

DE POST-LA POSTE ANNUAL REPORT 2008

A SENSE OF

TRUST



TRUST MAKES

SENSE

OUR MISSION

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

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

FOR THE YEAR ENDED 31 DECEMBER

2008 2007

IN MILLION EUR

KEY FIGURES AS PUBLISHED

Operating income	2,262.4	2,276.4
EBITDA	360.5	195.1
Profit from operating activities (EBIT)	269.4	96.4
Profit for the year	221.8	64.9

KEY FIGURES ON A COMPARABLE BASIS

Like-for-like normalized operating income ⁽¹⁾	2,262.4	2,213.9
Normalized EBITDA ⁽²⁾	312.5	277.7
Normalized profit from operating activities (EBIT) ⁽²⁾	221.9	182.7
Normalized profit for the year ⁽²⁾	178.7	117.1

OTHER KEY FIGURES

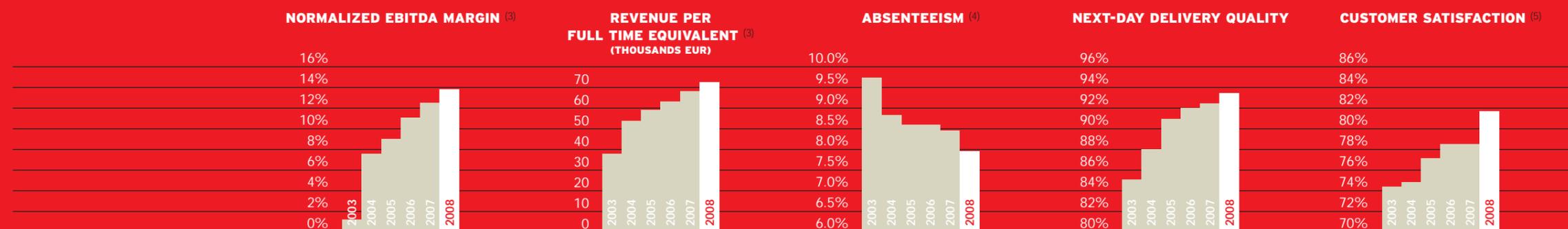
Operating free cash flow	266.1	136.3
Equity	930.1	805.7
Dividend per share	419.0	148.4
Number of employees (headcount at year end)	35,313	37,526
Number of FTE (at year end)	30,660	32,571

KEY FIGURES

IN MILLION EUR



CHANGE (2003-2008)



(1) Non-recurring items have been eliminated from both years and 2007 operating income has been restated by excluding the contribution of Asterion for 8 months and by including the contribution of Certipost for 7 months in order to make it comparable with 2008 operating income.

(2) Non-recurring items have been eliminated from both years. The changes in scope relating to Asterion and Certipost are not material for these lines.

(3) 2003 and 2004 EBITDA and revenue per FTE are based on Belgian Gaap figures; 2005, 2006, 2007 and 2008 ones are based on IFRS figures.

(4) Number of days during which no work is done, because of illness or occupational accident, despite this being provided for in the regulations or employment contract (number of working days of illness / number of anticipated working days).

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

2008

KEY FIGURES



CONTENTS

05	Foreword by Martine Durez, Chairwoman of the Board of Directors
07	Foreword by Johnny Thijs, CEO
10	Strategy
14	Projects
18	Customers
22	Our people
26	Corporate responsibility
28	Corporate governance
33	Annual financial report
93	Report of the Joint Auditors
96	Contacts



**FOREWORD BY MARTINE DUREZ,
CHAIRWOMAN OF THE BOARD OF DIRECTORS**

CONFIDENCE IN THE FUTURE

While 2008 witnessed the early stages of the global economic recession, De Post-La Poste still succeeded in producing solid results over the last 12 months: the results were better than in 2007 and we achieved the aims we had set ourselves. On a like-for-like basis (i.e. eliminating non recurring elements and at comparable Group perimeter) turnover increased by 2.2% from 2,214 million euros to 2,262 million euros; normalized EBIT increased by 22 %, up from 183 million euros to 222 million euros.

These financial results, which go hand in hand with improvements in the quality of our services, were recorded by the Group amidst the process of change aimed at preparing the company for the complete liberalization of the postal market in 2011. We therefore look set to meet the objectives of our Strategic Plan.

On behalf of the Board of Directors, I would like to thank and congratulate Johnny Thijs and all employees at De Post-La Poste for the way the company is handling this difficult but necessary transformation.

These past few years have indeed been marked by very significant changes at De Post-La Poste. They may have provoked concerns, sometimes a lack of understanding, within the company and among its customers. But today, we are seeing our market shares grow and the confidence of our customers strengthen. Employees are also showing more confidence in the future again: a survey conducted internally on satisfaction at work reveals that progress is significant when compared to 2007; the number of very satisfied employees has increased by 11% while the number of unsatisfied employees has decreased by 6%.

This confidence is growing on a day-to-day basis through the quality of the work carried out and the examples set by staff members. The confidence also stems from the way the company is actively carrying out its social responsibility. In this area, 2008 saw the Management Committee analyze the progress made by De Post-La Poste and redefine voluntarist objectives. De Post-La Poste has already undertaken a large number of initiatives in the areas of prevention and safety policy, psychosocial support, the fight against discrimination and the promotion of ethical behavior in the company.

De Post-La Poste has also decided to increase its efforts to ensure that it succeeds in being a responsible company. Other initiatives will be launched to reduce CO2 and to promote diversity. For example, the company will devote itself to increasing the number of female staff members in management positions.

De Post-La Poste began 2008 with a media campaign entitled "Who else?" This conveys a strong message. It shows we are confident in the future of De Post-La Poste.



FOREWORD BY JOHNNY THIJS, CEO

THE POWER OF TRUST

2008 was a solid year for De Post-La Poste. Despite the economic downturn in the second half of the year, De Post-La Poste once again succeeded in achieving good results, even surpassing those of 2007, thereby confirming the positive trends seen in recent years. I would like to take this opportunity to thank all the employees at De Post-La Poste for their commitment as well as Mrs Durez and the members of the Board of Directors for the confidence they have shown.

De Post-La Poste has managed to improve its financial wellbeing, while continuing to introduce major projects for change aimed at strengthening its efficiency and competitiveness. In 2008, our efforts included grouping our "parcel" activities and developing a coherent document management offer.

On the operational side, we have seen real progress. The quality of our services has improved over the years. In 2008, mail delivered Day+1 achieved a rate of 93.6%. Customer satisfaction followed similar trends with 81.7% of customers saying they were satisfied or very satisfied (compared with 78.5% in 2007). With the complete opening up of the postal market in 2011 already in sight, these figures are clearly of vital importance.

The satisfaction of our employees is just as important. An internal survey conducted in 2008 among all employees at De Post-La Poste shows they are increasingly aware of the need for the change and are motivated by the idea of contributing to it.

2008 was also marked by the decision of the European Union to fully liberalize the postal market in 2011. The principles of the new regulatory framework in Belgium have been defined by the Federal Government and will be introduced into law during 2009. All parties involved now know which rules they will have to comply with in the liberalized market.

It is now accepted that the market will be completely opened up in 2011 and that De Post-La Poste will face the arrival of new competitors on the market. This is why we must persevere with the full implementation of our Strategic Plan. This will help us increase our efficiency even more, better serve our customers, and offer them products that meet their needs. We will continue along the path of change as we have done up to now, in consultation with unions and without resorting to compulsory redundancies.

The solid results of 2008 do not mean that we can sit back and relax. Any delay or easing off in the planned reforms could indeed weaken our position for the big 2011 event.

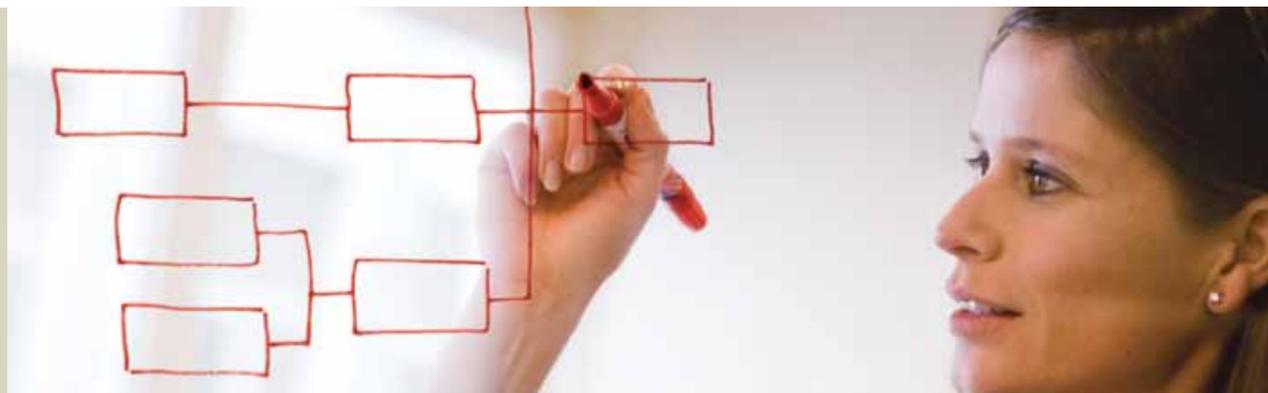
Our strategy consists more than ever in building up our customer's trust. It is the trust our customers have in our quality-price ratio that will distinguish us from the competition. This is why this annual report falls under the banner of "Trust".

TRUST BASED ON OUR

VISION

FOR THE FUTURE

STRATEGY



For several years De Post-La Poste has been working to the rhythm of change. Constant, intensive... and essential change. At the turn of the millennium we were faced with a situation that had the potential to seriously compromise our future: alarming financial deficits in 2002 and 2003, increasing competition, strong downward pressure on mail volumes, electronic substitution of mail, a post office network running at a big loss and unable to meet the needs of customers, low mail delivery quality, below average satisfaction among both customers and employees, and absenteeism running close to 10%.

De Post-La Poste has come a long way since then. Numerous projects have been implemented in every part of the business, in every department, and concerning every member of the workforce. For example, the mail rounds have been completely overhauled to ensure consistency and efficiency, while new state-of-the-art sorting centers have opened. As a result, we have been able to upgrade performance throughout our logistics chain and secure further competitive advantages.

These projects helped us, for the first time, to achieve the quality targets in the Management Contract with the Belgian State: more than 95% of mail items reach their destination within the advertised delivery term.

New products have been launched in the field of parcels, unaddressed direct mail, electronic and hybrid solutions.

Our network of points of sale has been transformed and

diversified over the past three years. We have improved the accessibility of basic postal products by opening Post Points, increasing the number of postage stamp resellers and developing eShop, De Post-La Poste's online store.

The satisfaction of our customers has also improved continually over the past six years, from 75% satisfied customers in 2003 to 82% satisfied customers in 2008.

In 2008 employee motivation rose around 10% and absenteeism fell significantly again, dropping below 8% for the first time. As such, we are making good progress towards our target of 7%.

AN ORGANIZATION THAT IS STILL CLOSER TO ITS CUSTOMERS

In a highly competitive environment, it's vital to constantly anticipate customer needs, to listen to customers, to develop products they need and to bring them to market in the most convenient way. To this end, we have reviewed our organization by putting customers at the centre of everything we do. In this quest to 'earn confidence', since 1st January 2008 we have essentially been organized in three commercial divisions. Each one is dedicated to serving a specific customer target group. The aim is to ensure our products and services truly meet the most important needs of our customers.

The **Enterprise** business unit manages all commercial relations with large customers, private and public, focusing on developing personalized solutions.

OUR STRATEGIC GOALS

- We will defend our core businesses by offering customers value for money and complete, easy solutions. Our core businesses are (1) physical delivery, (2) secure electronic delivery, (3) straightforward, transparent financial products.
- We will take advantage of growth pockets adjacent to our core businesses without straying too far from these.
- We will protect and improve our profitability by constantly increasing our productivity and controlling our costs.
- We will ensure first-class implementation of our initiatives, which demands motivated, responsible and respected employees.
- In everything we do, we will remain committed to maintaining a balance between our economic continuity on a competitive market and the expectations Belgian society has of a public-owned company.

The **RSS** business unit (Residential, SOHO's (Small Offices/Home Offices) & Small Enterprises) serves private individuals, the self-employed, liberal professionals and small businesses.

The **International** business unit manages the letters and parcels of the major foreign postal operators as well as the mail and parcels of international businesses sent from or to Belgium.

These three business units are complemented by two service units. The mission of **Mail & Parcels Operations** is to ensure that letters and parcels reach their destination safely and soundly, on time and by the most efficient means. **Service Operations** develops, distributes and maintains technologies and tools to support all activities of De Post-La Poste, based on operational, customer and employee needs.

AN INTERNATIONAL FUTURE

De Post-La Poste is active in 19 countries through Belgian Post International (BPI). In 2008 BPI was again able to strengthen its presence and position on these highly competitive international markets, generating 13% growth in the Business mail segment. BPI not only managed to retain existing customers, it also attracted new ones, in spite of a major decline in the economic and financial situation in the last six months of the year. A range of products and services at competitive prices are what drives BPI's success.

In 2009 BPI's international activities will relocate to new-built premises at the Brucargo site. The increased capacity for letters and parcels will enable BPI to continue to grow.

PROTECTING AND IMPROVING PROFITABILITY

Positive financial results have revitalized De Post-La Poste over the past five years. They are the legacy of the widespread, concerted efforts to increase revenues, reduce costs and improve operational processes. The partnership with the Post Danmark/CVC consortium, concluded in 2006, has enabled us to strengthen our financial results and has provided us with additional resources and expertise in order to pursue our modernization processes.

It all means that we can now look to the future with confidence, provided we continue to show dedication, each and every day. We must continue to work hard to defend our position on the various markets by leveraging our sales force and our capacity for proposing new products (hybrid solutions, document management, parcels) that increasingly appeal to and satisfy our customers. At the same time, we will continue to implement change to improve operational processes and service quality, and ultimately to keep and augment the confidence of our customers.

The 2008-2010 strategic plan, our compass, guides us towards 2011 and prepares us to face the competitive challenges of a fully liberalized market.

TRUST BASED ON THE

SIMPLICITY

OF OUR SOLUTIONS

PROJECTS

« It is essential that we continuously improve the efficiency and the quality of our services. »



DEFENDING OUR CORE BUSINESSES

In an ever demanding and competitive environment it is essential that we continuously improve the efficiency of our services and the quality of our deliveries. Over the past six years, we have regularly reviewed our delivery methods to gear them to the realities of changing volumes and flows, on the one hand, and the latest technology at our sorting centers, on the other. In 2008, we continued to adapt our organization by introducing sorting at round level. Over the next few years we will make full use of our technology to introduce mail sorting at street and house number level.

We will soon be devoting ourselves to one major project, however: the reorganization of our logistics network. This is a major strategic step in De Post-La Poste's preparations for full market opening in 2011. The existing delivery network (470 offices) will be gradually transformed into 128 operational platforms, which will essentially take care of preparing delivery rounds, and several hundred depots accommodating the actual delivery activities. In 2008, the principles of this reorganization were laid out in numerous information sessions to thousands of employees affected by the program. The reorganization will be rolled out gradually over several years.

TAKING ADVANTAGE OF GROWTH POCKETS ADJACENT TO OUR CORE BUSINESSES

In 2008 we took the decision to unite Kilopost and Taxipost, which had until then operated separately, to

offer our customers an entirely new parcel delivery service under the Taxipost brand. Taxipost's experience in logistics and customer service, combined with De Post-La Poste's widespread delivery network, the various points of sale (post offices and Post Points) and the outstanding field knowledge of De Post-La Poste's employees all help guarantee fast and efficient service.

In addition to addressed advertising, which is increasingly successful, unaddressed direct mail is a first-rate business that guarantees De Post-La Poste an additional volume of work and a substantial source of revenue. In July 2008 we reviewed our unaddressed mail service offering (Distripost) based on competitive and operational realities. We wanted to market a product of higher quality than the market standard. This has been such a commercial success that capacity will have to be increased in 2009. Some modifications requested by customers will also be implemented.

In document management, added value services like home pick-up as well as Servipost and B2Mail (a service marketed by our subsidiary eXbo) have experienced increasing success year on year. They offer customers the opportunity to have their mail franked and prepared. Another subsidiary, Speos, which prints invoices, account statements and other administrative and financial documents, continues to grow.

Certipost, another subsidiary, has become a key player in secure, guaranteed electronic communication. Its customer portfolio has grown strongly and its financial

solidity has been strengthened considerably, after announcing positive EBITDA for the first time. By the end of the year, Certipost had more than 500,000 residential customers (+ 25% vs. 2007) and 50,000 businesses (+ 80% vs. 2007) on its books. In 2008 Certipost became a wholly owned subsidiary of De Post-La Poste. By acquiring Certipost outright, we will be able to provide a more complete service to our customers, and help them in their transition between paper and electronic communication, if they wish so.

DIVERSIFYING ACCESS TO POSTAL PRODUCTS AND SERVICES

At De Post-La Poste, we are actively and creatively developing our retail network. In adopting a multi-channel strategy, we have three goals: gradually modernizing the network and improving accessibility to base postal products, raising customer satisfaction and advancing towards the financial equilibrium of the network.

As in many other European countries, we work with local third party partners to ensure we can offer base postal products and services. These partners are selected with care and given thorough training. They benefit from our infrastructure and expertise and are regularly assessed to ensure they are able to provide a high-quality service to consumers and merit the trust De Post-La Poste places in them. By the end of 2008 there was a total of 558 Post Points, following the opening of 236 new outlets last year. More than 4 million transac-

tions were registered across our Post Point network in the course of the year.

Our one-stop call centre (022.012345), another way to access De Post-La Poste's products and services, is also experiencing increasing success. More than 1.7 million calls were taken in 2008. Requests for information and services constituted 80% of all calls, complaints 20%.

Parallel to the development of a multichannel network of contacts, we have continued to close post offices. In the course of the year 217 post offices were closed. The retail network transformation (opening Post Points to replace closing post offices) will continue in 2009. The goal is to have at least 1300 points of contact, split equally between post offices and Post Points.

Otherwise, we continue to invest in the post offices that will remain open. The goal of the STORE program launched in 2006 is to freshen up post offices to ensure that our employees work in the best possible conditions and that our customers enjoy friendly, modern service of the highest quality. A total of 103 post offices benefited from the program in 2008. Most work was combined with a full post office renovation.

We are also working to improve the accessibility of our post offices for people with reduced mobility. Our ambition is to reduce the percentage of inaccessible or difficult to access places from around 45% (2007) to 10% in 2010.

TRUST BASED ON THE

PROXIMITY

WITH OUR CLIENTS

CUSTOMERS



« Our future success is especially dependent on the confidence our customers have in us. »



While ongoing changes are important to improve De Post-La Poste's operational efficiency and financial health, our future success is especially dependent on the confidence our customers have in us.

The satisfaction of our customers has risen constantly over the past six years. Whereas 75% of customers were satisfied in 2003, that figure had risen to 82% in 2008. Nevertheless, we have to continue and intensify our efforts to further improve customer confidence and loyalty.

MEASURING TO IMPROVE OUR SERVICE

In 2004, we launched Customer First, a program to improve the satisfaction of our customers by being attentive to their needs, with the involvement of all employees. Customer First is a permanent customer satisfaction program with three separate drivers:

- Performance – addressing sources of dissatisfaction
- Attitude – improving the customer focus of our employees
- Image – working to improve how we are perceived

Customer First is based on a rigorous method. Throughout the year, a hundred or so indicators are employed to measure the satisfaction of our customers. The main trends are identified, analyzed and translated into improvement actions.

ACTIONS AND RESULTS

As part of this program we have decided to prioritize ten actions in 2008, including delivery quality, service quality at post offices and Post Points, reduction of waiting times at post offices, accessibility of retail channels and complaints management.

Mail delivery quality has never been so good. With a quality rating of 95.3%, De Post-La Poste has exceeded the target laid down in the Management Contract with the Belgian state. This quality rating reflects the average weighted score for next-day delivery of letters and registered mail items within Belgium and from abroad, as well as for letters and parcels sent from Belgium for delivery within two days. In spite of these good results, we have to work even harder to minimize delivery delays and errors with respect to the mail our customers entrust to us.

We use the mystery shopping method to measure the professionalism, courtesy, availability and proactiveness of employees, together with the appearance of points of sale. This data enables us to identify weak points and take appropriate measures to improve them. In 2008 almost 4600 mystery shopper visits were conducted at post offices and Post Points.

Since mid 2006 the problem of queues has been given particular attention. There are two aims: achieving a permanent reduction in waiting times at post offices and improving our customers' perception of waiting times.

70% of customers were served within 5 minutes in 2007. Our efforts and various initiatives, such as implementing a queue management system at 180 post offices helped bump this up to 78% in 2008. In spite of our efforts, we continue to face the challenge of occasionally long waiting times in the large built-up areas. Solutions adapted to the specific characteristics of individual post offices and our customers' needs and wants must be identified over the next few months.

To reduce waiting times and provide an extra service to customers, 667 account statement printers were deployed at post offices in the course of 2008.

When it comes to the accessibility of postal products and services, the Post Points have the advantage of longer opening times. They also stock a wide range of products and services – covering almost 90% of customer transactions at post offices. So it will be no surprise that 79% of customers said they were satisfied by the service provided by this retail channel in a 2008 study.

De Post-La Poste's online outlet, the eShop, confirmed once again its status as a retail channel for base postal products that is very much appreciated by our customers. In 2008 alone the number of orders taken through the eShop rose 30%, while revenue increased spectacularly by more than 50% to over 10 million euros.

The post offices are not being outdone, though. Buoyed by the success of the Western Union partnership over

the past four years, De Post-La Poste has taken the decision to significantly improve access to the service, from 350 points of sale to 700. On the banking side of things, BPO retooled its range of accounts in 2008 in a conscious effort to rejuvenate its image and ensure it continues to offer a more diverse and competitive service to our customers. A survey conducted in January 2009 measured the confidence consumers in Belgium have in financial institutions. According to the results, Belgians have more confidence in BPO than any other bank.

Over recent years we have developed various channels through which customers can contact De Post-La Poste. They include the one-stop call centre (022.012345), where more than 200 agents answer numerous requests for information every day. In 2008 upwards of 1.7 million calls were logged. While 80% were information and service requests, 20% were complaints or the expression of dissatisfaction. So there is still work to be done to reduce this percentage and improve complaints handling.

Lastly, at the start of 2008 we relaunched the "SVP Facteur" service for people who experience difficulties getting along to a post office, a Post Point or a red postbox.

TRUST BASED ON

LISTENING

TO EACH AND EVERYONE

OUR PEOPLE



« Men and women who dedicate themselves to satisfying customers day in, day out. »

Behind the numerous change projects are the men and women who dedicate themselves to satisfying customers day in, day out.

We have introduced a box of diverse tools to accompany change. Launched in 2006, STAR is without doubt one of the most important change programs at De Post-La Poste. The goal is to involve all employees in building a company that is more participative and more attentive, in which everyone is able to play a part in improving quality and customer service. The program's five themes are teamwork, showing leadership, improving team motivation, being focused on customers, and adopting a quality and efficiency mindset. In 2008 more than half of De Post-La Poste's employees participated in the STAR implementation in one way or another.

STAR has many different guises at De Post-La Poste. It is one of the levers that have to prepare us for the liberalization of the postal market. It must enable us to change our way of working by giving maximum attention to customers at all times and leveraging the enthusiasm of all our employees.

The job satisfaction and motivation of our employees is therefore very important. That's why we conducted a survey among all employees in 2008. We received 24,300 responses (67%), which has enabled us to design action plans to continue to drive up employee motivation at De Post-La Poste.

Motivating each individual employee is one of the keys

to the success of the change programs. From 2007 to 2008 general motivation increased by more than 10%. The motivation of members of teams working in accordance with the STAR program is 12% higher than average. Solid proof that the change guidance programs are paying dividends.

Employee training also has an important place in the company. In 2008 in excess of 52,000 days of training were given with special emphasis on leadership. Over the next two years, we will put even greater emphasis on training to improve customer satisfaction and process management. Customer satisfaction is very closely connected to service quality, so investing efforts to continually improve our internal procedures will help us guarantee the long-term quality of our services to customers.

At the end of 2008 absenteeism was 7.97% (vs. 8.49% in 2007). This is the lowest rate ever recorded, in spite of all the changes and restructurings. The introduction of close guidance of absentees, organized by line managers, is paying off, but absenteeism is still higher than the national average and our own 7% target. In response, in 2009 combating absenteeism will continue to be a priority at De Post-La Poste. To achieve this tough but feasible target, we must maintain our efforts. The actions already rolled out will be continued and backed by closer support on the ground.

The good results in combating absenteeism are also thanks to an improved approach to psychosocial

prevention. In an organization like De Post-La Poste, the well-being of every employee is not an empty phrase. The workforce has access to a team of 18 people. Although the total number of attacks has fallen down the years, in 2008 there were still 25 attacks on post offices and 47 attacks on mail carriers. 113 employees who were victims of attacks were able to rely on the immediate support of our specialized teams. Absenteeism due to occupational accidents and attacks fell by 8.9% in 2008.

SOLUTIONS FOR EVERY EMPLOYEE AFFECTED BY THE CHANGE

Since the start of the restructuring, De Post-La Poste's ambition is to find solutions for every employee whose job is destined to disappear. Thus far we have reclassified a large number of employees in advance, based on their skills, in departments where there were temporary or permanent positions.

Since 2007, we have also given employees with 'statutory civil servant' status the opportunity to take a job at one of the Federal Public Services. Special volunteer guidance is available and synergy has been sought with Selor and the Federal Public Services looking for new members of staff.

With the development of all these internal and external guidance procedures came a new Job Orientation service to offer assistance to all employees – not just the statutory civil servants – of De Post-La Poste

looking to take a new direction in their career.

GUIDING YOUNG GRADUATES

At the end of 2008 we developed a guidance program for young masters graduates that join De Post-La Poste. The goal of the Young STARter program is to give these people opportunities to increase their skills at De Post-La Poste and encourage their loyalty to pursue a career at the company. The 24-month training program is supervised by a coach – typically the line manager – and a mentor, who maintains an informal relationship with the graduate, sharing knowledge and experience to ensure the graduate settles in well.

TRUST BASED ON OUR

COMMITMENT

IN SOCIETY

CORPORATE RESPONSIBILITY

« Maintaining a balance between economic continuity in a competitive marketplace and the expectations Belgian society has of a public company. »



De Post-La Poste is at the heart of Belgian society and must always behave as a socially responsible business.

With in excess of 1000 properties, as well as 5300 vans and trucks and around 5000 mopeds on the road daily, De Post-La Poste has special environmental obligations and responsibilities. We must show great concern in this domain. Just as we have to show concern for our workforce of more than 35,000 people and our millions of customers.

The universal service, by which De Post-La Poste guarantees a mail delivery to every Belgian household and business each working day, is our most important social task and we are committed to protecting it in the future.

By means of the change projects it has pursued since 2002, De Post-La Poste wants to safeguard its long-term future and so also its capacity for continuing to provide the universal service.

Only a strong postal service can be a social postal service. But De Post-La Poste wants this far-reaching change process to be implemented in a socially responsible way. That means:

- Observance of the Management Contract concluded with the Belgian state
- Dialogue with the unions and the workforce
- Guidance for all affected employees
- Protection of service proximity

De Post-La Poste has taken a wide array of corporate social responsibility initiatives in the past. We have always been scrupulous about complying with all environmental laws, regulations and directives.

We play a prominent role in Belgium when it comes to employee psychosocial prevention, well-being and safety. Our code of conduct lays down precise rules governing relations between employees and their contacts with customers, suppliers and public institutions.

For the past ten years, De Post-La Poste has supported the Post Literacy Fund, which is administered by the King Baudouin Foundation, to combat illiteracy in Belgium. The traditional Christmas postage stamp at the end of 2008 was devoted to this campaign: we raised more than 838,000 euros for the Literacy Fund's broader-based literacy campaigns.

We will step up our environmental efforts in 2009 with the introduction of a coordinated energy policy. The goal is to reduce energy consumption by at least 7.5% by 2012. We want to cut our CO2 emissions by no less than 35%. A reduction in the number of properties, an agreement with our electricity suppliers for the supply of renewable energy from mid 2008 and an array of energy-saving projects are expected to help us achieve these ambitious targets.

Many projects were launched to reduce energy consumption. De Post-La Poste has established an energy register of properties that account for 80% of

energy consumption by volume. The register comprises around 200 properties. We have also identified the 100 sites that consume most energy. We have started to conduct energy audits at these 100 sites, 32 of which had been audited by the end of 2008. The audits identified abnormal consumption patterns, which could then be addressed.

The recommendations from the energy audits lead to improvement actions on the ground. For instance, the Ghent X sorting centre was able to reduce energy costs by 100,000 euros per year or more than 20% of its total energy costs.

In 2008 De Post-La Poste's eco-driving training was followed by 856 participants. An additional 2600 people are scheduled to take the course in 2009. The goal is to achieve a 5% saving – which works out at 475,000 liters of diesel – on the fuel consumption of the De Post-La Poste fleet of light trucks.

De Post-La Poste began using ecological cleaning products in all of its properties in April 2008. As of the end of 2009 at the latest, recycled paper and paper bearing the eco-friendly FSC label will be exclusively used wherever technically feasible. Paper is considered to be eco-friendly when it is used and reused in a responsible, environmentally conscious way. De Post-La Poste aspires to set a good example here.

Diversity in the company is another area of major importance. Discrimination in any shape or form is

fundamentally wrong. All groups in society must be given equal opportunities. De Post-La Poste will work hard to drive up the percentage of woman executives. To protect the career opportunities of employees over 50 years of age, De Post-La Poste will continue to expand the training and education offering for this group.

Every contract we sign with a supplier includes a clause in which the supplier guarantees that products are manufactured in due observance of the fundamental rights and freedoms of people and respect for the environment.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

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



GENERAL

As a limited liability company under public law, De Post-La Poste is governed first and foremost by the Law of 21 March 1991 on the reform of certain economic public companies (the "Law of 1991"). For all matters not specifically covered by the 1991 Law, De Post-La Poste is governed by the Belgian Companies Code. As an unlisted company, De Post-La Poste is not subject to the Belgian Code on Corporate Governance of 9 December 2004. Nonetheless, De Post-La Poste does wish to commit to observing the philosophy of good governance, integrity and transparent decision making, by adhering to the Corporate Governance principles laid down in this Code and the OECD's Guidelines on Corporate Governance of State-owned Enterprises. Some of these principles and guidelines have already been implemented in the Charter of the Board of Directors and the advisory committees (see "Charter of the Board of Directors and the Committees" below for more information).

The main characteristics of De Post-La Poste's governance model are the following:

- a Board of Directors that defines the general policy and strategy of De Post-La Poste and supervises the operational management;
- a Strategic Committee, an Audit Committee and a Remuneration and Nomination Committee created within the Board to assist and make recommendations to the Board;

- a CEO who is responsible for the operational management and to whom the Board of Directors has delegated powers of day-to-day management;
- a Management Committee that, in addition to exercising the powers entrusted to it by the 1991 Law, assists the CEO in the exercise of his duties;
- a clear division of responsibilities between the Chairperson of the Board of Directors and the CEO.

BOARD OF DIRECTORS

COMPOSITION

The Board of Directors is composed of:

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

Martine Durez has been Chairperson of the Board of Directors since 17 January 2006.

Besides the Chairperson, the Board is currently composed of the following members:

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

* Bjarne Wind has replaced Fritz Schur as Board member as of 16 April 2008.

POWERS AND FUNCTIONING

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

The Board is convened by the Chairperson or the CEO, whenever the interest of the company requires it or upon request of at least two directors. In 2008, the Board met 9 times.

The Board can deliberate only if at least half of the members are present or represented. In principle, the decisions of the Board are taken by absolute majority. However, with respect to a number of specific matters (listed in article 27 §2 of the Bylaws), the Board can only

decide if at least two directors of each category are present or represented, and decision on such matters can only be adopted with the majority of 75 per cent of the votes cast.

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

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

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

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

CHARTER OF THE BOARD OF DIRECTORS AND THE COMMITTEES

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

- The duties of the Board of Directors and the

MANAGEMENT COMMITTEE

- | | | |
|---------------------|------------------------|--------------------|
| 1 - Koen Van Gerven | 4 - Johan Vinckier * | 7 - Mark Michiels |
| 2 - Kurt Pierloot * | 5 - Johnny Thijs (CEO) | 8 - Peter Somers * |
| 3 - Pierre Winand | 6 - Baudouin Meunier | |

* Added to the Management Committee.



Committees on the one hand and of the Management Committee and the CEO on the other;

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

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

COMMITTEES CREATED BY THE BOARD OF DIRECTORS

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

Strategic Committee

The Strategic Committee is responsible for assisting the Board of Directors in defining the group's strategy. Among other things, it makes recommendations on the strategic orientations of the company, the business plan, and acquisition and partnership opportunities. The Strategic Committee is chaired by the CEO and is further composed of two directors of each category. It met 3 times in 2008.

Audit Committee

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

In addition to reviewing audit reports, the Committee monitors the work and the activities of the internal Audit Department. The Director of the internal Audit Department is accountable to the Chairperson of the Audit Committee and reports administratively to the CEO. The Audit Committee is composed of two directors of each category and is chaired by a director of category B. It met 5 times in 2008.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is responsible for making recommendations concerning

management appointments and remuneration. Among other things, it makes recommendations on the appointment of the CEO and the remuneration of members of the Management Committee, and any share schemes that could be adopted for executive management and staff. The Committee is chaired by the Chairperson of the Board of Directors and is further composed of one director of category A and two directors of category B. It met 5 times in 2008.

Composition of the Committees

Strategic Committee

- Johnny Thijs (Chairperson)
- Luc Lallemand
- Helge Israelsen
- Christian Leysen
- Bjarne Wind *

Audit Committee

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

* Bjarne Wind has replaced Fritz Schur as member of the Strategic Committee and Helge Israelsen as member and chairperson of the Audit Committee as of 19 May 2008.

Remuneration and Nomination Committee

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

REMUNERATION OF THE DIRECTORS

The remuneration of the members of the Board of Directors was decided by the General Meeting of Shareholders of 25 January 2000. In 2008 the gross annual remuneration was equal to:

- 34,921.08 euros for the Chairperson, who also chairs the Joint Industrial Committee (Paritair Comité / Commission Paritaire) of De Post-La Poste (in 2008 this Joint Committee met 12 times);
- 17,460.54 euros for the other directors, with the exception of the CEO.

The members of the Board (with the exception of the CEO) are entitled to an attendance fee of 1,462.85 euros per attended meeting of one of the advisory Committees established by the Board. No additional attendance fees or remunerations are foreseen for the attendance of the meetings of the Joint Industrial Committee by the Chairperson of the Board. Messrs. Søren Vestergaard - Poulsen and Geert Duyck have waived the attendance fees and other remunerations linked to their position as a Board Member.

CHIEF EXECUTIVE OFFICER (CEO) AND THE MANAGEMENT COMMITTEE

After deliberation by the Council of Ministers, the CEO is appointed by Royal Decree for a renewable term of six

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

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

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

Pursuant to a decision of the Board of Directors dated 23 September 2008, the Management Committee is currently composed as follows:

- Johnny Thijs: CEO
- Baudouin Meunier: Director Enterprise, Group Marketing & Regulatory
- Mark Michiels: Director Human Resources and Organisation
- Koen Van Gerven: Director Residential, SOHO's & Small Enterprises
- Pierre Winand: Chief Financial Officer (Finance & Accounting)

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

- Kurt Pierloot: Director Mail & Parcels Operations.
- Peter Somers: Director International
- Johan Vinckier: Director Service Operations

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

For the year ending 31 December 2008, a remuneration of 0.9 million euros (2007: 0.9 million euros) was paid to the CEO. He was awarded 261 share options (2007: 174) under the Employee Stock Option Plan.

A global remuneration of 3.2 million euros (base salary and bonus) was paid to the other members of the Management Committee, including the persons added to the Committee as mentioned above (2007: 2.9 million euros). They were awarded 546 share options (2007: 378) under the Employee Stock Option Plan. Finally, the company contributed an aggregate amount of 141,212 euros in insurance premiums for the group insurance scheme that was subscribed to in favor of the members of the Management Committee.

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

BOARD OF AUDITORS

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

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

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

GOVERNMENT COMMISSIONER

The Government Commissioner is Mr. Wim Coumans. He replaced Mrs. Els Houtman as of 1 August 2008. Mr. Coumans represents the Minister who is responsible for Public Companies, and monitors compliance with the Law, the company's articles of association and the Management Contract.

DE POST-LA POSTE ANNUAL FINANCIAL REPORT

2008

CONTENTS

36		Selected financial figures
36		Key events of the year
39		Financial review
47		Consolidated financial statements 2008
93		Report of the Joint Auditors

1. SELECTED FINANCIAL FIGURES

FOR THE YEAR ENDED 31 DECEMBER	2008	2007
IN MILLION EUR		
P&L and B/S key figures		
Operating income	2,262.4	2,276.4
Payroll costs	(1,294.2)	(1,420.2)
Other operating costs	(698.8)	(759.8)
Profit from operating activities (EBIT)	269.4	96.4
Profit attributable to equity holders	221.8	64.9
Equity	930.1	805.7
Other key figures		
EBITDA	360.5	195.1
Operating free cash flow	266.1	136.3
Dividend per share	419.0	148.4
Number of employees (at year end)	35,313	37,526
Number of FTE (at year end)	30,660	32,571

2. KEY EVENTS OF THE YEAR

2.1. REGULATORY LEVEL

LIBERALIZATION

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

The new postal directive contains the following measures:

- Full liberalization on 1 January 2011 (2013 for 11 Member States) with a reciprocity principle: in order to avoid market distortion and unfair competition, those Member States having opened their markets should be able to refuse authorization to operators still protected by a national monopoly in another Member State;
- Possibility for licensing regimes with possibility for a level playing field approach and the protection of social standards and working conditions;
- Possibility to choose between different mechanisms for the financing of the universal service: State funding, State purchase, compensation fund, "pay or play" or any other method compliant with European law;
- An annex has been added to the proposal directive containing guidance on the calculation method for the net cost and unfair burden of the universal service;
- Possibility to regulate access to infrastructure elements such as address databases, redirection data, PO boxes, ...;

On 19 December 2008, the Belgian Council of Ministers decided a series of key principles that have to be transposed in Belgian law by way of legislation to be discussed and adopted by the Parliament:

- designation of De Post NV-La Poste SA as the sole universal service provider for the whole territory as from 2011 for an initial period of 6 to 8 years;
- the universal service will be financed exclusively by the State;
- no use of self-employed personnel in the process of collect, sorting and distribution of addressed mail;

- new entrants are required to cover 80% of the territory of each of the 3 regions within 5 years according to the following evolution:
 - year 1: 10%
 - year 2: 20%
 - year 3: 40%
 - year 4: 60%
 - year 5: 80%
- new entrants are required to distribute 2 times a week after 2 years of activity; new entrants are required to apply uniform tariffs per client for the territory that is submitted to the coverage obligation. New entrants may apply different tariffs to different clients.

2.2. DE POST-LA POSTE

NEW MANAGEMENT STRUCTURE

On 1 January 2008, De Post-La Poste implemented a new management structure, further improving the company's focus on its customers. The new organization is built around three business units each in charge of a customer segment:

- Enterprise – in charge of large and medium-size customers as well as the product management of the mail and parcels activities and the marketing activities across the company
- Residential, Small Office – Home Offices and Small Enterprises – in charge of the residential customers, professionals and small enterprises as well as the retail network and the financial services activities
- International – focused on international customers sending mail and parcels from, to or through Belgium

The three commercial business units are supported by two service units:

- Mail & Parcels Operations which manages all collect, sorting, transport and distribution activities
- Service Operations which includes ICT, Facility Management, Purchasing and Cleaning

Finally, the Finance, Human Resources & Organisation, Legal, Internal Audit and External Communication departments remain central corporate units supporting all activities.

This new organization is focused on the company's customers and will be able to deliver increased customer satisfaction as well as products that meet the customers' needs at a time when the company is impacted by competition from the electronic media and faces the opening of the postal market to further competition in 2011.

ROLL OUT OF THE AUTOMATED SORTING PER DISTRIBUTION ROUNDS

Since 2008, the mail of all distribution offices is sorted automatically per distribution round in the sorting centers. This evolution, made possible by the implementation of the latest optical recognition and sorting technologies in the 5 sorting centers, reduces the need for manual sorting in the local distribution offices and improves the overall productivity of the mail process.

By the end of 2008, over 78% of the regular format mail items were sorted automatically by distribution round.

Automatic sorting per distribution round will be followed by automatic sorting per distribution address (the so-called sequencing). Preparation work for this evolution was conducted in 2008.

RE-ORGANIZATION OF THE DISTRIBUTION BACK OFFICE

In the course of 2008, De Post-La Poste further re-organized the back-office of the collect and distribution processes in order to reduce the time spent by employees on non-customer facing activities and to reflect changes in working practices as well as reduced volumes.

EVOLUTION OF THE RETAIL NETWORK

By the end of 2008, the retail network included 1,354 point of sales. During the year, 236 Post Points were opened (and 25 were closed) to reach a total of 558. They replace 217 wholly-owned post offices which were closed during 2008. Post Points are retail outlets offering the majority of postal services. They are owned and operated by third party partners under agency contracts.

This conversion of post offices into Post Points is part of the evolution of the retail network which aims at maintaining a postal presence throughout the country whilst improving De Post-La Poste's cost structure in order to ensure the financial and commercial viability of our retail network. The conversion program, which is executed without any forced dismissal, will continue in 2009.

Both the call center and the eShop did perform above expectation, showing growing acceptance and satisfaction by customers of De Post-La Poste's multi-channel distribution strategy. The call center received more than 1.5 million calls, where the eShop did show a 53% growth in sales versus previous year.

NEW PARCELS PRODUCT OFFERING AND MERGER OF THE TAXIPOST AND KILOPOST ACTIVITIES WITHIN DE POST NV-LA POSTE SA

In May 2008, the activities of Taxipost NV-SA were transferred to De Post NV-La Poste SA. This transfer was a first step in the merger of De Post NV-La Poste SA's 'Kilopost' business with the one operated by Taxipost NV-SA into a new business unit operated by De Post NV-La Poste SA

This merger provides the critical mass necessary to operate a competitive, profitable and viable parcels business. The new business benefits from increased economies of scale in sorting and distribution and is therefore able to better serve its customers.

Operationally, the merger was finalized on 1 August 2008 when the last Taxipost depots were closed and the remaining activities were transferred to De Post NV-La Poste SA's network.

The creation of the new business units and the merger of the two distribution networks were accompanied by a new, combined product offering for both Business-to-Business and Business-to-Customers parcels.

ACQUISITION OF 50% OF THE SHARES OF CERTIPOST

On 18 February 2008, De Post-La Poste and Belgacom concluded an agreement regarding the acquisition by De Post-La Poste of the 50% interest in Certipost NV-SA owned by Belgacom. Following the completion of the transaction, De Post-La Poste owns 100% of the shares of Certipost NV-SA

Certipost N.V-SA was created by De Post-La Poste and Belgacom in 2002. Its objective is to facilitate the exchange of electronic documents by residential and business customers.

By the end of 2008, Certipost had around 500,000 residential customers and over 50,000 business customers and its solutions are used in more than 30 countries.

This acquisition allows De Post-La Poste to combine its various document management services that also includes printing, scanning and the preparation of administrative mail into one coherent product offering.

ANNOUNCEMENT OF THE MERGER OF THE DANISH AND SWEDISH POSTAL OPERATORS

On 1 April 2008, Post Danmark A/S and Posten AB announced their intention to merge. Post Danmark A/S is indirectly a shareholder of De Post-La Poste with an economic interest of about 25%. The merger between the two companies does not have any direct impact on De Post-La Poste as its public and private shareholders remain parties to the existing shareholders' agreements.

As of 31 December 2008, the merger between Post Danmark A/S and Posten AB was not yet completed.

3. FINANCIAL REVIEW

3.1. INCOME STATEMENT

De Post-La Poste realized during the 2008 financial year a profit for the year of 221.8 million euros (2007: 64.9 million euros). The increase in the profit for the year is partly explained by the change in the balance of non recurring items impacting the results, from a net charge of 57 million euros in 2007 to a net income of 43 million euros in

2008, representing a positive variance of 100 million euros. Excluding the evolution of the non-recurring items, the profit for the year increased by 61.6 million euros or 53% thanks to improved operating performance, higher financial results and lower effective tax rate.

At the operating activities level, the company registered a profit from operating activities (EBIT) of 269.4 million euros (2007: 96.4 million euros). Excluding the non recurring income and charges, EBIT rose 21.5%. This performance was achieved in the context of a slowing down economy in the second half of the year and high inflation on most of the cost lines in particular personnel and energy costs.

The improvement in EBIT has been achieved in spite of a slight decline of the operating income which decreased by under 1% to reach 2,262.4 million euros (2007: 2,276.4 million euros) more than compensated by a 9% reduction in operating expenses which amounted to 1,902.0 million euros (2007: 2,081.2 million euros).

At comparable scope (i.e. removing Asterion and including prorata temporis Certipost) and excluding the non-recurring items impacting 2007 and 2008, underlying operating income increased by 2.2% and underlying operating costs increased by 0.4%.

FOR THE YEAR ENDED 31 DECEMBER	2008	2007	DELTA
IN MILLION EUR			
Total operating income	2,262.4	2,276.4	-1%
Materials cost	(27.9)	(46.8)	-40%
Services and other goods	(569.5)	(586.4)	-3%
Payroll costs	(1,294.2)	(1,420.2)	-9%
Other operating expenses	(10.4)	(27.9)	-63%
Total operating expenses	(1,902.0)	(2,081.2)	-9%
EBITDA	360.5	195.1	85%
Depreciation, amortization	(91.0)	(98.7)	-8%
Profit from operating activities (EBIT)	269.4	96.4	180%
Financial result	43.1	29.9	44%
Share of profit of associates	1.3	4.4	-70%
Profit before tax	313.9	130.7	140%
Income tax expense	(92.1)	(65.9)	40%
Profit for the year	221.8	64.9	242%

Both 2008 and 2007 were impacted by a series of non-recurring items which affected the EBITDA, the EBIT and the profit for the year. Normalized EBITDA, normalized EBIT and normalized profit for the year exclude the impact of those non-recurring items.

FOR THE YEAR ENDED 31 DECEMBER	2008	2007	EVOLUTION
IN MILLION EUR			
Reported EBITDA	360.4	195.1	
Collective Labor Agreement 2007-2008	-	67.2	
Compensation for termination of allowances	38.4		
Other restructuring charges	(2.4)	14.7	
Pending litigation provision	-	6.6	
BPO return on equity commitment	-	7.2	
Changes in accounting estimates for employee benefits	-	(6.6)	
Modifications in employee benefits schemes	(83.9)	-	
Profit on the disposal of the Asterion group	-	(6.5)	
Normalized EBITDA	312.5	277.7	12.5%

FOR THE YEAR ENDED 31 DECEMBER	2008	2007	EVOLUTION
IN MILLION EUR			
Profits from Operating Activities (EBIT)	269.5	96.4	
Collective Labor Agreement 2007-2008	-	67.2	
Compensation for termination of allowances	38.4		
Other restructuring charges	(2.1)	18.4	
Pending litigation provision	-	6.6	
BPO return on equity commitment	-	7.2	
Changes in accounting estimates for employee benefits	-	(6.6)	
Modifications in employee benefits schemes	(83.9)	-	
Profit on the disposal of the Asterion group	-	(6.5)	
Normalized Profits from Operating Activities (EBIT)	221.9	182.7	21,5%

FOR THE YEAR ENDED 31 DECEMBER	2008	2007	EVOLUTION
IN MILLION EUR			
Profit for the year (EAT)	221.8	64.9	
Collective Labor Agreement 2007-2008	-	44.4	
Compensation for termination of allowances	25.3		
Other restructuring charges	(1.4)	12.1	
Pending litigation provision	-	6.6	
BPO return on equity commitment	-	4.8	
Changes in accounting estimates for employee benefits	-	(9.1)	
Modifications in employee benefits schemes	(67.0)	-	
Profit on the disposal of the Asterion group	-	(6.5)	
Normalized Profit for the year (EAT)	178.7	117.1	52.6%

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

FOR THE YEAR ENDED 31 DECEMBER	2008	2007	EVOLUTION
IN MILLION EUR			
Operating income		14.5	(14.5)
Non recurring income	0.0	14.5	(14.5)
Payroll costs	45.5	(60.6)	106.1
Other operating charges	2.4	(36.5)	38.9
Depreciation, amortization and impairment	(0.3)	(3.7)	3.4
Non recurring costs	47.6	(100.8)	(148.4)
Non recurring items	47.6	(86.3)	(133.9)

In April 2007, the company and the representatives of the workforce approved a Collective Labor Agreement covering the years 2007 and 2008. The cost of the early retirement and part-time schemes included in the agreement amounted to 67.2 million euros. In 2008, no such charge was recorded.

In December 2008, the company and the representatives of the workforce reached a preliminary agreement regarding the termination of certain allowances. A one-off payment to the workforce, estimated at 38.4 million euros, was agreed in compensation for the loss of the allowances. The preliminary agreement was confirmed in February 2009.

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

In 2008, previously recorded restructuring provisions were reversed for an amount of 2.1 million euros as actual and forecasted expenditures were lower than initially estimated.

De Post-La Poste has performed a review of the accounting estimates relating to its liabilities for employee benefits. This review has led to the recognition of a non recurring income (shown as negative personnel expenses) of 83.9 million euros (2007: 6.6 million euros). The source of the non recurring income is:

1. the curtailment of a plan (impact: 26.2 million euros);
2. the impact of changes in the rules relating to a plan (impact: 34.2 million euros);
3. a change in the computation methodology as additional and improved individual data were used (impact: 23.5 million euros).

OPERATING INCOME

Operating income decreased by ca. 1% to 2,262.4 million euros (2007: 2,276.4 million euros). This decline is entirely due to the impact as from September 2007 of the disposal of the Asterion group of companies which was only partially compensated by the inclusion of the operating income generated by Certipost as from June 2008. Excluding these two changes in scope and the non-recurring items, operating income grew by 2.2% with most of the operating activities contributing to this increase.

FOR THE YEAR ENDED 31 DECEMBER	2008	2007	EVOL	EVOL %
IN MILLION EUR				
Mail	1,819	1,778	41	3%
Domestic Mail	1,381	1,360	21	2%
International Mail	399	378	21	6%
Philately	39	40	(1)	-2%
Retail & Financial Services	239	236	3	1%
Parcels & Express	95	97	(2)	-2%
Unaddressed Mail	65	71	(6)	-8%
Document Management	49	96	(47)	-49%
Corporate Services	32	38	(6)	-16%
Intercompany Transactions	(37)	(39)	2	-6%
De Post-La Poste Group	2,262	2,276	(15)	-1%

The Mail activities which represent 80% (2007: 78%) of operating income, showed an increase of 3% year on year.

Domestic Mail revenues improved by 2% or 21 million euros. This growth was achieved in spite of a more difficult environment in particular in the second half of the year. Pricing, product mix and new products helped to compensate the overall volume decline estimated at 2%.

- After an unexpected stabilization in 2007, Daily Mail volumes declined by 7% during the year. This decline was partially compensated by price increases averaging 3%.
- Administrative Mail volume declined at a higher rate than previous years with a volume loss of almost 4.7%. This decline was partially compensated by higher prices and a better product mix.
- Addressed Direct Mail turnover continued to grow at +0.8% compared to last year. The level of growth is however lower than in previous years.
- Press volumes were up over 2% driven by an increase in the number of newspapers delivered on a daily basis.
- Registered Mail volumes showed a significant improvement compared to 2007 which had been impacted by a double-digit decline.

- Value Added Services showed a satisfactory growth in 2008 since sales grew by 5.7%. Value Added Services include services such as on-site collection and franking of mail products (Servipost, Home Collection), forwarding of changes in address (Mutapost), etc...

The **International Mail** activity registered a growth of its revenues of 6% (21 million euros)

- Business Mail (transit mail) turnover grew by 13% reflecting the continued success in attracting new international customers;
- Inbound Mail increased by 5.4% breaking the trend of previous years. The growth was due to more favorable country and product mix and to higher pricing as volume declined slightly;
- Outbound Mail turnover was up 2.3% driven by pricing.

Compared to last year, the **Retail & Financial Services** division increased its revenues by 3 million euros or 1%. This increase was mainly due to the acquisition of the ATM business from BPO, the launch of a branded pre-paid mobile phone product and the indexation of the remuneration for the performance of public services. These compensated the decline of the traditional postal financial products such as the payment of invoices at the counter. The commissions and fees received from BPO were slightly below 2007 as clients shifted their savings toward less profitable products.

Parcels and Express revenues declined by 2 million euros or 2% driven by the changes in the product offering and in particular the end of same-day delivery and of Saturday delivery and by the restructuring of the delivery structure since the Taxipost network was folded into the postal network. Pricing continued to be under pressure due to high competition.

Unaddressed Mail revenues decreased by only 6 million euros in spite of the termination of the Publipack experiment and of the unaddressed mail activities of Deltamedia which accounted for 14 million euros of turnover in 2007. This loss was significantly compensated by the success of Distripost, a premium unaddressed product distributed by the mail network along with the regular addressed mail.

Document Management revenues declined by 47 million euros compared to 2007. This decline is entirely due to the disposal of the Asterion group of companies in September 2007 partially compensated by the inclusion of the turnover of Certipost as from June 2008. Excluding the impact of the disposal, revenues increased by 1 million euros or 2%. This performance was achieved in spite of considerable pressure on prices in several lines of business.

Corporate Services revenues included in 2007 the gross profit realized on the disposal of the Asterion group of companies. No such income was recorded in 2008.

OPERATING COSTS

Operating expenses, including depreciation and amortization charges, amounted to 1,993.0 million euros (2007: 2,180 million euros), a 187 million euros or 8.6% decrease compared to last year.

The changes in scope (2007 included 8 months of expenses of the Asterion group of companies which was disposed of in September 2007 and 2008 includes 7 months of costs of Certipost which was fully consolidated as from June 2008) account for a decrease in expenses of 47.7 million euros.

The non-recurring expenses moved from a net cost of 100.8 million euros in 2007 to a net income of 47.6 million euros, representing a positive evolution of 148.4 million euros.

Excluding the impact of the changes in scope and the evolution of the non recurring expenses, underlying operating expenses increased by 9.2 million euros or 0.4%. Cost reduction initiatives and productivity improvements compensated the significant impact of the automatic indexation of salaries and the increase in other costs such as energy.

The **raw material, consumables and goods for resale** decreased by 40% to 27.9 million euros (2007: 46.8 million euros). Excluding the changes in scope, the decrease amounts to 8.5 million euros. Costs relating to subcontractors and amounting to 7.5 million euros have been reclassified to transport costs whereas they were shown as raw material, consumables and goods for resale in 2007.

The **costs for goods and services** decreased by 17.0 million euros or 2.9% compared to 2007. Excluding the favorable impact on costs of the changes in scope (13.3 million euros), the costs of goods and services decreased by 3.7 million euros or 0.6%:

FOR THE YEAR ENDED 31 DECEMBER	2008	2007	EVOL	EVOL %
IN MILLION EUR				
Rent and Rental costs	60.4	58.2	2.3	3.9%
Maintenance and Repairs	59.6	71.8	(12.2)	-17.0%
Energy delivery	40.8	36.2	4.6	12.6%
Other goods	29.9	29.3	0.6	2.1%
Postal and Telecom costs	8.1	9.7	(1.7)	-17.1%
Insurance costs	17.5	19.7	(2.2)	-11.0%
Transport costs	137.8	137.8	-	-
Publicity and Advertising	21.6	15.1	6.5	42.9%
Consultancy	30.7	29.2	1.5	5.0%
Interim	70.2	55.5	14.7	26.5%
Third party remuneration, fees	77.2	107.2	(30.0)	-28.0%
Other services	15.7	16.6	(0.9)	-6.3%
Total	569.5	586.4	(17.0)	-2.9%

- Rent and rental costs** increased by 2.3 million euros. Excluding the impact of the changes in scope, the increase amounts to 4.7 million euros. This increase is due to a continued switch away from ownership toward renting for the vehicle fleet and the indexation of a number of rental contracts.
- Maintenance and repairs** show a decrease of 12.2 million euros compared to 2007. As the impact of the changes in scope amounts to 5.9 million euros, the underlying decrease in Maintenance and Repair costs is 6.3 million euros. This decrease is due to the completion of the asbestos removal program, the end of the costs associated with the exit from the WTC office tower and the reversal of some accruals related to the restructuring of the Taxipost network.
- Energy delivery** increased by 4.6 million euros or 12.6%. Excluding the positive impact of the scope changes, the increase amounts to 4.9 million euros and is due to the price inflation on the energy used by the vehicle fleet and the buildings.
- Postal and telecom** costs decreased by 1.7 million euros or 17.1% with the main individual contributor to this improvement being the impact of the changes in scope (0.6 million euros).
- Insurance** costs decreased by 2.2 million euros or 11%. This reduction is mainly due to the switch from owned vehicles to leased vehicles (the insurance cost becomes a component of the lease price and is reported under Rent and Rental costs), the reduction in the number of employees and the reduction in the size of the retail network.
- Transport** costs remained flat compared to 2007. Excluding the impact of the changes in scope, they show an underlying increase of 1.4 million euros or 1%. 7.5 million euros of the increase is due to the reclassification of the costs of subcontractors from Material costs to Transport costs. This increase is compensated by lower cost for the transport of active and inactive personnel, the termination of the Publipack experiment and of the distribution of unaddressed mail by Deltamedia and the transfer of the parcels business to the normal mail network. Terminal dues and transport costs relating to the international activity have risen by 1.9 million euros driven by higher volumes compensated by more favorable mix.
- Publicity and Advertising** costs increased by 6.5 million euros compared to 2007. 2 million euros is due to the reclassification of market research costs from Consulting to Publicity and Advertising and the balance due to the cost of launching new products and generally higher advertising spend ahead of the market liberalization.
- Interim** costs increased by 14.7 million euros compared to last year. Excluding the impact of the changes in scope, the increase is 17 million euros. Interims are used to cover short-term needs in manpower or to bridge short to medium term gaps for significant projects. The usage of interims in 2008 was on average over the year 400 FTE's higher than in 2007, and was influenced by the anticipation of a number of re-organizations.
- Third party remuneration and fees** decreased by 30.0 million euros or 28%. Changes in scope account for an increase of 1.3 million euros. The decrease is mainly due to the reduction in the cost of contractors for Deltamedia (reduction of 20 million euros) as the Publipack experiment was terminated in the second half of 2007 and the delivery of unaddressed mail was concentrated in the normal mail network. The balance of the decrease comes from a reduction in the use of external contractors for ICT and the integration of the Taxipost activities in the normal mail network in the third quarter of 2008 and by the fact that the 2007 figures included the cost of a major ICT project.

Payroll costs amounted to 1,294.2 million euros in 2008 (2007: 1,420.2 million euros) which represents a decrease of 126 million euros. The scope changes generated by the de-consolidation of the Asterion group of companies and the inclusion of Certipost represented an 18 million euros decrease in payroll costs.

Non-recurring items represented a net charge of 60.6 million euros in 2007 whereas they represent a reduction in expenses of 45.5 million euros in 2008. The evolution of the non-recurring items had therefore a favorable impact of 106.1 million euros compared to 2007. Excluding the impact of the changes in scope and of the evolution of the non-recurring items, payroll costs showed an underlying reduction of 1.9 million euros or 0.1%.

The underlying decline in payroll cost can be explained by the reduction of the average workforce of 1,824 FTE's or 77 million euros driven by the various re-organization plans. This reduction was partially compensated by the increase in the use of interims by 400 FTE's or 17 million euros (reported under cost of goods and services).

The decrease of 77 million euros generated by the reduction in the number of FTE's was compensated by:

- three cost-of-living increases of February, June and October generated by the high inflation recorded in the first three quarters of 2008. Cumulatively, these three increases negatively impacted the costs for 48 million euros
- regular seniority and merit increases for 12 million euros
- changes in mix for 9.5 million euros.

In comparison to 2007, **depreciation, amortization and impairment charges** decrease by 7.7 million euros due to the changes in scope (4.1 million euros) and lower impairment charges.

Other **operating charges** decreased by 17.5 million euros mainly due to the changes in scope (decrease of 2 million euros) and the utilization and reversal of the provisions for onerous contracts (mainly the exit of the WTC office tower) and for the restructuring of Taxipost.

Our **financial results** improved by 13.2 million euros. Interests generated by the company's cash increased by 17.1 million euros due to the higher average balance and the high short term interest rates which prevailed during most of 2008. Interest expense associated with employee benefits decreased by 3.8 million euros as long term interest rates used for discounting decreased. These positive evolutions were partially compensated by higher interest costs, due to the EIB loan.

Taxes increased from 65.9 million euros in 2007 to 92.1 million euros in 2008 driven by higher profit before tax. The 2008 tax charge represents 29.3% of the profit before tax compared to 50.4% in 2007. This significant improvement is due on the one hand to the liquidation in 2008 of BPG France which generated a loss for tax purposes and, on the other hand, a reduction of the losses generated by a number of subsidiaries such as Taxipost, Deltamedia and Asterion.

3.2. BALANCE SHEET

ASSETS

During 2008, additions of **property, plant and equipment** (60.7 million euros) were lower than depreciations (76.7 million euros) as the investments in the new sorting centers have come to an end. Including the evolution of the impairments and the transfers to assets held for sale and investment properties, the value of property, plant and equipment decreased by 14.2 million euros

Intangible assets grew by 11.8 million euros. This increase is due to the following factors:

- Goodwill generated by the acquisition of the 50% of Certipost that De Post-La Poste did not own: 7 million euros
- Fair value of the intangible assets owned by Certipost at the time of the acquisition (mainly software and capitalized software developments): 1.4 million euros
- Acquisition of the ATM's and ATM business from Bank van De Post-Banque de La Poste ('BPO'): 7.3 million euros
- Investments in software (6.4 million euros) and software development costs (13.5 million euros)
- Amortization of the year: -17.8 million euros
- Impairments of development costs and software: -5.9 million euros

The **investment in associates** increased by 25.1 million euros from 62.6 million euros to 87.7 million euros, reflecting the reduction in the unrealized losses on BPO's bond portfolio (24.2 million euros), the pickup of the company's share of BPO's 2008 results (1.3 million euros) partially compensated by the removal of the pickup of the company's share in Certipost's net equity (0.4 million euros) following the acquisition of 100% of the shares and the inclusion of Certipost's results in the consolidated income statement.

Investment property decreased by 5.3 million euros in 2008 to 16.5 million euros as a number of properties formerly used for the company's operations and rented out were sold during the year.

Deferred taxes assets amount to 90.7 million euros (2007: 127.3 million euros). The decrease of 36.6 million euros is mainly explained by the variance in the deferred tax asset on employee benefits following the decline of the latter.

Investment securities increased by 100.4 million euros to 1,111.5 million euros as a result of the strong cash generation during the year. Investment securities as of 31 December 2008 included the following:

- 664.1 million euros in commercial papers (2007: 282 million euros)
- 145.4 million euros (2007: 126.1 million euros) in 5 asset management contracts that include a capital guarantee clause at maturity. The asset management agreements allow different investment strategies involving acquisitions and disposals of various types of financial instruments, in many cases a mixture of risk-free assets and risk-bearing assets (a wide range of derivative and non-derivative financial instruments, including structured notes and investments in collective investment schemes). The initial investment amounted to 145.3 million euros, while the unrealized return as of 31 December 2008 amounted to 0.2 million euros
- 268.6 million euros in Floating Rate Notes (2007: 90 million euros)
- 33.5 million euros in short term sovereign paper (2007: -)

As of 31 December 2008, no money was invested in money market funds (2007: 513 million euros).

Current trade and other receivables increased by 16 million euros to 371.1 million euros (2007: 355.1 million euros), driven by a 29.6 million euros increase in trade receivables. The increase is generated by a reclassification from the liabilities side of some terminal dues owed by foreign postal operators (increase of 22.5 million euros) and by the inclusion for the first time of the Certipost balance sheet (2.7 million euros).

Cash and cash equivalents increased by 43.7 million euros to 198.5 million euros (2007: 154.8 million euros) due to the strong cash generation of the year and higher deposits by third parties.

LIABILITIES

Equity amounts to 930.1 million euros (2007: 805.7 million euros). The addition of the 221.8 million euros consolidated net profit for the 2008 period and the reduction of the company's share of the unrealized losses on BPO's bond portfolio for 24.2 million euros is partially compensated by the payment during the year of dividends for a total of 121.6 million euros.

Interest-bearing loans and borrowings remains stable at 102.6 million euros (2007: 103.2 million euros).

Employee benefits amount to 483.9 million euros (2007: 623.9 million euros). This decrease of 140 million euros is due to the following elements

- The payment of benefits decreased the balance by 71.9 million euros including 38.3 million euros for the payment of the early retirement and part-time work benefits
- The past service gains, curtailments and actuarial gains decreased the liability by a total 111.6 million euros
- Service costs and interest costs relating to the year increased the liability for a total amount of 42.8 million euros

After deduction of the deferred tax asset relating to them which amounts to 91.9 million euros, employee benefits represent a liability of 392 million euros. The unrecognized actuarial gains amount to 10.8 million euros.

Non current provisions increase to 98.7 million euros (2007: 60.6 million euros) driven by a 21.3 million euros increase in non current provisions for litigations and 16.8 million euros related to the adjustment of the return on equity obligation.

Current provisions amount to 55.1 million euros (2007: 35.7 million euros). Provisions for onerous contracts and for restructuring decrease by respectively 11.3 million euros and 3.5 million euros following the completion of the work related to the exit from the WTC office tower and the restructuring of Taxipost. A provision amounting to 38.4 million euros was recorded to reflect the cost of buying out a number of allowances paid to personnel.

Current trade and other liabilities increase to 965.3 million euros (2007: 887.7 million euros) driven by the increase of cash deposited with the company by third parties (increase of 38 million euros), the reclassification to the assets side of some terminal dues (22.5 million euros) and the increase in terminal dues themselves (5 million euros)

3.3. CASH FLOW STATEMENT

Operating activities generates a net cash inflow of 342.4 million euros (2007: 184.0 million euros). This increase of 158.4 million euros compared to last year's performance is due to:

- Improved operating performance generating a 20.4 million increase in the cash profit from operating activities. Cash profit from operating activities is the cash flow from operating activities before changes in working capital and provisions and before interest received, interest paid and income tax paid.
- Higher net interest received (increase of 9.4 million euros)
- Lower taxes paid (14 million euros) as less pre-payments were made
- Increase of 37.5 million euros of the funds deposited by third parties (2007: decrease of 4.9 million euros). It should be noted that the company has no control on the amount of money deposits from third parties and that these deposits can vary strongly from year to year
- Improvement (inflow of 88.7 million euros in 2008 against an inflow of 12.3 million euros in 2007) of the working capital items other than the funds deposited by third parties

Proceeds from sale of property, plant and equipment decreased by 18.7 million euros to 14.0 million euros (2007: 32.7 million euros) as the 2007 figures included the sale of the former site of Antwerpen X. During 2008, the company continued to sell properties which are no longer used for its operations.

Acquisitions of property, plant and equipment amounted to 60.7 million euros (2007: 79.5 million euros).

Acquisition of intangible assets amounted to 27.1 million euros and include the acquisition of the ATM business of BPO.

The acquisition of subsidiaries, net of cash acquired includes the consideration paid for the acquisition of the 50% of Certipost that the company did not yet own.

CONSOLIDATED FINANCIAL STATEMENTS 2008

DE POST-LA POSTE

48	4.	Consolidated income statement	
49	5.	Consolidated Balance Sheet	
50	6.	Consolidated statement of changes in shareholders equity	
51	7.	Consolidated cash flow statement	
52	8.	Comparability between financial years	
53	9.	Notes to the consolidated financial statements	
	9.1.	General information	.53
	9.2.	Change in accounting policies	.53
	9.3.	Significant accounting judgments	.54
	9.4.	Summary of significant accounting policies	.55
	9.5.	Risk Management	.62
	9.6.	Business combinations	.66
	9.7.	Other operating income	.67
	9.8.	Other operating expense	.67
	9.9.	Employee expense	.68
	9.10.	Financial income and financial cost	.68
	9.11.	Income tax /Deferred tax	.69
	9.12.	Property, plant and equipment	.70
	9.13.	Investment property	.72
	9.14.	Assets held for sale	.72
	9.15.	Intangible assets	.73
	9.16.	Lease	.74
	9.17.	Investment securities	.75
	9.18.	Investment in associates	.76
	9.19.	Trade and other receivables	.77
	9.20.	Inventories	.78
	9.21.	Cash and cash equivalents	.78
	9.22.	Financial liabilities	.78
	9.23.	Employee benefit	.78
	9.24.	Share-based payments	.82
	9.25.	Trade and other payables	.84
	9.26.	Provisions	.84
	9.27.	Capital management policies and procedures	.85
	9.28.	Contingent liabilities and contingent assets	.86
	9.29.	Rights and commitments	.86
	9.30.	Related party transactions	.87
	9.31.	Group companies	.91
	9.32.	Events after the balance sheet date	.92

4. CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER	NOTES	2008	2007
IN MILLION EUR			
Turnover		2,231.2	2,227.1
Other operating income	9.7	31.2	49.3
Total operating income		2,262.4	2,276.4
Materials cost		(27.9)	(46.8)
Services and other goods		(569.5)	(586.4)
Payroll costs	9.9	(1,294.2)	(1,420.2)
Other operating expenses	9.8	(10.4)	(27.9)
Depreciation & amortization		(91.0)	(98.7)
Total operating expenses		(1,993.0)	(2,180.0)
Profit from operating activities (EBIT)		269.4	96.4
Financial income	9.10	62.5	46.8
Financial costs	9.10	(19.4)	(16.9)
Share of profit of associates	9.18	1.3	4.4
Profit before tax		313.9	130.7
Income tax expense	9.11	(92.1)	(65.9)
Profit for the year		221.8	64.9
Attributable to:			
Equity holders of the Parent		221.8	64.8
Minority interest		0.0	0.1
		221.8	64.9

5. CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER	NOTES	2008	2007(*) COMPARABLE
IN MILLION EUR			
Assets			
Non-current assets			
Property, plant and equipment	9.12	710.4	724.6
Intangible assets	9.15	67.2	55.4
Investment securities	9.17	0.0	0.0
Investments in associates	9.18	87.7	62.6
Investment properties	9.13	16.5	21.8
Deferred tax assets	9.11	90.7	127.3
Trade and other receivables	9.19	4.3	2.8
		976.8	994.6
Current assets			
Assets held for sale	9.14	1.1	1.7
Investment securities	9.17	1,111.5	1,011.1
Inventories	9.20	9.6	8.6
Income tax receivable	9.11	0.1	2.9
Trade and other receivables	9.19	371.1	355.1
Cash and cash equivalents	9.21	198.5	154.8
		1,691.9	1,534.1
Total assets		2,668.7	2,528.7
Equity and liabilities			
Equity attributable to equity holders of the Parent			
Issued capital		783.8	783.8
Reserves		(75.6)	(43.0)
Retained earnings		221.8	64.8
		929.9	805.6
Minority interest		0.2	0.1
Total equity		930.1	805.7
Non-current liabilities			
Interest-bearing loans and borrowings	9.22	102.6	103.2
Employee benefits	9.23	483.9	623.9
Trade and other payables	9.25	16.3	10.5
Provisions	9.26	98.7	60.6
Deferred tax liabilities	9.11	0.3	0.3
		701.7	798.5
Current liabilities			
Interest-bearing loans and borrowings	9.22	0.8	0.6
Bank overdrafts	9.21	0.0	0.0
Provisions	9.26	55.1	35.7
Income tax payable	9.11	15.7	0.6
Trade and other payables	9.25	965.3	887.7
		1,036.9	924.6
Total liabilities		1,738.6	1,723.1
Total Equity and liabilities		2,668.7	2,528.7

(*) The figures in the financial statements for the year 2007 were adapted to ensure comparability in presentation (see note 8)

6. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				MINORITY INTERESTS	TOTAL EQUITY
	AUTHORIZED & ISSUED CAPITAL	OTHER RESERVES	RETAINED EARNINGS	TOTAL		
IN MILLION EUR						
As per 1 January 2008	783.8	(43.0)	64.8	805.6	0.1	805.7
Fair value through equity for Assets Held For Sale by associates		24.2		24.2		24.2
Transfer		64.9	(64.9)	-		-
Profit for the year			221.8	221.8	0.1	221.8
Dividends paid		(121.6)		(121.6)		(121.6)
As per 31 December 2008	783.8	(75.6)	221.7	929.9	0.2	930.1

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

Other reserves per 31 December 2008 are composed of 100.2 million euros of the legal reserve, 28.8 million euros of tax free reserve, 12.1 million euros of Earnings of prior years and -216.8 million euros of the consolidation reserve.

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

	TOTAL	SHARE CLASS A		SHARE CLASS B		SHARE CLASS C	
	NUMBER OF SHARES	NUMBER OF SHARES	MILLION EURO	NUMBER OF SHARES	MILLION EURO	NUMBER OF SHARES	MILLION EURO
IN MILLION EUR							
As per 1 January 2008	409,838.0	204,920.0	483.8	204,918.0	300.0	-	-
Changes during the year	-	-	-	(275.0)	(0.4)	275.0	0.4
As per 31 December 2008	409,838.0	204,920.0	483.8	204,643.0	299.6	275.0	0.4

The shares have no nominal value and are fully paid up. During 2008, Management could exercise for the first time their option right, received under the Employee Stock Option Plan ('ESOP'). This resulted in a transfer of 275 shares from class B to class C. The class C shares are entitled to the same rights as the A and B class shares and carry full voting rights.

7. CONSOLIDATED CASH FLOW STATEMENT

	2008	2007
FOR THE YEAR ENDED 31 DECEMBER		
IN MILLION EUR		
Operating activities		
Profit from operating activities (EBIT)	269.5	88.3*
Depreciation and amortization	88.4	98.7
Impairments	4.1	5.2
Gain on sale of property, plant and equipment	(8.0)	(3.2)
Change in employee benefit obligations	(148.9)	(16.1)
Change in the fair value of the financial guarantee	-	4.2
Change in the fair value of investment securities	-	7.6
Interest received	62.5	46.8
Interests paid	(10.6)	(4.2)
Dividends received	-	4.0
Income tax paid	(40.7)	(54.7)
Cash flow from operating activities before changes in working capital and provisions	216.3	176.7
Decrease in trade and other receivables	12.6	3.0
Increase in inventories	(1.0)	(1.8)
Increase in trade and other payables	19.6	(4.7)
Deposits received from third parties	37.5	(4.9)
Increase in provisions	57.5	15.8
Net cash from operating activities	342.4	184.0
Investing activities		
Proceeds from sale of property, plant and equipment	14.0	32.7
Proceeds from sale of investments	-	-
Disposal of subsidiaries, net of cash disposed of	-	22.4
Acquisition of property, plant and equipment	(60.7)	(79.5)
Acquisition of intangible assets	(27.1)	(18.4)
Acquisition of other investments	(0.2)	(3.9)
Acquisition of subsidiaries, net of cash acquired	(2.2)	(1.0)
Net cash used in investing activities	(76.3)	(47.7)
Financing activities		
Proceeds from the issue of share capital	-	0.0
Proceeds from borrowings	-	100.8
Repayment of borrowings	-	-
Payment of financing lease liabilities	(0.4)	-
Dividends paid to equity holders of the Parent	(121.6)	(42.4)
Net cash from financing activities	(122.0)	58.4
Net increase in cash and cash equivalents	144.1	194.9
Cash and cash equivalent less bank overdraft as of 1st January	154.8	594.2
Investment securities as of 1st January	1,011.1	376.8
Cash and cash equivalents and Investment securities as of 1st January	1,165.9	971.0
Cash and cash equivalent less bank overdraft as of 31st December	198.5	154.8
Investment securities as of 31st December	1,111.5	1,011.1
Cash and cash equivalents and Investment securities as of 31st December	1,310.0	1,165.9
Movements between 1st January and 31st December	144.1	194.9

* Amount of 8.1 million euros related to Asterion disposal has been re-classified in 'Disposal of Subsidiaries'

8. COMPARABILITY BETWEEN FINANCIAL YEARS

De Post-La Poste has adapted the 2007 published figures to align the presentation of the financial statements with its main competitors in order to facilitate comparability. The figures on the face of the financial statements are those after reclassifications. The details of the reclassifications are provided hereafter in order to facilitate the reconciliations with the figures published last year.

IMPACT ON THE BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER	2007 PUBLISHED	IMPACT RECLASSIFICATION	2007 COMPARABLE
IN MILLION EUR			
Assets			
Non-current assets			
Property, plant and equipment	724.6		724.6
Intangible assets	55.4		55.4
Investment securities	0.0		0.0
Investments in associates	62.6		62.6
Investment properties	21.8		21.8
Deferred tax assets	127.3		127.3
Trade and other receivables	2.8		2.8
	994.6		994.6
Current assets			
Assets held for sale	1.7		1.7
Investment securities	1,011.1		1,011.1
Inventories	8.6		8.6
Income tax receivable	2.9		2.9
Trade and other receivables	355.1		355.1
Cash and cash equivalents	154.8		154.8
	1,534.1		1,534.1
Total assets	2,528.7		2,528.7
Equity and liabilities			
Equity attributable to equity holders of the Parent			
Issued capital	783.8		783.8
Reserves	(43.0)		(43.0)
Retained earnings	64.8		64.8
	805.6		805.6
Minority interest	0.1		0.1
Total equity	805.7		805.7
Non-current liabilities			
Interest-bearing loans and borrowings	124.5	(21.3)	103.2
Employee benefits	623.9		623.9
Trade and other payables	10.5		10.5
Provisions	48.3	12.3	60.6
Deferred tax liabilities	0.3		0.3
	807.5	(9.0)	798.5
Current liabilities			
Interest-bearing loans and borrowings	0.6		0.6
Bank overdrafts	0.0		0.0
Provisions	26.7	9.0	35.7
Income tax payable	0.6		0.6
Trade and other payables	887.7		887.7
	915.6	9.0	924.6
Total liabilities	1,723.1		1,723.1
Total Equity and liabilities	2,528.7		2,528.7

The company changed the classification of the liability relating to the return on equity obligation clause from a financial liability to a provision since it represents a probable outflow of resources embodying economic benefits that will be required to settle the obligation and it is not related to a debt instrument contracted.

9. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9.1. GENERAL INFORMATION

BUSINESS ACTIVITIES

De Post NV-La Poste SA and its subsidiaries (hereinafter referred to as "De Post-La Poste") provide national and international mail services comprising the collection, transport, sorting and distribution of mail, printed documents, newspapers as well as addressed and non-addressed documents.

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

LEGAL STATUS

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

9.2. CHANGE IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year. The following new accounting standards and interpretations entered into force in 2008 but they did not have any effect on the presentation, the financial performance or position of De Post-La Poste:

- **IFRIC12** - Service Concession Arrangements: accounting guidance for operators entering into public-to-private service concession arrangements.
- **IFRIC 13** - Customer Loyalty Programs: accounting treatment of revenues arising in connection with customer loyalty programs operated by the service providers or manufacturers themselves or by third parties.
- **IFRIC 14 (IAS 19)** - Limit on a defined benefit asset, minimum funding requirements and their interaction: general guidance on how to assess the limit in IAS 19 on the amount of the surplus that can be recognized as an asset. It also explains how the pension asset or liability may be affected when there is a statutory or contractual minimum funding requirement.
- **IFRIC 16** - Hedges of a Net Investment in a Foreign Operation.
- **Amendments to IAS 39 and IFRS 7** - Reclassification of financial assets.

STANDARDS AND INTERPRETATIONS NOT YET APPLIED BY DE POST-LA POSTE

The following new IFRS Standards and IFRIC Interpretations, which are yet to become mandatory, have not been applied by De Post-La Poste for the preparation of its 2008 financial statements

STANDARD OR INTERPRETATION	EFFECTIVE FOR IN REPORTING PERIODS STARTING ON OR AFTER
IFRS 8 - Operating Segments	1 January 2009
IAS 1 - Presentation of Financial Statements	1 January 2009
IAS 23 - Amendments to IAS 23 Borrowing costs	1 January 2009

IFRS 2 - Amendments to IFRS 2 Share-based Payments: Vesting Conditions and Cancellations	1 January 2009
IAS 1 - IAS 32 - Amendments to Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
IFRS 1 - IAS 27 - Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements	1 January 2009
IAS 39 - Amendments to IAS 39 Financial instruments: Recognition and Measurement - Eligible Hedged Items	1 July 2009
IFRS 3 - Business combinations (Revised 2008)	1 July 2009
IAS 27 - Consolidated and Separate Financial Statements	1 July 2009
Various - Annual improvements to IFRS 2008	1 January 2009 unless stated otherwise
IFRIC 15 - Agreements for the Construction of Real Estate	1 January 2009

9.3. SIGNIFICANT ACCOUNTING JUDGMENTS

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

• Employee Stock Option Plan (ESOP)

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

- Volatility of share price: 32.57%
- Dividend yield: 13.25%
- Expected life: 4 years (at grant date)

• Employee Benefits - IAS 19

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

Furthermore, with regards to Accumulated Compensated Absences, the consumption pattern of the illness days was derived from the statistics over the first eleven months of 2008, as provided by the company's human resources department. The number of days of illness depends on the age, identified per segment of the statutory population. In addition, with regards to the same liability, another key variable is the percentage of the projected salary used for determining the cost: 70% guaranteed salary independent of service and independent of the number of days in the 'notional' account and 30% 'top up' guaranteed salary for the number of days accumulated in the account.

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

Considering the current economic situation and the increasing rates given by some references, there have been discussions around the appropriate methodology to determine acceptable discount rate ranges. For example, high yields could indicate that some bonds might need downgrading. There is currently no consensus amongst actuaries on which rates to apply. The discount rate used by De Post-La Poste is based on the Iboxx index of non-financial AA bonds.

• Useful Lives and Residual Values

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

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

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

• Provisions

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

• Revenue Recognition

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

For the services rendered, the stage of completion determines the fraction of the amounts recognized. In application of this principle, the revenue deferral includes a portion of the sale of stamps and of the revenues from franking machines.

• Deferred Taxes

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

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

• Financial instruments

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

9.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been adopted by the Board of Directors on 4 March 2009 and have been prepared using the measurement basis specified by the International Financial Reporting Standards (IFRS). The measurement bases are more fully described in the accounting policies below.

All accounting estimates and assumptions that are used in preparing the financial statements are consistent with De Post-La Poste's latest approved budget forecast where applicable. Judgments are based on the information available at each balance sheet date. Although these estimates are based on the best information available to the management, actual results may ultimately differ from those estimates.

CONSOLIDATION

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

Subsidiaries

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

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

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

Associates

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

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

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

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

Jointly controlled entities

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

Goodwill and negative acquisition differences

Where an entity is acquired, the difference recorded on the date of acquisition between the acquisition cost of the investment and the fair value of the identifiable assets, liabilities and contingent liabilities acquired is accounted for as goodwill (if the difference is positive) or directly as a profit in the income statement (if the difference is negative). Goodwill is not amortized but is tested for impairment annually.

Conversion of the financial statements of subsidiaries denominated in foreign currencies

De Post NV-La Poste SA did not have any subsidiaries preparing consolidated financial statements in foreign currencies at 31 December 2008 or 31 December 2007.

INTANGIBLE ASSETS

An intangible asset is recognized on the balance sheet where the following conditions are met: (1) the asset is identifiable, i.e. either separable (if it can be sold, transferred, licensed) or it results from contractual or legal rights;

(2) it is probable that the expected future economic benefits that are attributable to the asset will flow to De Post-La Poste; (3) De Post-La Poste can control the resource; and (4) the cost of the asset can be measured reliably.

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

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

INTANGIBLE ASSETS	USEFUL LIFE
IT development costs	5 years maximum
Licences for minor software	3 years
Concessions, patents, customers, know-how, trade marks and other similar rights	to be determined on a case by case basis
Goodwill	N/A, but annual impairment test

PROPERTY, PLANT AND EQUIPMENT

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

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

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

PROPERTY, PLANT AND EQUIPMENT	USEFUL LIFE
Land	N/A
Central administrative buildings	40 years
Network buildings	40 years
Industrial buildings, sorting centers	25 years
Fitting-out works to buildings	10 years
Tractors and forklifts	10 years
Bikes and motorcycles	4 years
All other vehicles (cars, trucks, etc.)	5 years
Machines	10 years
Furniture	10 years
Computer Equipment	5 years

LEASE TRANSACTIONS

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

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

INVESTMENT PROPERTIES

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

ASSETS HELD FOR SALE

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

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

STAMP COLLECTION

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

IMPAIRMENT OF ASSETS

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

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

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

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

INVENTORIES

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

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

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

A write-down is necessary when the net realizable value at balance sheet date is lower than the cost.

SHARE BASED PAYMENTS

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

REVENUE RECOGNITION

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

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

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

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

RECEIVABLES

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

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

Prepayments and accrued income are also presented under this caption.

INVESTMENT SECURITIES

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

There are different categories of financial assets:

1. Financial assets held for trading include (a) derivatives and (b) assets that De Post-La Poste has voluntarily decided to classify in the category "at fair value through profit or loss" at the time of initial recognition. These financial assets are measured at their fair value at each balance sheet date, changes in fair value being recognized in the income statement.
2. Held-to-maturity financial assets are financial assets, other than derivatives, with fixed or determinable payments and fixed maturity dates, which De Post-La Poste has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method.
3. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortized cost using the effective interest method.
4. Available-for-sale financial assets constitute a residual category that includes all the financial assets not classified under one of the previous categories, for instance investments in equity instruments (other than shares in subsidiaries, jointly controlled entities and associates), investments in open-ended mutual funds and bonds that De Post-La Poste has neither the intention nor the ability to hold to maturity. These available-for-sale financial assets are measured at fair value, with changes in fair value recognized directly in equity until the financial assets are derecognized, at which time the cumulative gains or losses previously recognized in equity are recycled in profit or loss.

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

CASH AND CASH EQUIVALENTS

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

SHARE CAPITAL

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

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

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

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

EMPLOYEE BENEFITS**Short-term benefits**

Short-term benefits are recognized as an expense when an employee has rendered the services to De Post-La Poste. Benefits not paid for on the balance sheet date are included under the caption "Payroll and social security payables".

Post-employment benefits and long-term benefits

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

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

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

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

The provision is calculated as follows:

Actuarial valuation of the obligation under IAS 19
– Past service costs not yet recognized (solely for post-employment benefits)
+ Actuarial gains/– actuarial losses not yet recognized (solely for post-employment benefits)
– Fair value of the plan assets

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

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

In the event that the benefits are modified, there is a past service cost that is recognized in the income statement (an expense for the year if there is an increase in benefits, profit for the year in the event of a reduction in benefits).

Only in the case of post-employment benefits is the past service cost spread over the period that the employees may yet have to work in order to qualify for the benefits. The benefits vest immediately in De Post-La Poste. Any modification to these benefits therefore has a direct impact on the income statement.

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

In the case of post-employment benefits, De Post-La Poste has opted (a) not to recognize actuarial gains and losses that remain within a corridor of 10% of the higher of the following amounts: the amount of the IAS 19 obligation and the fair value of the plan assets, and (b) to spread in the income statement the actuarial gains and losses that fall outside this corridor over a period equal to the average length of the employees' residual service period.

Termination benefits

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

All benefit obligation plans of all employee benefits are wholly unfunded, except the "medical expenses" advantage.

PROVISIONS

A provision is recognized only when:

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

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

A provision for restoring polluted sites is recognized if De Post-La Poste has an obligation in this respect. Provisions for future operating losses are prohibited.

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

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

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

INCOME TAXES

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

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

Deferred taxes are not recognized in respect of:

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

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

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

DEFERRED REVENUE

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

TRANSACTIONS IN FOREIGN CURRENCIES

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

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

9.5. RISK MANAGEMENT

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

OPERATIONAL RISKS

The mail business is an integral part of the total business and represents 80% of group operating income. Technologies such as e-mail and internet can be used to send and transfer information. Due to the increased substitution, traditional mail volumes in Belgium have decreased in recent years and this downward trend is expected to continue in the coming years. If substitution continues on a large scale, it could negatively impact the volumes, revenues and profitability of the mail business and of the company as a whole.

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

The success of the business also depends upon avoiding strikes, work stoppages and slowdowns by employees. Actions by large unions or small groups of employees could seriously disrupt the operations. The business may also be negatively affected by the terms of the collective labor agreement concluded with the employees. These terms could include increases in compensation and employee benefits, less flexible working rules than competitors and limitations on future workforce reduction.

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

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

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

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

De Post-La Poste is protected against unauthorized access to data through various measures relating to the employees, organization, applications, systems and networks. It also uses firewalls, virus scanners and access control at operating system level to protect the confidentiality, integrity and authenticity of the data.

FINANCIAL RISKS

Exchange rate risk

All the business activities of De Post-La Poste are located in the euro zone. There are very few transactions in foreign currencies, other than for international mandates and the settlement related to the terminal dues (inbound and outbound mail). The exchange rate risk is consequently very limited and is not subject to any form of active management.

Interest rate risk

The jointly controlled entity BPO is, like any bank, subject to the interest rate risk, which directly influences its margin. Interest rates likewise influence valuation of BPO's bond portfolio, which is measured at its fair value through equity under IFRS. Since BPO is an equity-accounted entity, 50% of the change in its equity directly influences the consolidated equity of De Post-La Poste. The following table illustrates the impact of a change in interest of 1% on BPO's equity and, through the equity pick up, on De Post-La Poste's:

FOR THE YEAR ENDED 31 DECEMBER	2008 + 1%	2008 - 1%
IN MILLION EUR		
Equity BPO	(32.0)	32.0
Equity De Post-La Poste	(16.0)	16.0

De Post-La Poste is also directly exposed to interest rate risks:

- The 100 million euros loan granted by the European Investment Bank which matures in 2022 carries a floating interest rate (3 months Euribor rate minus 3.7 basis points).
- As of 31 December 2008, the company holds 268.6 million euros in floating rate notes. These bonds have a variable quarterly coupon that is equal to Euribor 3 months plus a spread. This spread differs from 16 basis points to 47 basis points.

These floating interest rates may fluctuate substantially and could have a negative impact on company's results and financial condition in a given period.

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

Credit risk

De Post-La Poste is exposed to credit risks in its operational activities, in the investment of its liquidities and through its investment in BPO.

FOR THE YEAR ENDED 31 DECEMBER	2008	2007
IN MILLION EUR		
Credit risk classes of financial assets		
Held to maturity financial assets	-	-
Financial assets at fair value through P&L, designated as such upon initial recognition	1,111.5	1,011.1
Cash and Cash equivalents	198.5	154.8
Trade and other receivables	375.4	357.9
Credit risk classes of financial assets	1,685.4	1,523.8

Operational activities

The credit risk by definition only concerns that part of De Post-La Poste's activities that are not paid upfront in cash. It is three-pronged:

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

The company's policy is to deal only with creditworthy counterparties.

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

	2008	2007
IN MILLION EUR		
At 1 January	27.4	18.4
Impairments: Additions	2.3	15.1
Impairments: Utilization	(7.7)	(0.5)
Impairments: Reversal	(0.3)	(5.6)
At 31 December	21.7	27.4

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

FOR THE YEAR ENDED 31 DECEMBER	2008	2007
IN MILLION EUR		
Current	284.7	240.6
< 60 days	45.9	61.3
60 -120 days	5.3	3.1
> 120 days	2.4	3.7
Total	338.2	308.7

Investment of liquidities

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

De Post-La Poste limits the credit risk on its investments by diversification of the investment portfolio. The amounts invested in floating rate notes and commercial papers are spread over different issuers in different industries. De Post-La Poste has mainly invested in commercial paper that are rated A1/P1/F1 or A2/P2/F2 quoted and short term papers that are issued by public bodies.

The company analyses the sectors in which it invests and rotates out of those which have negative perspectives. In the course of 2008, the company reduced its exposure to the financial sector and to some industrial sectors such as the automobile sector.

De Post-La Poste has invested 145.4 million euros in five asset management contracts which hold a capital guarantee clause at maturity date. These investments consist of a portfolio of bonds and debt securities from governmental and industrial issuers. The average rating of these investments is equivalent to an AA Standard & Poor.

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

	2008	2007* COMPARABLE
IN MILLION EUR		
Carrying amount at 1 January	103.2	15.2
Changes attributable to changes in credit risk	0	0
Other changes	(0.6)	88.0
Carrying amount at 31 December	102.6	103.2

* The figures in the financial statements for the year 2007 were adapted to ensure comparability in presentation (see note 8)

BPO

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

Liquidity risk

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

As at 31 December 2008, financial liabilities have contractual maturities which are summarized below:

	CURRENT LESS THAN 1 YEAR	NON-CURRENT WITHIN 1 YEAR BUT NOT LATER THAN 5 YEARS	NON-CURRENT LATER THAN 5 YEARS
31 DECEMBER 2008			
IN MILLION EUR			
Finance lease obligations	0.8	2.3	0.2
Bank loan			100.0
Trade and other payables	965.3	7.3	9.0

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

	CURRENT LESS THAN 1 YEAR	NON-CURRENT WITHIN 1 YEAR BUT NOT LATER THAN 5 YEARS	NON-CURRENT LATER THAN 5 YEARS
31 DECEMBER 2007 COMPARABLE*			
IN MILLION EUR			
Finance lease obligations	0.8	3.1	0.4
Bank loan			100.0
Trade and other payables	887.7	1.5	9.0

* The figures in the financial statements for the year 2007 were adapted to ensure comparability in presentation (see note 8)

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

9.6. BUSINESS COMBINATIONS

CERTIPOST NV-SA

On February 18th 2008, Belgacom and De Post-La Poste concluded a Share Purchase Agreement with regard to the transfer of all Certipost NV-SA shares held by Belgacom to De Post-La Poste.

The share capital of Certipost NV-SA is represented by 8,260 ordinary shares without nominal value, which were held as follows: 4,130 (50%) shares were held by Belgacom and 4,130 (50%) shares by De Post-La Poste. The purchase price paid by De Post-La Poste for the 4,130 shares held by Belgacom amounts to 7.9 million euros. The transfer of ownership of the shares took place on 6 June 2008.

As De Post-La Poste became a 100% shareholder of Certipost NV-SA, the company has been consolidated using the full-integration method as from 1 June 2008.

IN MILLION EUR

Elements of the cost of acquisition	
-Cash paid	7.9
-Cash in the company	5.7
Total cost of acquisition	2.2

IN MILLION EUR

Fair value of the assets acquired i.e. 50% of Net Assets	0.9
Goodwill	7.0

CARRYING AMOUNT IN THE ACQUIRED ENTITY

IN MILLION EUR

Cash and Cash Equivalents	0.3
Investment Securities	5.4
Receivables	2.7
Non Current Assets	1.2
Liabilities	8.7
Net Assets	0.9

TAXIPOST NV-SA

On January 29th 2008, the General Meetings of shareholders of De Post NV-La Poste SA, Taxipost NV-SA and Veocube NV-SA approved a proposal relating to a "transfer of universality" of all assets and liabilities of Taxipost NV-SA to De Post NV-La Poste SA and Veocube NV-SA

On April 18th 2008, the three aforementioned companies approved the "transfer of universality", as a result of which all assets and liabilities (including customer and other contracts, personnel, licenses, etc.) as well as all rights and obligations related were transferred to De Post NV-La Poste SA and Veocube NV-SA, with effect as of 1 May 2008.

All accounting, tax transactions, rights and obligations are integrated in the accounts of the buyers as from 1 May 2008.

The aggregate purchase price paid to Taxipost NV-SA for the transfer amounts to 9.7 million euros, (9.0 million euros paid by De Post-La Poste and 0.7 million euros by Veocube).

VEOCUBE NV-SA

On January 29th 2008, the General Meeting of Speos Invest NV-SA held before notary decided to expand the scope of the corporate purpose of the company and to change the company name from Speos Invest to Veocube.

BPG FRANCE NV-SA

On August 28th 2008, the General Meeting of BPG France decided to dissolve the company and appoint a liquidator. The liquidation process was completed on 28 November 2008.

9.7. OTHER OPERATING INCOME

FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR

	2008	2007
Gain on disposal of property, plant and equipment	8.2	4.5
Benefits in kind	0.2	0.3
Commissions received	0.0	10.6
Rental income of investment property	1.7	1.8
Other rental income	6.0	6.0
Third party costs recovery	6.2	5.9
Gross income on disposal of subsidiary	-	14.4
Other	8.9	5.8
	31.2	49.3

The increase in the gains realized on disposal of property, plant and equipment is related to the increase of building disposals in 2008 (e.g. buildings of Evere, Huy, Hasselt and Antwerpen).

Commissions received are related to certain fees obtained from BPO. As from 2008, they are reclassified as turnover.

The share of rental income related to investment property amounts to 1.7 million euros (2007: 1.8 million euros).

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

The gross income on disposal of subsidiary generated in 2007 related to the disposal of Asterion, the French document management company. No disposal was realized in 2008.

Other sources of operating income mainly consist of reimbursements by third parties of damages suffered by De Post NV-La Poste SA, and its subsidiaries.

9.8. OTHER OPERATING EXPENSE

FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR

	2008	2007
Provisions	(13.3)	6.3
Local and real estate taxes	4.8	6.4
Impairment on trade receivables	1.5	5.0
Penalties	-	0.2
Expenses related to 'Return On Equity' obligation	16.5	7.2
Other	0.9	2.8
	10.4	27.9

The expenses related to 'Return On Equity Obligation' of 16.5 million euros are an adjustment of the guarantee over the BPO result (see also note 9.26).

Provisions decreased mainly due to the utilization and reversal of provisions for onerous contracts (mainly the exit of the WTC office towers and for the restructuring of Taxipost).

9.9. EMPLOYEE EXPENSE

FOR THE YEAR ENDED 31 DECEMBER	2008	2007
IN MILLION EUR		
Employee remuneration	1,033.7	1,122.9
Collective Labor Agreement (CLA)	0	67.2
Compensation for termination of allowances	38.4	0
Social security contributions	212.4	217.1
Other personnel costs	9.7	13.0
	1,294.2	1,420.2

The 2007 accounts included a charge of 67.2 million euros covering the cost of the early-retirement and part-time work schemes resulting from the Collective Labor Agreement covering the years 2007 and 2008.

In 2008, a provision amounting to 38.4 million euros was recorded to cover the cost of buying out a number of allowances paid to personnel.

As at 31 December 2008, the headcount of De Post-La Poste amounted to 35,313 (2007: 37,526) and is composed as follows:

- Statutory personnel: 23,538
- Contractual personnel: 11,775

The number of FTE at year-end amounted to 30,660 (2007: 32,571) and is composed as follows:

- Statutory personnel: 20,373
- Contractual personnel: 10,287

9.10. FINANCIAL INCOME AND FINANCIAL COST

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

FOR THE YEAR ENDED 31 DECEMBER	2008	2007
IN MILLION EUR		
Financial income	62.5	46.8
Financial costs	(19.4)	(16.9)
Net financial result	43.1	29.9

FINANCIAL INCOME

FOR THE YEAR ENDED 31 DECEMBER	2008	2007
IN MILLION EUR		
Income from financial assets at fair value through P&L, designated as such upon initial recognition	-	5.8
Interest income from financial assets at fair value through P&L, designated as such upon initial recognition	52.2	25.5
Interest income from liquidities put at the disposal of the State	4.8	6.1
Interest income from short term bank deposits	1.3	3.7
Interest income from current accounts	0.9	1.0
Gain from exchange differences	2.7	2.9
Other	0.6	1.8
Financial Income	62.5	46.8

FINANCIAL COST

FOR THE YEAR ENDED 31 DECEMBER	2008	2007
IN MILLION EUR		
Interest expense from financial liabilities at fair value through P&L, designated as such upon initial recognition	5.5	1.8
Financial costs on benefit obligations (IAS 19)	8.9	12.7
Loss from exchange differences	2.8	1.6
Impairment current/financial assets	0.8	(0.6)
Other finance costs	1.4	1.4
Financial costs	19.4	16.9

9.11. INCOME TAX/DEFERRED TAX

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

FOR THE YEAR ENDED 31 DECEMBER	2008	2007
IN MILLION EUR		
Tax expense included:		
Current tax expenses	(64.9)	(52.9)
Adjustment recognized in the current year in relation to the current tax of prior years	9.2	-
Deferred tax expense relating to the origination and reversal of temporary differences	(36.4)	(13.0)
Total tax expense	(92.1)	(65.9)

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

FOR THE YEAR ENDED 31 DECEMBER	2008	2007
IN MILLION EUR		
Tax expense using statutory tax rate	106.7	44.4
Profit before income tax	313.9	130.7
Statutory tax rate	33.99%	33.99%
Reconciling items between statutory and effective tax		
Tax effect of rates in other jurisdictions	0.0	(0.1)
Tax effect of non tax deductible expenses	14.3	21.7
Notional interest deduction	(10.8)	(8.5)
Tax release prior year	(9.2)	-
Tax effect of tax losses utilized by subsidiaries	(4.0)	(3.8)
Subsidiaries in loss situation	0.8	18.2
BPO / Certipost (equity method)	(0.5)	(1.5)
Interco adjustments	7.7	(1.8)
Other		
Other differences	(12.9)	(2.8)
TOTAL	92.1	65.9
Tax using effective rate (current period)		
Profit before income tax	313.9	130.7
Effective tax rate	29.3%	50.4%

The amount of 12.9 million euros recognized "other differences" is mainly related to liquidation of BPG France.

At December 2008, De Post-La Poste recognized a net deferred income tax asset of 90.9 million euros. This net deferred income tax asset is composed as follows:

FOR THE YEAR ENDED 31 DECEMBER	2008	2007
IN MILLION EUR		
Deferred tax assets		
Employee benefits	91.9	134.2
Provisions	16.2	11.3
Other	32.6	29.3
Total deferred tax asset	140.7	174.8
Deferred tax liabilities		
Property plant and equipment	37.1	38.3
Intangible assets	6.6	5.1
Other	6.1	4.2
Total deferred tax liabilities	49.8	47.5
Net deferred tax asset	90.9	127.3

Deductible temporary differences arise in respect of provisions for employee benefits and other provisions, impairment losses, leasing and provision for financial guarantee. Taxable temporary differences arise in respect of accelerated tax depreciation of property, plant and equipment, intangible assets, inventories and revenue recognition.

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

The temporary differences associated with investments in subsidiaries and associates for which a deferred tax liability has not been recognized aggregate to 1.4 million euros (2007: 1.1 million euros)

9.12. PROPERTY, PLANT AND EQUIPMENT

	LAND AND BUILDINGS	PLANT AND EQUIPMENT	FURNITURE AND VEHICLES	FIXTURES AND FITTINGS	OTHER PROPERTY PLANT AND EQUIPMENT	TOTAL
IN MILLION EUR						
Acquisition cost						
Balance at 1 January 2007	849.4	329.5	216.0	61.3	52.8	1,508.9
Acquisitions	0.5	14.7	27.7	36.5	0.1	79.5
Acquisitions through business combinations	-	-	-	-	-	-
Disposals	-	(39.9)	(12.6)	(2.0)	-	(54.5)
Disposals through the sale of subsidiaries	(4.3)	(46.6)	(2.7)	(6.5)	(0.2)	(60.3)
Assets classified as held for sale or investment property	(53.9)	-	-	(25.8)	-	(79.7)
Other movements	45.8	(4.3)	5.6	1.0	(51.9)	(3.8)
Balance at 31 December 2007	837.4	253.3	234.0	64.4	0.9	1,390.1
Balance at 1 January 2008						
Acquisitions	0.0	5.8	20.2	23.1	11.4	60.7
Acquisitions through business combinations	-	1.5	0.4	0.2	-	2.1
Disposals	(2.1)	(3.0)	(13.3)	(3.6)	-	(22.0)
Disposals through the sale of subsidiaries	-	-	-	-	-	-
Assets classified as held for sale or investment property	6.5	-	-	(9.7)	-	(3.2)
Other movements	-	0.2	(0.0)	(0.2)	-	(0.0)
Balance at 31 December 2008	841.9	257.8	241.4	74.3	12.3	1,427.7

	LAND AND BUILDINGS	PLANT AND EQUIPMENT	FURNITURE AND VEHICLES	FIXTURES AND FITTINGS	OTHER PROPERTY PLANT AND EQUIPMENT	TOTAL
IN MILLION EUR						
Revaluation						
Balance at 1 January 2007	-	-	-	-	7.4	7.4
Balance at 31 December 2007	-	-	-	-	7.4	7.4
Balance at 1 January 2008						
Balance at 31 December 2008	-	-	-	-	7.4	7.4
Depreciation and impairment losses						
Balance at 1 January 2007	(357.6)	(210.1)	(142.9)	(32.8)	0.0	(743.3)
Acquisitions through business combinations	-	-	-	-	-	-
Disposals	-	39.9	12.6	2.0	-	54.5
Disposals through the sale of subsidiaries	3.1	29.4	2.6	3.6	-	38.8
Depreciation	(23.8)	(26.7)	(24.0)	(11.3)	0.0	(85.8)
Impairment losses	(0.9)	2.3	(1.6)	(1.8)	-	(2.1)
Assets classified as held for sale or investment property	59.4	-	-	5.5	-	64.9
Other increase (decrease)	(10.0)	10.0	-	-	-	-
Balance at 31 December 2007	(329.9)	(155.1)	(153.3)	(34.7)	0.0	(672.9)
Balance at 1 January 2008						
Acquisitions through business combinations	-	(1.3)	(0.4)	(0.1)	-	(1.8)
Disposals	2.1	3.0	13.3	3.6	-	22.0
Disposals through the sale of subsidiaries	-	-	-	-	-	-
Depreciation	(21.3)	(21.2)	(20.9)	(13.3)	-	(76.7)
Impairment losses	4.8	(2.9)	(0.0)	0.1	-	1.9
Assets classified as held for sale or investment property	(4.9)	-	-	7.9	-	2.9
Other increase (decrease)	-	-	-	-	-	-
Balance at 31 December 2008	(349.3)	(177.5)	(161.4)	(36.5)	0.0	(724.7)
Carrying amount						
At 31 December 2007	507.5	98.2	80.7	29.8	8.3	724.6
At 31 December 2008	492.6	80.3	80.0	37.7	19.8	710.4

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

- New acquisitions: 60.7 million euros of which 20.2 million euros for furniture and vehicles and 23.1 million euros for the renovation of post offices and other industrial buildings
- Depreciation and impairment losses: -74.8 million euros
- Transfers to assets held for sale and investment properties: -0.3 million euros
- Acquisitions of Certipost (net impact: 0.3 million euros)

The transfer to other asset categories mainly relates to the separate presentation in the balance sheet of investment properties and property, plant and equipment held for sale following the adoption of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

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

9.13. INVESTMENT PROPERTY

	LAND & BUILDINGS
IN MILLION EUR	
Acquisition cost	
Balance at 1 January 2007	31.2
Acquisitions	3.5
Transfer from/to other asset categories	8.5
Balance at 31 December 2007	43.2
Balance at 1 January 2008	43.2
Acquisitions	-
Transfer from/to other asset categories	(7.1)
Balance at 31 December 2008	36.1
Depreciation and impairment losses	
Balance at 1 January 2007	(17.3)
Impairment losses	(0.5)
Transfer from/to other asset categories	(3.6)
Balance at 31 December 2007	(21.4)
Balance at 1 January 2008	(21.4)
Depreciations	(0.2)
Impairment losses	-
Transfer from/to other asset categories	2.1
Balance at 31 December 2008	(19.6)
Carrying amount	
At 31 December 2007	21.8
At 31 December 2008	16.5

Investment property essentially relates to apartments located in buildings hosting post offices. Investment properties are carried at acquisition cost less any accumulated depreciation and less any impairment loss. The depreciation amount is allocated on a systematic basis over useful life (in general 40 years). The rental income of the investment property amounts to 1.7 million euros (2007: 1.8 million euros). The fair value of the investment property can be estimated at 25.4 million euros (2007: 32.5 million euros).

9.14. ASSETS HELD FOR SALE

	2008	2007
FOR THE YEAR ENDED 31 DECEMBER		
IN MILLION EUR		
Property, plant and equipment	1.1	1.7
	1.1	1.7

At 31 December 2008, De Post-La Poste recognized assets held for sale for 1.1 million euros. The majority of assets relating to this category are retail outlets; consequence of the optimization of the post offices network.

The decrease of 0.6 million euros in asset held for sale between 2008 and 2007 is due to the sales of several building during the year 2008; 6 buildings are recognized in assets held for sale as per 2008.

Profits on disposal of 8.2 million euros (2007: 4.5 million euros) were accounted for in the income statement in the section "Other operating income". The impairment charges are accounted for in the section "Depreciation, amortization" and is equal to 0.2 million euros (2007: -).

9.15. INTANGIBLE ASSETS

	GOODWILL	DEVELOPMENT COSTS	SOFTWARE	OTHER INTANGIBLE ASSETS	TOTAL
IN MILLION EUR					
Acquisition cost					
Balance at 1 January 2007	39.8	28.5	118.5	-	186.9
Acquisitions	-	8.6	9.9	-	18.4
Acquisitions and additions through business combinations				-	
Disposals	(2.5)	(18.4)	(0.9)	-	(21.8)
Disposals through the sale of subsidiaries	(23.6)	(0.1)	(8.0)	-	(31.7)
Transfer to other asset categories		48.0	(48.0)	-	-
Other movements			3.6	-	3.6
Balance at 31 December 2007	13.8	66.5	75.1	-	155.4
Balance at 1 January 2008	13.8	66.5	75.1	-	155.4
Acquisitions	7.0	13.5	6.4	7.3	34.2
Acquisitions and additions through business combinations	2.1	5.6	3.2	-	10.9
Disposals	-	(2.7)	-	-	(2.7)
Disposals through the sale of subsidiaries	-	-	-	-	-
Transfer to other asset categories	-	-	-	-	-
Other movements	-	-	-	-	-
Balance at 31 December 2008	22.9	82.9	84.7	7.3	197.8
Amortization and impairment losses					
Balance at 1 January 2007	(36.9)	(13.3)	(81.7)	-	(131.9)
Disposals	2.5	18.4	0.9	-	21.8
Disposals through the sale of subsidiaries	23.2	0.1	7.6	-	31.0
Amortization	-	(8.1)	(8.7)	-	(16.9)
Impairment losses		(3.5)	(0.5)	-	(4.0)
Transfer to other asset categories		(36.3)	36.2	-	(0.0)
Other movements			(0.0)	-	(0.0)
Balance at 31 December 2007	(11.1)	(42.7)	(46.1)	-	(100.0)
Balance at 1 January 2008	(11.1)	(42.7)	(46.1)	-	(100.0)
Acquisitions and additions through business combinations	(1.3)	(5.6)	(2.7)	-	(9.5)
Disposals	-	2.7	-	-	2.7
Disposals through the sale of subsidiaries	-	-	-	-	-
Amortization	-	(10.0)	(6.4)	(1.5)	(17.9)
Impairment losses	0.3	(5.0)	(1.2)	-	(5.9)
Transfer to other asset categories	-	-	-	-	-
Other movements	-	-	-	-	-
Balance at 31 December 2008	(12.1)	(60.7)	(56.4)	(1.5)	(130.6)
Carrying amount					
At 31 December 2007	2.6	23.8	29.0	-	55.4
At 31 December 2008	10.9	22.3	28.3	5.8	67.2

Intangible assets increase by 11.8 million euros compared to last year. This increase is due to the following factors:

- Goodwill generated by the acquisition of the 50% of Certipost that De Post-La Poste did not own: 7 million euros
- Fair value of the intangible assets owned by Certipost at the time of the acquisition (mainly software and capitalized software developments): 1.4 million euros
- Acquisitions of the ATM'S and ATM business from BPO (Other intangible assets): 7.3 million euros. The remaining life expectancy of the ATM is 4 years.
- Investments in software (6.4 million euros) and software development cost (13.5 million euros)

- Amortization of the year (-17.8 million euros)
- Impairments of development costs and software (-5.9 million euros)

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

9.16. LEASE

FINANCE LEASE

The finance lease liabilities as of December 31, 2008 relate only to the Saint-Denis building and to machinery. The building was acquired in the framework of the disposal of Asterion and the machinery is essentially located within the subsidiaries Speos and Secumail.

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

	USEFUL LIVES	CARRYING AMOUNT DEC 31, 2008
IN MILLION EUR		
Land and Buildings (Saint-Denis)	25 years	2.9
Machinery and equipment	5 years	1.8

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

	2008	2007
FOR THE YEAR ENDED 31 DECEMBER		
IN MILLION EUR		
Minimum lease payments		
Within 1 year	0.9	0.8
1 to 5 years	2.6	3.1
More than 5 years	0.2	0.4
Total	3.7	4.4
Less		
Future finance costs	0.4	0.6
Present value of the minimum lease payments		
Within 1 year	0.8	0.6
1 to 5 years	2.3	2.8
More than 5 years	0.2	0.4
Total	3.3	3.8

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

OPERATING LEASE

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

	2008	2007
FOR THE YEAR ENDED 31 DECEMBER		
IN MILLION EUR		
Less than one year	33.7	37.4
Between one year and five years	104.3	92.0
More than five years	52.8	27.7
Total	190.8	157.1

The operating leases relate to buildings and vehicles. Lease payments are recognized as an expense in the section "Services and other goods" for an amount of 60.4 million euros (2007: 58.2 million euros).

A number of new leasing contracts regarding vehicles have been signed during 2008. They have a six-year duration.

The operational lease agreements include fixed lease payments. The risks and rewards incidental to the ownership are not transferred to De Post-La Poste.

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

	2008	2007
FOR THE YEAR ENDED 31 DECEMBER		
IN MILLION EUR		
Less than one year	2.6	5.6
Between one year and five years	9.0	12.5
More than five years	4.6	6.5
Total	16.2	24.7

The income that is related to operational lease agreements is recognized in the section "Other operating income" for an amount of 7.7 million euros (2007: 7.8 million euros).

The WTC sublease agreement with the immigration administration ("Dienst Vreemdelingen-Office des Etrangers") has come to an end in 2008.

9.17. INVESTMENT SECURITIES

	FINANCIAL ASSETS HELD TO MATURITY	TOTAL NON CURRENT INVESTMENTS	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS, DESIGNATED AS SUCH UPON INITIAL RECOGNITION	TOTAL CURRENT INVESTMENTS	TOTAL
IN MILLION EUR					
Acquisition cost					
Balance at 1 January 2007	2.8	2.8	385.1	385.1	387.9
Acquisitions	-	-	772.3	772.3	772.3
Changes in fair value	-	-	(7.6)	(7.6)	(7.6)
Disposals	-	-	(136.0)	(136.0)	(136.0)
Disposals through the sale of subsidiaries	-	-	(2.7)	(2.7)	(2.7)
Transfer to other asset categories	(2.8)	(2.8)	-	-	(2.8)
Balance at 31 December 2007	0.0	0.0	1,011.1	1,011.1	1,011.1
Balance at 1 January 2008	0.0	0.0	1,011.1	1,011.1	1,011.1
Acquisitions	-	-	917.9	917.9	917.9
Acquisitions through business combinations	-	-	3.2	3.2	3.2
Changes in fair value	-	-	(0.2)	(0.2)	(0.2)
Disposals	-	-	(820.5)	(820.5)	(820.5)
Balance at 31 December 2008	0.0	0.0	1,111.5	1,111.5	1,111.5
Impairment losses					
Balance at 1 January 2007	(0.1)	(0.1)	-	-	(0.1)
Other movements	0.1	0.1	-	-	0.1
Balance at 31 December 2007	-	-	-	-	-
Balance at 1 January 2008	-	-	-	-	-
Other movements	-	-	-	-	-
Balance at 31 December 2008	-	-	-	-	-
Carrying amount					
At 31 December 2007	0.0	0.0	1,011.1	1,011.1	1,011.1
At 31 December 2008	0.0	0.0	1,111.5	1,111.5	1,111.5

As per December 31 2008, De Post-La Poste has invested 145.4 million euros in asset management contracts. During 2008, an additional 20 million euros were invested while end 2007 the carrying amount was 125.6 million euros. These investments mature in 2009 and for three of them, a coupon pay-out of 1.5% is foreseen each year. A capital guarantee clause at maturity is included in all contracts.

The fair value of these investments is determined directly by reference to published price quotations in an active market and amounts to 145.4 million euros at 31 December 2008.

The other short-term investment securities are commercial papers and floating rate notes. Most of the commercial papers have a maturity between one and three months and their interest rates vary from 3% to 5%. The market value of the commercial papers was estimated at 664 million euros.

In addition to the 90 million euros already invested by end 2007, the company subscribed for 177 million euros in floating rate notes. These bonds mature in 2009 and 2010. They have a variable quarterly coupon that is equal to Euribor 3 months plus a spread. The market value of these instruments is not materially different to the acquisition cost increased with the accrued and unpaid interests.

De Post-La Poste divested all its Money Market Funds. An amount of 33.5 million euros was invested in short term sovereign paper (state or region owned). Those papers have a maturity between one and three months.

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

9.18. INVESTMENT IN ASSOCIATES

	2008	2007
IN MILLION EUR		
Balance at 1 January	62.6	80.7
Share of profit	1.3	4.4
Dividends received	-	(4.0)
Expenses related to 'Return On Equity' obligation	-	(3.5)
Participation in capital increase of associates	-	0.9
Other movements in equity of associates	23.8	(15.9)
Balance at 31 December	87.7	62.6

SHARE OF PROFIT/LOSS

In 2008, the amount is composed of our share in the profit of BPO (2008: 1.4 million euros and 2007: 5.2 million euros) and partially offset by our share in the Certipost profit for the first 5 months of the year (2008: -0.1 million euros - 2007: -0.8 million euros). For the last seven months of the year, following the acquisition of 100% of the shares and its inclusion in the consolidated income statement, Certipost no longer impacts the "Investment in Associates".

DIVIDENDS RECEIVED

In 2008, no dividend originating from associate companies was attributed to De Post NV-La Poste SA

OTHER MOVEMENTS

The amounts represent the reduction in unrealized losses on BPO's bond portfolio (24.2 million euros), partially compensated by the removal of the pickup of the company's share in Certipost's net equity (0.4 million euros) following the acquisition of 100% of the shares. The totality of the above items, with the exception of "other movements" is considered current assets/liabilities.

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

2008	OWNERSHIP	TOTAL ASSETS	TOTAL LIABILITIES (EXCL. EQUITY)	REVENUES	PROFIT/ (LOSS)
IN MILLION EUR					
BPO	50%	7,109.7	6,934	308.0	2.7

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

9.19. TRADE AND OTHER RECEIVABLES

NON CURRENT TRADE AND OTHER RECEIVABLES

FOR THE YEAR ENDED 31 DECEMBER	2008	2007
IN MILLION EUR		
Trade receivables	2.2	-
Other receivables	2.1	2.8
	4.3	2.8

CURRENT TRADE AND OTHER RECEIVABLES

FOR THE YEAR ENDED 31 DECEMBER	2008	2007
IN MILLION EUR		
Trade receivables	338.2	308.7
Tax receivables, other than income tax	0.5	3.6
Other receivables	32.4	42.7
	371.1	355.1

FOR THE YEAR ENDED 31 DECEMBER	2008	2007
IN MILLION EUR		
Accrued income	15.5	20.1
Deferred charges	10.9	13.4
Other receivables	6.0	9.2
Current - Other receivables	32.4	42.7

The non current trade and other receivables (4.3 million euros) consist in part of the sale of the society "Asterion" to "Pitney Bowes" (2.2 million euros). The remaining part of the 2.1 million euros other receivables includes mainly cash guarantees. The carrying amount of the non current receivables is considered a reasonable approximation of the fair value of this financial asset, as it is expected to be paid within a short timeframe, making the impact of the time value of money is not significant.

Current trade receivables amount include third-party trade debtors (157 million euros), receivables from the State (91 million euros), credit notes to be received, suppliers with debit balance (58 million euros) and prepayments (32 million euros).

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

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

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

9.20. INVENTORIES

FOR THE YEAR ENDED 31 DECEMBER	2008	2007
IN MILLION EUR		
Raw materials	1.9	2.0
Finished products	3.1	2.8
Goods purchased for resale	6.1	5.4
Reductions in value	(1.5)	(1.7)
Inventories	9.6	8.6

Raw materials include consumables. Finished products are stamps available for sale. Goods for resale mainly include postograms and post cards, lottery products and supplies available for resale.

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

In 2008, an amount of -1 million euros (2007: -1.5 million euros) is recognized as an expense in the section "Material cost". This section includes write down of inventories as well as the activation of uniforms.

The variance of 0.2 million euros is due to a decrease of the write down, result of an adjustment of stamps with an old facial value partially compensated by an adjustment of printing stock.

9.21. CASH AND CASH EQUIVALENTS

FOR THE YEAR ENDED 31 DECEMBER	2008	2007
IN MILLION EUR		
Cash in Post Offices	136.9	127.9
Cash in Transit	(2.0)	2.7
Bank current accounts	55.6	43.4
Liquidities deposited with the State Treasury	8.0	-
Overdrafts with State Treasury	-	(19.3)
Cash and cash equivalents	198.5	154.8

9.22. FINANCIAL LIABILITIES

FOR THE YEAR ENDED 31 DECEMBER	2008	2007 COMPARABLE*
IN MILLION EUR		
Financial liabilities at amortized cost		
Bank loans	100.0	100.0
Finance lease liabilities	2.6	3.2
	102.6	103.2

* The figures in the financial statements for the year 2007 were adapted to ensure comparability in presentation (see note 8)

FOR THE YEAR ENDED 31 DECEMBER	2008	2007
IN MILLION EUR		
Financial liabilities at amortized cost		
Finance lease liabilities	0.8	0.6
	0.8	0.6

A bank loan of 100 million euros concluded in 2007 with the EIB increases the total of the non-current financial liabilities. This loan matures in 2022.

9.23. EMPLOYEE BENEFITS

De Post-La Poste grants its active and retired personnel post-employment benefits, long-term benefits, other long

term benefits and termination benefits. These benefit plans have been valued in conformity with IAS 19. Some of them originate from measures negotiated in the framework of Collective Labor Agreement ('CLA'). The benefits granted under these plans differ according to the three categories of employees of De Post-La Poste: civil servants (also known as statutory employees), baremic contractual employees and non-baremic contractual employees.

The employee benefits are as follow:

FOR THE YEAR ENDED 31 DECEMBER	2008	2007
IN MILLION EUR		
TOTAL	(483.9)	(623.9)
Post-employment benefits	(179.1)	(235.4)
Long-term employee benefits	(135.6)	(165.0)
Termination benefits	(38.1)	(76.4)
Other long-term benefits	(131.1)	(147.1)

Net of the deferred tax asset relating to them, employee benefits amount to 392 million euros (2007: 489.7 million euros).

FOR THE YEAR ENDED 31 DECEMBER	2008	2007
IN MILLION EUR		
Employee benefits	(483.9)	(623.9)
Deferred tax assets impact	91.9	134.2
Employee benefits net of deferred tax	(392.0)	(489.7)

POST-EMPLOYMENT BENEFITS

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

Medical expenses

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

Family allowances

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

Restaurant

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

De Post-La Poste has, over the years, progressively and unilaterally limited the advantage towards the inactive population. The decision to close or continue specific company restaurants has been solely based on the active population demographics. As a consequence, De Post-La Poste considers its constructive obligation towards the inactive population as extinct and the benefit is no longer valued.

Following the curtailment of this benefit, a profit of 26.2 million euros has been acted in De Post-La Poste's profit and loss account, in accordance with paragraphs 109 and 110 of the IAS19 "employee benefits" norm.

Transportation

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

In application of the 2007-2008 CLA the rules regarding the allotment of transport tickets, both for the active and

the inactive population, have been modified. These changes bring about a "plan change" in the way the transport advantage is calculated.

The 33.8 million euros positive impact of this plan change has been fully recorded as a "past service gain" in the payroll cost line of the profit & loss account, in accordance with article 96 of IAS19.

Bank

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

LONG-TERM EMPLOYEE BENEFITS

Long-term employee benefits include accumulated compensated absences and part-time benefits.

Accumulated Compensated Absences

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

Both the full salary paid under the 'sick days' scheme and the reduced payments beyond that are costs incurred by De Post-La Poste.

The methodology for the valuation is based on the future "projected payments / cash outflows". These are calculated for the totality of the population considered, based on a certain "consumption" pattern, derived from the statistics over the first eleven months of 2008, as provided by the human resource department.

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

A gain of around 27 million euros has been acted in De Post-La Poste's profit & loss account following an improvement of the valuation methodology compared to last year (individual valuation instead of average case valuation).

Part-time regime (50+)

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

TERMINATION BENEFITS

Early Retirement

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

Career Interruption 100%

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

OTHER LONG-TERM BENEFITS

Workers Compensation Plans

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

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

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

FOR THE YEAR ENDED 31 DECEMBER	2008	2007
IN MILLION EUR		
Present value of obligations	(473.8)	(619.5)
Fair value of plan assets	0.8	1.3
Present value of net obligations for plan	(473.1)	(618.2)
Present value of net obligations	(473.1)	(618.2)
Unrecognized actuarial	(10.8)	(5.8)
Net liability	(483.9)	(623.9)
Employee benefits amounts in the balance sheet		
Liabilities	(483.9)	(623.9)
Net liability	(483.9)	(623.9)

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

	2008	2007
IN MILLION EUR		
Present value at 1 January	(619.5)	(633.8)
Service cost	(17.5)	(71.5)
Interest cost	(25.3)	(17.2)
Past service (cost)/gain	33.8	-
Actuarial gains	68.4	22.9
Benefits paid	71.9	74.4
Curtailment and settlement (loss)/gain	14.3	-
Effect of changes in accounting estimates per IAS 8	-	3.0
Disposals through the sale of subsidiaries	-	2.8
Defined benefit obligation at 31 December	(473.8)	(619.5)

The expense recognized in the income statement is presented hereafter:

FOR THE YEAR ENDED 31 DECEMBER	2008	2007
IN MILLION EUR		
Service cost	(17.5)	(71.5)
Interest cost	(25.3)	(17.2)
Past service (cost)/gain	33.8	-
Actuarial gains and (losses)	77.1	7.5
Financial	16.4	1.0
Other	60.7	6.4
Effect of changes in accounting estimates per IAS 8	-	10.0
Financial	-	3.5
Other	-	6.6
Net expense	68.1	(71.2)

FOR THE YEAR ENDED 31 DECEMBER	2008	2007
IN MILLION EUR		
Payroll costs	77.0	(58.5)
Financial cost	(8.8)	(12.7)
Net expense	68.1	(71.2)

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

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

	2008	2007
Rate of inflation	2.0%	2.0%
Future salary increase	3.0%	3.0%
Medical cost trend rate	5.0%	6.0%
Mortality tables	MR/FR	MR/FR

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

	2008	2007
IN MILLION EUR		
Fair value of plan assets at 1 January	1.3	0.8
Contributions by employer	4.9	5.3
Benefits paid	(5.4)	(4.8)
Fair value of plan assets at 31 December	0.8	1.3

Considering the current economic situation and the increasing rates given by some references, there have been discussions around the appropriate methodology to determine acceptable discount rate ranges. For this reason, De Post-La Poste decided to set the discount rate as at 31/12/2008 on the basis of non financial bonds only. They range from 4.5% to 5.6% (2007: 4.6% to 5.5% based on AA credit rated bonds).

In terms of sensitivity, if the inflation rate applied to medical costs in the actuarial valuation of the defined benefit obligations varied by 1%, the liability relating to medical costs would be impacted as follows:

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

	2008 +1%	2008 -1%
IN MILLION EUR		
Aggregate of current service and interest cost	0.5	(0.4)
Defined benefit obligation for medical costs	15.8	(12.7)

9.24. SHARE-BASED PAYMENTS

In 2006, the Board of De Post-La Poste approved the creation of an Employee Stock Option Plan ("ESOP") for the Management. Under this plan, De Post-La Poste has granted in 2006, 2007 and 2008 to the management options to purchase shares in the company. Once granted, the options vest one-third per year over a period of three years. The option plan is allocated to approximately 80 senior managers, including the CEO and the Management Committee.

The fair value of the option is expensed over the vesting period. In accordance with IFRS 2, the fair value of the options has been determined using the Binomial Option Pricing Model. The charge to the 2008 income statement amounted to 3 million euros (2007: 1.9 million euros). All share-based employee remunerations are accounted following the cash-settled methodology. There have been no modifications to the terms of the share-based payments plan during 2008.

The total number of outstanding options is as follows:

	2008	2007
IN NUMBER		
Options outstanding at 1 January	2,724.0	1,336.0
Options granted during the year	2,262.0	1,388.0
Options exercised during the year	(416.0)	-
Options forfeited during the year	(40.0)	-
Options out due to bad leavers	(78.0)	-
Options outstanding at 31 December	4,452.0	2,724.0

	2008	2007
Number of persons at 1 January		
IN	20.0	6.0
OUT	-	0.0
Number of persons at 31 December	80.0	60.0

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

	2008	2007
FOR THE YEAR ENDED 31 DECEMBER		
IN EUR		
Fair value of options granted	245.2	294.2
Exercise price	2,848.0	2,593.0
Expected volatility	32.6%	27.0%
Expected option life (in years)	4Y	4Y
Risk-free interest rate	3.9%	4.1%

Based on the 2008 input parameters, the fair value of the option granted in 2008 is shown, in the table above, under the scenario of a dividend pay-out 100% of the profit of the year (previously in 2006 and 2007, the scenario of a dividend pay-out 50% of the profit for the year was used).

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

From the 4,452 outstanding options, 902 (remaining options of granted in 2006) have an exercise price of 1,464 euros and a remaining option life of 2 years, 1,406 options (granted in 2007) have an exercise price of 2,593 euros and a remaining option life of 3 years, and the other 2,144 options, granted at 31 December 2008, have an exercise price of 2,848 euros and an option life of 4 years.

In 2008, a new put and call option agreement was entered between the beneficiaries of the ESOP and Alteris NV (subsidiary of De Post NV-La Poste SA), pursuant to which Alteris NV can acquire the De Post NV-La Poste SA shares, instead of De Post NV-La Poste SA.

As a result, Post Invest Europe S.à.r.l. ("PIE") and Alteris NV have agreed to enter into a put and call option agreement:

- PIE has now a call option for the shares that Alteris NV may acquire from the beneficiaries of the ESOP. The exercise price will be the price originally paid by Alteris NV to the beneficiaries.
- Alteris NV has also a put option for the shares it may purchase from the beneficiaries of the ESOP. The price is the lower of the price paid by Alteris NV and the exercise price.

De Post NV-La Poste SA has always a call option toward PIE to purchase the shares relating to the exercised options at a price corresponding to the exercise price.

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

9.25. TRADE AND OTHER PAYABLES

NON-CURRENT TRADE AND OTHER PAYABLES

FOR THE YEAR ENDED 31 DECEMBER	2008	2007
IN MILLION EUR		
Trade payables	2.1	-
Other payables	14.2	10.5
	16.3	10.5

CURRENT TRADE AND OTHER PAYABLES

FOR THE YEAR ENDED 31 DECEMBER	2008	2007
IN MILLION EUR		
Trade payables	176.8	145.2
Payroll and social security payables	393.1	389.6
Tax payable other than income tax	2.1	4.1
Other payables	393.3	348.8
	965.3	887.7

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

The other payables included in current trade and other payable include the following items:

FOR THE YEAR ENDED 31 DECEMBER	2008	2007
IN MILLION EUR		
Advance payments on orders	6.7	5.7
Advance received from State	84.3	84.3
Cash guarantees received	4.9	6.3
Accruals	58.5	51.0
Deferred income	50.5	52.8
Deposits received from third parties	147.2	109.2
Other payables	41.2	39.5
Current - Other payables	393.3	348.8

The company has no control in the deposits received from third parties and they can vary significantly from year to year.

9.26. PROVISIONS

	LITIGATION	ENVIRONMENT	ONEROUS CONTRACTS	RESTRUCTURING	OTHER* COMPARABLE	TOTAL
IN MILLION EUR						
Balance at 1 January 2007	29.5	3.4	19.6	0.6	21.4	74.5
Additional provisions recognized	31.0	0.3	1.1	5.7	0.8	39.0
Provisions used	(1.9)	(0.1)	(7.3)	-	(0.3)	(9.6)
Provisions reversed	(6.3)	-	-	-	(0.1)	(6.4)
Other movements	2.0	(2.0)	-	-	-	-
Disposals through the sale of subsidiaries	-	-	-	(0.6)	(0.6)	(1.2)
Balance at 31 December 2007	54.3	1.7	13.4	5.7	21.2	96.3
Non current balance at end of year	47.6	0.7	0.2	-	12.1	60.6
Current balance at end of year	6.7	1.0	13.2	5.7	9.1	35.7
	54.3	1.7	13.4	5.7	21.2	96.3

	LITIGATION	ENVIRONMENT	ONEROUS CONTRACTS	RESTRUCTURING	OTHER	TOTAL
IN MILLION EUR						
Balance at 1 January 2008	54.3	1.7	13.4	5.7	21.2	96.3
Additional provisions recognized	22.2	-	2.9	0.2	55.9	81.2
Provisions used	(0.6)	(0.0)	(10.1)	(0.6)	(0.1)	(11.4)
Provisions reversed	(5.2)	-	(3.7)	(3.0)	(0.0)	(12.0)
Other movements	(0.5)	-	-	-	-	(0.5)
Disposals through the sale of subsidiaries	-	-	-	-	-	-
Balance at 31 December 2008	70.2	1.7	2.5	2.3	77.0	153.8
Non current balance at end of year	67.5	1.2	0.6	0.1	29.3	98.7
Current balance at end of year	2.6	0.5	1.9	2.2	47.9	55.1
	70.2	1.7	2.5	2.3	77.0	153.8

(* The figures in the financial statements for the year 2007 were adapted to ensure comparability in presentation (see note 8)

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

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

The provision on **onerous contracts** concerns the best estimate of the costs relating to the closing of retail offices. The part of the provision relating to the WTC building is completely used and reversed at year-end 2008 as foreseen.

The provision for **restructuring** mainly covers restructuring costs for Taxipost (1.9 million euros) and Printing (0.2 million euros).

Other provisions grow by 55.7 million euros mainly attributable to:

- a provision of 38.4 million euros recorded to reflect the potential cost of buying out a number of allowances paid to personnel (this provision should completely be utilized in 2009) and
- an amount of 16.5 million euros recorded to reflect the "RoE" risk with the BPO.

9.27. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

De Post-La Poste monitors capital on the basis of the ratio of the carrying amount of equity versus net debt.

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

Currently, De Post-La Poste has not established a formal set of upper and lower limits for this ratio, given the absence of any significant loans up until December 2007 (EIB loan). The main objectives for the capital management are to ensure the company's ability to continue as a going concern and to provide an adequate return to shareholders.

The table below details the elements of the monitoring ratio.

FOR THE YEAR ENDED 31 DECEMBER	2008	2007* COMPARABLE
IN MILLION EUR		
Capital		
Issued capital	783.8	783.8
Other reserves	(75.6)	(43.0)
Retained earnings	221.8	64.8
Minority interests	0.2	0.1
Total	930.1	805.7

FOR THE YEAR ENDED 31 DECEMBER	2008	2007* COMPARABLE
IN MILLION EUR		
Net Debt		
Interest bearing loans and borrowings	102.6	103.2
Non-interest bearing loans and borrowings	231.5	194.0
- Investment securities	(1,111.5)	(1,011.1)
- Cash and cash equivalents	(198.5)	(154.8)
Total	(975.9)	(868.7)
Net Debt to Capital ratio	(1.1)	(1.1)

(*) The figures in the financial statements for the year 2007 were adapted to ensure comparability in presentation (see note 8)

The non-interest bearing loans and borrowings include advances received from the State (84.3 million euros) and the deposits received from third parties (147.2 million euros) both recorded under other current payables.

9.28. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In February 2009, the European Court of First Instance annulled the 2003 decision of the European Commission approving a capital injection of 297.5 million euros by the Belgian State into De Post-La Poste. On the basis of all available evidence, it is not more likely than not that a present obligation exists for The Post, as a result of the judgment, at this time, to repay any portion of the 2003 capital increase. Also, the February 10, 2009 judgment could still be appealed to and annulled by the European Court of Justice. No provision has been recorded related to this procedure, given the fact that the company at this stage, based on the current status of the matter, has no clear visibility and certainty of the extent and its financial impact, if any.

Two competition enquiries, initiated on the basis of complaints (in 1998 and in 2005) from customers of De Post-La Poste, are pending before the Belgian Competition Authority. De Post-La Poste is cooperating fully with the Belgian Competition Authority. One of the customers filed separately a claim for damages before the Brussels Commerce Court in 2005. No provision has been recorded related to these enquiries/litigation, given the fact that the company at this stage, based on the current status of the matters, has no clear visibility and certainty of the extent and its financial impact, if any.

9.29. RIGHTS AND COMMITMENTS

COMMITMENTS TO ACQUIRE FIXED ASSETS

The capital expenditure registered on the balance sheet date and not yet incurred is very similar to that of year end of 2007. The amount remains at about 1 million euros and the commitments again relate to the sorting centers.

COMMITMENTS FOR SALES OF FIXED ASSETS

The total amount of this commitment is 0.5 million euros. The amount remains stable compared to 2007.

GUARANTEES RECEIVED

At 31 December 2008, De Post-La Poste benefits from bank guarantees in a sum of 44 million euros, issued by banks on behalf of De Post-La Poste's customers (2007: 21 million euros). These guarantees can be called in and paid against in the event of non-payment or bankruptcy. They therefore offer De Post-La Poste financial certainty during the period of contractual relations with the customer. The increase is linked to a number supplementary guarantees recognized during a review of our relationships with our banks.

GOODS FOR RESALE ON CONSIGNMENT

At 31 December 2008, merchandise (lottery tickets, etc.) representing a sales value of 20 million euros had been consigned by partners for the purpose of sale through the postal network. Since there has not been any major change in product offering, as was the case between 2006 and 2007, the amount is in line with previous year.

GUARANTEES GIVEN

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

- Verzekeringen van De Post Leven-Assurances de La Poste Vie (APO): in the context of two equity swap transactions entered into between APO and respectively Commerzbank AG (10 million euros) and BNP Paribas (15 million euros). Both guarantees expire on the 27th of April 2009. The guarantee was put in place in the framework of the launch of the Poststock Fund I, a branch 23 product marketed via post offices.
- DoMyMove: 4.1 million euros guarantee left in the framework of the DoMyMove collaboration agreement between De Post-La Poste, Belgacom and Electrabel

Next to these amounts, De Post-La Poste has an agreement with Dexia, by which Dexia agrees to provide for up to 5 million euros in guarantees for De Post-La Poste upon simple request

FUNDS OF THE STATE

De Post NV-La Poste SA settles and liquidates the financial transactions of government institutions (taxes, VAT, etc.) on behalf of the State. These transactions are presented off balance sheet.

9.30. RELATED PARTY TRANSACTIONS

A. CONSOLIDATED COMPANIES

A list of subsidiaries and equity-accounted companies, together with a brief description of their business activities, is provided in Note 9.31.

B. RELATIONS WITH THE SHAREHOLDERS

The direct shareholders of De Post NV-La Poste SA are the Belgian State (24.13%), Federale Participatie- en Investeringsmaatschappij NV-Société Fédérale de Participation et d'Investissement SA (25.87%), which itself is also held by the Belgian State, Post Invest Europe Sarl (50% minus 276 shares), where 50% are indirectly held by the Post Danmark A/S and 50% by C.V.C. and 275 shares owned by De Post-La Poste's employees under the ESOP plan.

1) The Belgian State

a) Management Contract

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

The Management Contract defines the following public-interest activities:

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

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

The Management Contract sets down the principles for invoicing the Belgian State. The Belgian State's intervention covers the difference between the actual cost price to De Post NV-La Poste SA and the price invoiced to the user of the public services.

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

b) Cashier function

In accordance with the royal decree of 15 July 1997 introducing measures for consolidation of the financial assets of public authorities, De Post NV-La Poste SA administers the accounts of institutional entities and the accounts in relation to the Postchèque business. These entities form part of the public authorities sector.

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

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

1. funds of the State. De Post NV-La Poste SA settles and liquidates the financial transactions of government ministries (taxes, VAT, etc.) on behalf of the State. De Post NV-La Poste SA records these amounts off balance sheet;
2. funds of the Royal Decree of 15 July 1997. These are the liquidities of parastatal agencies (National Social Security Office, family allowances, etc.) deposited through De Post NV-La Poste SA and recorded off balance.

2) Post Danmark

A number of experts have been provided by Post Danmark in order to assist De Post-La Poste in the realization of a series of productivity improvement and commercial re-positioning projects (new sorting centers, parcels, etc.). De Post-La Poste incurs the salary costs of these experts together with the costs related to their expatriation. The costs invoiced by Post Danmark in relation to these activities amount to 0.73 million euros (2007: 1.3 million euros).

C. RELATIONS WITH BPO

BPO is a jointly controlled subsidiary of De Post NV-La Poste SA and Fortis Bank-Fortis Banque, which engages in business as a credit institution. Its banking and insurance products are offered via the network of post offices.

Framework agreement

On 28 February 1995, De Post NV-La Poste SA and Generale Bank-Générale de Banque (now Fortis Bank-Fortis Banque) entered into a framework agreement for the purpose of setting up a partnership for the distribution of banking products. The provisions of the framework agreement have been re-negotiated in 2002. BPO pays De Post NV-La Poste SA a commission determined in accordance with market conditions for the distribution of banking and

insurance products and for the performance of certain back-office activities. The commission amounted to 91.9 million euros in 2008 (2007: 93.7 million euros).

Working capital

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

Insurance contract

An insurance distribution contract has been concluded between De Post NV-La Poste SA, BPO and Fortis.

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

D. RELATIONS WITH THE DIRECTORS AND MANAGEMENT

Board of Directors

The Board of Directors is composed of:

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

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

- Arthur Goethals (A)
- Luc Lallemand (A)
- Christian Leysen (A)
- Jean-François Robe (A)
- Geert Duyck (B)
- Helge Israelsen (B)
- Søren Vestergaard - Poulsen (B)
- Fritz Schur (B) – until 16 April 2008
- Bjarne Wind (B) - as from 16 April 2008
- Johnny Thijs (Chief Executive Officer)

The remuneration of the members of the Board of Directors was decided by the General Meeting of Shareholders of 25 January 2000. The gross annual remuneration relating to 2008 amounted to:

- 34,921 euros for the Chairperson, who also chairs the Joint Industrial Committee (Paritair Comité / Commission Paritaire) of De Post-La Poste (in 2008 this Joint Committee met 12 times);
- 17,461 euros for the other directors, with the exception of the CEO.

The members of the Board (with the exception of the CEO) are entitled to an attendance fee of 1,462.85 euros per attended meeting of one of the advisory Committees established by the Board. No additional attendance fees or remunerations are foreseen for the attendance of the meetings of the Joint Industrial Committee by the Chairperson of the Board.

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

CEO and the Management Committee

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

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

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

Pursuant to a decision of the Board of Directors dated 23 September 2008, the Management Committee is currently composed as follows:

- Johnny Thijs: Chief Executive Officer
- Baudouin Meunier: Director Enterprise, Group Marketing & Regulatory
- Mark Michiels: Director Human Resources and Organisation
- Koen Van Gerven: Director Residential, SOHO's & Small Enterprises
- Pierre Winand: Chief Financial Officer

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

- Kurt Pierloot: Director Mail & Parcels Operations.
- Peter Somers: Director International
- Johan Vinckier: Director Service Operations

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

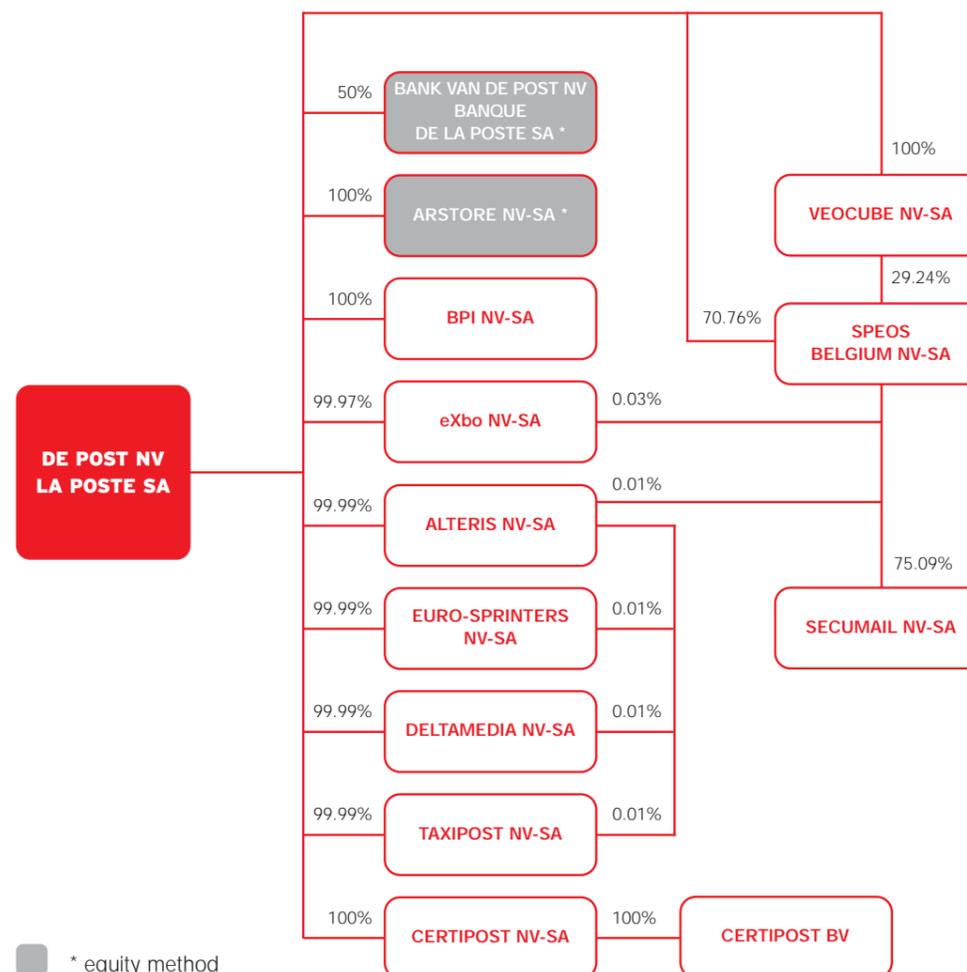
For the year ending 31 December 2008, a remuneration of 0.9 million euros (2007: 0.9 million euros) was paid to the CEO. He was awarded 261 share options (2007: 174) under the Employee Stock Option Plan.

A global remuneration of 3.2 million euros (base salary and bonus) was paid to the other members of the Management Committee, including the persons added to the Committee as mentioned above (2007: 2.9 million euros).

In 2008, all 7 members of the Management Committee are included for 12 months whereas, in 2007, one member was included for 4 months only, one position was vacant for 1 month and two members received only 50% of their bonus as they had worked only 6 months during the reference year. They were awarded 546 share options (2007: 378) under the Employee Stock Option Plan. Finally, the company contributed an aggregate amount of 141,212 euros in insurance premiums for the group insurance scheme that was subscribed to in favor of the members of the Management Committee.

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

9.31. GROUP COMPANIES



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

NAME	SHARE OF VOTING RIGHTS IN% 2008	TERMS 2007	COUNTRY OF INCORPORATION	VAT NO.
Alteris NV-SA (formerly Laterio NV-SA)	100%	100%	Belgium	BE474.218.449
Arstore NV-SA (formerly Vicindo Printing)	100%	100%	Belgium	BE419.892.709
BPG France SAS	-	100%	France	FR18352871743
Certipost B.V.	100%	50%	Netherlands	NL8102.75.594
Certipost NV-SA	100%	50%	Belgium	BE475.396.406
Deltamedia NV-SA	100%	100%	Belgium	BE424.368.565
Euro-Sprinters NV-SA	100%	100%	Belgium	BE447.703.597
eXbo Services International NV-SA	100%	100%	Belgium	BE472.598.153
Secumail NV-SA (*)	75%	75%	Belgium	BE462.012.780
Speos Belgium NV-SA	100%	100%	Belgium	BE427.627.864
Veocube (formerly Speos Invest NV-SA)	100%	100%	Belgium	BE463.888.444
Taxipost NV-SA	100%	100%	Belgium	BE867.722.408
BPI NV-SA	100%	100%	Belgium	BE889.142.877

(*) The minority interests (0.2 million euros at 31 December 2008; 0.1 million euros at 31 December 2007) shown in the balance sheet relate to these subsidiaries.

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

- Eurosprinters offers 24/7 tailor-made transportation services for goods up to 24 tons.
- Deltamedia distributes newspapers in Belgium.
- eXbo helps customers to improve the efficiency of their document flows, be they incoming, internal or outgoing documents. eXbo offers to manage mailrooms, digital mail, copy center, printing-on-demand, printed matter, franking, mailings, archives, scanning, reception desk and switchboard, office supplies as well as the management of your printers and faxes.
- Speos Belgium provides services for the outsourcing of administrative and financial document management such as bills, bank statements and pay slips. Services include physical and electronic document management and processing, document scanning, laser edition, enveloping, e-billing, e-viewing and electronic archiving.
- Certipost, became a fully-owned company of De Post NV–La Poste SA and enables organizations to communicate electronically with any customer, citizen, supplier and public institution, by automating inbound and outbound information flows, streamlining document exchange and by securing and certifying electronic communications. Furthermore, Certipost is supplier of the digital certificates within the Belgian electronic identity card (eID). Certipost offers solutions enabling electronic invoicing, document exchange within the supply chain, e-government with social security and customs, electronic registered mail, electronic security, electronic counters and the use of the electronic identity card within organizations.

LIST OF EQUITY-ACCOUNTED INVESTMENTS

NAME	SHARE OF VOTING RIGHTS IN% 2008	TERMS 2007	COUNTRY OF INCORPORATION	VAT NO.
Bank van de Post NV- Banque de La Poste SA	50%	50%	Belgium	BE456.038.471

The relations with BPO are described in Note 9.30.

9.32. EVENTS AFTER THE BALANCE SHEET DATE

On 2 February 2009, Post Danmark requested the Belgian State to authorize the transfer all the shares Post Danmark owns in De Post-La Poste (through Post Invest Europe) to CVC Capital Partners. The decision of Post Danmark to divest its share in Post Invest Europe is a direct consequence of the merger between Post Danmark and the Swedish postal incumbent 'Posten'. Post Danmark has expressed the desire to pursue its cooperation with De Post-La Poste in areas such as the sharing of best practices.

The Minister in charge of public enterprises announced that he would be examining Post Danmark's request.

If the Belgian State were to accept this request, it would remain the majority shareholder with 50% +1 share of De Post-La Poste's equity.

There has been an update regarding the competition law court case brought before the European Commission with regards to the 297.5 million euros capital increase by the Belgian State in 2003 (see also Note 9.28 Contingent liabilities).

REPORT OF THE JOINT AUDITORS

**TO THE GENERAL MEETING OF SHAREHOLDERS OF
LA POSTE SA DE DROIT PUBLIC / DE POST NV
VAN PUBLIEK RECHT ON THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008**

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

UNQUALIFIED OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the consolidated financial statements of La Poste SA de droit public/De Post NV van publiek recht and its subsidiaries (collectively referred to as "the Group") for the year ended 31 December 2008, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2008, and the consolidated statement of income, changes in equity and cash flow for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of € 2,668.7 millions and the consolidated income statement shows a profit for the year, share of the Group, of € 221.8 millions.

Responsibility of the Board of Directors for the preparation and fair presentation of the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Joint Auditors

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements, and the auditing standards applicable in Belgium, as issued by the Institute of Registered Auditors (*"Institut des Réviseurs d'Entreprises/Instituut der Bedrijfsrevisoren"*) and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. We have evaluated the appropriateness of accounting policies used, the reasonableness of significant accounting estimates made by the Group and the presentation of the consolidated financial statements, taken as a whole. Finally, we have obtained from the Board of Directors and the Group's officials the explanations and information necessary for executing our audit procedures. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2008 give a true and fair view of the Group's financial position as at 31 December 2008 and of the results of its operations and its cash flows in accordance with IFRS as adopted for use by the European Union, and with the legal and regulatory requirements applicable in Belgium.

ADDITIONAL COMMENTS

The preparation and the assessment of the information that should be included in the annual report on the consolidated financial statements are the responsibility of the Board of Directors.

Our responsibility is to include in our report the following additional comments and information, which do not modify the scope of our opinion on the consolidated financial statements:

- The annual report on the consolidated financial statements deals with the information required by law and is consistent with the consolidated financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the entities included in the consolidation are facing, and on their situation, their foreseeable evolution or the significant influence of certain facts on their future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate.

Brussels, 4 March 2009

The Joint Auditors

Ernst & Young Bedrijfsrevisoren BCVBA
Represented by



Pierre Anciaux
Partner

Grant Thornton, Lippens & Rabaey BVCV
Represented by



Marleen Mannekens
Partner

CONTACTS

DE POST-LA POSTE

Centre Monnaie - Muntcentrum — 1000 BRUSSELS / www.post.be

Management : tel. +32.2.276 22 10 — fax +32.2.276 21 49

Press relations : tel. +32.2.276 21 84 — fax +32.2.276 27 47 / press.relations@post.be

Public Affairs : tel. +32.2.276 29 41 — fax +32.2.276 32 44 / public.affairs@post.be

HR-Contact Center : BP 1440 — 1000 BRUSSELS — tel. 0800.13 240 / ehr@post.be

De Post-La Poste : BP 5000 — 1000 BRUSSELS

BELGIAN POST INTERNATIONAL

E.M.C Gebouw 829 C — 1931 ZAVENTEM - BRUCARGO

tel. +32.2.276 25 00 — fax +32.2.276 25 10 / www.belgianpostinternational.eu

CERTIPOST

Ninovesteenweg, 196 — 9320 EREMBODEGEM

tel. +32.53.60 11 11 — fax +32.2.53.60 11 01 / www.certipost.be

DELTAMEDIA

Industrielaan, 24 — 1740 TERNAT

tel +32.2.568 03 00 — fax +32.2.568 03 59 / www.deltamedia.be

EURO-SPRINTERS®

Noordersingel, 13 — 2140 ANTWERP

tel. +32.70.233 533 — fax +32.70.233 032 / www.eurosprinters.com

eXbo

Industrielaan, 24 — 1740 TERNAT

tel. +32.2.568 17 60 — fax +32.2.568 17 99 / www.exbo.be

SPEOS BELGIUM

Rue Bollinckxstraat, 26-32 — 1070 BRUSSELS

tel. +32.2.558 02 00 — fax +32.2.520 70 37 / www.speos.be

TAXIPOST®

Centre Monnaie - Muntcentrum — 1000 BRUSSELS

tel. +32.22.012345 (individuals and companies without contract)

tel. +32.22.512424 (companies under contract)

www.taxipost.be

CUSTOMER SERVICE

tel. +32.22.012345

serviceclients@post.be

PAPER IS DE POST-LA POSTE'S BASIC RAW MATERIAL.

Every year, we handle more than 3.5 billion letters and the same number of envelopes.

Paper and letters are an attractive, ecological information medium when used intelligently and in a responsible way.

In Europe, more trees are planted than are felled for paper production. Furthermore, more and more recycled paper is being used in paper production, already accounting for over half of all raw material, which generates a significant reduction in the consumption of energy and water. More than 60% of paper in Europe is recycled.

De Post-La Poste wishes to contribute to rational paper consumption. Therefore it has decided that as from the end of 2009 at the latest, the company will only use recycled paper or paper from sustainable forests (FSC label) to meet its paper needs. This principle will apply in all but exceptional cases or when technical reasons preclude it.

Pages 1 to 32 printed on Hannoart Silk certified FSC
Founded in 1993 by the WWF and the World Resources Institute
Label certifying that the wood is sourced from forests or plantations managed in a sustainable manner



Pages 33 to 96 printed on Cyclus Offset
Founded in 1992 by the European Council
Product in line with European environmental criteria, based on the complete product lifecycle

Editor-in-chief : Piet Van Speybroeck – Centre Monnaie - Muntcentrum — 1000 Brussels
Concept, content and coordination :
Piet Van Speybroeck and Eric Halloy – Centre Monnaie - Muntcentrum — 1000 Brussels
Design : Trait d'Esprit
Photography : Isabelle Persyn, Frédéric Cirou (cover)
Printing : Imprimerie de LA POSTE - Drukkerij van DE POST

