illegal state aid for the period 1992-2009.

The enquiry continued throughout 2010 and bpost continued to cooperate fully with the European Commission.

Agreement regarding the transformation of the mail network

On 21 January 2010, bpost and the social partners reached an agreement on a number of proposals regarding the transformation of the mail network. The agreement is designed to strengthen the company's competitiveness ahead of the full opening of the market in 2011. The agreement also protects the rights of the workers currently employed while offering a long term solution to those working under temporary contracts.

Following the agreement, all new workers of the mail divisions (domestic and international) will be hired according to a new pay scale. This pay scale is lower than the one currently in force for new employees but new workers will possibly have the opportunity to evolve over time toward the current pay scale.

bpost and the social partners also approved a scheme under which employees who reach the age of 58 by 31 December 2010, who work in certain departments – which have been designated as being under restructuring – and who are not replaced, have the possibility to apply for early retirement.

Continuous evolution of the mail network

During 2010, bpost continued the transformation of its mail network in order to prepare it for the expected

evolution of the volumes and of the product mix. The roll-out of the sorting per round and of the sequencing per house continued with 81% of the volume of normal format mail being round-sorted at the end of 2010 (78% at the end of 2009) and 12% of the volume of normal format mail being sequenced at the end of 2010 (1% at the end of 2009).

The regrouping of distribution offices into larger and more cost effective distribution platforms continued throughout 2010 leading to a further reduction in the number of distribution offices. At the end of 2010, bpost's distribution network was composed of 391 offices (2009: 450).

Evolution of the retail network

On 31 December 2010, the retail network included 1,394 points of sales (2009: 1,401). During the year, 74 Post Points were opened (and 58 were closed) to reach a total of 704 (2009: 688). They replace 26 wholly-owned post offices which were closed during 2010. Post Points 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 Post Points is part of the evolution of the retail network which aims at maintaining a postal presence throughout the country while improving bpost's cost structure

in order to ensure the financial and commercial viability of its retail network. The conversion program, which is executed without any forced dismissal, is almost completed with a more limited number of conversions planned for 2011.

De Post – La Poste becomes bpost

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

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

The changes are introduced progressively in order to ensure that the costs of the operation remain limited.

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

New Collective Labor Agreement covering 2011

On 12 October 2010, bpost's workers' council approved the Collective Labor Agreement covering 2011. The agreement was subsequently approved by the Board of Directors.

The new agreement included, among other measures, the potential payment of a non-recurring bonus payable in 2011 if a certain profitability level is achieved, and if this level is achieved, the bonus will be determined based on the actual performance of the company on this profitability measure. The measure included in the previous Collective Labor Agreement, offering qualifying workers aged 50 and over an indemnity for opting for a part-time job was renewed for 2011.

Finally, the scheme under which employees who reach the age of 58 by a certain date, who work in certain departments – which will be designated as being under restructuring – and who are not replaced, have the possibility to apply for early retirement, was reconfirmed.

European license plate contract

Following a tender launched by the Federal Mobility Administration, bpost was awarded a contract for the supply and distribution of new automobile license plates that are compliant with the European Union guidelines. This contract could represent as much as 1.6 million plates per year for the next four years and is an illustration of bpost's capacity to offer integrated solutions to its clients.



bpost, Royal Warrant Holder

On 15 November 2010, Dynasty Day, King Albert II added bpost to the list of Belgian Royal Warrant Holders. This is a prestigious endorsement for all bpost employees who work to continuously improve the quality of our services day after day, through their commitment and performance.

A new postal environment

The postal market was fully opened up to competition on 1 January 2011 in Belgium and most of the rest of the European Union. An important milestone in the history of postal services.

Market liberalization did not happen overnight, however. It was the culmination of a gradual process that began in 2000 with the opening of the market for domestic and international mail weighing more than 350 grams. It continued in 2003 with the restriction of the monopoly of domestic operators for mail weighing less than 100 grams and the full liberalization of the international mail market. In January 2006 a new step was taken in the liberalization process with the opening of the market for mail weighing more than 50 grams to competition.

Since 1 January 2011 any licensed provider can handle and deliver letters and parcels in any weight category, as long as certain conditions are met.

The full opening of the postal market to competition is the result of three European directives adopted in 1997, 2002 and 2008. The overall framework was provided by the 'third' postal directive (Directive 2008/6 of the European Parliament and the European Council, adopted on 20 February 2008). The directive set up a European internal market for postal services by withdrawing the exclusive and special rights in the postal sector with the goal of preserving a common level of universal service for all users in member states of the European Union and introducing the harmonized principles of postal service regulation. The various member states are left to establish how this is implemented.

On 18 November 2010 the Belgian Parliament approved the law on the liberalization of the postal market (which was published in the Belgian Gazette of 31 December 2010), transposing the 2008 directive and comprising the following elements:

- Designation of bpost as the sole universal service provider for the whole territory as from 2011 for an initial eight-year term;
- The universal service will be exclusively financed by the Belgian State;
- Use of the self-employed to collect, sort or deliver addressed mail under the universal service is prohibited;
- New entrants are required to cover 80% of the territory of each of the three regions of Belgium within five years, according to the following evolution:

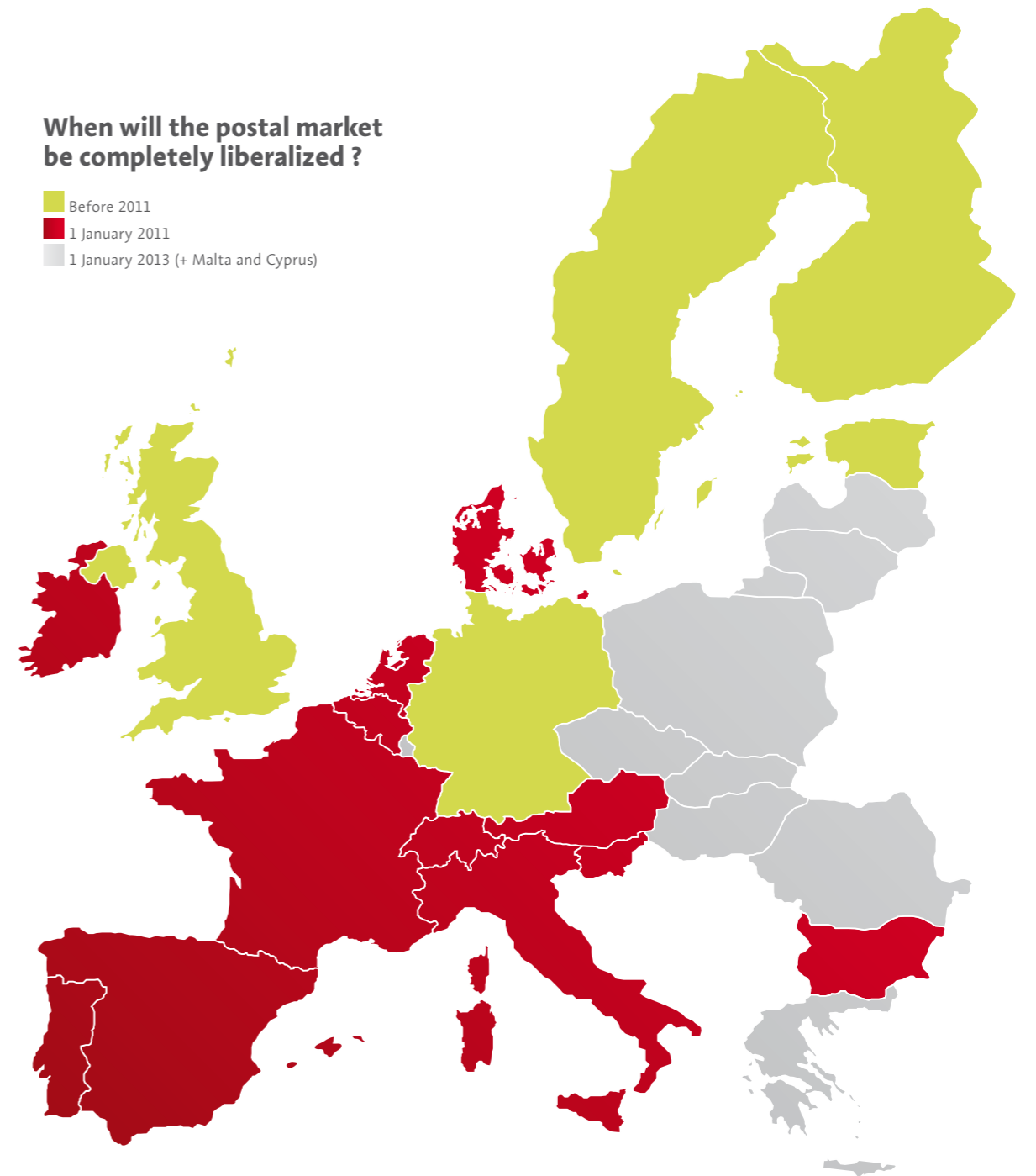
Year 1:	10%
Year 2:	20%
Year 3:	40%
Year 4:	60%
Year 5:	80%



“ I am bpost! ”

When will the postal market be completely liberalized ?

- Before 2011
- 1 January 2011
- 1 January 2013 (+ Malta and Cyprus)



- New entrants are required to distribute twice a week after the first two years of activity;
- New entrants are required to apply uniform tariffs per client for the territory that is submitted to the coverage obligation. New entrants may apply different tariffs to different customers.

bpost did not wait until 1 January 2011 to prepare for the full liberalization of the market. bpost has already been facing competition for several years on the markets for parcels, unaddressed advertising and newspapers. So in 2010 a good percentage of turnover was being generated in competitive markets.

The so-called 'monopoly products' were already in competition with other media anyway: letters with email and text messaging, invoicing with e-billing, account statements with ATM printouts, addressed advertising with all other advertising media. This is strong proof that bpost is well able to cope with competition by meeting the ever increasing needs and demands of its customers.

bpost is now ready to take on the new challenges: providing the universal service, fulfilling its public service duties while also being an efficient player on the Belgian postal market.

Our strategy creating value



Wouter

Today bpost has some major assets: high quality at competitive prices, a stronger operational and financial basis and a range of solutions to meet a wide variety of needs. bpost is committed to continuing to take full advantage of these assets and developing them in the years to come.

Our mission sets our goals and ambitions

The strategic goals defined in our mission statement can be summarized as follows:

- Defending our core businesses by offering customers good value for money and complete, modern solutions;
- Taking advantage of pockets of growth around our core businesses;
- Protecting and enhancing our profitability by constantly improving our productivity and cost control;
- Achieving the right balance between economic continuity and the expectations Belgian society has of a public enterprise.

We invest efforts in four focus areas to achieve these goals: customer satisfaction, growth, operational performance and employee motivation.

Improving the satisfaction of our customers

Customers are always our central concern. Our goal is to continuously improve their satisfaction. A satisfied customer is a loyal customer and creating loyal customers is the best way to safeguard our future.

We develop solutions that constantly evolve to better match the needs and expectations of our customers. As such, we constantly work to offer the best quality at an attractive, competitive price, by proposing integrated, hybrid and digital solutions with strong added value. We are also developing a multi-channel sales network (post offices, Post Points, eShop, stamp shops, Contact Center) to improve the accessibility of our basic products and services.

At the end of 2010, 82% of our customers were satisfied with our services. In a context in which competitor products and services (physical and

A customer-oriented organization

In a constantly changing world where customer needs and expectations also evolve, our customer knowledge is central to our survival. That is why our products and solutions are developed and marketed by three separate commercial divisions, each dedicated to a certain type of customer:

BIZ (bpost business)

manages all commercial relations with large customers, private and public, looking for specific and often complicated solutions, the self-employed and small businesses.

RSS (Residential market and mass channels)

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

BPI (bpost international)

manages the mail items of large foreign operators and the mail items of multinationals sending letters and parcels to and from Belgium.

electronic) are increasingly easy to find, this level of satisfaction is not high enough to secure the loyalty of all our customers. With this in mind, the sources of dissatisfaction of our private and business customers are given special attention, and action programs are set up.

Stimulating growth

As we build the future we cannot simply focus on costs, we also have to seize growth opportunities and offer attractive, competitive solutions in line with our customers' needs while showing unwavering reliability.

We can stimulate growth first and foremost by defending our core products and services – letters, parcels and banking & insurance. We can also do so by taking full advantage of pockets of growth where we are able to deploy our core skills. With this in mind, we expect to continue to grow by offering innovative solutions in parcels and express, banking products, international mail, unaddressed and addressed advertising, document management, and hybrid and digital solutions.

Improving our organization's performance

Over the past few years we have made constant efforts to improve operational performance by raising

productivity, overhauling our working methods (by introducing the lean management methodology) or further improving the delivery quality of the mail items we are entrusted with. In 2004, for example, 85% of parcels were delivered four days after deposit. In 2010, 97% of them reached their destination the day after deposit.

We are also working to control our costs by improving efficiency. In 2010, for example, we continued the process of adapting mail rounds to current mail volumes, began setting up a new Mail network structure (regrouping the delivery offices) and made better use of the technologies at our sorting facilities (by bringing sorting by round into general use and introducing sorting by round sequence).

Working with motivated employees who are focused on customers

We cannot fulfill our mission without motivated employees who are focused on customers. We have been measuring employee motivation for several years and it has risen every twelve months. In 2010 the proportion of motivated employees was 81%. That is 10% more than in 2007.

Delivering value... with solutions for every business customer

Customer satisfaction is one of the drivers of bpost's success. You satisfy customers by winning their trust and making them want to come back. For business customers, it's about providing the best service and giving them the best possible support in their relations with their own customers.



Benoît

To this end, bpost has developed a wide range of solutions for sending and receiving mail, parcels and express items, addressed and unaddressed advertising, document management, invoices and international parcels and mail.

Thanks to our know-how we are now able to propose triple play solutions – i.e. solutions that combine three fundamental elements: parcels, paper and digital. In an ever-evolving environment in which our customers make increasing demands, we can distinguish ourselves from the competition and satisfy a larger number of customers with a modular range of solutions.

An organization that puts the customer at the heart of what we do

To be able to meet the needs of our business customers and offer them solutions tailored to their specific circumstances, we have organized **bpost business** into four units, corresponding to four customer groups: Media Mail, Document Management, Parcels & Express and Small & Medium Business.

Media Mail meets the needs of the customers who mainly use our products for their commercial communications, including large-scale retail, mail-order selling and FMCG. This unit is also responsible for communication and direct marketing products, such as addressed advertising, door-to-door advertising and access to qualified addresses. Media Mail likewise manages all bpost delivery solutions for newspapers and magazines, as well as relations with publishers.

Document Management meets the needs of customers who essentially use our services for their administrative and financial communications, such as public authorities, banks and insurers, and telecoms providers. This unit develops and markets both paper-based and digital solutions, such as scanning, printing (invoices, bank statements, payslips) and e-billing.

Parcels & Express meets the needs of “logistics” clients and is focused on providing a parcels service to consumers and businesses. To do so, this unit makes use of two operational networks, the bpost network and the Special Logistics network (Euro-Sprinters and Corpco).

Alongside these three units, the **Small & Medium Business** unit is tasked with meeting the needs of SMBs, by enhancing their positioning, improving their name familiarity or facilitating the sending of invoices from their computer 24/7, using Click&Post for example.

e-commerce

e-commerce has the wind in its sails. In 2010 one Belgian in three bought something online. The rise in online sales is a source of major growth potential for bpost, due to the volume of parcels these sales generate. It's why we have made e-commerce one of our priorities for the years to come, driven by complete and efficient solutions that cater to the needs of this fast-growing sector.

We have expanded our Parcels & Express range to meet the complicated needs of customers who want to highlight service quality for their own customers. Examples include delivery in a shorter time slot or by appointment, management of returns or the exchange of equipment under warranty. Or such products as Taxipost 24h mini, which is cheaper than the traditional Taxipost product, and Taxipost Pick-up & Go, an alternative to home delivery, which were both launched in 2010 to better meet the needs of online sellers.

Advertising

bpost also has a presence on the market for advertising mail, with solutions for direct mail and door-to-door advertising. A dynamic policy combined with outstanding delivery quality has enabled us to gain market share in highly competitive segments, including direct mail. We have managed to double our turnover on the door-to-door advertising market over the past five years with our Distripost product.

Document management

We propose solutions with strong added value in mail collection and franking. Based on a concern for consistency and rationality, in 2010 we consolidated our range of services for mail preparation and franking in a single commercial unit Collect & Stamp. The new commercial range is more modern, more flexible and more efficient.

Large businesses handle large quantities of documents every day. Through our eXbo subsidiary we are able to offer them a service in which inbound paper documents are digitized (digital delivery). These documents are received at the sorting centers, scanned and sent directly to the right department at the customer. The advantage for the customer organization is much faster access to information.

These document digitization needs offer attractive growth prospects and bpost expects to be able to take advantage of its expertise in this area.

**Taxipost
24h Mini**
an alternative to
home delivery

1.6
million
car license plates
to be distributed
annually

bpost: more than simply mail

We are working to enlarge our sphere of activity through integrated projects in which we manage the entire process, from registering orders and printing forms to contacting suppliers and delivering products.

Management of the production and distribution of the new European license plates, which started to appear in Belgium last year, is an example of a project based on integrated solutions. bpost was selected by the Federal Public Service Mobility to manage the entire production and delivery process in 2010. It is a large market, as 1.6 million plates will have to be produced and sent out annually in the course of the next four years. All the resources and capacities of bpost and its subsidiaries will be mobilized over that time to make a success of a project that concerns all citizens in Belgium.

Many of our solutions are conceived to take the strain off customer back offices. One example is the SEPA Service Center. SEPA is all about the harmonization of payment and direct debit systems in Europe. We set up the SEPA Service Center in 2009 with the aim of helping businesses manage direct debit procedures for their customers. 2010 saw a new phase in the development of the SEPA Service Center, which was set up with the assistance of our Certipost and eXbo subsidiaries, with the creation of an online help platform to make the process a lot easier for customers. The need for such solutions is clearly demonstrated by the fact that most social secretariats now use the center's services.

Other examples of integrated solutions include the production and distribution of books of health care certificates for INAMI -RIZIV and traffic fine statements for the federal police. All of these solutions illustrate the role bpost can play in the outsourcing of its customers' administrative, financial and logistical activities, a promising new source of growth for the company.

“ Thanks to our know-how we can propose our business customers triple play solutions, combining parcels, paper and digital. ”



Laurence

bpost is now able to offer hybrid, integrated and digital solutions by drawing on its own and its subsidiaries' know-how.

Speos offers document management services with respect to administrative and financial documents such as invoices, bank statements and payslips.

Certipost develops complete solutions for secure exchange and archiving of digital documents. Certipost is also an accredited provider of digital certificates, which guarantee the identity of web users and the authenticity of websites.

eXbo offers technological solutions for digital and hybrid mailrooms to manage the flow of inbound, internal and outbound documents.

Euro-Sprinters provides 24/7 transport services in Belgium for goods weighing up to 24 tonnes. **Corpco** and **MG Road Express** offer a parcel delivery service with major added value and express services.

Deltamedia delivers around 155,000 newspapers every day.

Continuing to improve the satisfaction of our large customers

The satisfaction of our customers, especially our large accounts, is critical to our business. The 1,000 largest accounts generate 65% of our turnover. So it's essential for us to gain their loyalty through high-quality services and reliability.

The proportion of satisfied customers is currently 82% (scores 5-6-7 on a scale of 7). In an environment where competition, physical or digital (e-substitution), is everywhere, we must drive that figure up still further. With this in mind, we are working hard to significantly increase the percentage of satisfied customers, so that we can earn their loyalty and inspire them to use more of our solutions.

To this end, some areas are being given special attention. They mainly relate to how we manage customer contracts, our relations with customers with regard to mass deposits, how we invoice our services, product and contact information on our website, and streamlining and speeding up how we manage complaints.

“ I deliver value ”



Eric

Delivering value... through our multi-channel network

Five years ago the main sales channel for postal products and services was the post office. We have made advancements since then and this single channel network has been transformed into a multi-channel network. That was necessary because the post office network was no longer adapted to the needs and behavior of our customers and was making large losses. We responded by developing different access channels and diversifying our product range in each of them. Alongside the post offices, numbers of which have been rationalized, we have opened Post Points, stamp shops, the eShop and the Contact Center.



Julie

Post offices

Diversifying activities

Banking and insurance

Banking is important for bpost. It is an integral part of our business and a segment that is growing. We want to ensure that everyone who steps into a post office is aware of the services provided by BPO (Bank van De Post – Banque de La Poste). The name familiarity and visibility of the brand had to be improved. We started working on that in 2010 with the development of the "bank in the post" concept.

We created signage and a special advice space to ensure that customers know they can access a full range of professional banking services at post offices. At the same time, customers know where to go depending on their needs: to a counter for simple postal and financial transactions or to the advice space for professional banking advice.

In 2010 the concept was tested at five post offices. Roll-out to other post offices started in October. By the end of the year 43 post offices had been refitted in accordance with the concept.

Partner products

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

By way of example, almost half the Western Union transactions in Belgium are carried out at a post office. That makes bpost Western Union's primary distribution channel. Western Union services have been available at all post offices since 2009.

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

Investing in infrastructure

In 2010 we continued our policy of investing in post offices. Offices have gradually been equipped with open counters and a secure management system based on the low cash branch (LCB) concept. Convenience, modernity and safety are the key concepts in this investment policy.

We have also equipped new post offices with "moon zones". These are areas where you can withdraw cash and print account statements when the post office is closed. This enables our customers to carry out all transactions for which they do not have to go to the counter. All LCB post offices now have their own "moon zone". That were 153 post offices at the end of 2010.

Post Points

Post Points are points of sale within the framework of an alliance with private or public partners. They essentially carry postal products and offer over 90% of mail transactions offered in post offices.

The success of the Post Points as a channel for basic postal products and services was confirmed in 2010. We recorded 6,620,000 contacts over the past 12 months. That is 950,000 more than in 2009.

In 2010 we also enlarged the range of postal products to meet our customers' demands. Alongside the traditional products, six new products were introduced at the Post Points: Postpac, Duostamp, Postogram, Ready-to-Send cards, prefranked envelopes and change of address postcards. Post Points thus became even more complementary to post offices.

Stamp shops

The image of the various sales channels is growing. One of those channels is the stamp shops, which are found in bookshops, service stations and supermarkets. Until now this distribution channel had not really been officially recognized. In 2010 we decided to integrate them better in our network. We define the criteria a point of sale has to fulfill before it is allowed to sell stamps. Our ambition is to have 4,000 officially recognized points of sale of this type within two years.

eShop

bpost's online eShop, launched five years ago, is constantly gaining popularity. The store carries over 200 products for both corporate and residential customers. All orders placed before 3 pm and paid for online are delivered to the customer's address on the next day. In 2010 orders were up 30%. The average amount per order at the end of 2010 was 187 EUR. That is virtually two and a half times what it was in 2005.

The eShop is an essential part of bpost's multi-channel strategy and has a significant growth margin.

6,620,000
contacts at
Post Points in
2010 (+17%)

10,000
calls a day to bpost
Contact Center

Contact Center

The Contact Center is bpost's one-stop call center (022 012345), staffed by almost 400 agents. Each of them has specific knowledge of selected bpost products and services. Customers calling the unique number are directed to the agent trained to handle their question.

Since the end of 2009, all calls to post offices are also automatically redirected to the Contact Center. This helps guarantee that customers are given the same information at all times and that post office employees are able to focus on their main duties and their customers.

The Contact Center welcome menu was adapted in 2010 based on the desire to improve service quality by providing customers with easy access and a high-quality response within a reasonable timeframe. The adaptation was necessary, bearing in mind that the Contact Center clocks up between 8,000 and 10,000 calls a day.

New products and services

New products have been introduced for both residential and business customers in recent years. They are mainly related to internet, which is increasingly important in modern society. The challenge we face is to continue developing products close to our core business but with a clear digital link.

For example, we launched a self-service kit for registered mail in 2009, enabling customers to buy everything they need to send registered mail items in a single transaction. It was initially only available to business customers through the eShop. It was made available to residential customers too in 2010.

Online selling is booming. More and more products are sold online and sent to buyers by post. To meet

the needs of sellers we have set up Taxipost 24h mini, a smaller, cheaper all-in-one product (packaging and franking) combining all the advantages of a regular Taxipost item plus track and trace.

Staying with parcels, the Taxipost Pick-up & Go service gives business customers more flexibility by offering an alternative to home delivery. With Taxipost Pick-up & Go customers choose a post office or Post Point where their parcel is delivered.

Customer satisfaction

Further driving down waiting times

In 2010 we managed to serve more than 80% of customers within five minutes for the first time ever, which customers have often cited as an important demand.

These good results are the consequence of efforts going back many years. We have raised our operational efficiency, equipped our post offices with a ticketing machine and raised customer awareness of the existence of alternatives to waiting for their turn at the counter. The sales staff at the post offices play a vital role in this.

Posters at 48 post offices provide information on peak periods to help improve the perception of waiting times and optimize customer traffic. As a result, customers know when their post office is at its busiest and when they will be served quickest.

Customer support

A pilot customer support project was launched in several Brussels post offices, with the aim of enhancing how information is communicated, improving the traffic flow and reducing waiting times.

With more self-service comes the risk that it will be more difficult for customers to find what they want

“ In 2010 bpost's efforts were recognized with the World Mail Award in the Retail category. This international award recognizes bpost's work in transforming and modernizing its retail network to improve the quality of services for the benefit of its customers. ”

at the post office. This concern has resulted in a pilot project in which an easily identifiable employee welcomes customers and tells them where they need to be. The ultimate goal is not to create a new job but to improve traffic management in peak periods when there are often long lines.

Mystery shopper

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

Visit frequency was increased in 2010. All post offices were visited at least twice, rising to three or four times for the large post offices. The mystery shopper also visited the Post Points. There were 2,650 visits in 2010, which means that each Post Point was visited about every three months.

Improved accessibility

Accessibility of postal service is one of the criteria that determines customer satisfaction. The opening of Post Points has considerably improved accessibility. Between 2006 and 2010 the number of hours the whole network is open (post offices and Post Points combined) rose by almost 50%. And that's without including the eShop, which is open 24/7.



Cindy

Delivering value... on international markets

bpost is represented on the international mail market by bpost international (BPI). BPI is headquartered at the Brucargo site at Zaventem freight airport. From the European Mail Center (EMC), BPI manages all inbound and outbound international mail and parcels flows. BPI is also occupied with wholly foreign flows, especially in North America (USA and Canada) through its Mail Services International (MSI) subsidiary, which has branches in Washington DC, Chicago and Toronto.

bpost acquired a controlling interest in MSI at the end of 2009. Until then, BPI's presence in North America was limited to providing services to postal consolidators. Now BPI is able to approach end customers in the United States and Canada. It means we can offer even better solutions to respond to the needs of our customers with regard to mail and parcels to and from North America.

A range of products adapted to the development of the market

The international postal market is undergoing rapid change and we have to keep up. While the traditional international mail market is characterized by falling volumes, the parcels market is experiencing a meteoric rise. Driven by the advance of e-commerce, it offers growth opportunities we are looking to seize to make BPI a leading player on this market.

BPI has a wide range of products to satisfy the needs of customers. In addition to the international products and services marketed in Belgium, BPI typically markets international products to its foreign customers (including banks and insurers, advertising agencies, e-tailers and public utilities). For daily postal volumes we determine the best service based on the volumes and the specific expectations of the customer. Sending invoices and advertising to a foreign country is specialized work for which BPI has the expertise. Commencing in 2011 BPI will also market the delivery of unaddressed direct mail abroad together with document management solutions.

BPI is able to provide high-quality service at competitive prices on the cross-border B2C e-commerce market. The postal networks are so dense and efficient that they are the "natural partner" for home delivery of online purchases to private individuals. The new products have been specially designed to meet the needs of the market. Both small parcels weighing less than 2kg and large parcels up to 30kg are home delivered throughout the world, with optional track & trace and return solutions.

Recognition and reward for our hard work

Highly satisfied customers

The customer is at the center of everything we do on the international postal market, which has already been fully liberalized for many years. We do our utmost to meet the needs of customers as effectively and efficiently as possible. All that hard work is paying dividends. The outstanding results of the most recent annual satisfaction survey demonstrate that perfectly. 97% of national and international customers say they are satisfied (scores 5-6-7 on a scale of 7) with BPI's services. That represents a 16% improvement on 2009. Above all, our customers appreciate our commitment, knowledge and know-how, as well as the speed with which we respond to resolve problems.

We do not intend to rest on our laurels, however. We wish to further strengthen the position of the

customer in an organization able to provide exceptional service at competitive prices. With this ambition in mind, we restructured BPI in 2010 to give the customer more say in the decision-making.

International recognition

In 2010 BPI was awarded the International Postal Corporation's Certificate of Excellence for the third time. The IPC is an association representing 23 of the world's leading postal operators, which together

handle almost 80% of total global volumes. This certificate proves that BPI fulfills the strict norms in terms of reliability and quality of the processes connected with international postal flows.

In 2010 BPI also earned the ISO 9001 certificate for its parcels business and renewed its Investors in People certificate for the second time. Investors in People is a label for companies that ensure that employees are given a central place in their organization.

In 2010 BPI was awarded the IPC's Certificate of Excellence for the third time

“97% of national and international customers say they are satisfied with BPI's services. That represents a 16% improvement on 2009.”



Marco

Operational excellence... for high-quality services

In everything we do, we demonstrate our drive, our will to win and our focus on results as part of our commitment to being the strongest, most reliable postal operator. To achieve this, we create an environment where professionalism and innovation go hand in hand.



Anaïs

Constant change in recent years

Customer satisfaction is all the more important for bpost now that we work in a fully liberalized environment.

One of the criteria determining the overall satisfaction of our customers is service quality, which is why we have not waited until 2011 before adapting our operational chain. Over the past few years bpost has undergone a continuous transformation process, based on the key concepts modernization, automation and rationalization.

Cutting edge sorting processes

bpost has introduced the latest sorting technologies since 2006. The investments made at the time were essential to improve all activities connected with mail and parcels sorting.

Our sorting machines can sort most mail in the standard formats down to mail round level. Previously, sorting could only be done at delivery office level. It was down to the delivery staff to sort mail by round and then by sequence. Today mail is sorted at the level of almost all of the 10,000 mail rounds.

However, we expect to take the next step and sort as much as possible standard format mail in the right sequence of the individual mail rounds. During 2010 the first pilots were positively assessed and new machines should be installed in the network over the next two years.

“Over the past few years bpost has undergone a continuous transformation process, based on the key concepts modernization, automation and rationalization.”

The parcels market is growing strongly. Investments in the mechanized parcel sorting at the Antwerp and Charleroi sorting centers were agreed in 2008. These investments are part of a general transformation process in which Kilopost and Taxipost were merged to offer our customers a completely overhauled service for the delivery of parcels. Today, thanks especially to these investments, bpost is able to offer a next-day service in which 97% of items are delivered on time.

Gradual implementation of a new Mail network structure

The first concrete steps in the 'New network structure' project were taken in 2010. This project entails the restructuring of the delivery offices and the introduction of a new pay band of 'auxiliary mail carrier'. 2010 also saw the deployment of the first employees contracted exclusively to deliver mail, without doing any preparatory work at the delivery office.

End-to-end approach

The increased automation of some of our activities and the growing demand for integrated solutions among our customers constantly highlights the interdependence of our processes. This led us to restructure our Mail department in 2010. Whereas operations used to be managed on from the basis of a functional domain (mail sorting, transport, delivery and collection), the new structure is based on overall responsibility for the process, from collection to delivery.

The new organization also focuses on optimal process management. We have rationalized the whole registered mail process, which means we can track items more easily.

The Lean methodology shows the necessity of continuously improving our processes. We discuss that further in the next chapter.

Improved quality

The projects described above are expected to reduce costs while further increasing customer satisfaction, based among other things on an improvement in quality.

The excellent quality results (Belex measures) for mail in 2009 were improved in 2010, in spite of a tough year end due to severe weather conditions.

	2005	...	2009	2010
D+1	91.4%		93.2%	93.3%
D+2	94.4%		97.3%	98.2%
Parcels D+2	92.0%		97.4%	98.8%
Registered mail	95.8%		94.9%	94.1%
International (Inbound)	93.0%		93.2%	94.4%
Global	93.0%		94.8%	95.3%

As well as working on quality, investments were agreed with regard to the flow of information between customer service and employees in the field, so that customer complaints are passed on to the right people. In this context, the newspapers project in 2010 in association with the publishers was a success.

Technological innovation in service quality

In 2010 bpost continued its program of investments in various domains: the sorting process, optical character recognition of addresses by sorting machines, mail pick-up and franking, tracking parcel deliveries and managing liquid assets for the payment of pensions.

Lastly, in the course of 2010 bpost made an investment in 2,000 electrical bikes to replace mopeds and bikes. These electrical bikes combine the manoeuvrability of a bike with the speed of a moped, which improves safety on the job and is better for the environment.

97%
of parcels
are delivered
on D+1

The value of our people

The new values that guide our everyday operations

Our corporate culture must change if we are to accomplish our mission and our strategic plan. For this reason, bpost has simplified the organization's values, with due consideration for the increasingly competitive context.

We are focused on customers

In everything we do and in all the decisions we take we work to create sustainable, profitable external and internal customer relations.

We deserve trust

We keep all our promises. We communicate with customers, colleagues and other stakeholders in an open, fair and honest way. To achieve this, we create an environment of respect and trust.

We work as a team

In everything we do, we prioritize the interests of bpost by working as a team with our colleagues from different departments to ensure we make the difference for our customers.

We are ambitious

In everything we do, we demonstrate our drive, our will to win and our focus on results as part of our commitment to being the strongest, most reliable postal operator. To achieve this, we create an environment where professionalism and innovation go hand in hand.

Various initiatives are launched to make all our employees ambassadors of bpost and bpost values. The behavior of bpost employees will gradually evolve and the bpost culture will be increasingly shaped by these values through training, communication campaigns and integration of the desired attitudes in the daily work of every individual. The goal is a value-driven bpost.

Managers play a key role in this process of cultural change: every manager must set an example for employees and live the bpost values in his or her daily behavior.

Involved, motivated employees

Based on our desire to modernize bpost and constantly improve the quality and performance of services provided to customers we initiate a whole host of change programs. These programs have an impact on working methods and organization. This accordingly demands a major effort of adaptation and involvement from employees.

In recent years we have introduced a range of tools to guide and support our employees through these changes. Launched in 2006, STAR is one of the most important programs we have ever introduced. It is now part of the everyday life of 30,000 bpost employees. As a catalyst of change with respect to corporate culture, the aim of STAR is to involve all employees in the construction of a more participative, more attentive company where everyone can play a part in improving the quality and service provided to our customers. STAR is based on five themes: working as a team, showing leadership, increasing team motivation, being customer-focused and giving serious consideration to 'quality and efficacy'.

Lean management, one of the drivers selected to put our strategy into practice, is firmly anchored in STAR. Through its participative methodology, it raises the efficiency and effectiveness of business processes by eliminating loss generators like waiting times at post offices, overproduction and unnecessary movements. This participation enables the introduction of a continuous improvement process, creating independent teams that will continue to question working methods in the future. This helps increase the satisfaction



Jan

of not only customers but also employees, who then serve customers in more comfortable conditions.

Thanks especially to the STAR program, we have observed constant improvement in the motivation and satisfaction of our employees. Both these factors have been measured annually since 2007. In 2010, 81% of employees said they were motivated (scores 5-6-7 on a scale of 7).

Social dialogue, an integral part of our corporate culture

The staff representatives are consulted on all changes. For example, 2010 saw the continued restructuring of the mail rounds (Georoute, introduction of automated sorting by street names and house numbers), the restructuring of the distribution network into 'logistical platforms', the introduction of a new pay band of 'auxiliary mail carrier' and the conclusion of a new Collective Labor Agreement for 2011.

Daily support for employees

bpost is active in various areas to ensure well-being at work, in terms of both physical and psychological health. Tackling work-related stress is the domain of the preventive psychology department. This comprises running prevention campaigns, raising awareness among managers, accepting complaints and providing support and even stress management courses. Psycho-social support staff also provide support in response to traumatic events, such as physical

bpost's employees

are focused on customers
deserve trust
work as a team
and are ambitious

and verbal aggression, the death of a colleague and occupational accidents, as well as conflicts between members of staff or complaints about psychological or sexual harassment.

We offer employees a wide range of career opportunities. Internal mobility is something we feel very strongly about, as proven by the fact that 90% of our vacancies are filled by internal candidates.

We have our own training center, bpost Academy. Around 50,000 man-days of training are given every year. In addition to job-related training, a wide range of personal development courses are offered, everything from stress management to assertive communication and leadership. All development opportunities are offered to employees free of charge.

“ We deliver value ”



Romina

Fethi

A value-driven company

One of our strategic goals is ensuring the right balance between the economic continuity of our business and Belgian society's expectations of a public company.

Safeguarding our social mission

bpost is active everyday throughout the whole territory, which means it is firmly anchored in Belgian society. This is expressed in the great accessibility of our products and services, through a network of almost 1,400 points of sale, among other things. In addition, each of the 589 municipalities, rural or urban, has at least one post office offering postal and banking services.

But our main mission is providing the universal service, essentially the collection and delivery at home of mail and parcels five days a week throughout the territory. On a daily basis, some 10,000 postmen visit every street in Belgium to bring mail to some 4,5 million households.

In 2010 the Belgian state entrusted this responsibility to bpost again for a minimum term of eight years.

In a fully liberalized environment where physical and online competition is growing, the pursuit of this mission will depend on our capacity to maintain a healthy financial and economic structure. We have worked relentlessly on this for several years, with noticeable success.

Promoting diversity and equal opportunities

In a global economy, and in the face of demographic challenges, diversity is a part not only of responsible management but also of good human resources governance. With this in mind, diversity at bpost is a component in the company strategy to be "ready for tomorrow".

Our goal is for everyone to feel welcome at our organization and for them to have access to equal opportunities to realize their potential, regardless of origin, gender, sexual orientation, age and religious convictions or whether or not they have a disability.

In 2010 we took additional steps to entrench the principles of diversity and equal opportunities at bpost. First and foremost, following a diversity analysis process we adopted a two-year action plan. We also made a conscious decision to affirm in our corporate values, specifically "earn trust", our rejection of all forms of discrimination and our openness to the way of being and thinking of other people. To measure the perception of our staff and monitor the impact of our actions, we included a question on equal opportunities in our annual employee motivation survey last year. The work undertaken in 2009 to enhance the presence of women in all echelons of management was also continued. The first advancements recorded in 2010 demonstrate the necessity of placing diversity and equal opportunities in a process of continuous improvement.

Commitment for the environment

bpost is a large company with more than 1,000 buildings, as well as 6,400 trucks and vans, and currently still more than 3,700 mopeds crossing the country every day.

But bpost is also about "paper". Every year we handle over 3.5 billion letters and parcels. There are no letters without paper. And there is no bpost without letters.

In 2009 we developed a program to build a greener post, a post that cares even more deeply about the environment in which we live. Green Post, as the program has been named, covers all aspects related to energy and the environment (including reduced energy consumption and carbon emissions, sustainable use and consumption of paper, rational waste management and sustainable water consumption) as well as the development of ecological solutions and products for our customers.

Through this package of measures we want to guarantee to our customers that sending their letters and parcels has a

“Green Post covers all aspects related to energy and the environment as well as the development of ecological solutions and products for our customers.”

minimal impact on the environment and occurs in a sustainable way.

Reducing our greenhouse gas emissions

The factor that has far and away the greatest environmental impact of all bpost's activities is greenhouse gas emissions. Road transport is the backbone of our collection and delivery network so we clearly cannot provide our services without a large fleet.

bpost has put together an ambitious action plan to drive down our carbon emissions by 35% in the period 2007-2012 and to cut our energy consumption by 15% in the period 2005-2012.

Various measures have taken shape over the past three years. Since 2008, for example, we have consumed only green electricity. Our Ghent X sorting center has been fitted with solar panels. They provide 12% of the sorting center's electricity needs, which corresponds to the average consumption of 120 households. The Ghent Stapelplein and Sint-Niklaas mail centers were also fitted with solar panels in 2010.

Our five sorting centers were awarded an ISO 14001 certificate at the end of 2009. This recognizes the fact that all mail and parcels are handled in an ecologically responsible way. Other sites were also rewarded for their environmental efforts in 2010, including Stamps Production Belgium in Mechelen and our head office (Centre Monnaie) in the heart of Brussels.

We conducted energy audits in 2009 and 2010 at the 150 buildings with the highest energy consumption and the highest carbon emissions. In these two years we took action in all these buildings to drive down those high values. They included projects for a rational regulation of heating and ventilation.

The Wake-on-lan project was launched in 2010 too, to ensure that more than 10,000 PCs are shut down automatically during the night. This results in a considerable energy saving.

For our fleet, we systematically analyze all the possibilities of using vehicles that consume as little fuel as possible. In 2010, for example, we bought some 2,000

In 2010
bpost adopted a two-year action plan to entrench the principles of diversity and equal opportunities at bpost



“We are bpost!”



“ bpost was the first postal company to work on developing a tool to calculate the carbon impact over the entire lifecycle of an addressed direct mail campaign. ”

electric bikes, with batteries that are charged with green electricity, as an alternative to mopeds and cars.

We also train our van drivers in ecologically responsible driving; as a result we can achieve fuel savings of 5-7%. Around 2,500 employees have already taken the course. We also introduced a carbon-friendlier car policy to encourage employees to choose company cars that produce less carbon dioxide.

In 2010 bpost launched the DM Carbon Meter in association with Greenloop. The DM Carbon Meter enables large customers to measure the carbon impact of direct mail campaigns. This helps them drive down the impact of their customer mailings and ensure they achieve maximum environmental friendliness.

bpost was the first postal company and the first communication channel in Belgium to work on developing a tool to calculate the carbon impact over the entire lifecycle of an addressed direct mail campaign.



Maxime

Promoting rational paper consumption

Paper and letters are ecological information media, provided they are not only used in a sensible, rational and environmentally responsible way, but also recycled. bpost wishes to act as an example in that area. Since the end of 2009 for 99% of our own needs we only use recycled paper or paper from forests managed in a responsible way (e.g. paper bearing the FSC label).

In 2009 approximately 95% of all postage stamps were printed on FSC paper. That became 100% in 2010. bpost is the leading European postal operator in that sense.

Partnership with the World Wide Fund for Nature

We have partnered up with WWF Belgium to help us put the Green Post plan into practice. The partnership runs for three years. We wish to draw on the WWF's extensive experience and know-how, which can help us achieve our goals, develop new initiatives and raise the ecological awareness of our employees and our customers.

Commitment in society

Literacy

bpost has been supporting the fight against illiteracy for more than a decade through the bpost Literacy Fund, which was established in 1997 and is administered by the King Baudouin Foundation. In 2009 we took the decision to give the fund a new impetus by donating part of the revenue from the sale of Christmas stamps. That has resulted in a 1.5 million EUR windfall for the fund since 2009, which has been spent on supporting new literacy projects run by various organizations.

Employee initiatives

In 2010 bpost launched an initiative to encourage employees who participate as volunteers in cultural,

“ I deliver value ”



Adrienne

social and environmental civil society projects in Belgium and elsewhere. STAR4U has been a big success, handling 300 applications. This clearly shows that bpost employees are very concerned about the world they live in. The initiative will be continued in 2011.

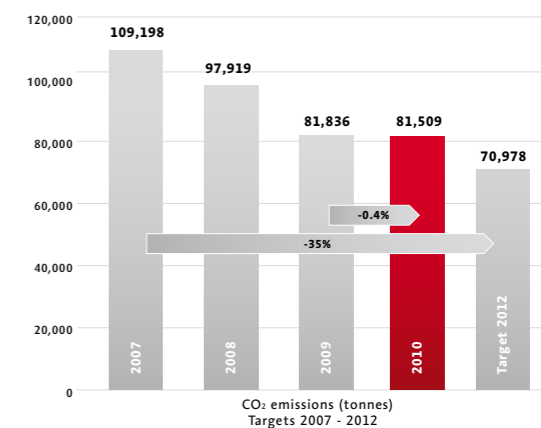
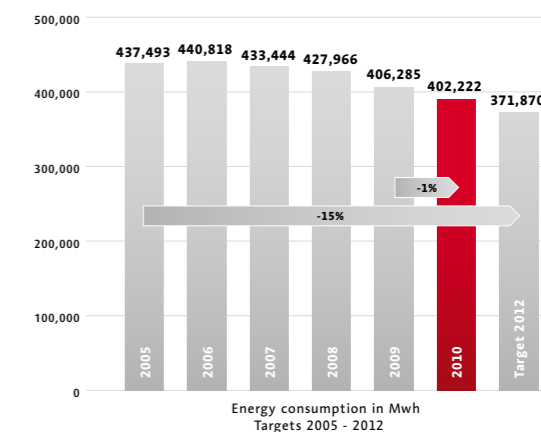
Respect for fundamental rights and freedoms

Every year bpost places orders worth more than 500 million EUR with around 6,500 suppliers and providers in Belgium and abroad. We use or transform their products and services to shape our customer offering. It is our desire to ensure these products and services are produced with due respect for the fundamental rights and freedoms of employees, the environment and ethical principles.

With this in mind, the general purchasing conditions applicable to contracts with our suppliers and providers contain a special clause in which they must confirm that they are in compliance with all legal stipulations with regard to environmental protection, that they guarantee the rights and freedoms of their employees with regard to working conditions, child labor, pay, health and safety, and that the commercial relationship with bpost will be conducted in full compliance of the strictest ethical standards.

Code of conduct

bpost has a code of conduct, which came into force at the start of 2007. The code of conduct is an important document because it clearly expresses what bpost expects of all of its members of staff in terms of professional ethics and living and working together in harmony. bpost revised the code of conduct last year. The new text comes into force in early 2011.



bpost uses the CO₂ conversion factors and the calculation method included in the Greenhouse Gas Protocol.

Our brand over time

The Belgian postal services were first established in 1830. These truly public services were given their own administration in 1937. The first logo dates from this time. In 1972 the institution was renamed Régie des Postes and the logo was adapted for the first time. In 1992 De Post - La Poste came into being as an autonomous public enterprise. The name was retained until last year, but the logo was adapted a number of times between 1992 and 2008. In June 2010, De Post - La Poste became bpost. The old name and logo are being gradually replaced.



A new name, a new logo. Why?

To improve perceptions

De Post - La Poste still evoked a sense of rigidity and bureaucracy, which did not correspond to reality at all. It was time to shatter these preconceptions.

To simplify the name

and integrate it into an international context without the risk of confusion with foreign postal operators.

To mark our modernity

After ten years marked by many profound changes, bpost has become a modern, dynamic company with competent, motivated employees.

To maintain and strengthen our name familiarity

bpost wants to evolve, not break with the past. We remain a postal operator with deep roots in Belgium.

To build the future on our strong values

bpost has high-grade postal know-how, knowledge of the market and a solid organization to rely on to meet the (new) needs of its customers.

In June 2010 De Post - La Poste became bpost. This name and logo change was the final step in a long succession of transformations that started almost a decade ago. Over the past ten years we have undergone a radical makeover to become a more productive company with much greater focus on our customers. That was necessary because the postal market was experiencing a time of profound change, marked by the advancement of digital technologies and liberalization.

Furthermore, at the beginning of the millennium, we found ourselves in a tough corner, with large losses in 2002 and 2003, sub-standard mail delivery quality, a highly deficient post office network that was poorly adapted to the needs of customers and below-average employee satisfaction.

Today bpost is a modern, efficient and healthy company. It is adapting to a fast-changing postal environment and offering marketing innovative products and meeting the needs of today's society. bpost has managed to get back on track with positive financial results. It has an operational infrastructure equipped with cutting-edge technology, which enables it to deliver over 95% of mail items on time. Its points of sale network has been diversified (post offices, Post Points, eShop, stamp shops, Contact Center). Customer satisfaction is at 82% and employee motivation has exceeded 81%.

While bpost has achieved visible improvements in terms of quality, services and financial stability, customer perceptions have not changed quite as quickly. Some customers still felt bpost was a rigid, outdated organization. This negative perception, a legacy of the past, does not correspond to reality.

The new name and logo are expected to help strengthen the perception of bpost as a much more customer-focused brand among consumers and businesses. This is a logical evolution, however, and bpost has not broken with its past.

The new name highlights our two fundamental characteristics. We are and will remain a postal company and we retain firm roots in our national market. We also have a unique name, which distinguishes us on the international stage. And we have kept our main distinguishing characteristic, the color red.

bpost's new visual identity was revealed in September. The buildings, vehicles, mailboxes, uniforms and so many other tools are being adapted gradually over the coming months and even years, as we replace equipment and facilities.



Alexandra, Gaetana, Peter

Corporate governance

General

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

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

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

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

In 2011, the corporate governance framework at

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

Board of Directors

Composition

The Board of Directors is composed of:

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

Martine Durez has been Chairperson of the Board of Directors since 17 January 2006. 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)
- K.B. Pedersen (B)
- Søren Vestergaard - Poulsen (B)
- Bjarne Wind (B)
- Johnny Thijs (Chief Executive Officer)



Board of Directors

1. Arthur Goethals
2. Wim Coumans (Government Commissioner)
3. Christian Leysen
4. Johnny Thijs (CEO)
5. Luc Lallemand
6. Søren Vestergaard - Poulsen
7. Martine Durez (Chairwoman)
8. Geert Duyck
9. Bjarne Wind
10. Jean-François Robe
11. K.B. Pedersen

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 2010, the Board 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 75 per cent of the votes cast.

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

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

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

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

Charter of the Board of Directors and the Committees

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

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

conflict of interest from the deliberations and vote on that subject.

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

Committees created by the Board of Directors

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

Strategic Committee

The Strategic Committee is responsible for assisting the Board of Directors in defining the group's strategy. Among other things, it makes recommendations on the strategic orientations of bpost, the business plan, and acquisition and partnership opportunities. The Strategic Committee is chaired by the CEO and is further composed of two directors of each category. It met 1 time in 2010.

Audit Committee

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

In addition to reviewing audit reports, the Committee monitors the work and the activities of the internal Audit Department. The Director of the internal Audit Department is accountable to the Chairperson of the Audit Committee and reports administratively to the CEO. The Audit Committee is composed of two directors of each category and is chaired by a director of category B. It met 5 times in 2010.

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 2 times in 2010.

Composition of the Committees

Strategic Committee

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

Audit Committee

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

Remuneration and Nomination Committee

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

Chief Executive Officer (CEO) and the Management Committee

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

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

The CEO is assisted in the management of the company by a Management Committee. The Management

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

The Management Committee is currently composed as follows:

- Johnny Thijs: CEO
- Baudouin Meunier: Business Customers; Group Marketing; Regulatory
- Mark Michiels: Human Resources & Organisation
- Koen Van Gerven: Residential Market & Mass Channels; ICT
- Pierre Winand: CFO; Service Operations

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

- Kurt Pierloot: Mail Service Operations
- Peter Somers: International Customers

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

Remuneration report

Remuneration of the Directors

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

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

- 36,297.32 EUR for the Chairperson, who also chairs the Joint Industrial Committee (Paritair Comité / Commission Paritaire) of bpost;
- 18,148.70 EUR for the other directors, with the exception of the CEO.

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

Pursuant to the abovementioned decision of the General Meeting of Shareholders of 25 April 2000, the members of the Board of Directors (with the exception of the CEO) are entitled to an attendance fee of 1,514.12 EUR per attended meeting of one of the advisory Committees established by the Board of Directors of which they are a member. No additional attendance fees or remunerations are foreseen for the attendance of the meetings of the Joint Industrial Committee by the Chairperson of the Board.

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

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

Member	Board meetings	Audit Committee	Strategic Committee	Remuneration & Nomination Committee	TOTAL
Martine Durez	36,297.32 EUR	Not a member	Not a member	3,028.24 EUR	39,325.56 EUR
Arthur Goethals	18,148.70 EUR	7,570.60 EUR	Not a member	1,514.12 EUR	27,233.42 EUR
Luc Lallemand	18,148.70 EUR	Not a member	1,514.12 EUR	Not a member	19,662.82 EUR
Christian Leysen	18,148.70 EUR	Not a member	1,514.12 EUR	Not a member	19,662.82 EUR
Jean-François Robe	18,148.70 EUR	6,057.48 EUR	Not a member	Not a member	24,206.18 EUR
Bjarne Wind	18,148.70 EUR	9,074.35 EUR	1,514.12 EUR	3,028.24 EUR	31,765.41 EUR
K.B. Pedersen	18,148.70 EUR	Not a member	1,514.12 EUR	Not a member	19,662.82 EUR
Geert Duyck	/	/	/	/	/
Søren Vestergaard-Poulsen	/	/	/	/	/

Management Committee

1. Pierre Winand
2. Baudouin Meunier
3. Kurt Pierloot *
4. Johnny Thijs (CEO)
5. Mark Michiels
6. Koen Van Gerven
7. Peter Somers *

* added to the Management Committee



Remuneration of the CEO

For the year ending 31 December 2010, a remuneration of 1.069 million EUR (2009: 1.061 million EUR) was paid to the CEO, and can be broken down as follows:

- base salary: 731,826 EUR paid under a management agreement;
- variable remuneration (performance related bonus paid in cash): 277,220 EUR;
- pension payments: 57,393 EUR;
- benefits in kind: 2,352 EUR.

Number and main characteristics of shares, stock options and all other rights to acquire shares, which in the course of the financial year:

- were granted: No share options under the Employee Stock Option Plan were awarded in 2010 to the CEO (2009: none).
- were exercised: 0
- have lapsed: 0

Remuneration of the other members of the Management Committee

For the year ending 31 December 2010, a global remuneration of 2.93 million EUR (2010: 3.56 million EUR) was paid to the other members of the Management Committee, including the persons added to the Committee as mentioned above, and can be broken down as follows:

- base salary: 2.0 million EUR paid under an employment agreement, excluding social security contributions paid by bpost;
- variable remuneration (performance bonus paid in cash): 772,179 EUR;
- retirement plan paid in group insurance: 97,403 EUR;
- all other remuneration components: 45,620 EUR.

In 2010, no options were granted nor exercised nor have lapsed.

Corporate Secretary

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

Board of Auditors

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

- Ernst & Young Bedrijfsrevisoren BCVBA, represented by Mr. Pierre Anciaux;
- PVMD BCVBA, represented by Mr. Lieven Delva;
- Mr. Philippe Roland, First President of the Court of Auditors;
- Mr. Josef Beckers, Member of the Court of Auditors.

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

Government Commissioner

The Government Commissioner is Mr. Wim Coumans. He represents the Minister who is responsible for Public Companies, and monitors compliance with the Law, the company's articles of association and the Management Contract.

financial report 2010

1. Selected financial figures

FOR THE YEAR ENDED 31 DECEMBER	2010	2009	2008	EVOL 2010-09 %
IN MILLION EUR				
P&L and B / S key figures				
Operating income	2,317.8	2,250.1	2,262.4	3.0%
Payroll costs	(1,314.5)	(1,201.5)	(1,294.2)	9.4%
Other operating costs	(680.9)	(675.0)	(698.8)	0.9%
Profit from operating activities (EBIT)	322.4	373.6	269.4	-13.7%
Normalized profit from operating activities	319.2	240.1	221.9	32.9%
Profit attributable to equity holders	209.6	290.9	221.8	-28.0%
Equity	1,114.3	1,132.5	930.1	-1.6%
Other key figures				
EBITDA	437.4	475.2	360.5	-8.0%
Normalized EBITDA	434.2	341.7	312.5	27.1%
Operating free cash flow (*)	224.7	187.2	228.6	20.0%
Dividend per share	526.8	416.7	419.0	26.4%
Number of employees (at year end)	33,616	34,180	35,313	-1.7%
Number of FTE (at year end)	28,618	29,618	30,660	-3.4%
Number of FTE (average)	29,324	30,030	31,460	-2.4%

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

2. Financial review

2.1. Income Statement

In its 2010 financial year, bpost achieved a net profit of 209.6 million EUR (2009: 290.9 million EUR). The decrease compared to last year is explained by the decrease in the positive contribution of the non-recurring items impacting the results, from a net income of 127.8 million EUR in 2009 to a net income of 2.1 million EUR in 2010, representing a decrease of 125.7 million EUR. The 2009 results had in particular been positively impacted by a non-recurring income of 116.8 million EUR following the curtailment of an employee benefit plan. In 2010, the non-recurring items were less significant. Excluding the evolution of the non-recurring items, the profit for the year increased by 44.4 million EUR or 27.2% as improved operating performance compensated lower financial results and higher taxes.

At the operating activities level, the company registered a profit from operating activities (EBIT) of 322.4 million EUR (2009: 373.6 million EUR). Excluding the non-recurring income and charges, EBIT rose 32.9%.

The improvement in EBIT has been partly driven by the 3% increase in operating income that reached 2,317.8 million EUR in 2010 (2009: 2,250.1 million EUR).

This increase in operating income is due to a stabilization of the demand of the core mail products as the general level of economic activity recovered modestly compared to 2009. Operating income was also favorably impacted by the full-year contribution of the companies acquired in 2009 and by higher profit on disposal of buildings.

Operating expenses (including depreciation, amortization and impairment charges) amounted to 1,995.4 million EUR (2009: 1,876.5 million EUR) which represents an increase of 6.3% entirely driven by the evolution of the non-recurring items and the effect of the acquisitions.

Excluding the non-recurring items impacting 2009 and 2010 and the changes in scope, underlying operating income increased by 1.7% and underlying operating expenses (including depreciation, amortization and impairment charges) decreased by 1.9%.

FOR THE YEAR ENDED 31 DECEMBER	2010	2009	2008	EVOL 2010-09 %
IN MILLION EUR				
Turnover	2,279.0	2,228.4	2,231.2	2.3%
Other operating income	38.7	21.7	31.2	78.2%
Total operating income	2,317.8	2,250.1	2,262.4	3.0%
Material costs	(27.3)	(19.1)	(27.9)	43.1%
Services and other goods	(545.1)	(524.0)	(569.5)	4.0%
Payroll costs	(1,314.5)	(1,201.5)	(1,294.2)	9.4%
Other operating expenses	6.6	(30.2)	(10.4)	-121.8%
Total operating expenses excluding depreciation/amortization	(1,880.4)	(1,774.9)	(1,902.0)	5.9%
EBITDA	437.4	475.2	360.5	-8.0%
Depreciation, amortization	(115.0)	(101.6)	(91.0)	13.2%
Profit from operating activities (EBIT)	322.4	373.6	269.4	-13.7%
Financial income	11.1	22.1	62.5	-50.0%
Financial cost	(31.7)	(27.8)	(19.4)	14.2%
Share of profit of associates	13.3	4.7	1.3	182.5%
Profit before tax	315.0	372.6	313.9	-15.5%
Income tax expense	(105.4)	(81.7)	(92.1)	29.0%
Profit for the year	209.6	290.9	221.8	-28.0%

Income Statement

Both 2009 and 2010 were impacted by a series of non-recurring items which affected the EBITDA, the EBIT and the profit for the year. Normalized EBITDA, normalized EBIT and normalized profit for the year exclude the impact of those non-recurring items.

FOR THE YEAR ENDED 31 DECEMBER	2010	2009	2008	EVOL 2010-09 %
IN MILLION EUR				
Reported EBITDA	437.4	475.2	360.5	
Collective Labor Agreement	27.3	19.4	-	
Curtailment employee benefits	-	(116.8)	-	
Compensation for termination of allowances	-	-	38.4	
Other restructuring charges	-	-	(2.4)	
Pending litigation provision	(9.3)	-	-	
BPO return on equity commitment	-	(13.1)	-	
Modifications in employee benefits schemes	(21.2)	(23.0)	(83.9)	
Normalized EBITDA	434.2	341.7	312.5	27.1%

Normalized EBITDA

FOR THE YEAR ENDED 31 DECEMBER	2010	2009	2008	EVOL 2010-09 %
IN MILLION EUR				
Profit from Operating Activities (EBIT)	322.4	373.6	269.4	
Collective Labor Agreement	27.3	19.4	-	
Curtailment employee benefits	-	(116.8)	-	
Compensation for termination of allowances	-	-	38.4	
Other restructuring charges	-	-	(2.1)	
Pending litigation provision	(9.3)	-	-	
BPO return on equity commitment	-	(13.1)	-	
Modifications in employee benefits schemes	(21.2)	(23.0)	(83.9)	
Normalized Profit from Operating Activities (EBIT)	319.2	240.1	221.9	32.9%

Normalized EBIT

FOR THE YEAR ENDED 31 DECEMBER	2010	2009	2008	EVOL 2010-09 %
IN MILLION EUR				
Profit for the year (EAT)	209.6	290.9	221.8	
Collective Labor Agreement	18.0	12.8	-	
Curtailment employee benefits	-	(116.8)	-	
Compensation for termination of allowances	-	-	25.3	
Other restructuring charges	-	-	(1.4)	
Pending litigation provision	(6.1)	-	-	
BPO return on equity commitment	-	(8.6)	-	
Modifications in employee benefits schemes	(14.0)	(15.2)	(67.0)	
Normalized Profit for the year (EAT)	207.5	163.1	178.7	27.2%

Normalized profit for the year

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

FOR THE YEAR ENDED 31 DECEMBER	2010	2009	2008	EVOL 2010-09 %
IN MILLION EUR				
Operating income				
Non-recurring income	0.0	0.0	0.0	0.0
Payroll costs	6.1	(120.4)	(45.5)	126.5
Other operating charges	(9.3)	(13.1)	(2.4)	3.9
Depreciation, amortization and impairment	0.0	0.0	0.3	0.0
Non-recurring costs	(3.2)	(133.5)	(47.6)	130.3
Non-recurring items	(3.2)	(133.5)	(47.6)	130.3

Non-recurring items at EBIT level

In December 2010, the company announced its intention to introduce a scheme under which employees who will reach the age of 58 by 31 December 2012, who work in certain departments which have been designated as being under restructuring and who are not replaced will have the possibility to apply for early retirement. In January 2011, the representatives of the workforce and the company approved the proposed scheme. The cost of the scheme was estimated at 27.3 million EUR and a non-recurring charge of that amount was recorded in the 2010 income statement. A similar scheme had been adopted in 2009 relating to other departments and had led to the recording of a 19.4 million charge in the 2009 financial statements.

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

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

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

The company has performed the periodic review of the accounting estimates relating to its liabilities for employee benefits. This review has led to the recognition of a non-recurring income (shown as negative personnel expenses) of 21.2 million EUR (2009: 23 million EUR). In 2009, the source of the non-recurring income was changed in the computation methodology as additional and improved data were used. In 2010, the source of the non-recurring income related to changes in the rules of a plan following the Collective Labor Agreements covering the years 2009, 2010 and 2011.

2.1.1 Operating Income

Operating income increased by 3% to 2,317.8 million EUR (2009: 2,250.1 million EUR). The changes in scope (2009 included only 6 months of income of Courier Network System, Express Road and MG Road Express and no contribution from MSI Worldwide Mail which was fully consolidated as from January 2010) account for an increase in revenues of 29.0 million EUR. Excluding these changes in scope, the increase in operating income is 38.7 million EUR or 1.7%.

The evolution per product line can be summarized as follows:

FOR THE YEAR ENDED 31 DECEMBER	2010	2009	2008	EVOL 2010-09 %
IN MILLION EUR				
Transactional Mail	954.4	942.4	954.7	1.3%
Advertising Mail	318.9	310.9	305.5	2.6%
Press	389.5	385.8	375.2	1.0%
Parcels	120.8	108.0	100.0	11.9%
Value Added Services	85.0	86.8	81.0	-2.1%
International Mail	199.4	174.0	195.0	14.6%
Banking & Financial Products	200.9	191.3	209.7	5.0%
Other	49.0	51.0	41.4	-4.0%
Total bpost	2,317.8	2,250.1	2,262.4	3.0%

Operating income per product line

Domestic Mail which includes *Transactional* and *Advertising Mail* as well as *Press* grew by 1.4% compared to last year as the volume decline of slightly less than 0.5% was more than compensated by a 1.7% improvement in pricing and mix.

Excluding the impact of the consolidation of Courier Network System, Express Road and MG Road Express for a full year (2009: 6 months), the **Parcels** activity grew by slightly less than 8% driven by 5% increase in volume and a 3% increase in price and product mix.

Value Added Services declined by 2.1% as the growth in the document management, mail value added services and electronic activities was more than compensated by the restructuring of the eXbo activities and their transfer to other product lines of the company.

Excluding the inclusion for twelve months (2009: nil) of the activities of MSI Worldwide Mail, **International Mail** was flat compared to last year as the 6% volume decline in the transit mail activities were compensated by a 1% growth in inbound mail and by price increases.

Banking & Financial Products grew by 5% driven by the banking and insurance commissions received from the company's partners and by the new remuneration model for the cash management activities.

The evolution per business unit is as follows:

FOR THE YEAR ENDED 31 DECEMBER	2010	2009	2008	EVOL 2010-09 %
IN MILLION EUR				
BIZ	1,592.4	1,558.0	1,583.8	2.2%
RSS	502.7	499.5	510.3	0.7%
INT	204.0	171.9	172.0	18.7%
Corporate	18.6	20.7	(3.6)	-10.1%
Total Operating Income	2,317.8	2,250.1	2,262.4	3.0%

Evolution per business unit

BIZ business unit

Operating income of the BIZ business unit (the business unit dedicated to large and medium Belgian customers) grew from 1,558.0 million EUR in 2009 to 1,592.4 million EUR in 2010 representing a 2.2% increase.

Excluding a scope impact of 4.5 million EUR in Parcels, the underlying growth amounts to 1.9%.

FOR THE YEAR ENDED 31 DECEMBER	2010	2009	2008	EVOL 2010-09%
IN MILLION EUR				
Transactional Mail	686.3	679.5	678.1	1.0%
Advertising Mail	302.9	299.4	296.4	1.1%
Press	387.6	384.0	375.2	0.9%
Parcels	81.5	67.8	64.6	20.2%
Value Added Services	72.2	73.9	69.9	-2.3%
International Mail	22.5	23.7	29.4	-4.9%
Banking & Financial Products	44.7	36.3	60.3	23.0%
Other	(5.3)	(6.6)	9.8	-19.9%
Total BIZ	1,592.4	1,558.0	1,583.8	2.2%

BIZ business unit - operating income

Transactional Mail includes the Daily, Registered, Social Outbound and Administrative Mail product families. The increase in price and the improvement of the product mix contributed to an increase in sales of 2% compensating a volume decline of 1%. Within Transactional Mail, Administrative Mail was virtually flat as the economic recovery compensated the e-substitution. Daily, Registered and Social Outbound volumes continued their decline.

Advertising Mail includes both the Addressed Direct Mail and the Unaddressed Mail product families. Price increases and mix improvement generated an increase of revenues of 1% whilst volumes were flat. As the economy improved, advertisers remained committed to direct mail but allocated their incremental marketing investments toward other media.

Press includes the distribution of newspapers and periodicals. Total volume declined by 1% as the decrease in periodicals more than compensated the growth in newspaper subscriptions. Price and product mix delivered an increase in sales of 2%.

Parcels include the parcels and specialty logistics activities for the Belgian clients. The growth of 13.7 million EUR includes a scope effect of 4.5 million EUR as Courier Network System, Express Road and MG Road Express contributed for a full year (6 months in 2009). Excluding this effect, underlying sales grew by 13.6%. Parcels volume grew by 10% driven by the economic growth and the success of bpost's new product offering. Price and mix contributed to an increase of sales of 4%. Excluding the scope effect, the specialty logistics activities grew by almost 10% as the economy recovered.

Value Added Services include bpost's document management or data activities as well as other value added services such as the pick-up of mail from the clients' premises and the franking of the mail items. The increase in document management activities and electronic services were more than compensated by the restructuring of the eXbo activities.

Banking & Financial Products include a number of financial services provided to large customers. The increase in sale is driven by the new remuneration model for the cash management activities.

RSS business unit

Operating income of the RSS business unit grew by 0.6% compared to 2009. The RSS business unit serves the residential customers as well as all customers using mass market channels such as the post offices, the Post Points or the bpost's eShop to purchase their mail products. The RSS business unit also sells banking and insurance product under an agency agreement with BPO and AG Insurance.

FOR THE YEAR ENDED 31 DECEMBER	2010	2009	2008	EVOL 2010-09%
IN MILLION EUR				
Transactional Mail	265.5	260.8	276.0	1.8%
Parcels	32.0	32.4	34.9	-1.0%
Value Added Services	12.4	12.2	11.1	1.6%
Banking & Financial Products	156.2	155.0	149.4	0.8%
Other	36.5	39.2	38.9	-6.7%
Total RSS	502.7	499.5	510.3	0.6%

RSS business unit - operating income

Transactional Mail includes the Daily, Registered and Social Outbound mail product families. Volume showed a 1% increase compared to 2009 due to the combined effect of two stock build ups by customers: 2009 had been negatively impacted by the stock build up at the end of 2008 whereas 2010 was favorably influenced by a stock build up at year end as customers anticipated the price increase of 1 January 2011. Excluding these stock-up effects, volume declined by over 6%, in line with previous years. Prices showed a modest 1% increase compared to 2009 as customers adapted quickly to the package-based pricing and purchased their stamps by quantities 10 or more to avoid the unit price increase of 1 January 2010. This represents a favorable evolution as the cost to sell 10 stamps or more is the same as the cost to sell one unit.

Banking & Financial Products grew by 0.8% as the growth in commissions received for the sale of banking and insurance products was compensated by the decline in the sale of other financial products caused by the cleaning up of the product portfolio and by the long term decline in payment of invoices in cash at the counter.

The sale of *Other* products declined by 6.7% due to the continuing decline in the sale of philately products (decline of 5% in 2010) and the elimination from the offering of low margin commercial products previously sold in the post offices.

International business unit

The International business unit sells domestic mail products such as transactional or advertising mail to international customers and international mail products such as inbound mail or business mail international to international customers. Since 1 January 2010, the International business unit includes the contribution of MSI Worldwide Mail based in the USA. Excluding the contribution of MSI Worldwide Mail, sales grew by 4.5%.

FOR THE YEAR ENDED 31 DECEMBER	2010	2009	2008	EVOL 2010-09%
IN MILLION EUR				
Advertising Mail	16.0	11.4	9.1	40.2%
Parcels	7.3	7.8	0.5	-6.1%
International Mail	176.9	150.4	165.5	17.6%
Other	3.9	2.3	(3.1)	69.6%
Total International	204.0	171.9	172.0	18.7%

International business unit - operating income

Advertising Mail revenues grew by 40.2%. New clients drove volumes by 28% and an improved customer mix delivered 16%.

International Mail was positively impacted by the addition of the sales of MSI Worldwide Mail since 1 January 2010. Excluding this change in scope, sales grew by 1.3% as the 3.9% growth in inbound mail, driven mainly by better price and mix, was compensated by the decline in transit mail which was impacted by the loss of a few important clients and by e-substitution.

2.1.2 Operating expenses

Operating expenses, including depreciation, amortization and impairment charges, amounted to 1,995.4 million EUR (2009: 1,876.5 million EUR), a 118.9 million EUR or 6.3% increase compared to last year.

The changes in scope (2009 included only 6 months of costs of Courier Network System, Express Road and MG Road Express and no contribution from MSI Worldwide Mail which was fully consolidated as from January 2010) account for an increase in expenses of 27.5 million EUR.

The non-recurring expenses moved from a net income (negative costs) of 133.5 million EUR in 2009 to a net income (negative costs) of 3.2 million EUR, representing a negative impact on costs of 130.3 million EUR.

Excluding the impact of the changes in scope and the evolution of the non-recurring expenses, underlying operating expenses decreased by 38.9 million EUR or 1.9%. The continuation of the productivity improvement programs, the limited inflation on costs in the absence of carry-over from 2009 and lower increases in provisions were partially compensated by higher investments in advertising and in initiatives designed to generate revenues or cost savings in the following years.

The **raw material, consumables and goods for resale** increased by 8.2 million EUR at 27.3 million EUR (2009: 19.1 million EUR). The changes in scope explain 3 million EUR of this increase with the balance coming from a reclassification from third party remuneration of the cost of independent drivers in the special logistics subsidiaries and from the cost of production of the license plates following the start of the contract for the production and distribution of Europe-compliant license plates.

The **costs for goods and services** increased by 21.1 million EUR or 4% compared to 2009. Excluding the impact on costs of the changes in scope (19.6 million EUR), the costs of goods and services increased by 1.5 million EUR or 0.3%:

FOR THE YEAR ENDED 31 DECEMBER	2010	2009	2008	EVOL 2010-09 €	EVOL 2010-09 %
IN MILLION EUR					
Rent and Rental costs	59.0	56.6	60.4	2.4	4.3%
Maintenance and Repairs	55.8	56.9	59.6	(1.1)	-1.9%
Energy delivery	39.1	38.5	40.8	0.6	1.6%
Other goods	27.5	28.5	29.9	(1.0)	-3.5%
Postal and Telecom costs	7.6	9.0	8.1	(1.4)	-15.8%
Insurance costs	10.8	17.7	17.5	(6.9)	-38.8%
Transport costs	134.1	121.7	137.8	12.4	10.2%
Publicity and Advertising	27.6	17.4	21.6	10.2	58.9%
Consultancy	34.9	23.7	30.7	11.2	47.1%
Interim	33.3	53.4	70.2	(20.1)	-37.7%
Third party remuneration, fees	100.7	87.6	77.2	13.1	15.0%
Other services	14.7	13.0	15.7	1.7	13.2%
Total	545.1	524.0	569.5	21.1	4.0%

Cost of goods and services

- Rent and rental costs increased by 2.4 million EUR. Excluding the impact of the changes in scope, the increase amounts to 1.8 million EUR. It is explained by the continued shift from ownership toward operational lease for the vehicle fleet, partially compensated by the reduction in building rentals following the reduction in the number of retail and mail offices.
- Maintenance and repairs show a decrease of 1.1 million EUR compared to 2009. Excluding the changes in scope, the decrease amounts to 1.3 million EUR and is mainly due to the favorable renegotiation of a number of maintenance contracts.
- Energy delivery increased by 0.6 million EUR including 0.1 million EUR of scope change. The increase in the average price of fuel for the vehicles could not be compensated by the reduction in the energy consumption in the buildings driven by the reduction in the surface occupied and by energy conservation measures.

- Other goods decreased by 1.0 million EUR due to specific cost initiatives to reduce the consumption of consumables.
- Postal and telecom costs decreased by 1.4 million EUR or 16% following the renegotiation of a number of contracts and actions taken to reduce the volume of communications.
- Insurance costs decreased by 6.9 million EUR. Excluding the reclassification in 2010 of certain working accident-related costs to payroll costs (7.3 million EUR), insurance costs increased by 0.4 million EUR due to an increase of the cost of insuring the fleet of vehicles partially compensated by the successful renegotiation of other insurance contracts.
- Transport costs increased by 12.4 million EUR or 10% compared to 2009. The changes in scope and in particular the consolidation of MSI Worldwide Mail since 1 January 2010 contributed 17.3 million EUR of the increase. Excluding the impact of these new activities, transport costs declined by 4.9 million EUR mainly driven by the decline in outbound mail volumes and the reversal of an accrual.
- Publicity and Advertising costs increased by 10.2 million EUR compared to 2009. In 2009, Publicity and Advertising costs have been reduced significantly as part of the company-wide cost saving exercise. In 2010, they returned to normal and a number of above-the-line campaigns were run to support bpost's products. In addition, the campaigns supporting the overall brand were re-instated and were used to introduce the company's new name and logo.
- Consultancy costs increased by 11.2 million EUR or 47% compared to 2009 as bpost undertook a number of projects designed to support future growth in revenues or the improvement of productivity such as a program to promote the use of administrative mail, the development of an e-commerce product offering, the re-engineering of the company's billing system, the development of a new brand image, the development of automatic sequencing of distribution rounds, etc... Changes in scope contributed 0.4 million EUR to the increase.
- Interim costs decreased by 20.1 million EUR or 38% compared to last year. In 2010, the students used mainly during the summer season were put on the company's payroll whereas they used to be hired through interim firms. This generated a transfer of 9.5 million EUR from interim costs to payroll costs. Excluding this transfer, the usage of interims in 2010 was on average 105 FTE lower than in 2009. Finally, the renegotiation of the contracts with the providers of interim workers generated a saving in costs. Interims are used to cover short-term needs in manpower or to bridge short to medium term gaps for significant projects.
- Third party remuneration and fees increased by 13.1 million EUR or 15%. Changes in scope account for an increase of 0.3 million EUR. The increase in the number of transactions performed by Post Points and the introduction of a quality bonus translated into a 2.7 million EUR increase in their remuneration. The 2009 figures had been favorably impacted by the recording of a 3.7 million EUR credit note from a supplier in the context of a contractual dispute. No such credit note was received in 2010. The balance of the increase is mainly due to the increase in the ICT development costs as 2009 had been impacted by the company-wide cost saving initiatives and 2010 saw the launch of a number of business projects requiring ICT developments.

Payroll costs amounted to 1,314.5 million EUR in 2010 (2009: 1,201.5 million EUR) which represents an increase of 113 million EUR. The scope changes generated by consolidation of Courier Network System, Express Road and MG Road Express for a full year (6 months in 2009) and the consolidation of MSI Worldwide Mail for 12 months (none in 2009) represented a 4.9 million EUR increase in payroll costs. Non-recurring items contributed a net income (negative cost) of 120.4 million EUR in 2009 whereas they represent an increase in expenses of 6.1 million EUR in 2010. The evolution of the non-recurring items had therefore a negative impact of 126.5 million EUR compared to 2009. Excluding the impact of the changes in scope and of the evolution of the non-recurring items, payroll costs showed an underlying reduction of 18.4 million EUR or 1.5%.

Excluding the impact of the transfers to the payroll of the students previously counted as interim workers, the average workforce was reduced by 922 FTE's (2009: 1,473) generating a saving of 41.4 million EUR (2009: 64.5 million EUR) driven by the various re-organization plans. This reduction should be analyzed alongside the decrease in the use of interims of 105 FTE's (or 5.4 million EUR reported under cost of goods and services). All units contributed to the reduction in FTE's. Productivity programs in collect and distribution,

in the back-office of the mail network, in the sorting centers continued to be implemented alongside the conversion of the post offices in franchised Post Points and the optimization of the support activities such as Human Resources, Facility Management and Cleaning.

The payroll costs were also favorably influenced for an amount of 12.7 million EUR following the introduction of workers at a lower salary scale.

The government introduced a number of measures to foster employment during the economic crisis. These measures, applicable to all companies in Belgium, generated a saving of 22 million EUR in 2010 compared to 2009. These measures are expected to be phased out in the early part of 2011.

These positive evolutions were partially compensated by:

- The decision to put the students on bpost's payroll rather than using interim firms. As a result, the cost of the students (7.3 million EUR for 338 FTE's in 2010) is shown as a payroll cost in 2010 whereas it was shown as an Interim cost in 2009.
- The cost-of-living increases of October 2010 which generated an increase in payroll of 7.8 million EUR;
- Regular seniority and merit increases for 6.9 million EUR;
- The reclassification of certain insurance costs from services and other goods to payroll costs amounting to 7.3 million EUR;
- An unfavorable evolution of the employee benefits liability (including an accelerated recognition of the unrecognized actuarial losses) and provision for restructuring for an amount of 32 million EUR.

Depreciation, amortization and impairment charges increased by 13.4 million EUR due to higher impairment charges.

Other operating charges moved from a net charge of 30.2 million EUR in 2009 to a net income of 6.6 million EUR in 2010. Excluding the impact of the movement in non-recurring items, the positive evolution compared to last year amounts to 40.5 million EUR. The 2009 financial statements had been negatively impacted by the recording of provisions for litigation of 32.4 million EUR. In addition, 2010 benefited from a reduction in the provision for bad debts.

Financial results deteriorated by 14.9 million EUR. Interests generated by the company's cash decreased by a further 11 million EUR as the company pursued its very conservative investment policy which favored investments in government-backed short term paper. Interest expense associated with employee benefits increased by 3.3 million EUR.

Taxes increased from 81.7 million in 2009 to 105.4 million in 2010. The 2010 tax charge represents 33.5% of the profit before tax compared to 21.9% in 2009. The 2009 tax rate had been favorably impacted by the fact that the employee liability provision relating to the medical costs for retirees had been treated as disallowed for tax purposes. As a result, its non-recurring reversal did not impact the tax expense.

2.2. Statement of financial position

2.2.1 Assets

During 2010, additions of **property, plant and equipment** (57.1 million EUR) were lower than depreciations (76.1 million EUR) and impairments (19.7 million EUR). The transfers toward assets held for sale amounted to 6.5 million EUR. As a result of these movements, the net value of the property, plant and equipment declined by 45.3 million EUR. The main investments of the year related to the refurbishing, upgrade and maintenance of the buildings of mail and retail network (25 million EUR), production facilities for sorting and printing activities (14 million EUR), vehicles (8 million EUR), and IT equipment (10 million EUR).

Intangible assets declined by 10.5 million EUR. This decrease is mainly due to the following factors:

- Investments in software (9.1 million EUR) and software development costs (1.2 million EUR)
- More than compensated by the amortization of the year: -21.9 million EUR

The **investment in associates** decreased by 43.9 million EUR from 175.1 million EUR to 131.2 million EUR, reflecting the decrease of the unrealized gains on BPO's bond portfolio (57.1 million EUR) and the pickup of the company's share of BPO's 2010 results (13.3 million EUR compared to 4.7 million EUR in 2009). The decrease of the unrealized gains on BPO's bond portfolio is mainly due to the increase in the interest rate on the Belgian sovereign debt which mechanically reduces the mark-to-market value of this class of assets.

Investment properties increased from 15.9 million EUR in 2009 to 19.5 million EUR in 2010 as more decommissioned assets are held for sale.

Deferred taxes assets amount to 81.9 million EUR (2009: 70.7 million EUR). The increase of 11.2 million EUR is mainly explained by the reduction in the timing difference between the tax value of the intangible and tangible fixed assets and on the employee benefits, compensated by an increase in the timing difference on provisions and other items.

Investment securities decreased to 31.3 million EUR (2009: 125.3 million EUR) the company continued its policy to invest its available cash with the State Treasury in order to eliminate the counterparty risk. The impact of this decision was also to reduce significantly its interest income. The remaining investment securities as of 31 December 2010 included mainly an investment in a AAA-rated money market fund.

Current trade and other receivables increased by 39.8 million EUR to 391.3 million EUR (2009: 351.5 million EUR), driven by a 34 million EUR increase in trade receivables. The increase in trade receivables is mainly due to an increase of 17.2 million EUR in the terminal dues owed by foreign operators and to an increase of 13.8 million EUR of trade accounts receivable driven on the one hand by higher sales and by a change in the settlement date with the State Treasury. Other receivables increased by 5.6 million EUR.

Cash and cash equivalents increased by 35.2 million EUR to 1,115.5 million EUR (2009: 1,080.3 million EUR) as the redeemed investment securities were added to the available liquidities with the State Treasury. This reallocation of investments was partially compensated by the net cash flow of the year.

2.2.2 Liabilities

Equity amounts to 1,114.3 million EUR (2009: 1,132.5 million EUR). The addition of the 209.2 million EUR in consolidated net profit (share of the group) for the 2010 period was more than compensated by the decrease of the company's share of the unrealized gains on BPO's bond portfolio for 57.1 million EUR and by the payment during the year of a dividend amounting to 170.8 million EUR.

Interest-bearing loans and borrowings are stable at 101.6 million (2009: 101.8 million EUR).

Employee benefits are almost unchanged compared to last year and amount to 378.8 million EUR (2009: 371.1 million EUR). This increase of 7.7 million EUR is due to the following elements:

- The payment of benefits decreased the balance by 64.6 million EUR (2009: 66.6 million EUR) including 19.2 million EUR for the payment of the early retirement and part-time work benefits;
- Service costs and interest costs relating to the year increased the liability for a total amount of 70.8 million EUR (2009: 61.1 million EUR). The increase in service costs and interest costs is due to the increase of the early retirement benefits following the decision announced in December 2010 to put new departments in restructuring;
- The past service gains, curtailments and actuarial gains decreased the liability by 0.1 million EUR (2009: decrease of 128.5 million EUR).

After deduction of the deferred tax asset relating to them which amounts to 75.1 million (2009: 77.8 million EUR), employee benefits represent a liability of 303.7 million EUR (2009: 293.3 million EUR). The unrecognized actuarial losses amount to 27.6 million EUR (2009: 29.2 million EUR).

Non-current provisions declined to 83.4 million EUR (2009: 98.0 million EUR) as the provisions for litigations were reversed for an amount of 15 million EUR.

Current provisions amount to 37.5 million EUR (2009: 32.4 million EUR). The increase (7.9 million EUR) in the provisions for litigations was partially compensated by the partial utilization (2.9 million EUR) of the provision for restructuring

Current trade and other liabilities decreased to 712.7 million EUR (2009: 792.7 million EUR) driven by the decrease of cash deposited with the company by third parties (decrease of 28.0 million EUR), the repayment by bpost of the advances received from the State (84.3 million EUR), the reduction in the payroll and social security payables (17.7 million EUR) partially compensated by the increase in trade payables (increase of 14.2 million EUR) driven by an increase in the number of days of payment outstanding and a higher level of income deferral (increase of 24.4 million EUR).

2.3. Statement of cash flows

Operating activities generates a net cash inflow of 154.6 million EUR (2009: 139.9 million EUR). This increase of 14.7 million EUR compared to last year's performance is due to:

- Improved operating performance generating a cash profit from operating activities 38.2 million EUR higher than last year in spite of the significant increase in the amount of taxes paid during the year (increase of 69.7 million EUR) and the reduction in net interest received (decrease of 11.7 million EUR);
- Decrease of 28 million EUR of the funds deposited by third parties (2009: decrease of 118.7 million EUR). The positive variance between the two years is however 90.7 million EUR. In June 2010, bpost terminated the system of cash deposits from third parties and all outstanding balances were returned to their owners.
- In 2010, 9.5 million EUR was paid out from the provisions compared with an amount of 23.4 million EUR in 2009, representing an improvement of 13.9 million EUR.
- Working capital, excluding the impact of the funds deposited by third parties and of the utilization of the provisions, consumed 98.1 million EUR of cash (2009: generated 30.0 million EUR of cash). Advances received from the State to fund the State Treasury's operations were repaid as part of the restructuring of the relationship between bpost and the State Treasury. This generated a cash outflow of 84.3 million EUR. In addition, taxes relating to previous years for an amount of 13.2 million EUR were paid in 2010.

Proceeds from sale of property, plant and equipment increased by 16.7 million EUR to 26.5 million EUR (2009: 9.8 million EUR). During 2010, the company continued to sell properties which are no longer used for its operations.

Acquisitions of property, plant and equipment amounted to 57.1 million EUR (2009: 46.5 million EUR).

Acquisition of intangible assets decreased to 11.2 million EUR (2009: 19.4 million EUR).

The *acquisition of subsidiaries, net of cash acquired* includes in 2010 a contractual adjustment on the consideration paid in previous years. The decrease compared to 2009 is explained by the fact that the 2009 financial statements included the consideration paid for the acquisition of 100% of Courier Network System, Express Road and MG Road Express and of 60% of MSI Worldwide Mail.

Net cash as reported in note 8.5 and including cash and cash equivalent, investment securities reduced by the amount of interest bearing loans and borrowing and by non-interest bearing loans and borrowing (including the debt corresponding to the deposits by third parties and the advances received from the State) increased to 1,043.8 million EUR (2009: 990.9 million EUR). Excluding payment of a dividend of 170.9 million EUR paid during the year, cash generation in 2010 therefore amounted to 223.7 million EUR (186.7 million EUR).

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3. Consolidated income statement

FOR THE YEAR ENDED 31 DECEMBER	NOTES	2010	2009	2008
IN MILLION EUR				
Turnover		2,279.0	2,228.4	2,231.2
Other operating income	8.7	38.7	21.7	31.2
Total operating income		2,317.8	2,250.1	2,262.4
Material costs		(27.3)	(19.1)	(27.9)
Services and other goods		(545.1)	(524.0)	(569.5)
Payroll costs	8.9	(1,314.5)	(1,201.5)	(1,294.2)
Other operating expenses	8.8	6.6	(30.2)	(10.4)
Depreciation, amortization		(115.0)	(101.6)	(91.0)
Total operating expenses		(1,995.4)	(1,876.5)	(1,993.0)
Profit from operating activities (EBIT)		322.4	373.6	269.4
Financial income	8.10	11.1	22.1	62.5
Financial cost	8.10	(31.7)	(27.8)	(19.4)
Share of profit of associates		13.3	4.7	1.3
Profit before tax		315.0	372.6	313.9
Income tax expense	8.11	(105.4)	(81.7)	(92.1)
Profit from continuing operations		209.6	290.9	221.8
Profit from discontinued operations		-	-	-
Profit for the year		209.6	290.9	221.8
Attributable to:				
Owners of the Parent		209.2	290.9	221.8
Non-controlling interests		0.4	0.0	0.0

4. Consolidated statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Profit for the year	209.6	290.9	221.8
Fair value for financial assets available for sale by associates	(57.1)	82.8	24.2
(Loss) gain on available for sale financial assets	(86.6)	125.4	36.2
Income tax effect	29.4	(42.6)	(12.0)
Non-controlling interests	0.1	0.5	-
Other comprehensive income for the year, net of tax	(57.0)	83.3	24.2
Total comprehensive income for the year, net of tax	152.6	374.2	246.0
Attributable to:			
Owners of the Parent	152.1	373.7	246.0
Non-controlling interest	0.5	0.5	0.0

5. Consolidated statement of financial position

AS AT 31 DECEMBER	NOTES	2010	2009	2008
IN MILLION EUR				
Assets				
Non-current assets				
Property, plant and equipment	8.12	622.8	668.1	710.4
Intangible assets	8.15	69.3	79.8	67.2
Investment securities	8.17	0.0	0.0	0.0
Investments in associates	8.18	131.2	175.1	87.7
Investment properties	8.13	19.5	15.9	16.5
Deferred tax assets	8.11	81.9	70.7	90.7
Trade and other receivables	8.19	0.9	0.6	4.3
		925.7	1,010.2	976.8
Current assets				
Assets held for sale	8.14	1.6	3.6	1.1
Investment securities	8.17	31.3	125.3	1,111.5
Inventories	8.20	7.7	8.6	9.6
Income tax receivable	8.11	0.4	0.5	0.1
Trade and other receivables	8.19	391.3	351.5	371.1
Cash and cash equivalents	8.21	1,115.5	1,080.3	198.5
		1,547.8	1,569.8	1,691.9
Total assets		2,473.5	2,580.0	2,668.7
Equity and liabilities				
Equity attributable to equity holders of the Parent				
Issued capital		783.8	783.8	783.8
Reserves		120.3	57.2	(75.6)
Retained earnings		209.1	290.9	221.8
		1,113.2	1,131.8	929.9
Non-controlling interests		1.1	0.7	0.2
Total equity	6	1,114.3	1,132.5	930.1
Non-current liabilities				
Interest-bearing loans and borrowings	8.22	101.6	101.8	102.6
Employee benefits	8.23	378.8	371.1	544.3
Trade and other payables	8.25	14.3	14.2	16.3
Provisions	8.26	83.4	98.0	98.7
Deferred tax liabilities	8.11	0.5	0.3	0.3
		578.6	585.4	762.2
Current liabilities				
Interest-bearing loans and borrowings	8.22	0.8	0.8	0.8
Bank overdrafts		0.1	0.0	0.0
Provisions	8.26	37.5	32.4	55.1
Income tax payable	8.11	29.4	36.1	15.7
Trade and other payables	8.25	712.7	792.7	904.8
		780.6	862.1	976.4
Total liabilities		1,359.2	1,447.5	1,738.6
Total Equity and liabilities		2,473.5	2,580.0	2,668.7

6. Consolidated statement of changes in equity

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				NON-CONTROLLING INTERESTS	TOTAL EQUITY
	AUTHORIZED & ISSUED CAPITAL	OTHER RESERVES	RETAINED EARNINGS	TOTAL		
IN MILLION EUR						
As per 1 January 2008	783.8	(43.0)	64.8	805.6	0.1	805.7
Profit for the year 2008			221.8	221.8	0.1	221.8
Other comprehensive income		89.0	(64.9)	24.2		24.2
Total comprehensive income	-	89.0	156.9	245.9	0.1	246.0
Dividends (Pay-out)		(121.6)		(121.6)		(121.6)
As per 31 December 2008	783.8	(75.6)	221.7	929.9	0.2	930.1
Profit for the year 2009			290.9	290.9		290.9
Other comprehensive income		304.5	(221.8)	82.8	0.5	83.3
Total comprehensive income	-	304.5	69.1	373.7	0.5	374.1
Dividends (Pay-out)		(171.7)		(171.7)		(171.7)
As per 31 December 2009	783.8	57.3	290.9	1,131.8	0.7	1,132.5
Profit for the year 2010			209.2	209.2	0.4	209.6
Other comprehensive income	0.0	233.8	(290.9)	(57.1)	0.1	(57.0)
Total comprehensive income	0.0	233.8	(81.7)	152.1	0.5	152.6
Dividends (Pay-out)		(170.8)		(170.8)	(0.1)	(170.9)
As per 31 December 2010	783.8	120.3	209.1	1,113.2	1.1	1,114.3

Other reserves per 31 December 2010 (120.3 million EUR) are composed of 100.2 million EUR of the legal reserve, 28.8 million EUR of tax free reserve, 20.8 million EUR of Earnings of prior years and -29.6 million EUR of the consolidation reserve.

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

	TOTAL NUMBER OF SHARES	SHARE CLASS A		SHARE CLASS B		SHARE CLASS C	
		NUMBER OF SHARES	MILLION EUR	NUMBER OF SHARES	MILLION EUR	NUMBER OF SHARES	MILLION EUR
As per 1 January 2009	409,838.0	204,920.0	483.8	204,643.0	299.6	275.0	0.4
Changes during the year	-	-	-	(182.0)	(0.3)	182.0	0.3
As per 31 December 2009	409,838.0	204,920.0	483.8	204,461.0	299.3	457.0	0.7
Changes during the year	-	-	-	-	-	-	-
As per 31 December 2010	409,838.0	204,920.0	483.8	204,461.0	299.3	457.0	0.7

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

7. Consolidated statement of cash flows

AS AT 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Operating activities			
Profit from operating activities (EBIT)	322.4	373.6	269.5
Depreciation and amortization	115.0	101.6	88.4
Impairment on bad debts	(2.2)	3.4	4.1
Gain on sale of property, plant and equipment	(21.8)	(7.2)	(8.0)
Change in employee benefit obligations	(19.1)	(196.7)	(148.9)
Interest received	11.1	25.5	62.5
Interests paid	(4.9)	(7.6)	(10.6)
Dividends received	-	-	-
Income tax paid	(110.3)	(40.6)	(40.7)
Cash flow from operating activities before changes in working capital and provisions	290.1	251.9	216.3
Decrease/(increase) in trade and other receivables	(20.0)	(0.8)	12.6
Decrease/(increase) in inventories	0.8	0.5	(1.0)
Increase/(decrease) in trade and other payables	(78.9)	30.3	19.6
Deposits received from third parties	(28.0)	(118.7)	37.5
Increase/(decrease) in provisions	(9.5)	(23.4)	57.5
Net Cash from operating activities	154.6	139.9	342.4
Investing activities			
Proceeds from sale of property, plant and equipment	26.5	9.8	14.0
Proceeds from sale of investments	-	-	-
Disposal of subsidiaries, net of cash disposed of	-	-	-
Acquisition of property, plant and equipment	(57.1)	(46.5)	(60.7)
Acquisition of intangible assets	(11.2)	(19.4)	(27.1)
Acquisition of other investments	-	-	(0.2)
Acquisition of subsidiaries, net of cash acquired	(0.4)	(15.4)	(2.2)
Net cash used in investing activities	(42.2)	(71.5)	(76.3)
Financing activities			
Proceeds from the issue of share capital	-	-	-
Proceeds from borrowings	-	-	-
Repayment of borrowings	-	-	-
Payment of financing lease liabilities	(0.3)	(1.2)	(0.4)
Dividends paid to equity holders of the Parent	(170.9)	(171.7)	(121.6)
Net Cash from financing activities	(171.2)	(172.9)	(122.0)
Net increase in cash and cash equivalents	(58.9)	(104.4)	144.1
Cash and cash equivalent less bank overdraft as of 1 January	1,080.3	198.5	154.8
Investment securities as of 1 January	125.3	1,111.5	1,011.1
Cash and cash equivalents and investment securities as of 1 January	1,205.5	1,310.0	1,165.9
Cash and cash equivalent less bank overdraft as of 31 December	1,115.5	1,080.3	198.5
Investment securities as of 31 December	31.3	125.3	1,111.5
Cash and cash equivalents and investment securities as of 31 December	1,146.8	1,205.5	1,310.0
Movements between 1 January and 31 December	(58.9)	(104.4)	144.1

8. Notes to the consolidated financial statements

8.1. General information

Business activities

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

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

Legal status

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

8.2. Change in accounting policies

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

During the year for the first time as at 30 June 2010, bpost has decided to apply the standard **IAS 34 – Interim Financial Reporting**.

The following new or revised accounting standards and interpretations entered into force in 2010 but they did not have any effect on the presentation, the financial performance or position of bpost because not applicable in the case of bpost:

- **IAS 32** – Financial Instruments: Presentation – Classification of Rights Issues
- **IFRS 2** – Amendments to IFRS 2 Share-based Payments: Group Cash-settled Share-based Payment Transactions
- **IFRS 1** – Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Additional exemptions for First-time Adopters
- **IFRS 1** – Amendment to IFRS 1 – Limited exemption from comparative IFRS 7 disclosures for First-time adopters
- **IAS 39** – Amendments to IAS 39 Financial instruments: Recognition and Measurement – Eligible Hedge Items
- **IFRIC 15** – Agreements for the Construction of Real Estate
- **IFRIC 16** – Hedges of a Net Investment in a Foreign Operation
- **IFRIC 17** – Distributions of Non-cash Assets to Owners
- **IFRIC 19** – Extinguishing Financial Liabilities with Equity Instruments

Standards and Interpretations not yet applied by bpost

The following new IFRS Standards and IFRIC Interpretations, which are yet to become mandatory, have not been applied by bpost for the preparation of its 2010 financial statements.

Standard or interpretation	Effective for in reporting periods starting on or after
IFRS 9 – Financial Instruments	1 January 2013
IAS 12 – Income Taxes – Recovery of Tax assets	1 January 2012
IFRS 7 – Financial Instruments: Disclosures – Amendment to disclosure	1 July 2011
IAS 24 – Related Party Disclosure (revised)	1 January 2011
IFRIC 14 - IAS 19 – Amendments: Prepayments of a Minimum Funding Requirements	1 January 2011
Various – Annual improvements to IFRS 2010 (cycle 2008-2010)	1 January 2011 unless stated otherwise

Standards and Interpretations applied by bpost

As at 31 December 2010, the accounting policies of bpost are in compliance with the IAS / IFRS Standards and Interpretations SIC / IFRIC listed below:

International Financial Reporting Standards (IFRS)

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

International Accounting Standards (IAS)

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

Interpretations SIC / IFRIC

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

The other standards and interpretations currently endorsed by the EU and effective for the preparation of the 2010 financial statements are not applicable in the context of bpost.

8.3. Significant accounting judgments

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

• Employee Stock Option Plan (ESOP)

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

- Volatility of share price: 40.46%
- Dividend yield: 9.69%
- Expected life: NA

• Employee Benefits - IAS 19

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

Regarding the Accumulated Compensated Absences benefit, the consumption pattern of the illness days was derived from the statistics over the first eleven months of 2010 projected on 12 months. The number of days of illness depends on the age, identified per segment of the statutory population. Since 2010, the rate of guaranteed salary has been set at 75% in case of long-term illness. Until 2010, the guaranteed salary varied depending on a number of factors. As a result of the change, the percentage of the guaranteed salary used for determining the cost of days accumulated in the notional account is 25% in 2010 instead of 29% last year.

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

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

8.4. Summary of significant accounting policies

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

The consolidated financial statements have been approved by the Board of Directors on 17 March 2011 and have been prepared using the measurement basis specified by the International Financial Reporting Standards (IFRS). The measurement bases are more fully described in the accounting policies below.

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

Consolidation

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

Subsidiaries

Assets and liabilities, rights and commitments, income and charges of the parent and 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 bpost 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 bpost controls an entity.

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

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

Associates

An associate is an entity in which bpost has significant influence, but which is neither a subsidiary nor a joint venture (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 bpost holds at least 20% of the investee's voting power but not to exist when less than 20% is held; these presumptions may be rebutted if there is clear evidence to the contrary.

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

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

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

Goodwill and negative acquisition differences

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

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

Intangible assets

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

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

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

The applicable useful lives are:

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

Property, plant and equipment

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

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

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

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

Lease transactions

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

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

Investment properties

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

Assets held for sale

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

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

Stamp collection

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

Impairment of assets

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

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

An impairment test is carried out annually for a CGU to which goodwill is allocated, 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 statement of financial position date.

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

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

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

Share based payments

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

Revenue recognition

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

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

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

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

Receivables

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

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

Prepayments and accrued income are also presented under this caption.

Investment securities

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

There are different categories of financial assets:

- (1) Financial assets held for trading include (a) derivatives and (b) assets that bpost has voluntarily decided to classify in the category "at fair value through profit or loss" at the time of initial recognition. These financial assets are measured at their fair value at each statement of financial position date, changes in fair value being recognized in the income statement.
- (2) Held-to-maturity financial assets are financial assets, other than derivatives, with fixed or determinable payments and fixed maturity dates, which bpost has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method.
- (3) Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortized cost using the effective interest method.
- (4) Available-for-sale financial assets constitute a residual category that includes all the financial assets not classified under one of the previous categories, for instance investments in equity instruments (other than shares in subsidiaries, jointly controlled entities and associates), investments in open-ended mutual funds

and bonds that bpost has neither the intention nor the ability to hold to maturity. These available-for-sale financial assets are measured at fair value, with changes in fair value recognized directly in equity until the financial assets are derecognized, at which time the cumulative gains or losses previously recognized in equity are recycled in profit or loss.

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

Cash and cash equivalents

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

Share capital

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

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

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

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

Employee benefits

Short-term benefits

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

Post-employment benefits and long-term benefits

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

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

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

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

The provision is calculated as follows:

Actuarial valuation of the obligation under IAS 19

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

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

– Fair value of the plan assets

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

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

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

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

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

Termination benefits

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

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

Provisions

A provision is recognized only when:

- (1) bpost has a present (legal or constructive) obligation as a result of past events;
- (2) it is probable (more likely than not) that an outflow of resources will be required to settle the obligation; and
- (3) a reliable estimate of the amount of the obligation can be made.

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

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

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

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

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

Income taxes

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

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

Deferred taxes are not recognized in respect of:

- (1) goodwill that is not amortized for tax purposes;
- (2) the initial recognition of an asset or liability in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit; and
- (3) investments in subsidiaries, branches, associates and joint ventures if it is likely that dividends will not be distributed in the foreseeable future.

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

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

Deferred revenue

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

Transactions in foreign currencies

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

Derivative financial instruments

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

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

8.5. Risk Management

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

Risks relating to the regulatory and legislative framework

The Belgian postal market has been fully opened to competition as from 1 January 2011. In 2010, bpost generated approximately 80% of its operating income from its mail activities. The liberalization of the postal market in 2011 could impact the company's profitability and market share.

bpost, as Belgium's national postal operator, is required to provide an extensive universal service in Belgium. The compensation received for providing this universal service could turn out to be inadequate compared to the costs it implies and therefore affect the profitability of the company.

As a consequence of the Third Postal Directive, bpost is supposed to provide other operators with adequate access to the network. Should bpost be required to do this at uneconomic price levels, the volumes of mail collected and sorted by the company could decline significantly which would have a material adverse impact on its revenues and operating results.

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

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

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

bpost employed 21,254 statutory employees as per 31 December 2010, whose employment conditions are more onerous for the company than the private sector contracts in particular in terms of cost, possibility to dismiss and flexibility. This restricts bpost's ability to react to drastic changes in the economic environment or to improve efficiency and flexibility to levels comparable to those of its competitors.

The introduction of VAT on a number of mail products may result in a loss of revenues earned from customers that cannot recover VAT and might limit bpost's ability to raise its tariffs in the future.

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

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

Besides the risks mentioned above, a number of less significant regulatory or legal risks exist, such as the possibility that the national regulatory authority and bpost might differ in their respective understanding of the postal regulatory framework, the full compliance with the public procurement and environmental legislation, the extra-contractual liability towards third parties and finally any change in legislation that negatively impacts bpost's position (e.g. opt-out regulation for direct mail deliveries, ...).

Risks relating to business operations and company environment

A limited number of key customers account for a significant proportion of bpost's revenues. The top 100 customers are estimated to represent 45% of mail and services revenue. The 2011 liberalization together with the impact of the introduction of VAT, will most likely cause key customers to reassess their mail services providers.

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

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

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

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

Strike actions by unions or small groups of employees could potentially disrupt bpost's operations and lead to the loss of customers. The company may also be negatively affected by the terms of the Collective Labor 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.

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

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

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

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

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

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

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

Risks relating to litigation

By a judgment dated 10 February 2009, the General Court annulled, on procedural grounds, the decision of the European Commission of 23 July 2003, which had approved a 297.5 million EUR capital increase and certain other State measures in favor of bpost.

On 22 April 2009, the Belgian State brought an appeal against this judgment before the Court of Justice of the European Union. This appeal, which does not suspend the 10 February 2009 judgment, is currently pending.

As a consequence of the 10 February 2009 judgment, the Commission on 13 July 2009 launched a formal State aid investigation into the 2003 capital increase and other 1992-2002 measures covered by the Commission's annulled 23 July 2003 decision. The Commission also broadened the scope of the investigation by extending it to State compensation for public services and certain other State measures over the entire 1992-2010 period.

This investigation is currently pending and several written and oral exchanges have already taken place with the Commission's case team. The Company believes that it has good arguments to defend the position that there is no aid granted by the Belgian government that is incompatible with the common market for the period 1992-2009. It cannot, however, be excluded that the Commission may conclude that bpost has received State aid that is incompatible with the common market and order the Belgian government to recover such aid from bpost with interest at applicable recovery rates. While such an amount may be very significant, it is not possible to estimate the financial effect of this contingency at this stage of the investigation.

bpost is currently involved in a number of legal and administrative procedures, amongst which the two inquiries by the Belgian Competition Authority following the complaints posed by customers of bpost. bpost has given its full cooperation to these investigations, but contests it is in breach of the competition laws.

The plaintiffs alleged that bpost had abused its dominant position in the letter mail market by imposing discriminating tariffs to wholesalers / subcontractors compared to direct clients regarding addressed publicity mailings. If the competition authorities were to conclude that this is a case of abuse of bpost's dominant position, they could impose a fine of 10% of the sales of the company.

bpost is currently facing two claims from former employees before the Brussels Labour Court and Labour Court of Appeal. The claims aim at the grant of stock options on grounds of an unclear clause in their employment contract. In the first case, a judgment of 20 November 2009 ordered bpost to pay damages to the former employee. bpost lodged an appeal against this decision. The second case is still pending before the Labour Court and no judgment has yet been rendered. All claims are contested by bpost.

Financial risks

Exchange rate risk

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

Interest rate risk

bpost's associate BPO is, like any bank, subject to the interest rate risk, which directly influences its margin. Interest rates likewise influence valuation of BPO's bond portfolio, which is measured at an available for sale asset (hence fair value through OCI). Since BPO is an equity-accounted entity, 50% of the change in its equity directly influences the consolidated equity of bpost. The following table illustrates the impact of a change in interest of 1% on BPO's equity and, through the equity pick up, on bpost's:

FOR THE YEAR ENDED 31 DECEMBER	2010	
IN MILLION EUR	+1%	-1%
Equity BPO	(10.9)	10.9
Equity bpost	(5.5)	5.5

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

Credit risk

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

FOR THE YEAR ENDED 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Credit risk classes of financial assets			
Held to maturity financial assets	6.1	-	-
Financial assets at fair value through P&L, designated as such upon initial recognition	25.2	125.3	1,111.5
Cash and Cash equivalents	1,115.5	1,080.3	198.5
Trade and other receivables	392.2	352.1	375.4
Credit risk classes of financial assets	1,539.0	1,557.7	1,685.4

Operational activities

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

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

	2010	2009	2008
IN MILLION EUR			
At 1 January	23.5	21.7	27.4
Impairments: Additions	2.1	2.5	2.3
Impairments: Utilization	(15.2)	(0.5)	(7.7)
Impairments: Reversal	(2.5)	(0.2)	(0.3)
At 31 December	8.0	23.5	21.7

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

FOR THE YEAR ENDED 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Current	318.0	281.5	284.7
< 60 days	33.7	39.6	45.9
60 -120 days	5.2	4.4	5.3
> 120 days	2.6	-	2.4
Total	359.5	325.5	338.2

Investment of liquidities

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

Currently, bpost limits the credit risk on its investments by placing most of its cash available with the State Treasury.

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

	2010	2009	2008
IN MILLION EUR			
Carrying amount at 1 January	102.6	102.6	103.2
Changes attributable to changes in credit risk	0.0	0.0	0.0
Other changes	(0.2)	0.0	(0.6)
Carrying amount at 31 December	102.4	102.6	102.6

BPO

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

Liquidity risk

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

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

	CURRENT		NON-CURRENT
	LESS THAN 1 YEAR	WITHIN 1 YEAR BUT NOT LATER THAN 5 YEARS	LATER THAN 5 YEARS
31 DECEMBER 2009			
IN MILLION EUR			
Finance lease obligations	0.8	1.9	-
Trade and other payables	792.7	5.2	9.0
Bank loan	-	27.3	72.7

As at 31 December 2010, liabilities have contractual maturities which are summarized below:

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

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

Capital management policies and procedures

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

The elements composing the equity for this ratio are the same as stated in the equity reconciliation.

Net debt is composed of loans less investment securities and cash and cash equivalents.

The ratio is calculated as [Net debt / Capital].

Currently, bpost has not established a formal set of upper and lower limits for this ratio, given the absence of any significant loans up until December 2010 (except EIB loan). The main objectives for the capital management are to ensure the company's ability to continue as a going concern and to provide an adequate return to shareholders.

The table below details the elements of the monitoring ratio.

AS AT 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Capital			
Issued capital / Authorized capital	783.8	783.8	783.8
Other reserves	120.3	57.2	(75.6)
Retained earnings	209.1	290.9	221.8
Non-controlling interests	1.1	0.7	0.2
Total	1,114.3	1,132.5	930.1
Net Debt / (net cash)			
Interest bearing loans and borrowings	102.4	101.8	102.6
Non-interest bearing loans and borrowings	0.5	112.8	231.5
- Investment securities	(31.3)	(125.3)	(1,111.5)
- Cash and cash equivalents	(1,115.5)	(1,080.3)	(198.5)
Total	(1,043.8)	(990.9)	(975.9)
Net Debt to Capital ratio	(0.9)	(0.9)	(1.1)

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

8.6. Business combinations

Current period acquisitions

In 2010, bpost did not acquire any new or liquidate any existing business combination. An additional consideration of 485,482.0 USD was paid for the 60% of the shares of Mail Services Incorporated, an American mail and parcel distribution company with headquarters in Sterling, Virginia, that bpost acquired on 28 December 2009. This additional consideration was paid in accordance the clauses of the share purchase agreement.

8.7. Other operating income

FOR THE YEAR ENDED 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Gain on disposal of property, plant and equipment	22.1	7.3	8.2
Benefits in kind	1.2	0.4	0.2
Commissions received	0.0	-	-
Rental income of investment property	2.4	1.8	1.7
Other rental income	1.7	2.6	6.0
Third party costs recovery	6.0	5.7	6.2
Other	5.3	4.0	8.9
	38.7	21.7	31.2

The share of rental income related to investment property amounts to 2.4 million EUR (2009: 1.8 million EUR).

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

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

8.8. Other operating expense

FOR THE YEAR ENDED 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Provisions	(8.5)	29.1	(13.3)
Local and real estate taxes	4.3	2.5	4.8
Impairment on trade receivables	(2.2)	3.4	1.5
Expenses related to 'Return On Equity' obligation	-	(13.1)	16.5
Other	(0.1)	8.4	0.9
	(6.6)	30.2	10.4

Provisions decreased mainly due to the update of the provision for litigation (see also Note 8.26).

8.9. Employee expense

FOR THE YEAR ENDED 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Employee remuneration	1,090.7	1,004.9	1,033.7
Compensation for termination of allowances	(1.0)	(35.9)	38.4
Social security contributions	209.6	221.2	212.4
Other personnel costs	15.2	11.4	9.7
	1,314.5	1,201.5	1,294.2

As at 31 December 2010, the headcount of bpost amounted to 33,616 (2009: 34,180) and is composed as follows:

- Statutory personnel: 21,254 (2009: 22,363)
- Contractual personnel: 12,362 (2009: 11,817)

The number of operational FTE at year-end amounted to 28,618 (2009: 29,618) and is composed as follows:

- Statutory personnel: 17,737 (2009: 19,114)
- Contractual personnel: 10,881, whereof 54 students (2009: 10,504 – Students were not on payroll of bpost, but considered as interims).

The average FTE number for 2010 is 29,324, whereof 338 students (2009: 30,030).

8.10. Financial income and financial cost

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

FOR THE YEAR ENDED 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Financial income	11.1	22.1	62.5
Financial costs	(31.7)	(27.8)	(19.4)
Net financial result	(20.6)	(5.6)	43.1

Financial income

FOR THE YEAR ENDED 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Interest income from financial assets at fair value through P&L, designated as such upon initial recognition	0.8	7.9	52.2
Interest income from liquidities put at the disposal of the State	6.1	10.5	4.8
Interest income from short term bank deposits	1.2	1.1	1.3
Interest income from current accounts	0.5	0.1	0.9
Gain from exchange differences	2.0	2.1	2.7
Other	0.5	0.5	0.6
Financial Income	11.1	22.1	62.5

Financial cost

FOR THE YEAR ENDED 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Interest expense from financial liabilities at fair value through P&L, designated as such upon initial recognition	1.4	3.0	5.5
Financial costs on benefit obligations (IAS 19)	26.8	23.5	8.9
Loss from exchange differences	2.1	3.5	2.8
Impairment current/financial assets	(0.9)	(3.4)	0.8
Other finance costs	2.3	1.1	1.4
Financial costs	31.7	27.8	19.4

8.11. Income tax /Deferred tax

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

FOR THE YEAR ENDED 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Tax expense included:			
Current tax expenses	(121.0)	(61.7)	(64.9)
Adjustment recognized in the current year in relation to the current tax of prior years	4.6	0.3	9.2
Deferred tax expense relating to the origination and reversal of temporary differences	11.0	(20.3)	(36.4)
Total tax expense	(105.4)	(81.7)	(92.1)

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

FOR THE YEAR ENDED 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Tax expense using statutory tax rate	107.1	126.7	106.7
Profit before income tax	315.0	372.6	313.9
Statutory tax rate	33.99%	33.99%	33.99%
Reconciling items between statutory and effective tax			
Tax effect of rates in other jurisdictions	-	-	-
Tax effect of non tax deductible expenses	7.8	18.3	14.3
Notional interest deduction	(8.9)	(10.3)	(10.8)
Tax release prior year	(4.6)	(0.3)	(9.2)
Tax effect of tax losses utilized by subsidiaries	(2.9)	(0.6)	(4.0)
Subsidiaries in loss situation	1.0	2.0	0.8
BPO / Certipost (*) (equity method)	(9.0)	(1.6)	(0.5)
Interco adjustments	7.6	0.0	7.7
Other:			
Other differences	7.3	(52.4)	(12.9)
Total	105.4	81.7	92.1
Tax using effective rate (current period)	(105.4)	(81.7)	(92.1)
Profit before income tax	315.0	372.6	313.9
Effective tax rate	33.5%	21.9%	29.3%

(*) Certipost was accounted for according to the equity-method for five months in 2008. From May 2008, it was accounted for at 100%

As of 31 December 2010, bpost recognized a net deferred income tax asset of 81.9 million EUR.

This net deferred income tax asset is composed as follows:

AS AT 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Deferred tax assets			
Employee benefits	75.1	77.8	91.9
Provisions	21.1	19.6	16.2
Other	22.8	16.0	32.6
Total deferred tax asset	119.1	113.4	140.6
Deferred tax liabilities			
Property plant and equipment	30.9	34.2	37.1
Intangible assets	4.6	6.4	6.6
Other	1.6	2.2	6.1
Total deferred tax liabilities	37.2	42.8	49.9
Net deferred tax asset	81.9	70.7	90.7

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

The temporary differences associated with investments in subsidiaries and associates for which a deferred tax liability has not been recognized aggregate to 1.6 million EUR (2009: 1.1 million EUR).

8.12. Property, plant and equipment

	LAND AND BUILDINGS	PLANT AND EQUIPMENT	FURNITURE AND VEHICLES	FIXTURES AND FITTINGS	OTHER PROPERTY, PLANT AND EQUIPMENT	TOTAL
IN MILLION EUR						
Acquisition cost						
Balance at 1 January 2008	837.4	253.3	234.0	64.4	0.9	1,390.1
Acquisitions	-	5.8	20.2	23.1	11.4	60.7
Acquisitions through business combinations	-	1.5	0.4	0.2	-	2.1
Disposals	(2.1)	(3.0)	(13.3)	(3.6)	-	(22.0)
Assets classified as held for sale or investment property	6.5	-	-	(9.7)	-	(3.2)
Other movements	-	0.2	-	(0.2)	-	-
Balance at 31 December 2008	841.9	257.8	241.4	74.3	12.3	1,427.7
Balance at 1 January 2009	841.9	257.8	241.4	74.3	12.3	1,427.7
Acquisitions	-	11.5	15.6	17.8	1.5	46.5
Acquisitions through business combinations	-	0.1	1.6	0.5	-	2.2
Disposals	-	(29.8)	(26.0)	(14.5)	-	(70.3)
Assets classified as held for sale or investment property	3.7	-	-	(17.9)	-	(14.3)
Other movements	-	9.5	0.4	0.1	(10.0)	-
Balance at 31 December 2009	845.5	249.2	233.1	60.3	3.8	1,391.9
Balance at 1 January 2010	845.5	249.2	233.1	60.3	3.8	1,391.9
Acquisitions	0.3	7.9	19.7	21.3	7.9	57.1
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	(0.1)	(1.9)	(16.7)	(4.7)	0.0	(23.4)
Assets classified as held for sale or investment property	(12.1)	0.0	0.0	(5.3)	0.0	(17.4)
Other movements	5.7	0.0	2.0	(9.9)	2.2	0.0
Balance at 31 December 2010	839.4	255.2	238.1	61.7	13.9	1,408.2
Revaluation						
Balance at 1 January 2008	-	-	-	-	7.4	7.4
Balance at 31 December 2008	-	-	-	-	7.4	7.4
Balance at 1 January 2009	-	-	-	-	7.4	7.4
Balance at 31 December 2009	-	-	-	-	7.4	7.4
Balance at 1 January 2010	-	-	-	-	7.4	7.4
Balance at 31 December 2010	-	-	-	-	7.4	7.4

	LAND AND BUILDINGS	PLANT AND EQUIPMENT	FURNITURE AND VEHICLES	FIXTURES AND FITTINGS	OTHER PROPERTY, PLANT AND EQUIPMENT	TOTAL
IN MILLION EUR						
Depreciation and impairment losses						
Balance at 1 January 2008	(329.9)	(155.1)	(153.3)	(34.7)	-	(672.9)
Acquisitions through business combinations	-	(1.3)	(0.4)	(0.1)	-	(1.8)
Disposals	2.1	3.0	13.3	3.6	-	22.0
Disposals through the sale of subsidiaries	-	-	-	-	-	-
Depreciation	(21.3)	(21.2)	(20.9)	(13.3)	-	(76.7)
Impairment losses	4.8	(2.9)	-	0.1	-	1.9
Assets classified as held for sale or investment property	(4.9)	-	-	7.9	-	2.9
Other increase (decrease)	-	-	-	-	-	-
Balance at 31 December 2008	(349.3)	(177.5)	(161.4)	(36.5)	-	(724.7)
Balance at 1 January 2009	(349.3)	(177.5)	(161.4)	(36.5)	-	(724.7)
Acquisitions through business combinations	-	(0.1)	(1.0)	(0.2)	-	(1.3)
Disposals	0.2	29.8	26.0	14.3	-	70.3
Disposals through the sale of subsidiaries	-	-	-	-	-	-
Depreciation	(20.7)	(15.8)	(22.1)	(14.1)	-	(72.8)
Impairment losses	5.0	(2.0)	(7.1)	(8.3)	-	(12.4)
Assets classified as held for sale or investment property	(1.0)	-	-	10.7	-	9.6
Other increase (decrease)	-	-	0.1	-	-	0.1
Balance at 31 December 2009	(365.9)	(165.6)	(165.6)	(34.1)	-	(731.2)
Balance at 1 January 2010	(365.9)	(165.6)	(165.6)	(34.1)	-	(731.2)
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.1	1.9	16.7	4.7	0.0	23.4
Disposals through the sale of subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation	(20.2)	(14.8)	(23.5)	(17.6)	0.0	(76.1)
Impairment losses	0.4	(4.1)	(6.9)	(5.7)	(3.4)	(19.7)
Assets classified as held for sale or investment property	8.1	0.0	0.0	2.8	0.0	10.9
Other increase (decrease)	(6.7)	(0.0)	0.0	6.7	0.0	(0.0)
Balance at 31 December 2010	(384.1)	(182.6)	(179.4)	(43.3)	(3.4)	(792.8)
Carrying amount						
At 31 December 2008	492.6	80.3	80.0	37.7	19.8	710.4
At 31 December 2009	479.7	83.6	67.5	26.1	11.2	668.1
At 31 December 2010	455.2	72.6	58.7	18.3	17.9	622.8

Property, plant and equipment decreased from 668.1 million EUR to 622.9 million EUR, i.e. by 45.2 million EUR. This decrease is explained by:

- New acquisitions (57.1 million EUR) mainly relating to mail and retail network infrastructure (25.3 million EUR), production facilities for sorting and printing activities (13.8 million EUR), vehicles for transport activities (7.7 million EUR), IT- and other equipment (10.2 million EUR)
- Depreciation & impairment losses (95.8 million EUR)
- Transfer to assets held for sale (2.7 million EUR) and investment property (3.8 million EUR)

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

8.13. Investment property

	LAND AND BUILDINGS
IN MILLION EUR	
Acquisition cost	
Balance at 1 January 2008	43.2
Acquisitions	-
Transfer from/to other asset categories	(7.1)
Balance at 31 December 2008	36.1
Balance at 1 January 2009	36.1
Acquisitions	-
Transfer from/to other asset categories	(0.9)
Balance at 31 December 2009	35.1
Balance at 1 January 2010	35.1
Acquisitions	0.0
Transfer from/to other asset categories	8.7
Balance at 31 December 2010	43.7
Depreciation and impairment losses	
Balance at 1 January 2008	(21.4)
Depreciations	(0.2)
Transfer from/to other asset categories	2.1
Balance at 31 December 2008	(19.6)
Balance at 1 January 2009	(19.6)
Depreciations	(0.1)
Impairment losses	-
Transfer from/to other asset categories	0.4
Balance at 31 December 2009	(19.2)
Balance at 1 January 2010	(19.2)
Depreciations	(0.1)
Impairment losses	0.0
Transfer from/to other asset categories	(4.9)
Balance at 31 December 2010	(24.3)
Carrying amount	
At 31 December 2008	16.5
At 31 December 2009	15.9
At 31 December 2010	19.5

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

The rental income of the investment property amounts to 2.4 million EUR (2009: 1.8 million EUR). The estimated fair value of the investment property rose from 38.3 million EUR to 42.7 million EUR or by 4.4 million EUR in result of new rental agreements (7.1 million EUR), partly compensated by the terminated rental contracts (2.7 million EUR).

8.14. Assets held for sale

AS AT 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Property, plant and equipment	1.6	3.6	1.1
	1.6	3.6	1.1

Assets held for sale decreased from 3.6 million EUR to 1.6 million EUR. The decrease by 2.0 million EUR in asset held for sale is due to deeds signed in 2010 (4.7 million EUR) counterbalanced by sales agreements signed in 2010 with pending deed signature (2.7 million EUR).

The number of buildings recognized in assets held for sale decrease from 18 at the end of 2009 to 13 at the end of 2010. The majority of these assets are retail outlets which are vacant as a consequence of the optimization of the post offices network.

Profits on disposal of 22.0 million EUR (2009: 7.3 million EUR) were accounted for in the income statement in the section "Other operating income". No impairment charges were recorded for in the section "Depreciation, amortization" in 2010 (2009: 0.1 million EUR).

8.15. Intangible assets

	GOODWILL	DEVELOPMENT COSTS	SOFTWARE	OTHER INTANGIBLE ASSETS	TOTAL
IN MILLION EUR					
Acquisition cost					
Balance at 1 January 2008	13.8	66.5	75.1	-	155.4
Acquisitions	7.0	13.5	6.4	7.3	34.2
Acquisitions and additions through business combinations	2.1	5.6	3.2	-	10.9
Disposals	-	(2.7)	-	-	(2.7)
Disposals through the sale of subsidiaries	-	-	-	-	-
Transfer to other asset categories	-	-	-	-	-
Other movements	-	-	-	-	-
Balance at 31 December 2008	22.9	82.9	84.7	7.3	197.8
Balance at 1 January 2009	22.9	82.9	84.7	7.3	197.8
Acquisitions	14.1	8.3	11.1	-	33.5
Acquisitions and additions through business combinations	-	-	0.2	-	0.2
Disposals	-	(3.2)	(8.2)	-	(11.4)
Disposals through the sale of subsidiaries	-	-	-	-	-
Transfer to other asset categories	-	-	-	-	-
Other movements	-	-	-	-	-
Balance at 31 December 2009	37.0	87.9	87.8	7.3	220.1
Balance at 1 January 2010	37.0	87.9	87.8	7.3	220.1
Acquisitions	0.0	1.2	9.1	1.0	11.4
Acquisitions and additions through business combinations	0.4	0.0	0.0	(0.0)	0.4
Disposals	0.0	(0.2)	(8.8)	0.0	(9.0)
Disposals through the sale of subsidiaries	0.0	0.0	0.0	0.0	0.0
Transfer to other asset categories	0.0	0.0	0.0	0.0	0.0
Other movements	0.0	0.0	(3.7)	3.7	0.0
Balance at 31 December 2010	37.4	89.0	84.4	12.1	222.9
Amortization and impairment losses					
Balance at 1 January 2008	(11.1)	(42.7)	(46.1)	-	(100.0)
Acquisitions and additions through business combinations	(1.3)	(5.6)	(2.7)	-	(9.5)
Disposals	-	2.7	-	-	2.7
Disposals through the sale of subsidiaries	-	-	-	-	-
Amortization	-	(10.0)	(6.4)	(1.5)	(17.9)
Impairment losses	0.3	(5.0)	(1.2)	-	(5.9)
Transfer to other asset categories	-	-	-	-	-
Other movements	-	-	-	-	-
Balance at 31 December 2008	(12.1)	(60.7)	(56.4)	(1.5)	(130.6)
Balance at 1 January 2009	(12.1)	(60.7)	(56.4)	(1.5)	(130.6)
Acquisitions and additions through business combinations	-	-	(0.1)	-	(0.1)
Disposals	-	3.2	8.2	-	11.4
Disposals through the sale of subsidiaries	-	-	-	-	-
Amortization	-	(11.2)	(7.8)	(1.4)	(20.5)
Impairment losses	-	(0.5)	-	-	(0.5)
Transfer to other asset categories	-	-	-	-	-
Other movements	-	-	-	-	-
Balance at 31 December 2009	(12.1)	(69.1)	(56.1)	(2.9)	(140.2)

	GOODWILL	DEVELOPMENT COSTS	SOFTWARE	OTHER INTANGIBLE ASSETS	TOTAL
Balance at 1 January 2010	(12.1)	(69.1)	(56.1)	(2.9)	(140.2)
Acquisitions and additions through business combinations	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.2	8.8	0.0	9.0
Disposals through the sale of subsidiaries	0.0	0.0	0.0	0.0	0.0
Amortization	0.0	(7.5)	(12.9)	(1.4)	(21.9)
Impairment losses	(1.2)	0.8	0.0	0.0	(0.4)
Transfer to other asset categories	0.0	0.0	0.0	0.0	0.0
Other movements	0.0	0.0	3.0	(3.0)	0.0
Balance at 31 December 2010	(13.2)	(75.7)	(57.3)	(7.3)	(153.5)
Carrying amount					
At 31 December 2008	10.9	22.3	28.3	5.8	67.2
At 31 December 2009	25.0	18.8	31.7	4.4	79.8
At 31 December 2010	24.2	13.3	27.1	4.7	69.3

Intangible assets decreased from 79.8 million EUR to 69.3 million EUR or by 10.5 million EUR. This decrease can be decomposed as follows:

- Increase in the goodwill recorded on the acquisition of MSI following the payment of an additional consideration (0.4 million EUR)
- Investments in software and licenses (9.1 million EUR), development costs capitalized (1.2 million EUR) and other intangible assets (1.0 million EUR)
- Amortization (21.9 million EUR)
- Impairment losses of the year (0.4 million EUR)

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

8.16. Lease

Finance Lease

The finance lease liabilities as of December 31, 2010 relate to the Saint-Denis building, machinery and vehicles. The building was acquired in the context of the disposal of Asterion and the machinery is essentially located within the subsidiaries Speos and Secumail. The vehicles are located within the subsidiaries Express Road and MG Road.

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

	USEFUL LIVES	CARRYING AMOUNT 31 DEC. 2010
IN MILLION EUR		
Land and Buildings (Saint-Denis)	25 years	2.6
Machinery and equipment	5 years	1.7
Vehicles	5 years	0.1

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

AS AT 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Minimum lease payments			
Within 1 year	0.9	0.8	0.9
1 to 5 years	1.7	1.9	2.6
More than 5 years	0.0	0.0	0.2
Total	2.5	2.7	3.7
Less			
Future finance costs	0.2	0.2	0.4
Present value of the minimum lease payments			
Within 1 year	0.8	0.7	0.8
1 to 5 years	1.6	1.8	2.3
More than 5 years	-	0.0	0.2
Total	2.3	2.5	3.3

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

Operating Lease

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

FOR THE YEAR ENDED 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Less than one year	48.5	40.0	33.7
Between one year and five years	130.0	116.6	104.3
More than five years	68.1	61.6	52.8
	246.6	218.2	190.8

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 59 million EUR (2009: 56.6 million EUR).

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

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

FOR THE YEAR ENDED 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Less than one year	2.7	1.5	2.6
Between one year and five years	11.4	6.1	9.0
More than five years	11.8	6.5	4.6
	25.9	14.1	16.2

The income that is related to operational lease agreements is recognized in the section "Other operating income" for an amount of 4.1 million EUR (2009: 4.4 million EUR).

8.17. Investment securities

IN 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	FINANCIAL ASSETS HELD TO MATURITY	TOTAL CURRENT INVESTMENTS	TOTAL
Acquisition cost						
Balance at 1 January 2008			1,011.1		1,011.1	1,011.1
Acquisitions	-	-	917.9	-	917.9	917.9
Acquisitions through business combinations	-	-	3.2	-	3.2	3.2
Changes in fair value	-	-	(0.2)	-	(0.2)	(0.2)
Disposals	-	-	(820.5)	-	(820.5)	(820.5)
Transfer to other asset categories	-	-	-	-	-	-
Balance at 31 December 2008			1,111.5		1,111.5	1,111.5
Balance at 1 January 2009						
			1,111.5		1,111.5	1,111.5
Acquisitions	-	-	-	-	-	-
Acquisitions through business combinations	-	-	-	-	-	-
Changes in fair value	-	-	-	-	-	-
Disposals	-	-	(986.2)	-	(986.2)	(986.2)
Balance at 31 December 2009			125.3		125.3	125.3
Balance at 1 January 2010						
			125.3		125.3	125.3
Acquisitions	-	-	25.1	6.1	31.2	31.2
Acquisitions through business combinations	-	-	-	-	-	-
Changes in fair value	-	-	-	-	-	-
Disposals	-	-	(125.2)	-	(125.2)	(125.2)
Balance at 31 December 2010			25.2	6.1	31.3	31.3
Impairment losses						
Balance at 1 January 2008						
Other movements	-	-	-	-	-	-
Balance at 31 December 2008						
Balance at 1 January 2009						
Other movements	-	-	-	-	-	-
Balance at 31 December 2009						
Balance at 1 January 2010						
Other movements	-	-	-	-	-	-
Balance at 31 December 2010						
Carrying amount						
At 31 December 2008			1,111.5		1,111.5	1,111.5
At 31 December 2009			125.3		125.3	125.3
At 31 December 2010			25.2	6.1	31.3	31.3

As per December 31 2010, bpost holds 25 million EUR in AAA-rated money market funds.

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 to the company's management on that same basis.

Current financial assets held to maturity owned by some subsidiaries amounted 6.1 million EUR as of 2010.

8.18. Investment in associates

	2010	2009	2008
IN MILLION EUR			
Balance at 1 January	175.1	87.7	62.6
Share of profit	13.3	4.7	1.3
Other movements in equity of associates	(57.1)	82.7	23.8
Balance at 31 December	131.2	175.1	87.7

Share of profit/loss

In 2010, the amount is composed of bpost's share in the profit of BPO of 13.3 million EUR. Last year, the share of profit was composed of BPO's profit amounting to 4.7 million EUR.

Dividends received

In 2010, no dividend originating from associate companies was attributed to bpost.

Other movements

The amounts represent the decrease in unrealized gains on BPO's bond portfolio (-57.1 million EUR).

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

2009	OWNERSHIP	TOTAL ASSETS	TOTAL LIABILITIES (excl. equity)	REVENUES	PROFIT/ (LOSS)
IN MILLION EUR					
BPO	50%	7,517.7	7,167.1	324.9	9.3

2010	OWNERSHIP	TOTAL ASSETS	TOTAL LIABILITIES (excl. equity)	REVENUES	PROFIT/ (LOSS)
IN MILLION EUR					
BPO	50%	8,191.9	7,929.1	337.4	26.6

8.19. Trade and other receivables

AS AT 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Trade receivables	0.0	-	2.2
Other receivables	0.9	0.6	2.1
Non-current trade and other receivables	0.9	0.6	4.3

AS AT 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Trade receivables	359.5	325.5	338.2
Tax receivables, other than income tax	1.1	0.9	0.5
Other receivables	30.7	25.1	32.4
Current trade and other receivables	391.3	351.5	371.1

AS AT 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Accrued income	15.6	14.3	15.5
Deferred charges	12.1	8.2	10.9
Other receivables	3.0	2.6	6.0
Current - Other receivables	30.7	25.1	32.4

The non-current receivables are considered as a reasonable approximation of the fair value of this financial asset, making the impact of the time value of money is not significant.

Current trade receivables amount include third-party trade debtors (164.8 million EUR), receivables from the State (89.6 million EUR), credit notes to be received (1.2 million EUR), suppliers with debit balance (50.2 million EUR) and prepayments (38.1 million EUR).

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

Within current receivables, "Other receivables" consist almost entirely of accrued income and deferred charges. Important elements herein are the commission to be received from BPO (15.2 million EUR), prepaid rent and other accruals.

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

8.20. Inventories

AS AT 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Raw materials	1.9	1.4	1.9
Finished products	2.3	3.2	3.1
Goods purchased for resale	5.6	6.0	6.1
Reductions in value	(2.1)	(2.0)	(1.5)
Inventories	7.7	8.6	9.6

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

In 2010, an amount of 1.2 million EUR (2009: 0.5 million EUR) is recognized in the section 'Material cost'. This figure represents the stock variation of the different product types.

The reductions in value of the stock remain stable year over year. A destruction of obsolete items occurred in December 2010, implying an adjustment of the provision. This decrease is offset by an amount impaired for uniforms, which became obsolete due to the new brand of bpost.

8.21. Cash and cash equivalents

AS AT 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Cash in Postal network	210.0	179.0	136.9
Transit accounts	(1.6)	(7.0)	(2.0)
Cash payment transactions under execution	(169.0)	-	-
Bank current accounts	376.1	81.7	55.6
Liquidities deposited with the State Treasury	0.0	826.6	8.0
Short term deposits	700.0	-	-
Cash and cash equivalents	1,115.5	1,080.3	198.5

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

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

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

8.22. Financial liabilities

AS AT 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Financial liabilities at amortized cost			
Bank loans	100.0	100.0	100.0
Finance lease liabilities	1.6	1.8	2.6
Non-current liabilities	101.6	101.8	102.6
AS AT 31 DECEMBER			
IN MILLION EUR			
Financial liabilities at amortized cost			
Finance lease liabilities	0.8	0.8	0.8
Current liabilities	0.8	0.8	0.8

The non-current financial liabilities consist mainly of a bank loan of 100 million EUR concluded in 2007 with the European Investment Bank. This loan matures in 2022.

8.23. Employee benefits

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

The employee benefits are as follow:

AS AT 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Total	(378.8)	(371.1)	(544.3)
Post-employment benefits	(52.4)	(44.2)	(179.1)
Long-term employee benefits	(166.9)	(183.1)	(196.1)
Termination benefits	(42.3)	(29.9)	(38.1)
Other long-term benefits	(117.2)	(113.9)	(131.1)

Net of the deferred tax asset relating to them, employee benefits amount to 303.7 million EUR (2009: 293.3 million EUR).

AS AT 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Employee benefits	(378.8)	(371.1)	(544.3)
Deferred tax assets impact	75.1	77.8	91.9
Employee benefits net of deferred tax	(303.7)	(293.3)	(452.4)

Post-employment benefits

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

Medical expenses

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

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

Family allowances

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

Transportation

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

Bank

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

Long-term employee benefits

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

Accumulated Compensated Absences

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

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

Excluding the impact of the changes in the plan itself, there have been no modifications to the calculation methodology comparatively to 2009. The valuation is based on the future "projected payments / cash outflows". The cash outflows are calculated for the totality of the population considered, based on a certain consumption pattern, derived from the statistics over the first eleven months of 2010 (projected on 12 months). The individual notional accounts are projected for the future and decreased by the actual number of days of illness.

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

The Collective Labor Agreement covering the years 2009-2010 and the Collective Labor Agreement for 2011 have triggered the elimination of a number of sick-days for some specific civil servants in exchange for the payment of a compensation.

Pension saving days

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

The methodology of valuation is based on the same approach as the benefit "Accumulated Compensated Absences". The valuation is based on the future "projected payments / cash outflows". These are calculated for the totality of the population considered, based on a certain "consumption" pattern, derived from the statistics over the first eleven months of 2010, as provided by the human resource department. The individual "pension saving days" accounts are projected per person and decreased by the actual number of used pension saving days.

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

Part-time regime (50+)

Under the Collective Labor Agreements covering respectively the years 2005-2006, 2007-2008 and 2009-2010, statutory employees, aged between 50 and 59, are entitled to enter into a system of partial (50%) career interruption. This benefit has been extended in the Collective Labor Agreement for 2011 signed on 12 October 2010. bpost makes contributions equal to 7.5% of the gross annual salary for a period of a maximum of 48 months.

Termination benefits

Early Retirement

At the end of 2010, the following early-retirement plans are included in this benefit:

- a plan under the Collective Labor Agreement for the years 2009-2010 available to the employees meeting certain age and function conditions as at 31/12/2010 at the latest,
- and, the plan negotiated in the Collective Labor Agreement for 2011 accessible to the civil servants meeting certain age and service organization conditions as at 31/12/2012 at the latest.

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

Other long-term benefits

Workers Compensation Accident Plan

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

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

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

AS AT 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Present value of funded obligations	(406.4)	(400.3)	(534.3)
Fair value of plan assets	-	-	0.8
Present value of net obligations for funded plan	(406.4)	(400.3)	(533.6)
Present value of net obligations	(406.4)	(400.3)	(533.6)
Unrecognized actuarial (gains)/losses	27.6	29.2	(10.8)
Net liability	(378.8)	(371.1)	(544.3)
Employee benefits amounts in the statement of financial position			
Liabilities	(378.8)	(371.1)	(544.3)
Net liability	(378.8)	(371.1)	(544.3)

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

	2010	2009	2008
IN MILLION EUR			
Present value at 1 January	(400.3)	(534.3)	(619.5)
Service cost	(54.1)	(40.0)	(17.5)
Interest cost	(16.7)	(21.1)	(25.3)
Past service (cost)/gain	-	(0.1)	33.8
Actuarial gains	0.1	36.8	68.4
Benefits paid	64.6	66.6	71.9
Curtailment and settlement (loss)/gain	-	91.8	14.3
Reclassification	-	-	(60.5)
Defined benefit obligation at 31 December	(406.4)	(400.3)	(534.3)

The expense recognized in the income statement is presented hereafter:

FOR THE YEAR ENDED 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Service cost	(54.1)	(40.0)	(17.5)
Interest cost	(16.7)	(21.1)	(25.3)
Past service (cost)/gain	-	(0.1)	33.8
Actuarial gains and (losses)	(1.5)	148.8	77.1
Financial	(10.1)	(2.4)	16.4
Other	8.5	151.2	60.7
Net expense	(72.3)	87.7	68.1

In 2009, the service cost included the charge of the early-retirement plan (related to the CLA 2009-2010) estimated at 19.4 million EUR. In 2010, an amount of 30.8 million EUR concerning the CLA 2011 is into the service cost.

FOR THE YEAR ENDED 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Payroll costs	(45.5)	111.2	77.0
Financial cost	(26.8)	(23.5)	(8.8)
Net expense	(72.3)	87.7	68.1

Interest costs and financial actuarial gains or losses have been recorded as financial costs. All other expenses summarized above were included in the income statement line item "Payroll costs".

bpost recognizes all actuarial gains and losses in accordance with the corridor approach through profit and loss. Accumulated actuarial gains or losses at the end of the previous year, in excess of 10% of the maximum of the defined Benefit Obligation and the Fair Value of Assets at that date, are amortized over two years or average remaining service period for the active population, if shorter than two years. In 2010, the additional amortization amounted to 9.3 million.

All net actuarial gains or losses amortized in the yearly pension expense are recognized as operating costs. There are no fixed contribution plans.

The main assumptions used in computing the benefit obligations at the statement of financial position date are the following:

	2010	2009	2008
Rate of inflation	1.9%	1.9%	2.0%
Future salary increase	2.9%	2.9%	3.0%
Mortality tables	MR/FR	MR/FR	MR/FR

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

	2010	2009	2008
IN MILLION EUR			
Fair value of plan assets at 1 January	-	0.8	1.3
Contributions by employer	-	-	4.9
Benefits paid	-	(0.8)	(5.4)
Fair value of plan assets at 31 December	-	-	0.8

The discount rates have been determined by reference to market yields at the statement of financial position date. The discount rates used in 2010 range from 3.7% to 5.1% (2009: 4.0% to 5.6%):

BENEFIT	Duration (years)	Discount rate	
		31/12/2009	31/12/2010
Family allowances	7	4.70%	4.20%
Transportation	11	5.40%	4.85%
Bank	13	5.60%	5.10%
Funeral expense	6	4.45%	4.15%
Gratification	7	4.70%	4.20%
Accumulated compensated absences	4.5	4.00%	3.70%
Workers compensation in case of accidents	11	5.40%	4.85%
Pension saving days	6	4.70%	4.15%
Jubilee Premiums	6	4.45%	4.15%

8.24. Share-based payments

In 2006, the Board of bpost approved the creation of an Employee Stock Option Plan ("ESOP") for the Management. Under this plan, bpost has granted in the years 2006, 2007 and 2008 to the management options to purchase shares in the company. Once granted, the options vest one-third per year over a period of three years.

At 31 December 2010, 74 senior managers, including the CEO and the Management Committee, benefit from the option plan. No options were granted in 2010 and none were exercised during the year as no exercise window was opened.

The fair value of the option is expensed over the vesting period. In accordance with IFRS 2, the fair value of the options is determined using the Binomial Option Pricing Model. The charge to the 2010 income statement

amounted to 1 million EUR (2009: 0.4 million EUR). All share-based employee remunerations are accounted following the cash-settled methodology. There have been no modifications to the terms of the share-based payments plan during 2010.

The total number of outstanding options is as follows:

IN NUMBER	2010	2009	2008
Options outstanding at 1 January	3,688.0	4,452.0	2,724.0
Options granted during the year	-	-	2,262.0
Options exercised during the year	-	(589.0)	(416.0)
Options forfeited during the year	-	-	(40.0)
Options out due to bad leavers	(9.0)	(175.0)	(78.0)
Options outstanding at 31 December	3,679.0	3,688.0	4,452.0

	2010	2009	2008
Number of persons at 1 January	76.0	80.0	60.0
IN	-	-	20.0
OUT	(2.0)	(4.0)	-
Number of persons at 31 December	74.0	76.0	80.0

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

FOR THE YEAR ENDED 31 DECEMBER	2010	2009	2008
EUR			
Fair value of options granted	NA	NA	245.2
Exercise price	5,062.0	2,907.0	2,848.0
Expected volatility	40.5%	39.4%	32.6%
Expected option life (in years)	NA	NA	4Y
Risk-free interest rate	1.1%	1.7%	3.9%

All amounts are based on the scenario of a 100% dividend pay-out of the profit of the year.

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

The 3,679 outstanding options at the end of 2010 are detailed as follows:

YEAR OF GRANTING	2008	2007	2006
Remaining options at 31 December 2010	2,041	1,145	493
Exercise price (in EUR)	2,848.0	2,593.0	1,464.0
Remaining option life (in years)	2Y	1Y	0.5Y

The following put and call option agreements are in force:

- Alteris NV (subsidiary of bpost) and the beneficiaries of the ESOP have a put and call option agreement pursuant to which Alteris NV can acquire the bpost shares, instead of bpost.
- PIE has a call option for the shares that Alteris NV may acquire from the beneficiaries of the ESOP. The exercise price will be the price originally paid by Alteris NV to the beneficiaries.
- Alteris NV 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 Alteris NV and the exercise price.
- bpost has always a call option toward PIE to purchase the shares relating to the exercised options at a price corresponding to the exercise price.

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

8.25. Trade and other payables

AS AT 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Trade payables	-	-	2.1
Other payables	14.3	14.2	14.2
Non-current trade and other payables	14.3	14.2	16.3
AS AT 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Trade payables	193.4	179.2	176.8
Payroll and social security payables	332.6	350.3	332.5
Tax payable other than income tax	2.9	1.8	2.1
Other payables	183.7	261.3	393.3
Current trade and other payables	712.7	792.7	904.8

The carrying amounts are considered to be a reasonable approximation of the fair value. The other payables included in current trade and other payable include the following items:

AS AT 31 DECEMBER	2010	2009	2008
IN MILLION EUR			
Advance payments on orders	8.6	8.3	6.7
Advance received from State	0.0	84.3	84.3
Cash guarantees received	5.7	5.0	4.9
Accruals	52.8	52.6	58.5
Deferred income	79.8	55.4	50.5
Deposits received from third parties	0.5	28.5	147.2
Other payables	36.3	27.4	41.2
Current - Other payables	183.7	261.3	393.3

The company has no control in the deposits received from third parties and they can vary significantly from year to year. Since June 2010, the company no longer accepts deposits from third parties.

8.26. Provisions

	LITIGATION	ENVIRONMENT	ONEROUS CONTRACTS	RESTRUC-TURING	OTHER	TOTAL
IN MILLION EUR						
Balance at 1 January 2008	54.3	1.7	13.4	5.7	21.2	96.3
Additional provisions recognized	22.2	-	2.9	0.2	55.9	81.2
Provisions used	(0.6)	0.0	(10.1)	(0.6)	(0.1)	(11.4)
Provisions reversed	(5.2)	-	(3.7)	(3.0)	0.0	(12.0)
Other movements	(0.5)	-	-	-	-	(0.5)
Disposals through the sale of subsidiaries	-	-	-	-	-	-
Balance at 31 December 2008	70.2	1.7	2.5	2.3	77.0	153.8
Non-current balance at end of year	67.5	1.2	0.6	0.1	29.3	98.7
Current balance at end of year	2.7	0.5	1.9	2.2	47.8	55.1
	70.2	1.7	2.5	2.3	77.0	153.8

	LITIGATION	ENVIRONMENT	ONEROUS CONTRACTS	RESTRUC-TURING	OTHER	TOTAL
IN MILLION EUR						
Balance at 1 January 2009	70.2	1.7	2.5	2.3	77.0	153.8
Additional provisions recognized	32.4	0.3	1.2	2.9	0.4	37.2
Provisions used	(0.3)	0.0	(1.0)	(0.6)	(40.0)	(42.0)
Provisions reversed	(3.7)	-	(1.0)	(0.2)	(13.6)	(18.5)
Other movements	-	-	-	-	-	-
Disposals through the sale of subsidiaries	-	-	-	-	-	-
Balance at 31 December 2009	98.5	1.9	1.7	4.3	24.0	130.5
Non-current balance at end of year	96.2	0.4	0.2	1.0	0.2	98.0
Current balance at end of year	2.3	1.5	1.5	3.3	23.8	32.5
	98.5	1.9	1.7	4.3	24.0	130.5

	LITIGATION	ENVIRONMENT	ONEROUS CONTRACTS	RESTRUC-TURING	OTHER	TOTAL
IN MILLION EUR						
Balance at 1 January 2010	98.5	1.9	1.7	4.3	24.0	130.5
Additional provisions recognized	9.5	0.0	2.9	0.0	1.9	14.3
Provisions used	(0.2)	(0.0)	(0.7)	(2.9)	(0.9)	(4.7)
Provisions reversed	(16.4)	(0.1)	(2.1)	(0.1)	(0.6)	(19.2)
Other movements	-	-	-	-	-	-
Disposals through the sale of subsidiaries	-	-	-	-	-	-
Balance at 31 December 2010	91.4	1.8	1.8	1.4	24.5	120.9
Non-current balance at end of year	81.2	0.4	0.2	0.5	1.1	83.4
Current balance at end of year	10.2	1.4	1.6	0.9	23.4	37.5
	91.4	1.8	1.8	1.4	24.5	120.9

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

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

The provision on **onerous contracts** concerns the best estimate of the costs relating to the closing of mail and retail offices.

The provision for **restructuring** mainly covers restructuring costs for Taxipost (0.9 million) and for CNS (0.3 million).

8.27. Contingent liabilities and contingent assets

By a judgment dated 10 February 2009, the General Court annulled, on procedural grounds, the decision of the European Commission of 23 July 2003, which had approved a 297.5 million EUR capital increase and certain other State measures in favour of bpost.

On 22 April 2009, the Belgian State brought an appeal against this judgment before the Court of Justice of the European Union. This appeal, which does not suspend the 10 February 2009 judgment, is currently pending.

As a consequence of the 10 February 2009 judgment, the Commission on 13 July 2009 launched a formal State aid investigation into the 2003 capital increase and other 1992-2002 measures covered by the Commission's annulled 23 July 2003 decision. The Commission also broadened the scope of the investigation by extending it to State compensation for public services and certain other State measures over the entire 1992-2010 period.

This investigation is currently pending and several written and oral exchanges have already taken place with the Commission's case team. The Company believes that it has good arguments to defend the position that there is no aid granted by the Belgian government that is incompatible with the common market for the period 1992-2009. It cannot, however, be excluded that the Commission may conclude that bpost has received State aid that is incompatible with the common market and order the Belgian government to recover such aid from bpost with interest at applicable recovery rates. While such an amount may be very significant, it is not possible to estimate the financial effect of this contingency at this stage of the investigation.

Dispute with customers

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

- an investigation by the Belgian Competition Authority in connection with a complaint filed by Publimail NV;
- a claim for damages in an alleged (provisional) amount of approx. 19 million EUR in the context of legal proceedings initiated by Publimail NV and pending before the Brussels commercial court;
- an investigation by the Belgian Competition Authority in connection with a complaint filed by Link2Biz International NV;
- a claim for damages in an alleged amount of approx. 28 million EUR in the context of legal proceedings initiated by Link2Biz International NV/SA on 3 August 2010 and pending before the Brussels commercial court; and
- an investigation by the BIPT/IBPT of the Company's 2010 pricing policy.

All claims and allegations are contested by bpost.

8.28. Rights and commitments

Guarantees received

At 31 December 2010, bpost benefits from bank guarantees in a sum of 41.3 million EUR, issued by banks on behalf of bpost's customers (2009: 42.5 million EUR). These guarantees can be called in and paid against in the event of non-payment or bankruptcy. They therefore offer bpost financial certainty during the period of contractual relations with the customer.

Goods for resale on consignment

At 31 December 2010, merchandise (lottery tickets, etc.) representing a sales value of 4.5 million EUR had been consigned by partners for the purpose of sale through the postal network.

Guarantees given

bpost acts as guarantor (2.2 million EUR guarantee) in the framework of the DoMyMove collaboration agreement between bpost, Belgacom and Electrabel.

bpost has an agreement with Dexia, ING and KBC, according to which they agree to provide for up to 37.5 million EUR in guarantees for bpost upon simple request.

Funds of the State

bpost settles and liquidates the financial transactions of government institutions (taxes, VAT, etc.) on behalf of the State. The funds of the State constitute transactions "on behalf of" and are not included in the statement of financial position.

8.29. Related party transactions

A. Consolidated companies

A list of subsidiaries and equity-accounted companies, together with a brief description of their business activities, is provided in Note 8.30.

B. Relations with the shareholders

The direct shareholders of bpost are the Belgian State (24.14%), Federale Participatie- en Investeringsmaatschappij NV-Société Fédérale de Participation et d'Investissement SA (25.87%), which itself is also held by the Belgian State, Post Invest Europe Sarl (49.89%), where 100% are indirectly held by CVC Funds, and 457 shares (0.1%) owned by current and former bpost employees under the ESOP plan.

The Belgian State

a) Management Contract

bpost provides public services (services of general economic interest) to the Belgian State and various government agencies. The Management Contract entered into between bpost and the Belgian State, in effect since 24 September 2005, stipulates the rules and conditions for carrying out the tasks that bpost assumes in execution of its public-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 entry into force and was set to expire on 23 September 2010. Pursuant to article 5, §3, second paragraph, of the Law of 21 March 1991 in relation to the reformation of certain economic public enterprises, the Management Contract was automatically prolonged pending the entry into force of a new Management Contract. This prolongation was published in the Belgian State Gazette of 23 September 2010.

The Management Contract defines the following public services:

- Postal services
 - collecting, sorting, transporting and distributing national and international mail;
 - distributing newspapers, printed periodicals and addressed and non-addressed electoral printed documents;
- Financial services
 - recovering receipts on behalf of third parties;
 - receiving deposits of cash on current account, effecting payments by cheque and wire transfers on such accounts, receiving deposits and effecting payments on behalf of bpost or other financial institutions
 - issuance of postal orders, home payment of retirement and survivors' pensions and disabled persons' allowances
 - the payment of attendance fees at elections, the printing and sale of license stamps on behalf of the Mixed Administrative Belgo-Luxembourg Commission, the accounting of funds and documents of title for traffic penalties, the distribution and payment of documents of title from the National Office for Annual Holidays
 - the printing, sale, reimbursement, replacement and exchange of fishing licenses
 - guaranteeing the opening of an account without cash facility and offering a minimum service

- Other services:
 - the social role of the postmen
 - appropriate information to the public on request by the competent authority
 - the printing and delivery of electronic mail
 - message certification services
 - the services carried out for State accountants and determination of the daily cash position
 - the sale of revenue and penalty stamps
 - cooperation of bpost in the distribution of voting packages and ballot papers
 - cooperation of bpost in the printing and distribution of official forms, of offers of employment
 - provision of bpost resources for the organization of examinations for accessing public office
 - the provision in post offices of an appropriate infrastructure allowing, via the internet, facilitation of relations between citizens and the government.

The Management Contract sets down the principles for invoicing the Belgian State. The Belgian State's intervention covers the difference between the actual cost price to bpost and the price invoiced to the user of the public services.

The procedures for invoicing and liquidation applicable to the public services carried out by bpost 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 bpost.

b) Cashier function

In accordance with the Royal Decree of 15 July 1997 introducing measures for consolidation of the financial assets of public authorities, bpost administers the accounts of institutional entities and the accounts in relation to the Postcheque business. These entities form part of the public authorities sector.

The contract of 20 December 2005 lays down the provisions applicable between bpost 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 bpost to the public Treasury.

Under this agreement, two types of funds belonging to public authorities are administered by bpost, i.e.:

1. *funds of the State*. bpost settles and liquidates the financial transactions of government ministries (taxes, VAT, etc.) on behalf of the State. bpost records these amounts off the consolidated statement of financial position;
2. *funds of the Royal Decree of 15 July 1997*. These are the liquidities of parastatal agencies (National Social Security Office, family allowances, etc.) deposited through bpost and recorded off the consolidated statement of financial position.

C. Relations with BPO

BPO is a subsidiary of bpost 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-La Poste (now bpost) 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 several times. BPO pays bpost a commission determined in accordance with market conditions for the distribution of banking and insurance products and for the performance of certain back-office activities. The commission amounted to 101 million EUR in 2010 (2009: 99.0 million EUR).

Working capital

BPO has placed 9.0 million EUR at the disposal of bpost without guarantee or payment of interest by bpost. This sum will remain available to bpost throughout the term of the framework agreement. It is intended to constitute the working capital enabling bpost to conduct business on behalf of BPO.

Insurance contract

An insurance distribution contract has been concluded between bpost, BPO, AG Insurance (formerly Fortis Insurance) and Fortis Banque. This agreement has been amended in 2010, with effect as of January 1, 2010 to reflect the corporate reorganization of the Fortis group (AG Insurance being now independent from Fortis Bank), a new commission scheme and a renewal of the exclusivity clause.

The parties concerned have agreed to offer and market insurance products of AG Insurance via BPO using the distribution network of bpost. In effect, up to and including the accounting year 2014, the contract provides for an access fee, commission on all the insurance products sold by bpost and additional commissions if the sales figures laid down are achieved.

D. Relations with the Directors and Management

Board of Directors

The Board of Directors is composed of:

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

Martine Durez has been Chairperson of the Board of Directors since 17 January 2006. 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)
- K.B. Pedersen (B)
- Søren Vestergaard - Poulsen (B)
- Bjarne Wind (B)
- Johnny Thijs (Chief Executive Officer)

The Board of Directors has put in place a disclosure procedure for all Board members of their mandates in other companies than bpost, professional commitments, contractual arrangements and/or professional relationships outside bpost that could affect the independence of judgment as a Board member of bpost.

Chief Executive Officer (CEO) and the Management Committee

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

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

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

The Management Committee is currently composed as follows:

- Johnny Thijs: CEO
- Baudouin Meunier: Business Customers; Group Marketing; Regulatory
- Mark Michiels: Human Resources & Organisation
- Koen Van Gerven: Residential Market & Mass Channels; ICT
- Pierre Winand: CFO; Service Operations

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

- Kurt Pierloot: Mail Service Operations
- Peter Somers: International Customers

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

Remuneration

Remuneration of the Directors

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

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

- 36,297.32 EUR for the Chairperson, who also chairs the Joint Industrial Committee (Paritair Comité / Commission Paritaire) of bpost;
- 18,148.70 EUR for the other directors, with the exception of the CEO.

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

Pursuant to the abovementioned decision of the General Meeting of Shareholders of 25 April 2000, the members of the Board of Directors (with the exception of the CEO) are entitled to an attendance fee of 1,514.12 EUR per attended meeting of one of the advisory Committees established by the Board of Directors of which they are a member. No additional attendance fees or remunerations are foreseen for the attendance of the meetings of the Joint Industrial Committee by the Chairperson of the Board.

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

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

Member	Board meetings	Audit Committee	Strategic Committee	Remuneration & Nomination Committee	TOTAL
Martine Durez	36,297.32 EUR	Not a member	Not a member	3,028.24 EUR	39,325.56 EUR
Arthur Goethals	18,148.70 EUR	7,570.60 EUR	Not a member	1,514.12 EUR	27,233.42 EUR
Luc Lallemand	18,148.70 EUR	Not a member	1,514.12 EUR	Not a member	19,662.82 EUR
Christian Leysen	18,148.70 EUR	Not a member	1,514.12 EUR	Not a member	19,662.82 EUR
Jean-François Robe	18,148.70 EUR	6,057.48 EUR	Not a member	Not a member	24,206.18 EUR
Bjarne Wind	18,148.70 EUR	9,074.35 EUR	1,514.12 EUR	3,028.24 EUR	31,765.41 EUR
K.B. Pedersen	18,148.70 EUR	Not a member	1,514.12 EUR	Not a member	19,662.82 EUR
Geert Duyck	/	/	/	/	/
Søren Vestergaard-Poulsen	/	/	/	/	/

Remuneration of the CEO

For the year ending 31 December 2010, a remuneration of 1.069 million EUR (2009: 1.061 million EUR) was paid to the CEO, and can be broken down as follows:

- base salary: 731,826 EUR paid under a management agreement;
- variable remuneration (performance related bonus paid in cash): 277,220 EUR;
- pension payments: 57,393 EUR;
- benefits in kind: 2,352 EUR.

Number and main characteristics of shares, stock options and all other rights to acquire shares, which in the course of the financial year:

- were granted: No share options under the Employee Stock Option Plan were awarded in 2010 to the CEO (2009: none).
- were exercised: 0
- have lapsed: 0

Remuneration of the other members of the Management Committee

For the year ending 31 December 2010, a global remuneration of 2.93 million EUR (2009: 3.56 million EUR) was paid to the other members of the Management Committee, including the persons added to the Committee as mentioned above, and can be broken down as follows:

- base salary: 2.0 million EUR paid under an employment agreement, excluding social security contributions paid by bpost;
- variable remuneration (performance bonus paid in cash): 772,179 EUR;
- retirement plan paid in group insurance: 97,403 EUR;
- all other remuneration components: 45,620 EUR.

In 2010, no options were granted nor exercised nor have lapsed.

Corporate Secretary

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

8.30. Group companies

The business activities of the main subsidiaries can be described as follows:

- The Special Logistics subsidiaries; Euro-Sprinters, Courier Network System and Express Road offer 24/7 flexible distribution solutions and related services for goods up to 24 tons.
- Deltamedia distributes newspapers in Belgium.
- eXbo helps customers to improve the efficiency of their document flows, be their incoming, internal or outgoing documents. eXbo offers to manage mailrooms, digital mail, copy centres, printing-on-demand, printed matter, archives, scanning, reception desk and switchboard, office supplies as well as the management of your printers and faxes.
- Speos Belgium provides a multi-channel platform for the outsourcing of transactional documents, such as bills, bank statements and pay slips. Services includes the document generation, the printing (black and white or full color) and the enclosing, the electronic distribution (email, Certipost, zoomit, webservices), and the archiving. Speos also offers backup and peak solutions for companies having their own print shop. Furthermore Speos offers dedicated end-to-end solutions (for ex. European Licence Plate,...)
- Certipost, 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.
- Mail Services Incorporated is a US based mail services company which has three distribution centers located in Virginia, Chicago and Toronto (Canada) that provides low price international mail service alternatives to businesses. Primarily businesses that send bulk amounts of mail, postcards, publications or packages to a large number of locations all over the world with the majority of deliveries made overseas.

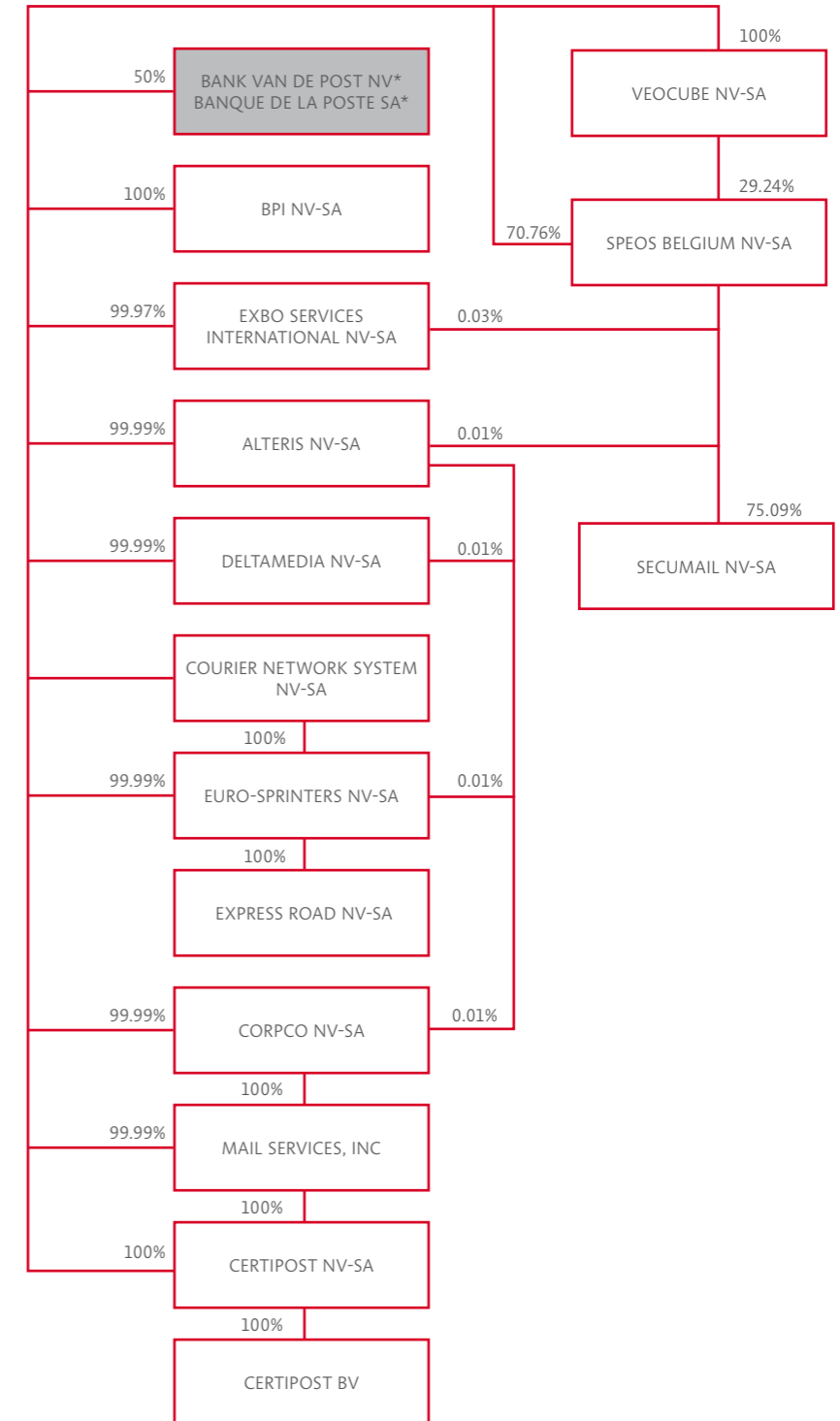
List of equity-accounted investments

Name	SHARE OF VOTING RIGHTS IN% TERMS		COUNTRY OF INCORPORATION	VAT NO.
	2010	2009		
Bank van de Post NV-Banque de La Poste SA	50%	50%	Belgium	BE456.038.471

Arstore NV-SA has been liquidated on 5 March 2010. The relations with BPO are described in Note 8.29.

Name	SHARE OF VOTING RIGHTS IN% TERMS		COUNTRY OF INCORPORATION	VAT NO.
	2010	2009		
Alteris NV-SA (formerly Laterio NV-SA)	100%	100%	Belgium	BE474.218.449
BPI NV-SA	100%	100%	Belgium	BE889.142.877
Certipost NV-SA	100%	100%	Belgium	BE475.396.406
Corpco NV-SA	100%	100%	Belgium	N/A
Deltamedia NV-SA	100%	100%	Belgium	BE424.368.565
Euro-Sprinters NV-SA	100%	100%	Belgium	BE447.703.597
eXbo Services International NV-SA	100%	100%	Belgium	BE472.598.153
Mail Services, Inc. (*)	60%	60%	USA	
Speos Belgium NV-SA	100%	100%	Belgium	BE427.627.864
Veocube NV-SA (formely Speos Invest NV-SA)	100%	100%	Belgium	BE463.888.444
Certipost BV	100%	100%	Netherlands	NL8102.75.594.B01
Courier Network System NV-SA	100%	100%	Belgium	BE449.540.758
Express Road NV-SA	100%	100%	Belgium	BE432.808.258
Mg Road Express BVBA-SPRL (**)	100%	100%	Belgium	BE454.869.325
Secumail NV-SA (*)	75%	75%	Belgium	BE462.012.780

* The non-controlling interests of 1.1 million EUR shown on the consolidated statement of financial position relate to these subsidiaries.
 ** MG Road Express BVBA-SPRL merged with Euro-Sprinters NV-SA as of January 2010



EQUITY METHOD

8.31. Events after the statement of financial position date

No significant events impacting the company's financial position have been observed after the statement of financial position date.

REPORT

OF THE JOINT AUDITORS TO THE GENERAL MEETING OF SHAREHOLDERS OF BPOST SA DE DROIT PUBLIC/ BPOST NV VAN PUBLIEK RECHT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

In accordance with legal requirements, we report to you on the performance of our audit mandate of Joint Auditors. This report contains our opinion on the consolidated financial statements as well as the required additional comments and information.

Unqualified opinion on the consolidated financial statements with an emphasis of matter paragraph

We have audited the consolidated financial statements of bpost SA de droit public/bpost NV van publiek recht and its subsidiaries (collectively referred to as "the Group") for the year ended 31 December 2010, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2010, and the consolidated income statement, statement of changes in equity and cash flow for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of € 2,473.5 millions and the consolidated income statement shows a profit for the year, attributable to the Group, of € 209.2 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 2010 give a true and fair view of the Group's financial position as at 31 December 2010 and of the results of its operations and its cash flows in accordance with IFRS as adopted for use by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Without qualifying our opinion, we draw attention to Note 8.28 to the consolidated financial statements. The European Commission is currently investigating if State Aid has been received by the Group in the past. This investigation is currently pending and the ultimate outcome of this matter cannot presently be determined. No provision for any liability, that could result from this investigation, has been made in the consolidated financial statements.

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, 17 March 2011

The Joint Auditors

Ernst & Young Bedrijfsrevisoren BCVBA
Represented by
Pierre Anciaux - Partner



PVMD Bedrijfsrevisoren BCVBA
Represented by
Lieven Delva - Partner



bpost glossary

Administrative mail: invoices, account statements, payslips.

Auxiliary mail carrier: new position within the framework of the Mail network organization model.

Belex: system introduced in 2002 for measuring mail delivery quality in accordance with the European standards and conducted by an external body.

BIZ (bpost business): commercial division of bpost that manages all commercial relations with large customers, the self-employed and small businesses.

BPI (bpost international): commercial division of bpost that manages the mail items of large foreign operators as well as the mail items of international businesses that send letters and parcels to or from Belgium.

Daily mail: daily mail franked using stamps.

Direct Mail: addressed advertising sent through the mail.

Document management: solutions based on traditional paper, parcels and/or electronic technology, such as the scanning and printing of documents (invoices, bank statements and payslips) or electronic invoicing.

eShop: bpost's online shop open 24/7, which sells over 200 postal products.

Green Post: bpost program covering all energy and environmental aspects as well as the development of 'green' solutions and products for our customers.

Mail Service Operations (MSO) is bpost's operational department that handles the collection, possible franking, sorting, transport and delivery of letters, printed matter, newspapers, magazines, unaddressed mailings and parcels. MSO also offers limited financial services at home, such as pension payments, deposit forms acceptance and the withdrawal of small amounts from a postal bank account. Furthermore, MSO delivers logistics services to internal and external customers through their Supply Chain division.

Management Contract: an agreement between the Belgian state and the public company stating the public service tasks and the arrangements on how they are carried out.

Post office: point of sale managed by bpost staff that sells postal (such as stamps, parcels and registered mail) and financial products and services (BPO, Western Union).

Post Point: point of sale located in a supermarket, a local retail establishment (such as a bookshop or a mini-market), a town hall or similar selling standard bpost products and services.

Postal directive (third): Directive 2008/6 of the European Parliament and the European Council, adopted on 20 February 2008, which sets the framework for the full opening of the postal market to competition across the entire territory of the European Union.

Public service tasks: tasks assigned to a company by the legislator on the basis of an agreement. These tasks are services of general (economic) interest and include services for citizens, the community and the government.

Residential market and maSS channels (RSS): commercial division of bpost that markets to residential customers through the management and development of 'mass channels' (post offices, Post Points, eShop, stamp shops, Contact Center).

Sorting center: industrial site where mail items are sorted mechanically or manually; bpost has five sorting centers: Charleroi X, Antwerp X, Ghent X, Brussels X, Liege X.

Stamp shop: retail establishment (such as a bookshop, supermarket or service station) selling regular postage stamps for domestic use.

Unaddressed mail items: mail items that do not bear an address and are delivered to every address.

Universal service: collection and home delivery of letters and parcels five days a week throughout the territory of Belgium at a controlled quality level and price; bpost is the designated universal service provider until 31 December 2018.

financial glossary

B/S: Balance Sheet, also called 'statement of financial position'

Capex: total amount invested in fixed assets

Cash Flow: statement showing a company's receipts (cash inflows) and expenses (cash outflows), instead of the revenue and cost of a given period.

Dividend per share: total dividends paid out over an entire year (including interim dividends but not including special dividends) divided by the number of outstanding ordinary shares issued

EAT or Profit for the year: Earnings After Taxes

EBIT: Earnings Before Interests and Taxes

EBITDA: Earnings Before Interests, Taxes, Depreciation and Amortization

EBIT margin: profitability measure equal to Earnings Before Interests and Taxes divided by the net sales

Equity: sum of Capital, Reserves, Retained Earnings and non-controlling interests

FTE: Full Time Equivalent. Average calculation of full-time and part-time employees on a full-time equivalent basis

Non-controlling interest: the equity in a subsidiary not attributable, directly or indirectly, to a parent

Normalized EBITDA/EBIT/EAT: EBITDA/EBIT/EAT excluding the non-recurring items

Operating Expense: sum of all non-interest related expense, composed of material costs, services and other goods, payroll costs, other operating expense, depreciation and amortization. Operating expenses exclude income tax expenses.

Operating Free Cash Flow (FCF): cash flow from operating activities + cash flow for investing activity

Operating Income: sum of all non-interest related income, composed of turnover and other operating income, such as revenue from disposal of assets, insurance retributions, subsidies received, ...

P&L: Profit & Loss statement, in the US referred to as 'income statement'

Share of profit of associates: pro rata incorporation of the result of subsidiaries in which bpost does not have a majority shareholding

Total comprehensive income: the change in equity during a period resulting from transactions and other events, other than those changes resulting from transactions with owners in their capacity as owners. It comprises all components of "profit or loss" and of "other comprehensive income".

Turnover: total of the company's sales less discounts

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we are
bpost
we deliver
value



“ I am confident we will be able to offer all our stakeholders robust, substantial value in 2011 ”

Johnny Thijs
CEO

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