

**Posteitaliane**

**ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011**



## FINANCIAL AND OPERATIONAL HIGHLIGHTS

Poste Italiane Group			Results of operations	Poste Italiane SpA		
2009	2010	2011	(€m)	2011	2010	2009
17,456	19,639	<b>19,635</b>	Revenues from sales and services and earned premiums	<b>9,468</b>	9,572	9,841
			of which:			
5,210	5,050	<b>4,792</b>	Postal Services	<b>4,240</b>	4,505	4,709
4,796	4,665	<b>4,878</b>	Financial Services	<b>5,141</b>	4,962	5,039
7,112	9,505	<b>9,526</b>	Insurance Services	n/a	n/a	n/a
338	419	<b>439</b>	Other Services	<b>87</b>	105	93
1,599	1,870	<b>1,641</b>	Operating profit	<b>1,402</b>	1,452	1,399
904	1,018	<b>846</b>	Profit for the year	<b>699</b>	729	737
9.2%	9.5%	<b>8.4%</b>	ROS <sup>(1)</sup>	<b>14.8%</b>	15.2%	14.2%
1.8%	2.0%	<b>1.7%</b>	ROI <sup>(2)</sup>	<b>2.7%</b>	2.8%	2.7%
39.8%	42.2%	<b>45.7%</b>	ROE <sup>(3)</sup>	<b>49.5%</b>	37.4%	38.2%

n/a not applicable

<sup>(1)</sup> ROS (Return on Sales) is the ratio of operating profit to revenues from ordinary activities.

<sup>(2)</sup> ROI (Return on Investment) is the ratio of operating profit to average operating assets. Operating assets equal assets less investment property and non-current assets held for sale.

<sup>(3)</sup> ROE (Return on Equity) is the ratio of profit before tax to equity for the two comparative periods.

Poste Italiane Group			Financial position <sup>(1)</sup>	Poste Italiane SpA		
31 Dec 2009	31 Dec 2010	31 Dec 2011	(€m)	31 Dec 2011	31 Dec 2010	31 Dec 2009
4,575	4,383	<b>2,848</b>	Equity	<b>2,002</b>	3,613	4,077
(1,338)	(1,057)	<b>1,198</b>	Net (funds)/debt	<b>2,739</b>	3	(472)
3,237	3,326	<b>4,046</b>	Net invested capital	<b>4,741</b>	3,616	3,605

<sup>(1)</sup> Following the formation of BancoPosta's ring-fenced capital, certain components of the statement of financial position at 31 December 2011 have been reclassified with respect to previous statements. In order to provide a like-for-like basis for comparison with 2010, amounts in the statement of financial position at 31 December 2010 have also been reclassified.

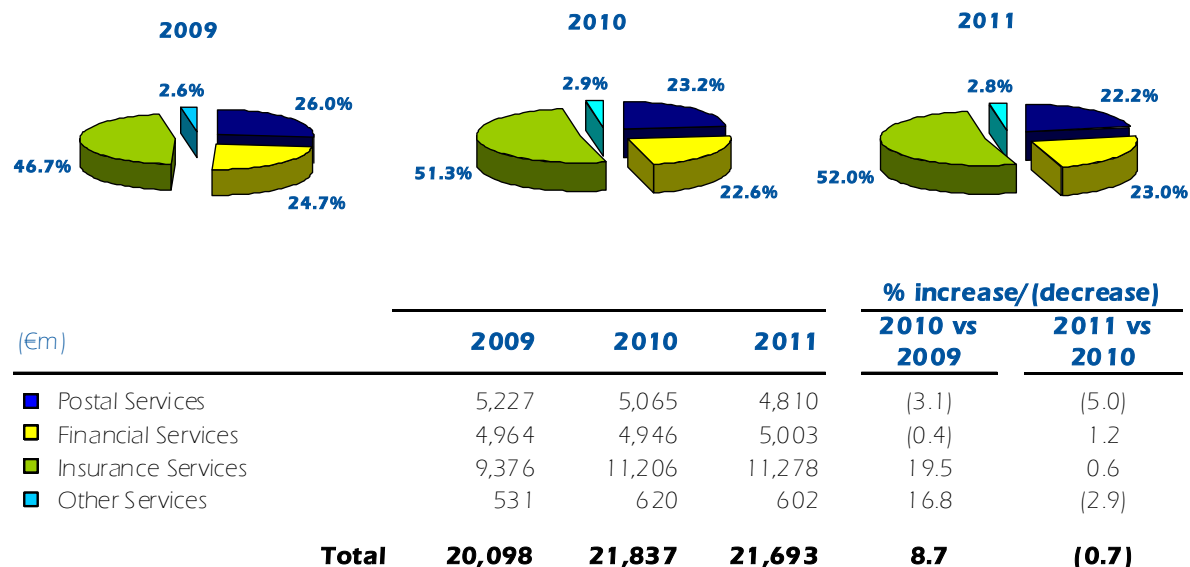
Poste Italiane Group			Other information	Poste Italiane SpA		
2009	2010	2011	(€m)	2011	2010	2009
513	436	<b>419</b>	Investment during the period	<b>822</b>	386	471
			of which:			
507	434	<b>416</b>	capital expenditure	<b>344</b>	380	454
6	2	<b>3</b>	financial investments (equity investments)	<b>478</b>	6	17
152,074	149,703	<b>146,363</b>	Average workforce <sup>(1)</sup>	<b>142,343</b>	146,014	148,550

<sup>(1)</sup> The average workforce (shown in full-time equivalent terms) includes the flexible workforce and excludes seconded and suspended staff.

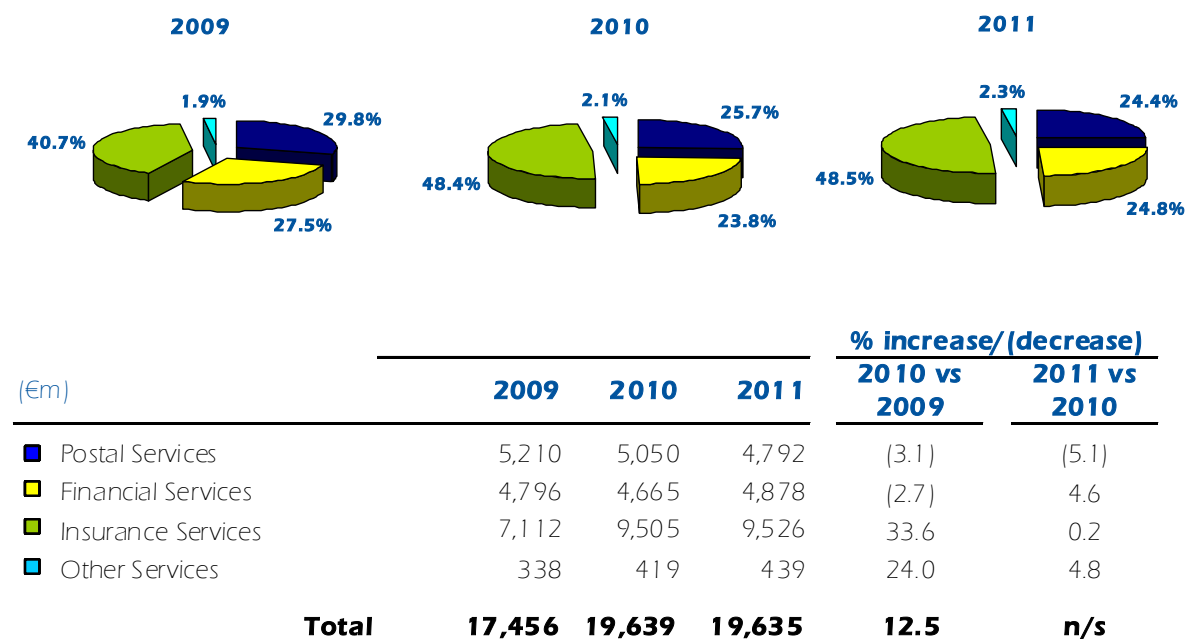
Other information about Poste Italiane SpA		31 Dec 2009	31 Dec 2010	31 Dec 2011
<b>Operational data</b> (€m)				
Current accounts (average for the period)		34,741	35,949	<b>38,021</b>
Postal Office Savings Books		91,120	97,656	<b>92,614</b>
Interest-bearing Postal Certificates		192,618	198,489	<b>208,187</b>
<b>Other indicators</b>				
Number of outstanding current accounts ('000)		5,526	5,533	<b>5,575</b>
Number of post offices		13,992	14,005	<b>13,945</b>
<b>Levels of service</b>				
	delivery within	<b>2009</b>	<b>2010</b>	<b>2011</b>
Priority mail	1 day	90.7%	92.0%	<b>94.7%</b>

## Poste Italiane Group

### Total revenue – Operating segments



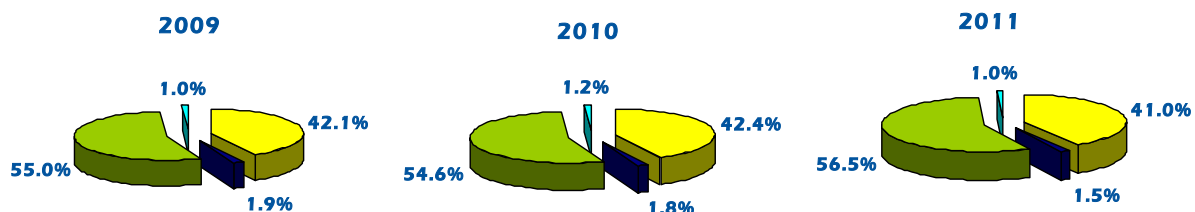
### Revenues from sales and services and earned premiums – Operating segments



n/s: not significant

# Poste Italiane SpA

## Market revenues



(€m)	2009	2010	2011	% increase/(decrease)	
				2010 vs 2009	2011 vs 2010
■ Mail and Philately	3,852	3,855	3,725	0.1	(3.4)
■ Express Delivery and Parcels	175	161	135	(8.0)	(16.3)
■ BancoPosta services	5,039	4,962	5,141	(1.5)	3.6
■ Other revenues	93	105	87	12.9	(17.1)
<b>Total (*)</b>	<b>9,159</b>	<b>9,083</b>	<b>9,088</b>	<b>(0.8)</b>	<b>0.1</b>

(\*) Market revenues do not include publisher tariff subsidies and Universal Service Obligation subsidies, totalling 380 million euros (489 million euros in 2010)



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# 1. FINANCIAL REVIEW

## 1.1 OPERATING RESULTS

This section provides a summary of the operating results, financial position and cash flow of the Poste Italiane Group and the Parent Company, Poste Italiane SpA, in 2011.

### INCOME STATEMENT

(€m)

Poste Italiane Group				Poste Italiane SpA				
Increase/(Decrease)		Year ended 31 Dec		Year ended 31 Dec		Increase/(Decrease)		
%	Amount	2010	2011	2011	2010	Amount	%	
(0.2)	(25)	10,134	10,109	Revenues from sales and services	9,468	9,572	(104)	(1.1)
0.2	21	9,505	9,526	Earned premiums	n/a	n/a	n/a	n/a
(5.3)	(105)	1,982	1,877	Other income from financial and insurance activities	125	281	(156)	(55.5)
(16.2)	(35)	216	181	Other operating income	166	169	(3)	(1.8)
<b>(0.7)</b>	<b>(144)</b>	<b>21,837</b>	<b>21,693</b>	<b>Total revenue</b>	<b>9,759</b>	<b>10,022</b>	<b>(263)</b>	<b>(2.6)</b>
1.2	30	2,598	2,628	Cost of goods and services	1,943	1,983	(40)	(2.0)
(3.0)	(303)	10,190	9,887	Net change in technical provisions for insurance business and other claims expenses	n/a	n/a	n/a	n/a
n/s	507	388	895	Other expenses from financial and insurance activities	22	5	17	n/s
(1.8)	(109)	6,005	5,896	Staff costs	5,681	5,821	(140)	(2.4)
(0.5)	(3)	547	544	Depreciation, amortisation and impairments	475	494	(19)	(3.8)
23.1	(9)	(39)	(48)	Capitalised costs and expenses	(8)	(9)	1	(11.1)
(10.1)	(28)	278	250	Other operating costs	244	276	(32)	(11.6)
<b>(12.2)</b>	<b>(229)</b>	<b>1,870</b>	<b>1,641</b>	<b>OPERATING PROFIT/(LOSS)</b>	<b>1,402</b>	<b>1,452</b>	<b>(50)</b>	<b>(3.4)</b>
(8.1)	(13)	161	148	Finance costs	146	158	(12)	(7.6)
(10.6)	(19)	179	160	Finance income	135	144	(9)	(6.3)
n/s	1	-	1	Profit/(loss) on investments accounted for using the equity method	n/a	n/a	n/a	n/a
<b>(12.4)</b>	<b>(234)</b>	<b>1,888</b>	<b>1,654</b>	<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>1,391</b>	<b>1,438</b>	<b>(47)</b>	<b>(3.3)</b>
(7.1)	(62)	870	808	Income tax expense	692	709	(17)	(2.4)
<b>(16.9)</b>	<b>(172.0)</b>	<b>1,018</b>	<b>846</b>	<b>PROFIT FOR THE YEAR (*)</b>	<b>699</b>	<b>729</b>	<b>(30.0)</b>	<b>(4.1)</b>

n/a: not applicable

n/s: not significant

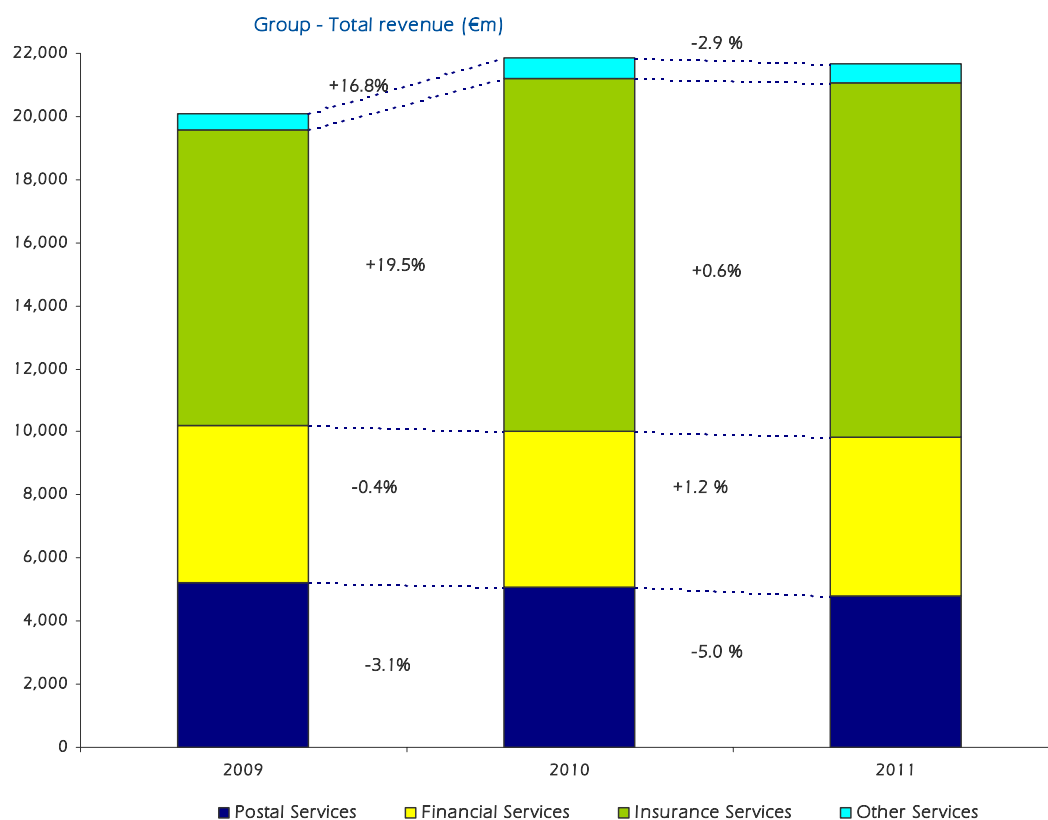
(\*) Profit is entirely attributable to owners of the Parent, and no portion is attributable to non-controlling interests.

### OPERATING RESULTS OF THE POSTE ITALIANE GROUP

Revenue by operating segment (\*)

(€m)	Total revenue		Increase/(Decrease)	
	2010	2011	Amount	%
Postal Services	5,065	4,810	(255)	(5.0)
Financial Services	4,946	5,003	57	1.2
Insurance Services	11,206	11,278	72	0.6
Other Services	620	602	(18)	(2.9)
<b>Total Poste Italiane Group</b>	<b>21,837</b>	<b>21,693</b>	<b>(144)</b>	<b>(0.7)</b>

(\*) After consolidation adjustments and elimination of intercompany transactions.



(€m)	Revenues from sales and services			Earned premiums			Other income from financial and insurance activities			Other operating income		
	2010	2011	%	2010	2011	%	2010	2011	%	2010	2011	%
			inc./dec.			inc./dec.			inc./dec.			inc./dec.
Postal Services	5,050	4,792	(5.1)	-	-	-	-	-	-	15	18	20.0
Financial Services	4,665	4,878	4.6	-	-	-	281	125	(55.5)	-	-	-
Insurance Services	-	-	-	9,505	9,526	0.2	1,701	1,752	3.0	-	-	-
Other Services	419	439	4.8	-	-	-	-	-	-	201	163	(18.9)
<b>Total Poste Italiane Group</b>	<b>10,134</b>	<b>10,109</b>	<b>(0.2)</b>	<b>9,505</b>	<b>9,526</b>	<b>0.2</b>	<b>1,982</b>	<b>1,877</b>	<b>(5.3)</b>	<b>216</b>	<b>181</b>	<b>(16.2)</b>

## Postal Services

(€m)	Total revenue		Increase/(Decrease)	
	2010	2011	Amount	%
Poste Italiane SpA	4,505	4,240		
intercompany revenues	16	18		
<b>Poste Italiane SpA - external revenue</b>	<b>4,489</b>	<b>4,222</b>	<b>(267)</b>	<b>(5.9)</b>
SDA Express Courier SpA	438	441		
intercompany revenues	141	118		
<b>SDA Express Courier SpA - external revenue</b>	<b>297</b>	<b>323</b>	<b>26</b>	<b>8.8</b>
Postel Group	411	400		
intercompany revenues	164	168		
<b>Postel Group - external revenue</b>	<b>247</b>	<b>232</b>	<b>(15)</b>	<b>(6.1)</b>
Italia Logistica srl	44	46		
intercompany revenues	13	14		
<b>Italia Logistica srl - external revenue</b>	<b>31</b>	<b>32</b>	<b>1</b>	<b>3.2</b>
Mistral Air Srl	42	37		
intercompany revenues	41	36		
<b>Mistral Air Srl - external revenue</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>n/s</b>
<b>Total external revenue</b>	<b>5,065</b>	<b>4,810</b>	<b>(255)</b>	<b>(5.0)</b>

n/s: not significant

Very briefly, whilst in certain cases registering a deterioration with respect to 2010, the operating results are satisfactory given the unfavourable market conditions and changes in the regulatory framework. Indeed, despite the natural decline in revenues from postal services, the absence of publisher tariff subsidies and difficulties in the public finances that have had an impact on income and the collection of amounts receivable from the government, the Group recorded a sound performance. Moreover, the Group outperformed the market in a number of sectors in which it operates, with positive performances from financial services, the insurance services provided by the PosteVita group, which saw an improvement in its results, and the telecommunications services offered by Poste Mobile, which saw gross customer acquisitions increase more than 5% faster than the market.

The Poste Italiane Group's *Total revenue* for 2011, amounting to 21,693 million euros, is down 0.7% on the 21,837 million euros of 2010. This primarily reflects the natural decline in revenues from postal services and a reduction in government subsidies, partly offset by increased income from the financial services offered by BancoPosta and from insurance services.

Total revenues from Postal Services are down from 5,065 million euros in 2010 to 4,810 million euros in 2011. As noted above, this reflects the impact of an ongoing decline in demand for mail services, progressive growth in digital communication and even tougher competition following the entry into effect of Legislative Decree 58/2011, which marks completion of the process of deregulating the European postal market. The results for this segment also reflect lower revenues in the form of electoral tariff subsidies and the absence of publisher tariff subsidies following changes in the related legislation, which abolished the subsidies from 1 April 2010, resulting in a reduction in the volume of mail sent by this category of customer.

Financial Services contributed 5,003 million euros to total revenue (4,946 million euros in 2010), with good growth in revenues from sales and services (up 213 million euros on 2010) partially offset by a decline in other income from financial activities (down 156 million euros on 2010).

As noted above, Insurance Services made a positive contribution to revenue, with revenues up from 11,206 million euros in 2010 to 11,278 million euros in 2011, despite the insurance market suffering the effects of the fallout from the current economic and financial crisis. This has led to a reversal of the growth trend seen over the previous two years,

with 2011 registering a fall of approximately 25% in new business for both traditional Branch I insurance products and investment contracts. Against this backdrop, Poste Vita recorded a good performance, with 9,526 million euros in earned premiums (9,505 million euros in 2010) at consolidated level and net of outward reinsurance premiums.

Revenues from Other Services, which are generated by ordinary activities not directly related to the Postal, Financial and Insurance segments, regard, among other things:

- 209 million euros (162 million euros in 2010) in revenues generated by PosteMobile SpA from mobile telecommunications services;
- 73 million euros (43 million euros in 2010) in revenues from the air transport services provided by Mistral Air SpA;
- 60 million euros (81 million euros in 2010) in revenues deriving from activities normally carried out by the Parent Company, linked, for example, to services provided by its Contact Centres or to the collection of applications for residence permits;
- 46 million euros (54 million euros in 2010) in revenues from the sale of goods through the "Shop in Shop" channel.

## COST ANALYSIS

Costs (€m)	2010	2011	% inc./dec.)
Cost of goods and services	2,598	2,628	1.2
Net change in technical provisions for insurance business and other claims expenses	10,190	9,887	(3.0)
Other expenses from financial and insurance activities	388	895	n/s
Staff costs	6,005	5,896	(1.8)
Depreciation, amortisation and impairments	547	544	(0.5)
Capitalised costs and expenses	(39)	(48)	23.1
Other operating costs	278	250	(10.1)
<b>Total costs</b>	<b>19,967</b>	<b>20,052</b>	<b>0.4</b>

n/s: not significant

Costs and other charges of 20,052 million euros in 2011 are up 85 million euros on the figure for 2010 (19,967 million euros).

The principal changes regard:

- a reduction in technical provisions for the insurance business (down 303 million euros compared with 2010), reflecting, despite an increase in earned premiums during the year and in the related mathematical provisions, the negative performance of "Class D" investments, reflected in changes in the matching technical provisions;
- a 507 million euro rise in other expenses from financial and insurance activities, primarily due to an increase in impairments following the fair value measurement of financial instruments attributable to the portfolio held by the subsidiary, Poste Vita, and mainly reflecting the impact of the worsening financial crisis on the market for Italian government securities;
- the reduction of 109 million euros in staff costs described below.

<b>Staff costs</b> <b>(€m)</b>	<b>2010</b>	<b>2011</b>	<b>Increase/ (Decrease)</b>	
			<b>Amount</b>	<b>%</b>
Salaries, social security contributions and sundry expenses (*)	5,806	5,613	(193)	(3.3)
Redundancy payments	157	287	130	82.8
Net provisions for disputes	49	110	61	n/s
Provisions to the Solidarity Fund	59	(59)	(118)	n/s
<b>Total</b>	<b>6,071</b>	<b>5,951</b>	<b>(120)</b>	<b>(2.0)</b>
Income from fixed-term contract agreement	(66)	(55)	11	(16.7)
<b>Total Staff costs</b>	<b>6,005</b>	<b>5,896</b>	<b>(109)</b>	<b>(1.8)</b>

n/s: not significant

(\*) This includes salaries and wages; social security contributions; staff termination benefits; temporary work; Directors' fees and expenses; other costs (cost recoveries).

As noted above, staff costs are down 1.8% from 6,005 million euros in 2010 to 5,896 million euros in 2011. In detail, the ordinary component of staff costs, relating to salaries, wages and sundry expenses, is down 3.3% from 5,806 million euros in 2010 to 5,613 million euros in 2011. This is a result of close attention to the Group's staffing needs, leading to a reduction in the average workforce during the year (approximately 3,400 fewer full-time equivalents on average in 2011, compared with 2010), and the release of provisions for charges connected to staff costs made in previous years and no longer necessary.

Redundancy charges and the cost of income support provided to staff taking early retirement are up 130 million euros on the previous year. These charges are entirely attributable to the Parent Company and take account of recent reform of the legislation governing access to old age pensions.

Net provisions for disputes, which essentially cover the liabilities to be incurred by the Parent Company in relation to the dispute over fixed-term contracts, are up from 49 million euros in 2010 (this figure was influenced by the release of provisions made in previous years and no longer necessary) to 110 million euros in 2011. The provisions take account of both the overall amount of claims payable (as a result of court rulings and union agreements) and the application of Law 183 of 4 November 2010 (the so-called *Collegato lavoro* legislation), which has introduced a cap on compensation payable as a result of current and future claims brought by workers on fixed-term contracts who have been re-employed on permanent contracts by court order.

Provisions of 59 million euros to the solidarity fund, made by the Parent Company in 2010 following a number of union agreements, were released in full to the income statement. This is due to the fact that the deadline for accessing the special income support, provided for in the regulations governing the Solidarity Fund, managed by INPS in accordance with Ministerial Decree 178 of 1 July 2005, expired in September 2011.

Finally, staff costs also reflect income deriving from fixed-term contract agreements, amounting to 55 million euros (66 million euros in 2010). This income reflects staff signing up during the year to the agreement of July 2010 between the Parent Company and the labour unions, regarding the re-employment by court order of staff previously employed on fixed-term contracts.

The above performance of revenues and costs has resulted in Operating profit of 1,641 million euros (1,870 million euros in 2010), as shown in the following table.

**Operating profit: operating segments <sup>(\*)</sup>**

(€m)	2010	2011	Increase/(Decrease)	
			Amount	%
Postal Services	(153)	(263)	(110)	71.9
Financial Services	1,390	1,420	30	2.2
Insurance Services	436	367	(69)	(15.8)
Other Services	197	116	(81)	(41.1)
Eliminations <sup>(**)</sup>	-	1	1	n/s
<b>Total Poste Italiane Group</b>	<b>1,870</b>	<b>1,641</b>	<b>(229)</b>	<b>(12.2)</b>

n/s: not significant

<sup>(\*)</sup> Determined on the basis of the accounting unbundling regime required by art. 7.c.1 of Legislative Decree 261/99, after consolidation adjustments and elimination of intercompany transactions.

<sup>(\*\*)</sup> Elimination of cost incurred by the Parent Company for interest paid to consolidated subsidiaries (recognised by the latter in finance income).

After net finance income of 13 million euros (18 million euros in 2010), Profit before tax amounts to 1,654 million euros (1,888 million euros for 2010).

Income tax expense is down from 870 million euros for 2010 to 808 million euros in 2011, representing a tax rate of 48.9% (46.1% in 2010).

Profit for the year is 846 million euros (1,018 million euros in 2010).

## OPERATING RESULTS OF POSTE ITALIANE SPA

Revenues from sales and services (€m)	2010	2011	Increase/(Decrease)	
			Amount	%
Mail and Philately	3,855	3,725	(130)	(3.4)
Express Delivery and Parcels	161	135	(26)	(16.3)
<b>Total market revenues from Postal Services (*)</b>	<b>4,016</b>	<b>3,860</b>	<b>(156)</b>	<b>(3.9)</b>
BancoPosta services	4,962	5,141	179	3.6
Other revenues	105	87	(18)	(17.1)
<b>Market revenues</b>	<b>9,083</b>	<b>9,088</b>	<b>5</b>	<b>0.1</b>
Universal Service Obligation (USO) subsidies (*)	364	357	(7)	(1.9)
Tariff subsidies (**)	125	23	(102)	(81.6)
<b>Total Poste Italiane SpA</b>	<b>9,572</b>	<b>9,468</b>	<b>(104)</b>	<b>(1.1)</b>
(*) Market revenues from Postal Services	4,016	3,860		
USO subsidies	364	357		
Tariff subsidies (**)	125	23		
<b>Total Postal Services</b>	<b>4,505</b>	<b>4,240</b>	<b>(265)</b>	<b>(5.9)</b>

(\*\*) Subsidies for services provided at discounted rates under the relevant legislation.

Poste Italiane SpA's *Revenues from sales and services* amount to 9,468 million euros, down 1.1% on the previous year (9,572 million euros in 2010).

Market revenues are up 0.1% from the 9,083 million euros of 2010 to 9,088 million euros in 2011. The natural decline in revenues from postal services (down 156 million euros compared with 2010) was offset by a good performance from BancoPosta services (up 179 million euros on 2010), thanks to an increase in interest rates received on the current account deposits that the Company must deposit with the Ministry of the Economy and Finance (the MEF) which, however, led to a reduced contribution from financial activities.

Within the Postal Services segment, Mail and Philately saw a fall in volumes and revenues (down 130 million euros on 2010). This was primarily the result of a reduction in Unrecorded Mail and Direct Marketing volumes due, among other things, to a decline in electoral mailings and a reduction in mailings by major customers, partly reflecting the well-established presence of competing providers, who have benefitted from the further deregulation of the postal services market introduced by Legislative Decree 58/2011.

BancoPosta's market revenues are up 3.6% from the 4,962 million euros of 2010 to 5,141 million euros in 2011, reflecting growing returns on the investment of current account deposits.

Universal Service Obligation (USO) subsidies of 357 million euros were calculated on the basis of the *Contratto di Programma* (Planning Agreement) for 2009-2011, signed by the Ministry for Economic Development and Poste Italiane in November 2010 and finally approved by Law 183 of 12 November 2011, the 2012 *Legge di Stabilità* (Economic Stability Law)<sup>1</sup>.

Tariff subsidies of 23 million euros (125 million euros in 2010) refer entirely to discounts granted to election candidates, whilst no publisher tariff subsidies were received following changes in the related legislation.

Total revenue of 9,759 million euros (10,022 million euros in 2010) also includes 125 million euros in other income from financial activities attributable to BancoPosta's ring-fenced capital (281 million euros in 2010) and 166 million

<sup>1</sup> The planning agreement is effective, subject to notification to the European Commission of the payment of state aid to Poste Italiane in order to cover the costs of Universal Service provision.

euros (169 million euros in 2010) in other operating income.

## COST ANALYSIS

Costs (€m)	2010	2011	% inc./ (dec.)
Cost of goods and services	1,983	1,943	(2.0)
Other expenses from financial activities	5	22	n/s
Staff costs	5,821	5,681	(2.4)
Depreciation, amortisation and impairments	494	475	(3.8)
Capitalised costs and expenses	(9)	(8)	(11.1)
Other operating costs	276	244	(11.6)
<b>Total costs</b>	<b>8,570</b>	<b>8,357</b>	<b>(2.5)</b>

n/s: not significant

An analysis of costs and other charges shows a reduction of 2.5% from 8,570 million euros in 2010 to 8,357 million euros in 2011. This reflects a reduction in the cost of goods and services (down 40 million euros on 2010), as a result of close monitoring and effective costs controls in line with the Company's long-standing commitment to containing such costs, and a decrease in Staff costs (down 140 million euros on 2010), as described below.

Other operating costs of 244 million euros (276 million euros in 2010) are down following the release of provisions for doubtful debts, reflecting the probable collection of items originally deemed unlikely to be recovered.

Staff costs break down as follows.

Staff costs (€m)	2010	2011	Increase/(Decrease)	
			Amount	%
Salaries, social security contributions and sundry expenses (*)	5,624	5,407	(217)	(3.9)
Redundancy payments	157	287	130	82.8
Net provisions for disputes	47	101	54	114.9
Provisions to the Solidarity Fund	59	(59)	(118)	n/s
<b>Total</b>	<b>5,887</b>	<b>5,736</b>	<b>(151)</b>	<b>(2.6)</b>
Income from fixed-term contract agreement	(66)	(55)	11	(16.7)
<b>Total Staff costs</b>	<b>5,821</b>	<b>5,681</b>	<b>(140)</b>	<b>(2.4)</b>

n/s: not significant

(\*) This includes salaries and wages; social security contributions; staff termination benefits; temporary work; Directors' fees and expenses; other costs (cost recoveries).

The ordinary component of staff costs, relating to salaries, wages and sundry expenses, is down 3.9% from the 5,624 million euros of 2010 to 5,407 million euros in 2011, primarily due to a reduction in the average workforce during the year (over 3,700 fewer full-time equivalents, or FTEs, compared with 2010), the release of provisions for charges connected to staff costs made in previous years and no longer necessary, and the reduced use of fixed-term staff. In this regard, the Company recruited 8,944 people on fixed-term contracts in 2011 (10,979 in 2010), equal to 8,702 FTEs (10,176 FTEs in 2010), of which 8,751 correspond to 8,509 FTEs pursuant to art. 2, paragraph 1-bis of Legislative Decree 368/2001<sup>2</sup>. The permanent workforce at 1 January 2011<sup>3</sup> amounted to 146,459 (147,753 at 1 January 2010), equal to 142,171 FTEs (144,902 FTEs at 1 January 2010).

There was an increase in redundancy charges and the cost of income support provided to staff taking early retirement (287 million euros in 2011, compared with 157 million euros in 2010).

<sup>2</sup> Art. 2, paragraph 1-bis of Legislative Decree 368/01 requires, among other things, that fixed-term contracts must not represent more than 15% of a company's workforce in the year in which the staff are recruited.

<sup>3</sup> The workforce at 1 January of each year is identical to the workforce at 31 December of the previous year.



As previously described in the analysis of the Group's staff costs, net provisions for disputes total 101 million euros for 2011, compared with 47 million euros in 2010 (this figure was influenced by the release of provisions made in previous years and no longer necessary). The provisions, which largely regard the dispute over fixed-term contracts, take account of both the overall amount of claims payable (as a result of court rulings and union agreements) and the application of Law 183 of 4 November 2010 (the so-called *Collegato lavoro* legislation), which has introduced a cap on compensation payable as a result of current and future claims brought by workers on fixed-term contracts who have been re-employed on permanent contracts by court order.

Provisions of 59 million euros to the solidarity fund, made in 2010 following a number of union agreements, were released in full to the income statement. This is due to the fact that the deadline for accessing the special income support, provided for in the regulations governing the Solidarity Fund, managed by INPS in accordance with Ministerial Decree 178 of 1 July 2005, expired in September 2011.

Finally, staff costs also reflect income deriving from fixed-term contract agreements, amounting to 55 million euros (66 million euros in 2010). This income reflects staff signing up during the year to the agreement of July 2010 between the Parent Company and the labour unions, regarding the re-employment by court order of staff previously employed on fixed-term contracts.

After net finance income, Profit before tax from ordinary activities amounts to 1,391 million euros (1,438 million euros for 2010).

Income tax expense is down from 709 million euros in 2010 to 692 million euros in 2011. The effective tax rate has risen from 49.30% for 2010 to 49.77% for 2011, primarily reflecting an increase in the IRAP rate for companies that operate under concession (4.20% in 2011, compared with 3.90% in 2010).

The Company reports a profit for 2011 of 699 million euros (729 million euros for 2010).

## 1.2 FINANCIAL POSITION AND CASH FLOW

### FINANCIAL POSITION AND CASH FLOW OF THE POSTE ITALIANE GROUP

The Poste Italiane Group's **Net invested capital** amounts to 4,046 million euros (3,326 million euros at 31 December 2010), 71% financed by Equity and 29% by net debt.

(€m)	31 Dec 2010	31 Dec 2011	Increase/ (Decrease)
Non-current assets	3,654	3,516	(138)
Working capital	995	1,726	731
Staff termination benefits and pension plans	(1,323)	(1,196)	127
<b>Net invested capital</b>	<b>3,326</b>	<b>4,046</b>	<b>720</b>

**Non-current assets** break down as follows at 31 December 2011 and 2010:

(€m)	31 Dec 2010	31 Dec 2011	Increase/ (Decrease)
Property, plant and equipment	2,957	2,789	(168)
Investment property	163	149	(14)
Intangible assets	521	558	37
Investments accounted for using the equity method	7	10	3
Non-current assets held for sale	6	10	4
<b>Non-current assets</b>	<b>3,654</b>	<b>3,516</b>	<b>(138)</b>

Compared with the situation at the end of 2010, Non-current assets are down 137.6 million euros as a result of reductions of 557.5 million euros and additions totalling 419.9 million euros.

*Reductions* regard:

- depreciation, amortisation and impairments, totalling 544.2 million euros, of which 370.1 million euros regards *Property, plant and equipment*, 166.9 million euros *Intangible assets* and 7.2 million euros depreciation and impairments of *Investment property*, after reversals of impairments;
- sales of *Investment property*, totalling 7.7 million euros, of *Property, plant and equipment*, amounting to 4.3 million euros, and of *Intangible assets*, totalling 1.1 million euros;
- sales of industrial properties owned by the Parent Company and accounted for in *Non-current assets held for sale*, amounting to 0.2 million euros;

*Additions* regard:

- investment in *Property, plant and equipment*, amounting to 210.2 million euros, primarily by the Parent Company and largely attributable to the purchase of new hardware for the Group's post offices and headquarters premises and to the modernisation and upgrade of the post office network and other industrial sites;
- investment in *Intangible assets*, amounting to 204.8 million euros, regarding the development of software both within the Group for use in its IT platform, and by the Parent Company for use by BancoPosta;
- *Investments accounted for using the equity method*, which has registered a net increase of 2.6 million euros, including: 2 million euros relating to the merger of CSAB Printing Srl with and into Docugest SpA; 500 thousand euros to a capital contribution from SDA Express Courier SpA to Kipoint SpA; 58 thousand euros

to subscription of the capital increase carried out by Postel do Brasil Ltda, prior to the company's liquidation<sup>4</sup>;

- purchases of *Investment property*, amounting to 1.2 million euros;
- adjustments of 0.9 million euros;
- a change in the basis of consolidation, totalling 0.2 million euros.

Working capital of breaks down as follows at 31 December 2011 and 2010:

(€m)	31 Dec 2010	31 Dec 2011	Increase/ (Decrease)
Inventories	44	47	3
Trade receivables and other current assets	4,440	4,567	127
Trade payables and other current liabilities	(3,326)	(3,550)	(224)
Current and deferred tax assets and liabilities	474	1,455	981
Provisions for liabilities and charges	(1,327)	(1,549)	(222)
Trade receivables and Other non-current assets and liabilities	690	756	66
<b>Working capital</b>	<b>995</b>	<b>1,726</b>	<b>731</b>

Working capital of 1,726 million euros is up 731 million euros compared with the end of 2010. The increase is essentially due to the following:

- an increase in the balance of *Other non-current assets and liabilities*, amounting to 127 million euros, reflecting the delay in collecting amounts due to the Parent Company from the Ministry of the Economy and Finance in the form of Universal Service subsidies. However, the balance takes account of the sum of 324 million euros deposited by the Ministry of the Economy and Finance, as of December 2011, in a non-interest bearing escrow account held by the Parent Company at the Italian Treasury and corresponding to Universal Service subsidies accruing in previous years. This sum cannot be released until the European Commission has ruled on the *Contratto di Programma* (Planning Agreement) for 2009-2011, and until the Ministry has replenished its cash holdings;
- an increase in the net balance of *Trade payables and other current liabilities*, totalling 224 million euros, due, despite a reduction in current liabilities, to the amount accounted for in Advances received from the MEF, as described above;
- an increase of 981 million euros in net *Current and deferred tax assets*, reflecting fair value losses on investments in securities attributable to BancoPosta's ring-fenced capital (from now on: BancoPosta RFC), as described below, and, to a lesser extent, on investments in securities attributable to Banca del Mezzogiorno – MedioCredito Centrale SpA and BancoPosta Fondi SGR, in addition to the future deductibility of certain provisions for liabilities;
- an increase in *Provisions for liabilities and charges*, totalling 222 million euros, representing the balance of new provisions/changes in the basis of consolidation, totalling 690 million euros, and uses/releases/finance costs of 468 million euros, primarily relating to liabilities linked to staff costs and disputes with personnel.

At 31 December 2011 **Equity** amounts to 2,848.2 million euros (4,383 million euros at 31 December 2010) and breaks down as follows:

- Share capital 1,306.1 million euros
- Reserves (1,096.5) million euros
- Retained earnings 2,638.6 million euros.

<sup>4</sup> On 11 April 2011 the capital increase of 1.2 million euros was subscribed to via the conversion of all the receivables due to Postel SpA from the Brazilian subsidiary and written off in previous years and via a cash payment of 58 thousand euros. The value of the investment was written down by 58 thousand euros at the same time.

Compared with 31 December 2010, Equity has decreased by 1,534,8 million euros due to the following changes.

Reductions:

- changes in the Fair value reserves, amounting to 1,928.7 million euros net of tax, reflecting movements in the value of investments in securities attributable to BancoPosta RFC, as described in the paragraph dealing with changes in the Parent Company's Equity, and to a lesser extent, investments in securities attributable to Banca del Mezzogiorno – MedioCredito Centrale SpA and BancoPosta Fondi SGR;
- the payment of dividends to shareholders, totalling 350 million euros;
- changes in the cash flow hedge reserves, amounting to 148.3 million euros net of tax.

Additions:

- profit for the year of 846.4 million euros;
- the balance of actuarial gains and losses on provisions for staff termination benefits, totalling 45.8 million euros net of tax.

Net debt/(funds) at 31 December 2011 is summarised below:

(€m)	31 Dec 2010	31 Dec 2011	Increase/ (Decrease)
<b>Financial liabilities</b>	<b>42,481</b>	<b>45,152</b>	<b>2,671</b>
Postal current account deposits	36,985	37,145	160
Financial assets at fair value	722	59	(663)
Bonds	770	1,366	596
Loans from Cassa Depositi e Prestiti	513	533	20
Bank borrowings	1,339	2,904	1,565
Other borrowings	60	39	(21)
Derivative financial instruments	90	643	553
Other (*)	2,002	2,463	461
<b>Technical provisions for insurance business</b>	<b>41,739</b>	<b>44,260</b>	<b>2,521</b>
<b>Financial assets</b>	<b>(81,825)</b>	<b>(83,733)</b>	<b>(1,908)</b>
Loans and receivables	(8,071)	(9,343)	(1,272)
Held-to-maturity financial assets	(14,768)	(14,364)	404
Available-for-sale financial assets	(47,571)	(50,152)	(2,581)
Financial instruments at fair value through profit or loss	(11,198)	(9,642)	1,556
Derivative financial instruments	(217)	(232)	(15)
<b>Technical provisions for claims attributable to reinsurers</b>	<b>(8)</b>	<b>(18)</b>	<b>(10)</b>
<b>Net liabilities/(assets)</b>	<b>2,387</b>	<b>5,661</b>	<b>3,274</b>
<b>Cash and deposits attributable to BancoPosta</b>	<b>(2,351)</b>	<b>(2,560)</b>	<b>(209)</b>
<b>Cash and cash equivalents</b>	<b>(1,093)</b>	<b>(1,903)</b>	<b>(810)</b>
<b>Net debt/(funds)</b>	<b>(1,057)</b>	<b>1,198</b>	<b>2,255</b>

(\*) Includes financial liabilities payable to subsidiaries and other financial liabilities.

Cash and cash equivalents include the sum of 324 million euros deposited by the Ministry of the Economy and Finance, as of December 2011, in a non-interest bearing escrow account as an advance on Universal Service subsidies and a total of 17.8 million euros that cannot be drawn on due to court rulings regarding various disputes.

The change from net funds to net debt in 2011 reflects the impact of the downgrade of Italy's credit rating on the price of available-for-sale investments attributable to BancoPosta RFC.

Liquidity at 31 December 2011 amounts to 1,903 million euros (1,093 million euros at the end of 2010).

(€m)	<b>2010</b>	<b>2011</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>2,039</b>	<b>1,093</b>
Cash flow from/(for) operating activities	(397)	958
Cash flow from/(for) investing activities	(680)	79
Cash flow from/(for) financing activities	631	123
Cash flow from/(for) shareholder transactions	(500)	(350)
<b>Net change in cash</b>	<b>(946)</b>	<b>810</b>
<b>Cash and cash equivalents at end of year</b>	<b>1,093</b>	<b>1,903</b>
Escrow account held at the Italian Treasury	-	(324)
Amounts that cannot be drawn on due to court rulings	(27)	(18)
Current account overdrafts	(12)	(15)
<b>Unrestricted net cash and cash equivalents at end of year</b>	<b>1,054</b>	<b>1,546</b>

## FINANCIAL POSITION AND CASH FLOW OF POSTE ITALIANE SpA

Poste Italiane SpA's **Net invested capital** amounts to 4,741 million euros (3,616 million euros at 31 December 2010), which is 42% financed by Equity and 58% by net debt.

(€m)	31 Dec 2010	31 Dec 2011	Increase/ (Decrease)
Non-current assets	4,276	4,567	291
Working capital	638	1,337	699
Staff termination benefits	(1,298)	(1,163)	135
<b>Net invested capital</b>	<b>3,616</b>	<b>4,741</b>	<b>1,125</b>

Non-current assets break down as follows at 31 December 2011 and 2010:

(€m)	31 Dec 2010	31 Dec 2011	Increase/ (Decrease)
Property, plant and equipment	2,806	2,621	(185)
Investment property	92	80	(12)
Intangible assets	358	371	13
Investments	1,017	1,488	471
Non-current assets held for sale	3	7	4
<b>Non-current assets</b>	<b>4,276</b>	<b>4,567</b>	<b>291</b>

Compared with the situation at the end of 2010, Non-current assets report a net increase of 290.8 million euros, following additions of 821.5 million euros and reductions of 530.7 million euros.

*Additions* regard:

- the acquisition of *Investments*, totalling 478 million euros, including: 305 million euros relating to subscription of the capital increase carried out by Poste Vita SpA; 140 million euros to the acquisition of the entire share capital of Unicredit MedioCredito Centrale SpA<sup>5</sup>; 30 million euros to subscription of the capital increase carried out by the subsidiary, PosteMobile SpA, via the contribution of Poste Italiane SpA Telecommunications unit on 31 March 2011; and 3 million euros to the contribution paid to Mistral Air Srl to cover losses incurred in the six months ended 30 June 2011;
- investment in *Property, plant and equipment*, amounting to 189.1 million euros, *Intangible assets*, totalling 154.2 million euros, and *Investment property*, amounting to 0.2 million euros, with 57% regarding information technology and telecommunications networks, 12.5% postal logistics and 30.5% the modernisation and upgrade of properties.

*Reduction* regard:

- depreciation, amortisation and impairments of 475.6 million euros, which includes 334.4 million euros relating to depreciation of *Property, plant and equipment*; 136.9 million euros to amortisation of *Intangible assets* and 4.3 million euros regarding di depreciation of *Investment property*, after reversals of impairments;
- sales of *Property, plant and equipment*, totalling 35.2 million euros, mainly linked to the contribution of the Telecommunications unit to the subsidiary, PosteMobile, consisting of network infrastructure and technology, for the most part already in use and in some cases not yet used in operations;
- sales of *Investment property*, totalling 7.7 million euros;
- Adjustments of 7.2 million euros reflecting recognition of an impairment loss on the investment in Postel SpA

<sup>5</sup> On 21 November the bank changed its name to "Banca del Mezzogiorno – MedioCredito Centrale SpA" (in abbreviated form: "BdM - MCC SpA").

based on the outcome of an *impairment test* and available information regarding the company's outlook;

- sales of *Intangible assets*, totalling 4,6 million euros, primarily linked to Poste Italiane's contribution of its Telecommunications unit to PosteMobile. These assets consisted for the most part of software applications already in use and in some cases not yet used in operations;
- sales of *Non-current assets held for sale*, totalling 0.2 million euros;
- reductions in *Investments* of 0.2 million euros, following the sale<sup>6</sup> to Postel, on 29 March 2011, of Poste Italiane's 70% interest in Poste Link Scrl.

Working capital breaks down as follows at 31 December 2011 and 2010:

(€m)	31 Dec 2010	31 Dec 2011	Increase/ (Decrease)
Trade receivables and other current assets	4,045	4,171	126
Trade payables and other current liabilities	(2,993)	(3,087)	(94)
Current and deferred tax assets and liabilities	536	1,476	940
Provisions for liabilities and charges	(1,262)	(1,493)	(231)
Trade receivables and Other non-current assets and liabilities	312	270	(42)
<b>Working capital</b>	<b>638</b>	<b>1,337</b>	<b>699</b>

Working capital amounts to 1,337 million euros, representing an increase of 699 million euros compared with the end of 2010. The rise is essentially due to the following:

- an increase in the balance of *Other non-current assets and liabilities*, amounting to 126 million euros, reflecting the delay in collecting amounts due from the Ministry of the Economy and Finance in the form of Universal Service subsidies;
- an increase of 940 million euros in net *Current and deferred tax assets*, reflecting fair value losses on investments in securities attributable to BancoPosta, as described below in the paragraph on changes in Equity, and the future deductibility of certain provisions for liabilities;
- an increase in *Provisions for liabilities and charges*, totalling 231 million euros, representing the balance of new provisions, totalling 667 million euros, and uses/releases/finance costs of 436 million euros, primarily relating to liabilities linked to staff costs and disputes with personnel.

At 31 December 2011 **Equity** amounts to 2,001.8 million euros and breaks down as follows:

- Share capital 1,306.1 million euros
- Reserves (1,010.6) million euros
- Retained earnings 1,706.3 million euros.

Compared with 31 December 2010 Equity is down 1,611.4 million euros as a result of the following changes.

*Reductions:*

- changes in the Fair value reserves, amounting to 1,856.7 million euros net of tax; at 31 December 2011 the Fair value reserve attributable to BancoPosta RFC, which primarily takes account of movements in the prices of securities classified as available-for-sale, reflected losses of approximately 2 billion euros. The downgrade of Italy's credit rating in 2011 had a negative impact on the price of Italian government securities, generating substantial

<sup>6</sup> On 29 March 2011 Postel SpA acquired, becoming the sole shareholder, the equity interests in Poste Link Scrl formerly held by Poste Italiane (70%) and Postecom (15%). The transaction was effective for legal purposes from 30 June 2011, whilst the tax and accounting effects have been backdated to 1 January 2011.

fair value losses on those classified as available-for-sale (AFS), which were recognised in the Fair value reserve in Equity, net of tax. As a result, in the second half of 2011 this reserve came to represent a particularly significant percentage of Poste Italiane SpA's Equity and, with regard to BancoPosta RFC, at 31 December 2011 the negative balance of the Fair value reserve has exceeded the initial capital of 1 billion euros. Despite this, postal current account deposits have remained stable and BancoPosta RFC continues to be sufficient to back the available-for-sale securities through to maturity, with steps taken and instruments created to cope with unexpected movements in private customer deposits, without having to sell large volumes of securities at a loss. Indeed, in early 2012, following a decline in the spread on Italian government debt, the negative balance of the Fair value reserve attributable to BancoPosta RFC fell from 1,991 million euros to 835 million euros at 31 March 2012;

- the payment of dividends to shareholders, totalling 350 million euros;
- changes in the cash flow hedge reserves, amounting to 148.4 million euros net of tax.

*Additions:*

- profit for the year of 698.5 million euros;
- the balance of actuarial gains and losses on provisions for staff termination benefits, totalling 45.2 million euros net of tax.

Net debt at 31 December 2011 is summarised below:

(€m)	31 Dec 2010	31 Dec 2011	Increase/ (Decrease)
<b>Financial liabilities attributable to BancoPosta</b>	<b>39,703</b>	<b>42,252</b>	<b>2,549</b>
- Current account deposits	37,240	37,252	12
- Borrowings	389	1,989	1,600
- Derivative financial instruments	90	624	534
- Other	1,984	2,387	403
<b>Financial liabilities</b>	<b>2,495</b>	<b>2,734</b>	<b>239</b>
- Bonds	770	770	n/s
- Amount payable to Cassa Depositi e Prestiti	513	533	20
- Bank borrowings	938	934	(4)
- Other borrowings	39	20	(19)
- Derivative financial instruments	-	9	9
- Other <sup>(1)</sup>	235	468	233
<b>Financial assets attributable to BancoPosta</b>	<b>(36,849)</b>	<b>(36,669)</b>	<b>180</b>
- Receivables	(7,431)	(8,754)	(1,323)
- Held-to-maturity financial assets	(14,768)	(14,364)	404
- Available-for-sale financial assets	(14,562)	(13,465)	1,097
- Derivative financial instruments	(88)	(86)	2
<b>Financial assets</b>	<b>(2,087)</b>	<b>(1,809)</b>	<b>278</b>
- Loans and receivables	(1,492)	(1,277)	215
- Available-for-sale financial assets	(572)	(532)	40
- Derivative financial instruments	(23)	-	23
<b>Net liabilities/(assets)</b>	<b>3,262</b>	<b>6,508</b>	<b>3,246</b>
<b>Cash and deposits attributable to BancoPosta</b>	<b>(2,351)</b>	<b>(2,560)</b>	<b>(209)</b>
<b>Cash and cash equivalents</b>	<b>(908)</b>	<b>(1,209)</b>	<b>(301)</b>
<b>Net debt/(funds)</b>	<b>3</b>	<b>2,739</b>	<b>2,736</b>

n/s: not significant

<sup>(1)</sup> Includes financial liabilities payable to subsidiaries and other financial liabilities.

Cash and cash equivalents include the sum of 324 million euros deposited by the Ministry of the Economy and Finance, as of December 2011, in a non-interest bearing escrow account as an advance on Universal Service subsidies and a total of 17.8 million euros that cannot be drawn on due to court rulings regarding various disputes.



The increase in net debt in 2011 reflects the impact of the downgrade of Italy's credit rating on the price of available-for-sale investments attributable to BancoPosta RFC.

## LIQUIDITY

(€m)	<b>2010</b>	<b>2011</b>
<b>Deposits and cash in hand at beginning of year</b>	<b>1,599</b>	<b>908</b>
Cash flow from/(for) operating activities	312	939
Cash flow from/(for) investing activities	(1,047)	(649)
Cash flow from/(for) financing activities	394	511
Cash flow from/(for) shareholder transactions	(350)	(500)
<b>Net change in cash</b>	<b>(691)</b>	<b>301</b>
<b>Cash and cash equivalents at end of year</b>	<b>908</b>	<b>1,209</b>
Escrow account held at the Italian Treasury	-	(324)
Amounts that cannot be drawn on due to court rulings	(27)	(18)
<b>Unrestricted net cash and cash equivalents at end of year</b>	<b>881</b>	<b>867</b>

## BANCOPOSTA'S RING-FENCED CAPITAL

The Extraordinary General Meeting of 14 April 2011 resolved – pursuant to art. 2, paragraphs 17-*octies et seq.* of Law Decree 225 of 29 December 2010, as converted with amendments into Law 10 of 26 February 2011 – to form ring-fenced capital to be used exclusively in relation to BancoPosta's operations.

The General Meeting also approved the rules governing the organisation, management and control of BancoPosta RFC, and establishing the effects of the ring-fence, the related administrative and accounting principles and the procedures governing relations with Poste Italiane SpA's other business and corporate functions. The formation of the ring-fenced capital was effective from the date the above resolution was filed with the Companies' Register on 2 May 2011.

The formation of BancoPosta RFC has thus resulted in the identification of independent and separate assets and liabilities to which the Bank of Italy's prudential regulations are to be applied, thereby ensuring stability and sound and prudent management.

Given the unique nature of Poste Italiane as a legal entity, the Company's general accounting system will continue to operate with the same consistency and functionality.

The following reclassified income statement summarises the operating results attributable to BancoPosta RFC during the eight months between formation of the capital (2 May 2011) and the end of the year (31 December 2011).

## RECLASSIFIED INCOME STATEMENT

Item	Period 2 May - 31 Dec 2011
Interest and similar income	1,142
Interest and similar expense	(79)
<b>Net interest income</b>	<b>1,063</b>
Fee and commission income	2,348
Fee and commission expense	(27)
<b>Net fee and commission income</b>	<b>2,321</b>
Dividends and similar income	-
Profits/(Losses) on trading and hedging activities	8
Profits/(Losses) on disposals or repurchases	75
<b>Net interest and other banking income</b>	<b>3,467</b>
Net losses/recoveries on impairment	6
<b>Net income from banking activities</b>	<b>3,473</b>
Administrative expenses:	(2,991)
<i>a) staff costs</i>	(57)
<i>b) other administrative expenses</i>	(2,934)
Net provisions for liabilities and charges	(12)
Other operating expenses/income	(13)
<b>Operating expenses</b>	<b>(3,016)</b>
<b>Income/(Loss) before tax from continuing operations</b>	<b>457</b>
Taxes on income from continuing operations	(201)
<b>Income/(Loss) after tax from continuing operations</b>	<b>256</b>
Income/(Loss) after tax from discontinued operations	-
<b>Net income (loss)</b>	<b>256</b>

## 2. FINANCIAL STATEMENTS

Following the formation of BancoPosta RFC, certain components of the statement of financial position at 31 December 2011, a number of items in the income statement and the related notes have been reclassified with respect to previous statements. In order to provide a like-for-like basis for comparison with 2010, and in accordance with the requirements of paragraph 39 of IAS 1 – Presentation of Financial Statements, amounts in the statements of financial position at 31 December 2010 and 2009 and items in the statement of cash flows for 2010 have also been reclassified.

The new classification was necessary in both Poste Italiane SpA's separate financial statements and in the consolidated financial statements.

### Consolidated statement of financial position

	(€000)					
ASSETS	31 December 2011	of which related party transactions	31 December 2010	of which related party transactions	1 January 2010	of which related party transactions
<b>Non-current assets</b>						
Property, plant and equipment	2,789,470		2,956,784	-	3,123,942	-
Investment property	149,234		162,945	-	153,676	-
Intangible assets	557,597		521,358	-	513,550	-
Investments accounted for using the equity method	9,821	9,821	6,671	6,671	14,659	14,659
Financial assets	68,461,027	211,926	67,123,427	324,834	59,364,728	536,693
Trade receivables	181,555		216,583	-	254,315	-
Deferred tax assets	1,730,199		760,014	-	644,844	-
Other receivables and assets	728,463	1,466	621,497	1,466	584,429	1,466
<b>Total</b>	<b>74,607,366</b>		<b>72,369,279</b>		<b>64,654,143</b>	
<b>Current assets</b>						
Inventories	46,939		44,190	-	52,595	-
Trade receivables	3,883,464	2,067,481	3,751,337	2,145,564	4,042,455	2,222,756
Current tax assets	68,974		52,408	-	50,358	-
Other receivables and assets	684,363	4,167	689,111	7,044	608,307	4,134
Financial assets	15,271,523	8,164,839	14,701,442	7,406,900	16,229,818	7,618,859
Cash and deposits attributable to BancoPosta	2,559,994		2,351,245	-	2,660,696	-
Cash and cash equivalents	1,903,455	829,399	1,093,145	840,624	2,038,783	1,515,829
<b>Total</b>	<b>24,418,712</b>		<b>22,682,878</b>		<b>25,683,012</b>	
<b>Non-current assets held for sale</b>	<b>9,635</b>		<b>5,582</b>		<b>1,285</b>	
<b>TOTAL ASSETS</b>	<b>99,035,713</b>		<b>95,057,739</b>		<b>90,338,439</b>	
<b>LIABILITIES AND EQUITY</b>						
	31 December 2011	of which related party transactions	31 December 2010	of which related party transactions	1 January 2010	of which related party transactions
<b>Equity</b>						
Share capital	1,306,110	-	1,306,110	-	1,306,110	-
Reserves <sup>(1)</sup>	(1,096,556)	-	(58,421)	-	663,618	-
Retained earnings	2,638,648	-	3,135,376	-	2,605,182	-
<b>Total Equity attributable to owners of the Parent</b>	<b>2,848,202</b>		<b>4,383,065</b>		<b>4,574,910</b>	
Minority interests	13	-	13	-	13	-
<b>Total</b>	<b>2,848,215</b>		<b>4,383,078</b>		<b>4,574,923</b>	
<b>Non-current liabilities</b>						
Technical provisions for insurance business	44,260,432		41,738,868	-	35,927,121	-
Provisions for liabilities and charges	540,010	46,179	451,572	43,750	425,924	39,323
Staff termination benefits and pension plans	1,196,269		1,323,481	-	1,445,954	-
Financial liabilities	1,945,603	227,417	2,191,263	371,122	3,286,155	512,668
Deferred tax liabilities	248,994		293,795	-	417,328	-
Other liabilities	135,574	6	140,244	6	152,692	6
<b>Total</b>	<b>48,326,882</b>		<b>46,139,223</b>		<b>41,655,174</b>	
<b>Current liabilities</b>						
Provisions for liabilities and charges	1,009,053	8,556	875,427	10,664	911,069	11,639
Trade payables	2,016,318	553,348	1,622,563	239,870	1,698,450	284,791
Current tax liabilities	95,037		43,888	-	79,570	-
Other liabilities	1,534,144	78,761	1,703,489	76,792	1,715,632	72,701
Financial liabilities	43,206,064	316,210	40,290,071	150,555	39,703,621	182,049
<b>Total</b>	<b>47,860,616</b>		<b>44,535,438</b>		<b>44,108,342</b>	
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>99,035,713</b>		<b>95,057,739</b>		<b>90,338,439</b>	

<sup>(1)</sup> The item includes the "Reserve for BancoPosta RFC", totalling 1 billion euros and established on 14 April 2011 with a transfer from retained earnings.

## Consolidated income statement

	2011	<i>of which related party transactions</i>	2010	<i>of which related party transactions</i>
				(€000)
Revenues from sales and services	10,108,572	2,660,318	10,133,509	2,666,138
Earned premiums	9,526,355		9,504,804	-
Other income from financial and insurance activities	1,876,908		1,982,500	-
Other operating income	181,647	3,917	216,130	4,389
<b>Total revenue</b>	<b>21,693,482</b>		<b>21,836,943</b>	
Cost of goods and services	2,628,003	147,289	2,597,716	152,288
Net change in technical provisions for insurance business and other claims expenses	9,886,613		10,190,477	-
Other expenses from financial and insurance activities	894,503		388,332	-
Staff costs	5,896,510	29,931	6,004,505	29,511
<i>of which non-recurring costs/(income)</i>	<i>54,715</i>		<i>(66,320)</i>	<i>-</i>
Depreciation, amortisation and impairments	543,913		547,232	-
Capitalised costs and expenses	(47,682)		(38,447)	-
Other operating costs	250,169	12,259	277,609	5,248
<b>Operating profit/(loss)</b>	<b>1,641,453</b>		<b>1,869,519</b>	
Finance costs	147,673	20,670	160,671	26,964
Finance income	159,815	39,806	179,094	46,306
Profit/(loss) on investments accounted for using the equity method	544		(490)	-
<b>Profit/(Loss) before tax</b>	<b>1,654,139</b>		<b>1,887,452</b>	
Income tax expense	807,758	-	869,531	-
<i>of which non-recurring expense/(benefit)</i>		<i>-</i>	<i>-</i>	<i>-</i>
<b>PROFIT FOR THE YEAR</b>	<b>846,381</b>		<b>1,017,921</b>	
attributable to owners of the Parent	846,381		1,017,921	
attributable to non-controlling interests	-		-	
<b>Earnings per share</b>	<b>0.648</b>		<b>0.779</b>	
<b>Diluted earnings per share</b>	<b>0.648</b>		<b>0.779</b>	

## Consolidated statement of comprehensive income

	(€000)	
	2011	2010
<b>Profit/(Loss) for the year</b>	<b>846,381</b>	<b>1,017,921</b>
Available-for-sale financial assets		
Increase(Decrease) in fair value during the year	(2,780,366)	(896,610)
Transfers to profit or loss	(74,239)	(339,167)
Cash flow hedges		
Increase(Decrease) in fair value during the year	(148,116)	86,659
Transfers to profit or loss	(70,998)	33,252
Actuarial gains/(losses) on provisions for staff termination benefits and pension plans	63,160	70,003
Taxation of items recognised directly in, or transferred from, Equity	979,315	336,097
<b>Total other components of comprehensive income</b>	<b>(2,031,244)</b>	<b>(709,766)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(1,184,863)</b>	<b>308,155</b>
attributable to owners of the Parent	(1,184,863)	308,155
attributable to minority interests	-	-

## Consolidated statement of changes in equity

(€000)

	Equity								
	Share capital	Legal reserve	Reserve for BancoPosta RFC	Fair value reserve	Cash flow hedge reserve	Retained earnings/(Accumulated losses)	Total Equity attributable to owners of the Parent	Minority Interests	Total Equity
<b>Balance at 1 January 2010</b>	<b>1,306,110</b>	<b>148,351</b>	<b>-</b>	<b>634,588</b>	<b>(119,321)</b>	<b>2,605,182</b>	<b>4,574,910</b>	<b>13</b>	<b>4,574,923</b>
Total comprehensive income for the year	-	-	-	(842,383)	81,704	1,068,834	308,155	-	308,155
Appropriation of Profit to Reserves	-	38,640	-	-	-	(38,640)	-	-	-
Dividends paid	-	-	-	-	-	(500,000)	(500,000)	-	(500,000)
<b>Balance at 31 December 2010</b>	<b>1,306,110</b>	<b>186,991</b>	<b>-</b>	<b>(207,795)</b>	<b>(37,617)</b>	<b>3,135,376</b>	<b>4,383,065</b>	<b>13</b>	<b>4,383,078</b>
Total comprehensive income for the year	-	-	-	(1,928,751)	(148,332)	892,220 *	(1,184,863)	-	(1,184,863)
Appropriation of Profit to Reserves	-	38,948	-	-	-	(38,948)	-	-	-
Dividends paid	-	-	-	-	-	(350,000)	(350,000)	-	(350,000)
Establishment of BancoPosta RFC	-	-	1,000,000	-	-	(1,000,000)	-	-	-
<b>Balance at 31 December 2011</b>	<b>1,306,110</b>	<b>225,939</b>	<b>1,000,000</b>	<b>(2,136,546)</b>	<b>(185,949)</b>	<b>2,638,648</b>	<b>2,848,202</b>	<b>13</b>	<b>2,848,215</b>

\* This item includes profit for the year of 846,381 thousand euros, actuarial gains on provisions for staff termination benefits of 63,160 thousand euros after the related current and deferred tax expense of 17,321 thousand euros.

## Consolidated statement of cash flows

	(€'000)	
	2011	2010
<b>Cash and cash equivalents at beginning of year</b>	<b>1,093,145</b>	<b>2,038,783</b>
Profit/(loss) before tax	1,654,139	1,887,452
Depreciation, amortisation and impairments	543,913	547,232
Impairment of goodwill/goodwill arising from consolidation	-	13,390
Net provisions for liabilities and charges	437,889	407,175
Use of provisions for liabilities and charges	(220,064)	(415,348)
Provisions for staff termination benefits	661	502
Staff termination benefits paid	(133,712)	(111,746)
(Gains)/losses on disposals	(32,826)	(100,976)
(Gains)/losses on financial assets/liabilities measured at fair value	246,184	(139,946)
(Income)/Expenses from financial and insurance activities	(571,600)	(739,708)
(Dividends)	(81)	(376)
Dividends received	70	358
(Finance income realised)	(20,831)	(40,020)
(Finance income in form of interest)	(136,195)	(132,726)
Interest received	90,719	84,694
Interest expense and other finance costs	143,952	154,652
Interest paid	(57,735)	(77,682)
Losses and impairments/(Recoveries) on receivables	4,526	62,922
Income tax paid	(777,688)	(782,891)
Other changes	3,258	(4,179)
<b>Cash generated by operating activities before changes in working capital</b>	<b>1,174,579</b>	<b>612,779</b>
<i>Changes in working capital:</i>		
(Increase)/Decrease in Inventories	(2,749)	8,405
(Increase)/Decrease in Trade receivables	(69,990)	258,602
(Increase)/Decrease in Other receivables and assets	(85,865)	(89,503)
Increase/(Decrease) in Trade payables	388,094	(75,887)
Increase/(Decrease) in Other liabilities	(181,218)	(48,553)
<b>Cash generated by/(used in) changes in working capital</b>	<b>48,272</b>	<b>53,064</b>
Increase/(Decrease) in liabilities attributable to financial activities	2,138,465	2,152
Net cash generated by/(used for) financial assets attributable to financial activities held for trading	(6)	112,710
Net cash generated by/(used for) available-for-sale financial assets attributable to financial activities	(1,522,634)	(268,086)
Net cash generated by/(used for) held-to-maturity financial assets attributable to financial activities	347,069	(1,510,042)
(Increase)/Decrease in cash and deposits attributable to BancoPosta	(208,749)	309,451
(Increase)/Decrease in other assets attributable to financial activities	(1,327,684)	426,982
<b>Cash generated by/(used for) assets and liabilities attributable to financial activities</b>	<b>(573,539)</b>	<b>(926,833)</b>
Payment of liabilities linked to financial contracts attributable to insurance activities	(663,031)	(1,005,189)
Net cash generated by/(used for) financial assets at fair value through profit or loss attributable to insurance activities	1,253,071	(480,268)
Increase/(Decrease) in net technical provisions for insurance business	5,367,807	6,953,491
Net cash generated by/(used for) available-for-sale financial assets attributable to insurance activities	(5,646,929)	(5,602,437)
(Increase)/Decrease in other assets attributable to insurance activities	(2,472)	(1,861)
<b>Cash generated by/(used for) assets and liabilities attributable to insurance activities</b>	<b>308,446</b>	<b>(136,264)</b>
<b>Net cash flow from/(for) operating activities</b>	<b>957,758</b>	<b>(397,254)</b>
<b>- of which related party transactions</b>	<b>(482,405)</b>	<b>302,418</b>
<i>Investing activities:</i>		
Property, plant and equipment	(210,182)	(247,056)
Investment property	(1,223)	(1,180)
Intangible assets	(203,080)	(185,745)
Investments	(2,608)	(1,700)
Other financial assets	(99,225)	(482,229)
Newly consolidated companies less cash	451,575	-
<i>Disposals:</i>		
Property, plant and equipment, investment property and assets held for sale	46,132	120,119
Investments	-	-
Other financial assets	98,140	108,832
Change in basis of consolidation	-	9,131
<b>Net cash flow from/(for) investing activities</b>	<b>79,529</b>	<b>(679,828)</b>
<b>- of which related party transactions</b>	<b>81,367</b>	<b>(29,837)</b>
Proceeds from/(Repayments of) long-term borrowings	54,105	(187,543)
(Increase)/Decrease in loans and receivables	154,526	155,237
Increase/(Decrease) in short-term borrowings	(85,608)	663,750
Dividends paid	(350,000)	(500,000)
<b>Net cash flow from/(for) financing activities and shareholder transactions</b>	<b>(226,977)</b>	<b>131,444</b>
<b>- of which related party transactions</b>	<b>(194,874)</b>	<b>(504,957)</b>
<b>Net increase/(decrease) in cash</b>	<b>810,310</b>	<b>(945,638)</b>
<b>Cash and cash equivalents at end of year</b>	<b>1,903,455</b>	<b>1,093,145</b>

## Poste Italiane SpA's statement of financial position

ASSETS	31 December 2011		31 December 2010		1 January 2010	
		<i>of which related party transactions</i>		<i>of which related party transactions</i>		<i>of which related party transactions</i>
<b>Non-current assets</b>						
Property, plant and equipment	2,621,453,754	-	2,805,563,230	-	2,965,692,335	-
Investment property	80,196,885	-	92,023,096	-	77,017,157	-
Intangible assets	370,975,799	-	358,346,118	-	344,913,756	-
Investments	1,488,002,996	1,488,002,996	1,017,399,927	1,017,399,927	1,074,632,600	1,074,632,600
Financial assets attributable to BancoPosta	26,377,257,057	-	26,649,993,015	-	25,409,884,602	-
Financial assets	1,188,597,779	748,089,320	1,475,844,530	980,063,391	951,679,312	847,533,069
Trade receivables	181,554,500	-	216,582,794	-	254,314,890	-
Deferred tax assets	1,578,467,952	-	660,248,178	-	550,163,995	-
Other receivables and assets	222,363,309	1,465,574	231,339,281	1,465,574	239,850,974	1,465,574
<b>Total</b>	<b>34,108,870,031</b>		<b>33,507,340,169</b>		<b>31,868,149,621</b>	
<b>Current assets</b>						
Trade receivables	3,596,776,282	2,326,179,207	3,506,235,104	2,352,524,077	3,829,941,293	2,448,579,313
Current tax assets	38,477,065	-	38,456,667	-	37,701,684	-
Other receivables and assets	574,158,696	23,309,971	539,167,151	7,088,980	548,173,838	5,171,185
Financial assets attributable to BancoPosta	10,291,916,110	7,854,036,390	10,198,710,094	7,002,688,553	11,004,679,473	7,295,611,330
Financial assets	619,993,481	512,331,179	611,312,013	601,029,712	523,902,073	520,369,872
Cash and deposits attributable to BancoPosta	2,559,994,557	-	2,351,245,239	-	2,660,695,939	-
Cash and cash equivalents	1,208,802,583	829,399,265	907,979,930	840,623,654	1,598,563,915	1,515,828,586
<b>Total</b>	<b>18,890,118,774</b>		<b>18,153,106,198</b>		<b>20,203,658,215</b>	
<b>Non-current assets held for sale</b>	<b>6,567,591</b>		<b>2,963,967</b>		<b>1,285,006</b>	
<b>TOTAL ASSETS</b>	<b>53,005,556,396</b>		<b>51,663,410,334</b>		<b>52,073,092,842</b>	
<b>LIABILITIES AND EQUITY</b>						
		<i>of which related party transactions</i>		<i>of which related party transactions</i>		<i>of which related party transactions</i>
<b>Equity</b>						
Share capital	1,306,110,000	-	1,306,110,000	-	1,306,110,000	-
Reserves <sup>(1)</sup>	(1,010,555,287)	-	(44,430,537)	-	659,587,199	-
Retained earnings	1,706,257,923	-	2,351,545,997	-	2,111,223,261	-
<b>Total</b>	<b>2,001,812,636</b>		<b>3,613,225,460</b>		<b>4,076,920,460</b>	
<b>Non-current liabilities</b>						
Provisions for liabilities and charges	504,939,664	46,178,821	395,302,348	43,749,957	377,159,659	39,323,120
Staff termination benefits	1,162,602,399	-	1,297,780,519	-	1,419,160,550	-
Financial liabilities attributable to BancoPosta	594,492,369	-	83,079,605	-	112,328,209	-
Financial liabilities	685,654,296	226,417,433	1,372,820,531	371,122,638	1,553,078,569	512,667,533
Deferred tax liabilities	68,883,269	-	139,270,751	-	345,634,313	-
Other liabilities	133,743,095	-	136,492,332	-	140,910,453	-
<b>Total</b>	<b>3,150,315,092</b>		<b>3,424,746,086</b>		<b>3,948,271,753</b>	
<b>Current liabilities</b>						
Provisions for liabilities and charges	988,030,700	8,556,155	866,482,317	10,663,580	906,567,336	11,638,923
Trade payables	1,867,747,291	890,073,597	1,526,728,171	518,492,197	1,556,231,434	489,422,232
Current tax liabilities	72,326,659	-	23,254,937	-	65,694,979	-
Other liabilities	1,219,483,138	85,707,406	1,466,320,879	91,335,625	1,543,372,355	83,347,805
Financial liabilities attributable to BancoPosta	41,657,362,166	182,456,966	39,620,345,407	267,665,934	39,423,385,098	105,598,284
Financial liabilities	2,048,478,714	772,085,605	1,122,307,077	373,062,797	552,649,427	492,268,365
<b>Total</b>	<b>47,853,428,668</b>		<b>44,625,438,788</b>		<b>44,047,900,629</b>	
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>53,005,556,396</b>		<b>51,663,410,334</b>		<b>52,073,092,842</b>	

<sup>(1)</sup> The item includes the "Reserve for BancoPosta RFC", totalling 1 billion euros and established on 14 April 2011 with a transfer from retained earnings.



## Poste Italiane SpA's statement of financial position (continued)

SUPPLEMENTARY STATEMENT SHOWING BANCOPOSTA RFC AT 31 DECEMBER 2011

(€)

ASSETS	CAPITAL OUTSIDE THE RING-FENCE	BANCOPOSTA RFC	ADJUSTMENTS	TOTAL
<b>Non-current assets</b>				
Property, plant and equipment	2,621,453,754	-	-	2,621,453,754
Investment property	80,196,885	-	-	80,196,885
Intangible assets	370,975,799	-	-	370,975,799
Investments	1,488,002,996	-	-	1,488,002,996
Financial assets attributable to BancoPosta	-	26,377,257,057	-	26,377,257,057
Financial assets	1,188,597,779	-	-	1,188,597,779
Trade receivables	181,554,500	-	-	181,554,500
Deferred tax assets	397,524,754	1,180,943,198	-	1,578,467,952
Other receivables and assets	222,363,309	-	-	222,363,309
<b>Total</b>	<b>6,550,669,776</b>	<b>27,558,200,255</b>	<b>-</b>	<b>34,108,870,031</b>
<b>Current assets</b>				
Trade receivables	2,830,616,786	766,159,496	-	3,596,776,282
Current tax assets	38,477,065	-	-	38,477,065
Other receivables and assets	220,317,714	353,840,982	-	574,158,696
Financial assets attributable to BancoPosta	-	10,291,916,110	-	10,291,916,110
Financial assets	619,993,481	-	-	619,993,481
Cash and deposits attributable to BancoPosta	-	2,559,994,557	-	2,559,994,557
Cash and cash equivalents	369,852,363	838,950,220	-	1,208,802,583
<b>Total</b>	<b>4,079,257,409</b>	<b>14,810,861,365</b>	<b>-</b>	<b>18,890,118,774</b>
<b>Non-current assets held for sale</b>	<b>6,567,591</b>	<b>-</b>	<b>-</b>	<b>6,567,591</b>
<b>Intersegment relations net amount</b>	<b>454,983,248</b>	<b>-</b>	<b>(454,983,248)</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>11,091,478,024</b>	<b>42,369,061,620</b>	<b>(454,983,248)</b>	<b>53,005,556,396</b>
<b>LIABILITIES AND EQUITY</b>	<b>CAPITAL OUTSIDE THE RING-FENCE</b>	<b>BANCOPOSTA RFC</b>	<b>ADJUSTMENTS</b>	<b>TOTAL</b>
<b>Equity</b>				
Share capital	1,306,110,000	-	-	1,306,110,000
Reserves	166,471,427	(1,177,026,714)	-	(1,010,555,287)
Retained earnings	1,449,401,185	256,856,738	-	1,706,257,923
<b>Total</b>	<b>2,921,982,612</b>	<b>(920,169,976)</b>	<b>-</b>	<b>2,001,812,636</b>
<b>Non-current liabilities</b>				
Provisions for liabilities and charges	261,332,103	243,607,561	-	504,939,664
Staff termination benefits	1,147,194,173	15,408,226	-	1,162,602,399
Financial liabilities attributable to BancoPosta	-	594,492,369	-	594,492,369
Financial liabilities	685,654,296	-	-	685,654,296
Deferred tax liabilities	24,940,687	43,942,582	-	68,883,269
Other liabilities	68,161,996	65,581,099	-	133,743,095
<b>Total</b>	<b>2,187,283,255</b>	<b>963,031,837</b>	<b>-</b>	<b>3,150,315,092</b>
<b>Current liabilities</b>				
Provisions for liabilities and charges	936,061,525	51,969,175	-	988,030,700
Trade payables	1,807,097,555	60,649,736	-	1,867,747,291
Current tax liabilities	63,243,030	9,083,629	-	72,326,659
Other liabilities	1,127,331,333	92,151,805	-	1,219,483,138
Financial liabilities attributable to BancoPosta	-	41,657,362,166	-	41,657,362,166
Financial liabilities	2,048,478,714	-	-	2,048,478,714
<b>Total</b>	<b>5,982,212,157</b>	<b>41,871,216,511</b>	<b>-</b>	<b>47,853,428,668</b>
<b>Intersegment relations net amount</b>	<b>-</b>	<b>454,983,248</b>	<b>(454,983,248)</b>	<b>-</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>11,091,478,024</b>	<b>42,369,061,620</b>	<b>(454,983,248)</b>	<b>53,005,556,396</b>

## Poste Italiane SpA's income statement

	<b>2011</b>	<i>of which related party transactions</i>	<b>2010</b>	<i>of which related party transactions</i>
Revenues from sales and services	9,467,613,859	2,960,148,980	9,571,584,813	2,967,539,321
Other income from financial activities	124,693,133	-	281,082,134	-
Other operating income	166,478,613	23,904,864	169,298,042	16,130,464
<b>Total revenue</b>	<b>9,758,785,605</b>		<b>10,021,964,989</b>	
Cost of goods and services	1,943,329,945	758,253,205	1,982,576,519	722,367,831
Other expenses from financial activities	21,513,774	48,075	5,488,779	-
Staff costs	5,681,006,425	30,235,080	5,820,609,638	31,499,060
<i>of which non-recurring costs/(income)</i>	<i>(54,714,714)</i>	-	<i>(66,319,745)</i>	-
Depreciation, amortisation and impairments	475,453,472	-	493,928,305	-
Capitalised costs and expenses	(8,420,690)	-	(9,183,898)	-
Other operating costs	244,139,520	16,526,055	276,446,438	6,421,927
<b>Operating profit/(loss)</b>	<b>1,401,763,159</b>		<b>1,452,099,208</b>	
Finance costs	146,503,771	25,275,151	157,727,593	27,691,368
Finance income	135,323,930	70,351,247	143,649,699	64,193,963
<b>Profit/(Loss) before tax</b>	<b>1,390,583,318</b>		<b>1,438,021,314</b>	
Income tax expense	692,044,690	-	708,986,503	-
<i>of which non-recurring expense/(benefit)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>PROFIT FOR THE YEAR</b>	<b>698,538,628</b>		<b>729,034,811</b>	

## Poste Italiane SpA's statement of comprehensive income

	2011	2010
<b>Profit/(Loss) for the year</b>	698,538,628	729,034,811
Available-for-sale financial assets		
Increase/(Decrease) in fair value during the year	(2,675,514,966)	(860,640,367)
Transfers to profit or loss	(68,552,823)	(348,048,366)
Cash flow hedges		
Increase/(Decrease) in fair value during the year	(148,109,936)	86,062,091
Transfers to profit or loss	(71,033,963)	33,375,608
Actuarial gains/(losses) on provisions for staff termination benefits	62,236,464	68,866,129
Taxation of items recognised directly in, or transferred from, Equity	941,023,772	327,655,094
<b>Total other components of comprehensive income</b>	<b>(1,959,951,452)</b>	<b>(692,729,811)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(1,261,412,824)</b>	<b>36,305,000</b>

## Poste Italiane SpA's statement of changes in equity

	Equity						Total
	Share capital	Reserves				Retained earnings/ (Accumulated losses)	
		Legal reserve	Reserve for BancoPosta RFC	Fair value reserve	Cash flow hedge reserve		
<b>Balance at 1 January 2010</b>	<b>1,306,110,000</b>	<b>148,350,908</b>	<b>-</b>	<b>630,213,860</b>	<b>(118,977,569)</b>	<b>2,111,223,261</b>	<b>4,076,920,460</b>
Total comprehensive income for the year	-	-	-	(824,016,935)	81,359,181	778,962,754	36,305,000
Appropriation of Profit to Reserves	-	38,640,018	-	-	-	(38,640,018)	-
Dividends paid	-	-	-	-	-	(500,000,000)	(500,000,000)
<b>Balance at 31 December 2010</b>	<b>1,306,110,000</b>	<b>186,990,926</b>	<b>-</b>	<b>(193,803,075)</b>	<b>(37,618,388)</b>	<b>2,351,545,997</b>	<b>3,613,225,460</b>
Total comprehensive income for the year	-	-	-	(1,856,719,357)	(148,353,531)	743,660,064 <sup>(1)</sup>	(1,261,412,824)
Appropriation of Profit to Reserves	-	38,948,138	-	-	-	(38,948,138)	-
Dividends paid	-	-	-	-	-	(350,000,000)	(350,000,000)
Establishment of BancoPosta RFC	-	-	1,000,000,000	-	-	(1,000,000,000)	-
<b>Balance at 31 December 2011</b>	<b>1,306,110,000</b>	<b>225,939,064</b>	<b>1,000,000,000</b>	<b>(2,050,522,432)</b>	<b>(185,971,919)</b>	<b>1,706,257,923</b>	<b>2,001,812,636</b>

<sup>(1)</sup> This item includes profit for the year of 698,539 thousand euros, actuarial gains on provisions for staff termination benefits of 62,236 thousand euros after the related current tax expense of 17,115 thousand euros.

## Poste Italiane SpA's statement of cash flows

(€000)	2011	2010
<b>Cash and cash equivalents at beginning of year</b>	<b>907,980</b>	<b>1,598,564</b>
Profit/(loss) before tax	1,390,583	1,438,021
Depreciation, amortisation and impairments	475,454	493,928
Impairments/(Reversals of impairments) of investments	7,200	61,671
Net provisions for liabilities and charges	439,611	403,467
Use of provisions for liabilities and charges	(207,887)	(426,444)
Staff termination benefits paid	(132,050)	(110,223)
(Gains)/losses on disposals	(40,634)	(63,825)
(Gains)/Losses on financial transactions	(98,593)	(281,338)
(Dividends)	(70)	(121)
Dividends received	59	103
(Finance income realised)	(20,318)	(35,810)
(Finance income, in form of interest)	(112,497)	(102,119)
Interest received	63,200	53,810
Interest expense and other finance costs	143,193	152,084
Interest paid	(58,334)	(76,160)
Losses and impairments/(Recoveries) on receivables	(5,238)	56,016
Income tax paid	(722,055)	(747,543)
Other changes	884	686
<b>Cash generated by operating activities before changes in working capital</b>	<b>[a] 1,122,508</b>	<b>816,203</b>
<i>Changes in working capital:</i>		
(Increase)/Decrease in Trade receivables	(54,496)	299,608
(Increase)/Decrease in Other receivables and assets	30,418	44,798
Increase/(Decrease) in Trade payables	344,658	(29,503)
Increase/(Decrease) in Other liabilities	(253,259)	(81,682)
<b>Cash generated by/(used in) changes in working capital</b>	<b>[b] 67,321</b>	<b>233,221</b>
Increase/(Decrease) in liabilities attributable to BancoPosta	2,002,015	172,624
Net cash generated by/(used for) financial assets held for trading	(6)	112,710
Net cash generated by/(used for) available-for-sale financial assets	(1,069,548)	(244,156)
Net cash generated by/(used for) held-to-maturity financial assets	347,069	(1,510,042)
(Increase)/Decrease in other financial assets attributable to BancoPosta	(1,321,981)	422,285
(Increase)/Decrease in cash and deposits attributable to BancoPosta	(208,749)	309,451
<b>Cash generated by/(used for) financial assets and liabilities attributable to BancoPosta</b>	<b>[c] (251,200)</b>	<b>(737,128)</b>
<b>Net cash flow from/(for) operating activities</b>	<b>[d]=[a+b+c] 938,629</b>	<b>312,296</b>
<b>- of which related party transactions</b>	<b>(563,934)</b>	<b>626,811</b>
<i>Investing activities:</i>		
Property, plant and equipment	(189,062)	(223,968)
Investment property	(212)	(469)
Intangible assets	(154,226)	(155,800)
Investments	(444,050)	(4,480)
Other financial assets	(124,911)	(853,155)
<i>Disposals:</i>		
Property, plant and equipment, investment property and assets held for sale	45,232	80,146
Investments	7,941	42
Other financial assets	210,280	110,365
<b>Net cash flow from/(for) investing activities</b>	<b>[e] (649,008)</b>	<b>(1,047,319)</b>
<b>- of which related party transactions</b>	<b>(300,519)</b>	<b>(403,925)</b>
Proceeds from/(Repayments of) long-term borrowings	55,094	(179,739)
(Increase)/Decrease in loans and receivables	154,526	155,237
Increase/(Decrease) in short-term borrowings	151,582	568,941
Dividends paid	(350,000)	(500,000)
<b>Net cash flow from/(for) financing activities and shareholder transactions</b>	<b>[f] 11,202</b>	<b>44,439</b>
<b>- of which related party transactions</b>	<b>38,792</b>	<b>(605,516)</b>
<b>Net increase/(decrease) in cash</b>	<b>[g]=[d+e+f] 300,823</b>	<b>(690,584)</b>
<b>Cash and cash equivalents at end of year</b>	<b>1,208,803</b>	<b>907,980</b>
<b>Cash and cash equivalents at end of year</b>	<b>1,208,803</b>	<b>907,980</b>

### 3. KEY PERFORMANCE INDICATORS FOR PRINCIPAL POSTE ITALIANE GROUP COMPANIES

The figures shown in the tables below reflect the financial and operational indicators (as deduced from the related reporting packages) of the principal Group companies prepared in accordance with International Financial Reporting Standards (IFRS) and approved by the boards of directors of the respective companies.

POSTEL SPA (€000)	2010	2011	Increase/(Decrease)	
			Amount	%
Revenues from sales and services	296,469	267,040	(29,429)	(9.9)
Operating profit	23,305	(29,960)	(53,265)	n/s
Profit for the period	9,692	(25,019)	(34,711)	n/s
Investment	20,640	17,124	(3,516)	(17.0)
Equity	148,625	125,688	(22,937)	(15.4)
Permanent workforce - end of period	1,046	1,102	56	5.4
Flexible workforce - average	115	96	(19)	(16.5)

The company employed on average 4 people seconded from the Parent Company (7 in 2010).

n/s: not significant

POSTELPRINT SPA (€000)	2010	2011	Increase/(Decrease)	
			Amount	%
Revenues from sales and services	115,007	115,678	671	0.6
Operating profit	6,400	(484)	(6,884)	n/s
Profit for the period	4,058	(895)	(4,953)	n/s
Investment	538	627	89	16.5
Equity	36,891	36,023	(868)	(2.4)
Permanent workforce - end of period	231	229	(2)	(0.9)
Flexible workforce - average	23	21	(2)	(8.7)

n/s: not significant

SDA EXPRESS COURIER SPA (€000)	2010	2011	Increase/(Decrease)	
			Amount	%
Revenues from sales and services	437,736	440,755	3,019	0.7
Operating profit	(41,535)	(11,273)	30,262	(72.9)
Profit for the period	(34,508)	(7,619)	26,889	(77.9)
Investment	6,225	4,049	(2,176)	(35.0)
Equity	52,449	44,894	(7,555)	(14.4)
Permanent workforce - end of period	1,334	1,342	8	0.6
Flexible workforce - average	13	12	(1)	(7.7)

The company employed on average 2 people seconded from the Parent Company (4 in 2010).

ITALIA LOGISTICA SRL <sup>(1)</sup> (€000)	2010	2011	Increase/(Decrease)	
			Amount	%
Revenues from sales and services	87,473	91,352	3,879	4.4
Operating profit	(3,627)	(3,227)	400	(11.0)
Profit for the period	(3,544)	(2,685)	859	(24.2)
Investment	1,786	2,696	910	51.0
Equity	1,876	166	(1,710)	(91.2)
Permanent workforce - end of period	66	64	(2)	(3.0)
Flexible workforce - average	16	34	18	n/s

<sup>(1)</sup> Since 2008 the company has been accounted for using proportionate consolidation. In the above table it is consolidated on a line-by-line basis.

The amounts shown for 2011 are those provided for the consolidated financial statements and have not yet been approved by the company's board of directors.

n/s: not significant

**POSTE TUTELA SPA**

(€000)	2010	2011	Increase/(Decrease)	
			Amount	%
Revenues from sales and services	81,325	85,126	3,801	4.7
Operating profit	1,501	1,680	179	11.9
Profit for the period	971	1,156	185	19.1
Investment	21	9	(12)	(57.1)
Equity	8,146	9,310	1,164	14.3
Permanent workforce - end of period	4	6	2	50.0

The company employed on average 2 people seconded from the Parent Company (3 in 2010).

**POSTE VITA SPA (\*)**

(€000)	2010	2011	Increase/(Decrease)	
			Amount	%
Earned premiums (**)	9,500,212	9,513,878	13,666	0.1
Profit for the period	188,058	131,736	(56,322)	(29.9)
Financial assets	43,677,787	45,507,043	1,829,256	4.2
Balance of technical account for life assurance and Financial liabilities at fair value	42,450,276	44,291,918	1,841,642	4.3
Equity	1,240,577	1,607,118	366,541	29.5
Permanent workforce - end of period	168	201	33	19.6
Flexible workforce - average	4	8	4	100.0

The company employed on average 3 people seconded from the Parent Company (6 in 2010).

(\*) The figures shown have been prepared in accordance with IFRS and therefore may not coincide with those in the financial statements prepared in accordance with the Italian Civil Code and Italian GAAP.

(\*\*) Earned premiums are reported gross of outward reinsurance premiums.

**BANCOPOSTA FONDI SPA SGR**

(€000)	2010	2011	Increase/(Decrease)	
			Amount	%
Fee and commission income	35,074	31,500	(3,574)	(10.2)
Net fee and commission income	31,172	18,891	(12,281)	(39.4)
Profit for the period	17,210	8,357	(8,853)	(51.4)
Financial assets (Liquidity and securities)	65,556	73,245	7,689	11.7
Equity	66,467	74,757	8,290	12.5
Permanent workforce - end of period	38	40	2	5.3

The company employed on average 0.1 people seconded from the Parent Company (5 in 2010).

**POSTECOM SPA**

(€000)	2010	2011	Increase/(Decrease)	
			Amount	%
Revenues from sales and services	75,891	80,611	4,720	6.2
Operating profit	84	5,846	5,762	n/s
Profit for the period	(1,106)	4,100	5,206	n/s
Investment	6,301	9,134	2,833	45.0
Equity	38,721	42,839	4,118	10.6
Permanent workforce - end of period	244	270	26	10.7
Flexible workforce - average	8	4	(4)	(50.0)

The company employed on average 16 people seconded from the Parent Company (7 in 2010).

n/s: not significant

**POSTEMOBILE SPA**

(€000)	2010	2011	Increase/(Decrease)	
			Amount	%
Revenues from sales and services	172,927	288,385	115,458	66.8
Operating profit	9,542	26,251	16,709	n/s
Profit for the period	5,464	16,568	11,104	n/s
Investment <sup>(1)</sup>	16,500	65,956	49,456	n/s
Equity <sup>(1)</sup>	14,886	61,599	46,713	n/s
Permanent workforce - end of period	164	316	152	92.7
Flexible workforce - average	0	1	1	n/s

The company employed on average 2 people seconded from the Parent Company (5 in 2010).

<sup>(1)</sup> The figures for 2011 include the capital increase of 29,919 thousand euros subscribed by Poste Italiane SpA via the contribution of its Telecommunications unit. The contribution included, among other things, intangible assets and property, plant and equipment with a carrying amount of 35,363 thousand euros.

n/s: not significant

**EUROPA GESTIONI IMMOBILIARI SPA**

(€000)	2010	2011	Increase/(Decrease)	
			Amount	%
Revenues from sales and services	44,908	23,341	(21,567)	(48.0)
Operating profit	30,116	6,043	(24,073)	(79.9)
Profit for the period	18,338	6,371	(11,967)	(65.3)
Investment	779	1,408	629	80.7
Equity	435,616	441,997	6,381	1.5
Permanent workforce - end of period	11	14	3	27.3

The company employed on average 1 person seconded from the Parent Company (1 in 2010).

**POSTESHOP SPA<sup>(1)</sup>**

(€000)	2010	2011	Increase/(Decrease)	
			Amount	%
Revenues from sales and services	56,195	46,552	(9,643)	(17.2)
Operating profit	(2,289)	2,141	4,430	n/s
Profit for the period	(2,500)	1,284	3,784	n/s
Investment	254	394	140	55.1
Equity	3,307	4,548	1,241	37.5
Permanent workforce - end of period	27	34	7	25.9

The company employed on average 14 people seconded from the Parent Company (17 in 2010).

n/s: not significant

**BANCA DEL MEZZOGIORNO - MEDIOCREDITO CENTRALE SPA**

(€000)	2011
Net interest income <sup>(1)</sup>	3,347
Net fee and commission income <sup>(1)</sup>	14,069
Profit for the period <sup>(1)</sup>	699
Financial assets	815,667
Equity	139,273
Permanent workforce - end of period	183
Flexible workforce - average	5

The company employed on average 8 people seconded from the Parent Company.

<sup>(1)</sup> The amounts shown for 2011 refer to the period from 1 August 2011 (the date of acquisition of the company) and 31 December 2011.

The manager responsible for financial reporting, Alessandro Zurzolo, declares, pursuant to section 2 of article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this document is consistent with the underlying accounting records.

Rome, Italy

18 April 2012