The directors have pleasure in submitting their twenty fourth Annual Report together with the audited financial statements of the Group for the year ended 31 December, 2007, in fulfilment of their obligations under the Companies Acts, 1963 to 2006.

1. The Group And Its Principal Activities

The Company operates the national postal service and money transmission services and provides agency services for Government Departments, the National Treasury Management Agency, An Post National Lottery Company and other bodies.

One ordinary share is held by the Minister for Finance and the remainder of the issued share capital is held by the Minister for Communications, Energy and Natural Resources.

Details of the activities carried on by subsidiary, associated and joint venture undertakings, together with the information required by Section 158 of the Companies Act, 1963, are given in note 24 to the financial statements.

2. Results

Details of the results for the year are set out in the consolidated profit and loss account on page 53 and in the related notes to the financial statements. The directors do not propose the payment of a dividend for the year.

3. Business Review

The operating profit for the year is €29.1m. On 16 April, 2007, the Group established a joint venture company, Postbank Ireland Limited, with Fortis to provide banking services to the Irish market. Under the terms of the joint venture agreement, the Group contributed its Postpoint and An Post Direct Limited businesses to the joint venture. After its share of the results of the joint venture, profit on sale of assets and other finance income, the profit for the financial year of the Group was €43.3m. The Group has also recognised a gain of €23m on the transfer of assets to the joint venture, Postbank Ireland Limited, which, together with actuarial gains on post employment plans of €63.1m, have resulted in total recognised gains of €129.5m.

The Group had net assets of €254.8m at 31 December 2007 compared to net assets of €125.3m at 31 December 2006. These figures include a pension liability of €114.3m (2006: €193.2m), see note 18 for further details.

The information required by Regulation 37 of the European Communities (Companies: Group Accounts) Regulations, 1992, is included in the information given on pages 10 to 28.

In monitoring performance, the directors and management have regard to a range of key performance indicators (KPIs), including the following:

KPI	Performance in 2007	Performance in 2006
Financial		
Operating profit before exceptional items as a percentage of turnover	3.3%	1.8%
Staff and postmasters' costs before exceptional items as a percentage of turnover	68.6%	68.2%
Other operating costs as a percentage of turnover	28.1%	30.0%
Net cash inflow from operating activities	€84.4m	€37.1m
Staff		
Total staff - at year end	9,789	9,938
Total staff - full time equivalent - at year end	11,645	11,784
Mail business		
Letters core revenue index	2.3%	4.2%
Quality of service (national) - next day delivery of single piece priority mail Quarter 3*	79%	74%
Retail business		
Social welfare transactions	35.8m	36.6m
Billpay transactions	24.8m	25.5m
TV licence sales (thousands)	1,407k	1,339k
Investment Products - net fund (outflow)/inflow	€(2m)	€143m
Post Office Savings Bank - net fund (outflow)/inflow**	€(249m)	€43m
Burglaries and Robberies - number of incidents	51	103
Customer Service		
Written complaints	31,546	33,811
Telephone enquiries	304,980	315,642

* Figures as per ComReg Monitor. Full year 2007 figures are not yet available, (2006: 72%).
** Includes SSIA outflows of €330m (2006: €50m).

In accordance with the requirement to analyse the key risks and uncertainties facing the future development of the Group and Company, the following have been identified:

- the need to fully implement agreed change programmes;
- competitive threats to mails revenue;
- achieving adequate prices for services;
- the need to achieve and maintain quality of service targets;
- potential loss of significant agency services;
- the arrangements for downstream access to mails services;
- failure to resolve industrial relations issues through agreed processes; and
- the success of Postbank Ireland Limited, the joint venture company with Fortis.

The directors have analysed these and other risks and appropriate programmes are in place to manage and control these risks. The Corporate Governance Statement on pages 37 to 43 sets out the policies and approach to risks and the related internal control procedures and responsibilities.

4. Directors, Secretary And Their Interests

The following changes have taken place in the composition of the Board since the date of the previous report of the directors:

Ms. Alice O'Flynn retired 26 May, 2007
Ms. Anne Connolly appointed 23 November, 2007
Ms. Margaret McGinley retired 3 February, 2008
Mr. Peter Wyer retired 3 February, 2008
Ms. Catherine Woods appointed 4 February, 2008
Mr. John Fitzgerald appointed 1 March, 2008

The directors and secretary who held office at 31 December, 2007 had no interests in the shares in, or debentures of, the Company or any Group company.

5. Employees

The Group is an equal opportunities employer. All applications for employment are given full and fair consideration, due regard being given to the aptitude and ability of the individual and the requirements of the position concerned. All persons are treated on equal terms as regards training, career development and promotion. An Post is currently conducting a disability survey of all its employees. Following analysis of the survey results, appropriate action will be taken, as necessary, to ensure compliance with targets for the employment of people with disabilities, under the Disability Act, 2005.

The Group is committed to the highest standards of safety and health practices in order to meet the requirements and future regulations of the Safety, Health and Welfare at Work Act, 2005. Health and Safety management co-ordinate the policies outlined in the Group's Safety Statement, which is designed to ensure a safe place and system of work for all Group employees.

6. Prompt Payment Of Accounts

The policy of An Post is to comply with the requirements of relevant prompt payment of accounts legislation. The Group's standard terms of credit taken, unless otherwise specified in specific contractual arrangements, are 30 days. Appropriate internal financial controls are in place, including clearly defined roles and responsibilities and monthly reporting and review of payment practices. These procedures provide reasonable but not absolute assurance against material non-compliance with the regulations.

7. Accounting Records

The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to books of account by engaging accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The books of account of the Company are maintained at the Company's premises at the General Post Office, O'Connell Street, Dublin 1.

8. Auditors

In accordance with Section 160(2) of the Companies Act, 1963, the auditors, KPMG, Chartered Accountants, will continue in office.

On behalf of the Board

John Fitzgerald Chairman
Donal Connell Director
20 March, 2008

Maintaining high standards of corporate governance continues to be a priority for the directors of An Post. In developing its corporate governance policy, the Board has sought to give effect both to the Code of Practice for the Governance of State Bodies, issued by the Department of Finance, and to the relevant main and supporting principles of good governance outlined in the 2006 Combined Code issued by the United Kingdom's Financial Reporting Council. While the provisions of the Combined Code are of direct relevance only to listed companies, the Board does feel that their application, where appropriate, assists An Post in its compliance with best corporate governance practice.

The directors are accountable to the shareholders for good corporate governance and this report addresses how the Code of Practice for the Governance of State Bodies and the relevant main and supporting principles of the 2006 Combined Code have been applied within An Post.

The Board

The Group is controlled through its Board of directors. The Board's main roles are to oversee the operation of the Group, to provide leadership, to approve strategic objectives and to ensure that the necessary financial and other resources are made available to enable those objectives to be met. The Board meets on a monthly basis and certain matters are specifically reserved to the Board for its decision.

The specific responsibilities reserved to the Board include: setting Group strategy and approving an annual budget and medium-term projections; reviewing operational and financial performance; approving major capital expenditure; reviewing the Group's systems of financial control and risk management; ensuring that appropriate management development and succession plans are in place; reviewing the environmental, health and safety performance of the Group; approving the appointment of the Company Secretary; and maintaining satisfactory communication with shareholders.

The Board has delegated the following responsibilities to management: the development and recommendation of strategic plans for consideration by the Board that reflect the longer-term objectives and priorities established by the Board; implementation of the strategies and policies of the Group as determined by the Board; monitoring of the operating and financial results against plans and budgets; prioritising the allocation of technical and human resources; and developing and implementing risk management systems.

The roles of the Chairman and the Chief Executive

The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The Chairman facilitates the effective contribution of all directors and constructive relations between the executive director and the other directors, ensures that directors receive relevant, accurate and timely information and manages effective communication with shareholders.

The Chief Executive has direct charge of the Group on a day to day basis and is accountable to the Board for the financial and operational performance of the Group.

Senior Independent Director

The Board has considered the question of appointing one of its members to be a Senior Independent Director, in addition to the Chairman, but continues to believe that this recommendation of the Combined Code is not applicable in the light of An Post's legal structure.

Directors and Directors' independence

All directors are appointed to the Board by the Minister for Communications, Energy and Natural Resources and their conditions of appointment and fees are set out in writing. Employee directors are elected in accordance with the Worker Participation (State Enterprises) Acts, 1977 to 1993 for a term of four years. The postmaster director is elected in accordance with Section 81 of the Postal and Telecommunications Services Act, 1983 for a term of three years. All other directors are appointed for a fixed term, usually five years.

The Board is comprised of fifteen directors *viz*: the Chief Executive, five employee directors, one postmaster director and eight non-executive directors. The names of the directors together with their biographical details are set out on page 7. The positions of Chairman and Chief Executive are held by different people. Given its legal status as a State Company and the responsibility of its principal shareholder in the appointment of directors, the Board believes that the criteria normally used by the Board of a listed company in considering the independence of its directors do not apply in An Post's circumstances. The Board, consequently, has not evaluated the independence of its directors against the criteria set out in the 2006 Combined Code.

The 2006 Combined Code requires the Chairman to hold meetings with the non-executive directors without the executive director being present. The Board has formal procedures in place in this regard.

Directors have the right to ensure that any unresolved concerns they may have about the running of the Group or about a particular course of action are recorded in the Board minutes. If they have any such concerns, they may, on resignation, provide a written statement to the Chairman, for circulation to the Board.

The directors are given access to independent professional advice at the Group's expense where they deem it necessary to discharge their responsibilities as directors.

Professional development

On appointment, all new directors take part in an induction programme when they receive information about the Group, the role of the Board and the matters reserved for its decision, the terms of reference and membership of the principal Board and Board Committees, the Group's corporate governance practices and procedures, including the responsibilities delegated to Group senior management, and the latest financial information about the Group. This will typically be supplemented by meetings with key senior executives. Throughout their period in office, the directors are continually updated on the Group's business, the competitive and regulatory environments in which it operates, corporate social responsibility matters and other changes affecting the Group and the postal industry as a whole, by written briefings and meetings with senior executives. Directors are also advised on appointment of their legal and other duties and obligations as a director, both in writing and in face-to-face meetings with the Company Secretary. They are also updated on changes to the legal and governance requirements of the Group and upon themselves as directors.

Performance evaluation

The Board has adopted and performed a formal process for the annual evaluation of its own performance and that of its principal Committees. It considers that the introduction of any further evaluation of individual directors would be inappropriate given the manner of appointment of directors, the shareholding structure and existing Board procedures.

The Company Secretary

The Company Secretary is a full time employee of An Post. The Company Secretary is responsible for advising the Board through the Chairman on all governance matters. All directors have access to the advice and services of the Company Secretary. The Company's Articles of Association provide that the appointment and removal of the Company Secretary is a matter for the full Board.

Information

Regular reports and papers are circulated to the directors in a timely manner in preparation for Board and Committee meetings. These papers are supplemented by information specifically requested by the directors from time to time.

The directors receive monthly management accounts and regular management reports and information which enable them to scrutinise the Group's and management's performance against agreed objectives.

Relations with shareholders

The Board and management maintain an ongoing dialogue with the Company's shareholders on strategic issues.

The Chairman and the Chief Executive give feedback to the Board on issues raised with them by the shareholders. All directors normally attend the Annual General Meeting and shareholders are invited to ask questions during the meeting and to meet directors after the formal proceedings have ended.

Internal Control

An ongoing process exists for identifying, evaluating and managing the significant risks faced by the Group. This process, which is based on the Combined Code Guidance for directors, issued by the Institute of Chartered Accountants in England and Wales (the Turnbull Guidance), is periodically reviewed by the directors and has been in place throughout the accounting period and up to the date the financial statements were approved.

In accordance with the guidance of the Turnbull committee, the directors are responsible for the Group's system of internal control, should set appropriate policies on internal control, should seek regular assurance that will enable them to satisfy themselves that the system is functioning effectively and should ensure that the system of internal control is effective in managing risks in the manner which it has approved. Such a system is designed to manage rather than eliminate business risks and can provide only reasonable rather than absolute assurance against material misstatement or loss.

The directors have continued to review the effectiveness of the Group's system of financial and non-financial controls during 2007, including operational and compliance controls, risk management and the Group's high level internal control arrangements. These reviews have included an assessment of internal controls by management, management assurance of the maintenance of controls, reports from the internal auditors and reports from the external auditor on matters identified in the course of its statutory audit work.

The Group views the careful management of risk as a key management activity. Managing business risk to deliver opportunities is a key element of all activities. This is done using a simple and flexible framework which provides a consistent and sustained way of implementing the Group's values. These business risks, which may be strategic, operational, reputational, financial or environmental, should be understood and visible. The business context determines in each situation the level of acceptable risk and controls.

Management is responsible for the identification and evaluation of significant risks and for the design and implementation of appropriate internal controls. These risks are assessed on an ongoing basis and are derived from a variety of external and internal sources. Management reports regularly to the Board on the key risks inherent in the business and on the way in which these risks are managed. Management also reports to the Board on any significant changes in the Group's business and on any risks associated with such changes. The process used to identify and manage key risks is an integral part of the internal control environment.

The key procedures which the directors have established with a view to providing effective internal control are as follows:

- A clear focus on business objectives as determined by the Board after consideration of the statutory responsibilities and risk profile of the Group's businesses.
- A defined organisational structure with clear lines of responsibility, delegation of authority and segregation of duties designed to foster a beneficial control environment.
- A risk management process which considers the strategy and development of the business in the context of the annual budget process when financial plans and performance targets are set and reviewed by the Board in light of the Group's overall objectives.
- A reporting and control system which ensures that individual businesses report to the Board on an ongoing basis on their progress in achieving objectives. The system for reporting covers both operational and financial performance, occurs on a timely basis and ensures that budgetary variances are examined and addressed promptly.
- An internal audit function which monitors compliance with policies and the effectiveness of internal control within the Group's businesses. The working of the internal audit function is focused on the areas of greatest risk to the Group.
- A Board level committee, the Audit and Security Committee, which approves internal and external audit plans and deals with significant control issues raised by internal and external auditors.

Attendance at meetings of the Board, the Remuneration Committee and the Audit and Security Committee

Ten Board meetings were held during the year ended 31 December, 2007 and the attendance record of each director is set out in the following table:

Name	Eligible to attend	Attended
Margaret McGinley	10	10
Patrick Compton	10	10
Jerry Condon	10	9
Donal Connell	10	10
Anne Connolly*	1	0
Patrick Davoren	10	9
Thomas Devlin	10	8
Louise English	10	8
Ciara Hurley	10	8
James Hyland	10	9
Terry Kelleher	10	10
Brian McConnell	10	10
Alice O'Flynn	5	4
John Quinlivan	10	9
Alan Sloane	10	10
Peter Wyer	10	9

* Notification of appointment received subsequent to date of Board meeting.

Eight meetings of the Remuneration Committee were held during the year ended 31 December, 2007 and the attendance record of each director, eligible to attend, is set out in the following table:

Name	Eligible to attend	Attended
Margaret McGinley	8	8
Alice O'Flynn	5	5
John Quinlivan	2	2
Peter Wyer	8	8

Eight meetings of the Audit and Security Committee were held during the year ended 31 December, 2007 and the attendance record of each director, eligible to attend, is set out in the following table:

Name	**Eligible to attend**	**Attended**
Patrick Davoren	8	8
Ciara Hurley	4	4
James Hyland	8	7
Alice O'Flynn	4	3

Directors' Remuneration

The remuneration of the Chief Executive is determined in accordance with the guidelines issued by the Department of Finance for determining the remuneration of Chief Executive Officers of Commercial State Bodies and is subject to the approval of the Remuneration Committee of the Board of An Post and the Minister for Communications, Energy and Natural Resources. The objective is to maintain the remuneration of the Chief Executive at a level which is attractive to the individual while, at the same time, representing value for money for the Group. A proportion of the Chief Executive's remuneration is performance related and, in this way, is linked to the Group and individual objectives.

Fees for all directors are determined by the Minister for Communications, Energy and Natural Resources with the approval of the Minister for Finance.

The disclosures made in these financial statements relating to directors' emoluments and pension information are those required under the Irish Companies Acts, 1963 to 2006.

Remuneration Committee

The Remuneration Committee is comprised of three non-executive directors. During the year, Margaret McGinley, the former Chairperson of the Group, acted as Chairperson of the Committee. When necessary, non-Committee members are invited to attend.

The Committee's principal responsibilities are:

- to determine, on behalf of the Board, the remuneration and other terms and conditions of employment of the Chief Executive, subject to compliance with Government Policy relating thereto;
- to determine, on behalf of the Board, the pay structures and terms and conditions of other senior personnel (as identified by the Chairman of the Board);
- to be informed of significant developments in industrial relations and to review industrial relations policies to ensure the strategy is consistent with the achievement of the business plans of An Post and, on behalf of the Board, to take decisions on such matters;
- to act, on behalf of the Board, and take all decisions related to pay and pay related matters, as the Chairman of the Board shall determine; and
- to act, on behalf of the Board, and take all significant decisions on matters such as remuneration policy, benefits, staff grading, third party recommendations and related issues.

Audit and Security Committee

The Audit and Security Committee is comprised of two non-executive directors and one employee director. Its Chairman, James Hyland, has recent and relevant financial experience. When necessary, non-Committee members are invited to attend. Under its terms of reference, the Committee is to assist the Board in fulfilling its responsibilities by providing an independent review of financial reporting, by satisfying itself as to the effectiveness of the Company's internal controls and as to the sufficiency of the external and internal audits.

The Committee is responsible for monitoring the effectiveness of the external audit process and making recommendations to the Board in relation to the appointment, re-appointment and remuneration of the external auditors. It is responsible for ensuring that an appropriate relationship between the Group and the external auditors is maintained, including reviewing non-audit services and fees. As a result of regulatory or similar requirements, it is necessary to employ the Group's external auditors for certain audit related and non-audit services. In order to maintain the independence of the external auditors, the Audit and Security Committee has determined policies as to what audit related and non-audit services can be provided by the Group's external auditors and the approval process related to these services. Under these policies, work of a consultancy nature will not be offered to the external auditors unless there are clear efficiencies and value-added benefits to the Group while ensuring that the objectivity and independence of the external auditors is maintained. The Audit and Security Committee monitors the level of fees paid to the external auditors.

The Committee reviews annually the Group's systems of internal control and the processes for monitoring and evaluating the risks facing the Group.

The Committee also assists and, where relevant, makes recommendations to the Board on the discharging of its responsibilities in relation to security.

The Committee meets with management, as well as privately with the external auditors.

In 2007, the Audit and Security Committee discharged its responsibilities by:

- reviewing the Group's draft financial statements for 2006 prior to Board approval and meeting and reviewing with the external auditors their reports thereon;
- reviewing the appropriateness of the Group's accounting policies;
- reviewing the potential impact on the Group's financial statements of significant matters arising during the year;
- reviewing the resources of internal audit, approving the internal audit plans, reviewing internal audit reports and dealing with significant control issues raised by the internal auditors;
- reviewing and approving the audit fee and reviewing non-audit fees payable to the Group's external auditors;
- overseeing a tender process for the appointment of external auditors;
- reviewing the external auditors' plan for the audit of the Group's financial statements for 2007, confirmations of auditor independence and the proposed audit fee, and approving the terms of engagement for the audit;
- reviewing the key risks to the business and considering the adequacy of the Group's system of risk identification and assessment;
- reviewing an annual report on the Group's systems of internal control and its effectiveness, reporting to the Board on the results of the review and receiving regular updates on key risk areas of financial control;
- reviewing security policies and procedures for the protection of staff, postmasters and customers and for safeguarding assets and the implementation of and compliance with those policies and procedures.

The Group operates procedures to ensure that appropriate arrangements are in place for employees to be able to raise, in confidence, matters of possible impropriety, with suitable subsequent follow-up action. Reporting channels have been created whereby perceived wrongdoing may be reported via post, telephone and email, anonymously if preferred.

Nomination Committee

As all the authority regarding the appointment of directors is vested in the Minister for Communications, Energy and Natural Resources, with the consent of the Minister for Finance, the matter of constituting a Nomination Committee does not require consideration by the Board.

Compliance Statement

As noted above, in developing its corporate governance policy, the Board has sought to give effect both to the Code of Practice for the Governance of State Bodies, issued by the Department of Finance, and to the relevant main and supporting principles of good governance outlined in the 2006 Combined Code issued by the United Kingdom's Financial Reporting Council.

The directors confirm that the Group has been in compliance with the Code of Practice for the Governance of State Bodies and the relevant main and supporting principles of the 2006 Combined Code throughout the financial year under review, with the exception of a number of areas noted above where voluntary compliance with provisions of the 2006 Combined Code is not, given the manner of appointment of directors, the legal and shareholding structure of the Company and existing Board procedures, considered appropriate.

Going Concern

The directors have reviewed the Group's business plan and other relevant information and have a reasonable expectation that the Group will continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

On behalf of the Board

John Fitzgerald Chairman
Donal Connell Director
20 March, 2008

Statement of the Directors on compliance with the European Communities (Postal Services) Regulations 2002 concerning cost accounting systems and with the Regulator's Direction on the Accounting Systems of An Post

Under the European Communities (Postal Services) Regulations, 2002 (the Regulations), the Commission for Communications Regulation, (ComReg), was designated as the national regulatory authority for the postal sector and An Post was designated as a Universal Service provider.

Under those Regulations, the accounting procedures of An Post are required to be conducted in accordance with directions laid down by ComReg and with certain provisions in the Regulations. On 8 December, 2006, ComReg issued a direction to An Post setting out the regulator's detailed requirements in relation to the accounting systems of An Post (the Direction).

The directors acknowledge their responsibility for compliance with the accounting provisions of the Regulations and with the Direction and the following statement describes how An Post applied the relevant provisions of the Regulations and the Direction for the accounting year beginning on 1 January, 2007.

Financial Records and Accounting Systems

The financial records and accounting systems maintained by An Post contain sufficient detail as required by the Direction to enable management to ensure that they comply with the accounting provisions of the Regulations. Separate accounts are maintained for each of the services within the reserved and non-reserved sectors.

Separated Accounts

Segmental profit and loss accounts and statements of net assets are being prepared for submission to ComReg for the year ended 31 December, 2007. In compliance with the Direction, a competent body is reviewing these accounts and will issue an opinion on their compliance both with the Regulations and the Direction.

Management Accounting Manual

A detailed accounting manual has been prepared showing the range and scope of data to be collected for the purpose of complying with the Regulations and the Direction and the basis on which the data is to be allocated/apportioned between services. This was submitted to ComReg in 2007.

The manual reflects the detailed revenue determination and cost allocation and apportionment principles and rules set out in the Regulations and the Direction.

Statement of Compliance

Based on the above steps and actions, the directors believe that An Post has complied with the relevant provisions of the Regulations and with the Direction of ComReg in relation to the Accounting Systems of An Post for the year ended 31 December, 2007.

On behalf of the Board

John Fitzgerald Chairman
Donal Connell Director
20 March, 2008

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and financial statements, in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law, the directors have elected to prepare the Group and parent Company financial statements in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

The Group and parent Company financial statements are required by law to give a true and fair view of the state of affairs of the Group and the parent Company and of the profit or loss of the Group for that period.

In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2006. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Acts, 1963 to 2006.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

John Fitzgerald Chairman
Donal Connell Director
20 March, 2008

Report of the Independent Auditor to the Members of An Post

We have audited the Group and parent Company financial statements (the 'financial statements') of An Post for the year ended 31 December, 2007 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies therein.

This report is made solely to the Company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

The directors responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), are set out in the Statement of Directors' Responsibilities on page 45.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland and are properly prepared in accordance with the Companies Acts, 1963 to 2006, and the European Communities (Companies: Group Accounts) Regulations, 1992. We also report to you whether in our opinion: proper books of account have been kept by the Company; at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the Company; and the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit, and whether the Company's financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and transactions with the Group is not disclosed and, where practicable, include such information in our report.

We review, at the request of the directors, whether (1) the voluntary Corporate Governance statement on pages 37 to 43 reflects the Group's compliance with the nine provisions of the 2006 FRC Combined Code that the Listing Rules of the Irish Stock Exchange specifies for review by auditors and (2) the statement on the system of internal control on pages 39 and 40 reflects the Group's compliance with the provision of The Code of Best Practice for the Governance of State Bodies that is specified for review by auditors and we report if those statements do not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Statement, the Chief Executive's Review, the Financial Review, the Corporate Governance Statement and the Five Year Financial Summary. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Group's and parent Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of affairs of the Group and the Company at 31 December, 2007 and of the profit of the Group for the year then ended; and
- have been properly prepared in accordance with the Companies Acts, 1963 to 2006 and the European Communities (Companies: Group Accounts) Regulations, 1992.

We have obtained all the information and explanations we considered necessary for the purposes of our audit. In our opinion, proper returns adequate for our audit have been received from branches of the Company not visited by us. In our opinion, proper books of account have been kept by the Company and the balance sheet of the Company at 31 December, 2007 is in agreement therewith.

In our opinion, the information given in the report of the directors on pages 34 to 36 is consistent with the financial statements.

The net assets of the Company, as stated in the balance sheet on page 56 are more than half of the amount of its called up share capital and, in our opinion, on that basis there did not exist at 31 December, 2007 a financial situation which under section 40(1) of the Companies (Amendment) Act 1983 would require the convening of an extraordinary general meeting of the Company.

KPMG

Chartered Accountants
Registered Auditor
1 Stokes Place
St. Stephen's Green
Dublin 2
20 March, 2008

Report of the Independent Auditor to An Post on compliance with the European Communities (Postal Services) Regulations 2002 (the Regulations) concerning cost accounting systems and with the Regulator's Direction

In addition to our audit of the financial statements, we have reviewed the directors' statement on page 44 concerning the Company's compliance, for the year ended 31 December, 2007, with the accounting provisions of the Regulations and with the direction to An Post setting out the Regulator's detailed requirements in relation to the accounting systems of An Post (the Direction), issued on 8 December, 2006 by the postal services regulator, ComReg, in relation to the accounting systems of An Post.

Respective Responsibilities of Directors and Auditor

The directors prepare an annual statement of compliance with the accounting provisions of the Regulation and the Direction for which they are responsible. The objective of our review is to draw attention to non-compliance with the requirements of the accounting provisions of the Regulations and with the Direction. Our review does not constitute an audit of the separated accounts. A separate audit report will be issued on the audit of the regulatory accounts.

Basis of opinion

We carried out our review in accordance with the general principles and guidance of the Auditing Practices Board.

Opinion

Based on enquiry of certain directors and officers of the Company and examination of relevant documents, in our opinion, the directors' statement on page 44 appropriately reflects the Company's compliance, for the year ended 31 December, 2007, with the accounting provisions of the Regulations and with the Direction on the Accounting Systems of An Post, dated 8 December, 2006 issued by ComReg.

KPMG

Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2
20 March, 2008

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

1. Basis of Preparation
The financial statements are prepared under the historical cost convention and in accordance with applicable law and Irish Generally Accepted Accounting Practice which includes compliance with the financial reporting standards of the Accounting Standards Board promulgated in Ireland by The Institute of Chartered Accountants in Ireland.

2. Basis of Consolidation
The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings (except An Post National Lottery Company) made up to the end of the financial year. The results of subsidiary undertakings acquired or disposed of during the year are included in the consolidated profit and loss account from the date of acquisition or up to date of disposal. Upon the acquisition of a business, fair values are attributed to the identifiable net assets acquired. Goodwill arising on acquisitions is dealt with as set out below.

If the financial year of a subsidiary undertaking ends at a date more than three months before that of the parent Company, the Group financial statements consolidate interim financial statements prepared by the subsidiary at the end of the parent's financial year.

The sole activity of An Post National Lottery Company is the operation of the National Lottery under licence from the Minister for Finance in accordance with the provisions of the National Lottery Act, 1986 and the surplus generated each year is entirely attributable to the National Lottery Fund which is managed and controlled by the Minister. Accordingly, An Post does not participate in the surplus generated by An Post National Lottery Company and neither is it entitled to exercise any rights over the assets of that company. On this basis, in accordance with the provisions of Financial Reporting Standard No. 2 'Accounting for Subsidiary Undertakings' and the European Communities (Companies: Group Accounts) Regulations, 1992, the consolidated financial statements do not incorporate the financial statements of An Post National Lottery Company. Separate financial statements of An Post National Lottery Company were published on 6 March, 2008.

Joint venture undertakings (joint ventures) are those undertakings in which the Group has a long term interest and over which it exercises control jointly with another party.

Associated undertakings (associates) are those undertakings in which the Group has a participating interest in the equity capital and over which it is able to exercise significant influence.

Joint ventures and associates are accounted for using the gross equity method and equity method respectively. The Group's share of profits less losses of joint ventures and associates is included in the consolidated profit and loss account and its interests in their net assets or liabilities other than goodwill, are included as fixed asset investments in the consolidated balance sheet.

The amounts included in the consolidated financial statements in respect of the post acquisition profits of joint ventures and associates are taken from their latest audited financial statements made up to the balance sheet date.

Investment in joint ventures and associates are shown in the Company balance sheet as financial fixed assets and are valued at cost less provisions for impairments in value.

3. Turnover
Turnover is recognised as services are provided and consist of income from postage, agency services, poundage from remittance services, courier and logistic services, consultancy services, financial services, rents and interest income. Income from agency services is in respect of services performed for Government Departments, the National Treasury Management Agency, An Post National Lottery Company and other bodies. Amounts held in the performance of these agency services are included in amounts held in trust in cash at bank and at hand.

Postage income is recognised in the profit and loss account as sales are made with an adjustment for stamps sold and unused and balances in postage meter machines unused at the year end.

4. Saving Services
The Company operates, on an agency basis and for an agreed remuneration, the Post Office Savings Bank and other savings services for the National Treasury Management Agency, which acts on behalf of the Minister for Finance.

The funds are remitted regularly to the National Treasury Management Agency. The assets and liabilities of such savings services vest in the Minister for Finance and, accordingly, are not included in these financial statements.

5. Grants
Revenue based grants are credited to the profit and loss account to offset the matching expenditure.

Capital grants received and receivable under EU assisted schemes are recognised when received or when their receipt can be foreseen with virtual certainty.

Capital grants are treated as deferred income and amortised to the profit and loss account on a basis consistent with the depreciation policy of the related tangible fixed assets.

6. Tangible Fixed Assets
Tangible fixed assets are stated at cost less accumulated depreciation.

Certain security equipment in sub-post offices and furniture and fittings, together with other minor items, are charged to the profit and loss account in the year in which the expenditure is incurred. All other purchases of tangible fixed assets are capitalised.

Freehold and long leasehold land is not depreciated. Depreciation on other tangible fixed assets is charged to the profit and loss account on a straight line basis so as to write off those assets, adjusted for estimated residual value, over the expected useful life of each category. The remaining useful lives of the assets and their residual values are reviewed on a regular basis.

Depreciation is provided on additions with effect from the first day of the month following commissioning and on disposals up to the end of the month of retirement.

The estimated useful lives are as follows:

	Years
Freehold & long leasehold buildings	20 - 50
Interest in GPO	50
Motor vehicles	5
Computer & other equipment	3 - 10

7. Operating Leases
Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

8. Goodwill
Goodwill arising on acquisitions, representing the excess of the purchase price over the fair value of the net identifiable assets or liabilities acquired, is capitalised and amortised to the profit and loss account on a straight line basis over its expected useful life of ten years. The carrying value of goodwill is reviewed annually and provision is made for any impairment in value. On disposal of a business, any goodwill is included in determining the profit or loss on sale of the business.

9. Taxation
Current tax, including Irish corporation tax and foreign tax(es), is provided on the Group's taxable profits, at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries, joint ventures and associates only to the extent that, at the balance sheet date, dividends have been accrued or receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary, joint venture or associate.

10. Pensions
The Group provides pensions to its employees under defined benefit superannuation schemes and a defined contribution scheme. It also provides retirement gratuities under normal circumstances to postmasters engaged as agents and to certain non-pensionable employees.

In relation to the defined contribution scheme, contributions are accrued and recognised in operating profit or loss in the period in which they are earned by the relevant employees.

For the defined benefit schemes, the difference between the market value of the schemes' assets and the actuarially assessed present value of the schemes' liabilities, calculated using the projected unit credit method, is disclosed as an asset/liability on the balance sheet, net of deferred tax (to the extent that it is recoverable).

The amount charged to operating profit is the actuarially determined cost of pension benefits promised to employees earned during the year plus any benefit improvements granted to members during the year.

The expected return on the pension scheme's assets during the year and the increase in the scheme's liabilities due to the unwinding of the discount during the year are shown as financing costs in the profit and loss account.

10. Pensions (continued)
Any difference between the expected return on assets and that actually achieved and any changes to the liabilities due to changes in assumptions or because actual experience during the year was different to that assumed, are recognised as actuarial gains and losses in the statement of total recognised gains and losses.

In relation to the unfunded liability for retirement gratuities, the actuarially determined present value of the liability is recorded in full in the balance sheet and it is increased for the cost of additional benefits earned during the year which is charged to operating profit. The unwinding of the discount on the liability is shown as a financing cost in the profit and loss account. Changes to the liability as a result of changes in measurement assumptions or because actual experience is different to that assumed are considered to be an actuarial gain or loss and are included in the statement of total recognised gains and losses.

11. Foreign Currencies
Transactions denominated in foreign currencies are translated into euro and recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into euro at the rates of exchange ruling at the balance sheet date or at forward purchase contract rates where such contracts exist. All such exchange differences are dealt with in the profit and loss account.

Results of overseas subsidiaries are translated into euro at the average exchange rate for the period. The assets and liabilities of overseas subsidiaries are translated into euro at rates of exchange ruling at the balance sheet date. Translation differences are reported as a movement on reserves.

Consolidated Profit and Loss Account for the year ended 31 December, 2007

	Notes	2007 €'000	2006 €'000	Exceptional 2006 €'000	Total 2006 €'000
Turnover: Group and share of joint venture		884,373	818,827	-	818,827
Less share of joint venture's turnover		(8,390)	-	-	-
Group turnover - continuing operations	2	875,983	818,827	-	818,827
Operating costs	3	(846,857)	(804,162)	(20,040)	(824,202)
Group operating profit/(loss) - continuing operations		29,126	14,665	(20,040)	(5,375)
Share of operating loss of joint venture	11	(12,475)			-
Exceptional items - continuing operations					
- Net profit on sale of assets	4	1,516			94,700
- Financial services joint venture set up costs	4	-			(13,883)
Other finance income (net)	18	31,250			21,123
Profit on ordinary activities before taxation	5	49,417			96,565
Tax on profit on ordinary activities	6	(6,082)			(20,900)
Profit for the financial year	7/20	43,335			75,665

On behalf of the Board

John Fitzgerald Chairman
Donal Connell Director

Consolidated Statement of Total Recognised Gains and Losses for the year ended 31 December, 2007

	Notes	2007 €'000	2006 €'000
Profit for the financial year excluding share of result of joint venture		55,810	75,665
Share of result of joint venture	11	(12,475)	-
Unrealised gain on sale of assets to joint venture	11	23,000	-
Actuarial gain on post employment plans recognised	18	63,141	118,179
Total recognised gains and losses		129,476	193,844

Consolidated Balance Sheet at 31 December, 2007

		Notes	2007 €'000	2006 €'000
Fixed Assets				
Intangible assets - goodwill		9	3,682	7,935
Tangible assets		10	177,620	188,262
Financial assets				
Investment in joint venture				
- Share of gross assets	77,015			
- Share of gross liabilities	(51,635)	11	25,380	-
Investment in associates		11	-	-
			206,682	196,197
Current Assets				
Debtors		12	56,276	89,446
Cash at bank and in hand		13	353,207	295,049
			409,483	384,495
Creditors: Amounts falling due within one year		14	(173,927)	(179,461)
Net Current Assets			235,556	205,034
Total Assets less Current Liabilities			442,238	401,231
Creditors: Amounts falling due after more than one year		16	(3,869)	(3,971)
Provisions for Liabilities		17	(69,261)	(78,702)
Net Assets excluding Pension Liability			369,108	318,558
Pension Liability		18	(114,300)	(193,226)
Net Assets including Pension Liability			254,808	125,332
Capital and Reserves				
Called up share capital		19	68,239	68,239
Capital conversion reserve fund		19	877	877
Profit and loss account		20	185,692	56,216
Shareholders' Funds		21	254,808	125,332

On behalf of the Board

John Fitzgerald Chairman
Donal Connell Director

Company Balance Sheet at 31 December, 2007

	Notes	2007 €'000	2006 €'000
Fixed Assets			
Tangible assets	10	162,150	170,934
Financial assets	11	29,759	11,431
		191,909	182,365
Current Assets			
Debtors	12	65,469	90,572
Cash at bank and in hand	13	335,284	269,527
		400,753	360,099
Creditors: Amounts falling due within one year	14	(171,821)	(221,021)
Net Current Assets		228,932	139,078
Total Assets less Current Liabilities		420,841	321,443
Creditors: Amounts falling due after more than one year	16	(2,839)	(2,912)
Provisions for Liabilities	17	(69,261)	(78,702)
Net Assets excluding Pension Liability		348,741	239,829
Pension Liability	18	(114,300)	(193,226)
Net Assets including Pension Liability		234,441	46,603
Capital and Reserves			
Called up share capital	19	68,239	68,239
Capital conversion reserve fund	19	877	877
Profit and loss account	20	165,325	(22,513)
Shareholders' Funds	21	234,441	46,603

On behalf of the Board

John Fitzgerald Chairman
Donal Connell Director

Consolidated Cash Flow Statement for the year ended 31 December, 2007

	Notes	2007 €'000	2006 €'000
Net cash inflow from operating activities (below)		84,447	37,082
Returns on investments and servicing of finance	22	(5)	(5)
Taxation	22	(8,852)	(17,001)
Capital expenditure and financial investment	22	(9,556)	93,002
Acquisitions and disposals	22	5,470	(3,373)
Cash inflow before use of liquid resources		71,504	109,705
Management of liquid resources	22	(117,709)	(60,029)
(Decrease)/increase in cash in the year		(46,205)	49,676

Reconciliation of operating profit to net cash inflow from operating activities

	2007 €'000	2006 €'000
Operating profit/(loss)	29,126	(5,375)
Depreciation	18,757	21,630
Profit on sale of tangible fixed assets other than land and buildings	(198)	(145)
Payments in relation to provision for business restructuring	(9,441)	(10,145)
Non cash pension cost	15,465	24,758
Capital grants amortised	(102)	(102)
Financial services joint venture set up costs	-	(7,322)
Goodwill amortised/impaired	1,284	4,203
Interest payable	5	5
Decrease/(increase) in operating debtors	18,688	(13,023)
Increase in operating creditors	10,863	22,598
Net cash inflow from operating activities	84,447	37,082

Reconciliation of net cash flow to movement in net funds

	Notes	2007 €'000	2006 €'000
(Decrease)/increase in cash in the year	23	(46,205)	49,676
Cash inflow from change in liquid resources	23	117,709	60,029
Change in net funds resulting from cash flows	23	71,504	109,705
Cash in subsidiaries sold	23	(13,346)	-
Net funds at beginning of year	23	295,049	185,344
Net funds at end of year	23	353,207	295,049

1. Status of Company

The Company is a limited liability company, incorporated under the Companies Acts, 1963 to 2006. Under the Postal and Telecommunications Services Act, 1983, the Company is entitled to omit the word 'Limited' from its name.

2. Turnover

	2007 €'000	2006 €'000
The analysis of turnover is as follows:		
Republic of Ireland		
Postage: Letters and parcels	631,578	594,309
Postage: Elections and referendum	14,686	-
Post offices: Agency, remittance and other services	154,321	144,230
Other services	29,042	44,848
Interest income	18,192	9,548
	847,819	792,935
United Kingdom and Other European		
Other services	28,164	25,892
	875,983	818,827

Turnover above excludes the Group's share of joint venture's turnover of €8,390,000 (2006: €nil).

In the opinion of the directors, fuller compliance with the disclosure requirements of SSAP 25 'Segmental Reporting' would be seriously prejudicial to the Group's interests.

3. Operating Costs

	2007 €'000	2006 €'000
Staff and postmasters' costs before exceptional item	600,913	558,080
Exceptional item - retrospective pay awards	-	20,040
Total staff and postmasters' costs	600,913	578,120
Other costs:		
Distribution	69,655	73,044
Accommodation	42,035	31,477
Operational	72,966	77,179
Administration	41,247	38,549
Depreciation, amortisation & impairment of goodwill	20,041	25,833
	846,857	824,202

4. Exceptional Items

	2007 €'000	2006 €'000
Profit on sale of subsidiaries	248	1,177
Profit on sale of fixed assets	1,268	93,523
Profit on sale of assets	1,516	94,700
Financial Services joint venture set up costs	-	(13,883)
Retrospective pay awards	-	(20,040)

Profit on sale of subsidiaries
On 30 June, 2007, the Group sold its subsidiary JMC Van Trans Limited for a consideration of €4,712,000 net of related fees. On 31 July, 2007, the Group sold its subsidiary Waldermar Limited for a consideration of €1,063,000 net of related fees.

The assets sold consisted of:	€'000
Goodwill	2,969
Fixed assets	616
Debtors	5,028
Creditors	(3,295)
Cash at bank	209
Net assets	5,527

The profit on the sale of these subsidiaries was as follows:	€'000
Net proceeds received (note 22)	5,775
Carrying value of assets sold	(5,527)
Profit on disposal	248

Profit on sale of fixed assets
During the year, the Group disposed of a property in Cork for a consideration of €1,300,000 resulting in a profit of €1,268,000. Capital gains tax of €248,000 was paid during the year in respect of this disposal.

5. Profit on ordinary activities before taxation

	2007 €'000	2006 €'000
The profit on ordinary activities before taxation is stated after charging:		
Directors' emoluments		
Fees	290	278
Other emoluments	435	396
Pension contributions	70	69
Auditors' remuneration - audit	270	300
Depreciation	18,757	21,630
Amortisation/impairment of goodwill	1,284	4,203
Operating lease rentals:		
Rental of buildings	6,381	7,312
Other - equipment and motor vehicles	8,209	4,853
Interest payable on bank facilities repayable within one year and similar charges	5	5
and after crediting:		
Capital grants amortised	102	102

The amounts shown above as directors emoluments include only the amounts paid to the directors in the execution of their duties as directors and the salary of the Chief Executive who is also a director. Other than this, they do not include the salaries of the employee and postmaster directors.

The remuneration package of Mr Donal Connell, who was appointed Chief Executive Officer on 14 August, 2006 which is included in the amounts shown above as directors' emoluments, was as follows:

	2007 €'000	2006 €'000
Director's fee	18	7
Basic salary	353	130
Non-pensionable performance related pay	61	21
Taxable benefits, including use of a company car	21	7
	453	165
Pension contributions	70	26
	523	191

The remuneration package of Mr Donal Curtin, who retired as Chief Executive Officer on 13 July, 2006 which is included in the amounts shown above as directors' emoluments, was as follows:

	2007 €'000	2006 €'000
Director's fee	-	9
Basic salary	-	170
Non-pensionable performance related pay	-	58
Taxable benefits, including use of a company car	-	10
	-	247
Pension contributions	-	43
	-	290

6. Tax on profit on ordinary activities

	2007 €'000	2006 €'000
Current tax		
Ireland - Capital gains tax	248	16,800
Ireland - Corporation tax	5,257	3,551
Ireland - adjustment in respect of prior years	(296)	-
UK - Corporation tax	873	549
Share of joint venture tax	-	-
	6,082	20,900

The current tax charge is lower than the standard rate of corporation tax in Ireland.

	2007 €'000	2006 €'000
The differences are explained below:		
Profit on ordinary activities before tax	49,417	96,565
Current tax of 12.5% (2005: 12.5%)	6,177	12,071
Effects of:		
Expenses not deductible	326	573
Depreciation in excess of capital allowances	1,618	562
Share of joint venture losses not deductible	1,559	-
Income taxed at higher rates	3,135	1,645
Utilisation of tax losses	(3,854)	(1,055)
Profit on asset sales taxed at higher rate	-	5,110
Short term timing differences	(2,221)	583
Profit on sale of subsidiaries not taxable	-	(324)
Exceptional costs not deductible	-	1,735
Other	(362)	-
Prior year overprovision	(296)	-
Current tax charge	6,082	20,900

Given the uncertainty over the existence of future taxable profits, a potential deferred tax asset of €19,821,000 (2006: €32,777,000) has not been recognised in the consolidated balance sheet at 31 December, 2007. This deferred tax asset not recognised comprises a deferred tax asset in relation to the net pension deficit recognised of €14,287,000 (2006: €24,153,000), timing differences on business restructuring, €2,381,000 (2006: €2,381,000), tax losses forward not utilised, €8,096,000 (2006: €12,114,000), offset by timing differences of €4,943,000 (2006: €5,871,000).

7. Profit for the financial year

	2007 €'000	2006 €'000
Profit after tax in the holding company	46,367	69,616
Profit after tax in subsidiary undertakings	9,443	6,049
Share of result of joint venture	(12,475)	-
	43,335	75,665

A separate profit and loss account for An Post has not been prepared because the conditions laid down in Section 148(8) of the Companies Act, 1963 have been satisfied.

8. Staff numbers and costs

	2007	2006
The average number of persons working in the Group during the year was as follows:		
Headquarters	554	561
Savings/Remittance services	284	301
Inspection	39	37
Postmen/postwomen	4,125	4,249
Postal sorters	1,415	1,280
Post office clerks	992	1,026
Postal operatives	94	-
Other grades	678	683
Temporary	1,398	1,379
Subsidiary Companies	326	496
Total employees	9,905	10,012
Postmasters: Engaged as agents	1,256	1,300

	2007 €'000	2006 €'000
The aggregate payroll costs of these persons were as follows:		
Wages, salaries and postmasters' costs	500,743	477,917
Social welfare costs	34,384	30,228
Other pension costs (note 18)	65,786	69,975
	600,913	578,120

9. Intangible fixed assets - Goodwill

	2007 €'000
Group	
Cost	
At 31 December, 2006	22,441
Disposal of subsidiaries (note 4)	(8,813)
At 31 December, 2007	13,628
Amortisation	
At 31 December, 2006	14,506
Disposal of subsidiaries	(5,844)
Charge for year	1,284
At 31 December, 2007	9,946
Net Book Value	
At 31 December, 2007	3,682
At 31 December, 2006	7,935

10. Tangible fixed assets

	Freehold & long leasehold land & buildings €'000	Interest in GPO €'000	Motor vehicles €'000	Computer & other equipment €'000	Total €'000
Group					
Cost					
At 31 December, 2006	170,612	26,429	28,147	225,067	450,255
Additions	816	-	808	8,622	10,246
Disposals	(42)	-	(3,075)	(1,072)	(4,189)
Disposal of subsidiaries	-	-	-	(1,696)	(1,696)
Transferred to joint venture	(436)	-	-	(7,964)	(8,400)
Exchange differences	-	-	-	(95)	(95)
At 31 December, 2007	170,950	26,429	25,880	222,862	446,121
Accumulated Depreciation					
At 31 December, 2006	35,602	8,844	26,296	191,251	261,993
Charged during year	3,440	655	1,281	13,381	18,757
Eliminated on disposals	(32)	-	(3,026)	(1,072)	(4,130)
Disposal of subsidiaries	-	-	-	(1,080)	(1,080)
Transferred to joint venture	(94)		-	(6,890)	(6,984)
Exchange differences	-	-	-	(55)	(55)
At 31 December, 2007	38,916	9,499	24,551	195,535	268,501
Net Book Value					
At 31 December, 2007	132,034	16,930	1,329	27,327	177,620
At 31 December, 2006	135,010	17,585	1,851	33,816	188,262
Company					
Cost					
At 31 December, 2006	150,519	26,429	28,014	212,427	417,389
Additions	761	-	808	7,632	9,201
Disposals	(16)	-	(3,006)	-	(3,022)
Transferred to joint venture	-	-	-	(3,050)	(3,050)
At 31 December, 2007	151,264	26,429	25,816	217,009	420,518
Accumulated Depreciation					
At 31 December, 2006	30,336	8,844	26,257	181,018	246,455
Charged during year	3,066	655	1,264	12,657	17,642
Eliminated on disposals	(6)	-	(2,989)	-	(2,995)
Transferred to joint venture	-	-	-	(2,734)	(2,734)
At 31 December, 2007	33,396	9,499	24,532	190,941	258,368
Net Book Value					
At 31 December, 2007	117,868	16,930	1,284	26,068	162,150
At 31 December, 2006	120,183	17,585	1,757	31,409	170,934

Group and Company

The depreciable element of freehold & long leasehold land & buildings amounts to:
Group €146,186,000 (2006: €144,983,000), Company €129,854,000 (2006: €128,217,000).

11. FINANCIAL FIXED ASSETS

	Group 2007 €	Group 2006 €	Company 2007 €	Company 2006 €
Shares in subsidiary undertakings, at cost	102	102	10,650,643	11,430,777
Interest in joint venture and associated undertakings	25,380,220	163	19,108,628	163
	25,380,322	265	29,759,271	11,430,940

The movements during the year were as follows:

	Group 2007 €	Group 2006 €	Company 2007 €	Company 2006 €
Shares in subsidiary undertakings				
At beginning of year	102	102	11,430,777	13,530,777
Additions	-	-	8,534,837	-
Disposals	-	-	(9,314,971)	-
Provision for impairment	-	-	-	(2,100,000)
At end of year	102	102	10,650,643	11,430,777
Interest in joint venture and associated undertakings				
At beginning of year	163	163	163	163
Additions	33,000,000	-	14,253,408	-
Costs capitalised in relation to acquisitions	4,855,057	-	4,855,057	-
Share of result of joint venture	(12,475,000)	-	-	-
At end of year	25,380,220	163	19,108,628	163

On 16 April, 2007, the Group established a joint venture company, Postbank Ireland Limited, with Fortis to provide banking services to the Irish market. Under the terms of the joint venture agreement, An Post contributed its Postpoint and An Post Direct Limited businesses which had a carrying value of €10,000,000. Fortis contributed €56,000,000 in cash. An Post also incurred costs of €4,855,057 in establishing the joint venture. The assets transferred consisted of:

	€'000
Fixed Assets	1,416
Debtors	4,904
Creditors	(9,457)
Cash at bank	13,137
Net assets	10,000

The Group has recognised a gain of €23,000,000 in the Statement of Recognised Gains and Losses on the transfer of the businesses to the joint venture as follows:

	€'000
Share of joint venture assets received on set up	33,000
Carrying value of assets transferred	10,000
Gain recognised	23,000

11. Financial Fixed Assets (continued)

Additional disclosures in respect of Postbank Ireland Limited, which exceed certain thresholds under Financial Reporting Standard 9 Associates and Joint Ventures, are as follows:

	€'000
Fixed Assets	6,493
Current assets	65,667
Share of gross assets (excluding goodwill)	72,160
Liabilities due within one year	(51,635)
Share of gross liabilities	(51,635)
Share of net assets (excluding goodwill)	20,525
Costs capitalised	4,855
Investment in Joint Venture	25,380

Goodwill was created in Postbank Ireland Limited upon receipt of the businesses and assets transferred to it from An Post. In accordance with accounting principles, An Post has not recognised its share of the goodwill created in Postbank Ireland Limited at that date (€23,000,000).

In the opinion of the directors, the value of the financial fixed assets, none of which are listed, is not less than their carrying amount.

12. Debtors

	Group 2007 €'000	Group 2006 €'000	Company 2007 €'000	Company 2006 €'000
Amounts falling due within one year				
Trade debtors	48,101	61,979	41,949	48,303
Amounts owed by subsidiary undertaking not consolidated	1,167	819	1,167	819
Amounts owed by other subsidiary undertakings	-	-	1,753	710
Amounts owed by associated undertaking	370	165	370	165
Amounts owed by joint venture (note 27)	2,496	-	2,220	-
Other debtors	705	8,241	695	8,196
Prepayments and accrued income	3,437	18,242	2,563	16,158
	56,276	89,446	50,717	74,351
Amounts falling due after more than one year				
Amounts owed by subsidiary undertakings	-	-	14,752	16,221
	56,276	89,446	65,469	90,572

13. Cash at bank and in hand

	Group 2007 €'000	Group 2006 €'000	Company 2007 €'000	Company 2006 €'000
Cash at bank	52,983	50,201	35,060	24,679
Cash in hand	222,660	193,966	222,660	193,966
	275,643	244,167	257,720	218,645
Term deposits	402,036	284,327	402,036	284,327
Less: Amounts held in trust	(324,472)	(233,445)	(324,472)	(233,445)
	353,207	295,049	335,284	269,527

14. Creditors: amounts falling due within one year

	Group 2007 €'000	Group 2006 €'000	Company 2007 €'000	Company 2006 €'000
Trade creditors	18,367	51,249	14,625	40,311
Amounts owed to subsidiary undertakings	-	-	7,123	60,469
Other creditors	6,477	4,304	5,788	3,846
Taxation and social welfare (note 15)	12,965	15,855	11,327	12,758
Accruals	113,826	86,035	110,695	81,648
Deferred income - capital grants (note 16)	102	102	73	73
Deferred postage income	22,190	21,916	22,190	21,916
	173,927	179,461	171,821	221,021

15. Taxation and social welfare

	Group 2007 €'000	Group 2006 €'000	Company 2007 €'000	Company 2006 €'000
Corporation tax	1,330	4,100	417	2,300
Income tax deducted under PAYE	5,676	7,428	6,800	7,186
Pay related social insurance	4,241	5,020	2,914	4,800
Value added tax	1,208	(1,232)	692	(2,068)
Professional services withholding tax	510	539	504	540
	12,965	15,855	11,327	12,758

16. Creditors: amounts falling due after more than one year

	Group 2007 €'000	Group 2006 €'000	Company 2007 €'000	Company 2006 €'000
Deferred income - capital grants	3,869	3,971	2,839	2,912
The movements on grants were as follows:				
At beginning of year	4,073	4,175	2,985	3,058
Amortised to profit and loss account	(102)	(102)	(73)	(73)
At end of year	3,971	4,073	2,912	2,985
Transferred to creditors: Amounts falling due within one year	(102)	(102)	(73)	(73)
	3,869	3,971	2,839	2,912

17. Provisions for liabilities

	2007 €'000	2006 €'000
Group and Company		
Business restructuring	69,261	78,702
The movements during the year were as follows:		
At beginning of year	78,702	88,847
Utilised during the year	(9,441)	(10,145)
At end of year	69,261	78,702

The provision for business restructuring at 31 December, 2007 includes €50,215,000 (2006: €59,656,000) in relation to business restructuring redundancy costs, and €19,046,000 (2006: €19,046,000) in relation to the introduction of an Employee Share Ownership Plan (ESOP). Business restructuring is now anticipated to be completed by 31 December, 2009.

18. Pensions and similar obligations

The pension entitlements of employees arise under a number of defined benefit and defined contribution pension schemes, the assets of which are vested in independent trustees appointed by the Company for the sole benefit of employees and their dependents. Annual contributions are based on the advice of a professionally qualified actuary.

The amounts charged during the year to operating costs were as follows:

	2007 €'000	2006 €'000
Defined benefit schemes - current service cost	63,976	68,435
Ex gratia schemes - current service cost	1,150	968
Defined contribution scheme	660	572
	65,786	69,975

Past service costs of €2,109,000 (2006: €4,306,000) arose during the year. These were discharged through the utilisation of the restructuring provision (note 17) and had no impact on the profit and loss account for the year ended 31 December, 2007.

The pension costs of the defined benefit schemes are assessed in accordance with the advice of an independent professionally qualified actuary. The most recent actuarial valuations were carried out at 1 January, 2005 using the attained age method and are sufficient to cover 99.9% of the accrued liabilities. The principal actuarial assumption was that, over the long term, the annual rate of return on investments would be 2.0% higher than the annual increase in pensionable remuneration. The actuarial valuation of 1 January, 2005 recommended a contribution rate of 14.4% of pensionable remuneration. The actuarial valuations are not available for public inspection but the results of the valuations have been advised to the members of the schemes.

The valuations of the pension schemes used for the purpose of FRS 17 disclosures have been based on the most recent actuarial valuations as identified above and updated by the independent actuaries to 31 December, 2007. Scheme assets are stated at their market value at the balance sheet date.

The financial assumptions used to calculate the retirement benefit liabilities under FRS 17 were as follows:

Valuation method	2007 Projected Unit	2006 Projected Unit	2005 Projected Unit
Discount rate	5.50%	4.70%	4.25%
Inflation rate	2.00%	2.00%	2.00%
Increase to pensions in payment	3.75%	3.75%	3.75%
Pensionable salary increases	3.75%	3.75%	3.75%

The long term expected rates of return on the assets of the pension scheme were:	2007	2006	2005
Equities	7.75%	7.60%	7.10%
Bonds	4.50%	4.20%	3.50%
Other	5.15%	5.10%	4.80%

18. Pensions and similar obligations (continued)

The market value of the assets of the defined benefit schemes at 31 December, 2007, 2006 and 2005 were:

	2007 €'000	2006 €'000	2005 €'000
Equities	1,362,000	1,477,000	1,326,000
Bonds	529,000	510,000	504,000
Other	200,000	166,000	158,000
Total market value of pension schemes' assets	2,091,000	2,153,000	1,988,000
Present value of pensions schemes' liabilities	(2,193,000)	(2,333,000)	(2,282,000)
Net deficit in funded pension schemes	(102,000)	(180,000)	(294,000)
Unfunded pension obligations	(12,300)	(13,226)	(13,770)
Pension liability	(114,300)	(193,226)	(307,770)
Movement in deficit during year			
Deficit in schemes at beginning of year	(193,226)	(307,770)	
Current service cost	(65,126)	(69,403)	
Past service cost	(2,109)	(4,306)	
Contributions paid	51,770	48,951	
Other finance income	31,250	21,123	
Actuarial gain	63,141	118,179	
Deficit in schemes at end of year	(114,300)	(193,226)	
Other Finance Income			
Interest on schemes' liabilities	(110,250)	(97,577)	
Expected return on schemes' assets	141,500	118,700	
	31,250	21,123	
The actuarial gains and losses are analysed as follows:			
Difference between expected and actual return on assets	(188,000)	66,000	
Experience gains and losses on schemes' liabilities	-	(43,000)	
Changes in assumptions underlying the present value of schemes' liabilities	251,141	95,179	
Actuarial gain recognised	63,141	118,179	

History of actuarial gains and losses

	2007 €'000	2006 €'000	2005 €'000	2004 €'000	2003 €'000
Difference between expected and actual return on assets	(188,000)	66,000	257,000	85,000	45,000
Expressed as a percentage of schemes' assets	(9%)	3%	13%	5%	3%
Experience gains and losses on schemes' liabilities	-	(43,000)	(2,000)	(65,000)	(79,000)
Expressed as a percentage of schemes' liabilities	-	(2%)	-	(3%)	5%
Total actuarial gains and losses	63,141	118,179	(1,786)	(110,000)	(106,000)
Expressed as a percentage of schemes' liabilities	3%	5%	-	(6%)	(6%)

19. Share Capital
Group and Company

	2007 €'000	2006 €'000
Authorised:		
80,000,000 Ordinary Shares of €1.25 each	100,000	100,000
Allotted, called up and fully paid:		
54,590,946 Ordinary Shares of €1.25 each	68,239	68,239

On 14 January, 2003, pursuant to Section 26 of the Economic and Monetary Union Act, 1998, the Company's shares were renomalised from €1.269738 to €1.25 per share and an amount of €877,000 was transferred to a capital conversion reserve fund.

20. Profit and loss account

	Group 2007 €'000	Group 2006 €'000	Company 2007 €'000	Company 2006 €'000
At beginning of year	56,216	(137,628)	(22,513)	(210,308)
Profit for the financial year	43,335	75,665	46,367	69,616
Dividends/distributions	-	-	64,502	-
Other recognised gains	86,141	118,179	76,969	118,179
At end of year	185,692	56,216	165,325	(22,513)

21. Reconciliation of shareholders' funds/(deficit)

	Group 2007 €'000	Group 2006 €'000	Company 2007 €'000	Company 2006 €'000
At beginning of year	125,332	(68,512)	46,603	(141,192)
Profit for the financial year	43,335	75,665	46,367	69,616
Dividends/distributions	-	-	64,502	-
Other recognised gains	86,141	118,179	76,969	118,179
Shareholders' funds at end of year	254,808	125,332	234,441	46,603

22. Gross cash flows

	2007 €'000	2006 €'000
Returns on investments and servicing of finance		
Interest paid	(5)	(5)
Taxation		
Tax paid	(8,852)	(17,001)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(11,081)	(16,853)
Disposal of tangible fixed assets	1,525	109,855
	(9,556)	93,002
Acquisitions and disposals		
Disposal of subsidiary undertakings (note 4)	5,775	1,177
Financial services joint venture set up costs capitalised	(305)	(4,550)
	5,470	(3,373)
Management of liquid resources (note a)		
Increase in term deposits	(117,709)	(60,029)

Note a: Liquid resources comprise term deposits with a maturity notice period of more than one day.

23. Analysis of net funds

	At beginning of year €'000	Subsidiaries Sold €'000	Cash flows €'000	At end of year €'000
Cash at bank and in hand	244,167	(13,346)	44,822	275,643
Amounts held in trust	(233,445)	-	(91,027)	(324,472)
			(46,205)	
Term deposits	284,327	-	117,709	402,036
Total	295,049	(13,346)	71,504	353,207

24. Subsidiary and associated undertakings

Name	Nature of Business	% Holding	Registered Office
Subsidiary undertakings held directly by the Company			
An Post National Lottery Company (note 27)	Operation of the National Lottery	80%	General Post Office O'Connell Street Dublin 1
Arcade Property Company Limited	Property development and letting	100%	General Post Office O'Connell Street Dublin 1
Post Consult International Limited	Computer software services	100%	General Post Office O'Connell Street Dublin 1
Precision Marketing Information Limited	Provision of marketing data, database services and business directories	100%	General Post Office O'Connell Street Dublin 1
Prince's Street Property Company Limited	Property development and letting	100%	General Post Office O'Connell Street Dublin 1
Printpost Limited	High volume printing	100%	General Post Office O'Connell Street Dublin 1
Post.Trust Limited	Digital certification and security services	100%	General Post Office O'Connell Street Dublin 1
Transpost Limited	Courier and distribution	100%	General Post Office O'Connell Street Dublin 1
Kompass Ireland Publishers Limited	Dormant	100%	General Post Office O'Connell Street Dublin 1
An Post Billpost Processing Services Limited	Bill payment processing	100%	General Post Office O'Connell Street Dublin 1
An Post GeoDirectory Limited	Database services	100%	General Post Office O'Connell Street Dublin 1
An Post (NI) Limited	Holding company	100%	Stokes House College Square East Belfast
Subsidiary undertakings held indirectly through a subsidiary undertaking			
Air Business Limited	Distribution	100%	4 The Merlin Centre Acrewood Way St. Albans Herts, U.K.

24. Subsidiary and associated undertakings (continued)

Name	Nature of Business	% Holding	Registered Office
Associated undertaking held directly by the Company			
The Prize Bond Company Limited	Administration of the Prize Bond Scheme	50%	General Post Office O'Connell Street Dublin 1
Joint Venture			
Postbank Ireland Limited	Banking	50%	Block One West Pier Business Campus Dun Laoghaire Co Dublin

The interest in Postbank Ireland Limited is held jointly by An Post (21.43%) and its subsidiary, Arcade Property Company Limited (28.57%).

Air Business Limited is incorporated in and operates in England & Wales. An Post (NI) Limited is incorporated in and operates in Northern Ireland.

All other undertakings are incorporated in and operate in the Republic of Ireland. All shareholdings consist of ordinary share capital.

An Post National Lottery Company carries on the business of operating the National Lottery under licence from the Minister for Finance in accordance with the provisions of the National Lottery Act, 1986. 20% of the issued share capital is held by the Minister for Finance.

The Prize Bond Company Limited carries on the business of administering the Prize Bond Scheme under contract from the National Treasury Management Agency.

The following subsidiaries will avail of the filing exemption available under Section 17 of the Companies (Amendment) Act, 1986, whereby they will annex the financial statements of An Post to their annual returns:

Post Consult International Limited; Printpost Limited; Post.Trust Limited; Transpost Limited; Precision Marketing Information Limited; Prince's Street Property Company Limited; An Post Billpost Processing Services Limited; An Post GeoDirectory Limited and Kompass Ireland Publishers Limited.

25. Capital commitments

Future capital expenditure approved by the directors but not provided for in the financial statements was as follows:

	Group 2007 €'000	2006 €'000	Company 2007 €'000	2006 €'000
Contracted for	5,074	7,855	5,074	7,855
Authorised but not contracted for	13,347	-	13,347	-
	18,421	7,855	18,421	7,855

26. Lease commitments

	2007 Land & Buildings €'000	2007 Other €'000	2007 Total €'000	2006 Land & Buildings €'000	2006 Other €'000	2006 Total €'000
Annual commitments under non-cancellable operating leases were as follows:						
Group						
Expiring within one year	796	388	1,184	823	953	1,776
Expiring after one year and before five years	829	10,196	11,025	1,337	4,355	5,692
Expiring after five years	4,724	128	4,852	5,000	64	5,064
	6,349	10,712	17,061	7,160	5,372	12,532
Company						
Expiring within one year	670	380	1,050	691	935	1,626
Expiring after one year and before five years	269	9,880	10,149	407	4,167	4,574
Expiring after five years	5,300	128	5,428	4,906	64	4,970
	6,239	10,388	16,627	6,004	5,166	11,170

Other lease commitments relate to equipment and motor vehicles.
Lease commitments of the Company include commitments to subsidiary undertakings.
There were no material finance lease commitments either at 31 December, 2007 or 2006 or which were due to commence after that date.

27. Related party disclosures and controlling party

Controlling party

The Group was controlled throughout the year by the Minister for Communications, Energy and Natural Resources who holds the entire issued share capital of An Post except for one ordinary share which is held by the Minister for Finance.

Transactions with related undertakings

An Post National Lottery Company

The Group provides An Post National Lottery Company, an undertaking not consolidated, with management and delivery services. Such services are carried out on an arm's length basis or, where required, in accordance with the terms of the licence granted by the Minister for Finance to operate the National Lottery. The Company also provides agency services to An Post National Lottery Company whereby the Company makes sales and pays prizes on behalf of An Post National Lottery Company in accordance with the standard terms and conditions and remuneration structure common to all of An Post National Lottery Company's agents. Group turnover for the year includes €5,586,000 (2006: €5,363,000) in respect of services provided to An Post National Lottery Company. These amounts are inclusive of a management fee of €2,993,000 (2006: €2,844,000) payable to the Company in accordance with the terms of the licence to operate the National Lottery.

The costs of staff working in An Post National Lottery Company are recharged from An Post at cost and amounted to €6,513,000 for the year ended 31 December, 2007 (2006: €5,660,000).

The amount owed by An Post National Lottery Company to the Company was €1,167,000 at 31 December, 2007 (2006: €819,000).

27. Related party disclosures and controlling party (continued)

An Post has agreed to guarantee the performance by An Post National Lottery Company of its obligations under the licence for the holding of the National Lottery granted by the Minister for Finance. An Post has provided the guarantee, the maximum liability of which amounts to €10 million, for the duration of the licence to 31 December, 2010.

The Prize Bond Company Limited

Under the terms of a contract with The Prize Bond Company Limited, the Company carries out certain aspects of the administration of the Prize Bond Scheme. Fees earned by the Company in respect of such services amounted to €1,761,000 for the year ended 31 December, 2007 (2006: €1,667,000). The amount owed by The Prize Bond Company Limited to the Company was €370,000 at 31 December, 2007 (2006: €165,000).

Postbank Ireland Limited

The Company provides Postbank Ireland Limited (Postbank), with delivery services and agency services whereby the Company makes sales and accepts deposits and withdrawals on behalf of Postbank. The Company also earns commissions from Postbank on the sale of mobile phone top ups. Other group companies supply Postbank with computer related services. Such services are carried out on an arm's length basis. Group turnover for the year includes €3,175,000 in respect of services provided to Postbank and commissions earned. The Company has also seconded certain staff to Postbank and the related costs which amounted to €1,472,000 are recharged to Postbank. The amounts owed by Postbank at 31 December, 2007 were €2,220,000 and €2,496,000 to the Company and Group respectively.

Postbank also provides certain management services to the Company, the value of which amounted to €391,000.

Transactions with Government departments and other State bodies

The Group provides, in the ordinary course of business, postage, agency, remittance and courier services to various Government departments and other State bodies.

28. Contingencies

Group and Company

There were no contingent liabilities or guarantees at 31 December, 2007 or 2006 in respect of which material losses are expected other than as disclosed elsewhere in the financial statements.

29. Board approval

The financial statements were approved by the Board of Directors on 20 March, 2008.

Five year financial summary

Consolidated profit and loss account

	2007 €'000	2006 €'000	2005 €'000	2004* €'000	2003* €'000
Turnover	875,983	818,827	752,887	750,193	709,209
Operating costs	(846,857)	(804,162)	(736,690)	(748,422)	(752,100)
Operating profit/(loss)	29,126	14,665	16,197	1,771	(42,891)
Retrospective pay award**	-	(20,040)	-	-	-
Asset disposals	1,516	94,700	59,323	5,298	13,310
Business restructuring	-	(13,883)	(40,000)	-	-
Share of results of joint venture and associate	(12,475)	-	-	(50)	(113)
Other finance income	31,250	21,123	5,391	-	-
Profit/(loss) before taxation	49,417	96,565	40,911	7,019	(29,694)

Consolidated balance sheet

	2007 €'000	2006 €'000	2005 €'000	2004* €'000	2003* €'000
Fixed assets	206,682	196,197	216,275	248,079	279,513
Net current assets/(liabilities)	235,556	205,034	115,903	18,357	(38,410)
Other liabilities	(73,130)	(82,673)	(92,920)	(91,113)	(72,296)
Net assets excluding pension liability	369,108	318,558	239,258	175,323	168,807
Pension liability	(114,300)	(193,226)	(307,770)		
Net assets/(liabilities) including pension liability	254,808	125,332	(68,512)		
Capital and reserves	254,808	125,332	(68,512)	175,323	168,807

Ratios

	2007	2006	2005	2004*	2003*
Operating profit/(loss) above as % of turnover	3.32%	1.79%	2.15%	0.24%	(6.05%)
Operating profit/(loss) above as % of average shareholders' funds before pension liability	8.47%	5.26%	7.81%	1.03%	(24.03%)
Staff and postmasters' costs as % of operating costs before exceptional item	70.96%	69.40%	69.79%	67.13%	67.00%
Current assets as % of current liabilities	235.43%	214.25%	177.85%	111.97%	75.96%

* 2004 and prior years are as previously reported under SSAP 24 - Accounting for Pension Costs.
** For statutory accounts presentation purposes, this retrospective pay award is included in arriving at group operating profit (see note 4). It has been extracted for the purposes of the schedule above as the pay award relates to 2003 and 2004.

	2007	2006	2005	2004	2003
Mail					
Letters core revenue index (2002 = 100) (note 1)	116.2	113.6	108.6	104.4	103.1

Note 1: This index reflects changes in letters core revenue and excludes revenue from elections, referenda, flotations, foreign administrations in each year as well as the impact of changes to published tariffs.

	2007	2006	2005	2004	2003
System size					
No. of delivery points (millions)	2.131	1.998	1.875	1.765	1.685
Post office network:					
Company post offices	74	84	88	90	92
Sub-post offices	1,212	1,277	1,321	1,365	1,417
Postal agencies	172	171	161	159	149
	1,458	1,532	1,570	1,614	1,658
No. of motor vehicles	2,967	2,991	2,905	2,908	3,011
Personnel					
(Staff numbers at 31 December)					
Headquarters	560	551	562	567	588
Savings/Remittance services	274	286	295	299	327
Inspection	34	38	37	45	47
Postmen/postwomen	3,962	4,207	4,326	4,520	4,680
Postal sorters	1,431	1,369	1,197	1,313	1,281
Post office clerks	894	1,024	1,042	1,094	1,126
Postal operatives	327	-	-	-	-
Other grades	781	665	708	790	817
Temporary	1,222	1,311	1,298	1,019	1,010
Subsidiaries	304	487	492	577	622
Total staff	9,789	9,938	9,957	10,224	10,498
Total staff (FTE) [1]	11,645	11,784	11,788	12,017	12,540
Postmasters: Engaged as agents	1,212	1,277	1,321	1,365	1,417

1 FTE = Fulltime equivalent including casual staff and overtime hours

	2007 €m	2006 €m	2005 €m	2004 €m	2003 €m
Value of savings services funds at 31 December (note 1)	5,617	5,863	5,668	5,311	5,004
Counters: Business value					
Remittance Services					
Postal money orders issued	430	418	422	496	564
Post Office Savings Services					
Savings bank deposits	814	850	811	812	792
Savings bank withdrawals	1,063	807	638	645	621
Savings certificates issued	467	469	400	417	347
Savings certificates repaid	750	1,052	725	881	757
Instalment savings issued	107	97	78	72	67
Instalment savings repaid	117	114	104	131	134
Savings bonds issued	574	673	475	505	469
Savings bonds repaid	704	626	362	329	360
Pensions, Allowances and Social Welfare Benefits					
Child benefits paid	1,113	1,119	1,116	1,101	1,101
Unemployment benefits paid	1,775	1,587	1,075	1,069	1,042
Old age pensions paid	2,478	1,577	1,225	1,195	1,140
Widows/orphans pensions paid	876	900	865	815	766
Other allowances	1,368	1,900	2,341	2,228	2,167
Other					
Miscellaneous	3,870	3,658	3,325	2,969	2,316

	2007 000's	2006 000's	2005 000's	2004 000's	2003 000's
Billpay volumes	24,786	25,510	24,777	23,329	21,238
TV licence sales	1,407	1,339	1,273	1,241	1,176

Note 1: The assets and liabilities of the Savings Services vest in the Minister for Finance and, accordingly, are not included in the financial statements of the Company.

Notes

Notes

An Post
General Post Office
O'Connell Street
Dublin 1
Ireland