



Dear Reader,

We are delighted to devote this annual report to our greatest asset, the letter.

A letter that arrives tomorrow...

... A letter with a future. The letter will continue to play an important role in the life of every citizen, tomorrow too.

A study commissioned by De Post-La Poste in 2005 shows that citizens prefer to receive information on paper, when it comes to bills, account statements and special product offers. Direct Mail offers a host of opportunities, many of which are underutilised by the Belgian business sector.

People also appreciate the written word when it comes to personal messages. It is no surprise that the number of greetings cards sent in the Christmas holiday season continues to rise, despite competition from electronic media!

This annual report 2005 is illustrated by six letters to De Post-La Poste, and our answers. Six brief dialogues on postal matters that affect each and everyone of us. Six dialogues that show the power of a letter.

P.S.: The letter has brought people closer together for centuries. And it will continue to do so in the future.

Mission Statement

Building on trust and proximity with our customers,
to become the preferred partner :

- for mail-related solutions in Belgium and selected European countries;
- for banking and insurance services easily accessible throughout Belgium;
- for specific services in the public interest as agreed with the Belgian State;

by delivering quality services and customer care every day, by increasing our efficiency and sustaining our profitability in a liberalized postal market.

Count on us. De Post-La Poste

Interview with Martine Durez, Chairwoman of the Board of Directors

A partnership, a milestone



The Belgian Post Group achieved good results in 2005, continuing the positive trend of 2004, and attaining appreciable improvement in operational matters.

Whereas in 2003 the Belgian Post Group reported an operational loss, it moved into operational profit again in 2004, with positive EBIT of € 36.7 million and turnover of € 2147.9 million. In 2005 the Group's EBIT rose to € 81.7 million, with a turnover of € 2121.8 million.

In 2005, the consolidated result was - € 108 million, compared with a € 40 million profit in 2004. This loss is exclusively due to non-recurring accounting operations connected with write-downs.

The new improvement in the operational results is proof that the Belgian Post Group's health is recovering well. We can be quite satisfied with 2005, confirms the Board of Director's new Chairwoman Martine Durez.

'Yes', says Martine Durez. 'The Belgian Post Group's 36,000 employees can be proud of a successful year of work. De Post-La Poste moved forward in 2005, and with respect to operational results we even exceeded the year's target. Johnny Thijs, his Management Committee and all De Post-La Poste teams accordingly deserve warm congratulations.'

But there is a significant net loss.

That is correct, but that figure is unrepresentative of the performance and health of our company. We used the financial year 2005 to take into account a number of changed situations through write-downs. These include notably the write-off of the old sorting centres.

Clearly, the operational result is the only reliable indicator of our performance in 2005, so we can certainly say 'mission accomplished'.

Does this net loss mean that employees will not be entitled to the profit sharing laid down by law this year?

The Board of Directors has decided to make an exceptional payment equivalent to the profit-sharing normally paid out to employees. The operational results are good and we felt it was fair that the employees were rewarded for that.

2005 will primarily be remembered for the partnership agreement with the Post Danmark-CVC Consortium.

The agreement is certainly a milestone in De Post-La Poste's history. The entire European postal industry is changing, with increasing market liberalisation. On 1 January 2006 a new step was taken in the European Union: the threshold for letter post covered by the traditional operators' monopoly fell from 100 g to 50 g. That means that over 50% of De Post-La Poste's letter post activities in Belgium is now open to its competitors.

If it is to take on this competition De Post-La Poste must work on improving its efficiency and modernising its working methods. That is the only way to ensure that De Post-La Poste can continue to fulfil its social function and its role as a public service provider. De Post-La Poste must be strong if it is to remain social.

The partnership with Post Danmark-CVC will play a crucial role in that. The partnership will make us stronger, putting us in a position to successfully roll out our strategic plan to schedule. The partners also recognise the special social dimension in De Post-La Poste's activi-

ties. I firmly believe in the added value of this agreement for all stakeholders, including customers and employees.

You are the Chairwoman of the new Board of Directors. What are your priorities?

It is an honour to be chosen for this position, but at the same time a real challenge. Together with the CEO and the Management Committee, the Board has to lead De Post-La Poste through one of the biggest transformations in its history. I intend to do this in strict compliance with the rules of Corporate Governance. It is vital for the future development of De Post-La Poste that the role of each decision-making echelon - Board, CEO, Management Committee, Shareholders - is fully recognised and respected. De Post-La Poste has made good progress in that area too in recent years. My predecessor Prof. Ir. Pierre Klees prioritised the rules of good governance. I want to continue that movement. It will be the best way to express our appreciation to Pierre Klees for the way in which he practiced the chairmanship of the Board of Directors from 2000 onwards. I obviously include all other members of the departing Board in that tribute.

What are the targets for 2006?

Come what may, it will be a year of many challenges. We have drawn up an ambitious five-year plan for De Post-La Poste, in which we have established clear targets and therefore also clear commitments. In 2006 we will continue at the pace we were able to maintain in 2004 and 2005. In 2006, we want to perform at least as well as we did in 2005 (one of our challenges!).

De Post-La Poste has a busy but good 2005 behind it.

Busy because the many change projects demanded a great deal of all employees throughout the organisation. The partnership between De Post-La Poste and the Post Danmark-CVC Consortium was also prepared. This strategic project was successfully completed in January 2006. It is a milestone in the development of De Post-La Poste.

The past twelve months were also a good year, because the many efforts produced encouraging results: a rise in operational profit, and especially the better quality of our service to customers.

De Post-La Poste CEO Johnny Thijs looks back with satisfaction, but primarily looks forward: to a future in which the message continues to be change and improvement!

Johnny Thijs, what are your abiding memories of 2005?

2005 was obviously the year of further improvement in our operational results and the successful negotiations on a partnership with the Post Danmark-CVC Consortium. But I feel that we can be satisfied first and foremost with the improved quality figures. Quality is what makes or breaks companies after all. Last year I said that 2005 would be devoted to the 'Customer First' concept. We kept our word. The quality of our distribution has never been higher with respect to both Prior and Non Prior mail, parcels, registered and international items. We deliver our customers' letters, parcels and newspapers 'on time'. So it is scarcely surprising that customer satisfaction has risen in recent months, while the number of dissatisfied residential customers has almost halved.

Things like that do not just happen: they are only made possible by everyone's efforts. Congratulations and a warm thanks to all!

But the many changes do trigger questions from some quarters. In March 2006 you even sent an open letter to all customers asking for understanding for the changes.

That is correct. Change can sometimes make people anxious. I understand that, but in my open letter I stress that these changes are necessary if the future of De Post-La Poste is to be secured. We all want De Post-La Poste to provide polished service tomorrow and the day after tomorrow to the whole population of the country, wherever they may be.

Competition is increasing. We will be able to fulfil our social role only if we have a strong foundation on which to stand.

You say that De Post-La Poste is changing, but remains close to its customers.

Exactly, and I can give a couple of examples. To raise efficiency we have taken a number of red letter boxes out of service or moved them to better locations. But with our 14,000 letter boxes we will still be fourth in the European table of number of letter boxes per 1000 km². Some smaller post offices may be regrouped, but our customers will still have 1,300 places to choose from where they can conduct their regular postal business. So the number of service points remains at the same level.

And last but not least, our postwomen and postmen visit every household in the country every day. We want to continue to do that.

The results were good in 2005. Has De Post-La Poste turned the corner for good, after the crisis years 2001-2002?

Change has led to improvement. In 2002-2005 the quality of Prior rose more than 12%, the parcel delivery term was cut from 'Day+4' to 'Day+2', absenteeism fell by 13%. So change is paying off and I feel that is a promising conclusion.

Now it is all about not resting on our laurels. We are still in remission. We have to continue to invest efforts in change and modernisation in 2006 and beyond. If the European postal markets are liberalised further in the coming years, we have to ensure we are 'on time'!

What changes are still awaiting implementation?

We will continue to adapt mail rounds to the evolving situations in the field. They include the reduction in letter volumes, among other things.

In 2006 we will also take new sorting centres into use: Ghent X, Charleroi X, Liege X and Antwerp X will relocate to brand-new premises equipped with state-of-the-art technologies. Brussels X is also set for a complete modernisation. It will bring De Post-La Poste into a new era, in which we will be as technically advanced as Europe's leading operators.

We will also realise a major step in the reorganisation of our retail network. The Post Points trial, in which basic De Post-La Poste services are offered by third party partners, has produced outstanding results. We will increase their number, fully in line with the new Management Contract agreed with the State.

You also found an international partner for De Post-La Poste in 2005. How important is that?

It is crucial. As early as two years ago I said

that De Post-La Poste needed an external partner with know-how in areas we have to catch up. In Post Danmark we have just the partner we needed: a company with great experience in modernisation and customer satisfaction. They are European leaders and they are willing to share their knowledge with us. Together with CVC they also have the financial resources that will enable us to tackle the major challenges we will face in a calm and composed way.

A partnership was needed. The opportunity presented itself to conclude a future-oriented contract with Post Danmark-CVC and we took it. Here too, we were right 'on time'!

The partnership resulted in a new composition of the Board of Directors.

Yes, and I would like to express my great appreciation for the members of the departing Board of Directors, under the wise leadership of Prof. Ir. Pierre Klees, who helped make De Post-La Poste's transition possible. Pierre Klees was a visionary chairman with a great understanding of Corporate Governance and he has always given a great support to management. All De Post-La Poste employees and myself are especially grateful to him for that.

We are obviously delighted that Martine Durez has succeeded Pierre Klees. She has been De Post-La Poste's Chief Financial Officer since 1997 and she knows the company inside out. I am convinced that under her leadership the new Board of Directors will be a powerful force in De Post-La Poste's continued development.

Interview with Johnny Thijs, CEO of De Post-La Poste

On time





• BART VANMEERSCH •

RODEBEUKENLAAN 41
2018 ANTWERPEN

Attn. Sorting Centre Manager

Dear Sir

They are building one of your huge new sorting centres near to where I live.

It is an impressive building, but I wonder if it is such a wise investment, bearing in mind there are fewer and fewer letters to sort nowadays.

I am looking forward to your response.

A handwritten signature in blue ink, appearing to read 'Bart Vanmeersch', written over a horizontal line.

Bart Vanmeersch





DE POST / LA POSTE
NV van publiek recht / SA de droit public
MUNTCENTRUM / CENTRE MONNAIE
B 1000 BRUSSEL / BRUXELLES
T. +32 022 0 1 2 3 4 5 ■ www.post.be

Dear Mr Vanmeersch,

These new sorting centres will actually perform more functions than the old ones.

The current sorting centres only sort mail by postcode. All mail with the same postcode is then sent on to the destination offices for further sorting.

The new sorting centres will go much further in sorting mail. Mail will not only be sorted by postcode, but also by address. That means that mail will be prepared for each of our postal workers before being sent to the delivery centers.

Yours sincerely,

De Post – La Poste

DE POST, naamloze vennootschap van publiek recht, Muntcentrum, 1000 Brussel ■ BTW BE 0214.596.464 RPR Brussel ■ PR 679-0000013-13.
LA POSTE, société anonyme de droit public, Centre Monnaie, 1000 Bruxelles ■ TVA BE 0214.596.464 RPM Bruxelles ■ CP 679-0000013-13.

The Post Tomorrow



The Post Tomorrow

2002-2005, three years that changed De Post-La Poste

In 2002 De Post-La Poste was facing a mountain of difficulties.

The operational result was strongly negative and, combined with low capitalisation, that was going to cause financial problems.

At operational level, the introduction of new measuring systems quickly brought the obstacles into sharp focus. Prior mail quality was down around 70%, while absenteeism among employees was approaching 10%. Worse still, De Post-La Poste was having problems dealing with the two major challenges facing all European postal operators, market liberalisation and electronic substitution.

On such liberalised markets as international mail, De Post-La Poste either trailed in the wake of the success of its competitors or occupied a minor position in some segments, such as unaddressed items.

Lastly, under the influence of electronic means of communication, mail volumes were shrinking by 2-3% a year.

Radical reform

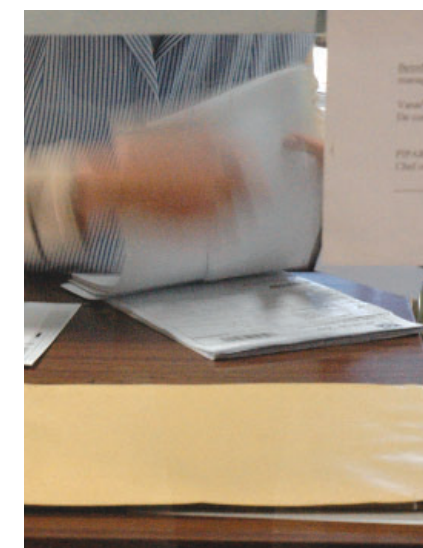
In 2002 De Post-La Poste embarked upon an immense modernisation of all aspects of the company.

In Mail, widespread reform programmes were launched for collection and delivery. These essential but ambitious reforms completely redesigned the activities of more than half of the company's workplace.

A second important development sphere was quality. Special teams were set up to improve processes and communication to the employees in the field. In spite of radical reforms in work organisation, mail quality improved strongly, gaining more than 12% in absolute terms in three years.

In Retail, the focus was on developing the company's banking and insurance products. These activities are now consolidated under the same structure, BPO, and the product portfolio has been broadened, with new mortgage and partner products to name but two. The post office network profited from the rapid deployment of the new PostStation IT system. This user-friendly application facilitates access to information on prices, products and services, as well as offering straightforward transaction registration features.

Around 3,500 counter staff at De Post-La Poste followed the Sales Stimulation Programme. The purpose of this training was to develop knowledge of products and aptitude to achieve sales targets. These initiatives very quickly spawned excellent results. At the same time, almost fifty Post Points opened their doors. These outlets offer basic post office services via external partners.



Customer First

A broad programme was launched to better identify and respond to the needs of customers. This dynamic is symbolised by Customer First, a programme that illustrates our desire to put customers at the centre of our universe at all times.

In effect since 2005, Customer First has three main focuses.

Speed and efficiency

More than 94% of Prior mail was delivered next day in the final months of 2005, compared with just around 70% at the beginning of 2002.

More than 96% of Non Prior mail was delivered on time, despite the delivery term being cut from three working days after deposit to two.

Parcel delivery times have been reduced significantly since 2002. Once four days, the delivery term for parcels has now been cut in half to two days, although the short-term target is to offer next-day delivery.

De Post-La Poste also hit the 100% delivery target with respect to newspapers to subscribers by 7.30 am.

A simplified, more accessible offering

The number of locations outside of De Post-La Poste's own network where postage stamps can be purchased was increased fivefold. From several hundred, we now boast a few thousand external postage stamp outlets. The letter box network has been thoroughly re-evaluated. The last collection has been put back for more boxes and others have been relocated to areas with maximum footflow. Boxes that are used infrequently are being gradually withdrawn from the network. De Post-La Poste's eShop has experienced spectacular growth since its opening in May 2005.

Better information

De Post-La Poste has set up a major call centre to provide all customers with a fast and fitting response to their questions. Opened in the summer of 2005, the call centre now handles more than 10,000 calls a week.

A great deal of information is now also available on Internet. Online post office and letter box finders have been developed, as well as a registered mail tracking tool.

First key results

De Post-La Poste has significantly improved its results since 2002.

These encouraging advancements have been driven by the company's dynamism on the mail market, its sales achievements and its success in slashing operational costs.

By facilitating future segments of the mail market like Direct Marketing, De Post-La Poste has stabilised its mail volumes in 2004, followed by a less pronounced fall in the region of 1% in 2005.

De Post-La Poste has also been able to take market shares from its competitors. Since 2002, the company has won 4% in newspaper delivery, 15% in international mail and 14% in unaddressed mail.

On the back of major efforts to rationalise costs, the Belgian Post Group's operational result has moved into profit since 2002, when it recorded a loss, reporting profits of € 81.7 million in 2005.



These results go hand in hand with the advancements made in customer satisfaction, which has basically increased by 13% between 2003 and 2005.

Customers particularly appreciate the strong rise in mail quality and improved information. Satisfaction with respect to Prior mail has swelled by almost 50% in two years, while the satisfaction rating with respect to Non Prior mail has gone up 30%. The rise with respect to international mail is even more impressive, with satisfaction almost three times what it was in 2003.

At 20%, the rise in customer satisfaction is also large with respect to the transparency of our procedures. This advancement in satisfaction even exceeds 30% with respect to business customer contracts.

A solid partnership

De Post-La Poste is the first European postal operator to open up its capital to another operator. In 2005 the Belgian State and De Post-La Poste concluded an agreement with a Consortium formed by Post Danmark and CVC Capital Partners. In January 2006, the Consortium took a shareholding in De Post-La Poste of 50% minus one share.

The agreement symbolises De Post-La Poste's ambition to continue to modernise by strengthening its capacities and its know-how.

To guarantee its future, De Post-La Poste has to secure a competitive position in Europe while generating outstanding quality and service results.

The company is now able to leverage the years of experience acquired by Post Danmark in its modernisation arc.

This solid partnership fortifies the process of change at De Post-La Poste, paving the way for improved working methods and structures going forward.

A vision of the future

De Post-La Poste has evolved in the past three years and it will continue to evolve to secure its future.

Vital changes may go unnoticed among customers however.

That goes for example for Refocus, a project aimed at creating two distinct networks, one for sales - Retail - and one for logistics - Mail. This separation will enable everyone involved to pull focus on their own targets and so make a better contribution to overall results.

Other steps in the company's modernisation are much more visible, such as changes to the customer sales network. Faced with an underperforming set-up of 1,300 post offices, De Post-La Poste targets financial equilibrium for the network by 2009, while preserving maximum proximity for its customers.

De Post-La Poste aims to grow revenues at its post offices with banking and insurance products and services, while driving down the network's costs with the introduction of Post Points.

In term, the company's customers will have a choice of 1,300 contact points, made up of post offices and Post Points offering basic De Post-La Poste services.

Another important change is the opening of the new sorting centres over the coming months. The current centres can only sort mail by postcode, but the state-of-the-art technologies at the new centres will allow sorting at household level. Next the new sorting centres will sort and order items for each mail round.

The new technologies also open the way to new products and services. Registered mail can now be tracked online, a service that will soon be extended to parcels. De Post-La Poste's eShop on the other hand brings the company's products and services into customer living rooms, while Greetz! is an online postcard creation and dispatch service. These initiatives are great examples of what you can achieve when you combine the ease of use of online technologies with the impact of paper mail.

Mail for all

Additional parts of the mail market were opened up to competition on 1 January 2006. Only domestic mail weighing less than 50 grams remains exempt. In concrete terms, that means that more than half of De Post-La Poste's business is now subject to competition.

De Post-La Poste is Belgium's universal service provider. As such, it delivers letters and parcels to households throughout the country five days a week, at an affordable price. De Post-La Poste bears the costs of this universal service.

At the moment, the purpose of the monopoly granted with respect to a segment of the postal market is to generate revenues that compensate these costs. Ending the monopoly completely would clearly raise questions about how the universal service is to be financed.

After a number of steps in the deregulation of the postal industry, the European Commission is conducting a study of the next phase in the process, scheduled to take place in 2009, and its impact on the financing of the universal service.

The very definition of this service is being examined.

There are two main camps. One advocates firmly limiting the scope of the universal service by for example withdrawing the obligation to offer a service five times a week throughout the country.

The other camp supports the maintenance of a broad-based universal service retaining current guarantees for the entire population.

De Post-La Poste advocates the maintenance of an extensive universal service. It has taken the decision to sound out its customers to establish their needs. The opinions and needs of all parties are essential input in this crucial discussion on the future of these postal services.



Attn. Customer Service,

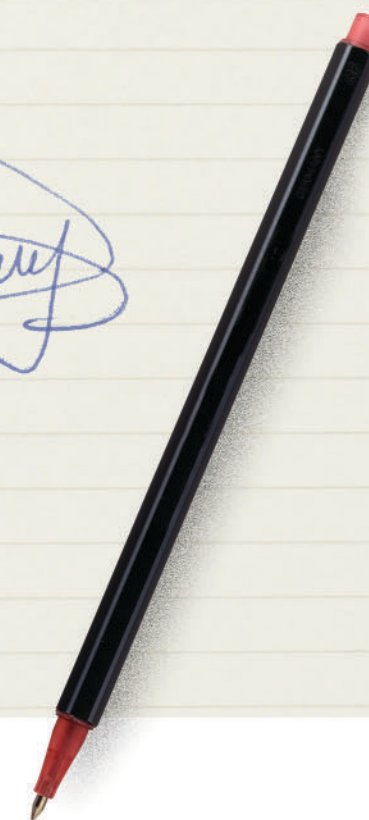
Dear Sir or Madam,

I used to be able to address all my questions
to the postmaster at my local post office.

I now see large posters asking customers
to call 022 01 23 45
with any questions they may have.

Why do I suddenly have to call you?

Yours truly,
Yves Duprez





DE POST / LA POSTE
NV van publiek recht / SA de droit public
MUNTCENTRUM / CENTRE MONNAIE
B 1000 BRUSSEL / BRUXELLES
T. +32 022 0 1 2 3 4 5 ■ www.post.be

Dear Mr Duprez,

You can always approach the staff at your local post office for information. They will be delighted to help you.

The purpose of the single telephone number 022/0 1 2 3 4 5 is simply to make it as easy as possible for all our customers to contact us, because many of them are unsure about who they should approach and how.

This call centre has been a great success among customers. It also makes it easier for us to monitor the types of requests that come in.

Yours sincerely,

La Poste – De Post

DE POST, naamloze vennootschap van publiek recht, Muntcentrum, 1000 Brussel ■ BTW BE 0214.596.464 RPR Brussel ■ PR 679-000013-13.
LA POSTE, société anonyme de droit public, Centre Monnaie, 1000 Bruxelles ■ TVA BE 0214.596.464 RPM Bruxelles ■ CP 679-000013-13.



Customer First

Customer First

Highly encouraging results

Customers are key to the future of De Post-La Poste. To build this future we need to improve the satisfaction of our customers. It is vital that we make progress in our performance, but it is also important that this progress is perceived and felt by our customers. Launched in 2005, the symbol of this desire is the Customer First project, which positions these targets at the centre of our priorities. Customer First has already achieved very encouraging results in its first year. De Post-La Poste's quality performance broke all records in 2005, while a great number of initiatives prioritising the needs of our customers were successfully launched.

At the same time, De Post-La Poste has committed itself to improving communications to customers and stimulating their perception of the progress achieved in services. These initiatives have created the conditions in which customer satisfaction can be clearly improved. Since 2003, when the first measures were introduced, overall customer satisfaction has risen by 13%, whereas dissatisfaction has fallen by 33%.

Speed and efficiency

The quality of mail delivery is one of the essential points in the pursuit of improved performance at De Post-La Poste. Constantly increasing since 2002, for the first time this quality now exceeds the targets. In the last few months of the year, the quality of Prior mail, which is delivered next day, surpassed the 94% mark. Non Prior mail surpassed its 96% quality level, despite having to fulfil even stricter conditions, as the delivery target was cut from 3 days after deposit to 2 days after deposit.

Together with other indicators, these results show that the quality of De Post-La Poste's services has never been so high! But it is not just the quality of Prior and Non Prior mail delivery that has improved so impressively. There are improvements throughout the De Post-La Poste logistics chain. The delivery quality of international mail for example also surpassed its targets in 2005, while new measuring tools have shown that such products as registered mail and printed matter are now achieving much better quality levels.

De Post-La Poste is also committed to giving special attention to parcel delivery and delivery terms in Belgium have now been halved (from four days after deposit to two) with delivery quality surpassing 93%.

These improvements place De Post-La Poste among the ten European operators that deliver over 90% of mail next-day. It is also a top-five operator in international mail.

In 2005, together with the newspaper publishers and the Belgian State, De Post-La Poste concluded a partnership agreement for the delivery of daily newspapers to subscribers before 7.30 am.

This agreement on financing, quality and customer management has enabled a complete reorganisation of newspaper distribution and delivery. In a few months the percentage of newspapers delivered on the special rounds that end before 7.30 am rose from 82% to 100%. Thanks to the efforts of all parties and the introduction of additional resources - more than 450 extra vehicles have been assigned to the service for example - deployment was completed before the end of 2005 with outstanding quality levels.

A simplified, more accessible offering

Easy access to the products and services of De Post-La Poste is an important driver of customer satisfaction.

That is why the number of postage stamp outlets has increased tenfold in just a few months. In an intensified partnership with supermarkets, service stations, hotels, camping sites and libraries, almost 3,000 new locations have opened their doors to mail customers.

New signing at these points of sale provides customers with better information about this new option.

In May De Post-La Poste launched its eShop at www.post.be/eshop. More than a hundred products can now be purchased by anyone living in the country from the comfort of their armchair.

All items ordered from the eShop are sent to customers by secured mail.

In view of the success of this initiative, a few weeks later De Post-La Poste launched an online offering for business customers.

The new channel is certainly satisfying a need, as sales reached one million items before the end of 2005.

Simpler, easier-to-use products are also part of this strategy to make our services more accessible. De Post-La Poste has introduced a ready-to-send parcel range at all post offices. With the prefranked Postpac, customers can quickly pack and post their mail items without having to queue anymore.



Better information

Clearer, richer and more accessible information. That is the guiding principle behind a number of projects rolled out at De Post-La Poste.

A one-stop telephone number opened for business in 2005. Whatever their question, customers can always call 022/ 0 1 2 3 4 5. This straightforward service has helped thoroughly improve customer contacts, which number more than 10,000 a week.

De Post-La Poste also revamped its website, introducing new tools to calculate how much it will cost to send a particular item or find the nearest post office. This clearer, fresher site welcomes more than 300,000 visitors every month.

A free online tracking tool was also launched a few months ago. As a source of real-time information on the status of a mail item, the tool can be used to track registered mail, items of declared value and secure mail.

That being said, studies show that there is a certain delay before service quality improvements are perceived by customers. By way of example, customer's perception of mail quality is some 20% below the actual measured results.

This inaccurate perception is due to sometimes outdated impressions and even second-hand experience.

The perception of De Post-La Poste services does however clearly improve when customers experience these services themselves. It is important for De Post-La Poste that these customers have the right picture of the company's current performance level and the progress achieved.

A major information campaign has therefore been launched nationwide, to raise awareness of the improvements in the quality of De Post-La Poste's services.



Dear Sir or Madam,

I've been getting my newspaper around seven in the morning for the past few months. The mail comes around eleven. I'm a little lost as to why you couldn't save yourselves a trip by delivering everything in one go.

Wouldn't that just be a lot easier for everyone?

Yours faithfully,

Dirk Desmet



DE POST / LA POSTE
NV van publiek recht / SA de droit public
MUNTCENTRUM / CENTRE MONNAIE
B 1000 BRUSSEL / BRUXELLES
T. +32 022 0 1 2 3 4 5 ■ www.post.be

Dear Mr Desmet,

While we understand your surprise at the present situation, you can rest assured that it is really quite logical.

We have set up special rounds to deliver newspapers, as we have a commitment to deliver them by 7.30 am.

As you will understand, it is impossible for the delivery centres to have all mail processed and sorted by 7.30 am. More volumes must be distributed to a larger number of households. We only start delivering when all mail items are completely and properly sorted.

Yours sincerely,

De Post – La Poste

DE POST, naamloze vennootschap van publiek recht, Muntcentrum, 1000 Brussel ■ BTW BE 0214.596.464 RPR Brussel ■ PR 679-0000013-13.
LA POSTE, société anonyme de droit public, Centre Monnaie, 1000 Bruxelles ■ TVA BE 0214.596.464 RPM Bruxelles ■ CP 679-0000013-13.



Our Business

Mail

An industry of the future



Mail is the heart of De Post-La Poste. More than 10 million items a day are conveyed through the country's long logistics chain that is powered by more than 20,000 people.

This essential activity for De Post-La Poste has already undergone several major modernisation steps and segments of its activity have been transformed. That goes for both collection and delivery. The efforts already invested have had a direct impact on the company's results and more generally on its future.

More than ever, the modernisation of the entire mail handling chain is one of the main drivers of the company's future, as De Post-La Poste pursues a place among Europe's leading postal operators.

Tailored delivery

Mail delivery is a major and highly visible part of De Post-La Poste's activities. The company employs no fewer than 15,000 women and men to deliver mail to every household in Belgium.

This business must evolve continuously in order to absorb the major changes in the industry. That is why new delivery set-ups were studied in 2005. These will be gradually introduced in 2006 at the country's 500 plus delivery offices.

These new set-ups are tailored to the new mail volumes and the evolving composition of this mail - the Direct Mail segment for one is experiencing strong growth. It is also a matter of further improving the distribution of the workload and leveraging what we have learned from the first reorganisations. De Post-La Poste's moped fleet will be significantly rationalised.

Modern sorting centres

If mail is the heart of De Post-La Poste, the sorting centres regulate its heartbeat. Construction was started on four new sorting centres in 2005, in Ghent, Charleroi, Antwerp and Liège. The Brussels sorting centre will be completely renovated.

These new sorting centres represent the largest investment in the history of De Post-La Poste. At an estimated 200 million euros, this investment will introduce state-of-the-art technologies in automation and guarantee our customers an even more consistent level of quality. By the time the new centres are up and running, the company will have almost doubled its current sorting capacity.

But the main positive of the new sorting centres is the way they will improve work efficiency at De Post-La Poste. Up to now these centres have sorted mail exclusively by post-code. The destination post offices currently have the task of sorting mail by round and it is the job of the individual post woman or man to put the items in the right order before starting the round.

In the first phase, the new sorting centres will be able to sort mail into rounds. Postmen will still have to put mail in the right order before starting their delivery rounds. This change will be gradually introduced beginning in 2006. At a later stage the sorting centres will be progressively adapted to take on all sorting tasks, including putting the items in the right order at mail-round level, so that they can be delivered without further ado.

The mail market

Mail volumes in the industrialised world have been under pressure for several years, due to competition from new electronic communication means like text messaging and e-mail. De Post-La Poste has factored in a structural reduction in its volumes of 2-3% a year in coming years, as some administrative mail volumes feel the effect of electronic substitution.

In spite of this structural fall, De Post-La Poste continues to fight every day for every letter. The achievements are clear for all to see. After undergoing negative growth of 3% in 2002 and 2003, De Post-La Poste experienced a relative stabilisation of mail volumes in 2004, followed by a less pronounced fall in the region of 1% in 2005. This stabilisation is due to the dynamism of administrative mail, driven for sure by the arrival of new players in various markets, but especially by the development of Direct Mail.

Direct marketing is a source of potential growth for De Post-La Poste and a special DM Boost programme has been developed to grow this business.

De Post-La Poste plays an enabling role on this market through various campaigns. The main focus is on facilitating the Direct Mail experience for advertisers and their intermediaries, and helping them improve the results of their campaigns.

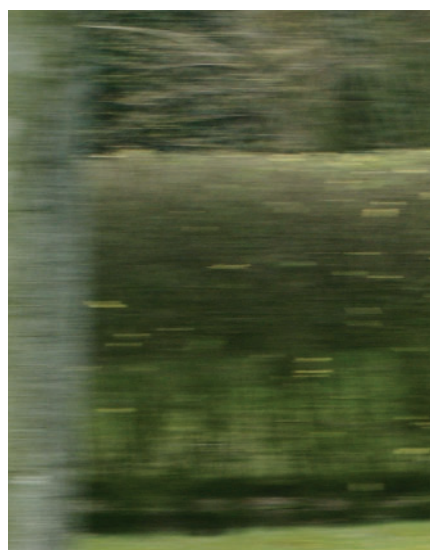
De Post-La Poste also provides solutions to specific challenges that advertisers may face. It is for instance one of the first European operators to launch a nationwide survey about this type of mail.

The purpose of the Select Post survey is to gather information on what direct mail consumers want to receive.

Select Post also gives interested advertisers the opportunity to fine-tune their campaigns by improving their response to the needs and wants of consumers.

A million surveys have already been circulated, eliciting an unprecedented 240,000 responses. As a sign of the widespread interest, 94% of respondents and even 75% of consumers who did not respond felt that Select Post was an excellent initiative by De Post-La Poste.

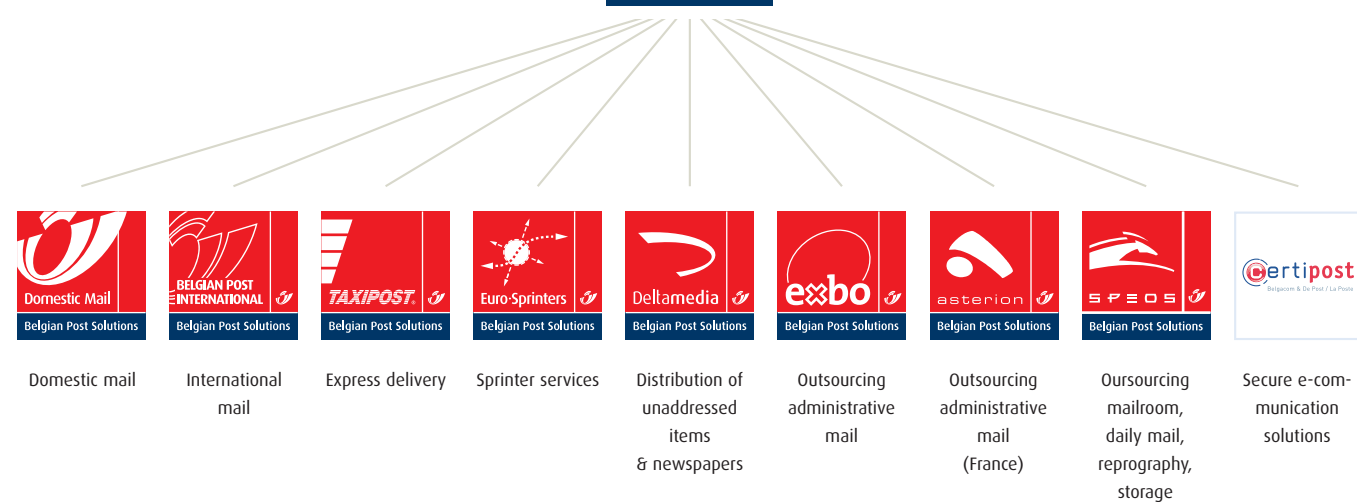
For the first time in its history, in 2005 De Post-La Poste generated a national mail event, when it delivered all hand-written regular mail for free to mark the national day on 21 July. The project was supported with various activities and almost 200,000 specially designed postcards were distributed. In total, more than one inhabitant in ten sent or received mail as part of this initiative.



A chain that connects us all

The mail handling chain is not restricted to the "last mile" to the customer's letter box. De Post-La Poste offers a host of solutions to meet the whole gamut of customer needs. These solutions frame and complement the De Post-La Poste's core competences of mail collection, transport, sorting and delivery.

De Post-La Poste has consolidated this offer in Belgian Post Solutions, enabling it to respond to the needs of its business customers in an integrated way. Belgian Post Solutions mobilises the nine De Post-La Poste subsidiaries and business units across the whole value chain.



Attn. Postmaster,

I used to go to the post office opposite my work, but my local supermarket opened a Post Point not long ago.

Which of them should I use from now on?

Thanks,
Geraldine Dumonprez





DE POST / LA POSTE
 NV van publiek recht / SA de droit public
 MUNTCENTRUM / CENTRE MONNAIE
 B 1000 BRUSSEL / BRUXELLES
 T. +32 022 0 1 2 3 4 5 ■ www.post.be

Dear Mrs Dumonprez,

You are entirely free to choose whether you use your Post Point or your post office. We will be happy to see you in either. The Post Point offers you all the basic postal services offered at your post office, including a wide range of mail products and services, like registered letters and postage stamps.

The post office offers a wider range of services, in particular a complete range of banking and insurance services. So if you need financial assistance, the post office is the ideal location for you.

Your sincerely,

La Poste – De Post

DE POST, naamloze vennootschap van publiek recht, Muntcentrum, 1000 Brussel ■ BTW BE 0214.596.464 RPR Brussel ■ PR 679-0000013-13.
 LA POSTE, société anonyme de droit public, Centre Monnaie, 1000 Bruxelles ■ TVA BE 0214.596.464 RPM Bruxelles ■ CP 679-0000013-13.

Retail

An efficient network

De Post-La Poste's network of contact points is facing the biggest transformation in its history. The aim of this fundamental modernisation is to achieve financial equilibrium by 2009, while maintaining maximum proximity to customers.

This transformation is based on two main drivers.

The first is to create a new look for the network with the separation of the two core competences, Mail and Retail, and the implementation of star-shaped sales structures. The second is to grow revenues through banking and insurance products and strong investment in employees, especially through sales training.

Growing revenues

De Post-La Poste believes that the post offices have a key role to play in the future. Revenue growth is an essential condition of this, and banking and insurance has major potential to drive this growth.

Since 1 March 2005, BPO has been developing insurance products that could be offered through the network in the future. Customers now have a single point of contact for a range that encompasses all of their life needs, in both banking or insurance. Based on this desire, in the autumn BPO launched a pilot project offering mortgages at selected post offices.

De Post-La Poste also continued to roll out partner products and services through its retail network in 2005, including national lottery products, the sale of attraction park tickets and, in the Flemish region, Electrabel services. This commercial dynamism was symbolised by Western Union's award of its Best Network Improvement 2005 prize to De Post-La Poste.

Whether it be new products, specific campaigns or general banking and insurance solutions, success has been primarily built on the talents of post office staff.

De Post-La Poste continues to invest huge amounts in its greatest asset and strength, its workforce.

Following testing in 2004, a major sales stimulation programme was implemented in 2005. The aim of the programme is to achieve a structural increase in revenues. It is not just about selling more, but capitalising the results throughout the post office network.

This two-stage programme represents 7,400 customer-orientation training days, which works out at two full days for each employee. All post office teams have received coaching from several dozen sales consultants on how to handle sales.

The initial results of the programme have shown the validity of this approach. Not only are the individual post offices reporting better sales results, the improvement can be seen across the whole network.

Investment in the workforce continued in other fields too. Almost 15,000 product training days were given, as well as an additional 7,400 IT skills training days.

A new look for the network

Five years from now, De Post-La Poste will interface with its customers in a very different way.

This modernisation will be achieved without impacting maximum customer proximity. 2005 was thus a year in which De Post-La Poste's contacts with its customers were transformed as never before.

Nowhere is this metamorphosis more spectacular than in the Refocus project, the purpose of which is to separate the responsibilities of De Post-La Poste's core competences, Mail and Retail.



Set to launch in 2006, the project is expected to create a situation in which the two competences are better able to focus on their specific needs.

The network's new look is also built on a complete reorganisation of Retail, based on a star structure.

De Post-La Poste began testing the star structure in 2005 in Namur-Nord, Bonheiden, Sint-Niklaas and Erquennes.

The new set-up makes possible a coordinated approach to customers in a specific district, based on a central office, local offices and agencies. The central office heads are assisted by a team and in some cases a financial advisor for the management of all customers in their star.

The new set-up also offers opportunities to adapt opening times to respond to the needs of customers in the whole star. These times will be adapted at national level in mid 2006. More than 630 post offices will open on Saturday morning and approx. 600 will stay open until 7 pm at least once a week. At the same time the opening hours of the smallest agencies will be reduced, based on visitor numbers.

This transformation fundamentally changes the way services are offered to customers. Five years from now, De Post-La Poste customers will have around 1,300 service points to choose from, which is comparable with the current network. A large number of them will be post offices offering a better level service than is possible today.

The new Management Contract signed by De Post-La Poste and the Belgian State at the end of 2005 lays down that every municipality will have at least one post office or postal service point staffed by De Post-La Poste personnel. Up to half of the 1,300 service points could be Post Points that offer basic De Post-La Poste services through external partners.

These Post Points were tested in 2005 at some fifty locations, especially in Namur and Lier-Mechelen. The conclusions of these tests have confirmed the great satisfaction of customers and a very good operational rollout. The overall satisfaction of residents in these areas rose by 10%, while 15% of Post Points customers said that they conducted more business than they used to.

The positive evaluation was followed in November 2005 by a call for third-party candidates interested in concluding agreements to provide De Post-La Poste services. De Post-La Poste expects to add an additional 120 Post Points to the network in 2006.

The revitalisation of Financial Post

Financial Post has continued to take great strides in its modernisation process. This essential service is responsible for administering the accounts of public institutions, as well as back office activities for BPO.

Financial Post has already made significant advancements in the process of modernisation and professionalisation started in 2004, which focuses particular attention on strengthening internal control mechanisms.

In 2005 Financial Post underwent a major internal overhaul to establish a more tailored structure, uniform methods and harmony between all of its procedures. Major investments, especially in information technology, have generated effective solutions, while internal measuring and information processes have been improved.

This radical transformation is a marriage of experience and innovation that is now bearing fruit.

Another expression of the desire to forge ahead in 2005 came from Retail & Financial Services, with the creation of an independent Compliance Department with responsibility for executing integrity policy in compliance with legal, regulatory and ethics frameworks. The establishment and implementation of targets at the department are proof of its determination to comply with national and international best practices.

Structure

An efficient support

A modern, efficient and failsafe support structure is vital to De Post-La Poste's mail, retail and support activities. That goes for buildings and building maintenance of course, but also for IT, which has a crucial role to play in the company's modernisation

The Safenet programme was brought to a successful conclusion in 2005. Safenet helped resolve almost 1,500 risk situations identified at hundreds of De Post-La Poste locations. Major efforts continue to be invested in the preventive assessment of premises and potential problems.

That success is personified by the maintenance team at De Post-La Poste, which now provides tailored solutions to external customers with large networks of their own.

Important advancements have also been made with respect to the cleaning teams, with the introduction of new working methods and regular quality control based on nationwide standards. Another link in the modernisation chain, internal deliveries, has experienced a genuine revolution. The organisation of this logistics chain has facilitated a 30% increase in internal delivery quality in just a few months.

At the heart of de Post-La Poste's modernisation, ICT has continued its intensive evolution. No fewer than 300 new versions of software were released in 2005, which corresponds to almost one new project every day. In 2005 the company's IT systems were more complete, better adapted and more reliable in every way. The entire critical De Post-La Poste infrastructure was duplicated, guaranteeing total continuity, even in the most outlandish of scenarios.



Dear Sir,

I have noticed that you have been doing a lot to improve communication with your customers recently.

I wonder whether you invest as much time and energy improving communication with your employees.

Yours faithfully,

Julie Tabeau
Anderlecht





DE POST / LA POSTE
NV van publiek recht / SA de droit public
MUNTCENTRUM / CENTRE MONNAIE
B 1000 BRUSSEL / BRUXELLES
T. +32 022 0 1 2 3 4 5 ■ www.post.be

Dear Ms Tabeau,

We are conscious of the fact that our staff have experienced a constant stream of major changes over the past few years. The success of these changes is first and foremost the success of our employees.

Our aim is to establish a close relationship with our staff by means of a strong and permanent dialogue. This year for example we sent out a survey to our employees to evaluate staff satisfaction.

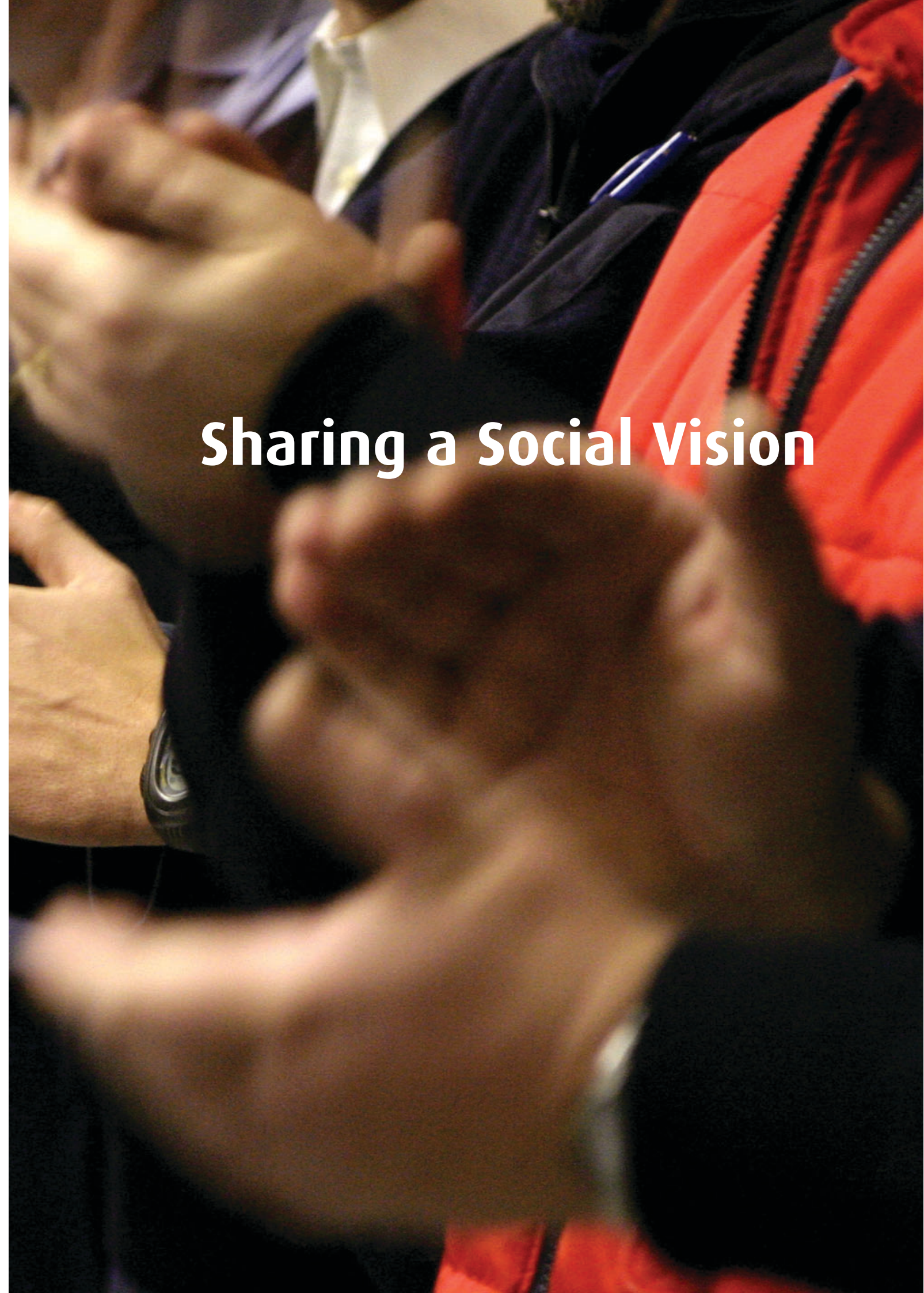
The information and additional comments we receive through this survey are essential if we are to improve the dialogue with our staff.

We will continue to invest in communication with them.

Your faithfully,

De Post – La Poste

Sharing a Social Vision



Sharing a Social Vision

Human resources used to everyone's benefit

Attention for human beings is an essential issue in the modernisation of De Post-La Poste. The ongoing projects have a profound impact on the way people work and cooperate. Our employees are immersed in an environment of permanent change to which they must adapt. A fundamental future challenge for De Post-La Poste is to support, inform and understand these employees.

Respect for dialogue

The success of De Post-La Poste is the success of all employees. This respect for dialogue comes back day in day out, because we are convinced that our change programmes will only be successful if they are truly shared by everyone. The start of 2005 was marked by the signing of a collective agreement on working hours, which led to the conclusion of a new framework agreement for 2005 and 2006. This new collective agreement implements a number of important advancements, such as job classification, which permits the modernisation of the status of a large part of our employees and improved career opportunities for contract employees.

Investing in our employees

To invest in everyone's future, we have to invest in everyone. De Post-La Poste continues to invest huge amounts in its employees, through practical and theoretical training. Almost 17,000 employees benefited from functional training in 2005, including 5,600 online. A series of training courses are now available online, which means that employees can train when it best suits them and at their own tempo. More than 1,500 employees followed the various permanent training courses offered by De Post-La Poste.

Clear, high-quality information

De Post-La Poste's modernisation must be backed with a regular flow of comprehensive quality information that meets the needs of the audience. To satisfy this priority, in 2005 more than 400 information meetings on the company's new strategic plan were held in the field. These meetings were characterised by the strong personal involvement of the CEO and the members of the Management Committee.

Focus on safety across the board

There was a spectacular fall in attacks against postwomen and postmen in 2005. The number of attacks fell by 53% compared with the 2004 figure. On the other hand, 34 post offices were attacked in 2005, a 20% increase. All in all, our efforts have cut criminal incidents by almost 40% compared with 2004; a reduction of more than 80% compared with 1996-2000.

Inspirational challenges

Our ambitious project to cut absenteeism must be continued. In 2005 absenteeism was 8.57%, which represents another reduction, although work still has to be done to achieve the target of 7% in 2007.

Our priorities in the fight against absenteeism will focus on reducing the number of occupational accidents, devolving responsibilities to local teams and rolling out a cluster of preventive actions.

In 2006 we will roll out the Refocus project, an essential stride towards the future of De Post-La Poste. The company's two traditional activities, Mail and Retail, are demanding more and more specific skills. The separation of the responsibilities of these two activities has become a necessity. The purpose of Refocus is to create a commercial network - Retail - and a logistics network - Mail. This will enable each activity to focus on its own targets and so achieve improved results.

STAR: working together to achieve results

De Post-La Poste's successful transformation also necessitates the adaptation of our corporate culture. Serving the customer in all circumstances must be a desire shared by every employee at De Post-La Poste. A new modern approach to leadership is set for implementation throughout the company. The STAR programme has been developed to achieve this fundamental goal. In 2005 De Post-La Poste prepared the way for this ambitious programme. The first pilot projects will be launched during 2006.



The STAR programme is built on five foundations.

- 1) Customer satisfaction
All employees must know their customers, the level of customer satisfaction and the means available to improve this level of satisfaction.
- 2) Quality
All teams must know their quality targets and be committed to constant improvement in all company activities.
- 3) Motivation
The second company barometer is being edited. This extensive survey has been sent to our employees to ascertain their level of satisfaction and strengthen their motivation.
- 4) Leadership
All employees must have precise targets and the means to achieve them.
- 5) Empowerment through teamwork
We will gradually introduce the self-management concept for teams. This transformation will create a situation in which everyone is able to reflect on, commit to and be responsible for change.

Corporate Social Responsibility

With due consideration for the economic realities of the world in which it operates, De Post-La Poste is committed to developing and strengthening its role as a good citizen in society. This commitment is eloquently articulated in some projects the company has been conducting.

Established in 1997 and administered by the King Baudouin Foundation, De Post-La Poste's Literacy Fund helps fight illiteracy in Belgium. Every year the fund selects innovative, awareness-raising projects to teach people of all ages to read and write. Fourteen projects were selected in the country's three regions in 2005.

De Post-La Poste is also aware of the necessity of adapting to the needs of sustainable development and respect for the environment. The main tenets have been clearly defined: a policy of waste management and rational energy consumption; use of ecologically sound raw materials wherever possible; and informing employees about the company's various environmental projects. In practice, this desire is expressed in many different ways. Mail transport for example has profited from a host of initiatives aimed at cutting fuel consumption. The new additions to De Post-La Poste's fleet consume almost 10% less fuel.

Another good example of De Post-La Poste's sense of civil responsibility came from the Antwerp sorting centre, which launched a campaign to guarantee respect for diversity in the workplace, in the form of a series of projects that have been recognised by the City of Antwerp and the European Commission.



Dear Santa

I've been a good girl this year, so I ~~expect~~ hope you won't forget me.

You have to work very hard, so I've decided to help you.
I have sent you some pictures of what I ~~want~~ would like. Please remember to pack my ~~2~~ 3 toys well, because you might have to push a little to get past the radiator at the bottom of my chimney.

I've tried to contact you by email and phone but I get an answer in Spanish ~~and while I speak very good Spanish,~~ and I'm not sure I understand everything.
Anyway, I didn't know what to do with the pictures.

I've also used a stamp with a map of Belgium.
It's easy to find me, I'm just under the i.

Bye-bye Santa

Thanks to mum and dad
who helped me write this.

Lea



PS: How does the postwoman know where you live?



Dear Lea,

Thank you for your letter.

Don't worry, I'm sure I'll find a way to get to you.
I remember coming down your chimney last year.

Santa Claus

PS : All postmen and postwomen know where I live, but they
have promised to keep it secret.



Tomorrow's letter

Tomorrow's letter

Mail has a future

Like many postal operators in Europe, we have noted a fall in our mail volumes for several years. That is a consequence of the substitution of some types of letters by electronic means of communication. It's no surprise that mail is changing... and changing fast.

People no longer send automatically a note to confirm a date with friends or an evening at the theatre. This type of social mail is becoming less and less common and that will only continue. The same goes for a series of administrative exchanges, that will increasingly be replaced by electronic messages.

Faxes, mobile phones, e-mails, and text and instant messaging have come onto the scene in recent decades, as technology breeds new applications. Tomorrow, even more than today, we will be reachable wherever we are, almost instantaneously, and we will have access to almost any information we could want.

Will there be a place for the letter in tomorrow's world? Will keyboard and display oust pen and paper for good? The answer is close at hand. Just think about your own home. Alongside all those groundbreaking devices and gadgets, you still keep a notebook, a bedside book or a diary near at hand. For all the advantages the new channels of communication may have, hand-written communication has something that makes it irreplaceable, and will continue to do so for a long time to come.

The mail moment

In 2005 De Post-La Poste conducted two major surveys into how the Belgian population feels about its mail. Including what they do with it and how important they think it is. The results of the two surveys are interesting, occasionally surprising. But most of all, they suggest that mail has a promising future.

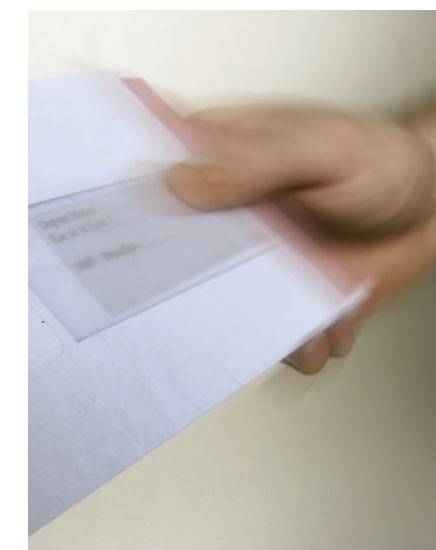
What task is judged so important that a designated person takes responsibility for it in almost nine Belgian households in ten? Contrary to what some would have us believe, it's not switching channels on the TV or checking the e-mail. It's going through the mail. Almost nine Belgian households in ten have designated one person to take care of this and as good as none of them have chosen a child to do it.

Checking the mail is an important task! So important that 97% of households check whether they have any mail every day of the week.

If there is, then it's the job of the family mail responsible to hand it out. This is an important job, a ritual of sorts even in most households. The mail is placed in a specific place, always the same, that everyone knows, typically in the kitchen or the living room. In close to six households in ten the mail is handed out personally to each member. In more than one household in four this is considered to be a real family moment.

With the multiplication of channels of communication our attention is dispersed. We often watch TV, listen to the radio or read our e-mails while we are doing something else. In most cases – especially when the radio is on – our attention is focused elsewhere. Mail on the other hand gets our full attention. 78% of addressed Direct Mail is opened and skimmed.

So mail is felt to be important. But what sort of emotions are connected with it? Is checking the mail a pleasurable experience or do we feel anxious and a little worried as we flip through the envelopes? In reality, three Belgians in every four appreciate or even look forward to the postwoman or postman calling by, checking to see if they have any mail immediately. Six Belgians in ten associate that moment with pleasure.



This preference is directly connected to the power of paper. Paper is and will remain people's preferred communication medium. Photos, postcards, administrative documents or even account statements: more than nine people in ten want to receive these on paper. This preference is also very marked when it comes to the information that people want to receive. Again, nine people in ten want to receive paper catalogues and brochures. That's a whole 96% when it comes to newspapers and magazines.

One of the best indicators of this strength is the strong impact of Direct Mail in comparison to other forms of marketing communication. More than half of all respondents prefer the mail variant: 52% would rather receive news about a new product through mail. When the respondent is a customer of the company, that number rises to 58%. Just 11% of respondents prefer to receive an e-mail; newspapers and TV get a 7%.

So what's the reason for this overwhelming preference for mail? For the majority of people, more than anything mail is personal. Mail provides them with useful, reliable information in a practical, pleasant format.

More than eight people in ten say they would rather receive a letter than an e-mail. Will the same be true in the future when younger generations, more savvy with electronic communication, are more strongly represented? A survey in the United States provides an immediate answer. In the period 2001-2003, the preference for mail increased by 6%, with little differentiation between generations. Practical, effective, universal, awaited with impatience and pleasure, the letter is ready for tomorrow!

Annual Report 2005

De Post-La Poste's Corporate Governance

The purpose of the Corporate Governance concept is to define a set of rules and guidelines with a view to optimise the management and control of companies, ensuring increased transparency.

As an unlisted company, De Post-La Poste, is not subject to the Belgian Code on Corporate Governance (Lippens Code) of 9 December 2004. De Post-La Poste nevertheless wishes to commit itself to comply with the standards of Corporate Governance laid down in the Lippens Code on Corporate Governance and the OECD's Guidelines on Corporate Governance of State-owned Enterprises. De Post-La Poste will publish as soon as possible a declaration explaining how it complies with the provisions of the Code and the OECD's Guidelines or, as the case may be, the reasons why it deviates from them considering its specific situation.

The partnership with the Consortium formed by Post Danmark and CVC was finalised and approved on 17 January 2006. De Post-La Poste's shareholding, which was split between the Belgian State (55.7%) and the Société Fédérale de Participation (44.3%) was changed on this date by the entry, as part of a capital increase, of Post Invest Europe Sarl, a company indirectly held by Post Danmark A/S and CVC. The shareholding now is as follows:



As part of this partnership, the composition of the Board of Directors and the Committees was modified and the shareholders of De Post-La Poste agreed specific changes to the company's governance regime.

DE POST-LA POSTE'S GOVERNANCE MODEL

1. General

As a limited liability company under public law, De Post-La Poste is, in first place, governed by the Law of 21 March 1991 reforming certain economic public companies (the "1991 Law"). De Post-La Poste is governed by the Belgian Companies Code for all matters not specifically regulated by the 1991 Law.

The main characteristics of De Post-La Poste's governance model are as follows:

- a Board of Directors that defines the general policy and strategy of De Post-La Poste and supervises the operational management
- a Strategic Committee, an Audit Committee, a Remuneration and Nomination Committee within the Board to assist and make recommendations to the Board
- a Managing Director who is responsible for the operational management and who has powers of day-to-day management that are delegated to him by the Board of Directors
- a Management Committee that, in addition to the powers entrusted to it by the 1991 Law, assists the Managing Director in the exercise of his powers the separation of the mandates of Chairman of the Board of Directors and Managing Director within the company

2. The Board of Directors

a) Powers and functioning

The Board has the authority to take all necessary and useful actions to realise the corporate object of the company, except those reserved to other bodies.

The functioning of the Board of Directors and the Committees promotes the transparency of decisions and their consequences. The Board has adopted charters to implement and specify the rules of good governance and transparency in its operation. These charters comprise notably the rules with respect to the content of meeting convocation notices, the presence of directors at meetings of the Board, the role of the Chairman and the General Secretary, representation by proxy, the procedures to be followed in the event of conflicts of interests and other rules governing the conduct of directors with respect to independence, confidentiality, etc.

The Board meets seven times a year and no fewer than four times a year at the initiative of the Chairman or the Managing Director, whenever the interests of the company demand it and whenever at least two directors request it. It met eleven times in 2005.

The Board can deliberate only if at least half of the members are present or represented. All the decisions of the Board are taken by simple majority. However, the Board can only deliberate and decide on matters covered by Article 27 § 2 of the articles of association if at least two category A directors (appointed by Royal Decree, after consultation in the Council of Ministers) and two category B directors (chosen by the electoral college which is made up of all the company's shareholders that are not public authorities) are present or represented and the decisions on these matters can only be adopted with the majority of seventy-five per cent of the votes.

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

- Approval of all renewals or amendments to the management contract;
- The taking 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 Chairman's vote prevails.

The important decisions taken in 2005 include the determination of the strategy of the Belgian Post group, the business plan, the approval of the budget 2006, the audit plan, the organisation of the financial participation of De Post-La Poste in its subsidiaries, the fourth management contract, the strategic partnership, the Post Points, social negotiations (Collective Labour Agreement 2005-2006), 2006 pricing, and management evaluation rules.

The Managing Director presents a monthly 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.

The Board will continue to evaluate its functioning and to make improvements to enhance its performance.

b) Composition

Until 17 January 2006, De Post-La Poste was administered by a Board of Directors comprising fourteen members:

Chairman of the Board of Directors :

- Pierre Klees

Vice Chairman :

- Rosette s'Jegers

Non-executive directors :

- Anne Drumaux,
 - Siska Germonpré,
 - Annie Hondegheem,
 - Stijn Bijmens,
 - Arsène Declerc,
 - Cédric du Monceau,
 - Jacques Fostier,
 - Peter Pelgrims,
 - Jean-François Robe,
 - Luc Lallemand,
 - Christian Leysen,
- Chief Executive Officer :
- Johnny Thijs.

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

- 29.747 € for the Chairman, who also chairs the Joint Industrial Committee (Paritair Comité / Commission Paritaire) of De Post-La Poste without a fee or remuneration (the Joint Committee met 14 times in 2005)
- 22.310 € for the Vice Chairman
- 14.875 € for the eleven other non-executive ordinary directors.

On 17 January 2006, the date on which the partnership transaction was finalised, the number of directors was reduced to ten, while the rules of appointment to and composition of the Board of Directors and the Committees were changed. The new rules governing the appointment and reappointment of members of the Board have been the object of an amendment of the 1991 Law and the articles of association of De Post-La Poste.

After consultation in the Council of Ministers, the King appoints by Royal Decree five category A directors. Four category B directors are chosen by the electoral college, which is made up of all the company's shareholders that are not public authorities, from the candidates proposed by the holders of category B shares deciding by simple majority. The Managing Director is a member of the Board, but is neither a category A nor a category B director.

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

- Arthur GOETHALS (A)
- Luc LALLEMAND (A)



BOARD OF DIRECTORS

- Christian LEYSEN (A)
- Jean-François ROBE (A)
- Geert DUYCK (B)
- Helge ISRAELEN (B)
- Søren VESTERGAARD-POULSEN (B)
- Fritz SCHUR (B)
- Johnny THIJS (Chief Executive Officer)

3. 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. They are the Strategic Committee, the Audit Committee, and the Remuneration and Nomination Committee.

a) Strategic Committee

The Strategic Committee is responsible for assisting the Board of Directors in defining the group's strategy. Among other things, it makes recommendations on the strategic orientations of the company, the business plan, and acquisition and partnership opportunities.

The Strategic Committee is composed as follows:

- Johnny Thijs
- Luc Lallemand
- Helge Israelsen
- Christian Leysen
- Fritz Schur

b) 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 exa-

mination of the reliability of financial information, and the organisation and monitoring of the system of internal controls. 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 is accountable functionally to the Chairman of the Board of Directors and administratively to the CEO.

The Audit Committee is composed as follows:

- Helge Israelsen
- Arthur Goethals
- Jean-François Robe
- Geert Duyck

c) 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 executives and staff.

The Remuneration and Nomination Committee is composed as follows:

- Martine Durez
- Arthur Goethals
- Geert Duyck
- Helge Israelsen

4. Managing Director and the Management Committee

After consultation in the Council of Ministers, the King appoints by Royal Decree the Managing Director for a renewable period of six years. If the Chairman of the Board of Directors is a Dutch-speaker, the Managing Director must be a French-speaker or vice-versa.



MANAGEMENT COMMITTEE

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

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

A remuneration of 819,299.54 euros was paid to the Managing Director for the year ending 31 December 2005.

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

- Johnny Thijs
CEO and Chairman of the Management Committee
- Bernard Delvaux
Director Mail
- Martine Durez
Director Finance and Accounting (until 17 January 2006)
- Carl Holsters
Director Retail and Financial Services (until 1 May 2006)
- Luc Luyten
Director Human Resources and Organisation
- Baudouin Meunier
Director Sales & Marketing and Subsidiaries
- Johan Vinckier
Director Central Operational Services, ICT & Certipost

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

A remuneration of 3,039,288.03 euros was paid to the members of the Management Committee, not including the Managing Director, for the year ending 31 December 2005.

The board has decided to create the position of General Secretary. This post is held by Jean-Luc Paternoster. One of his tasks is to ensure compliance with the legal and statutory measures by the social bodies. The General Secretary is also secretary of the Management Committee and the Board of Directors.

5. Board of Auditors

A four-member Board of Auditors is responsible for auditing the annual accounts and ensuring that the accounts are accurate. The composition of this Board comprising four members is as follows:

Members appointed by the Rekenhof / Cour des Comptes:

- Jozef Beckers
- Philippe Roland

Members appointed by the General Meeting of Shareholders of De Post-La Poste:

- S.P.R.L D.C. & C° represented by Michel Delbrouck
- Burg. CV Grant Thornton, Lippens, Rabaey, represented by Marleen Mannekens, Chairwoman of the College of Auditors

The General Meeting of Shareholders has appointed Grant Thornton, a company represented by Marleen Mannekens, to control the consolidated accounts, in accordance with article 146 of the Companies Code

6. Government Commissioner

The Government Commissioner is Els Houtman. She represents the Minister under whose responsibility public companies reside, and monitors compliance with the law, the company's articles of association and the management contract.

Consolidated Annual Report 2005

I. ANNUAL REPORT ON THE IMPORTANT EVENTS IN 2005

A. Regulatory framework

1. January 2005

First annex to the management contract between De Post-La Poste and the State of Belgium. This annex introduces a reduced tariff for some mail items sent by non-profit organisations.

2. May 2005

Recommendation of the Board of BIPT- IBPT concerning the conventional tariffs of De Post-La Poste with respect to intermediaries

BIPT- IBPT published a recommendation on May 27th, 2005 on its website to clarify De Post-La Poste's tariffs handling between direct customers and intermediaries.

3. August 2005

European Commission studies on the liberalisation of the postal market: WIK & ECORYS

The Commission called in two consultants, WIK Consult in Germany and ECORYS in the Netherlands, to study the postal market ahead of the third postal directive. The WIK study proposed a new regulatory model for postal operators, while the ECORYS study drew up an inventory of the situation with respect to the development of competition in the postal sector in each member state.

4. September 2005

The State of Belgium entrusts the mission of public service for international parcels within the framework of UPU to De Post-La Poste

On 30 August 2005 the State officially appointed De Post-La Poste as the postal operator in Belgium with responsibility for the international postal parcels service previously operated by the Belgian Railways through ABX.

5. October 2005

Approval of the fourth management contract by the Council of Ministers

The fourth management contract between the State of Belgium and De Post-La Poste, limited company under public law was ratified by the Royal Decree of 13 December 2005, published in Belgische Staatsblad/Moniteur belge on 20 December 2005 (with the annex of 16 January 2006).

De Post-La Poste is authorised to issue new shares.

B. Events at De Post-La Poste

1. January 2005

De Post-La Poste became subjected to the VAT regime, but with exemptions

De Post-La Poste falls under the VAT regime, but only some of its transactions are subject to VAT.

De Post-La Poste's transactions as part of its public service tasks as a postal operator are exempt from VAT. These are the collection, transport, sorting and delivery of addressed mail and the sale of stamps with a value of postage. Banking and insurance transactions are also exempt from VAT.

Agreement in the Joint Industrial Committee on the execution of the framework agreement 2001-2004

The following alternatives to the linear reduction of working hours were introduced:

- Acknowledgment of three days of extra leave for the 'statutory' members of staff or three days of extra conventional leave for 'contractual' members of staff.
- Acknowledgment of two days of 'saving pension leave', supplementary leave days that must be saved and that cannot be taken until the member of staff turns 50 years of age, within the framework of a specific regulation.
- Grant of holiday pay equivalent to 92% of the reference amount to grade three and four members of staff initially.

2. March 2005

Launch of banking and insurance products

Partnership between BPO and Fortis to offer banking and insurance products.

3. April 2005

Signing of an agreement in principle between De Post-La Poste, the State of Belgium and the newspaper publishers to bring the early delivery of newspapers into widespread use (before 7.30 am weekdays and 10.00 am Saturdays).

4. May 2005

Launch of eshop, De Post-La Poste's online store

5. September 2005

Approval of Collective Labour Agreement 2005-2006

The main measures in the Collective Labour Agreement are:

- Extension of the complementary part of the management allowance.
- Extension of the allocation of the allowance for operational improvement initiatives.
- Increase in the value of the gift voucher.
- Grant of an end-of-career gratification in the form of a gift voucher.
- Introduction of an end-of-career allowance for 'statutory' members of staff of 2100 euros before tax.
- Increase in the profit participation related to work attendance for 'statutory' and 'contractual' members of staff.
- Maintain, for the duration of the Collective Labour Agreement, vacation prior to retirement under certain conditions.
- Set up of a part-time career interruption system open to agents aged 50 years and older.
- Amendment of the regulations on the use of sick quota days. The outstanding balance of quota days is limited to 300. Any days over this threshold must be converted.

6. October 2005

De Post-La Poste signs a partnership agreement with the Consortium of Post Danmark and CVC Capital Partners
The agreement specifies that the Consortium takes a minority stake in De Post-La Poste of 50% less one share, while the Belgium State remains the majority shareholder. The partnership facilitates knowledge and experience sharing but also the availability of financial resources for De Post-La Poste's modernisation.

Partnership between De Post-La Poste and eBay to simplify the mailing of parcels between sellers and buyers trading on the site.

C. Events at the subsidiaries

1. January 2005

Asterion SAS raises its stake in Asterion SUD to 18%

Capital increase of Taxipost NV- SA through the addition of De Post-La Poste's express courier activity.

The aim of this transaction is to improve transparency at group level. This will facilitate the BIPT - IBPT's regulatory function through the strict separation of the accounting of the express courier activities and the universal service activities.

2. February 2005

Certipost called for capital of 1.8 million euros: De Post-La Poste 0.96 million euros and Belgacom 0.84 million euros.

3. June 2005

BPG France SAS called for capital of 4.2 millions euros.

De Post-La Poste takes a 100% stake in Fond des Sarts, owner of a site in Awans.

This site will be used for the construction of the new Liege X sorting centre.

4. September 2005

Strategic repositioning of Asterion

The document management industry has been hit by structural changes such as the constant reduction in the quantity of mail items and the increase of the use of internet by banks and businesses. In response to this, companies in the industry have accelerated the means to grow volumes and offer lower tariffs.

Agreement between Taxipost, ABX Logistics and De Post - La Poste concerning the transfer of the "UPU" and "EPG" activities to Taxipost. ABX Logistics will be in charge of the customs clearance activities.

5. October 2005

BPO moves into the mortgage market

Change of management at Certipost

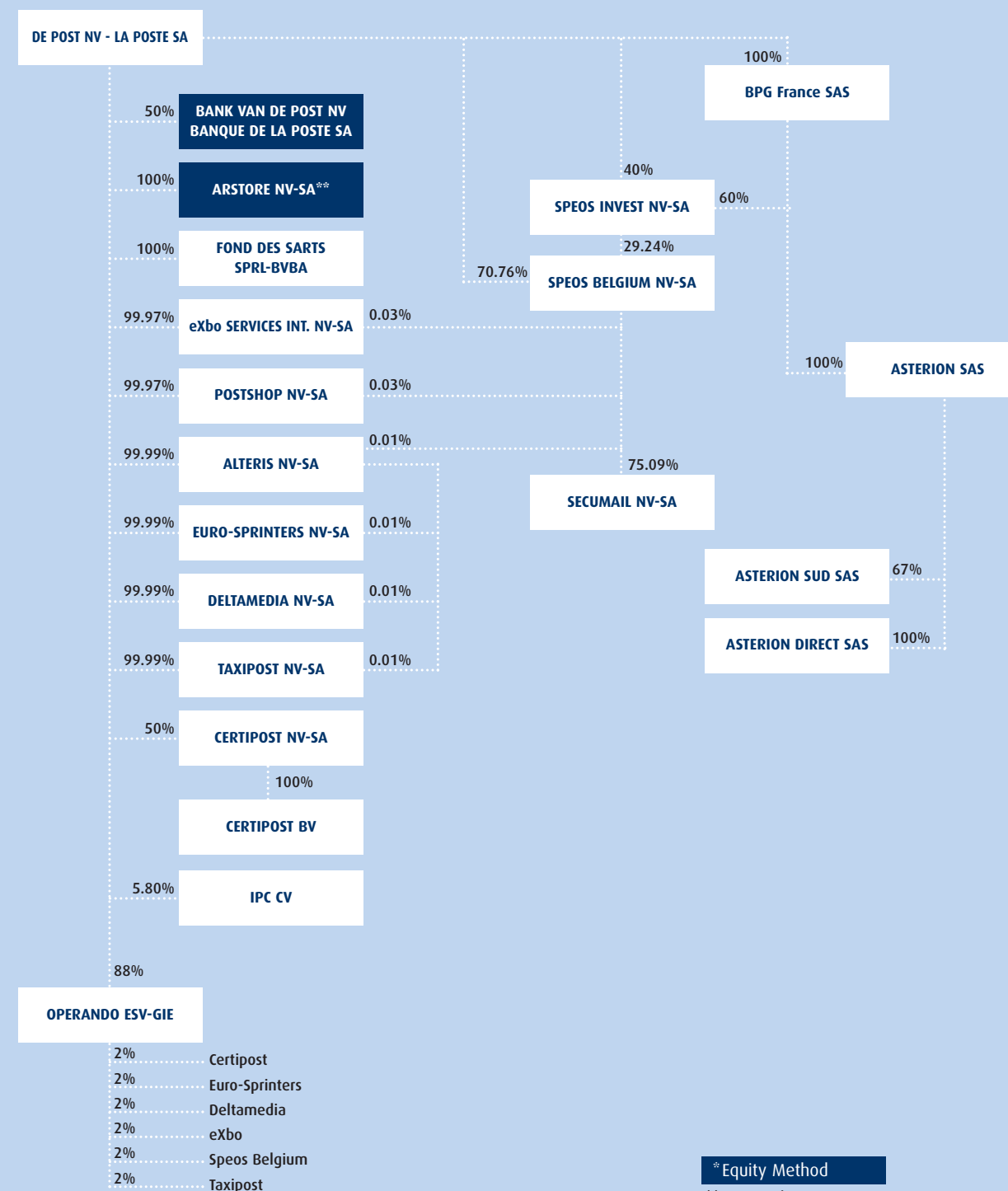
On 10 October Stijn Vander Plaetse succeeded Erik Weytjens as CEO of Certipost.

6. November 2005

Speos Belgium acquires 75% of the shares in Secumail

Speos Belgium was looking for a disaster recovery plan solution. By acquiring 75% of Secumail NV-SA, the company has found the necessary services and the available capacity.

II. GROUP STRUCTURE - DECEMBER 31, 2005



III. CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT 2005 (IN EUROS)

2. BALANCE SHEET

1. ASSETS

	2005	2004	Variance in %
FIXED ASSETS			
I. FORMATION EXPENSES	593 891.00	1 295 926.00	(54.17)
II. INTANGIBLE ASSETS	23 487 188.00	20 276 042.00	15.84
III. POSITIVE CONSOLIDATION DIFF	747 534.00	8 265 351.00	(90.96)
IV. TANGIBLE ASSETS	667 303 082.00	669 530 611.00	(0.33)
A. Land and buildings	393 147 077.00	475 075 692.00	(17.25)
B. Plant, machinery and equipment	55 542 383.00	66 152 962.00	(16.04)
C. Furniture and vehicles	58 684 442.00	57 944 948.00	1.28
D. Leasing and other similar rights	3 873 695.00	5 832 771.00	(33.59)
E. Other tangible assets	44 759 688.00	41 965 330.00	6.66
F. Assets under construction and advance payments	111 295 797.00	22 558 908.00	393.36
V. FINANCIAL ASSETS	95 618 878.00	92 510 660.00	3.36
A. Comp accounted equity method	92 621 882.00	92 019 623.00	0.65
1. Participating interests	92 621 882.00	92 019 623.00	0.65
2. Amounts receivable	-	-	-
B. Other enterprises	2 996 996.00	491 037.00	510.34
1. Participating interests and shares	20 771.00	21 390.00	(2.89)
2. Amounts receivable	2 976 225.00	469 647.00	533.72
CURRENT ASSETS			
VI. AMOUNTS RECEIVABLE AFTER ONE YEAR	1 235 501.00	1 000 000.00	23.55
VII. STOCKS AND CONTRACTS IN PROGRESS	9 592 411.00	10 961 830.00	(12.49)
A. Stocks	9 592 411.00	10 961 830.00	(12.49)
1. Raw Materials and consumables	2 722 767.00	2 267 819.00	20.06
2. Work in progress	23 196.00	164 790.00	(85.92)
3. Finished Goods	3 997 301.00	5 230 312.00	(23.57)
4. Goods purchased for resale	2 849 147.00	3 298 909.00	(13.63)
VIII. AMOUNTS RECEIVABLE WITHIN ONE YEAR	1 119 627 867.00	1 907 173 449.00	(41.29)
A. Trade debtors	418 955 496.00	423 707 274.00	(1.12)
B. Other amounts receivable	700 672 371.00	1 483 466 175.00	(52.77)
IX. INVESTMENTS AND DEPOSITS	34 756 659.00	4 358 055.00	697.53
B. Other investments and deposits	34 756 659.00	4 358 055.00	697.53
X. CASH AND BANK AND IN HAND	228 605 566.00	226 633 387.00	0.87
XI. DEFERRED CHARGES/ACCRUED INCOME	32 526 636.00	45 683 159.00	(28.80)
TOTAL ASSETS	2 214 095 213.00	2 987 688 470.00	(25.89)

2. Liabilities

	2005	2004	Variance in %
CAPITAL AND RESERVES			
I. CAPITAL	443 780 170.00	603 597 744.00	(26.48)
III. REVALUATION SURPLUSES	76 040.00	105 565 631.00	(99.93)
IV. CONSOLIDATED RESERVES	97 074 980.00	-58 676 251.00	265.44
V. NEGATIVE CONSOLIDATION DIFF	35 517.00	35 709.00	(0.54)
VII. INVESTMENT GRANTS	1 755.00	1 755.00	0.00
VIII. MINORITY INTERESTS	548 924.00	962 728.00	(42.98)
PROVISIONS AND DEFERRED TAXES			
IX. PROVISIONS FOR LIABILITIES AND CHARGES	376 759 024.00	413 852 219.00	(8.96)
A. Provisions for liabilities and charges			
1. Pensions and similar obligations	114 475 865.00	174 153 794.00	(34.27)
3. Major repairs and maintenance	4 730 746.00	5 968 728.00	(20.74)
4. Other Liabilities and charges	257 049 303.00	233 357 046.00	10.15
B. Deferred taxes and latent taxation liabilities	503 110.00	372 651.00	35.01
LIABILITIES			
X. AMOUNTS PAYABLE AFTER ONE YEAR	12 821 289.00	22 730 693.00	(43.59)
A. Financial debts	3 815 087.00	5 776 423.00	(33.95)
D. Other amounts payable	9 006 202.00	16 954 270.00	(46.88)
XI. AMOUNTS PAYABLE WITHIN ONE YEAR	1 209 020 330.00	1 828 597 188.00	(33.88)
A. Current portion of amounts payable after one year	6 656 893.00	13 669 848.00	(51.30)
B. Financial Debts	524 003.00	157 741.00	232.19
C. Trade debts	148 271 368.00	96 530 645.00	53.60
D. Advances received on contracts in progress	31 606 107.00	18 963 197.00	66.67
E. Amounts payable regarding taxes, remuneration and social security	430 103 108.00	396 498 118.00	8.48
1. Taxes	21 437 354.00	19 917 534.00	7.63
2. Remuneration and social security	408 665 754.00	376 580 584.00	8.52
F. Other amounts payable	591 858 851.00	1 302 777 639.00	(54.57)
XII. ACCRUED CHARGES AND DEFERRED INCOME	73 977 184.00	71 021 054.00	4.16
TOTAL LIABILITIES	2 214 095 213.00	2 987 688 470.00	(25.89)

3. Income statement

	2005	2004	Diff. in %
OPERATING RESULT			
I. OPERATING INCOME	2 121 791 426.00	2 147 926 164.00	(1.22)
A. Turnover	2 066 002 857.00	2 076 974 297.00	(0.53)
MAIL	1 487 964 909.92	1 455 074 019.00	2.26
R&FS	151 495 235.47	150 993 691.00	0.33
EXPRESS	40 891 000.88	47 322 010.96	(13.59)
OTHER (elimination ICO included)	-11 573 857.39	-15 936 421.52	27.37
INVOICE TO THE STATE	264 736 606.56	301 371 352.00	(12.16)
SUBSIDIARIES	132 488 961.56	138 149 645.56	(4.10)
B. Increase, Decrease in stocks of finished goods, work and contracts in progress	-1 233 011.00	3 247 637.00	(137.97)
C. Fixed assets - own construction	12 813 463.00	23 267 066.00	(44.93)
D. Other operating income	44 208 117.00	44 437 164.00	(0.52)
II. OPERATING CHARGES	2 040 111 508.00	2 111 173 145.00	(3.37)
A. Raw Materials, consumables and goods for resale	43 547 996.00	65 406 028.00	(33.42)
B. Services and other goods	491 516 346.00	424 061 998.00	15.91
C. Remuneration, social security pensions	1 478 357 443.00	1 496 337 337.00	(1.20)
D. Depreciations	74 363 394.00	81 149 346.00	(8.36)
E. Amounts written off	-2 349 963.00	52 390 103.00	(104.49)
F. Provisions for liabilities and charges	-66 947 407.00	-28 015 258.00	(138.97)
G. Other operating costs	14 632 991.00	11 921 104.00	22.75
I. Amounts written down on consolidation differences	6 990 708.00	7 922 487.00	(11.76)
III. OPERATING PROFIT	81 679 918.00	36 753 019.00	-
OPERATING LOSS	0.00	0.00	-
FINANCIAL RESULT			
IV. FINANCIAL INCOME	13 532 693.00	25 023 268.00	(45.92)
V. FINANCIAL CHARGES	11 661 841.00	11 897 634.00	(1.98)
VI. PROFIT ON ORDINARY ACTIVITIES	83 550 770.00	49 878 653.00	67.51
TOTAL (I + IV)	2 135 324 119.00	2 172 949 432.00	(1.73)
TOTAL (II + VI + V)	2 135 324 119.00	2 172 949 432.00	(1.73)
EXTRAORDINARY RESULT			
VII. EXTRAORDINARY INCOME	57 258 826.00	45 402 596.00	26.11
VIII. EXTRAORDINARY CHARGES	248 051 114.00	58 270 740.00	325.69
INCOME TAXES			
X. TAXES AND DEFERRED TAXES	1 381 506.00	1 369 184.00	-
RESULT FOR THE FINANCIAL PERIOD			
XII. PROFIT FOR THE FINANCIAL PERIOD	0.00	35 641 325.00	-
LOSS FOR THE FINANCIAL PERIOD	108 623 024.00	0.00	-
XIII. PROFITS USING THE EQUITY METHOD	601 932.00	4 343 710.00	-
LOSSES USING THE EQUITY METHOD	0.00	0.00	-
CONSOLIDATED RESULT			
XIV. CONSOLIDATED PROFIT	0.00	39 985 035.00	-
CONSOLIDATED LOSS	-108 021 092.00	0.00	-

IV. NOTES TO THE ANNUAL ACCOUNTS 2005**1. Notes to the balance sheet****Assets**

The balance sheet total was 2,214.1 million euros in 2005, corresponding to a decline of 25.89% versus 2004. This is explained partly by a change in the method for recognising liquid assets made available to the Treasury. In fact, following the agreement with the National Bank of Belgium, it was decided to post the semi-governmental institutions accounts (AR97-KB97) in the off-balance sheet commitments.

Fixed assets (not including financial fixed assets) decreased by 7.2 million euros versus the preceding financial year.

Intangible fixed assets increased from 20.3 million euros to 23.5 million euros. This rise followed the investments made as part of the contract with Bank van De Post-Banque de La Poste (BPO) for the automation of the post offices (4.2 million euros).

Positive consolidation differences reduced by 7.5 million euros: the rise of 0.5 million euros for the acquisition of Secumail was largely compensated for by the depreciations of the financial year, which were 8.0 million euros (including 1 million euros in exceptional depreciations).

Tangible fixed assets fell in 2005. This decrease was the consequence of counter balancing items :

- The increase in the acquisition cost of 137.4 million euros, especially the investment cost of sorting centre buildings (in progress) of 102.5 million euros.
- Operating depreciations of 67.2 million euros and the exceptional depreciations of 71.1 million euros. This amount includes, among other things, the exceptional depreciations accounted for the Antwerp X and Charleroi X sorting centres, which led to losses of 14 million euros and 35.7 million euros respectively.
- Divestments include mainly the sale of land and buildings for the Ghent X sorting centre (2 million euros) and the building of Brussels 4 (9.2 million euros).

Financial fixed assets rose between 2004 and 2005 by 3.1 million euros.

The positive result of BPO had a positive impact of 0.6 million euros on the financial fixed assets.

As part of the transfer, the express mail activities moved into a separate legal entity, Taxipost SA-NV which had to set up a guarantee of 2.5 million euros for transport licences, De Post-La Poste has not previously been subject to this obligation.

Long-term receivable amounts were 1.24 million euros and came from the sale of Vicindo to Arvato (under guarantee of Bertelsmann) and the sale of Brussels 4 to Apitri through an 99 year lease.

Stocks and contracts in progress fell by 1.4 million euros. Most of the decrease was in finished products. To ensure compliance with IFRS, the valuation method for the resale price of finished products was reviewed (method: direct and indirect costs), leading to a reduction in the resale price of 16.23%.

In Amounts receivable within one year, short-term receivables fell by 787.5 million euros versus 2004 to 1,119.6 million euros, following the reclassification in off-balance sheet commitments of the funds of semi-governmental institutions (A.R. 97) made available to the Treasury at 550.5 million euros in 2005 (versus 795.3 million euros in 2004).

Consolidated trade receivables fell by 4.8 million euros, posted mainly to De Post-La Poste and Taxipost NV-SA.

The major movements at De Post-La Poste are explained by:

- Pending invoices, excluding invoices to the State of Belgium, of 20.3 million euros
- A reduction of 92.0 million euros, mainly related to two factors:
 - The fall of 13.6 million euros in payments received, following the receipt of invoices to balance the payments received on international money orders.
 - The reduction of 78.4 million euros of outstanding receivables from the State of Belgium, as a result from the fourth management contract between De Post-La Poste and the State of Belgium.

The accounts of Asterion SAS also registered a significant fall of 3.2 million euros, associated with the decline in the company's activities.

eXbo, Speos Belgium and Deltamedia on the other hand recorded a joint increase of 2.9 million euros.

The negative development in 'other receivables' is mainly due to the off-balance sheet reclassifications of the funds of semi-governmental institutions and an adjustment in the recognition of terminal dues.

There was a strong rise in cash investments and liquid assets. The increase of 32.4 million euros was mainly due to:

- A change in cash investments (30.1 million euros). These funds were placed in mutual funds until mid-December 2004, when De Post-La Poste pulled out to avoid excessive banking charges. These funds were invested in commercial papers in the course of 2005.
- An increase in liquid assets due to a change in the recognition method of Nostri accounts, which were recognised individually in 2005 (14.8 million euros). Up to now, this type of account was in total processed on the 679 accounts.
- A desire to reduce cash in the post offices (-19.4 million euros).

Accrued assets showed a reduction of 13 million euros due essentially to a change in the due date payment of the service provider and commissions with the BPO. Commissions are now paid monthly, whereas a quarterly system was used previously.

Liabilities

Equity

Consolidated equity fell by 109.6 million euros, mainly because of the negative result in the financial year.

In addition, a reclassification of equity was carried out ahead of the 2006 capital increase as consequence of the entry of the new partner. With this reclassification, the situation of the company is better reflected in the different components of equity.

The movement of consolidated reserves was due to:

- A capital reduction of 159.8 million euros
- The settlement of reported losses by the incorporation of 105.5 million euros of the added value of re-evaluation
- The distribution to staff of 1.6 million euros.

Capital and reserves of the Post Group 2005

	2004	2005	Variance	
Share capital	603.6	443.8	159.8	} 265.3
Revaluation surpluses	105.6	0.1	105.5	
Consolidated reserves	-57.1	205	-262.1	→ -265.3
Result of the period		-108	108	
Allocated to personnel in 2004	-1.6		-1.6	
Capital and reserves	650.5	540.9	109.6	0

Provisions for liabilities and charges decreased by 8.96% or -37 million euros versus the preceding financial year. This fall was mainly posted by De Post-La Poste following the use of the provision for pre-retirement leave (-73.7 million euros), the adjustment of the amount of the WTC provision (-13.7 million euros), following the lease transfer agreement between De Post-La Poste and "la Régie des Bâtiments - de Regie der Gebouwen", and a reclassification in receivables of the balance of the provision for compensation for victims of errors and frauds (-6 million euros).

This decrease is however compensated by various allocations totaling 40.7 million euros, being the provisions for pending disputes (+25.8 million euros), a provision to cover the risk on Asterion receivables eliminated in the consolidation of 15.6 million euros, and the new provision for pre-retirement leave according to the Collective Labour Agreement 2005-2006 (+14.4 million euros).

Asterion reduced the provision by 1.9 million euros (mainly on the "Plan de Sauvegarde de l'Emploi" (PSE) of 2004 and 2005). The provision for restructuring eXbo Services International NV-SA decreased by 0.2 million euros.

In comparison with the preceding year, Long-term payable amounts decreased by 9.9 million euros following re-invoicing to BPO (7.9 million euros) and a reduction of trade payables (1.9 millions) with respect to Asterion.

Compared to the end of the financial year 2004, Amounts payable within one year decreased by 33.88 % or 619.6 million euros to 1,209.0 million euros. This is explained by the transfer in the off-balance sheet commitment of payables vis-à-vis semi-governmental institutions as referred to in the Royal Decree of 15 July 1997 (-795.3 million euros in 2004). Except for this transfer, we observe an increase due to the following factors :

- Receivables from suppliers rose by 33.9 million euros. This growth is explained by a 19.38% increase in the number of invoices handled in 2005 (+8.6 million euros), terminal dues (+14.6 million euros), mandates (+1.7 million euros) and the increase in cut-off amounts (+8.1 million euros).
- The balance of the invoice for public services tasks for 2005 will be recognised in the sales invoices of 2006 and the balance of the receipts of advance payments will not be associated until then (+12.4 million euros).
- The increase in amounts payable for taxes, remunerations and social charges are largely due to the increase in the provision for the remaining leave and holidays resulting from the negotiations on the new collective labour agreement in 2005.
- The rise was in "terminal dues" (+15.5 million euros) due to the fact that the maximum term of 18 months, sometimes necessary for the adjustment of "terminal dues", has not been reached (5.0 million euros for Germany, 5.0 million euros for the Netherlands, 3.0 million euros for Switzerland).
- The 10.2-million-euro increase in trade payables for the construction of the Alteris sorting centre.
- The 2.0-million-euro rise in trade payables of Speos Belgium SA-NV due to the rise in its costs.
- The 5.6-million euro rise in trade payables of Taxipost due largely to the partial outsourcing of small parcel haulage.
- The reduction of the obligation of the short-term investments of BPO of 5.2 millions euros.
- The diminution in the value of the trade and financial receivables of Asterion SAS of 2.0 million euros.

2. Notes to the income statement

The financial year 2005 shows a consolidated loss of 108.0 million euros versus a profit of 40.0 million euros in the financial year 2004. This loss is due to a series of non-recurrent extraordinary charges.

The operating profit was 81.7 million euros and profit from ordinary activities was 83.5 million euros.

Income

Group income (including financial and extraordinary income) was 2,192.6 million euros in 2005, a fall of 1.16% versus 2004.

Operating income was 2,121.6 million euros, which is 1.22% less than 2004. It comprises of turnover (97.37%), produced fixed assets (0.55%) and other operating income (2.08%).

De Post-La Poste

Compared with the financial year 2004, turnover showed the following differences (not including invoices to the Belgian State):

- Domestic Mail	(1,154.5 million euros)	-0.6%
- BPI	(306.8 million euros)	+13.6%
- Retail & Fin. Post	(161.1 million euros)	+2.8%
- Philately	(36.9 million euros)	+9.9%
- Service Units	(49.3 million euros)	+29.5%

Amounts invoiced to the Belgian State were 264.7 million euros.

The revenues of **Domestic Mail** excluding amounts invoiced to the Belgian State fell by 7.2 million euros. This decline is largely caused by the Daily Mail and Registered Mail products:

- Daily Mail & Registered Mail: -21 million euros (-4.1% versus 2004). This is partly explained by the recognition of deferred income of -5.3 million euros (Cf. accrued liabilities) and by a large transfer to Administrative Mail products (-9.3 million euros).
- Press: -1.4 million euros (-1.6% versus 2004).
- Parcels: -0.9 million euros (-1.8% versus 2004).
- Meal cheques: -0.5 million euros following workforce rationalisation.

There was a rise in the following products however:

- Administrative Mail: +14.5 million euros (+7.4% versus 2004), 6.6 million euros which are attributable to the large transfer from Daily Mail. This large transfer went together with a loss of income of 2.7 million euros following the application of the preferential tariff due to pre-sorting by customers.
- Direct Mail Addressed: +1.9 million euros (+0.8% versus 2004).
- Direct Mail Unaddressed: +0.2 million euros (+0.4% versus 2004).
- Added Value Services: +0.1 million euros (+0.3% versus 2004), due essentially to new Servipost contracts and the invoicing of the home pickup service. Deferred income of 1 million euros for the Mutapost and DoMyMove products have been recognised.

Belgian Post International saw its turnover rise by 36.8 million euros (+13.6%) to 306.8 million euros. This was due to the rise in Outbound Social Mail receipts (+13.6% or 18.9 million euros) and

Outbound Business Mail receipts (+16.6% or 5.8 million euros), which benefited from a rise in prices and the good performance of the sales teams. Inbound receipts also increased, by 13.5% or 10.7 million euros following a rise in the pricing of terminal dues.

The revenues of **Retail and Financial Post** excluding amounts invoiced to the Belgian state, rose by 4.4 million euros versus 2004. This increase was mainly due to banking and insurance products, which rose by 5.4 million euros (+4.6 million euros for banking products and +0.8 million euros for insurance). Traditional financial products on the other hand (payment orders, money orders and giro payments) crippled the revenues somewhat (-3 million euros).

Philately revenues increase by 3.3 million euros.

The revenues of the **services units** include revenues from leases (+1.6 million euros), various reimbursements and the revenues of restaurants (-1.4 million euros).

Subsidiaries

The subsidiaries showed growth in turnover compared to 2004 (not including Vicindo group for comparison purposes), as follows:

The turnover of **Certipost** rose by 3.4 million euros opposed to 2004, especially due to the issue of two certifications as part of the electronic identity card.

The turnover of **Deltamedia** rose by 7.0 million euros compared to 2004, mainly due to the strong rise in unaddressed mail volumes. The newspapers activity also increased.

eXbo Services International ended 2005 with a 0.3-million-euro rise in turnover against 2004, driven by new customers and rising volumes among existing customers.

Speos Belgium showed growth in turnover of 1.4 million euros in 2005. The most important drivers were increasing volumes among existing customers and the integration of the IBM print shop.

The turnover of **Asterion** fell by 3.1 million euros versus 2004. The main cause was the strong competition on the French market, leading to a decline in prices and the loss of customers.

The contribution of **Taxipost** to Group turnover was 33.5 million euros (38.6 million euros in 2004).

Financial income decreased from 25.0 million euros to 13.5 million euros. This decline is mainly due to the incorporation in 2004 of cash surpluses (-12.3 million euros). The income from deposit accounts with commercial papers increased by 6.0 million euros.

It should be noted that the net impact on the income statement for 2005 between the cash differences, surpluses and deficits, recorded in the post offices represented a loss of 2.0 million euros.

Extraordinary income was 57.3 million euros. They mainly comprise:

- The sale of the fixed assets (26.6 million euros) ⁽¹⁾.
- The re-invoicing of investments to BPO as part of the amortisation of our commitments (16.0 million euros).
- A correction to the cash difference (-1.7 million euros).
- The payment of an access fee by BPO as part of the banking and insurance contract (10.0 million euros).
- The cancellation of the balance of provision for "payment of a compensation premium for the settlement of the outstanding holidays and leave days", following the end of the evaluation (3.3 million euros).

Charges

The company's charges were 2,300.0 millions euros, a 5.44% increase compared to 2004.

- **Operating Charges** of the company were 2,040.0 millions euros, a 3.4% decrease compared to 2004.

In million euros	2005	2004	Diff.	Evol.(%)
60. Raw Materials, consumables and goods for resale	43.55	65.41	-21.86	-33.42%
61. Services and other goods	491.52	424.06	67.45	15.91%
62. Remuneration, social security costs and pensions	1478.36	1496.34	-17.98	-1.20%
63. Depreciations	74.36	81.15	-6.79	-8.36%
63. Amounts written off	-2.35	52.39	-54.74	-104.49%
63. Provisions for liabilities and charges	-66.95	-28.02	-38.93	138.97%
64. Other operating charges	14.63	11.92	2.71	22.75%
9960. Consolidated goodwill differences	6.99	7.92	-0.93	-11.76%
Total	2040.11	2111.17	-71.06	-3.37%

Raw materials, consumables and goods for resale were 43.6 million euros, a decline of 21.8 million euros or -33.42%.

The main reason for this decline was the launch in 2005 of the insourcing policy of the activities of Operando ESV-GIE.

Another impact in 2005 was assigning to Sodexho the management of De Post-La Poste's restaurants, leading to the transfer of the running expenses of the restaurants to services and other goods.

Services and other goods were 491.5 million euros, which is a rise of 67.5 million euros or +15.91%. Project-related costs represented 10% of the total.

The largest increases were experienced in the following items:

- Remunerations to third parties, fees and expertises, which were 101.3 million euros, versus 68.0 million euros in 2004, a rise of 48.96%. They correspond to 20.62% of the total costs for services and other goods. This increase is due to charges related to the Strategic Partnership project (+9.1 million euros) and by the increase of 21,000 man days (+12.6 million euros) needed for the optimal completion of the company's projects. Deltamedia and Certipost NV-SA also recorded major increases of respectively 5.0 million euros and 3.5 million euros. The rise in expenses at Deltamedia was mainly due to the extension of the distribution network.
- General consulting and interim personnel, the costs of which rose by 51.66% to 62.0 million euros in 2005 against 40.9 million euros in 2004. In proportion to the total costs for services and other goods, the increase was 2.98% compared to 2004.
- The costs of energy and raw materials, which rose from 46.1 million euros in 2004 to 54.1 million euros in 2005, a rise of 17.39%, is mainly caused by the transfer of the management of the restaurants to Sodexho (see raw materials, consumables and goods for resale) and the increase in the price of oil products.
- The costs of maintenance and repairs were 63.3 million euros, which is a rise of 6.0%. This increase is mainly due to the reclassification of a lease account to vehicle maintenance charges for De Post-La Poste. Speos Belgium showed growth of 1.1 million euros.
- Publicity and other commercial costs, which rose by 63.6% compared to 2004, was caused by an image-raising campaign and the promotion of the products of the companies.
- Rent and leasing charges showed a rise of 2.9 million euros or 5.62%. This increase is caused by Taxipost (depot and vehicle leasing charges) and Asterion SAS (production and IT equipment leasing charges).
- Other discretionary costs, namely HR management costs as well as representation and reception costs did not differ significantly compared to 2004.

The most important cost item, remunerations, social charges and pensions, was 1,478.4 million euros, a decrease of 1.20% or 17.98 million euros compared to 2004.

The fall in personnel charges is mainly due to:

- The reduction in the De Post-La Poste workforce by 2,250 FTEs : - 77.3 million euros. ⁽²⁾
- The valuation of the remaining balance of leave and holidays, which fell by 9.4 million euros compared to 2004. This is explained by a large outflow of personnel taking early retirement in 2004 (2,016 people) compared with 2005 (119 people).

(2) The definition of FTE used here is the one employed on the social balance sheet rather than the concept of financial FTE as employed by the Management Control Department. Translated into financial FTEs, the reduction was 2479 FTEs.

Social balance sheet FTE: number of employees on the payroll on the last day of a given period and pro rata their working regime. A full-time equivalent corresponds to one person who works 38 hours per week or 164.67 hours per month or 1976 hours per year.

Financial FTE: average number of employees on the payroll during a given period (month or year) pro rata their working regime, based on the number of paid hours/number of hours of an FTE.

- The reduction in the workforce of Asterion SAS from 756 FTEs at 31 December 2004 to 704 FTEs at 31 December 2005.
- The inclusion in remunerations, social security charges and pensions of the Vicindo group of 6.0 millions euros.

Other elements however slowed down the reduction in personnel costs, namely:

- The indexation of the wages and benefits, and the seniority effect: +26.9 million euros.
- The impact of the additional protocol to the overall framework agreement 2001-2004 (two 'saving pension days' for salary-scale personnel): +3.3 million euros.
- Alignment of double holiday pay for "statutory" personnel (2004 Collective Labour Agreement): +3.7 million euros.
- Increase in certain premiums and provisions: +4.0 million euros.
- Measures relating to early retirement and paid leave before retirement: +7.1 million euros.
- Average growth of 9.38 FTEs at Speos Belgium.

Depreciations, impairment, and provisions for liabilities and charges fell by 100.46 million euros or 95.2%.

Depreciations decreased by 6.8%, especially due to the completion of:

- ERP and New Thaler 2 software of 2.9 million euros.
- The Poststation application of 3.6 million euros and activation of ICT mandays on the development.
- IT and kitchen equipment of 2.3 million euros.

Impairments comprised 'bad debts more than 120 days overdue' in 2005.

Provisions for liabilities and charges recorded a decline of 38.9 million euros. This is, among other things, due to:

- Adjustment of the provision relating to the WTC contract, following the signing of a contractual agreement on the transfer of the lease contract between De Post-La Poste and "la Régie des Bâtiments - der Regie der Gebouwen" at -13.7 million euros and the absence of complementary charge in 2005 at -34.6 million euros.
- Complete reclassification in the 'other receivables' of the provision for 'Financial Post compensation': -8.5 million euros.
- Provision for leave prior to retirement: use of 7.0 million euros.
- Provision for major repairs and maintenance: use of 4.9 million euros following the launch of the Safenet project.
- Provision for various disputes: +27.5 million euros, including a provision for commercial representatives, for 'Two for Mail', for equipment "Legal Risks". Individual files are monitored by the Legal department with use of the Avonca software.
- Provision for the De Post-La Poste insurance fund: balance of +2.3 million euros.
- Provision for industrial accidents and occupational diseases: balance of +0.9 million euros.

Other operating charges increased by 2.7 million euros, including 2.5 million euros for the closing of old files charged to Financial Post and 1.7 million euros for the termination of some contentious files between De Post-La Poste and third parties.

Financial charges were 11.7 million euros. They are mainly:

- Overdue interest on lawyer files, which are posted as financial charges as of this year (0.4 million euros).
- A provision for the risk on the short-term loan to BPG France (4.8 million euros).
- The posting of receivables resulting from compensation to victims of errors or frauds (2.8 million euros).
- Exchange differences on the adjustment of credit notes concerning old terminal dues files (1.3 million euros).

The net impact on the income statement between the cash surpluses and shortfalls represented 2.0 million euros of expense in 2005.

Extraordinary charges were 248.1 million euros. They include, among other things, the following transactions:

- The exceptional amortisations with respect to BPO (16.0 million euros).
- The counterpart of the extraordinary income from the sale of fixed assets of 26.6 million euros, or 65 million euros, is for the most part split as follows:
 - the sale of the buildings of Ghent X (2.0 million euros) and Brussels 4 (9.2 million euros).
 - the adjustment market-value of Antwerp X (14.0 million euros) and Charleroi X sorting centres (35.7 million euros).
- Certain impacts of the Collective Labour Agreement 2005-2006, such as the adoption of a pre-retirement leave measure (14.4 million euros), the discount to personnel of part of the remaining sick days in excess of 300 days and an end-of-career allocation (31.1 million euros), and a premium for being present (0.6 million euros).
- A provision for risks related to the impairment of the long-term loan to BPG France (10.8 million euros) and exceptional amortisations on the consolidation difference of the Asterion group (1.0 million euros).
- The upward adjustment of the pre-retirement leave measure of 2001 (1.4 million euros).
- The decision of the Board of Directors to allocate an exceptional, non-recurrent performance premium to personnel (1.9 million euros).
- The various negotiations between De Post-La Poste and the State of Belgium (78.4 million euros) and an adjustment in the accounts (2.4 million euros).
- The transfer of WTC leases to "la Régie des Bâtiments - der Regie der Gebouwen" (20.0 million euros).
- A correction on the cash difference (-1.1 million euros).
- The historic correction of postal money orders (2.8 million euros).

(1) Sales of real estate represented a loss of 36.9 million euros in 2005. (Sales of real estate for 26.6 million euros less 63.5 million euros of exceptional depreciation.)

- The counterpart of the extraordinary income for Asterion SAS of provisions for liabilities and charges related to the restructuring and comprising the "Plan de sauvegarde de l'emploi" (PSE) and a transactional allowance of 2.7 million euros.

The provision concerning the days in excess of 300 sick days is recognised in the extraordinary charges, as it corresponds to the non-recurrent charges of past commitments.

V. REASON FOR USING THE GOING CONCERN ACCOUNTING PRINCIPLES

The Group's operational result was 81.7 million euros.

The financial year 2005 ended in a consolidated loss of 108.0 million euros. The loss is due to non-recurrent extraordinary charges. The negative result does not have a permanent or structural character.

The management bodies at De Post-La Poste have also implemented a strategic five-year plan to guarantee the future profitability of the company, by controlling costs and redeploying activities. This plan was submitted to the Board of Directors on October 12th, 2005, which approved the strategic lines of force unanimously.

VI. RISKS AND UNCERTAINTIES

January 1, 2006 marks a new stage in the liberalisation of the postal market. In this increasingly competitive context, De Post-La Poste is adopting internal measures and procedures to manage and limit the regulatory risks.

The company is involved in a number of litigations in the ordinary course of business. These risks and the outcome of the litigations are not always predictable. In these cases, no provision is made.

VII. INFORMATION REQUIRED BY ARTICLE 523 OF THE COMPANIES CODE

In 2005 no director declared the existence of a conflict of interest in terms of personal assets by virtue of article 523 of the Companies Act.

The Charter of the Board of Directors of De Post-La Poste, which was approved on March 29th, 2002, provides for "the immediate notification to the Board of Directors of possible conflicts of interest of the Directors and an appropriate solution".

VIII. INFORMATION ON THE REMUNERATIONS

By virtue of a decision of the General Meeting of April 25th, 2000, the members of the Board of Directors, with the exception of the Chief Executive Officer, are entitled to the following annual remunerations:

- 29,747 euros to the Chairman, who legally also chairs the Joint Industrial Committee of De Post-La Poste without fee or remuneration
- 22,310 euros to the Vice Chairman
- 14,875 euros to the eleven other ordinary members

In 2005 the Board of Directors met eleven times.

The Board of Directors has established a Strategic Committee, an Audit Committee and a Remuneration and Nomination Committee. These Committees are responsible for studying the issues within their area of competence and preparing the work of the Board.

The Strategic Committee is composed as follows:

- Pierre Klees, chairman
- Johnny Thijs
- Stijn Bijnens
- Luc Lallemand
- Christian Leysen

The Audit Committee is composed as follows:

- Rosette s'Jegers, chairman
- Peter Pelgrims
- Luc Lallemand
- Jean-François Robe

Invited to attend:

- Pierre Klees
- Johnny Thijs

The Remuneration and Nomination Committee is composed as follows:

- Pierre Klees, chairman
- Arsène Declerc
- Cédric du Monceau
- Rosette s'Jegers
- Peter Pelgrims

Invited to attend:

- Johnny Thijs
- Luc Luyten
- Jean-Luc Paternoster (General Secretary)

The members of these Committees receive fixed fees of 1,239.47 euros.

In the daily management of the company, the Chief Executive Officer is assisted by a Management Committee, which is composed as follows:

- Johnny Thijs, Chief Executive Officer and Chairman of the Management Committee
- Martine Durez
- Johan Vinckier
- Luc Luyten
- Carl Holsters
- Baudouin Meunier
- Bernard Delvaux

Gilbert Pirson has been designated as an expert on the Management Committee and is therefore included in the overall remuneration (until 31 December 2005).

For the year ending 31 December 2005:

- remuneration of 819,299.54 euros was paid to the Chief Executive Officer,
- overall remuneration of 3,039,288.03 euros was paid to the other members of the Management Committee.

These amounts comprise direct and immediate financial advantages (basic and variable remuneration) linked directly to the position or accorded to members of the Management Committee and/or the Chief Executive Officer.

An amount of 347,858.67 euros was also paid, comprising insurances (hospitalisation, invalidity, death and corporate pension).

Members of the Board of Directors

Chairman of the Board of Directors

- Pierre Klees.

Vice Chairman

- Rosette s'Jegers.

Non-executive directors

- Anne Drumaux ;
- Siska Germonpré ;
- Annie Hondeghem ;
- Stijn Bijnens ;
- Arsène Declerc ;
- Cédric du Monceau ;
- Jacques Fostier ;
- Peter Pelgrims ;
- Jean-François Robe ;
- Luc Lallemand ;
- Christian Leysen.

Chief Executive Officer

- Johnny Thijs.

Companies in which De Post-La Poste holds a direct stake

De Post-La Poste, limited company under public law has designated members of its staff to exercise the mandate of administrator and participate in the functioning of companies, groups and bodies in which it holds a stake. These persons exercise this mandate without any remuneration.

ALTERIS NV-SA (EX LATERIO NV-SA)	99.99%
• Johnny Thijs, Johan Vinckier, Olivier van der Brempt	
ARSTORE NV-SA (IN LIQUIDATION)	100%
• Bruno Ugueux, liquidator	
BANQUE DE LA POSTE SA - BANK VAN DE POST NV	50%
• Carl Holsters, Dirk Boeren, Gustave Miroir	
CERTIPOST NV-SA (EX BPG E-SERVICES NV-SA)	50%
• Johan Vinckier, Baudouin Meunier, Dirk Oosterlinck	
DELTA MEDIA NV-SA	99.99%
• Baudouin Meunier, Xavier Goddaer (replaced by Isabel Corne, since dec.2, 2005), Eric Piers (replaced by Philippe Allardin since dec.5, 2005), Jean-Luc Paternoster, Peter Somers	
EURO-SPRINTERS NV-SA (EX MABRUCO NV - SA)	99.99%
• Baudouin Meunier, Xavier Goddaer, Jean-Luc Paternoster, Luc Cloet, Philip Alliet	
eXbo SERVICES INTERNATIONAL NV-SA	99.97%
• Baudouin Meunier, Xavier Goddaer, Jean-Luc Paternoster, Eric Piers, Stephan Raymakers (since dec.5, 2005)	
OPERANDO GIE-ESV	88%
• Johan Vinckier, Vincent Lingier, Jean-Luc Paternoster	
POSTSHOP NV-SA	99.97%
• Dirk Boeren, Yves Henet, Jean-Luc Paternoster	
SPEOS BELGIUM NV-SA	70.76%
• Baudouin Meunier, Xavier Goddaer, Eric Piers, Jean-Paul Serneels, Jean-Luc Paternoster, Stephan Raymakers	
SPEOS INVEST NV-SA	40%
• Baudouin Meunier, Xavier Goddaer, Eric Piers, Jean-Luc Paternoster, Stephan Raymakers	
BPG FRANCE SAS	100%
• Baudouin Meunier	
IPC SOC COOP	5.80%
• Johnny Thijs	
FOND DES SARTS SPRL-BVBA	100%
• Freddy Van Eeckhout	
TAXIPOST NV-SA	99.99%
• Philip Alliet, Baudouin Meunier, Xavier Goddaer, Jean-Luc Paternoster, Peter Somers	

Members of the Board of Auditors

Members appointed by the Treasury

- Jozef Beckers
- Philippe Roland

Members appointed by the General Meeting of Shareholders of De Post-La Poste, limited company under public law

- S.C.P.R.L. D.C. & C° represented by Michel Delbrouck, since 14 December 2005
- Burg. C.V. Grant Thornton, Lippens, Rabaey, represented by Marleen Mannekens, Chairman of the Board of Auditors

Mandate of the auditor appointed to certify the consolidated accounts

The General Meeting of Shareholders appointed Grant Thornton, represented by Marleen Mannekens, to conduct audits on the consolidated accounts, in accordance with article 146 of the Companies Code.

Remunerations received by the Auditors without mandate

- Auditing of the IFRS accounts at 31 December 2004 and at 30 June 2005 :
DC&C: 40,000 € (excluding VAT)
& Grant Thornton : 147,230 € (excluding VAT)
- Auditing on the state invoicing project:
Grant Thornton 9,320 € (excluding VAT)

Activity report of the Remuneration and Nomination Committee

The Remuneration and Nomination Committee is responsible for formulating recommendations on the remuneration of management. It issues its advice on the appointment and remuneration of members of the Management Committee. It administers any incentive plans that may be set up for the benefit of management and staff.

The Government Commissioner is invited to the meetings of the Remuneration and Nomination Committee. Other persons invited, except with respect to questions that concern themselves directly, are:

- the Chief Executive Officer
- the member of the Management Committee responsible for human resources
- the General Secretary

The Remuneration and Nomination Committee consists of the following persons:

- Pierre Klees, chairman ;
- Arsène Declerc ;
- Cédric du Monceau ;
- Rosette s'Jegers ;
- Peter Pelgrims.

In 2005 the Committee met three times and devoted most of its efforts to the following issues:

Salary policy

This concerns the application of the existing salary policy for the payment of the variable part of remunerations for 2004 (payment in 2005) and the application of the Merit system.

The main task was translating the company's profits for 2004 into a payment of the variable part of remunerations.

At the end of the year, the Committee also evaluated the variable remuneration policy applied in 2004 and studied the optimisation proposals for 2005 as part of the continuity of the existing system, especially to strengthen the financial targets and the correlation between payments and the achievement of targets.

In particular, the mail quality standards were tightened to bring them into line with the new standards in the management contract for 2005 based on BELEX measurements, with a differentiation (in weight and payout curve) in accordance with the various categories. The Service Units criteria were also adapted.

Negotiations with the social partners

The Committee examined the January 20th, 2005 agreement and favourably presented it to the Board:

- This agreement concerns the alternative measures for the reduction of working hours as previously planned.
- The alternative measures concern notably the reduction on working hours in the form of supplementary annual leave, saving for a pension leave for 'contractual' staff and the gradual alignment of the holiday pay for 'statutory' members of staff, spread over two years.
- The proposal also includes important agreements to give shape to the reduction in the workload, specifically the right of employees to take their leave days;
- Management also recorded all agreements that are not in compliance with in the implementation of operational improvement projects and will prepare a specific action plan on this theme for all staff.

The remuneration of the company's senior management and the mandates of members of the Management Committee:

This concerns the determination of performance evaluation criteria for the Chief Executive Officer, the members of the Management Committee, the General Secretary and the Corporate Audit Director, as well as the evaluation of their individual performance.

Given the positive evaluations, the mandates of the members of the Management Committee have been prolonged until 31 December 2007, with an annual evaluation system in this period.

Leave for 'contractual' staff

Measures were adopted with respect to annual leave to harmonise the situation of the various categories.

IX. IMPORTANT EVENTS AFTER THE END OF THE FINANCIAL YEAR**De Post-La Poste became subject to corporate income tax as of January 2006****Finalisation of the partnership with the Consortium Post Danmark and CVC Capital Partners**

The partnership with the Consortium formed by Post Danmark and CVC Capital Partners was officially finalised and approved by the Extraordinary General Meeting of 17 January 2006.

The government of Belgium remains the majority shareholder of De Post-La Poste, while the Consortium acquired 50% less one share.

The composition of the Board of Directors was renewed within the framework of this partnership. The Board will now be chaired by Martine Durez. Johnny Thijs, four representatives of the government of Belgium and four representatives of the Consortium will be the other members of the Board of Directors.

Increase in domestic tariffs at the start of February 2006

These tariff adjustments essentially concern domestic services:

- Prior D+1 standardised and Non Prior D+2 standardised
- Kilopost
- Registered mail
- Proof of receipt
- International tariffs remain unchanged except for international registered mail, which are adapted in line with domestic registered mail.

Decision to liquidate Operando ESV GIE in March 2006, retroactive to 1 January 2006

X. ANNEX : THE ANNUAL ACCOUNT 2005 OF DE POST N.V. - LA POSTE S.A., LIMITED COMPANY UNDER PUBLIC LAW

BALANCE SHEET**1. Assets**

	2005	2004	Diff. in %
FIXED ASSETS			
I. FORMATION EXPENSES	593 891.34	1 295 925.86	(54.17)
II. INTANGIBLE FIXED ASSETS	16 250 529.50	12 439 563.11	30.64
III. TANGIBLE FIXED ASSETS	527 153 222.88	620 331 705.30	(15.02)
A. Land and buildings	387 947 063.54	471 427 353.75	(17.71)
B. Machinery and equipment	44 531 883.67	59 267 614.74	(24.86)
C. Furniture and vehicles	43 679 781.23	47 970 967.24	(8.95)
D. Leased fixed assets	0.00	0.00	-
E. Other tangible fixed assets	42 203 785.20	39 750 555.53	6.17
F. Assets under construction and advance payments	8 790 709.24	1 915 214.04	358.99
IV. FINANCIAL FIXED ASSETS	118 235 546.03	145 987 806.67	(19.01)
A. Affiliated companies	118 103 324.09	145 911 944.73	(19.06)
1. Participating interests	117 953 324.09	134 853 886.28	(12.53)
2. Amounts receivable	150 000.00	11 058 058.45	(98.64)
B. Other companies with which there is participation relationship	20 771.00	20 771.00	-
1. Participating interests	20 771.00	20 771.00	-
C. Other financial fixed assets	111 450.94	55 090.94	102.30
2. Amounts receivable and securities in cash	111 450.94	55 090.94	102.30
CURRENT ASSETS			
V. AMOUNTS RECEIVABLE BEYOND ONE YEAR	1 235 500.50	1 000 000.00	23.55
VI. STOCKS AND CONTRACTS IN PROGRESS	7 978 689.76	9 306 524.69	(14.27)
A. Stocks	7 978 689.76	9 306 524.69	(14.27)
1. Raw materials and consumables	1 579 560.88	1 067 634.86	47.95
2. Finished products	3 997 301.47	5 230 312.07	(23.57)
3. Commodities	2 401 827.41	3 008 577.76	(20.17)
VII. AMOUNTS RECEIVABLE WITHIN ONE YEAR	1 187 423 730.26	1 890 114 095.77	(37.18)
A. Trade receivables	391 259 197.69	387 609 814.64	0.94
B. Other amounts receivable	796 164 532.57	1 502 504 281.13	(47.01)
VIII. CASH INVESTMENTS	30 141 534.63	0.00	-
B. Other investments	30 141 534.63	0.00	-
IX. LIQUID ASSETS	203 364 600.38	197 466 846.53	2.99
X. ACCRUED ASSETS	29 521 057.79	43 408 976.52	(31.99)
TOTAL ASSETS	2 121 898 303.07	2 921 351 444.45	(27.37)

2. Liabilities

	2005	2004	Diff. in %
SHAREHOLDERS' EQUITY			
I. EQUITY	443 780 171.20	603 597 745.20	(26.48)
III. REVALUATION SURPLUSES	76 039.96	105 565 630.59	(99.93)
IV. RESERVES	100 192 016.82	272 806 815.31	(63.27)
A. Statutory reserve	100 192 016.82	142 622 314.68	(29.75)
B. Unavailable reserve	0.00	0.00	-
C. Special reserve	0.00	0.00	-
D. Available reserve	0.00	130 184 500.63	(100.00)
V. PROFIT TO BE CARRIED FORWARD	0.00	-328 950 053.70	(100.00)
PROVISIONS AND DEFERRED TAXES			
VII. PROVISIONS FOR LIABILITIES AND CHARGES	359 035 908.10	407 374 210.33	(11.87)
A. Provisions for liabilities and charges			
1. Pensions and similar obligations	113 204 388.30	172 528 315.50	(34.39)
3. Major repairs and maintenance	4 730 745.66	5 968 728.17	(20.74)
4. Other liabilities and charges	241 100 774.14	228 877 166.66	5.34
AMOUNTS PAYABLE			
VIII. AMOUNTS PAYABLE BEYOND ONE YEAR	9 000 000.00	16 939 043.57	(46.87)
IX. AMOUNTS PAYABLE WITHIN ONE YEAR	1 139 793 400.49	1 775 413 549.73	(35.80)
A. Amounts due within the year	4 772 462.51	10 000 000.00	(52.28)
B. Financial payables : credit establishments	129 439.46	0.00	-
C. Trade payables	101 754 864.32	67 765 743.47	50.16
D. Receipts of advance payments for orders	24 370 343.05	11 345 191.51	114.81
E. Amounts payable for taxes, remunerations and social charges	414 456 677.55	381 879 016.47	8.53
1. Taxes	16 182 374.71	14 616 522.18	10.71
2. Remunerations and social charges	398 274 302.84	367 262 494.29	8.44
F. Other amounts payable	594 309 613.60	1 304 423 598.28	(54.44)
X. ACCRUED LIABILITIES	70 020 766.50	68 604 503.52	2.06
TOTAL LIABILITIES	2 121 898 303.07	2 921 351 444.55	(27.37)

3. INCOME STATEMENT

	2005	2004	Diff. in %
OPERATING RESULTS			
I. OPERATING INCOME	1 973 324 812.71	2 000 468 641.33	(1.36)
A. Turnover	1 906 586 061.31	1 946 044 602.58	(2.03)
MAIL	1 487 964 909.92	1 455 074 019.00	2.26
R&FS	151 495 235.47	150 993 691.00	0.33
EXPRESS	0.00	38 587 717.58	(100.00)
OTHERS	2 389 309.36	17 823.00	
INVOICING TO THE BELGIAN STATE	264 736 606.56	301 371 352.00	(12.16)
INTERNATIONAL MAIL	0.00	0.00	
B. Changes in stocks of goods in production and orders in progress	-1 233 010.60	3 247 636.96	(137.97)
C. Produced fixed assets	13 794 784.31	10 376 826.36	32.94
D. Other operating income	54 176 977.69	40 799 575.43	32.79
II. OPERATING CHARGES	1 862 717 324.50	1 928 727 698.88	(3.42)
A. Raw materials, consumables and goods for resale	13 269 896.15	16 865 978.24	(21.32)
B. Services and other goods	430 507 703.85	396 287 956.02	8.64
C. Remunerations, social security charges and pensions	1 416 259 239.04	1 438 484 462.57	(1.55)
D. Depreciations	59 117 300.29	67 035 052.87	(11.81)
E. Impairments	-2 955 112.81	29 243 071.73	(110.11)
F. Provisions for liabilities and charges	-66 208 678.34	-28 193 218.98	134.84
G. Other operating charges	12 726 976.32	9 004 396.43	41.34
III. OPERATING PROFIT	110 607 488.21	71 740 942.45	54.18
OPERATING LOSS	0.00	0.00	-
FINANCIAL RESULTS			
IV. FINANCIAL INCOME	16 308 790.15	25 175 193.08	(35.22)
V. FINANCIAL CHARGES	12 056 652.17	6 703 315.54	79.86
VI. PROFIT FROM ORDINARY ACTIVITIES	114 859 626.19	90 212 819.99	27.32
TOTAL (I + IV)	1 989 633 602.86	2 025 643 834.41	(1.78)
TOTAL (II + VI + V)	1 989 633 602.86	2 025 643 834.41	(1.78)
EXTRAORDINARY RESULTS			
VII. EXTRAORDINARY INCOME	55 719 384.28	42 141 569.82	32.22
VIII. EXTRAORDINARY CHARGES	279 185 841.91	100 200 760.38	178.63
TAXES ON RESULTS			
X. TAXES	441 117.94	139 582.04	216.03
RESULTS FOR ALLOCATION IN THE FINANCIAL YEAR			
XIII. PROFIT IN THE FINANCIAL YEAR	0.00	32 014 047.39	-
LOSS IN THE FINANCIAL YEAR	109 047 949.38	0.00	-

Statutory Auditor's Report

explanations and information. We have examined, on a test basis, the evidence supporting the amounts included in the consolidated financial statements. We have assessed the accounting policies, the consolidation principles, the significant accounting estimates made by the company and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, taking into account the legal and regulatory requirements applicable in Belgium, the consolidated financial statements for the year ended December 31st, 2005 give a true and fair view of the group's assets, liabilities, financial position and results of operations.

Additional certifications and information

We supplement our report with the following certifications and information which do not modify our audit opinion on the consolidated financial statements:

STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF SHAREHOLDERS OF DE POST NV VAN PUBLIEK RECHT / LA POSTE SA DE DROIT PUBLIC ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

In accordance with the legal and statutory requirements, we report to you on the performance of the audit mandate which has been entrusted to us.

We have audited the consolidated financial statements for the year ended December 31st, 2005, prepared in accordance with the legal and regulatory requirements applicable in Belgium, which show a balance sheet total of € 2.214.095.213 and a loss for the year of € 108.021.092. We have also carried out the specific additional audit procedures required by law.

The preparation of the consolidated financial statements and the assessment of the information to be included in the consolidated directors' report, are the responsibility of the board of directors. Our audit of the consolidated financial statements was carried out in accordance with the auditing standards applicable in Belgium, as issued by the Institut des Réviseurs d'Entreprises / Instituut der Bedrijfsrevisoren.

Unqualified audit opinion on the consolidated financial statements

The above mentioned auditing standards require that we plan and perform our audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

In accordance with those standards, we considered the group's administrative and accounting organisation, as well as its internal control procedures. Company officials have responded clearly to our requests for

- The consolidated directors' report includes 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 group is facing, and of its situation, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the matters disclosed do not present any obvious contradictions with the information of which we became aware during our audit.

- We draw the attention on the paragraph included in the Consolidated Annual Report by the Board of Directors, motivating the accounting treatment as exceptional charges of the social accrual amounting to 31 Mio Euro covering the partial compensation of outstanding days in excess of 300 sick days, as a result of the Collective Labour Agreement 2005-2006.

- As disclosed in the notes to the Consolidated Financial Statements and in the Consolidated Annual Report by the Board of Directors, the accounting treatment of the funds at disposal of the State treasury was changed in comparison to last year. Following the convention with the National Bank, it has been decided to reclassify in off-balance sheet commitments the funds of semi-governmental institutions (A.R. 97). These funds of semi-governmental institutions (A.R. 97) amount to 550 Mio Euro as per 2005 and 795 Mio Euro as per 2004.

Brussels, May 24th, 2006

BCBA GRANT THORNTON,
Statutory auditor
Represented by



Marleen Mannekens,
Partner

De Post - La Poste

Contacts



De Post – La Poste

Centre Monnaie
1000 BRUSSELS
www.post.be

► **Management :**
tel. 32 2 226.22.10
fax 32 2 226.21.49

► **Press relations :**
tel. 32 2 226.21.84
fax 32 2 226.27.47
press.relations@post.be

► **Public Affairs :**
tel. 32 2 226.29.41
fax 32 2 226.32.44
public.affairs@post.be

► **Human Resources :**
tel. 32 0800 13 240
ehr@post.be

► **Customer Service**
tel. 32 22 0 1 2 3 4 5
serviceclients@post.be

De Post – La Poste
BP 5000
1000 Bruxelles

Asterion France

Rue Charles Michels 103
93200 SAINT-DENIS
FRANCE
tel. 33 1 55.84.40.40
fax 33 1 55.84.40.50
www.asterion.fr

Belgian Post International

Centre Monnaie
1000 BRUSSELS
tel. 32 2 226.22.74
of 32 2 226.22.75
fax 32 2 226.21.38
www.belgianpostinternational.be

Certipost

Ninovesteenweg 196
9320 EREMBODEGEM
tel. 32 53 60.11.11
www.certipost.be

Deltamedia

Industrielaan, 24
1740 TERNAT
tél. 32 2 568.03.00
fax 32 2 568.03.59
www.deltamedia.be

Euro-Sprinters ®

Noordersingel 13
2140 ANTWERP
tel. 32 70 233.533
fax 32 70 233.032
www.eurosprinters.com

eXbo

Industrielaan, 24
1740 TERNAT
tel. 32 2 568.17.60
fax 32 2 568.17.99
www.exbo.be

Speos Belgium

Rue Bollinckx 26-32
1070 BRUSSELS
tel. 32 2 558.02.22
fax 32 2 520.70.37
www.speos.be

Taxipost ®

Centre Monnaie
1000 BRUSSELS
tel. 32 78 15.33.43
fax 32 78 15.33.44
www.taxipost.be

Dit jaarverslag is ook beschikbaar in het Nederlands.
Ce rapport annuel est également disponible en Français.
+32 2 226 21 84

Editor-in-chief : Piet Van Speybroeck
Centre Monnaie / 1453 – 1000 Brussels

Concept, content and coordination : François Dorrekens
Centre Monnaie / 1358 – 1000 Brussels

Design : Trait d'Esprit

Photography : Laurence Decock,
Sophie Hollebeck (Glucône - www.glucone.com),
Stephen Papandropoulos (Ultra Space) &
picture library of De Post – La Poste

Printing : Imprimerie de La Poste - Drukkerij van De Post