bpost

2013
Annual Financial Report

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Overview of Key Figures

NORMALIZED
FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2013	2012	2011	EVOLUTION 2013-2012
Total operating income (revenues) (1)	2,428.6	2,415.7	2,364.6	0.5%
Profit from operating activities (EBIT) (2)	436.1	404.0	358.6	7.9%
Profit for the year (EAT) (3)	273.3	227.7	227.1	20.1%
Operating free cash flow (4)	249.0	284.0	226.2	-12.3%

REPORTED
FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2013	2012	2011	EVOLUTION 2013-2012
Total operating income (revenues)	2,443.2	2,415.7	2,364.6	1.1%
Profit from operating activities (EBIT)	450.7	323.0	69.2	39.5%
Profit for the year (consolidated – IFRS)	287.9	174.2	(57.4)	65.3%
bpost NV-SA net profit (unconsolidated - Belgian GAAP)	248.2	171.9	(67.4)	44.4%
Operating Free cash flow (5)	125.9	(16.8)	226.2	
Net Debt / (Net Cash) (6)	(360.7)	(618.6)	(1,039.9)	-41.7%
Basic earnings per share (7), in EUR	1.43	0.87	(0.29)	64.4%
Dividend per share (7), in EUR	1.13	0.85	-	32.9%
Number of FTE and interim (average)	26,329	27,411	28,786	-3.9%

(1) Normalized total operating income represents total operating income excluding the impact of non-recurring items and is not audited.
(2) Normalized EBIT represents profit from operating activities excluding the impact of non-recurring items and is not audited.
(3) Normalized profit for the year represents profit for the year excluding the impact of non-recurring items and is not audited.
(4) Normalized operating free cash flow for the year represents operating free cash flow for the year excluding the impact of non-recurring items and is not audited.
(5) Operating free cash flow represents net cash from operating activities less net cash used in investing activities.
(6) Net debt/(net Cash) represents interest and non-interest bearing loans less cash and cash equivalents
(7) All earnings per share and dividend per share are calculated based on the number of shares after the stock split, which was approved at the Extraordinary Shareholders' Meeting on May 27, 2013 and resulted in a total of 200,000,944 shares.

For further details on reconciliation of normalized and reported key figures, please refer to section «Reconciliation of Reported to Normalized Financial Metrics» of this document.

Message to our stakeholders

Martine Durez, Chairperson of the Board and Koen Van Gerven, CEO

"As agreed"

bpost performed **well** in 2013. The strong financial results confirm the upward trend of preceding years, service quality and customer satisfaction improved, and the strategic plan was further rolled out as planned.

bpost became **stock exchange listed** in June 2013 (Euronext Brussels). It was the reward for many years' hard work by all bpost employees and confirmation that bpost is now a healthy, future-oriented organization.

In December 2013 **Johnny Thijs**, bpost CEO since 2002, announced that he no longer wished to be reappointed when his term of office ended on 6 January 2014. On 26 February Koen Van Gerven was appointed CEO for a renewable term of six years.

Martine Durez: Johnny Thijs has done an outstanding job over the past twelve years and we are very grateful to him for that. Under his leadership and with the full support of the shareholders, the Board of Directors and all employees, De Post was transformed into bpost, an efficient, customer-focused, twenty-first century company ready to face the challenges tomorrow will bring.

We are delighted that the government has appointed Koen Van Gerven as CEO, upon the unanimous proposal of the Board of Directors. He has worked at bpost since 2006 and knows the company thoroughly. He is very familiar with our strategic plan, which has proven its soundness over the past few years and will continue to guide our actions going forward. So continuity is assured.

2013 was a busy year for bpost in which we once again announced **strong results**. On a normalized basis, the consolidated operating income increased slightly (+0.5%) from 2,416 million EUR to 2,429 million EUR. Also on a normalized basis, EBITDA and EBIT increased strongly from 502.0 million EUR to 536.9 million EUR (+6.9%) and from 404.0 million EUR to 436.1 million EUR (+7.9%) respectively. Consolidated net profit was 273.3 million EUR, an increase of 20.1% compared with 2012. Net profit of parent bpost NV-SA, which forms the legal basis for the dividend calculation increased from 171.9 million EUR to 248.2 million EUR, despite a non-recurring corporate tax charge of 17.6 million EUR.

Koen Van Gerven: The good results are especially due to rising parcel volumes, influenced by soaring e-commerce sales. Volumes of parcels delivered by bpost in Belgium increased by 7.1% compared with the previous year. The results of the productivity improvements also exceeded expectations.

Bearing in mind the tough economic conditions, the underlying fall in Domestic Mail volume (-4.2%) remained relatively limited compared with some other countries. Over two thirds of the impact of the loss of volume was offset by the price rise at the beginning of 2013. The rest was more than offset by the rise in parcel volumes, which is satisfying.

Another positive element is that our operational performance also improved. For instance, over 96.3% of letters and parcels were delivered on time, a new record that makes us one of the best operators in Europe. Customer satisfaction also improved further, no doubt due to our internal multi-year programs driven by the "My customer, our future" philosophy. And over the past year change and modernization projects have been implemented as planned and on schedule. In this context, employees have again demonstrated openness to change and sense of responsibility.

Martine Durez: The good results are the reward for the many years' hard work at all levels and in all departments of the company. The Board of Directors warmly **thanks each employee** for that. On the other hand, the results are proof that our strategy points in the right direction. So we have to continue to follow our strategic plan, which the Board confirmed when appointing the new CEO.

The strategic plan was the basis of our offering to investors at the time of the **IPO** in June 2013. Its success is proving that investors believe in bpost's performance, projects and potential. We welcome the new institutional and private investors and will do our utmost to strengthen their confidence. We are delighted that the company's good results allow us to properly remunerate our shareholders.

I would like to take this opportunity to thank the representatives of CVC, which for many years was the minority shareholder in bpost, for their constructive contributions in our Board of Directors over the years.

bpost continues to be a state enterprise, in which the Belgian State has a majority shareholding. The company remains true to its social role, to the universal service and the missions of general economic interest. Our earlier commitments with regard to customers and employees are unchanged.

Koen Van Gerven: The arrival of new investors will above all drive us on in our pursuit of "**excellence**" in everything we do and undertake. There is always a way to improve processes, products and service, and to bring them fully in line with the expectations of our stakeholders. It is essential that we implement ongoing and planned change projects properly and in a timely way. "**Change**" was the key factor in bpost's successful journey over the past twelve years and change will also be part of how we work in the coming years.

We therefore continue to work on reforming our mail organization and on the strategic Vision 2020 plan, the building of a new Brussels X sorting centre (where ultimately all parcels will be sorted), the new service pilots that are able to support tomorrow's growth (including 'bpost by appointment' for the combined home delivery of online shopping and other purchases, reading of water and gas meters, and surveys commissioned by local administrations), constant updates to our sales network, the launch of additional financial and other products, innovation in our way of working and handling customers.

Our strategy continues to be built on **four cornerstones** – **one**: defending our letters business; **two**: developing growth drivers (including parcels) and building on our USP – that we visit every household throughout the territory of Belgium every working day – to offer more and more services at the front door ("going beyond the letterbox"); **three**: continuing to improve efficiency and costs control to ensure the company's financial well-being; and **four**: making sure that all stakeholders – shareholders, customers, employees – remain loyal to our company.

The ultimate goal is to assure the value creation for all stakeholders and provide an appropriate remuneration for the shareholders.

When I took office as CEO in February, I stressed the need to firmly pursue **growth**: "We cannot ambition anything less than growth". We have the qualities and the potential to achieve this aspiration, which is set down in our Strategic Plan.

Martine Durez: We will continue to do our utmost, with due consideration for the **social dialogue** that has been a priority for the company in past years. Change management in consultation with the social partners will continue to be our philosophy going forward.

bpost will continue to give a lot of attention to its **social responsibility**, not least in terms of diversity, well-being at work and the environment. In 2013 bpost was ranked the best performer in terms of international environment and energy by the International Post Corporation, which unites 24 postal operators in Europe, North America and Oceania. Just a few short years ago bpost was in the bottom half of the IPC environment ranking, but has gradually climbed the table, first entering the top three, before topping the table in 2013. It is the reward for strenuous efforts over many years to rationalize energy consumption and minimize the environmental impact of our activities, especially carbon emissions.

The **trust** of our stakeholders is key to bpost's continued successful development. It must be the experience of customers, shareholders and employees alike that we fully keep our **promises** in all circumstances. We continue to work on that together every day.

Key events of the year

Sale of a part of the activities of Certipost to Basware

On October 5, 2012, Certipost, a wholly-owned subsidiary of bpost, sold to the Finnish group Basware its activities related to the exchange of electronic documents. Certipost's other activities (document protection, digital certificates and electronic ID cards) remain unchanged. The transfer of the activities sold is effective since January 2, 2013.

Appeal of the decision taken by Belgian Competition Authority

In January 2013, bpost appealed the decision taken in December 2012 by the Belgian Competition Authority related to the imposition of a fine of 37.4 million EUR upon the Company for abuse of dominant position in respect of its "per sender" model pricing policy.

This pricing policy, which had been introduced by bpost in 2010, consisted in calculating volume rebates based on volumes of mail sent by the individual end customers, i.e. on a revenue per sender basis rather than the aggregate volumes handled by intermediaries. In 2011, the IBPT/BIPT had concluded that this policy towards intermediaries infringed the non-discrimination and transparency obligations imposed by the 1991 Law. In light of the IBPT/BIPT's decision, bpost agreed to discontinue the "per sender" model in August 2011 and adapted its commercial pricing policies which resulted in intermediaries having access to volume rebates on a consolidated basis.

The appeal is currently pending before the Brussels Court of Appeal. bpost paid the fine during the first quarter of 2013 pending the outcome of the appeal.

Capital reduction and exceptional dividend

On March 25, 2013, an extraordinary shareholders' meeting of the Company approved (i) a share capital reduction of 144.5 million EUR through return of capital to the shareholders of the Company and (ii) a reduction in the legal reserve in the amount of 21.3 million EUR through the transfer to available reserves and the subsequent payment of an exceptional dividend of 53.5 million EUR from available reserves and retained earnings.

Acquisition of the final 20% shares of MSI

In June 2013, bpost acquired the final 20% of the MSI shares which were still held by the minority shareholders for an amount of 5.3 million USD. MSI is a company based in the USA and is active in international mail.

SGEI overcompensation for the period 2011-2012

In 2009, the European Commission launched an investigation into possible illegal state aid. The investigation covered all aspects of bpost's business over the period 1992-2012. The European Commission concluded that bpost had been overcompensated for the performance of the Services of General Economic Interests (SGEI) for the period 2005-2010 and ordered the repayment to the Belgian State of the alleged overcompensation. In 2012, bpost repaid an amount of 300.8 million EUR (including interest but net of taxes) in respect of the period from 1992 to 2010. An additional amount of 123.1 million EUR (including interest but gross of tax) in respect of the period 2011-2012 was repaid in the first half of 2013.

The investigation into illegal state aid ended with this repayment.

Approval of the 5th Management Contract

On May 2, 2013, the European Commission approved the 5th Management Contract, which sets forth the terms and conditions pursuant to which bpost must fulfill certain SGEI for the period from January 1, 2013 to December 31, 2015. SGEI include, among other services, the early delivery of newspapers, the distribution of periodicals, "cash at counter" services, home delivery of pensions and social allowances and the maintenance of a retail network.

The 5th Management Contract was approved by Royal Decree on May 29, 2013 and is effective as of January 1, 2013. It replaces the 4th Management Contract.

Granting of a postal license to TBC-POST

In May 2013, the IBPT/BIPT granted a postal license to Mosaïc SPRL, doing business as "TBC-POST".

This license allows this company to collect and distribute addressed mail on the Belgian territory.

New Framework Agreement and capital increase bpost bank

On December 13, 2013, bpost and BNP Paribas Fortis renewed their banking partnership agreement for a period of 7 years starting on January 1, 2015.

The banking partnership agreement foresees that:

(i) bpost and BNP Paribas Fortis will continue to cooperate through bpost bank, which will continue to be an associate of bpost;

(ii) bpost will remain the exclusive provider of bpost bank's products and services through its network of post offices; and

(iii) bpost will continue to provide back office activities and other ancillary services to bpost bank.

In anticipation of the capital requirements that are expected to be introduced in connection with the implementation of Basel III and CRD IV, bpost bank completed a capital increase in the amount of 100 million EUR on March 20, 2013, pursuant to which bpost contributed 37.5 million EUR in cash (following the capital increase, bpost's shareholding in bpost bank continued to be 50%). As of December 31, 2013, bpost bank's Tier I ratio was 19.75%.

Share split

The Extraordinary Shareholders' Meeting on May 27, 2013 approved a stock split of 1/488 which results in a share capital composed of 200,000,944 shares bearing same rights (further removal of classes of shares). The previous number of shares amounted to 409,838 shares.

Initial Public Offering

bpost announced on May 23, 2013 its intention to proceed with an initial public offering and listing of its ordinary shares on NYSE Euronext in Brussels (the "IPO").

On June 21, 2013, the trading of bpost's shares started on Euronext Brussels. The final offer price amounted to 14.5 EUR.

59,750,180 shares were sold (including the exercise of the over-allotment option) to:

(i) retail and institutional investors in Belgium via an initial public offering;

(ii) Japanese investors via a public offering without listing;

(iii) "qualified institutional buyers" or "QIBs" via a private placement in the United States; and

(iv) institutional investors in the rest of the world via private placements.

Concurrently, bpost implemented a share purchase plan for bpost's employees. Eligible participants were able to purchase a fixed number of shares at a price representing a discount of 16.67% to the offer price. 916.479 shares were sold to bpost's employees.

The Belgian State did not sell shares in the IPO and maintained its 50.01% participation in bpost (directly and through the SFPI/FPIM). Post Invest Europe Sàrl, the selling shareholders, retained a stake of 19.67% in the Company following the IPO.

Payment of an interim dividend of 0.93 EUR gross per share

On December 4, 2013, the Board of Directors approved the payment of an interim dividend of 186.0 million EUR or 0.93 EUR gross per share. This amount represents 85% of the sum of (i) the net profit after tax of bpost NV-SA for the 10 months period ended on October 31, 2013 plus (ii) an amount of 17.6 million EUR compensating for an exceptional pre-listing tax charge.

On November 7, 2013, the Board of Directors confirmed its intention to approve the payment of a final dividend corresponding to 85% of the net profit of bpost NV-SA over the last two months of 2013.

Sale by Post Invest Europe Sàrl of 39,328,287 shares in bpost

On December 10, 2013, Post Invest Europe Sàrl ("PIE"), announced the sale of up to 39,328,287 shares in bpost, representing approximately 19.7% of bpost's share capital, via a private placement process.

On December 16, 2013, Post Invest Europe Sàrl notified that its shareholding in bpost NV-SA was below the 3% threshold. Post Invest Europe Sàrl still holds 4,062 bpost shares with voting rights.

Extension of the validity of certain measures of the collective Labor Agreement (2012-2013)

In December, the representatives of the Company and labor unions decided to prolong the validity of certain measures of the current collective labor agreement (2012-13) until the new agreement is adopted.

Announcement by Johnny Thijs regarding the renewal of his mandate as CEO

On December 23, 2013, Johnny Thijs announced to the Board of Directors of bpost his decision not to seek a new mandate as Chief Executive Officer and Director of bpost. His current mandate ended on January 6, 2014.

The Board of Directors requested that Johnny Thijs continues to lead the Company until a successor has been appointed and confirmed by Royal Decree. Johnny Thijs has accepted this request.

The Board of Directors further requested that the Chairperson of the Board, Martine Durez, and Johnny Thijs lead the search for a new Chief Executive Officer and report to the Company's Remuneration and Nomination Committee.

Special logistics

On December 24, 2013, the Board of Euro-Sprinters NV-SA announced its intention to stop the company's distribution activities and to focus on its core business i.e. the sprinter activities.

Financial Review

1. Consolidated Income Statement

The following table presents bpost's financial results for years 2011, 2012 and 2013:

FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2013	2012	2011	EVOLUTION 2013-2012
Turnover	2,403.0	2,396.0	2,342.3	0.3%
Other operating income	40.2	19.8	22.3	103.1%
Total operating income	**2,443.2**	**2,415.7**	**2,364.6**	**1.1%**
Materials cost	(30.4)	(34.6)	(32.0)	-12.2%
Services and other goods	(609.1)	(602.8)	(570.4)	1.0%
Payroll costs	(1,229.7)	(1,238.5)	(1,288.1)	-0.7%
Other operating expenses	(22.5)	(118.9)	(313.5)	-81.0%
Total operating expenses excluding depreciations/ amortizations	**(1,891.7)**	**(1,994.8)**	**(2,204.0)**	**-5.2%**
EBITDA	**551.4**	**421.0**	**160.6**	**31.0%**
Depreciation, amortization	(100.8)	(98.0)	(91.3)	2.8%
Profit from operating activities (EBIT)	**450.7**	**323.0**	**69.2**	**39.5%**
Financial income	3.6	6.8	14.4	-47.3%
Financial cost	(11.4)	(60.6)	(19.7)	-81.1%
Share of profit of associates	14.0	3.5	2.2	294.8%
Profit before tax	**456.8**	**272.7**	**66.0**	**67.5%**
Income tax expense	(168.9)	(98.5)	(123.4)	71.5%
Profit for the year	**287.9**	**174.2**	**(57.4)**	**65.3%**

Total operating income (revenues)

Total operating income (revenues) increased by 1.1% to 2,443.2 million EUR (2012: 2,415.7 million EUR). The evolution per product line can be summarized as follows:

FOR THE YEAR ENDED 31 DECEMBER IN MILLION EUR	2013	2012	2011	EVOLUTION 2013-2012
Domestic Mail	1,551.3	1,676.4	1,676.0	-7.5%
Transactional Mail	961.3	982.7	967.2	-2.2%
Advertising Mail	275.9	287.3	309.1	-4.0%
Press	314.1	406.4	399.7	-22.7%
Parcels	249.6	165.0	154.1	51.3%
Additional sources of revenues and retail network	616.8	553.1	521.4	11.5%
Value-added services	89.4	95.8	94.4	-6.7%
International Mail	199.3	221.0	203.8	-9.8%
Banking and Financial products	209.2	217.3	200.6	-3.7%
Other	118.9	19.0	22.6	525.8%
Corporate (Reconciling category)	25.5	21.1	13.0	20.9%
Total bpost	**2,443.2**	**2,415.7**	**2,364.6**	**1.1%**

Changes in scope and the profit on disposal of certain Certipost activities to Basware accounted for an increase in revenues of 46.2 million EUR:

- Landmark Global was consolidated for the first time as from January 1, 2013 which contributed 39.5 million EUR in revenues.
- The net impact on revenues related to the disposal of certain activities of Certipost to Basware amounted to 6.7 million EUR being the net effect of 14.6 million EUR in profit on disposal and a reduction in revenues of -7.9 million EUR.

As a result of the application of the 5th Management Contract the total compensation received for the performance of the SGEI was reduced by an amount of 19.1 million EUR compared to 2012.

Excluding these elements total Operating Income showed a slight organic growth of 0.4 million EUR, driven by the solid performance of Parcels and the proceeds of the buildings disposal program compensating the volume decline in Domestic and International Mail.

Revenues from **Domestic Mail** decreased by 125.1 million EUR to 1,551.3 million EUR in 2013 (2012: 1,676.4 million EUR). 100.9 million EUR of this decrease is due to the lower compensation for SGEI and the lower share of the compensation attributable to Domestic Mail. Excluding the impact of an additional working day (2.4 million EUR) and the impact of the elections in 2012 (which generated 5.8 million EUR revenues in 2012), underlying organic decline of Domestic Mail amounted to 16.0 million EUR. The price and mix improvement had a positive impact of 42.5 million EUR, while the underlying volume decline amounted to 4.2% or 58.5 million EUR.

Parcels grew by 84.6 million EUR in 2013, to 249.6 million EUR. The consolidation of Landmark Global contributed 39.5 million EUR of this increase. Revenues amounting to 4.6 million EUR previously reported as International Mail were reported as International Parcels in 2013. Excluding the scope change and the reclassification of revenues, Parcels revenues grew by 40.5 million EUR in 2013 driven by:

- the good performance of the International Parcels (contribution of 36.0 million EUR to the increase), due to the parcels activities from (mainly e-tailers exporting to Europe) and to (mainly milk powder) China. The latter represents 51% of the International Parcels growth. The remaining balance of the growth was mainly generated by the increase in parcels volumes generated from the US.
- a solid Domestic Parcels volumes growth of 7.1%, which was mainly attributable to increased volumes B2X as a consequence of the further development of e-tailing activities.

Revenues generated in Special Logistics activities declined by 3.4 million EUR as the Company suffered a churn in clients.

Total operating income from the **Additional Sources of Revenues and Retail Network** increased from 553.1 million EUR in 2012 to 616.8 million EUR in 2013. Excluding the reclassification from International Mail to Parcels product lines (4.6 million EUR), the net impact on revenues related to the disposal of certain activities of Certipost to Basware (6.7 million EUR) and the positive impact of the shift in SGEI remuneration from Domestic Mail to other revenues lines (81.8 million EUR), revenues declined by 20.1 million EUR compared to 2012.

Excluding the reclassification to Parcels (4.6 million EUR) and a lower amount of favorable settlements with foreign operators of previous years' terminal dues[1] (6.4 million EUR), International Mail revenues declined by 4.8% as a consequence of a higher churn following price increases (12.5 million EUR).

The Banking and Financial products revenues decreased by 5.1 million EUR. This is explained by the lower remuneration and commissions received on bpost bank products partially compensated by the positive impact of the prepaid credit cards (bpaid cards).

The increase in total operating income attributable to **Corporate** (reconciling category) is mainly explained by an increase in the revenues generated by the sale of unused land and buildings slightly offset by lower rental income.

Operating expenses

Operating expenses, including depreciation, amortization and impairment charges, amounted to 1,992.5 million EUR (2012: 2,092.8 million EUR), a 100.3 million EUR decrease compared to last year.

Excluding the changes in scope (net increase in costs of 26.0 million EUR relating to the first consolidation of Landmark and the sale of Certipost), the non-recurring reduction in payroll costs recorded in 2012 for an amount of 21.1 million EUR following the curtailment of an employee benefit plan, the reversal in 2012 of a pending litigation provision for an amount of 22.7 million EUR, the reclassification of certain terminal dues from revenues to a reduction in transport costs (9.2 million EUR), and, finally, the non-recurring charge of 124.9 million EUR recorded in 2012 in relation of the decision by the European Commission relating to the investigation into alleged illegal state aid, underlying operating expenses decreased by 36.1 million EUR. This evolution is the consequence of strong cost control measures, productivity improvements and a positive effect on the movement of provisions.

1 This is driven by a reclassification of the settlements in deduction of the transport costs (9.2 million EUR)

Material costs

Materials costs, which include the cost of raw materials, consumables and goods for resale, decreased by 4.2 million EUR to 30.4 million EUR (2012: 34.6 million EUR). The decrease was primarily due to a decrease in services performed by contract drivers in the Special Logistics activities.

Services and other goods

The cost of goods and services has slightly increased by 6.3 million EUR or 1% compared to 2012. Excluding the impact of the changes in scope (24.8 million EUR, mainly transport costs due to the consolidation of Landmark Global as of 2013) and the positive effect of the reclassification of certain International Mail revenues in reduction of the transport costs (9.2 million EUR), the costs for goods and services decreased by 9.3 million EUR or 1.5%.

FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2013	2012	2011	EVOLUTION 2013-2012
Rent and Rental costs	70.0	65.3	63.8	7.3%
Maintenance and Repairs	75.4	69.3	59.6	8.8%
Energy delivery	41.1	43.2	41.7	-5.0%
Other goods	22.7	20.2	21.2	12.4%
Postal and Telecom costs	6.4	7.8	8.7	-17.4%
Insurance costs	14.3	15.6	12.0	-8.1%
Transport costs	175.4	155.5	141.8	12.8%
Publicity and Advertising	21.6	25.9	18.1	-16.4%
Consultancy	19.1	33.1	35.6	-42.4%
Interim	31.4	40.7	40.1	-22.8%
Third party remuneration, fees	113.6	106.9	110.6	6.3%
Other services	18.0	19.4	17.1	-6.8%
Total	**609.1**	**602.8**	**570.4**	**1.0%**

- Rental costs went up by 4.8 million EUR, or 7.3%, due to the increase in lease costs for vans and the continuing shift from owned towards leased vehicles.
- Maintenance and repairs grew by 6.1 million EUR. This was caused by the increase in maintenance costs of machines in sorting centers and banking software. In addition the maintenance costs of vehicles rose due to the fact that the average age of the van fleet is growing. These negative impacts have been partly compensated by lower building-related costs.
- Energy costs decreased by 2.2 million EUR mainly due to a positive price evolution of fuel costs for both vehicles and buildings.
- Transport costs amount to 175.4 million EUR, an increase of 12.8% (19.9 million EUR) compared to previous year. This increase was driven by the consolidation of Landmark Global in 2013 for 23.8 million EUR and the increase in transport costs related to international activities, partially offset by a decrease in distribution costs in line with lower volumes. Furthermore, there was also a positive impact due to the reclassification of favorable settlement of previous years' terminal dues in 2013 for 9.2 million EUR.
- Publicity and advertising costs decreased by 4.2 million EUR.
- Cost monitoring programs within the Company have also resulted in lower consultancy costs in comparison to 2012, generating a positive impact of 14 million EUR.
- The reduction in interim costs was driven by lower use (a reduction of 140 FTE on average during the year) of temporary personnel.
- Third party remunerations and fees increased by 6.7 million EUR mainly because of additional external IT experts necessary for the development and implementation of new software applications.

Payroll costs

Payroll costs amounted to 1,229.7 million EUR in 2013 (2012: 1,238.5 million EUR) which represents a decrease of 8.8 million EUR. Changes of scope had an impact of 0.5 million EUR in 2013 and relate to the disposal of selected Certipost activities and the consolidation of Landmark Global. Non-recurring items represented a decrease in expenses of 21.1 million EUR in 2012. Excluding the impact of the changes in scope and of the evolution of the non-recurring items, payroll costs showed an underlying decrease of 30.4 million EUR or 2.4%.

The average workforce on the payroll was reduced by 942 FTE (2012: 1,348 FTE) generating a saving of 44.4 million EUR (2012: 61.1 million EUR) driven by the various productivity enhancement projects. This reduction should be analyzed alongside the underlying decrease in the use of interims of 140 FTE (or 9.3 million EUR), which is reported under cost of goods and services (2012: increase by 0.5 million EUR). Reorganizations and productivity programs in the postal value chain activities (distribution, transport, collect) and in post offices continued to be implemented alongside the optimization of the support activities such as Cleaning, Facility Management and Human Resources.

The positive mix effect in payroll costs contributed for 6.0 million EUR, mainly driven by the recruitment of auxiliary postmen on lower salaries.

These positive effects were partially offset by a total price impact of 35.9 million EUR. The impact of the cost-of-living increases of March 2012 (full impact in 2013) and January 2013 generated an increase in payroll of 26.8 million EUR. In addition, merit increases, promotions and higher year-end bonus had negative impacts on payroll costs of 8.8 million EUR.

Costs associated with the employee benefits declined by 18.2 million EUR. They had been negatively influenced last year by the collective labor agreement on 50+ and early retirement schemes (total amount of 28.0 million EUR). This year, the liability is negatively influenced by the group insurance plan (8.0 million EUR with a guaranteed return and a provision for the Special Logistic restructuring (1.5 million EUR).

Other operating expenses

Other operating charges decreased by 96.4 million EUR versus last year as the 2012 figures were impacted by the provision relating to the repayment of the overcompensation of the SGEI for the years 2011 and 2012 (124.9 million EUR), partially offset by the reversal of a pending litigation provision for 22.7 million EUR. Excluding these non-recurring items, other operating expenses increased by 5.8 million EUR. In 2013 provisions were recognized for onerous contracts and damage costs for vehicles reaching the end of their lease (4.7 million EUR) and onerous contracts related to the Special Logistic restructuring (2.9 million EUR).

Depreciation and amortization

Depreciation, amortization and impairment charges slightly increased by 2.8 million EUR to 100.8 million EUR[1]. Main impairments in 2013 are related to the decision to stop the distribution activities in Special Logistics (impairment of goodwill for 6.9 million EUR and fixed assets of 0.5 million EUR).

1 Includes scope change impact of 0.5 million EUR.

EBIT

Excluding the non-recurring items, i.e. the gain on the disposal of selected activities of Certipost (14.6 million EUR) in 2013, the recognition of an actuarial gain following the Collective Labor Agreement (21.1 million EUR) in 2012 and the impact of the provisions in 2012 (related to the decision of the European Commission for the SGEI provision of 124.9 million EUR and the reversal of a pending litigation provision of 22.7 million EUR), EBIT increased by 32.1 million EUR.

Despite lower Domestic Mail revenues (24.2 million EUR), the lower compensation for SGEI (19.1 million EUR), EBIT grew thanks to parcels performance and lower costs, driven by cost control measures, productivity improvements and a favorable movement on provisions.

Net financial costs

Financial results improved by 46.1 million EUR. The variation is mainly explained by the evolution of the financial charges relating to employee benefits IAS19 (decrease of 47.7 million EUR compared to 2012). The 2012 financial results had been impacted by a 53.1 million EUR charge due to the significant drop of risk-free interest rates which had led to a reduction of the discount rate applied on the employee benefit liability. In 2013, the same risk-free interests increased slightly which led to a negative financial charge of 5.4 million EUR.

Share of results of associates

The shares of results of associates relate entirely to bpost bank and increased by 10.5 million EUR to 14.0 million EUR. This improvement is mainly driven by higher financial revenues and cost control.

Income tax expense

Income tax expense increased from 98.5 million EUR in 2012 to 168.9 million EUR in 2013. bpost's effective tax rate increased from 36.1% in 2012 to 37.0% in 2013, primarily as a result of the transfer of 21.3 million EUR from tax free reserves to distributable results and the payout of untaxed reserves of 30.3 million EUR. These transactions created additional income tax liabilities respectively of 7.3 million EUR and 10.3 million EUR. In 2012, the effective tax rate was influenced by the decrease of 28.0 million EUR of the legal reserves, which created an additional tax of 9.5 million EUR.

2. Statement of financial position

Assets

Property, plant and equipment

Property, plant and equipment decreased from 588.5 million EUR to 570.3 million EUR. This decrease is explained by:

- Acquisitions (60.8 million EUR) relating to production facilities (25.8 million EUR), mail and retail network infrastructure (21.0 million EUR); ATM- and security infrastructure (8.2 million EUR), IT and other infrastructure (5.8 million EUR).
- Depreciation and impairment losses (73.9 million EUR). Net impact of impairment amounts to 1.6 million EUR.
- Transfers to assets held for sale (9.5 million EUR) and from investment property (4.7 million EUR).

Intangible assets

Intangible assets decreased by 6.5 million EUR, due to:

- Amortization & impairments for an amount of 27.3 million EUR, of which a goodwill impairment of 6.9 million EUR related to the Special Logistics activities.
- Partially compensated by new investments in software and licenses (12.3 million EUR), development costs capitalized (5.8 million EUR), and other intangible assets (0.3 million EUR).
- Transfers from other categories for 2.4 million EUR.

Investment properties

Investment properties decreased from 15.2 million EUR in 2012 to 10.3 million EUR in 2013 as less buildings were rented out.

Investments in associates

Investments in associates decreased by 10.3 million EUR, or 2.9%, to 341.3 million EUR, reflecting the Company's contribution to the capital increase of bpost bank in the amount of 37.5 million EUR, a gain of 12.5 million EUR arising from the increase in fair value of bpost bank, which in turn resulted from an additional issue premium paid by BNP Paribas Fortis, and the Company's share of bpost bank's profit for the amount of 14.0 million EUR, reduced by the dividend received (5.0 million EUR). These factors were offset by a reduction in the unrealized gain on the bond portfolio in the amount of 69.3 million EUR, reflecting an average decrease of the underlying yield curve by 14.7 basis points (bps). End 2013, investments in associates comprised net unrealized gains in respect of the bond portfolio in the amount of 156.3 million EUR, which represented 45.8% of total investments in associates. The unrealized gains were generated by the lower level of interest rates compared to the acquisition yields of the bonds. Unrealized gains are not recognized in the Income Statement, but directly in equity in the "other comprehensive income" caption.

Deferred Tax assets

Deferred taxes assets amount to 58.3 million EUR (2012: 61.0 million EUR). The decrease of 2.8 million EUR is mainly explained by the reduction in the timing difference between the accounting and the tax value of the employee benefits.

Current trade and other receivables

Current trade and other receivables increased by 5.6 million EUR to 400.2 million EUR (2012: 394.6 million EUR), driven by a rise in other receivables of 7.3 million EUR, a 1.3 million EUR increase in tax receivables compensated by a decline in deferred charges and accrued income of 3.9 million EUR.

The increase in other receivables is mainly related to an advance paid in 2013 in anticipation to the acquisition of a 100% participation in Gout, a provider of services to the parcels industry based in the Netherlands (3.0 million EUR) and to the increased advances for family allowances (2.0 million EUR).

Cash and cash equivalents

Cash and cash equivalents decreased by 265.0 million EUR, or 37.2%, to 448.2 million EUR as of December 31, 2013. The decrease is mainly explained by the capital reduction paid out to shareholders (144.5 million EUR), the repayment of the overcompensation by the State for the SGEI (123.1 million EUR), the exceptional dividend payment (53.5 million EUR) and the advance on the 2013 dividend (186.0 million EUR). This is partially compensated by the normalized operating free cash flow (249.0 million EUR).

Equity and Liabilities

Equity

Equity amounts to 576.9 million EUR (2012: 737.7 million EUR). As outlined in the previous paragraph, the decrease was due to the payment of an interim dividend, the capital decrease and the payment of the exceptional dividend. Furthermore, the decrease was also driven by the reduction of the fair value adjustment in respect of bpost bank's bond portfolio amounting to 69.3 million EUR, the impact, due to IAS 19R, of the unrealized losses on post-employment benefits for an amount of 3.4 million EUR and the purchase the remaining shares of MSI leading to a reduction in equity of 3.4 million EUR.

These elements were partially offset by the profit of 287.9 million EUR and by the gain of 12.5 million EUR resulting from an additional issue premium paid by BNP Paribas Fortis in relation to the capital increase by bpost bank.

Interest-bearing loans and borrowings

Interest-bearing loans and borrowings decreased to 75.6 million EUR (2012: 82.7 million EUR) as an amount of 9.1 million EUR, corresponding to the loan amount to be repaid to the European Investment Bank in 2014, was transferred to current financial liabilities. The finance lease liabilities increased by 2.1 million EUR.

Non-current trade and other liabilities

Non-current trade and other liabilities decreased to 79.7 million EUR (2012: 83.1 million EUR) and contain mainly the commitments relating to the full acquisition of Landmark.

Employee benefits

AS PER 31 DECEMBER IN MILLION EUR	2013	2012 restated*	2012	2011
Post-employment benefits	(78.2)	(82.7)	(68.7)	(68.1)
Long-term employee benefits	(116.1)	(124.8)	(124.8)	(157.9)
Termination benefits	(15.4)	(28.8)	(28.8)	(38.8)
Other long-term benefits	(135.4)	(141.8)	(141.8)	(115.0)
Total	**(345.1)**	**(378.1)**	**(364.1)**	**(379.8)**

*Restated for IAS 19R

Employee benefits have decreased by 33 million EUR or 8.7% to 345.1 million EUR in 2013 from the restated 378.1 million EUR in 2012. The suppression of the corridor approach under IAS 19R as of January 1, 2013 resulted in the recognition of a cumulated loss of 14.0 million EUR.

The decrease of 33 million EUR is mainly due to the following elements:

- The payment of benefits decreased the balance by 45.2 million EUR (2012: 84.8 million EUR) including 13.5 million EUR for the payment of early-retirement and part-time work benefits (2012: 19.4 million EUR). In 2012, the payment of benefits included an amount of 36.9 million EUR for the one-off settlement of accumulated compensated absences (as part of the 2012 Collective Labor Agreement, a significant number of sick days was repurchased from the civil servants);
- Service costs and net interest costs relating to the year increased the balance for a total amount of 30.9 million EUR (2012: 57.3 million EUR). In 2012, service costs were impacted for an amount of 28.4 million EUR by the new part-time and early-retirement schemes negotiated in the 2012 Collective Labor Agreement. In 2013, the service costs are impacted for an amount of 8.2 million EUR by the prior service cost for the group insurance benefit valued in accordance with the IAS 19 standard;
- An actuarial gain of 18.8 million EUR for the year including 9.4 million EUR related to the post-employment benefits recognized through Other Comprehensive Income and 9.4 million EUR recognized in the Income Statement.

  This decrease in liability reflects:
  - an actuarial financial gain of 4.1 million EUR related to slight increase of the discount rates in 2013 compared to 2012, and
  - an actuarial operating gain of 14.7 million EUR mainly due to the assumptions regarding the family allowances and transport benefits for 8.1 million EUR and 4.2 million EUR respectively, mainly due to the lower number of people that have subscribed to the early-retirement and part-time work benefits than expected.

After deduction of the deferred tax asset relating to employee benefits which amounts to 54.3 million EUR, the net liability amounts to 290.8 million EUR (2012 after restatement due to IAS 19R: 314.6 million EUR).

Non-current provisions

Non-current provisions amount to 40.2 million EUR (2012: 42.0 million EUR). The slight variation (1.8 million EUR) comes mainly from the decrease in litigation provision (6.1 million EUR) which was partly counterbalanced by an increase in the provision for onerous contracts (4.1 million EUR).

Current provisions

Current provisions fell to 22.4 million EUR (2012: 140.5 million EUR). The decrease of 118.1 million EUR comes mainly from the settlement of the SGEI related litigation provision (124.9 million EUR) partly compensated by the increase in other provisions (5.2 million EUR) and provisions for onerous contracts (1.6 million EUR).

Current trade and other liabilities

Current trade and other payables have decreased by 26 million EUR to 734.7 million EUR in 2013. The variance is mainly due to a decline in other payables driven by the payment of the fine imposed by the Belgian Competition Authority (amounting to 37.4 million EUR), partially offset by advances received to fund State related transactions (18.8 million EUR).

3. Statement of cash flows

In 2013, the net cash outflow decreased by 164.6 million EUR to 264.7 million EUR, compared to 429.3 million EUR last year. In 2013 the Company paid 123.1 million EUR (2012: 300.8 million EUR) related to the SGEI overcompensation.

Operating free cash flow, normalized for the payments related to the SGEI overcompensation and the changes in deposits from third parties, amounted to 249.0 million EUR, 35.1 million EUR lower than last year mainly due to the payment of the fine for competition claim in 2013 (37.4 million EUR).

Excluding this one off payment related to the fine for competition claim, operating free cash flow generated was 2.3 million EUR higher than 2012. The favorable contribution of the operational performance was offset by a negative evolution in working capital mainly due to a flattered 2012 evolution due to a late payment of Terminal Dues by another postal operator (20 million EUR), delays in 2013 of payments by State entities (11.2 million EUR), an unfavorable inventory evolution (4.0 million EUR) and the advance which was paid in 2013 in anticipation to the acquisition of a 100% participation in Gout (3 million EUR).

Not taking into account the payment related to the fine for competition claim in 2013, working capital remained almost stable in 2013 (-2.6 million EUR).

Investing activities generate a cash outflow of 80.7 million EUR compared to 88.1 million EUR last year. This positive variance is mainly explained by higher proceeds from the sale of property, plant and equipment (16.5 million EUR), the disposal of selected activities of Certipost (15.1 million EUR) and lower acquisition of fixed assets (5.1 million EUR). These effects were partially compensated by the capital increase of bpost bank (37.5 million EUR) and the purchase of the remaining 20% shares of MSI (6.8 million EUR) in 2013.

Cash flow from financing activities represents a cash-out of 390.7 million EUR, of which 198.0 million EUR is related to the capital decrease and 186.0 million EUR for the dividends paid to the shareholders. Last year, the net cash used in financing activities comprised the payment of dividends (170.4 million EUR) and a capital and legal reserve reduction (248.0 million EUR).

4. Reconciliation of Reported to Normalized Financial Metrics

bpost also analyzes the performance of its activities on a normalized basis or before non-recurring items. Non-recurring items represent significant income or expense items that due to their non-recurring character are excluded from internal reporting and performance analyses. bpost strives to use a consistent approach when determining if an income or expense item is recurring or non-recurring and if it is significant enough to be excluded from the reported figures to obtain the normalized ones.

A non-recurring item is deemed to be significant if it amounts to 20 million EUR or more. All profits or losses on disposal of activities are normalized whatever the amount they represent. Reversals of provisions whose addition had been normalized from income are also normalized whatever the amount they represent.

The presentation of normalized results is not in conformity with IFRS and is not audited. The normalized results may not be comparable to normalized figures reported by other companies as those companies may compute their normalized figures differently from bpost. Normalized financial measures are presented below.

Income Statement related

OPERATING INCOME
FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2013	2012	2011	EVOLUTION 2013-2012
Total operating income	2,443.2	2,415.7	2,364.6	1.1%
Disposal of selected activities of Certipost (1)	(14.6)			
Normalized total operating income	**2,428.6**	**2,415.7**	**2,364.6**	**0.5%**

OPERATING EXPENSES
FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2013	2012	2011	EVOLUTION 2013-2012
Total operating excluding depreciation, amortization	(1,891.7)	(1,994.8)	(2,204.0)	-5.2%
Provisions relating to the decision of the European Commission (2)		124.9	299.0	
Pending litigation provision (3)		(22.7)	(9.6)	
Non-recurring payroll costs (4)		(21.1)		
Normalized total operating expenses excluding depreciation, amortization	**(1,891.7)**	**(1,913.7)**	**(1,914.6)**	**-1.1%**

EBITDA
FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2013	2012	2011	EVOLUTION 2013-2012
EBITDA	551.4	421.0	160.6	31.0%
Disposal of selected activities of Certipost (1)	(14.6)			
Provisions relating to the decision of the European Commission (2)		124.9	299.0	
Pending litigation provision (3)		(22.7)	(9.6)	
Modifications in employee benefit schemes (4)		(21.1)		
Normalized EBITDA	**536.9**	**502.0**	**450.0**	**6.9%**

EBIT
FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2013	2012	2011	EVOLUTION 2013-2012
Profit from operating activities (EBIT)	450.7	323.0	69.2	39.5%
Disposal of selected activities of Certipost (1)	(14.6)			
Provisions relating to the decision of the European Commission (2)		124.9	299.0	
Pending litigation provision (3)		(22.7)	(9.6)	
Modifications in employee benefit schemes (4)		(21.1)		
Normalized profit from operating activities (EBIT)	**436.1**	**404.0**	**358.6**	**7.9%**

Profit of the year (EAT)
FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2013	2012	2011	EVOLUTION 2013-2012
Profit for the year	287.9	174.2	(57.4)	65.3%
Disposal of selected activities of Certipost (1)	(14.6)			
Provisions relating to the decision of the European Commission (2)		82.5	290.8	
Pending litigation provision (3)		(15.0)	(6.3)	
Modifications in employee benefit schemes (4)		(14.0)		
Normalized profit for the year (EAT)	**273.3**	**227.7**	**227.1**	**20.1%**

(1) In October 2012, the Company has reached an agreement with the Finnish group Basware on the sale of the electronic document exchange activities of Certipost as of January 2013. Certipost continues its other activities (securing documents, digital certificates and Belgian electronic cards. The normalization of 14.6 million EUR corresponds to the gain on the disposal of the activities. This disposal did not generate a tax charge, as Certipost has tax losses carried forward on which no deferred tax asset had been recorded.

(2) On January 25, 2012, the European Commission communicated to the Belgian State its decision with regards to the enquiry into alleged state aid relating to the period 1992-2010. In its decision, the European Commission considered that the Company had been undercompensated for the period 1992-2005 and overcompensated for the period 2006-2010.

The European Commission decided that the amount of overcompensation could not be offset against the amount of under-compensation as they related to different Management Contracts between the Company and the Belgian State. In determining the amount of over- or under-compensation, the European Commission compared the amounts received from the Belgian State in compensation for the services of general economic interest entrusted by the Belgian State to the Company with the costs of performing those services. The European Commission included in the amounts received from the Belgian State an amount corresponding to the profit realized by the Company on the reserved (i.e. monopoly) area of the universal service obligation above a certain level that the European Commission deemed 'reasonable'.

The Company provided in its 2011 accounts the necessary amounts covering all the financial impacts, with the exception of the interests from January 1, 2012 to the date of repayment to the Belgian State, of the decision by the European Commission. The impact of the provisions on the 2011 EBIT amounted to 299.0 million EUR. The impact on the profit for the year 2012 amounted to 290.8 million EUR. On March and May 2012, the Company repaid in full the aid rejected by the European Commission and the interest thereon.

On May 2, 2013, the European Commission approved the state aid granted to bpost under the terms of the 5th Management Contract covering the period from 2013 to 2015.

In connection with the notification of the 5th Management Contract, the Belgian State committed to the European Commission to recover overcompensation of SGEI services from bpost relating to the period from 2011 to 2012. In its decision regarding the 5th Management Contract, the European Commission considered that bpost in all likelihood benefited from overcompensation during the period 2011 and 2012 and that the commitment of the Belgian state will remove such overcompensation.

The Company provided in its 2012 accounts provisions for an amount of 124.9 million EUR covering all the financial impacts. bpost agreed with the Belgian State to repay such amount under certain conditions. In anticipation of the amount due (i.e., 123.1 million EUR following the final computation of interest), the Belgian State withheld in the first quarter of 2013 an amount of 88.9 million EUR from the outstanding balance of state compensation due in respect of 2012 under the 4th Management Contract. In June 2013, the remaining amount was paid by the Company to the Belgian State.

(3) Pending litigations provisions recorded in previous years were re-measured in 2012. A provision amounting to 22.7 million EUR was reversed in 2012. It had been set up to cover a risk of litigation relating to off-balance sheet transactions dating before 2010. As the matter was definitively resolved in the course of 2012, the provision was reversed. Reversal of 9.6 million EUR was recorded in 2011 as some payroll-related risks were definitively resolved. Since the

charge of the original provision had been considered as non-recurring, the reversal of the provision is also considered to be non-recurring and is excluded from the normalized results.

(4) A Collective Labor Agreement covering the period 2012-2013 was signed between the Company and the representatives of the workforce in March 2012. It approved that the balance of the cumulated un-used sickness days for civil servants is limited to 63 days instead of 300 days in exchange for a payment of compensation for the days exceeding the new limit.

The impact of this agreement is a reduction of the related plan and has led to the recognition of an actuarial gain (shown as negative personnel expenses) of 21.1 million EUR in 2012. This gain has been considered as non-recurring and is excluded from the normalized results.

Cash Flow Statement related

FOR THE YEAR ENDED 31 DECEMBER IN MILLION EUR	2013	2012	2011	EVOLUTION 2013-2012
Net Cash from operating activities	206.6	71.3	296.3	
Net cash used in investing activities	(80.7)	(88.1)	(70.1)	
Operating free cash flow	**125.9**	**(16.8)**	**226.2**	**849.3%**
Deposits received from third parties	0.0	0.1	0.0	
Provisions relating to the decision of the European Commission (5)	123.1	300.8		
Normalized operating free cash flow	**249.0**	**284.0**	**226.2**	**-12.3%**

Operating free cash flow represents net cash from operating activities less acquisition of property, plant and equipment (net of proceeds from sale of property, plant and equipment), acquisition of intangible assets, acquisition of other investments and acquisition of subsidiaries (net of cash acquired).

(5) Normalized operating free cash flow excludes, throughout the 2011 - 2013 period, deposits received from third parties and the repayment of the alleged overcompensation for the SGEIs following the decision of the European Commission of January 25, 2012.

5. From IFRS Consolidated Net Profit to Belgian GAAP Unconsolidated Net Profit

FOR THE YEAR ENDED 31 DECEMBER IN MILLION EUR	2013	2012	2011
IFRS Consolidated Net Profit	**287.9**	**174.2**	**(57.4)**
Results of subsidiaries and deconsolidation impacts	(26.7)	10.5	1.8
Differences in depreciation and impairments	(0.8)	(15.8)	(7.1)
Differences in recognition of provisions	(5.3)	0.9	(5.5)
Effects of IAS19	(12.3)	(2.1)	(8.1)
Effects of ESOP	0.0	(4.6)	(2.5)
Deferred taxes	4.2	11.4	10.1
Other	1.3	(2.6)	1.2
Belgian GAAP unconsolidated net profit	**248.2**	**171.9**	**(67.4)**

The Company's unconsolidated profit after taxes prepared in accordance with Belgian GAAP can be derived from the consolidated IFRS profit after taxes in two stages.

The first stage consists of un-consolidating the profit after taxes under IFRS, i.e.:

- Eliminating the impact of the disposal of selected activities of Certipost, which in 2012 led to a reevaluation of the participation within bpost NV-SA and for which the gain was realized in 2013,
- Subtracting the results of the subsidiaries, i.e. removing the profit after tax of the subsidiaries; and
- Eliminating any other Income Statement impact the subsidiaries had on the Company (such as impairments) and adding the dividends received from these subsidiaries.

The table below sets forth the breakdown of the above mentioned impacts:

FOR THE YEAR ENDED 31 DECEMBER IN MILLION EUR	2013	2012	2011
Disposal of selected activities of Certipost	(14.6)	14.3	
Profit of the Belgian fully consolidated subsidiaries (local GAAP)	5.1	(3.3)	(1.3)
Profit of the international subsidiaries (local GAAP)	(10.2)	(2.0)	(0.6)
Share of profit of bpost bank (local GAAP)	(14.1)	(4.0)	(2.4)
Other deconsolidation impacts	7.1	5.5	6.1
Total	**(26.7)**	**10.5**	**1.8**

- The impact on the variance between 2012 and 2013 of the timing difference in the recognition of the profit on the disposal of the Certipost activities amounts to 28.9 million EUR.
- The profit of the Belgian subsidiaries was impacted by the provisions taken by Eurosprinters to reflect the decision to stop certain non-sprint activities.
- The profit of the International subsidiaries was positively impacted by the consolidation of Landmark.

The second stage consists of deriving the Belgian GAAP figures from the IFRS figures and is achieved by reversing all IFRS adjustments made to local GAAP figures. These adjustments include, but are not limited to the following:

- Differences in the treatment of depreciation and impairments: Belgian GAAP allows different useful lives (and hence depreciation rates) for fixed assets from IFRS. Goodwill is amortized under Belgian GAAP while IFRS requires impairment testing for goodwill. IFRS also allows intangible assets to be recorded on the balance sheet under different conditions from Belgian GAAP.
- Recognition of provisions is subject to different criteria under Belgian GAAP and IFRS.
- IFRS requires that all future obligations to personnel be recorded as a liability under IAS 19, whereas Belgian GAAP has no such obligation. The movements in the IFRS liability are reflected on the Company's Income Statement under personnel costs (29.0 million EUR in 2013 versus 68.9 million EUR in 2012) or provisions (negative 11.3 million EUR in 2013 versus negative 12.8 million EUR in 2012), except for the impact of changes in the discount rates for the future obligations, which is recorded as a financial result (positive 5.4 million EUR in 2013 versus negative 53.1 million EUR in 2012).
- The evolution between 2013 and 2012 of IAS 19 is mainly explained by the Collective Labor Agreement covering the period 2012-2013 signed in March 2012 between the Company and the representatives of the workforce which approved that the balance of the cumulated un-used sickness days for civil servants is limited to 63 days instead of 300 days in exchange for a payment of compensation for the days exceeding the new limit. The impact of this agreement was a reduction of the provision (27.5 million EUR) of the Accumulated Compensated Absences (ACA) for which no provision is foreseen in BGAAP and which led to the recognition of an actuarial gain of 21.1 million EUR.
- Stock options plans and deferred taxes require no accounting entries under Belgian GAAP, but are recorded under IFRS.

Outlook

Management is confident to be able to, at least, maintain operating results (EBITDA and EBIT) on a normalized basis. Plans prudently take into account a volume decline of Domestic Mail of 5.0%. Parcels volumes growth should be above the 2013 level.

Taking the phasing of the productivity improvement initiatives into account, the FTE reduction for 2014 is expected to be at the low end of the range of 800 to 1,200 FTE / year which management has guided to as a result of the application of the current strategic plan.

Management does not anticipate any material exceptional cash outflows during the year which means that cash generation should follow the normal seasonality. Net capex is expected to reach 90 million EUR.

Financial consolidated statements 2013

Financial consolidated statements 2013

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1. Consolidated Income Statement

FOR THE YEAR ENDED 31 DECEMBER IN MILLION EUR	NOTES	2013	2012	2011
Turnover	6.8	2,403.0	2,396.0	2,342.3
Other operating income	6.9	40.2	19.8	22.3
Total operating income		**2,443.2**	**2,415.7**	**2,364.6**
Materials cost		(30.4)	(34.6)	(32.0)
Services and other goods		(609.1)	(602.8)	(570.4)
Payroll costs	6.11	(1,229.7)	(1,238.5)	(1,288.1)
Other operating expenses	6.10	(22.5)	(118.9)	(313.5)
Depreciation, amortization		(100.8)	(98.0)	(91.3)
Total operating expenses		**(1,992.5)**	**(2,092.8)**	**(2,295.3)**
Profit from operating activities (EBIT)		**450.7**	**323.0**	**69.2**
Financial income	6.12	3.6	6.8	14.4
Financial cost	6.12	(11.4)	(60.6)	(19.7)
Share of profit of associates		14.0	3.5	2.2
Profit before tax		**456.8**	**272.7**	**66.0**
Income tax expense	6.13	(168.9)	(98.5)	(123.4)
Profit from continuing operations		**287.9**	**174.2**	**(57.4)**
Profit from discontinued operations		-	-	-
Profit for the year		**287.9**	**174.2**	**(57.4)**
Attributable to:				
Owners of the Parent		285.4	173.3	(57.4)
Non-controlling interests		2.5	0.9	0.0

In May 2013, the shareholders' meeting decided to split the number of shares. The total number of shares following the stock split amounts to 200,000,944 shares (before stock split it amounted to 409,838 shares). Calculated with the new number of shares, earnings per share for the period 2011-2013 would have been:

Earnings per share IN EUR	2013	2012	2011
basic, profit for the year attributable to ordinary equity holders of the parent	1.43	0.87	(0.29)
diluted, profit for the year attributable to ordinary equity holders of the parent	1.43	0.87	(0.29)

2. Consolidated statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER IN MILLION EUR	NOTES	2013	2012 restated*	2012	2011
Profit for the year/loss		**287.9**	**174.2**	**174.2**	**(57.4)**
Fair value for financial assets available for sale by associates	6.20	(69.3)	263.8	263.8	(49.4)
(Loss)gain on available for sale financial assets		(105.0)	399.6	399.6	(74.8)
Income tax effect		35.7	(135.8)	(135.8)	25.4
Fair value of actuarial results on defined benefit plans	6.25	7.5	(10.9)		
Actuarial losses on defined benefit plans		9.4	(14.0)		
Income tax effect		(1.9)	3.1		
Non-controlling interests		0.0	0.0	0.0	0.0
Other comprehensive income for the year, net of tax **		**(61.8)**	**252.9**	**263.8**	**(49.4)**
Total comprehensive income for the year, net of tax		**226.1**	**427.1**	**438.0**	**(106.9)**
Attributable to:					
Owners of the Parent		223.6	426.2	437.1	(106.9)
Non-controlling interest		2.5	0.9	0.9	0.0

* Restated for IAS 19R
** Net other comprehensive income is not being reclassified to profit or loss in subsequent periods.

Impact of the currency translation adjustment is immaterial.

3. Consolidated statement of financial position

FOR THE YEAR ENDED 31 DECEMBER IN MILLION EUR	NOTES	2013	2012 restated*	2012	2011
Assets					
Non-current assets					
Property, plant and equipment	6.15	570.3	588.5	588.5	608.8
Intangible assets	6.18	89.0	95.5	95.5	70.0
Investments in associates	6.20	341.3	351.6	351.6	84.3
Investment properties	6.16	10.3	15.2	15.2	18.2
Deferred tax assets	6.13	58.3	64.2	61.0	72.4
Trade and other receivables	6.21	2.2	0.9	0.9	0.8
		1,071.3	**1,115.9**	**1,112.8**	**854.5**
Current assets					
Assets held for sale	6.17	0.1	0.3	0.3	0.5
Inventories	6.22	9.2	7.0	7.0	8.2
Income tax receivable	6.13	0.1	0.1	0.1	0.4
Trade and other receivables	6.21	400.2	394.6	394.6	397.0
Cash and cash equivalents**	6.23	448.2	713.2	713.2	1,142.3
		857.8	**1,115.3**	**1,115.3**	**1,548.4**
Total assets		**1,929.2**	**2,231.2**	**2,228.1**	**2,402.9**
Equity and liabilities					
Equity attributable to equity holders of the Parent					
Issued capital		364.0	508.5	508.5	783.8
Treasury shares		0.0	0.0	0.0	(14.0)
Reserves		111.0	214.6	225.5	64.0
Retained earnings		101.9	3.7	3.7	(57.4)
		576.9	**726.8**	**737.7**	**776.4**
Non-controlling interests		0.0	0.0	0.0	0.9
Total equity	4	**576.9**	**726.8**	**737.7**	**777.3**
Non-current liabilities					
Interest-bearing loans and borrowings	6.24	75.6	82.7	82.7	92.2
Employee benefits	6.25	345.1	378.1	364.1	379.8
Trade and other payables	6.26	79.7	83.1	83.1	13.0
Provisions	6.27	40.2	42.0	42.0	79.6
Deferred tax liabilities	6.13	1.4	1.3	1.3	0.4
		542.0	**587.1**	**573.1**	**565.0**
Current liabilities					
Interest-bearing loans and borrowings	6.24	11.3	11.2	11.2	9.7
Bank overdrafts		0.2	0.3	0.3	0.2
Provisions	6.27	22.4	140.5	140.5	334.5
Income tax payable	6.13	41.7	4.6	4.6	29.6
Trade and other payables	6.26	734.7	760.7	760.7	686.5
		810.3	**917.3**	**917.3**	**1,060.5**
Total liabilities		**1,352.3**	**1,504.4**	**1,490.4**	**1,625.5**
Total Equity and liabilities		**1,929.2**	**2,231.2**	**2,228.1**	**2,402.9**

* Restated for IAS 19R
** Contains 22 million EUR for 2012 and 515.6 million EUR for 2011 which were reported under investment securities. As they meet the definition of cash and cash equivalents as per IAS7 they have been reclassified to cash and cash equivalents.

4. Consolidated statement of changes in equity

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT						
IN MILLION EUR	Authorized & issued capital	Treasury shares	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
As per 1 January 2011	**783.8**	**-**	**120.3**	**209.1**	**1,113.2**	**1.1**	**1,114.3**
Profit for the year 2011				(57.4)	(57.4)		(57.4)
Other comprehensive income			159.6	(209.1)	(49.4)		(49.4)
Total comprehensive income			**159.6**	**(266.5)**	**(106.9)**	**0.0**	**(106.9)**
Dividends (Pay-out)			(215.9)		(215.9)	(0.3)	(216.2)
Treasury shares		(14.0)		0.0	(14.0)		(14.0)
As per 31 December 2011	**783.8**	**(14.0)**	**64.0**	**(57.4)**	**776.4**	**0.8**	**777.3**
Profit for the year 2012				173.3	173.3	0.9	174.2
Other comprehensive income			206.4	57.4	263.8		263.8
Total comprehensive income	**0.0**	**0.0**	**206.4**	**230.7**	**437.1**	**0.9**	**438.0**
Capital Decrease	(275.3)		55.3		(220.0)		(220.0)
Exceptional dividend			(28.0)		(28.0)		(28.0)
Dividends (Pay-out)				(170.0)	(170.0)	(0.4)	(170.4)
Treasury shares		14.0			14.0		14.0
Other			(72.3)	0.4	(72.0)	(1.3)	(73.2)
As per 31 December 2012	**508.5**	**0.0**	**225.5**	**3.7**	**737.7**	**0.0**	**737.7**
As per 1 January 2013 *	**508.5**	**0.0**	**214.6**	**3.7**	**726.8**	**0.0**	**726.8**
Profit for the year 2013				285.4	285.4	2.5	287.9
Other comprehensive income			(59.4)	(2.4)	(61.8)		(61.8)
Total comprehensive income	**0.0**	**0.0**	**(59.4)**	**282.9**	**223.6**	**2.5**	**226.1**
Capital Decrease	(144.5)				(144.5)		(144.5)
Exceptional dividend			(53.5)		(53.5)		(53.5)
Dividends (Pay-out)				(186.0)	(186.0)	(1.3)	(187.4)
Other			9.3	1.2	10.5	(1.2)	9.3
As per 31 December 2013	**364.0**	**0.0**	**111.0**	**101.9**	**576.9**	**0.0**	**576.9**

* Due to the restatement for IAS 19R, other reserves decreased by 10.9 million EUR

Other reserves per December 31, 2013 (111.0 million EUR) are composed of group reserves amounting to 60.2 million EUR and legal reserves of 50.8 million EUR.

The amount under “Other comprehensive income” relates mainly to the unrealized gains and losses on the bond portfolio of bpost bank (see also note 6.20 for more details) and the unrealized losses on post-employment benefits due to IAS 19R (see also note 6.25 for more details).

The main elements in “Other” are the purchase of the remaining shares of MSI leading to a reduction in equity of 3.4 million EUR offset by the additional issue premium of 12.5 million EUR paid by BNP Paribas Fortis in connection with the capital increase by bpost bank.

At December 31, 2013, the shareholding of bpost is as follows:

	TOTAL	The Belgian State *	Post Invest Europe Sàrl	Free float (excl.bpost's employees)	bpost's employees
	NUMBER OF SHARES	NUMBER OF SHARES	NUMBER OF SHARES	NUMBER OF SHARES	NUMBER OF SHARES
As per 1 January 2013 before stock split	409,838	204,920	204,916	-	2
As per 1 January 2013 after stock split	**200,000,944**	**100,000,960**	**99,999,008**	**-**	**976**
changes during the year	-	-	(99,994,946)	99,078,467	916,479
As per 31 December 2013	**200,000,944**	**100,000,960**	**4,062**	**99,078,467**	**917,455**

* Directly and via the Société Fédérale de Participations et d'Investissement/Federale Participatie- en Investeringsmaatschappij

On May 23, 2013 bpost announced its intention to proceed with an initial public offering and listing of its ordinary shares on NYSE Euronext in Brussels (the "IPO").

At the same time, the shareholders' meeting decided to split the shares in proportion of 488 per 1 and to remove the classes of shares.

Concurrently, bpost implemented a share purchase plan for bpost's employees. Eligible participants were able to purchase a fixed number of shares at a price representing a discount of 16.67% to the offer price. 916,479 shares were sold to bpost's employees.

On June 21, 2013, the trading of bpost's shares started on Euronext Brussels.

The Belgian State did not sell shares and maintains its 50.01% participation in bpost (directly and through the SFPI/FPIM). As at December 31, 2013, Post Invest Europe Sàrl, which was the other shareholder prior to the IPO, had disposed of substantially all its shares and holds a remaining number of 4,062 shares.

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

5. Consolidated statement of cash flows

AS PER 31 DECEMBER IN MILLION EUR	NOTES	2013	2012	2011
Operating activities				
Profit before tax	1	456.8	272.7	66.0
Depreciation and amortization		100.7	98.0	91.3
Impairment on bad debts		0.7	0.4	0.6
Gain on sale of property, plant and equipment	6.9	(17.8)	(8.5)	(8.8)
Gain on sale of Certipost activities	6.9	(14.6)	-	-
Change in employee benefit obligations	6.25	(23.6)	(15.8)	1.0
Share of profit of associates	6.20	(14.0)	(3.5)	(2.2)
Dividends received	6.20	5.0	0.0	-
Income tax paid		(126.6)	(114.6)	(102.3)
Cash flow from operating activities before changes in working capital and provisions		**366.6**	**228.7**	**45.7**
Decrease/(increase) in trade and other receivables		1.7	10.4	10.1
Decrease/(increase) in inventories	6.22	(2.4)	1.6	0.3
Increase/(decrease) in trade and other payables		(39.3)	62.3	(52.9)
Deposits received from third parties		(0.0)	(0.1)	0.0
Repayment of SGEI overcompensation	6.27	(123.1)	(300.8)	0.0
Increase/(decrease) in provisions related to the SGEI overcompensation	6.27	0.0	124.9	299.0
Increase/(decrease) in other provisions		3.2	(55.7)	(5.8)
Net Cash from operating activities		**206.6**	**71.3**	**296.3**
Investing activities				
Proceeds from sale of property, plant and equipment		27.4	10.9	12.0
Disposal of subsidiaries, net of cash disposed of	6.9	15.1	-	-
Acquisition of property, plant and equipment	6.15	(60.8)	(56.9)	(66.8)
Acquisition of intangible assets	6.18	(18.4)	(27.2)	(11.4)
Acquisition of other investments		(0.0)	(0.2)	0.1
Acquisition of subsidiaries, net of cash acquired		(44.1)	(14.8)	(4.0)
Net cash used in investing activities		**(80.7)**	**(88.1)**	**(70.1)**
Financing activities				
Treasury shares	4	-	14.0	(14.0)
Capital decrease	4	(144.5)	(220.0)	-
Payments related to borrowings and financing lease liabilities		(5.4)	(8.0)	(0.5)
Dividends paid to equity holders of the Parent	4	-	-	(216.2)
Exceptional dividend	4	(53.5)	(28.0)	-
Dividends paid to minority interests	4	(1.3)		
Interim dividend paid to shareholders	4	(186.0)	(170.4)	-
Net Cash from financing activities		**(390.7)**	**(412.5)**	**(230.7)**
Net increase in cash and cash equivalents		**(264.7)**	**(429.3)**	**(4.6)**
Cash and cash equivalent less bank overdraft as of 1st January	6.23	712.8	1,142.1	1,146.7
Cash and cash equivalent less bank overdraft as of 31st December	6.23	448.0	712.8	1,142.1
Movements between 1st January and 31st December		**(264.7)**	**(429.3)**	**(4.6)**

6. Notes to the consolidated financial statements

6.1 General information

Business activities

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

bpost, through its subsidiaries and business units, also sells a range of other products and services, including postal, parcels, banking and financial products, express delivery services, document management and related activities. bpost also carries out Services of General Economic Interest (SGEI) on behalf of the Belgian State.

Legal status

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

6.2 Change in accounting

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new standards and interpretations effective as from January 1, 2013.

IAS 19 Revised includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognized in other comprehensive income (OCI) and permanently excluded from profit and loss. Other amendments don't have an impact on bpost or simply include new disclosures, such as, quantitative sensitivity disclosures.

The transition to IAS 19 Revised had an impact on the net post-employment benefit obligations of bpost due to the recognition of actuarial gains and losses (for those which occur as from January 1, 2013 and for those unrecognized at December 31, 2012) in other comprehensive income. bpost previously recognized only the cumulative actuarial gains and losses, which exceeded 10% of the greater of the defined benefit obligation and the fair value of the plan assets, over two years.

The effect of the adoption of IAS 19 Revised is explained in note 6.25 and requires restatement of previous financial statements.

The following new standards and amendments, entered into force as from January 1, 2013, don't have any effect on the presentation, the financial performance or position of bpost:
- **IAS 1** – Presentation of items of Other Comprehensive Income
- **IFRS 13** – Fair value Measurement
- **IFRS 7** – Financial Instruments: Disclosures – Offsetting of financial assets and financial liabilities
- **IFRIC 20** – Stripping costs in the production phase of a surface mine
- **Improvements to IFRS - 2009-2011 cycle:**
  - **IFRS 1** – Repeat application and Borrowing costs
  - **IAS 1** – Clarification of the requirement for comparative information
  - **IAS 16** – Classification of servicing equipment
  - **IAS 32** – Tax effects of distributions to holders of equity instruments
  - **IAS 34** – Interim financial reporting and segment information for total assets and liabilities

Standards and Interpretations issued but not yet applied by bpost

The following new IFRS Standards and IFRIC Interpretations, issued but not yet effective up to the date of issuance of bpost's financial statements are listed below. The listing of standards and interpretations issued are those that bpost reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. bpost intends to adopt these standards and interpretations when they become effective.

Standard or interpretation	Effective for in reporting periods starting on or after
IFRS 9 - Financial Instruments – Classification and Measurement	Effective date postponed and not yet been determined
IFRS 10 – Consolidated Financial Statements	1 January 2014
IFRS 11 – Joint Arrangements	1 January 2014
IFRS 12 – Disclosure of Interests in Other Entities	1 January 2014
IFRS 10-12 – Transition Guidance	1 January 2014
IFRS 10, IFRS 12 and IAS 27 – Investment Entities	1 January 2014
IAS 19 – Employee Benefits – Defined benefit plans: Employee Contributions (*)	1 July 2014
IAS 27 – Amendment to IAS 27-Separate Financial Statements	1 January 2014
IAS 28 – Amendment to IAS 28 – Investments in Associates and Joint Ventures	1 January 2014
IAS 32 – Financial Instruments: Presentation – Offsetting of financial assets and financial liabilities	1 January 2014
IFRIC 21 – Levies (*)	1 January 2014
IAS 39 – Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting (*)	1 January 2014
Annual improvements to IFRSs 2010-2012 Cycle (*)	1 July 2014
Annual improvements to IFRSs 2011-2013 Cycle (*)	1 July 2014

(*) Not yet endorsed by the EU as per the date of this report

Standards and Interpretations applied by bpost

As at December 31, 2013, the accounting policies of bpost are in compliance with the IAS / IFRS Standards and Interpretations SIC / IFRIC listed below:

International Financial Reporting Standards (IFRS)
IFRS 2 – Share-based Payment
IFRS 3 – Business Combinations (issued in 2004) for acquisition completed before 1 January 2010
IFRS 3 – Business Combinations (Revised in 2008)
IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations
IFRS 7 – Financial Instruments: Disclosures
IFRS 8 – Operating segments
IFRS 13 – Fair value Measurement

International Accounting Standards (IAS)
IAS 1 – Presentation of Financial Statements
IAS 2 – Inventories
IAS 7 – Statement of Cash Flows
IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10 – Events after the Reporting Period
IAS 12 – Income Taxes
IAS 16 – Property, Plant and Equipment
IAS 17 – Leases
IAS 18 – Revenue
IAS 19 – Employee Benefits
IAS 21 – The Effects of Changes in Foreign Exchange Rates
IAS 23 – Borrowing costs
IAS 24 – Related Party Disclosures
IAS 27 – Consolidated and Separate Financial Statements (Revised in 2008)
IAS 28 – Investments in Associates
IAS 32 – Financial Instruments: Presentation
IAS 33 – Earnings per share
IAS 34 – Interim Financial Reporting
IAS 36 – Impairment of Assets
IAS 37 – Provisions, Contingent Liabilities and Contingent Assets
IAS 38 – Intangible Assets
IAS 39 – Financial Instruments: Recognition and Measurement
IAS 40 – Investment Property

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

The other standards and interpretations currently endorsed by the EU and effective for the preparation of the 2013 financial statements are not applicable in the context of bpost.

bpost has not early adopted any other standard, interpretation, or amendment that was issued, but is not yet effective.

6.3 Significant accounting judgments and estimates

A series of significant accounting judgments underlie the preparation of IFRS compliant consolidated financial statements. They impact the value of assets and liabilities. Estimates and assumptions are made concerning the future. They 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 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, benefit increases and future wage increases, which are updated on an annual basis. Given the increase of the reference database with each year of historical data that is added, the data become ever more stable and reliable. Actual circumstances may vary from these assumptions, giving rise to different employee benefit liabilities, which would be reflected as an additional profit or cost in the Income Statement.

Regarding the Accumulated Compensated Absences benefit, as at December 31, 2013, the consumption pattern of the illness days was derived from the statistics of the consumption average over the years 2011 to 2013. The number of days of illness depends on the age, identified per segment of the relevant population. Since 2010, the rate of guaranteed salary has been set at 75% in case of long-term illness. Thus, the percentage of the guaranteed salary used for determining the cost of days accumulated in the notional account is 25%.

Under the Collective Labor Agreement for the years 2012-2013 signed in March 2012, the balance of the cumulated un-used sickness days for civil servants is limited to a maximum of 63 days instead of 300 days previously.

Measurement of the group insurance plan is consistent with the so-called D9 approach. This is in line with the progress made on September 10, 2013 by the IFRIC on “the measurement alternative(s) to be considered in developing a proposal on accounting for contribution-based plans with a guaranteed return”. However, the IFRIC is still in an early discussion phase.

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

The discount rates have been determined by reference to market yields at the statement of financial position date. Since 2010, bpost used the Towers Watson tool for the determination of the discount rates, considering a mix of financial and non financial AA corporate bonds.

Fair value measurement of financial instruments

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently re-measured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

6.4 Summary of significant accounting policies

The consolidated financial statements have been approved by the Board of Directors on March 26, 2014 and have been prepared using the measurement basis specified by the International Financial Reporting Standards (IFRS). The measurement bases are described in detail in the next paragraphs.

The consolidated financial statements are presented in Euros (EUR) and all values are rounded to the nearest million except when otherwise indicated.

All accounting estimates and assumptions that are used in preparing the financial statements are consistent with bpost's latest approved budget / long-term plan projections, where applicable. Judgments are based on the information available on each statement of financial position date.

Although these estimates are based on the best information available to the management, actual results may ultimately differ from those estimates.

Consolidation

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

Subsidiaries

Assets and liabilities, rights and commitments, income and charges of the parent and the subsidiaries fully controlled are consolidated in full. Control is the power to govern the financial and operating policies of an entity in order to obtain benefits from its activities. Control is assumed to exist when bpost holds at least 50%, plus one share of the entity's voting power; these assumptions may be rebutted if there is clear evidence to the contrary. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether bpost controls an entity.

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

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

Associates

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

Consistent accounting policies are applied throughout the whole group, including associates.

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

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

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

bpost bank is an associate and is accounted for using the equity method as bpost has significant influence but does not control the Management of the company.

The bond portfolio of bpost bank is classified as "Available-for-sale financial assets". The bonds include:
- Fixed income securities (bonds, negotiable debt instruments, sovereign loans in the form of securities, etc.);
- Variable income securities;
- Fixed and/or variable income securities containing embedded derivatives (which are accounted for separately if necessary).

Securities classified in "Available-for-sale financial assets" are measured at fair value and changes in fair value are recorded in other comprehensive income under a specific heading "Unrealized or deferred gains or losses."

For fixed income securities, interest is recognized in the Income Statement using the effective interest rate method. For variable income securities, revenues are recorded in profit or loss as soon as the shareholders general meeting confirms the distribution of a dividend.

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).

Contingent consideration, if any, is measured at fair value at the time of the business combination and included in the consideration transferred (i.e. recognized within goodwill). If the amount of contingent consideration changes as a result of a post-acquisition event (such as meeting an earnings target), the change in fair value is recognized in profit or loss.

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

Intangible assets

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

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

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

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

Property, plant and equipment

Property, plant and equipment are carried at acquisition cost, less any accumulated depreciation and less any accumulated impairment loss. Cost includes any directly attributable cost of bringing the asset to working condition for its intended use.

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.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset.

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

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

Lease transactions

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

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

Investment properties

Investment property mainly relates to apartments located in buildings used as post offices.

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

Assets held for sale

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

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

Stamp collection

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

Impairment of assets

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

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

An impairment test is carried out annually for a CGU to which goodwill is allocated. For a CGU to which no goodwill is allocated, impairment test is only carried out when there is an indication of impairment. 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 an impairment is identified, it is first allocated to reduce the carrying amount of any goodwill allocated to the CGU. Any excess is then allocated to reduce the carrying amount of other fixed assets of the CGU in proportion to their book values, but solely to the extent that the selling price of the assets in question is lower than their carrying amount.

Impairment on goodwill may never be reversed at a later date. Impairment on other fixed assets is reversed if the initial conditions that prevailed at the time the impairment was recorded cease to exist, and solely to the extent that the carrying amount of the asset does not exceed the amount that would have been obtained, after depreciation, had no impairment been recorded.

Inventories

Inventories are measured at the lower of cost and net realizable value at the statement of financial position date.

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

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

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

Share based payments

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

Revenue recognition

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

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

The remuneration of the SGEI is based on the contractual provisions of the Management Contract and the revenue is recognized when the services are rendered.

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

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

Receivables

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

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

Prepayments and accrued income are also presented under this caption.

Investment securities

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

There are different categories of financial assets:

(1) Financial assets held for trading include (a) derivatives and (b) assets that bpost has voluntarily decided to classify in the category "at fair value through profit or loss" at the time of initial recognition. These financial assets are measured at their fair value at each statement of financial position date, changes in fair value being recognized in the Income Statement.

(2) Held-to-maturity financial assets are financial assets, other than derivatives, with fixed or determinable payments and fixed maturity dates, which bpost has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method.

(3) Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortized cost using the effective interest method.

(4) Available-for-sale financial assets constitute a residual category that includes all the financial assets not classified under one of the previous categories, for instance investments in equity instruments (other than shares in subsidiaries, jointly controlled entities and associates), investments in open-ended mutual funds and bonds that bpost has neither the intention nor the ability to hold to maturity. These available-for-sale financial assets are measured at fair value, with changes in fair value recognized directly in equity until the financial assets are derecognized, at which time the cumulative gains or losses previously recognized in equity are recycled in profit or loss.

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

Cash and cash equivalents

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

Share capital

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

Treasury shares are deducted from equity. Movements of treasury shares do not affect the Income Statement.

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

Retained earnings include the result of the current period as disclosed in the Income Statement.

Employee benefits

Short-term benefits

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

Post-employment benefits

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

In application of these principles, a provision (calculated according to an actuarial method laid down by IAS 19) is set up in the context of the post-employment benefits to cover:
- the future costs relative to current retirees (a provision representing 100% of the future estimated costs of those retirees);
- the future costs of potential retirees, estimated on the basis of the employees currently in service, taking account of the accumulated service of these employees on each statement of financial position date and the probability that the personnel will reach the desired age to obtain the benefits (the provision is constituted progressively, as and when members of the personnel advance in their careers).

Re-measurements, comprising of actuarial gains and losses are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

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. Until 2012, bpost had opted to recognize actuarial gains and losses in applying the corridor approach.

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.

Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.

Past service costs resulting from a plan amendment or curtailment should be recognized at the earlier of the date when (1) the plan amendment or curtailment occurs; and (2) the entity recognizes related restructuring costs in accordance with IAS 37. Past service costs are recognized in the Income Statement.

Net interest is calculated by applying the discount rate to the net defined benefit liability or assets. Net interest costs are also recognized in the Income Statement.

The plan assets related to the post-employment benefits are measured at their fair value at the end of the period in the same definition used in IFRS 13.

Long-term benefits

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

A provision is 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
– 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).

Re-measurements, comprising of actuarial gains and losses are recognized immediately through profit or loss in the period in which they occur.

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. These actuarial gains and losses are recognized directly in the Income Statement.

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 alternatively is based on government bonds with a maturity similar to that of the benefits being valued.

Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.

Past service costs resulting from a plan amendment or curtailment should be recognized at the earlier of the date when (1) the plan amendment or curtailment occurs; and (2) the entity recognizes related restructuring costs in accordance with IAS 37. Past service costs are recognized in the Income Statement.

Net interest is calculated by applying the discount rate to the net defined benefit liability or assets. Net interest costs are recognized in the Income Statement.

Termination benefits

Where bpost terminates the contract of a member of its personnel prior to his normal retirement date or where an offer of benefits is made in return for the termination of employment that can no longer be withdrawn, a provision is constituted in so far as there is an obligation on bpost.

Provisions

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

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

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

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

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

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

Income taxes

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

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

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

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

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

Deferred revenue

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

Transactions in foreign currencies

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

On consolidation, the assets and liabilities of foreign operations are translated into Euros at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

Derivative financial instruments

Derivative financial instruments are measured at fair value with changes in fair value recognized in the Income Statement.

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

6.5 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 also risks that are currently believed to be immaterial, but which may ultimately have a material adverse effect in the long run.

Risks relating to the regulatory and legislative framework

The Company operates in markets which are heavily regulated, including by national, EU and global regulatory bodies. bpost is therefore subject to significant regulations in Belgium and in other jurisdictions. It is uncertain whether Belgian or European regulators or third parties will raise material issues with regard to bpost's compliance with applicable laws and regulations or whether future legislative, regulatory or judicial changes or other regulatory developments will have a material adverse effect on bpost's business, financial condition, results of operations and prospects.

Changes to the law of March 21, 1991 on public autonomous enterprises ("the 1991 Law") and the existing and future regulations implementing the 1991 Law could adversely affect bpost. It is not possible to predict any changes to the 1991 Law or any of its implementing regulations, including regarding the licensing conditions that a new entrant is required to satisfy to provide letter mail services falling within the scope of the USO.

Following the state aid investigation launched by the European Commission in 2009, the Company was required to repay alleged state aid in respect of the period from 1992 to 2012. On May 2, 2013, the European Commission approved the compensation granted to the Company under the terms of the 5th Management Contract covering the period from 2013 to 2015. No appeal was initiated against the European Commission's decision. Although the European Commission's decisions on state aid provide the Company with a degree of certainty regarding the compatibility of the compensation it receives for the provision of services of public economic interest ("SGEIs") with state aid rules for the period from 1992 through 2015, it cannot be excluded that the Company could be subject to further state aid allegations and investigations in respect of this period in relation to SGEIs, other public services and other services it performs for the Belgian State and various public entities.

Pursuant to the 5th Management Contract and the 1991 Law, the Company will continue to be the provider of certain SGEIs through December 31, 2015. In respect of the period commencing January 1, 2016, the Belgian State may cease to provide (or amend the scope and content of) certain public services, may conclude that such services do not constitute SGEIs and hence do not warrant compensation or may not entrust these services to the Company.

The Belgian State has committed to the European Commission that it will organize a competitive, transparent and non-discriminatory tendering procedure, with a view to awarding by the end of 2014 a service concession at national level in respect of the distribution of newspapers and periodicals in Belgium. The successful candidate in this tender process will be entitled to begin providing such services as of January 1, 2016. The Belgian State has also committed to the European Commission that it will reassess the approach for the entrustment of the other SGEIs set forth in the 5th Management Contract and in the 1991 Law for the period after December 31, 2015.

The Company may be required to provide other postal operators with access to specific elements of its postal infrastructure or certain services, such as post boxes, information on change of address, re-direction and return to sender services. It may be required to provide access at uneconomic price levels or the access conditions imposed upon it may otherwise be onerous. In the event it fails to comply with this requirement, it may also be subject to fines and/or other operators may initiate proceedings seeking damages in national courts.

The Company is required to demonstrate that its pricing for the services falling within the USO complies with the principles of affordability, cost orientation, transparency, non-discrimination and uniformity of tariffs. Tariff increases for certain single piece mail and USO parcels are subject to a price cap formula (which inter alia depends on bpost reaching defined quality of service targets) and prior control by the IBPT/BIPT and the IBPT/BIPT may refuse to approve such tariffs or tariff increases if they are not in compliance with the aforementioned principles or price cap formula. In addition, in relation to activities for which bpost is deemed to have a dominant market position, its pricing must not constitute an abuse of such dominant position. Failure to observe this requirement may result in fines. bpost may also be ordered by national courts to discontinue certain commercial practices or to pay damages to third parties.

It cannot be excluded that in the future "ex ante" price regulations which would further restrict the commercial freedom of the Company, will be introduced in (mail or parcel) markets where the Company would be deemed to have "significant market power".

The Company is also subject to the requirement of no cross-subsidization between public services on the one hand and commercial services on the other hand. In addition, according to state aid rules, if the Company engages in commercial services, the business case for providing such services must comply with the "private investor test," that is, the Company must be able to demonstrate that a private investor would have made the same investment decision. If these principles are not complied with, the European Commission could find that commercial services have benefited from unlawful state aid and order the recovery of this state aid from the Company.

The Company was designated by the Belgian State as a USO provider for an eight-year term commencing in 2011. The obligation to provide the USO may represent a financial burden on the Company. Although the 1991 Law provides that the Company is entitled to compensation by the Belgian State in the event the USO has created an unfair burden, there can be no assurance that the entire net cost of the USO will be covered. Furthermore, going forward, if the Company were to be designated as a USO provider, there is uncertainty regarding the terms and conditions and financing mechanism that would apply to the provision of the USO.

The interaction between the laws applicable to all private limited liability companies and the specific public law provisions and principles applicable to the Company may present difficulties in interpretation and cause legal uncertainty. For instance bpost is subject to certain specific risks in relation to employment matters deriving from the application of certain public law provisions and principles. In particular, bpost is involved in litigation initiated by a number of auxiliary postmen (which include all postmen recruited from January 1, 2010 performing certain core functions such as collection, sorting, transport and distribution of mail).

bpost's contractual employees could also challenge their employment status and claim damages to compensate them for being deprived of statutory employment protection and benefits. Amendments to, or the introduction of new, legislation and regulations, including legislation and regulations relating to state pensions, could result in additional burdens for bpost. There can also be no assurance that the Company will not face challenges regarding certain employment matters on state aid grounds.

bpost is subject to transport regulations at international, EU, national and regional levels and failure to comply with such regulations could result in fines or the suspension or revocation of licenses.

Regulatory changes may impact the attractiveness of mail and parcels as a communication means and hence bpost's turnover. For instance the introduction of VAT on most mail products may reduce turnover earned from customers that are unable to recover VAT. bpost may become subject to stricter customs requirements. If enacted, opt-in legislation or any similar legislation, whether at national or EU level, would contribute to a significant decline in advertising mail volumes. The enactment of legislation promoting electronic communication, such as granting registered e-mail the same legal status as registered mail, could also adversely affect bpost's business.

Regulatory changes may also increase bpost's cost of operation, e.g. legislation promoting energy efficiency and reducing greenhouse gas emissions.

Risks relating to business operations and company environment

The use of mail has declined in recent years primarily as a result of the increased use of e-mail and the internet, and is expected to continue to decline. The rate of decline in mail volumes may also be affected by e-government initiatives or other measures introduced by the Belgian State or other public authorities or private enterprises that encourage electronic substitution in administrative mail.

Adverse economic conditions have a negative impact on mail and parcels volumes. In particular, during times of economic distress, volumes of advertising mail may be adversely affected as bpost's clients reduce their advertising budgets or shift their spending to media other than paper. Volumes of parcels may also be adversely affected due to the effect of economic distress on the level of business activity and e-commerce.

Due to the relatively fixed nature of its cost base, a decline in mail volumes may translate into a significant decline in profit unless bpost can reduce its costs. Accordingly, bpost has introduced a series of productivity enhancement initiatives to reduce its costs. There can be no assurance, however, that bpost will realize all of the benefits expected from such initiatives.

bpost bank, the Company's associate, is subject to certain risks as a result of its status as a financial institution. It may experience losses in respect of its investment portfolio,. It is also exposed to interest rate risk and volatility in interests rates may affect its business. bpost bank may also be required to increase its capital, in particular as a result of new capital requirements.

bpost's strategy involves the development of new products and services to partially compensate for the effects of declines in mail volumes, and if it is unable to introduce such products and services, it may encounter difficulties in increasing operating income.

Financial risks

Exchange rate risk

bpost's exposure to exchange rate risk is limited. It is monitored, but is not actively managed.

Interest rate risk

bpost's associate bpost bank is, like any bank, subject to the interest rate risk, which directly influences its margin. Interest rates likewise influence valuation of bpost bank's bond portfolio, which is measured as an available for sale asset. Changes in valuation are reflected as fair value through Other Comprehensive Income. Since bpost bank is an equity-accounted entity, 50% of the change in its equity directly influences the consolidated equity of bpost. The following table illustrates the impact of a relative change in interest rates of 1% (from 1% to 1.01% for instance) on bpost bank equity and, through the equity pick up, on bpost:

AS PER 31 DECEMBER	2013	
IN MILLION EUR	1%	- 1%
Equity bpost bank	(2.7)	2.7
Equity bpost	(1.4)	1.4

bpost is also directly exposed to interest rate risks. The loan granted by the European Investment Bank (EIB), with an outstanding balance of 81.8 million EUR for which the cost amortization is foreseen in 2022, carries a floating interest rate (3 months Euribor rate minus 3.7 basis points).

Financial results of bpost are also influenced by the evolution of the discount rates, used to calculate the employee benefits obligation. At December 31, 2013, an increase by 0.5% of the average discount rates, would generate a negative financial charges of 15.8 million EUR. A decrease by 0.5% of the average discount rates, would increase financial charges by 18.3 million EUR. For further detail, see note 6.25.

Credit risk

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

AS PER 31 DECEMBER IN MILLION EUR	2013	2012	2011
Credit risk classes of financial assets			
Held to maturity financial assets	0.0	0.0	0.0
Financial assets at fair value through P&L, designated as such upon initial recognition	0.0	0.0	0.0
Cash and Cash equivalents	448.2	713.2	1,142.3
Trade and other receivables	402.4	395.5	397.8
Credit risk classes of financial assets	**850.7**	**1,108.7**	**1,540.0**

Operational activities

The credit risk by definition only concerns that portion of bpost's activities that are not paid upfront in cash. bpost actively manages its exposure to credit risk by investigating the solvency of its customers. This translates into a credit rating and a credit limit. The credit rating is updated every day for all Belgian customers. For foreign customers, the credit rating is updated at each contract renewal (and ad hoc in case of change in the customer solvency status). The credit limit is followed up on a daily basis. If the solvency investigation produces a negative result, bpost requests the customers to make upfront cash payments, to provide bank guarantees and/or to grant bpost a direct debit.

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

IN MILLION EUR	2013	2012	2011
At 1 January	**6.5**	**7.5**	**8.0**
Impairments: Additions	0.7	1.1	0.8
Impairments: Utilization	(0.7)	(1.9)	(1.0)
Impairments: Reversal	(0.3)	(0.3)	(0.3)
At 31 December	**6.1**	**6.5**	**7.5**

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

AS PER 31 DECEMBER IN MILLION EUR	2013	2012	2011
Current	297.8	307.5	325.8
‹ 60 days	47.5	41.9	34.6
60 -120 days	8.2	3.8	2.3
› 120 days	2.0	1.4	1.9
Total	**355.6**	**354.7**	**364.6**

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.

The changes in the fair value of the financial liabilities (see note 6.24) are not due to changes in credit risk. This is presented in the table hereunder:

IN MILLION EUR	2013	2012	2011
Carrying amount at 1 January	**93.8**	**101.9**	**102.4**
Changes attributable to changes in credit risk		0.0	0.0
Reimbursement loan	(9.1)	(9.1)	
Other changes	2.2	1.1	(0.5)
Carrying amount at 31 December	**86.9**	**93.8**	**101.9**

bpost bank

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

Liquidity risk

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

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

	CURRENT	NON-CURRENT	
IN MILLION EUR 31 DECEMBER 2012	LESS THAN 1 YEAR	WITHIN 1 YEAR BUT NOT LATER THAN 5 YEARS	LATER THAN 5 YEARS
Finance lease obligations	0.4	0.7	0.0
Trade and other payables	760.7	83.1	-
Bank loan	9.2	36.4	45.6

As at December 31, 2013, liabilities have contractual maturities which are summarized below:

	CURRENT	NON-CURRENT	
IN MILLION EUR 31 DECEMBER 2013	LESS THAN 1 YEAR	WITHIN 1 YEAR BUT NOT LATER THAN 5 YEARS	LATER THAN 5 YEARS
Finance lease obligations	0.9	2.5	0.3
Trade and other payables	734.7	79.7	0.0
Bank loan	10.4	36.4	36.4

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

Capital management policies and procedures

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

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

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

The table below details the elements of the monitoring ratio.

AS PER 31 DECEMBER IN MILLION EUR	2013	2012	2011
Capital			
Issued capital / Authorized capital	364.0	508.5	783.8
Other reserves	111.0	225.5	50.0
Retained earnings	101.9	3.7	(57.4)
Non-controlling interests	(0.0)	(0.0)	0.9
Total	**576.9**	**737.7**	**777.3**
Net Debt / (net cash)			
Interest bearing loans and borrowings	87.1	94.2	101.9
Non-interest bearing loans and borrowings	0.4	0.5	0.5
- Cash and cash equivalents	(448.2)	(713.2)	(1,142.3)
Total	**(360.7)**	**(618.6)**	**(1,039.9)**
Net Debt to Capital ratio	**(0.6)**	**(0.8)**	**(1.3)**

6.6 Business combinations

In 2013 bpost NV-SA acquired the 20% of Mail Services Inc. that it did not yet own for a price of 9.0 million USD (6.8 million EUR), of which 5.3 million USD (4.0 million EUR) was paid to the selling shareholders and 3.7 million USD (2.8 million EUR) was paid to the personnel due to a change of control obligation. This obligation was embedded in the original acquisition agreement and the settlement of this obligation was triggered when the remaining 20% was acquired. This transaction led to a deduction of equity by 3.4 million EUR as the related financial liability was underestimated by the same amount.

6.7 Segment information

bpost's business is organized based on business units, service units and corporate units. Effective January 1, 2013, it has operated through two business units: the MRS business unit and the P&I business unit.

The Mail & Retail Solutions business unit (MRS) offers solutions to big customers, private and public, self-employed workers and small and medium businesses on one hand and serves the residential customers as well as all customers using mass market channels such as the post offices, the Post Points or the bpost's eShop to purchase their mail products on the other hand. It also sells banking and insurance products under an agency agreement with bpost bank and AG Insurance and offers to its clients a number of other payment products.

The Parcels & International (P&I) business unit specializes in worldwide mail, parcel and e-commerce logistics solutions (fulfillment, handling, delivery and return management).

bpost provides products and services based on the following product lines: (i) transactional mail, (ii) advertising mail, (iii) press, (iv) domestic parcels, (v) international parcels, (vi) special logistics, (vii) value-added services, (viii) international mail, (ix) banking and financial products and (x) other. Turnover from the transactional mail, advertising mail, press, value-added services product lines are included within the MRS business unit. Turnover from the international mail product line is included within the P&I business unit. Turnover from parcels sold through the retail network, mainly C2X parcels, is included in the MRS business unit, with the remainder of turnover from parcels included within the P&I business unit. Other turnover is allocated across the MRS and P&I business units.

bpost has service units that support the business whose costs are recharged to the business and corporate units using a cost allocation mechanism. The service units include the MSO unit, IOPS unit, the ICT and Service Operations units and the Human Resources & Organization (HR&O) unit. The MSO service unit is in charge of collecting, sorting and distributing mail and parcels in Belgium. The IOPS service unit comprises the operations of the European Mail Center, which is located at Brussels Airport and serves as a hub for international mail and parcels.

bpost's corporate units include Finance, Legal/Regulatory and Internal Audit and some costs related to the employee related liabilities and provisions. The costs of the corporate units are not recharged to other units and are reported under the category "Corporate".

The two business units are also operating segments for financial reporting purposes. Operating income at the level of each of these two segments captures external sales to third parties. The sum of the operating income of the two segments, together with the operating income of the reconciling category "Corporate", reconciles to bpost's operating income. bpost computes its profit from operating activities (EBIT) at the segment.

The operating segments are the lowest level on which performance is assessed by the Chief Operating Decision Maker (CODM) under the definition of IFRS 8.22. The CODM is the Board of Directors.

The table below presents the evolution per business unit and the comparison between the different product structures for the year ended December 31, 2013, 2012 and 2011:

AS PER 31 DECEMBER IN MILLION EUR	2013	2012	2011
MRS	2,006.3	2,052.0	2,033.2
P&I	411.4	342.6	318.3
Total operating income of segments	**2,417.7**	**2,394.6**	**2,351.6**
Corporate (Reconciliation post)	25.5	21.1	13.0
Total operating income	**2,443.2**	**2,415.7**	**2,364.6**

Revenues attributable to the MRS operating segment decreased by 45.7 million EUR in 2013, mainly driven by the decline in Domestic Mail volumes (-4.2% excluding the working days and elections impacts) combined with lower compensation for SGEI and decreased revenues in Banking and Financial products. This was partially offset by the price and mix improvement in Domestic Mail and the net positive impact of the proceeds of certain activities of Certipost.

The increase in P&I operating segments revenues in 2013, amounting to 68.8 million EUR is mainly attributable to the consolidation (as from January 1, 2013) of Landmark Global. The impact of this scope change amounted to 39.5 million EUR. Besides this, the solid growth in parcels activities more than compensated the decline in International Mail.

Inter-segment sales are immaterial. There is no internal operating income.

Excluding the remuneration received to provide the services as described in the Management Contract (see note 6.8), no single external customer exceeds 10% of bpost's total operating income (revenues).

The following table presents the revenues from external customers attributed to Belgium and to all foreign countries in total from which bpost derives its revenues. The allocation of the revenues of the external customers is based on their location.

AS PER 31 DECEMBER IN MILLION EUR	2013	2012	2011
Belgium	2,196.5	2,258.9	2,235.3
RoW	246.7	156.8	129.3
Total operating income	**2,443.2**	**2,415.7**	**2,364.6**

The following table presents EBIT information about bpost's operating segments for the year ended December 31, 2013, 2012 and 2011:

AS PER 31 DECEMBER IN MILLION EUR	2013	2012	2011
MRS excluding provision related to SGEI overcompensation	483.0	487.6	445.1
MRS including provision related to SGEI overcompensation	483.0	362.7	146.1
P&I	4.7	6.6	10.5
EBIT of segments excl provision related to the SGEI overcompensation	**487.7**	**494.2**	**455.6**
EBIT of segments incl provision related to the SGEI overcompensation	**487.7**	**369.3**	**156.6**
Corporate (Reconciliation post)	(37.0)	(46.3)	(87.4)
EBIT	**450.7**	**323.0**	**69.2**

The EBIT attributable to the MRS operating segment increased by 120.3 million in 2013. Excluding the negative impact of the provision related to SGEI overcompensation (124.9 million EUR), the EBIT of the MRS operating segment decreased by 4.6 million as the decline in revenues was almost offset by cost reductions.

The EBIT attributable to the P&I operating segment decreased by 1.9 million EUR compared to 2012, to reach 4.7 million EUR. The positive impact of the consolidation of Landmark Global combined with the positive contribution to the EBIT of the volume growth in parcels activities were compensated by the restructuring provision and the impairment on the goodwill and the fixed assets related to distribution activities of Special Logistics (total impact of 11.7 million EUR) and the increased costs for the Shop & Deliver project (1.9 million EUR). Without those last two elements, EBIT of the P&I segment would have increased by 11.7 million EUR.

Profit from operating activities attributable to the Corporate reconciliation category improved by 9.3 million EUR. In 2012 the reversal of a pending litigation provision of 22.7 million EUR recorded in the past to cover a risk of litigation relating to off-balance sheet transactions conducted prior to year 2012 had a positive impact on the EBIT of the reconciliation category. Excluding the impact of this reversal EBIT increased by 32.0 million EUR as a result of costs reduction in central units, the positive impact of the Real Estate Management program and positive evolution in provisions.

The following table presents EAT information about bpost's operating segments for the year ended December 31, 2013, 2012 and 2011:

AS PER 31 DECEMBER IN MILLION EUR	2013	2012	2011
MRS excluding provision related to SGEI overcompensation	483.0	487.6	445.1
MRS including provision related to SGEI overcompensation	483.0	405.1	154.2
P&I	4.7	6.6	10.5
EAT of segments excl provision related to the SGEI overcompensation	**487.7**	**494.2**	**455.6**
EAT of segments incl provision related to the SGEI overcompensation	**487.7**	**411.8**	**164.7**
Corporate (Reconciliation post)	(199.8)	(237.6)	(222.1)
EAT	**287.9**	**174.2**	**(57.4)**

Financial details for the year ended December 31, 2013, 2012 and 2011 on the corporate segment (reconciliation post) are as follows:

AS PER 31 DECEMBER IN MILLION EUR	2013	2012	2011
Operating Income	**25.5**	**21.1**	**13.0**
Central departments (Finance, Legal, Internal Audit, CEO, …)	(65.6)	(73.8)	(71.6)
Other reconciliation items	3.2	6.3	(28.8)
Operating expenses	**(62.5)**	**(67.5)**	**(100.4)**
EBIT Corporate (Reconciliation post)	**(37.0)**	**(46.3)**	**(87.4)**
Share of profit of associates	14.0	3.5	2.2
Financial Results	(7.9)	(53.9)	(5.3)
Income Tax expense	(168.9)	(141.0)	(131.6)
EAT Corporate (Reconciliation post)	**(199.8)**	**(237.6)**	**(222.1)**

Financial income, financial costs, share of profit of associates and income tax expenses are all included reconciling category "Corporate".

Assets and liabilities are not reported per segment to the Board.

6.8 Turnover

FOR THE YEAR ENDED 31 DECEMBER IN MILLION EUR	2013	2012	2011
Turnover excluding the SGEI remuneration	2,099.3	2,073.1	2,021.4
SGEI remuneration	303.7	322.9	320.9
Total	**2,403.0**	**2,396.0**	**2,342.3**

6.9 Other operating income

FOR THE YEAR ENDED 31 DECEMBER IN MILLION EUR	2013	2012	2011
Gain on disposal of property, plant and equipment	17.8	8.5	8.8
Gain on disposal of activities	14.6	-	-
Benefits in kind	0.3	0.9	1.2
Rental income of investment property	0.9	1.7	2.0
Other rental income	1.9	1.8	1.6
Third party costs recovery	3.0	3.4	4.7
Other	1.8	3.5	4.0
Total	**40.2**	**19.8**	**22.3**

Gains on disposal of property, plant and equipment are mainly related to the sales of buildings. The increase compared to last year is mainly explained by the disposal of one sizeable building.

In October 2012, the Company has reached an agreement with the Finnish group Basware on the sale of the activity of electronics document exchange as of January 2013. This transaction generated a cash inflow of 15.1 million EUR and a gain of 14.6 million EUR in 2013.

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

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

6.10 Other operating expense

FOR THE YEAR ENDED 31 DECEMBER IN MILLION EUR	2013	2012	2011
Provision related to the SGEI overcompensation	(1.8)	124.9	299.0
Other provisions	11.4	(51.1)	7.1
Local and real estate taxes	9.3	5.9	5.7
Impairment on trade receivables	0.7	0.5	0.6
Penalties	0.2	37.4	0.0
Other	2.7	1.3	1.1
Total	**22.5**	**118.9**	**313.5**

Other operating expenses fell by 96.4 million EUR as last year figures were impacted by the provision related to the SGEI overcompensation (124.9 million EUR), partially offset by a reversal of a pending litigation for 22.7 million EUR. Excluding these items, other operating expenses increased by 5.8 million EUR, driven by increased local taxes and other provisions.

In 2012, a provision constituted in previous years to cover the risk of a fine following the investigation by the Competition Commission relating to a pricing scheme, was used (which showed as a negative charge of 37.4 million EUR on the line 'Other provisions') and an identical charge was recognized on the line 'Penalties'. The net impacts of these movements at the level of the line 'other operating expenses' was equal to zero in 2012.

In 2013, additional provisions were recognized to cover the risks of future costs relating to contractual penalties with regards to leased vans and to the lease costs for buildings no longer in use. In addition, a charge of 2.9 million EUR was recognized to cover the restructuring costs relating to the Special Logistics distribution activity. More details on the evolution of the provisions can be found in note 6.27.

The decrease in costs related to the change in recoverable VAT was totally offset by the higher accrued charges for local and real estate taxes.

6.11 Payroll costs

FOR THE YEAR ENDED 31 DECEMBER IN MILLION EUR	2013	2012	2011
Employee remuneration	982.0	987.9	1,018.0
Social security contributions	216.5	223.4	212.1
Defined benefit and defined contribution plans	16.1	16.0	44.5
Other personnel costs	15.1	11.3	13.4
Total	**1,229.7**	**1,238.5**	**1,288.1**

As at December 31, 2013, the headcount of bpost amounted to 28,747 (2012: 29,922) and is composed as follows:

- Statutory personnel: 15,234 (2012: 16,987)
- Contractual personnel: 13,513 (2012: 12,935)

The average FTE number for 2013 is 25,683 (2012: 26,625).

6.12 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 IN MILLION EUR	2013	2012	2011
Financial income	3.6	6.8	14.4
Financial costs	(11.4)	(60.6)	(19.7)
Net financial result	**(7.8)**	**(53.9)**	**(5.4)**

Financial income

FOR THE YEAR ENDED 31 DECEMBER IN MILLION EUR	2013	2012	2011
Interest income from financial assets at fair value through P&L, designated as such upon initial recognition	0.1	0.0	0.1
Interest income from financial assets held to maturity	0.3	2.6	7.1
Interest income from liquidities put at the disposal of the State	0.0	0.0	0.1
Interest income from short term bank deposits	0.6	1.7	2.0
Interest income from current accounts	0.1	0.6	2.0
Gain from exchange differences	2.2	1.3	2.5
Other	0.3	0.6	0.6
Financial Income	**3.6**	**6.8**	**14.4**

Financial costs

FOR THE YEAR ENDED 31 DECEMBER IN MILLION EUR	2013	2012	2011
Financial costs on benefit obligations (IAS 19)	5.4	53.1	11.9
Interest on loans	0.4	1.0	1.5
Loss from exchange differences	3.7	2.7	3.3
Impairment current/financial assets	(0.0)	(0.3)	(0.2)
Other finance costs	1.9	4.2	3.2
Financial costs	**11.4**	**60.6**	**19.7**

6.13 Income tax/Deferred tax

Income taxes recognized in the Income Statement can be detailed as follows:

AS PER 31 DECEMBER IN MILLION EUR	2013	2012	2011
Tax expense included:			
Current tax expenses	(171.3)	(105.6)	(120.3)
Adjustment recognized in the current year in relation to the current tax of prior years	6.6	18.6	6.3
Deferred tax expense relating to the origination and reversal of temporary differences	(4.2)	(11.4)	(9.4)
Total tax expense	**(168.9)**	**(98.5)**	**(123.4)**

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

IN MILLION EUR	2013	2012	2011
Tax expense using statutory tax rate	**155.3**	**92.7**	**22.4**
Profit before income tax	456.8	272.7	66.0
Statutory tax rate	33.99%	33.99%	33.99%
Reconciling items between statutory and effective tax			
Tax effect of non tax deductible expenses	7.3	21.5	7.8
Notional interest deduction	(1.6)	(6.3)	(8.0)
Tax effects prior year	(5.9)	(7.7)	(1.2)
Tax effect of tax losses utilized by subsidiaries	(7.3)	(2.7)	(1.2)
Subsidiaries in loss situation	5.6	1.7	1.2
bpost bank (equity method)	(4.8)	(2.4)	(1.5)
Interco adjustments	(0.1)	1.2	(0.5)
Other:			
Tax effect of European Commission decision	0.0	0.0	93.4
Tax effect of exceptional dividend distribution on tax free reserves	17.6		
Other differences	2.8	0.5	11.0
TOTAL	**168.9**	**98.5**	**123.4**
Tax using effective rate (current period)	(168.9)	(98.5)	(123.4)
Profit before income tax	456.8	272.7	66.0
Effective tax rate	37.0%	36.1%	187.0%

In 2011, the tax effect of the European Commission decision represented the tax cost relating to the non deductible provision of 275 million EUR generating 93.4 million EUR in tax charges in 2011.

On March 25, 2013, an extraordinary shareholders' meeting of the Company approved a reduction in the legal reserve in the amount of 21.3 million EUR through the transfer to available reserves. Due to this transfer, and in accordance with the tax legislation, bpost provisioned an additional income tax to be paid of 7.3 million EUR.

On June 7, 2013, an exceptional dividend of 53.5 million EUR was approved by an extraordinary shareholders' meeting. The payment of this exceptional dividend, which occurred also on June 7, 2013, resulted, in accordance with the Belgian tax legislation, in the recognition of an additional tax expense of 10.3 million EUR as 30.3 million EUR of previously untaxed reserves were distributed.

As of December 31, 2013, bpost recognized a net deferred income tax asset of 58.3 million EUR. This net deferred income tax asset is composed as follows:

AS PER 31 DECEMBER IN MILLION EUR	2013	2012 restated*	2012	2011
Deferred tax assets				
Employee benefits	54.3	63.5	60.4	63.6
Provisions	14.7	14.3	14.3	21.5
Other	26.6	23.6	23.6	21.5
Total deferred tax asset	**95.5**	**101.5**	**98.3**	**106.6**
Deferred tax liabilities				
Property plant and equipment	32.5	31.2	31.2	30.1
Intangible assets	4.6	5.9	5.9	4.1
Other	0.1	0.2	0.2	0.1
Total deferred tax liabilities	**37.3**	**37.3**	**37.3**	**34.2**
Net deferred tax asset	**58.3**	**64.2**	**61.0**	**72.4**

*Restated for IAS 19R

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

6.14 Earnings per share

In accordance with IAS 33, the basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts have to be calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for the effects of all dilutive potential ordinary shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

In case of bpost, no effects of dilution affect the net profit attributable to ordinary equity holders and the weighted average number of ordinary shares. The changes in the weighted average number of shares for the years 2011,2012 and 2013 is due to a timing difference between the acquisition of shares by Alteris (a 100% bpost subsidiary) from the beneficiaries of the stock option plan in 2011 and 2012 and the repurchase in December 2012 of those shares by PIE (shareholder) from Alteris. As a result of this timing difference, treasury shares were recorded at Alteris. As a consequence, for both 2011 and 2012, the weighted average number of ordinary shares outstanding during the year is impacted by the Alteris-owned shares for the fraction of the year they are owned by Alteris.

In May 2013, the shareholders' meeting decided to split the shares. The total number of shares amounts to 200,000,944 shares post stock split (before stock split it amounted to 409,838 shares).

The table below reflects the income and share data used in the basic and diluted earnings per share computations, based on the number of shares after the share split:

FOR THE YEAR ENDED 31 DECEMBER IN MILLION EUR	2013	2012	2011
Net profit attributable to ordinary equity holders of the parent for basic earnings	**285.4**	**173.3**	**(57.4)**
Adjustments for the effect of dilution	-	-	-
Net profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	**285.4**	**173.3**	**(57.4)**
IN MILLION SHARES			
Weighted average number of ordinary shares for basic earnings per share (in mio shares)	**200.0**	**198.6**	**199.6**
Effect of dilution	-	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution (in mio shares)	**200.0**	**198.6**	**199.6**
IN EUR			
Earnings per share			
basic, profit for the year attributable to ordinary equity holders of the parent	1.43	0.87	(0.29)
diluted, profit for the year attributable to ordinary equity holders of the parent	1.43	0.87	(0.29)

6.15 Property, plant and equipment

IN MILLION EUR	LAND AND BUILDINGS	PLANT AND EQUIPMENT	FURNITURE AND VEHICLES	FIXTURES AND FITTINGS	OTHER PROPERTY, PLANT AND EQUIPMENT	TOTAL
Acquisition cost						
Balance at 1 January 2011	**839.4**	**255.2**	**238.1**	**61.7**	**13.9**	**1,408.2**
Acquisitions	3.9	6.9	17.3	24.6	14.0	66.8
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	(1.2)	(12.7)	(4.8)	0.0	(18.7)
Assets classified as held for sale or investment property	(4.3)	0.0	0.0	(2.4)	0.0	(6.7)
Other movements	5.5	0.0	0.0	(5.3)	0.0	0.1
Balance at 31 December 2011	**844.4**	**260.9**	**242.7**	**73.8**	**27.9**	**1,449.7**
Balance at 1 January 2012	**844.4**	**260.9**	**242.7**	**73.8**	**27.9**	**1,449.7**
Acquisitions	30.5	6.7	10.8	0.5	8.6	57.0
Acquisitions through business combinations	0.0	0.0	0.3	0.0	0.0	0.3
Disposals	0.4	(7.5)	(42.3)	(6.0)	0.1	(55.5)
Assets classified as held for sale or investment property	(2.5)	0.0	0.0	(1.2)	0.0	(3.7)
Other movements	1.3	0.0	(0.0)	(1.2)	(0.1)	(0.0)
Balance at 31 December 2012	**874.1**	**260.0**	**211.5**	**65.9**	**36.4**	**1,447.9**
Balance at 1 January 2013	**874.1**	**260.0**	**211.5**	**65.9**	**36.4**	**1,447.9**
Acquisitions	7.3	8.4	14.4	27.2	3.4	60.8
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	(4.7)	(6.3)	(4.3)	0.0	(15.3)
Assets classified as held for sale or investment property	(13.0)	0.0	0.0	(10.3)	0.0	(23.3)
Other movements	(3.6)	18.3	0.3	3.5	(19.0)	(0.4)
Balance at 31 December 2013	**864.8**	**282.0**	**219.9**	**82.0**	**20.9**	**1,469.6**
Revaluation						
Balance at 1 January 2011	-	-	-	-	7.4	7.4
Balance at 31 December 2011	**-**	**-**	**-**	**-**	**7.4**	**7.4**
Balance at 1 January 2012	-	-	-	-	7.4	7.4
Balance at 31 December 2012	**-**	**-**	**-**	**-**	**7.4**	**7.4**
Balance at 1 January 2013	0.0	0.0	0.0	0.0	7.4	7.4
Balance at 31 December 2013	**0.0**	**0.0**	**0.0**	**0.0**	**7.4**	**7.4**

IN MILLION EUR **Depreciation and impairment losses**	LAND AND BUILDINGS	PLANT AND EQUIPMENT	FURNITURE AND VEHICLES	FIXTURES AND FITTINGS	OTHER PROPERTY, PLANT AND EQUIPMENT	TOTAL
Balance at 1 January 2011	**(384.1)**	**(182.6)**	**(179.4)**	**(43.3)**	**(3.4)**	**(792.8)**
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	1.2	12.7	4.8	0.0	18.7
Depreciation	(20.4)	(14.3)	(21.6)	(16.3)	0.0	(72.7)
Impairment losses	1.2	(3.2)	(3.6)	(1.4)	0.0	(7.1)
Assets classified as held for sale or investment property	4.8	0.0	0.0	0.8	0.0	5.6
Other increase (decrease)	(5.1)	0.0	0.3	5.1	(0.3)	0.0
Balance at 31 December 2011	**(403.7)**	**(199.0)**	**(191.6)**	**(50.3)**	**(3.7)**	**(848.2)**
Balance at 1 January 2012	**(403.7)**	**(199.0)**	**(191.6)**	**(50.3)**	**(3.7)**	**(848.2)**
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	(0.4)	7.5	42.3	6.0	(0.1)	55.5
Depreciation	(36.9)	(14.2)	(19.1)	(1.1)	0.1	(71.3)
Impairment losses	(0.2)	(0.8)	(0.5)	(5.7)	0.0	(7.2)
Assets classified as held for sale or investment property	1.9	0.0	0.0	2.6	0.0	4.5
Other increase (decrease)	(1.3)	1.3	1.9	(2.0)	0.0	(0.0)
Balance at 31 December 2012	**(440.5)**	**(205.2)**	**(167.0)**	**(50.4)**	**(3.7)**	**(866.7)**
Balance at 1 January 2013	**(440.5)**	**(205.2)**	**(167.0)**	**(50.4)**	**(3.7)**	**(866.7)**
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	4.7	6.3	4.3	0.0	15.3
Depreciation	(19.1)	(15.9)	(17.4)	(20.0)	0.0	(72.3)
Impairment losses	(1.3)	0.5	(0.3)	(0.5)	0.0	(1.6)
Assets classified as held for sale or investment property	12.5	0.0	0.0	6.1	0.0	18.6
Other increase (decrease)	(5.9)	(0.0)	(0.1)	6.0	0.0	0.0
Balance at 31 December 2013	**(454.3)**	**(215.9)**	**(178.4)**	**(54.6)**	**(3.7)**	**(906.7)**
Carrying amount						
At 31 December 2011	**440.7**	**61.9**	**51.1**	**23.4**	**31.7**	**608.8**
At 31 December 2012	**433.6**	**54.9**	**44.5**	**15.4**	**40.1**	**588.5**
At 31 December 2013	**410.5**	**66.2**	**41.5**	**27.4**	**24.6**	**570.3**

Property, plant and equipment decreased from 588.5 million EUR to 570.3 million EUR.

This decrease is explained by:

- Acquisitions (60.8 million EUR) relating to production facilities for sorting and printing activities (25.8 million EUR), mail and retail network infrastructure (21 million EUR); ATM—and security infrastructure (8.2 million EUR), IT and other infrastructure (5.8 million EUR)
- Depreciation and impairment losses (73.9 million EUR). Net impact of impairment amounts to 1.6 million EUR.
- Transfer to assets held for sale (9.5 million EUR) and from investment property (4.7 million EUR)

All the amortization and impairment charges are included in the section 'Depreciation, amortization' of the Income Statement.

6.16 Investment property

IN MILLION EUR	LAND AND BUILDINGS
Acquisition cost	
Balance at 1 January 2011	**43.7**
Acquisitions	0.0
Transfer from/to other asset categories	(0.3)
Balance at 31 December 2011	**43.4**
Balance at 1 January 2012	**43.4**
Acquisitions	
Transfer from/to other asset categories	(5.7)
Balance at 31 December 2012	**37.7**
Balance at 1 January 2013	**37.7**
Acquisitions	
Transfer from/to other asset categories	(11.4)
Balance at 31 December 2013	**26.3**
Depreciation and impairment losses	
Balance at 1 January 2011	**(24.3)**
Depreciations	(0.1)
Impairment losses	-
Transfer from/to other asset categories	(0.8)
Balance at 31 December 2011	**(25.2)**
Balance at 1 January 2012	**(25.2)**
Depreciations	(0.2)
Impairment losses	
Transfer from/to other asset categories	2.8
Balance at 31 December 2012	**(22.6)**
Balance at 1 January 2013	**(22.6)**
Depreciations	(0.1)
Transfer from/to other asset categories	6.7
Balance at 31 December 2013	**(16.0)**
Carrying amount	
At 31 December 2011	**18.2**
At 31 December 2012	**15.2**
At 31 December 2013	**10.3**

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

The rental income of the investment property amounts to 0.9 million EUR (2012: 1.7 million EUR). The estimated fair value of the investment property decreased from 34.8 million EUR to 23.3 million EUR or by 11.5 million EUR driven by a reduction in the number of properties rented out.

6.17 Assets held for sale

AS PER 31 DECEMBER IN MILLION EUR	2013	2012	2011
Property, plant and equipment	0.1	0.3	0.5
	0.1	**0.3**	**0.5**

In 2013, assets held for sale decreased from 0.3 million EUR to 0.1 million EUR. The decrease by 0.2 million EUR is caused by the deeds signed in 2013 (9.7 million EUR) partly counterbalanced by new sales' agreements signed in 2013 (9.5 million EUR).

The number of buildings recognized in assets held for sale decreased from 3 at the end of 2012 to 2 at the end of 2013. The majority of these assets are retail outlets which are vacant as a consequence of the optimization of the post offices network.

Profits on disposal of 17.8 million EUR (2012: 8.5 million EUR) were accounted for in the Income Statement in the section "Other operating income". In 2013 no impairment charges were recorded for in the section "Depreciation, amortization".

6.18 Intangible assets

IN MILLION EUR	GOODWILL	DEVELOP-MENT	SOFTWARE	OTHER INTANGIBLE ASSETS	TOTAL
Acquisition cost					
Balance at 1 January 2011	**37.4**	**89.0**	**84.4**	**12.1**	**222.9**
Acquisitions	3.4	3.8	7.6	0.0	14.8
Acquisitions and additions through business combinations	0.0	0.0	(0.0)	0.1	0.1
Other movements	0.0	(0.2)	0.0	0.0	(0.1)
Balance at 31 December 2011	**40.8**	**92.7**	**92.1**	**12.2**	**237.7**
Balance at 1 January 2012	**40.8**	**92.7**	**92.1**	**12.2**	**237.7**
Acquisitions	20.8	15.2	9.4	0.5	45.9
Acquisitions and additions through business combinations	0.0	0.0	0.9	0.0	0.9
Disposals	0.0	(12.7)	(2.5)	0.0	(15.2)
Other movements	0.0	(0.1)	0.1	0.0	0.0
Balance at 31 December 2012	**61.6**	**95.0**	**100.0**	**12.6**	**269.3**
Balance at 1 January 2013	**61.6**	**95.0**	**100.0**	**12.6**	**269.3**
Acquisitions	(0.0)	5.8	12.3	0.3	18.4
Acquisitions and additions through business combinations	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	(10.6)	(4.3)	0.0	(14.9)
Other movements	0.0	0.0	3.1	0.0	3.1
Balance at 31 December 2013	**61.6**	**90.2**	**111.1**	**12.9**	**275.8**
Amortization and impairment losses					
Balance at 1 January 2011	**(13.2)**	**(75.7)**	**(57.3)**	**(7.3)**	**(153.5)**
Acquisitions and additions through business combinations	0.0	0.0	0.0	(0.1)	(0.1)
Disposals	(0.0)	0.0	0.0	0.0	(0.0)
Disposals through the sale of subsidiaries	0.0	0.0	0.0	0.0	0.0
Amortization	0.0	(5.7)	(7.6)	(1.5)	(14.7)
Impairment losses	0.0	0.7	0.0	0.0	0.7
Balance at 31 December 2011	**(13.2)**	**(80.7)**	**(64.9)**	**(8.9)**	**(167.7)**

IN MILLION EUR	GOODWILL	DEVELOP-MENT	SOFTWARE	OTHER INTANGIBLE ASSETS	TOTAL
Balance at 1 January 2012	**(13.2)**	**(80.7)**	**(64.9)**	**(8.9)**	**(167.7)**
Acquisitions and additions through business combinations	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	12.7	2.5	0.0	15.2
Amortization	0.0	(5.4)	(9.3)	(1.5)	(16.2)
Impairment losses	0.0	(4.9)	(0.2)	0.0	(5.1)
Other movements	0.0	0.1	(0.1)	0.0	0.0
Balance at 31 December 2012	**(13.2)**	**(78.2)**	**(71.9)**	**(10.4)**	**(173.7)**
Balance at 1 January 2013	**(13.2)**	**(78.2)**	**(71.9)**	**(10.4)**	**(173.7)**
Acquisitions and additions through business combinations	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	10.6	4.3	0.0	14.9
Amortization	0.0	(5.6)	(10.9)	(0.0)	(16.5)
Impairment losses	(6.9)	(3.6)	(0.2)	0.0	(10.8)
Other movements	0.0	0.0	(0.7)	0.0	(0.7)
Balance at 31 December 2013	**(20.1)**	**(76.8)**	**(79.5)**	**(10.4)**	**(186.8)**
Carrying amount					
At 31 December 2011	**27.6**	**11.9**	**27.2**	**3.2**	**70.0**
At 31 December 2012	**48.4**	**16.8**	**28.1**	**2.3**	**95.5**
At 31 December 2013	**41.5**	**13.4**	**31.6**	**2.6**	**89.0**

Intangible assets decreased from 95.5 million EUR to 89 million EUR (by 6.5 million EUR), which was caused by the following reasons:

- Investments in software and licenses (12.3 million EUR), development costs capitalized (5.8 million EUR), and other intangible assets (0.3 million EUR)
- Amortization & impairments (27.3 million EUR), of which an impairment on goodwill of 6.9 million EUR related to Special Logistics activities
- Transfers from other categories for 2.4 million EUR

All amortization and impairment charges are included in the section “Depreciation, amortization” of the Income Statement.

As a result of the impairment on the goodwill related to Special Logistics activities, the carrying amount of the goodwill arising from cash-generating units has decreased from 48.4 million EUR to 41.5 million EUR. This impairment is the consequence of the decision of the Board of Eurosprinters NV on December 24, 2013 to announce its intention to stop its distribution activities and to focus on its sprinter activities.

An impairment loss is recognized for the amount by which the carrying value of an asset or cash generating units exceeds the recoverable amount. The recoverable amount is the higher of net realizable value and value in use. The amount of the goodwill is fully owned to acquisitions of the cash-generating units which took mainly place in 2011 and 2012.

The carrying value of these cash-generating units, excluding interest bearing and tax related assets and liabilities represents, on average, a multiple of 4.7 on operating profit before exceptional items. The net realizable value of these cash-generating units, for purposes of impairment review (i.e., the ‘fair value less costs to sell’), has been assessed with reference to earnings multiples for recently acquired business combinations. On this basis, the net realizable value has been assessed to be in excess of the carrying value. For none of the remaining cash-generating units, impairment had to be recognized.

The earnings multiples referenced would need to reduce by about 22% to reduce the net realizable value below the carrying value of all cash-generating units.

Besides the goodwill, there are no other intangible assets with indefinite useful lives.

6.19 Lease

Finance Lease

The finance lease liabilities as of December 31, 2013 relate to a building in Paris (Saint-Denis), leased machinery and equipment. The building was acquired in the context of the disposal of Asterion, a former document management subsidiary in France.

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

IN MILLION EUR	USEFUL LIVES	CARRYING AMOUNT DEC 31, 2013
Land and Buildings (Saint-Denis)	25 years	2.2
Machinery and equipment	5 years	3.1
Vehicles	5 years	0.0

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

AS PER 31 DECEMBER IN MILLION EUR	2013	2012	2011
Minimum lease payments			
Within 1 year	1.0	0.4	0.6
1 to 5 years	2.6	0.7	1.1
More than 5 years	0.3	0.0	0.0
Total	**3.9**	**1.1**	**1.7**
Less			
Future finance costs	**0.2**	**0.1**	**0.1**
Present value of the minimum lease payments			
Within 1 year	0.9	0.4	0.5
1 to 5 years	2.5	0.7	1.0
More than 5 years	0.3	0.0	-
Total	**3.7**	**1.0**	**1.6**

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

Operating Lease

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

FOR THE YEAR ENDED 31 DECEMBER IN MILLION EUR	2013	2012	2011
Less than one year	58.5	56.7	58.4
Between one year and five years	117.6	138.0	128.8
More than five years	62.6	77.5	78.9
Total	**238.7**	**272.2**	**266.1**

Decrease of the total future minimum operating lease payments in 2013 compared to 2012 is mainly related to lower future lease payments related to buildings.

In 2013, rent and rental costs showed an increase of 4.8 million EUR, or 7.3% from 65.3 million EUR to 70.0 million EUR. This is mainly due to the continuing shift from owned towards leased vehicles and rent contracts.

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

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

FOR THE YEAR ENDED 31 DECEMBER IN MILLION EUR	2013	2012	2011
Less than one year	0.9	3.4	3.7
Between one year and five years	3.3	10.8	15.0
More than five years	3.1	9.3	19.1
Total	**7.3**	**23.5**	**37.8**

Decrease of future minimum operating lease income in 2013 compared to 2012 is mainly related to lower future lease income related to buildings.

The income that is related to operational lease agreements is recognized in the section "Other operating income" for an amount of 2.8 million EUR (2012: 3.5 million EUR).

6.20 Investment in associates

IN MILLION EUR	2013	2012	2011
Balance at 1 January	351.6	84.3	131.2
Share of profit	14.0	3.5	2.2
Dividend received	(5.0)	-	-
Capital increase	50.0	-	-
Other movements in equity of associates	(69.3)	263.8	(49.4)
Balance at 31 December	**341.3**	**351.6**	**84.3**

Share of profit/loss

In 2013, bpost's share in the profit of bpost bank amounted to 14.0 million EUR. Last year, the share of profit in bpost bank's profit amounted to 3.5 million EUR.

Dividends received

In 2013, bpost received a dividend of 5.0 million EUR from bpost bank. In 2011 and 2012, no dividend originating from associate companies was attributed to bpost.

Participation in capital increase

On March 20, 2013, bpost bank completed an equity increase in the amount of 100 million EUR in order for bpost bank's equity to satisfy future regulatory and prudential requirements (including Basel III capital requirements). bpost and BNPP Fortis contributed to this capital increase for 37.5 million EUR each. In the framework of the renewal of the contractual agreement between bpost and BNPP Fortis, the latter paid an additional amount of 25 million EUR as issue premium. As proportional ownership of bpost remained unchanged, the fair value of the investment in bpost bank increased by 12.5 million EUR.

Other movements

The amount represents the reduction in unrealized gains on bpost bank's bond portfolio (69.3 million EUR).

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

IN MILLION EUR 2012	OWNERSHIP	TOTAL ASSETS	TOTAL LIABILITIES (excl. equity)	REVENUES	PROFIT/ (LOSS)
bpost bank	50%	9,535.5	8,832.3	355.9	7.1

IN MILLION EUR 2013	OWNERSHIP	TOTAL ASSETS	TOTAL LIABILITIES (excl. equity)	REVENUES	PROFIT/ (LOSS)
bpost bank	50%	9,047.2	8,364.6	327.3	27.9

6.21 Trade and other receivables

AS PER 31 DECEMBER IN MILLION EUR	2013	2012	2011
Trade receivables	0.0	0.0	0.1
Other receivables	2.2	0.9	0.7
Non Current trade and other receivables	**2.2**	**0.9**	**0.8**

AS PER 31 DECEMBER IN MILLION EUR	2013	2012	2011
Trade receivables	355.6	354.7	364.6
Tax receivables, other than income tax	2.1	0.8	0.5
Other receivables	42.6	39.2	31.9
Current trade and other receivables	**400.2**	**394.6**	**397.0**

AS PER 31 DECEMBER IN MILLION EUR	2013	2012	2011
Accrued income	18.2	24.7	16.3
Deferred charges	13.5	10.9	13.4
Other receivables	10.9	3.6	2.2
Current - Other receivables	**42.6**	**39.2**	**31.9**

The non-current receivables are considered as 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 not significant.

Current trade receivables amount include third-party trade debtors (187.6 million EUR), receivables from the State (82.4 million EUR), invoices to be issued (4.0 million EUR) credit notes to be received, suppliers with debit balance, mainly terminal dues related (60.7 million EUR) and prepayments (18.0 million EUR).

Tax receivables relate to the outstanding VAT amounts to be received.

Within current receivables, “Other receivables” consist almost entirely of accrued income and deferred charges (31.7 million EUR). The main items herein are the commission to be received from bpost bank (14.8 million EUR), prepaid rent and other accruals.

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

6.22 Inventories

AS PER 31 DECEMBER IN MILLION EUR	2013	2012	2011
Raw materials	2.4	1.4	1.8
Finished products	2.1	1.9	2.8
Goods purchased for resale	5.9	4.6	4.9
Reductions in value	(1.1)	(0.9)	(1.3)
Inventories	**9.2**	**7.0**	**8.2**

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

In 2013, an amount of -1.2 million EUR (2012: 1.9 million EUR) is recognized in the section 'Material cost'. This figure represents the stock variation of the different product types.

6.23 Cash and cash equivalents

AS PER 31 DECEMBER IN MILLION EUR	2013	2012	2011
Cash in Postal network	148.3	128.9	138.7
Transit accounts	54.4	18.1	10.3
Cash payment transactions under execution	(46.8)	(130.8)	(122.5)
Bank current accounts	265.8	675.0	297.7
Short term deposits	26.6	22.0	818.1
Cash and cash equivalents	**448.2**	**713.2**	**1,142.3**

Bank current accounts earn interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months, depending immediate cash requirements, and earn interest at the respective short-term deposit rates.

6.24 Financial liabilities

AS PER 31 DECEMBER IN MILLION EUR	2013	2012	2011
Financial liabilities at amortized cost			
Bank loans	72.8	82.0	91.2
Finance lease liabilities	2.8	0.7	1.0
Non current liabilities	**75.6**	**82.7**	**92.2**

AS PER 31 DECEMBER IN MILLION EUR	2013	2012	2011
Financial liabilities at amortized cost			
Bank loans	10.4	9.2	9.2
Other loans		1.6	
Finance lease liabilities	0.9	0.4	0.5
Current liabilities	**11.3**	**11.2**	**9.7**

The financial liabilities consist mainly of a loan, with an outstanding balance of 81.8 million EUR, concluded in 2007 with the European Investment Bank. The tranche of the loan repayable in 2014 and amounting to 9.1 million EUR was transferred to the current financial liabilities. The last repayment will take place in 2022.

6.25 Employee benefits

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

The employee benefits are as follow:

AS PER 31 DECEMBER IN MILLION EUR	2013	2012 restated*	2012	2011
Post-employment benefits	(78.2)	(82.7)	(68.7)	(68.1)
Long -term employee benefits	(116.1)	(124.8)	(124.8)	(157.9)
Termination benefits	(15.4)	(28.8)	(28.8)	(38.8)
Other long-term benefits	(135.4)	(141.8)	(141.8)	(115.0)
Total	**(345.1)**	**(378.1)**	**(364.1)**	**(379.8)**

*Restated for IAS 19R

Net of the deferred tax asset related to them, employee benefits amount to 290.8 million EUR (2012 after restatement due to IAS 19R: 314.6 million EUR).

AS PER 31 DECEMBER IN MILLION EUR	2013	2012 restated*	2012	2011
Employee benefits	(345.1)	(378.1)	(364.1)	(379.8)
Deferred tax assets impact	54.3	63.5	60.4	63.6
Employee benefits net of deferred tax	**(290.8)**	**(314.6)**	**(303.7)**	**(316.2)**

*Restated for IAS 19R

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

AS PER 31 DECEMBER IN MILLION EUR	2013	2012 restated*	2012	2011
Present value of total obligations	(384.8)	(378.1)	(378.1)	(387.0)
Fair value of plan assets	39.8	-	-	-
Present value of net obligations for unfunded plan	**(345.1)**	**(378.1)**	**(378.1)**	**(387.0)**
Present value of net obligations	**(345.1)**	**(378.1)**	**(378.1)**	**(387.0)**
Unrecognized actuarial (gains)/losses			14.0	7.2
Net liability	**(345.1)**	**(378.1)**	**(364.1)**	**(379.8)**
Employee benefits amounts in the statement of financial position				
Liabilities	(345.1)	(378.1)	(364.1)	(379.8)
Net liability	**(345.1)**	**(378.1)**	**(364.1)**	**(379.8)**

*Restated for IAS 19R

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

IN MILLION EUR	2013	2012 restated*	2012	2011
Present value at 1 January	**(378.1)**	**(387.0)**	**(387.0)**	**(406.4)**
Service cost	(62.2)	(21.6)	(21.6)	(20.5)
-Current service cost	*(62.2)*	*(30.8)*	*(30.8)*	*(13.2)*
-Termination expenses	-	*(14.0)*	*(14.0)*	*(7.3)*
-Past service (cost)/gain	-	*2.1*	*2.1*	*0.0*
-Effect of part settlement	-	*21.1*	*21.1*	*0.0*
Net interest	(8.5)	(14.6)	(14.6)	(15.4)
Benefits paid	45.2	84.8	84.8	55.5
Re-measurement gains and (losses)	9.4	(39.7)	(39.7)	(0.2)
-Actuarial gains and (losses) recognized in Income Statement	*9.4*	*(32.9)*	*(32.9)*	*(20.6)*
-Actuarial gains and (losses) unrecognized	-	*(6.8)*	*(6.8)*	*20.4*
Re-measurement gains and (losses) in Other Comprehensive Income	9.4	-	-	-
-Actuarial gains and (losses)	*9.4*	-	-	-
Defined benefit obligation at 31 December	**(384.8)**	**(378.1)**	**(378.1)**	**(387.0)**

*Restated for IAS 19R

The fair value of the plan assets can be reconciled as follows:

IN MILLION EUR	2013	2012 restated*	2012	2011
Fair value of plan assets at 1 January	**-**	**-**	**-**	**-**
Contributions by employer	29.4	-	-	-
Contributions by employee	10.4			
Benefits paid	-	-	-	-
Fair value of plan assets at 31 December	**39.8**	**-**	**-**	**-**

*Restated for IAS 19R

The plan asset relates to the group insurance's benefit in accordance with IAS 19. This plan asset is held by third party insurance company, and is composed by the reserves accumulated from the employer and employee contributions.

The expense recognized in the Income Statement is presented hereafter:

FOR THE YEAR ENDED 31 DECEMBER IN MILLION EUR	2013	2012 restated*	2012	2011
Service cost	(22.4)	(21.6)	(21.6)	(20.5)
-Current service cost	*(22.4)*	*(30.8)*	*(30.8)*	*(13.2)*
-Termination expenses	-	*(14.0)*	*(14.0)*	*(7.3)*
-Past service (cost)/gain	-	*2.1*	*2.1*	*0.0*
-Effect of part settlement	-	*21.1*	*21.1*	*0.0*
Net interest	*(8.5)*	*(14.6)*	*(14.6)*	*(15.4)*
Re-measurements gains and (losses)	9.4	(32.9)	(32.9)	(20.6)
- Actuarial gains and (losses) reported as financial	*3.1*	*(38.5)*	*(38.5)*	*3.4*
- Actuarial gains and (losses) reported as operating	*6.3*	*5.6*	*5.6*	*(24.0)*
Net expense	**(21.5)**	**(69.1)**	**(69.1)**	**(56.5)**

*Restated for IAS 19R

In 2013, the service cost includes, for an amount of 8.2 million EUR, the service cost related to the group insurance benefit valued in accordance with IAS 19. In 2012, the service cost included the costs relating to the part-time plan (14.0 million EUR).

Actuarial gains and losses, caused by changes in discount rates, are recorded as financial costs. In all other cases, actuarial gains and losses are recorded as operating expenses.

The Collective Labor Agreements negotiated in March 2012 have triggered the elimination of a number of sick-days for some specific civil servants in exchange for the payment of a compensation. As a result, the defined benefit obligation decreased and generated an operating gain of this part settlement of 21.1 million EUR in 2012. This income was considered as non-recurring.

Interest costs and financial actuarial gains or losses have been recorded as financial costs. All other expenses summarized above were included in the Income Statement caption "Payroll costs".

Until 2012, bpost recognized all actuarial gains and losses of post-employment benefits in accordance with the corridor approach through profit and loss. As from financial year 2010, bpost adopted a systematic method for faster recognition of actuarial gains and losses for post-employments benefits by an amortization over two years (or average remaining service period for the active population, if shorter than two years). The expense amounted to 6.1 million EUR in 2012 and to 19 million EUR in 2011. All net actuarial gains or losses amortized in the yearly expense were recognized as operating costs.

The impact on payroll costs and financial costs in the Income Statement is presented hereafter:

FOR THE YEAR ENDED 31 DECEMBER IN MILLION EUR	2013	2012 restated*	2012	2011
Payroll costs	(16.1)	(16.0)	(16.0)	(44.5)
Financial cost	(5.4)	(53.1)	(53.1)	(12.0)
Net expense	**(21.5)**	**(69.1)**	**(69.1)**	**(56.5)**

*Restated for IAS 19R

The expense recognized in the "Other Comprehensive Income" caption is presented hereafter:

FOR THE YEAR ENDED 31 DECEMBER IN MILLION EUR	2013	2012 restated*	2012	2011
Re-measurement gains/(losses)	**9.4**	**(14.0)**	**-**	**-**
- Actuarial gains and (losses)	9.4	(14.0)	-	-
Net expense	**9.4**	**(14.0)**	**-**	**-**

*Restated for IAS 19R

IAS 19R has been applied as from January 1, 2013. As a result, bpost recognizes all actuarial gains and losses related to the post-employment benefits directly in "Other Comprehensive Income" when they occur.

Until 2012, bpost has opted, in case of post-employment benefits, not to recognize actuarial gains and losses that remain within the corridor of 10% of the higher of either the amount of the IAS 19 obligation or the fair value of the plan assets. The unrecognized actuarial losses cumulated at December 31, 2012 related to the post-employment benefits amounted to 14 million EUR and restated in "Other Comprehensive Income".

The impact of the transition to IAS 19R is presented as follows:

Impact on consolidated statement of financial position IN MILLION EUR	2013	2012 restated*	2012	2011
Increase in the defined benefit plan obligation (non-current)	9.4	(14.0)	-	-
Increase in deferred tax assets (non-current)	(1.9)	3.1	-	-
Net impact on equity	**7.5**	**(10.9)**	**-**	**-**
Equity holders of the parent	7.5	(10.9)	-	-
Non-controlling interest	-	-	-	-

*Restated for IAS 19R

Impact on consolidated income statement IN MILLION EUR	2013	2012 restated*	2012	2011
Increase in actuarial movements in OCI	(9.4)	14.0	-	-
Increase in tax effect on actuarial movements in OCI	1.9	(3.1)	-	-
Net increase in OCI, net of tax	**(7.5)**	**10.9**	**-**	**-**
Net increase in total comprehensive income	**(7.5)**	**10.9**	**-**	**-**
Attributable to equity holders of parent	(7.5)	10.9	-	-
Non-controlling interest	-	-	-	-

*Restated for IAS 19R

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

	2013	2012	2011
Rate of inflation	2.0%	2.0%	2.0%
Future salary increase	3.0%	3.0%	3.0%
Medical cost trend rate	5.0%	5.0%	5.0%
Mortality tables	MR/FR	MR/FR	MR/FR

The discount rates have been determined by reference to market yields at the statement of financial position date. The discount rates used in 2013 range from 1.0% to 3.5% (2012: 1.0% to 3.2%):

BENEFIT		**Discount rate**	
	DURATION	2013	2012
Family allowances	7.3	2.75%	2.50%
Transportation	10.7	3.10%	3.00%
Bank	14.2	3.35%	3.25%
Funeral expense	7.3	2.75%	2.65%
Gratification	9.3	2.85%	2.50%
Group insurance	10.8	3.25%	-
Accumulated compensated absences	1.9	1.00%	1.00%
Workers compensation in case of accidents	12.0	3.20%	3.10%
Medical expenses in case of accidents	16.5	3.50%	3.10%
Pension saving days	8.0	2.75%	2.65%
Jubilee Premiums	6.2	2.65%	2.50%

The average duration of the defined benefit plan obligation at the end of 2013 is 6.9 years (2012: 6.6 years).

A quantitative sensitivity analysis for significant assumptions at December 31, 2013 is outlined here below:

ASSUMPTIONS	Discount rate		Mortality table MR/FR	Medical trend rate
SENSITIVITY LEVEL	0.5% increase	0.5% decrease	Decrease by 1 year	1% increase
IN MILLION EUR				
Impact on defined benefit obligation (increase)/decrease	15.8	(18.3)	(4.9)	(2.6)

This sensitivity analysis has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

In November 2011, the Belgian Government has adopted new measures concerning the adaptation of the legal retirement age and the new conditions of part-time career interruption. The intention of bpost is to do everything possible to minimize their potential impact. At this moment, it is not possible to estimate the potential financial impact of the new law and its application on the Defined Obligation Benefits of bpost.

Post-employment benefits

Post-employment benefits include family allowances, transport costs, bank costs, funerary costs, retirement gifts and group insurance.

Family allowances

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

Transportation

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

In 2012, an amount of 2.2 million EUR was recognized in the Income Statement due to a change in the population eligible to this benefit.

Bank

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

Group Insurance

bpost offers to its active contractual employees a group insurance benefit. Since the introduction of the WAP/LPC legislation in Belgium these plans have the characteristics of a defined benefit plan under IAS 19. However, until 2013, the legal minimum return for employer contributions was matched by the guaranteed interest from the insurer.

According to the legislation, the employer, has to guarantee a certain return on the plan assets. bpost should provide the legal minimum return of 3.25% on employer contributions (after costs on premiums) and 3.75% on employee contributions. The legal minimum return on employer contributions is a “career average” return and not a year by year return where the legal minimum on the employee contributions should be granted on a year by year basis.

Due to the change since 2013 in the tariff structure guaranteed by the insurance company, there is potentially a gap between the legal minimum return and the return guaranteed by the insurance company.

Until now, IAS 19 was never clear on how to value such plans and IAS 19 rev. 2011 did not bring any clarification. However, in its meeting on September 10, 2013, IFRIC progressed on “the measurement alternative(s) to be considered in developing a proposal on accounting for contribution-based plans with a guaranteed return”. Measurement approaches under consideration are consistent with the so-called D9 approach. As a result, this plan was included in the IAS 19 calculation as at December 31, 2013.

bpost’s net liability for employee post-employment benefits comprises the following:

AS PER 31 DECEMBER IN MILLION EUR	2013	2012 restated	2012	2011
Present value of total obligations	(118.0)	(82.7)	(82.7)	(75.3)
Fair value of plan assets	39.8	-	-	-
Present value of net obligations for unfunded plan	**(78.2)**	**(82.7)**	**(82.7)**	**(75.3)**
Present value of net obligations	**(78.2)**	**(82.7)**	**(82.7)**	**(75.3)**
Unrecognized actuarial (gains)/losses	-	-	14.0	7.2
Net liability	**(78.2)**	**(82.7)**	**(68.7)**	**(68.1)**
Employee benefits amounts in the statement of financial position				
Liabilities	(78.2)	(82.7)	(68.7)	(68.1)
Net liability	**(78.2)**	**(82.7)**	**(68.7)**	**(68.1)**

*Restated for IAS 19R

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

IN MILLION EUR	2013	2012 restated*	2012	2011
Present value at 1 January	**(82.7)**	**(75.3)**	**(75.3)**	**(80.1)**
Service cost	(48.9)	1.3	1.3	(1.1)
-Current service cost	*(48.9)*	*(0.9)*	*(0.9)*	*(1.1)*
-Past service (cost)/gain	*-*	*2.2*	*2.2*	*(0.0)*
Net interest	(2.2)	(3.3)	(3.3)	(3.5)
Benefits paid	6.4	7.6	7.6	7.9
Re-measurement gains and (losses)	-	(12.9)	(12.9)	1.5
-Actuarial gains and (losses) recognized in Income Statement	*-*	*(6.1)*	*(6.1)*	*(19.0)*
-Actuarial gains and (losses) unrecognized	*-*	*(6.8)*	*(6.8)*	*20.5*
Re-measurement gains and (losses)in Other Comprehensive Income	9.4	-	-	-
-Actuarial gains and (losses)	*9.4*	*-*	*-*	*-*
Defined benefit obligation at 31 December	**(118.0)**	**(82.7)**	**(82.7)**	**(75.3)**

*Restated for IAS 19R

The fair value of the plan assets related to the group insurance 's benefit and held by the insurance company is presented as follows:

IN MILLION EUR	2013	2012 restated*	2012	2011
Fair value of plan assets at 1 January	-	-	-	-
Contributions by employer	29.4	-	-	-
Contributions by employee	10.4			
Benefits paid	-	-	-	-
Fair value of plan assets at 31 December	**39.8**	**-**	**-**	**-**

*Restated for IAS 19R

The expense recognized in the Income Statement is presented hereafter:

FOR THE YEAR ENDED 31 DECEMBER IN MILLION EUR	2013	2012 restated*	2012	2011
Service cost	(9.1)	1.3	1.3	(1.1)
-Current service cost	*(9.1)*	*(0.9)*	*(0.9)*	*(1.1)*
-Past service (cost)/gain	*-*	*2.2*	*2.2*	*(0.0)*
Net interest	(2.2)	(3.3)	(3.3)	(3.5)
Re-measurements gains and (losses)	-	(6.1)	(6.1)	(19.0)
- Actuarial gains and (losses) reported as financial	*-*	*0.0*	*0.0*	*0.0*
- Actuarial gains and (losses) reported as operating	*-*	*(6.1)*	*(6.1)*	*(19.0)*
Net expense	**(11.3)**	**(8.1)**	**(8.1)**	**(23.6)**

*Restated for IAS 19R

The impact on payroll costs and financial costs is presented hereafter:

FOR THE YEAR ENDED 31 DECEMBER IN MILLION EUR	2013	2012 restated*	2012	2011
Payroll costs	(9.1)	(4.8)	(4.8)	(20.1)
Financial cost	(2.2)	(3.3)	(3.3)	(3.5)
Net expense	**(11.3)**	**(8.1)**	**(8.1)**	**(23.6)**

*Restated for IAS 19R

The expense recognized in Other Comprehensive Income is presented hereafter:

FOR THE YEAR ENDED 31 DECEMBER IN MILLION EUR	2013	2012 restated*	2012	2011
Re-measurement gains/(losses)	9.4	(14.0)	-	-
- Actuarial gains and (losses)	9.4	(14.0)	-	-
Net expense	**9.4**	**(14.0)**	**-**	**-**

*Restated for IAS 19R

Long-term employee benefits

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

Accumulated Compensated Absences

Civil servants are entitled to 21 sick-days per year. During these 21 days and if they have received the appropriate note from a doctor, they receive 100% of their salary. If any given year, a civil servant is absent less than 21 days, the balance of the un-used sickness days is carried over to the following years up to a maximum of 63 days as from April 2012 instead of 300 days previously. Employees who are ill for more than 21 days during a year will first use up the year's allotment and then use the days carried over from previous years as per their individual account. During this period, they will receive their full salary. Once the allotment of the year and the days carried over are used up, they receive reduced payments.

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

There have been no modifications to the calculation methodology comparatively to 2012. The valuation is based on the future "projected payments / cash outflows". The cash outflows are calculated for the totality of the population considered, based on a certain consumption pattern, derived from the statistics over the 12 months of 2013. The individual notional accounts are projected for the future and decreased by the actual number of days of illness.

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

The Collective Labor Agreements negotiated in March 2012 has triggered in 2012 the elimination of a number of sick-days for some specific civil servants in exchange for the payment of a compensation.

Pension saving days

Civil servants have the possibility to convert the unused sick days above the 63 days in their 'notional' account (see above "Accumulated Compensated Absences " benefit) in pension saving days (7 sick days per 1 pension saving day) and to convert each year a maximum of 3 days of extra-legal holidays. Contractual employees with a permanent contract are entitled to a maximum of 2 pension saving days per year and have the possibility to convert each year a maximum of 3 days of extra-legal holidays. The pension saving days are accumulated year over year and can be used as from the age of 50.

The methodology of valuation is based on the same approach as the benefit "Accumulated Compensated Absences". The valuation is based on the future "projected payments / cash outflows". These are calculated for the totality of the population considered, based on a certain "consumption" pattern, derived from the statistics over the 12 months of 2013, as provided by the human resource department. The individual "pension saving days" accounts are projected per person and decreased by the actual number of used pension saving days.

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

Part-time regime (50+)

Under the Collective Labor Agreements covering respectively the years, 2009-2010 and 2011, statutory employees, aged between 50 and 59 , are entitled to enter into a system of partial (50%) career interruption. bpost makes contributions equal to 7.5% of the gross annual salary for a period of a maximum of 48 months.

The Framework Agreement of December 20, 2012 approved a new plan of specific partial (50%) career interruption accessible to the distributors aged as from 54 years old and to the other employees aged as from 55 years old. bpost makes contributions equal to 7.5% of the gross annual salary for a period of a maximum of 72 months for the distributor agents and 48 months for the other beneficiaries of the plan. The Joint Committee of December 19, 2013 has agreed to extend the measure to the non distributor agents until the next Collective Labor Agreement.

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

AS PER 31 DECEMBER IN MILLION EUR	2013	2012 restated*	2012	2011
Present value of total obligations	(116.1)	(124.8)	(124.8)	(158.0)
Fair value of plan assets	-	-	-	-
Present value of net obligations for unfunded plan	**(116.1)**	**(124.8)**	**(124.8)**	**(158.0)**
Present value of net obligations	**(116.1)**	**(124.8)**	**(124.8)**	**(158.0)**
Net liability	**(116.1)**	**(124.8)**	**(124.8)**	**(158.0)**
Employee benefits amounts in the statement of financial position				
Liabilities	(116.1)	(124.8)	(124.8)	(158.0)
Net liability	**(116.1)**	**(124.8)**	**(124.8)**	**(158.0)**

*Restated for IAS 19R

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

IN MILLION EUR	2013	2012 restated*	2012	2011
Present value at 1 January	**(124.8)**	**(158.0)**	**(158.0)**	**(166.9)**
Service cost	(13.2)	(6.9)	(6.9)	(11.1)
-Current service cost	*(13.2)*	*(28.0)*	*(28.0)*	*(11.1)*
-Past service (cost)/gain	-	*0.0*	*0.0*	*0.0*
-Effect of part settlement	-	*21.1*	*21.1*	*0.0*
Net interest	(2.2)	(5.1)	(5.1)	(5.6)
Benefits paid	19.4	49.3	49.3	25.3
Re-measurement gains and (losses)	4.7	(4.1)	(4.1)	0.4
-Actuarial gains and (losses) recognized in Income Statement	*4.7*	*(4.1)*	*(4.1)*	*0.4*
Defined benefit obligation at 31 December	**(116.1)**	**(124.8)**	**(124.8)**	**(158.0)**

*Restated for IAS 19R

The expense recognized in the Income Statement is presented hereafter:

FOR THE YEAR ENDED 31 DECEMBER IN MILLION EUR	2013	2012 restated*	2012	2011
Service cost	(13.2)	(6.9)	(6.9)	(11.1)
-Current service cost	*(13.2)*	*(28.0)*	*(28.0)*	*(11.1)*
-Past service (cost)/gain	-	*0.0*	*0.0*	*0.0*
-Effect of change in plan ACA (cost)/gain	-	*21.1*	*21.1*	*0.0*
Net interest	(2.2)	(5.1)	(5.1)	(5.6)
Re-measurements gains and (losses)	4.7	(4.1)	(4.1)	0.4
- Actuarial gains and (losses) reported as financial	*0.7*	*(9.6)*	*(9.6)*	*1.2*
- Actuarial gains and (losses) reported as operating	*4.0*	*5.5*	*5.5*	*(0.8)*
Net expense	**(10.7)**	**(16.1)**	**(16.1)**	**(16.3)**

*Restated for IAS 19R

The impact on payroll costs and financial costs is presented hereafter:

FOR THE YEAR ENDED 31 DECEMBER IN MILLION EUR	2013	2012 restated*	2012	2011
Payroll costs	(9.2)	(1.4)	(1.4)	(11.9)
Financial cost	(1.5)	(14.7)	(14.7)	(4.4)
Net expense	**(10.7)**	**(16.1)**	**(16.1)**	**(16.3)**

*Restated for IAS 19R

Termination benefits

Early Retirement scheme

At the end of 2013, the following previous early-retirement plans are included in this benefit:

- the plan covered by the Collective Labor Agreement for 2011 accessible to the civil servants meeting certain age and service organization conditions as at 31/12/2012 at the latest and
- a new plan accessible only in 2011 to the civil servants of one specific department subject to age and seniority conditions as described in the Joint Committee Convention of October 6, 2011.

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

The Framework Agreement of July 1, 2012 approved a new early-retirement plan accessible to the civil servants meeting certain age, seniority and service organization conditions as at December 31, 2013 at the latest. bpost continues to pay to the beneficiaries a portion (between 60% and 75% depending on the duration of the early-retirement) of their salary at departure and until they reach retirement age. Furthermore, the early-retirement period is treated as a service period. The Joint Committee of December 19, 2013 has approved to extend this measure until the next Collective Labor Agreement.

The employee benefit related to the early retirement schemes arises because of the fact that the employment is terminated before the normal retirement and the fact that it is the employee's decision to accept the offer made by bpost in exchange.

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

AS PER 31 DECEMBER IN MILLION EUR	2013	2012 restated*	2012	2011
Present value of total obligations	(15.4)	(28.8)	(28.8)	(38.8)
Fair value of plan assets	-	-	-	-
Present value of net obligations for unfunded plan	**(15.4)**	**(28.8)**	**(28.8)**	**(38.8)**
Present value of net obligations	**(15.4)**	**(28.8)**	**(28.8)**	**(38.8)**
Net liability	**(15.4)**	**(28.8)**	**(28.8)**	**(38.8)**
Employee benefits amounts in the statement of financial position				
Liabilities	(15.4)	(28.8)	(28.8)	(38.8)
Net liability	**(15.4)**	**(28.8)**	**(28.8)**	**(38.8)**

*Restated for IAS 19R

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

IN MILLION EUR	2013	2012 restated*	2012	2011
Present value at 1 January	**(28.8)**	**(38.8)**	**(38.8)**	**(42.3)**
Service cost	-	(14.0)	(14.0)	(7.3)
-Termination expenses	-	*(14.0)*	*(14.0)*	*(7.3)*
-Past service (cost)/gain	-	*0.0*	*0.0*	*0.0*
Net interest	(0.2)	(0.6)	(0.6)	(0.8)
Benefits paid	11.9	20.4	20.4	14.6
Re-measurement gains and (losses)	1.7	4.2	4.2	(3.0)
-Actuarial gains and (losses) recognized in Income Statement	*1.7*	*4.2*	*4.2*	*(3.0)*
Defined benefit obligation at 31 December	**(15.4)**	**(28.8)**	**(28.8)**	**(38.8)**

*Restated for IAS 19R

The expense recognized in the Income Statement is presented hereafter:

FOR THE YEAR ENDED 31 DECEMBER IN MILLION EUR	2013	2012 restated*	2012	2011
Service cost	-	(14.0)	(14.0)	(7.3)
-Termination expenses	*-*	*(14.0)*	*(14.0)*	*(7.3)*
-Past service (cost)/gain	*-*	*0.0*	*0.0*	*0.0*
Net interest	(0.2)	(0.6)	(0.6)	(0.8)
Re-measurements gains and (losses)	1.7	4.2	4.2	(3.0)
- Actuarial gains and (losses) reported as financial	*(0.0)*	*(0.1)*	*(0.1)*	*(0.1)*
- Actuarial gains and (losses) reported as operating	*1.7*	*4.4*	*4.4*	*(3.0)*
Net expense	**1.5**	**(10.4)**	**(10.4)**	**(11.1)**

*Restated for IAS 19R

The impact on payroll costs and financial costs is presented hereafter:

FOR THE YEAR ENDED 31 DECEMBER IN MILLION EUR	2013	2012 restated*	2012	2011
Payroll costs	1.7	(9.6)	(9.6)	(10.3)
Financial cost	(0.2)	(0.7)	(0.7)	(0.9)
Net expense	**1.5**	**(10.4)**	**(10.4)**	**(11.1)**

*Restated for IAS 19R

Other long-term benefits

Workers Compensation Accident Plan

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

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

bpost's net liability for other long-term employee benefits comprises the following:

AS PER 31 DECEMBER IN MILLION EUR	2013	2012 restated*	2012	2011
Present value of total obligations	(135.4)	(141.8)	(141.8)	(115.0)
Fair value of plan assets	-	-	-	-
Present value of net obligations for unfunded plan	**(135.4)**	**(141.8)**	**(141.8)**	**(115.0)**
Present value of net obligations	**(135.4)**	**(141.8)**	**(141.8)**	**(115.0)**
Net liability	**(135.4)**	**(141.8)**	**(141.8)**	**(115.0)**
Employee benefits amounts in the statement of financial position				
Liabilities	(135.4)	(141.8)	(141.8)	(115.0)
Net liability	**(135.4)**	**(141.8)**	**(141.8)**	**(115.0)**

*Restated for IAS 19R

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

IN MILLION EUR	2013	2012 restated*	2012	2011
Present value at 1 January	(141.8)	(115.0)	(115.0)	(117.2)
Service cost	(0.1)	(1.9)	(1.9)	(0.9)
- Current service cost	*(0.1)*	*(1.9)*	*(1.9)*	*(0.9)*
- Past service (cost)/gain	-	*0.0*	*0.0*	*0.0*
Net interest	(3.9)	(5.6)	(5.6)	(5.5)
Benefits paid	7.5	7.6	7.6	7.6
Re-measurement gains and (losses)	3.0	(27.0)	(27.0)	1.0
- Actuarial gains and (losses) recognized in Income Statement	*3.0*	*(27.0)*	*(27.0)*	*1.0*
Defined benefit obligation at 31 December	**(135.4)**	**(141.8)**	**(141.8)**	**(115.0)**

*Restated for IAS 19R

The expense recognized in the Income Statement is presented hereafter:

FOR THE YEAR ENDED 31 DECEMBER IN MILLION EUR	2013	2012 restated*	2012	2011
Service cost	(0.1)	(1.9)	(1.9)	(0.9)
- Current service cost	*(0.1)*	*(1.9)*	*(1.9)*	*(0.9)*
- Past service (cost)/gain	-	*0.0*	*0.0*	*0.0*
Net interest	(3.9)	(5.6)	(5.6)	(5.5)
Re-measurements gains and (losses)	3.0	(27.0)	(27.0)	1.0
- Actuarial gains and (losses) reported as financial	*2.4*	*(28.7)*	*(28.7)*	*2.3*
- Actuarial gains and (losses) reported as operating	*0.6*	*1.7*	*1.7*	*(1.4)*
Net expense	**(1.0)**	**(34.5)**	**(34.5)**	**(5.5)**

*Restated for IAS 19R

The impact on payroll costs and financial costs is presented hereafter:

FOR THE YEAR ENDED 31 DECEMBER IN MILLION EUR	2013	2012 restated*	2012	2011
Payroll costs	0.5	(0.1)	(0.1)	(2.3)
Financial cost	(1.5)	(34.4)	(34.4)	(3.1)
Net expense	**(1.0)**	**(34.5)**	**(34.5)**	**(5.5)**

*Restated for IAS 19R

6.26 Trade and other payables

AS PER 31 DECEMBER IN MILLION EUR	2013	2012	2011
Trade payables	0.0	0.0	0.0
Other payables	79.7	83.1	13.0
Non-current trade and other payables	**79.7**	**83.1**	**13.0**

Non-current trade and other liabilities amount to 79.7 million EUR and contain mainly the commitments relating to the full acquisition of Landmark.

AS PER 31 DECEMBER IN MILLION EUR	2013	2012	2011
Trade payables	189.3	200.0	189.6
Payroll and social security payables	316.9	326.7	326.2
Tax payable other than income tax	8.7	3.4	0.6
Other payables	219.8	230.5	170.1
Current trade and other payables	**734.7**	**760.7**	**686.5**

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

AS PER 31 DECEMBER IN MILLION EUR	2013	2012	2011
Advance payments on orders	10.2	10.5	9.1
Advance postal financial services	18.8	0.0	0.0
Cash guarantees received	7.8	5.2	5.0
Accruals	58.3	86.2	47.9
Deferred income	75.4	79.5	85.2
Deposits received from third parties	0.4	0.4	0.5
Other payables	48.9	48.7	22.4
Current - Other payables	**219.8**	**230.5**	**170.1**

6.27 Provisions

IN MILLION EUR	Litigation	SGEI related litigation	Environ-ment	Onerous contracts	Restruc-turing & other	TOTAL
Balance at 1 January 2011	**91.4**	**-**	**1.8**	**1.8**	**25.9**	**120.9**
Additional provisions recognized	6.7	299.0	8.4	1.0	0.3	315.4
Provisions used	(2.6)		(0.3)	(0.9)	(0.8)	(4.6)
Provisions reversed	(16.5)		0.0	(0.9)	(0.2)	(17.5)
Balance at 31 December 2011	**79.0**	**299.0**	**9.9**	**1.0**	**25.1**	**414.1**
Non current balance at end of year	69.6	0.0	7.9	0.7	1.4	79.6
Current balance at end of year	9.4	299.0	2.0	0.3	23.8	334.5
	79.0	**299.0**	**9.9**	**1.0**	**25.1**	**414.1**

IN MILLION EUR	Litigation	SGEI related litigation	Environ-ment	Onerous contracts	Restruc-turing & other	TOTAL
Balance at 1 January 2012	**79.0**	**299.0**	**9.9**	**1.0**	**25.1**	**414.1**
Additional provisions recognized	11.1	124.9	0.0	5.9	3.7	145.7
Provisions used	(34.2)	(299.0)	(0.5)	(0.6)	(0.8)	(335.2)
Provisions reversed	(33.2)		(8.8)	(0.1)	(0.1)	(42.1)
Other movements	22.7		0.0	0.0	(22.7)	0.0
Balance at 31 December 2012	**45.6**	**124.9**	**0.6**	**6.3**	**5.2**	**182.5**
Non current balance at end of year	36.3		0.5	4.1	1.1	42.0
Current balance at end of year	9.3	124.9	0.1	2.2	4.1	140.5
	45.6	**124.9**	**0.6**	**6.3**	**5.2**	**182.5**

IN MILLION EUR	Litigation	SGEI related litigation	Environ-ment	Onerous contracts	Restruc-turing & other	TOTAL
Balance at 1 January 2013	**45.6**	**124.9**	**0.6**	**6.3**	**5.2**	**182.5**
Additional provisions recognized	2.9	0.2	0.2	8.0	8.4	19.6
Provisions used	(0.5)	(123.1)	(0.0)	(1.7)	(2.2)	(127.5)
Provisions reversed	(8.5)	(2.0)	0.0	(0.6)	(1.0)	(12.0)
Balance at 31 December 2013	**39.5**	**0.0**	**0.8**	**12.0**	**10.3**	**62.6**
Non current balance at end of year	30.2	0.0	0.8	8.2	1.1	40.2
Current balance at end of year	9.3	0.0	0.0	3.8	9.3	22.4
	39.5	**0.0**	**0.8**	**12.0**	**10.3**	**62.6**

The provision for **litigation** amounts to 39.5 million EUR. It represents the expected financial outflow relating to many different litigations or potential litigations between bpost and third parties. None of the individual provisions is material in itself.

The period anticipated for the cash outflows pertaining thereto is dependent on developments in the length of the underlying proceedings for which the timing remains uncertain.

A reversal from the provision for litigation of 8.5 million EUR was recorded in 2013 as some payroll-related issues were definitively resolved.

The reversal in 2012 amounts to 33.2 million EUR and is mainly due to a reversal of a pending litigation provision for 22.7 million EUR recorded in the past to cover a risk of litigation relating to off-balance sheet transactions conducted prior to 2010. As the matter was definitively resolved in the course of 2012, the provision was no longer necessary and was reversed. This reversal is considered to be a non-recurring item. Non-recurring items represent significant income or expense items that due to their non-recurring character are excluded from internal reporting and performance analyses. A non-recurring item is deemed to be significant if it amounts to EUR 20 million or more. Reversals of provisions, whose addition had been considered as non-recurring, are also considered as non-recurring.

Reversal from the provision for litigation of 9.6 million EUR was recorded in 2011 as some payroll-related risks were definitively resolved. The reversals were considered as non recurring as the addition to the provision had also been reported as non-recurring.

The amount of the provision for **SGEI related litigation** is mainly explained by the decision of the European Commission. An amount of 299 million EUR was provisioned in 2011. This provision was used in 2012 as the recovery amount was paid to the Belgian State. A second provision of 124.9 million EUR was created in 2012, for the risk related to a possible over-compensation of the 2011 and 2012 periods. On May 2, 2013, the European Commission approved the compensation granted to the Company under the terms of the 5th Management Contract covering the period from 2013 to 2015. The European Commission's decision was not appealed which settled this litigation in 2013. All amounts are considered as non-recurring.

The provision related to **environment** issues covers among others soil sanitation. The reduction in 2012 is explained by the sale of two specific sites while in 2013 an additional provision of 0.2 million EUR was recorded relating to one specific site.

The provision on **onerous contracts** concerns the best estimate of the costs relating to the closing down of mail and retail offices and the restructuring of the Special Logistics distribution activities. The majority of these settlements are expected within the next 5 years. The additional provisions which were recognized in 2013 are related to the Vision 2020 project and the restructuring within Special Logistics.

Other provisions amount to 10.3 million EUR. The increase in 2013 is mainly due to a provision which was recognized to cover the end of contract damage related costs for vehicles.

bpost is currently involved in the following **legal proceedings** initiated by intermediaries:
- A claim for damages in an alleged (provisional) amount of approximately 19.9 million EUR (exclusive of late payment interest) in the context of legal proceedings initiated by Publimail NV-SA and pending before the Brussels commercial court.
- A claim for damages in an alleged (provisional) amount of approximately 28 million EUR (exclusive of late payment interest) in the context of legal proceedings initiated by Link2Biz International NV and pending before the Brussels commercial court. Certain aspects of the contractual relationship between Link2Biz and bpost are also the subject of a cease and desist order (adopted on June 21, 2010), which bpost has appealed in August 2010 and which is currently pending before the Brussels Court of Appeal.

All claims and allegations are contested by bpost.

Moreover, on July 20, 2011 the Belgian postal regulator ("BIPT/IBPT") concluded that certain aspects of the Company's 2010 pricing policy infringed the Belgian Postal Act and imposed a fine of 2.3 million EUR. While bpost paid the fine in 2012, it contests the BIPT/IBPT's findings and appealed the decision. The appeal is pending before the Brussels Court of Appeal.

Finally, on December 10, 2012, the Belgian Competition Authority concluded that certain aspects of the Company's pricing policy over the January 2010-July 2011 period infringed Belgian and European competition law and imposed a fine of approximately 37.4 million EUR. While bpost paid the fine in 2013, it contests the Belgian Competition Authority's findings and appealed the decision. The appeal is currently pending before the Brussels Court of Appeal.

6.28 Contingent liabilities and contingent assets

As of December 31, 2013, bpost had 4,911 auxiliary postmen. In 2013, 45 auxiliary postmen initiated a lawsuit against the Company in the Brussels and Charleroi Labor Courts claiming equal salary and benefits by reference to baremic contractual employees performing the same work, mainly under the non-discrimination provisions set forth in Articles 10 and 11 of the Belgian Constitution. All claims and allegations are contested by bpost.

However, if the courts were to find that this principle is applicable and bpost is found to have violated it, the labor courts will most likely order bpost to increase the compensation of the auxiliary postmen to the level of relevant baremic contractual employees and it cannot be excluded that other employees could bring similar claims.

6.29 Rights and commitments

Guarantees received

At December 31, 2013, bpost benefits from bank guarantees in a sum of 39.6 million EUR, issued by banks on behalf of bpost's customers (2012: 39.8 million EUR). These guarantees can be called in and paid against in the event of non-payment or bankruptcy. They therefore offer bpost financial certainty during the period of contractual relations with the customer.

Goods for resale on consignment

At December 31, 2013, merchandise representing a sales value of 0.5 million EUR had been consigned by partners for the purpose of sale through the postal network.

Guarantees given

bpost acts as guarantor (1.5 million EUR guarantee) in the framework of the DoMyMove collaboration agreement between bpost, Belgacom and Electrabel.

bpost has an agreement with Belfius, ING and KBC, according to which they agree to provide for up to 43.6 million EUR in guarantees for bpost upon simple request.

Funds of the State

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

6.30 Related party transactions

Consolidated companies

A list of subsidiaries and equity-accounted companies, together with a brief description of their business activities, is provided in note 6.31.

Relations with the shareholders

The Belgian State as a shareholder

The Belgian State, directly and through the SFPI/FPIM, is the majority shareholder of the Company and holds 50% + 488 shares of the Company. Accordingly, it has the power to control any decision at the shareholders' meeting requiring a simple majority vote.

Regarding the rights of the Belgian State as shareholder of the Company reference is made to the Corporate Governance section.

The Belgian State as public authority

The Belgian State is, together with the European Union, the main legislator in the postal sector. The IBPT/BIPT, the national regulatory authority, is the main regulator of the postal sector in Belgium.

The Belgian State as a customer

The Belgian State is one of the Company's largest customers. In 2013, 17% of bpost's total operating income (revenues) was attributable to the Belgian State. bpost provides postal delivery services to a number of ministries, both on commercial terms and pursuant to the provisions of the 5th Management Contract.

The Company provides universal postal services and SGEIs entrusted to it by the Belgian State, covering postal, financial, and other public services. The Law of March 21, 1991 and the 5th Management Contract set out the rules and conditions for carrying out the obligations that the Company assumes in execution of its universal postal services and services of general economic interest, and, where applicable, the financial compensation paid by the Belgian State.

The SGEIs entrusted to the Company under the 5th Management Contract include the maintenance of the retail network, the provision of day-to-day SGEIs (i.e., early delivery of newspapers, distribution of periodicals, "cash at counter" services and home delivery of pensions and social allowances) and the provision of certain ad hoc SGEIs, which are SGEIs that by their nature are provided without any recurrence. Ad hoc SGEIs include the social role of the postman, especially in relation to persons who live alone or are the least privileged (this service is rendered through the use of handheld terminals and the electronic ID card by mail carriers on their round), the "Please Postman" service, the distribution of information to the public, cooperation with regard to the delivery of voting paper packages, the delivery of addressed and unaddressed election printed items, the delivery at a special price of postal items sent by associations, the delivery of letter post items falling within the freepost system, the payment of attendance fees during elections, the financial and administrative processing of fines, the printing and sale of fishing permits and the sale of post stamps.

The SGEIs entrusted to the Company under the 5th Management Contract are aimed at satisfying certain objectives related to the public interest. In order to ensure territorial and social cohesion, the Company must maintain a retail network consisting of at least 1,300 postal service points and 650 post offices.

Tariffs and other terms for the provision of certain of the services are determined in implementing agreements between the Company, the Belgian State and, where relevant, the other parties or institutions concerned. Some of such implementing agreements must still be concluded. However, the implementing agreements concluded according to the 4th Management Contract remain in place until conclusion of these new implementing agreements.

Certain limited public services are provided by the Company only pursuant to the Law of March 21, 1991 (e.g., delivery of stamps by postmen during their rounds) and the Company also provides cash account management services to the Belgian State and certain other public entities pursuant to the Royal Decree of January 12, 1970 regulating the postal service as amended pursuant to the Royal Decree of April 30, 2007 regulating postal financial services and the Royal Decree of April 14, 2013 amending the Royal Decree of January 12, 1970 regulating the postal service.

Relations with bpost bank

bpost bank is an associate of the Company. bpost bank's other shareholder is BNP Paribas Fortis. The Company owns 50% of bpost bank, with BNP Paribas Fortis owning the remaining 50%.

As at December 31, 2013 had the Belgian State transferred its 25% stake (held through SFPI/FPIM) in BNP Paribas Fortis to BNP Paribas. The SFPI/FPIM still holds, on behalf of the Belgian State, 10.29% of the share capital of BNP Paribas, the parent company of BNP Paribas Fortis.

As a registered banking and insurance intermediary, the Company distributes banking and insurance products on behalf of bpost bank. The Company, in its quality of service provider, furthermore provides back office activities and other ancillary services to bpost bank. Several agreements and arrangements exist in this respect among the three companies as detailed below.

The main banking and insurance products distributed by bpost bank through bpost are current accounts, saving accounts, term accounts, certificate of deposits and funds or structured products provided by BNP Paribas Fortis, respectively accident and/or health insurances, and branch 21 and 23 life insurances provided by AG Insurance.

bpost bank had approximately 755,000 current accounts and 895,000 savings accounts as of December 31, 2013. All accounts include basic services such as debit cards, access to payment and money transfer services and cash withdrawals at post office tellers or ATMs. bpost also offers the MasterCard bpost bank credit card.

bpost bank's customer lending activity is limited to granting overdraft facilities to customers and some consumer credits. However, these products account for a relatively small portion of bpost bank's assets and profit. As of December 31, 2013, bpost bank had approximately 86.5 million EUR in loans on its balance sheet.

As an insurance intermediary, bpost bank also offers annuity and pension products, including “branche 21” and “branche 23” life insurance policies, which provide some level of protection for the assets of the policy holder.

bpost bank does not perform any asset management activities nor any private banking or commercial lending.

Banking partnership agreement

The cooperation between bpost bank and BNP Paribas Fortis with respect to bpost bank is set out in a banking partnership agreement which has recently been renegotiated and signed on December 13, 2013 for a term of 7 years as of January 1, 2015.

The new framework agreement provides in substance that (i) the Company and BNP Paribas Fortis will continue to cooperate through bpost bank, which will continue to be an associate of the Company; (ii) the Company will remain, subject to certain exceptions provided for in the partnership agreement, the exclusive distributor of bpost bank's products and services through its network of post offices; and (iii) the Company will continue to provide back office activities and other ancillary services to bpost bank.

Working capital

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

Insurance partnership agreement

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

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

The Company entered into negotiations in 2013 with respect to the renewal of the existing insurance partnership agreement which will expire on December 31, 2014.

6.31 Group companies

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

- **Euro-Sprinters** operates bpost's special logistics network, through which bpack Sprint product is offered.

- **Deltamedia** distributes newspapers in Belgium.

- In 2013, the SEPA-service business (including the plateform and the customers contracts) was transferred from bpost NV-SA to its affiliate, **eXbo**. This business is very technology driven and consists to a solution for managing clearance documents (sending, scanning, archiving) and for helping the creditor to manage the customers clearance forms.

- **Speos Belgium** manages outgoing document flows for its customers, specializing in the outsourcing of financial and administrative documents, such as invoices, bank statements and salary slips. Services includes the document generation, the printing (black and white or full color) and the enclosing, the electronic distribution (email, zoomit, webservices), and the archiving. Speos also offers backup and peak solutions for companies having their own print shop. Furthermore Speos offers dedicated end-to-end solutions (e.g. European License Plate).

- In January 2013, **Certipost** sold its electronic document exchange services to Basware. bpost retains ownership of Certipost's document security, digital certification and Belgian e-ID activities.

- **Mail Services Incorporated (MSI)** based in the USA, with its Canada-based affiliate 2198230 Ontario Inc., is a cross-border mail consolidator offering mainly international outbound distribution products. In 2013, bpost increased its stake in MSI to 100% and transferred all of the shares of MSI to bpost U.S. Holdings Inc. MSI has processing centers located in Virginia (near Washington DC), Chicago and Toronto. Although MSI was initially a mail company, following its acquisition by the Company, its offering has expanded to include parcels. Its customer base mainly includes large volume mailers and e-commerce companies and businesses that send parcels. MSI also has a small amount of domestic business. In 2013, the existing U.S.-based parcels business of MSI is being transferred to Landmark Global.

- **bpost International (UK) Limited** is a UK based mail, parcel and transport company providing transport services to the 'Postal wholesale' market in the UK. Based near to Heathrow airport, bpost UK is customs bonded enabling to offer customs clearance services and x-ray security screening services. bpost International UK acts as an inbound and outbound gateway for other bpost entities around the world.

- Through the acquisition of Citipost Holdings Ltd (afterwards renamed to bpost International (UK) Limited), bpost became active in Asia, operating in Singapore through **bpost Singapore Pte Ltd.** (previously named Citipost Pte Limited) and in Hong Kong through **bpost Hong Kong Ltd.** (previously named Citipost (Asia) Limited). These companies originally focused on delivery of financial documents, but bpost is transforming them to provide a full range of delivery and logistics solutions, including cross-border mail and parcels and e-commerce fulfillment. Their customers are spread across the banking, insurance, asset management, publishing and printing sectors. Similar to MSI, they are mainly focused on directly collecting parcels from overseas e-commerce companies and business for delivery in Europe and Belgium. **bpost International Logistics (Beijing) Co., Ltd** is a company affiliate to **bpost Hong Kong Ltd** and is established in

Beijing (China). It offers a full range of cross-border parcel distribution services to the Chinese e-tailers and consolidators, with a strong focus on delivery of parcels to European and other global buyers. It is primarily active in Beijing, Shanghai and Shenzhen.

- **Landmark Global Inc.** based in the USA and the Canada-based **Landmark Trade Services Ltd.** company are leading international parcels consolidators, active in the United States and Canada. They are mainly focused on the distribution of e-commerce parcels from U.S.-based e-tailers into Canada and also offers various fulfillment services in locations throughout the United States for its e-commerce customers. In 2013, the existing U.S.-based parcels business of MSI is being transferred to Landmark Global. Landmark Global will also broaden its product range to add European destinations through cooperation with bpost international. From 2013, Landmark Global and Landmark Trade Services LTD are consolidated within the P&I operating segment.

- Landmark Global Inc. founded in the second half of 2013 two subsidiaries in Australia: **Landmark Global (Australia) Distribution PTY LTD** and **Landmark Global (Australia) PTY LTD.**

- In March 2013, bpost incorporated **bpost U.S. Holdings Inc.**, a holding company, and **bpost International U.S. Inc.**, an operational company. bpost U.S. Holdings Inc. will become the shared services organization offering financial and other support services to bpost's three U.S.-based operations: MSI, Landmark Global and bpost International U.S. Inc. bpost International U.S. Inc. provides wholesale services for cross-border parcels and mail to U.S.-based consolidators.

Name	Share of voting rights in % terms		Country of incorporation	VAT no.
	2013	2012		
bpost bank NV-bpost banque SA	50%	50%	Belgium	BE456.038.471

Name	Share of voting rights in % terms		Country of incorporation	VAT no.
	2013	2012		
Alteris NV-SA (formerly Laterio NV-SA)	100%	100%	Belgium	BE474.218.449
BPI NV-SA	100%	100%	Belgium	BE889.142.877
Certipost NV-SA	100%	100%	Belgium	BE475.396.406
Deltamedia NV-SA	100%	100%	Belgium	BE424.368.565
Euro-Sprinters NV-SA	100%	100%	Belgium	BE447.703.597
eXbo Services International NV-SA	100%	100%	Belgium	BE472.598.153
Mail Services INC	100%	80%	USA	
2198230 Ontario INC	100%	80%	Canada	
Speos Belgium NV-SA	100%	100%	Belgium	BE427.627.864
Secumail NV-SA *	-	100%	Belgium	BE462.012.780
bpost International (UK) LTD**	100%	100%	UK	
bpost Hong Kong LTD	100%	100%	Hong Kong	
bpost Singapore Pte. LTD	100%	100%	Singapore	
bpost International Logistics (Beijing) Co., LTD	100%	100%	China	
Landmark Global, INC***	51%	51%	USA	
Landmark Trade Services, LTD***	51%	51%	Canada	
bpost U.S. Holdings INC	100%	-	USA	
bpost International U.S. INC	100%	-	USA	
Landmark Global (Australia) Distribution PTY LTD	51%	-	Australia	
Landmark Global (Australia) PTY	51%	-	Australia	

* In 2012 Speos Belgium NV-SA acquired the remaining Secumail NV-SA shares. Secumail NV-SA was subsequently merged into Speos Belgium NV-SA per December 31, 2012.

** Formerly bpost Asia (Holding) LTD

*** Fully consolidated

bpost group structure per December 2013, 31

bpost NV-SA

- 50% BPOST BANK NV/ BPOST BANQUE SA (*)
- 100% BPI NV-SA
- 100% bpost INTERNATIONAL (UK) LTD
  - 100% bpost HONG KONG LTD
    - 100% bpost INTERNATIONAL LOGISTICS (Beijing) CO LTD
    - 100% bpost SINGAPORE PTE. LTD
- 100% SPEOS BELGIUM NV-SA
  - 0.03% EXBO SERVICES INTERNATIONAL NV-SA
  - 0.01% ALTERIS NV-SA
- 99.97% EXBO SERVICES INTERNATIONAL NV-SA
- 99.99% ALTERIS NV-SA
  - 0.01% DELTAMEDIA NV-SA
  - 0.01% EURO-SPRINTERS NV-SA
- 99.99% DELTAMEDIA NV-SA
- 99.99% EURO-SPRINTERS NV-SA
- 100% CERTIPOST NV-SA
- 51% LANDMARK GLOBAL, INC.
  - 100% Landmark Global (Australia) Distribution PTY LTD
  - 100% Landmark Global (Australia) PTY LTD
- 51% LANDMARK TRADE SERVICES, LTD
- 100% bpost Us Holdings, INC.
  - 100% bpost International US INC.
  - 100% Mail Services, INC.
    - 100% 2198230 Ontario, INC.

(*) Equity method

6.32 Events after the statement of financial position date

International expansion Landmark

Landmark Global Inc., a 51% subsidiary of bpost, acquired 100% of the shares of Gout International BV and BEurope in January 2014.

Gout International BV (estimated revenue 2013 of 3.5 million EUR) and BEurope BV (estimated revenue 2013 of 0.3 million EUR) are two Groningen-based Dutch companies. Their main activities are:
- Import services for US customers looking to sell their products in Europe. This includes customs clearance services, warehousing, pick & pack and last mile delivery.
- BEurope BV is a spin-off company of Gout International BV which focuses on advising new US customers on how to enter their products into Europe. This includes both advice on customs/VAT set-up and on product registration in the various European countries.

In February 2014, Landmark Global Inc. acquired 100% of the shares of Ecom Ltd.

Ecom (estimated revenue 2013 of 1.4 million EUR) provides import services for goods entering the UK, similar to the services offered by Gout international BV. Its location right next to London Heathrow makes it ideally suited to service US to UK airlift imports.

Koen Van Gerven new CEO of bpost

By Royal Decree dated February 26, 2014, the Belgian State appointed, on unanimous proposal of bpost's Board of Directors and upon recommendation of the Remuneration and Nomination Committee, Koen Van Gerven as the new CEO of bpost for a renewable term of 6 years.

Corporate Governance Statement

Reference Code and introduction

This Corporate Governance Statement contains the rules and principles by which bpost's corporate governance is organized, which are contained in relevant legislation (including the Law of March 21, 1991 on the reform of certain economic public companies (the "1991 Law"), the Articles of Association and the Corporate Governance Charter). As a limited liability company under public law pursuant to the 1991 Law, general Belgian company law applies to the Company, except to the extent that the 1991 Law or any other Belgian laws or regulations provide otherwise.

The Company adopted new Articles of Association at the Shareholders' Meeting held on May 27, 2013. Any changes to the Articles of Association approved by the Shareholders' Meeting of the Company must be approved by the Belgian State pursuant to the 1991 Law. The latest version of the Company's Articles of Association has been approved by Royal Decree dated June 7, 2013 and are in effect since June 25, 2013.

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

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

bpost is committed to high standards of corporate governance and relies on the Belgian Code on Corporate Governance of March 12, 2009 (the "Corporate Governance Code") as a reference code. The Corporate Governance Code is based on a "comply or explain" approach. Belgian listed companies should follow the Corporate Governance Code, but may deviate from its provisions provided they disclose the justification for any such deviation. The Board of Directors has adopted the Corporate Governance Charter, effective since June 25, 2013.

As a public enterprise, the Company also aims to comply with most of the OECD Guidelines on Corporate Governance of State-owned Enterprises laid down in the OECD Code, to the extent permitted under the legal framework that applies to bpost, in particular the 1991 Law.

Departure from the Corporate Governance Code

The Board of Directors intends to comply with the Corporate Governance Code, except for provisions 4.2, 4.6 and 4.7, which cannot be followed due to deviations imposed upon the Company by the 1991 Law.

Pursuant to Article 18, §2 juncto and Article 148bis/3 of the 1991 Law, the Belgian State appoints directly a certain number of directors, whereas provision 4.2 requires a company's Board of Directors to make proposals for the appointment of directors via the Shareholders' Meeting. Pursuant to Article 18, §3 and Article 20, §2 of the 1991 Law, the directors of the Company are appointed for six years, whereas provision 4.6 provides that mandates of directors should not exceed four years. Finally, Article 18, §5 of the 1991 Law provides that the Chairperson is appointed by the Belgian State, whereas provision 4.7 states that the Board of Directors should appoint the chairperson.

Board of Directors

Composition

Until June 25, 2013, the Board of Directors was composed of:

- Five directors, including the Chairperson of the Board of Directors (the category A directors), appointed by the Belgian State by Royal Decree deliberated 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 CEO, who belongs to neither of the aforementioned categories, but is appointed by the Belgian State via Royal Decree deliberated in the Council of Ministers.

Until that date, the Board was composed of the following members:

- Martine Durez (A) (Chairperson)
- Arthur Goethals (A)
- Luc Lallemand (A)
- Laurent Levaux (A)
- Caroline Ven (A)
- Geert Duyck (B)
- K.B. Pedersen (B)
- Søren Vestergaard-Poulsen (B)
- Bjarne Wind (B)
- Johnny Thijs (Chief Executive Officer)

Since June 25, 2013, the Articles of Association of the Company provide that the Board of Directors consists of up to 12 members, appointed as follows:

- Up to six directors, including the Chairperson of the Board of Directors and one director proposed by the Société Fédérale de Participations et d'Investissement / Federale Participatie- en Investeringsmaatschappij (SFPI/FPIM), are appointed by the Belgian State by Royal Decree deliberated in the Council of Ministers, upon proposal of the Board of Directors after advice of the Remuneration and Nomination Committee;
- Three independent directors, within the meaning set out in Article 526ter of the Belgian Companies Code, are elected by an electoral college consisting of all shareholders of the Company other than public institutions (meaning Belgian public institutions or entities within the meaning of Article 42 of the Law of March 21, 1991 ("Public Institutions"), which encompass the Belgian State and its affiliated entities, including SFPI/FPIM), upon proposal of the Board of Directors after advice of the Remuneration and Nomination Committee, it being understood that, for the election of these directors, no shareholder may cast votes representing in excess of 5% of total voting rights attached to the shares emitted by the Company ;
- So long as Post Invest Europe Sàrl (alone or together with its affiliates) owns 15% or more of the shares with voting rights

emitted by the Company, two directors are elected by an electoral college consisting of all shareholders of the Company other than Public Institutions upon the proposal of Post Invest Europe Sàrl. If Post Invest Europe Sàrl (alone or together with its affiliates) owns 5% or more of the shares with voting rights emitted by the Company, but less than 15%, one director is so elected;
- If one or no directors have been appointed upon the proposal of Post Invest Europe Sàrl in accordance with the above, the remaining director or directors are elected by an electoral college consisting of all shareholders of the Company other than Public Institutions, upon proposal of the Board of Directors after advice of the Remuneration and Nomination Committee; and
- The CEO is appointed by the Belgian State via Royal Decree deliberated in the Council of Ministers, upon proposal of the Board of Directors after advice of the Remuneration and Nomination Committee.The Board was, as at December 31, 2013, composed of the following 11 members :

Name	Position	Director since	Mandate expires	Presence at meetings in 2013[5]
Martine Durez (1) (2)	**Non-Executive Chairperson of the Board**	2006	2018	21/21
Johnny Thijs (1)	**CEO and Director**	2000 (3)	2014 (3)	30/30
Arthur Goethals (1)	**Non-Executive Director**	2006	2018	16/21
Luc Lallemand (1)	**Non-Executive Director**	2002	2018	17/21
Laurent Levaux (1)	**Non-Executive Director**	2012	2018	10/17
Caroline Ven (1)	**Non-Executive Director**	2012	2018	18/22
K.B. Pedersen (4)	**Non-Executive Director**	2009	2018	15/17
Bjarne Wind (4)	**Non-Executive Director**	2008	2018	27/27
François Cornelis	**Independent Director**	2013	2019	9/11
Sophie Dutordoir	**Independent Director**	2013	2019	11/11
Bruno Holthof	**Independent Director**	2013	2019	9/11

(1) Appointed by the Belgian State.
(2) Martine Durez has been Chairperson of the Board of Directors since January 17, 2006. Her mandate was renewed as per January 17, 2012 by Royal Decree dated February 2, 2012.
(3) Appointed as CEO in 2002. On December 23, 2013, Mr. Thijs announced to the Board of Directors that he would not seek renewal of his mandate which was due to come to an end early January 2014. Upon request of the Board of Directors as approved by the Belgian State, Mr. Thijs remained in function until appointment of his successor.
(4) Appointed upon proposal of Post Invest Europe Sàrl. Further to the sale, on December 16, 2013, by Post Invest Europe Sàrl of substantially all its shares in the Company, Mr. K.B. Pedersen and Mr. Bjarne Wind have tendered their resignation to the Company effective as from the date their replacement is elected by an electoral college consisting of all shareholders of the Company other than Public Institutions.
(5) Includes presence at Board and Board Committees' meetings held in 2013. Until the end of their mandates, Søren Vestergaard-Poulsen and Geert Duyck attended respectively 7 out of 9 and 11 out of 17 Board and Board Committees' meetings.

The composition of the Board of Directors reflects the gender representation requirements set forth in article 18, §2bis of the 1991 Law. It further takes into account the requirements laid down in article 518bis of the Belgian Companies Code. The composition of the Board of Directors reflects the language requirements set forth in Articles 16 and 148bis/1 of the 1991 Law.

Powers and functioning

Powers and responsibilities of the Board

The Board of Directors is vested with the power to perform all acts that are necessary or useful for the realization of the Company's purpose, except for those actions that are specifically reserved by law or the Articles of Association to the Shareholders' Meeting or other management bodies.

In particular, the Board of Directors is responsible for:

- defining the general policy orientations of the Company and its subsidiaries;
- deciding all major strategic, financial and operational matters of the Company;
- overseeing the management by the CEO, the Management Committee and the Group Executive Management; and
- all other matters reserved to the Board by the Belgian Companies Code or the 1991 Law.

Certain decisions of the Board must be adopted by a special majority (see below).

Within certain limits, the Board of Directors is entitled to delegate part of its powers to the Management Committee and to delegate special and limited powers to the CEO and other members of the Group Executive Management.

Functioning of the Board

In principle, the Board of Directors meets seven times a year, and in any event no fewer than five times a year. Additional meetings may be called with appropriate notice at any time to address specific needs of the business. A meeting of the Board of Directors must in any event be convened if so requested by at least two directors. In 2013, the Board met 16 times.

Quorum

The Board can only deliberate and make valid decisions if more than half of the directors are present or represented. The quorum requirement does not apply (i) to the vote on any matter at a subsequent meeting of the Board of Directors to which such matter has been deferred for lack of quorum at a prior meeting, if said subsequent meeting is held within 30 days from such prior meeting and the notice of said subsequent meeting sets forth the proposed decision on such matter with reference to this provision, or (ii) when an unforeseen emergency arises that makes it necessary for the Board to take action that would otherwise become time-barred by law or in order to avoid imminent harm to the Company.

Deliberation and voting

Pursuant to the 1991 Law, 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.

Furthermore, certain decisions within the competence of the Board as provided under Article 29, §2 of the Articles of Association require also a majority of two-thirds of the votes cast.

Without prejudice to these special majority requirements set forth in the 1991 Law, all decisions of the Board of Directors are adopted by a majority of the votes cast. In the case of a tie, the Chairperson has a casting vote.

In addition, the Corporate Governance Charter provides that Board decisions of strategic import, including the adoption of the business plan and the annual budget and decisions regarding strategic acquisitions, alliances and divestitures must be prepared by a standing or an ad hoc Board committee. For any such decisions, the Board shall strive to achieve broad support across its various constituencies, it being understood that, following appropriate dialogue and consultations, the Chairperson may call for a decision and the proposal shall carry if adopted by a majority of the votes cast.

Corporate Governance Charter

The Board of Directors has adopted the Corporate Governance Charter, effective since June 25, 2013. The Corporate Governance Charter has been amended once since its adoption further a decision of the Board of Directors dated November 7, 2013 (see next section). The Board of Directors will review the Company's corporate governance at regular intervals and adopt any changes deemed necessary and appropriate.

The Corporate Governance Charter contains rules with respect to:

- On the one hand, the duties of the Board of Directors and the Committees and, on the other hand, those of the Management Committee, Group Executive Management and the CEO;
- The responsibilities of the Chairperson and the Corporate Secretary;
- The requirements with which the members of the Board of Directors need to comply in order to ensure that they have the adequate experience, expertise and competences to fulfill their duties and responsibilities;
- A system of disclosure regarding mandates held and rules aimed at avoiding conflicts of interests and providing guidance on how to inform the Board in a transparent way in case such conflicts occur. The Board may decide to exclude the member who has a conflict of interest from the deliberations and vote on that subject.

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

In 2013, an induction program has been provided to newly appointed directors aimed at acquainting them with the activities and organization of the Company as well as with the rules laid down in the Corporate Governance Charter. This program is open to every director who wishes to participate. It includes visiting operational and sorting centers.

Transactions between the Company and its Board members and executive managers

A general policy on conflicts of interest applies within the Company and prohibits any situation of conflict of interests of a financial nature that may affect the personal judgment or professional tasks of a director to the detriment of bpost's group.

In accordance with Article 523 of the Belgian Companies Code, Mr. Johnny Thijs declared to have a conflict of interest in connection with the Employee Offering, item of the Board of Directors' meeting of May 17, 2013. Under the Employee Offering, management was entitled to acquire bpost's shares, within a tranche reserved to said management, at a discount available to employees and representing 16.67% compared to initial public offering price. He informed the Company's auditors of this conflict of interest and decided not to participate in the deliberation or voting on this item.

In accordance with Article 523 of the Belgian Companies Code, Mr. Johnny Thijs declared to have a conflict of interest in connection with the discussions on the renewal of its mandate as CEO of the Company (and related discussions on contractual terms), item of the Board of Directors' meeting of May 17, 2013 and December 4, 2013. He informed the Company's auditors of this conflict of interest and decided not to participate in the deliberation or voting on this item.

In addition, in a limited number of cases, one or the other member of the Board has preferred, in light of functional conflict of interests, to abstain from participating in debate and in voting.

On November 7, 2013, the Board of Directors adopted a policy, annexed to the Corporate Governance Charter, which governs decisions relating to the Management Contract or any contract to be entered between the Company or its affiliated companies and the Belgian State. Under the circumstances laid down in said policy, transactions entered between the Company or its affiliated companies and the Belgian State remain subject to the application of the procedure laid down in Article 524 of the Belgian Companies Code.

Committees of the Board of Directors

The Board of Directors has established three Board committees, which are responsible for assisting the Board of Directors and making recommendations in specific fields: the Strategic Committee, the Audit Committee (in accordance with Article 526bis of the Belgian Companies Code) and the Remuneration and Nomination Committee (in accordance with Article 17, §4 of the 1991 Law and Article 526quater of the Belgian Companies Code). The terms of reference of these Board committees are primarily set out in the Corporate Governance Charter.

Strategic Committee

The Strategic Committee advises the Board of Directors on strategic matters and shall, in particular:

- review from time to time industry developments, the objectives and strategies of the Company and its subsidiaries and recommended corrective actions;
- review the draft of the business plan submitted each year by the Management Committee;
- review strategic transactions proposed by the Management Committee or the Group Executive Committee, including strategic acquisitions and divestitures, the formation and termination of strategic alliances or longer-term cooperation agreements, the launching of new product segments and the entry into new products or geographical markets or the withdrawal from any such product segments or geographical markets;
- monitor the implementation of such strategic projects and of the business plan; and
- monitor the implementation and the progress of the projects identified in the business plan, and advise the Board of Directors on its findings and recommendations with respect to such projects.

Until June 25, 2013, the Strategic Committee was composed of Johnny Thijs (Chairperson), Arthur Goethals, Laurent Levaux, K.B. Pedersen and Søren Vestergaard-Poulsen.

Since June 25, 2013, the composition of the Strategic Committee has been set as follows: (i) the CEO, who chairs the committee, (ii) three directors appointed by the Belgian State (provided that, upon the termination of office of the first of such three directors who were designated members of this Committee, due to expiration of its term or otherwise, such director shall be replaced, within this Committee, by another director nominated by the electoral college composed of all shareholders except Public Institutions), and (iii) one director appointed upon the proposal of Post Invest Europe Sàrl (if any) and, otherwise, a director nominated by the by the electoral college composed of all shareholders except Public Institutions.

The Strategic Committee was, at December 31, 2013, composed of Johnny Thijs (Chairperson), Arthur Goethals, Luc Lallemand, Laurent Levaux and K.B. Pedersen.

The Strategic Committee met two times in 2013.

Audit Committee

The Audit Committee advises the Board on accounting, audit and internal control matters, and shall, in particular:

- review accounting policies and conventions;
- review the draft annual accounts and examine whether the proposed distribution of earnings and profits is consistent with the business plan and the observance of applicable solvency and debt coverage ratios;
- review the draft annual budget submitted

by the Management Committee and monitor compliance with the budget in the course of the year;
- review the quality of financial information furnished to the shareholders and the market;
- monitor and oversee the internal audit process, internal controls and risk management, including for the Company and its subsidiaries as a whole;
- propose candidates for the two statutory auditors to be appointed by the Shareholders' Meeting to the Board of Auditors;
- monitor the statutory audit of the annual and consolidated accounts, including any follow-up on any questions and recommendations made by the external auditors; and
- review the external audit process and monitor the independence of the statutory auditors and any non-audit services rendered by them.

Until June 25, 2013, the Audit Committee was composed of Bjarne Wind (Chairperson), Geert Duyck, Luc Lallemand and Caroline Ven.

Since June 25, 2013, the composition of the Audit Committee has been set as follows: (i) three independent directors; (ii) one director appointed by the Belgian State; and (iii) either (a) another director appointed by the Belgian State or (b) so long as Post Invest Europe Sàrl (alone or together with its affiliates) owns at least 15% of the shares with voting rights, one director appointed upon the proposal of Post Invest Europe Sàrl. The Chairperson of the Audit Committee is designated by the Board of Directors but shall not be the Chairperson of the Board of Directors. No executive director (including the CEO) shall be a member of the Audit Committee.

The Audit Committee was, at December 31, 2013, composed of François Cornelis (Chairperson), Sophie Dutordoir, Bruno Holthof, Caroline Ven and Bjarne Wind.

The Audit Committee met seven times in 2013.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee advises the Board principally on matters regarding the appointment and remuneration of directors and senior management and shall, in particular:
- identify and nominate, for the approval of the Board, candidates to fill vacancies as they arise, taking into account the 1991 Law. In this respect, the Remuneration and Nomination Committee shall consider proposals made by relevant parties, including shareholders;
- advise on proposals for appointment originating from shareholders;
- advise the Board of Directors on its proposal to the Belgian government for the appointment of the CEO and on the CEO's proposals for the appointment of other members of the Management Committee and of the Group Executive Management;
- advise the Board of Directors on the remuneration of the CEO and the other members of the Management Committee and of the Group Executive Management and arrangements on early termination;
- review any share-based or other incentive scheme for the directors, members of the Management Committee, members of the Group Executive Management and employees;
- establish performance targets and conduct performance reviews for the CEO and other members of the Management Committee and of the Group Executive Management;
- advise the Board of Directors on the remuneration of the directors; and
- submit a remuneration report to the Board of Directors.

Until June 25, 2013, the Remuneration and Nomination Committee was composed of Martine Durez (Chairperson), Geert Duyck, Arthur Goethals and Bjarne Wind.

Since June 25, 2013, the composition of the Remuneration and Nomination Committee has been set as follows: (i) three independent directors; (ii) one non-executive director appointed by the Belgian State, who chairs the Remuneration and Nomination Committee; and (iii) either (a) another non-executive director appointed by the Belgian State or (b) so long as Post Invest Europe Sàrl (alone or together with its affiliates) owns at least 15% of the shares with voting rights, one director appointed upon the proposal of Post Invest Europe Sàrl. The CEO participates with an advisory vote in the meetings of the Remuneration and Nomination Committee when the remuneration of the other members of the Management Committee is being discussed.

The Remuneration and Nomination Committee was, at December 31, 2013 composed of Martine Durez (Chairperson), Sophie Dutordoir, François Cornelis, Bruno Holthof and Bjarne Wind.

The Remuneration and Nomination Committee met 5 times in 2013.

Executive Management

CEO

The CEO is appointed for a renewable term of six years by Royal Decree deliberated in the Council of Ministers. On December 21, 2007, the mandate of Mr. Johnny Thijs was extended for a new term of six years, as from January 7, 2008 (which is renewable). On December 23, 2013, Mr. Thijs announced to the Board of Directors that he would not seek renewal of his mandate which was due to come to an end early January 2014. Upon request of the Board of Directors, as approved by the Belgian State, Mr. Thijs remained in function until appointment of his successor.

The CEO is vested with the day-to-day management of the Company. He is also entrusted with the execution of the resolutions of the Board of Directors and he represents the Company within the framework of its day-to-day management, including exercising the voting rights attached to shares and stakes held by the Company. The CEO can only be removed by way of a Royal Decree deliberated in the Council of Ministers.

Management Committee

As required by the 1991 Law, the Board of Directors has established a Management Committee. This Management Committee is composed of the CEO, who chairs the Management Committee, and of maximum six other members. Upon proposal of the CEO and after having received the advice of the Remuneration and Nomination Committee, the Board of Directors appoints and removes the members of the Management Committee, other than the CEO. The Board of Directors determines the term and the specific conditions of the mandate of those members, after having received the advice of the Remuneration and Nomination Committee. With regards to the Belgian members, the

Management Committee should comprise an equal number of Dutch speakers and French speakers, excluding, as the case may be, the CEO.

The Management Committee acts as a collegial body and convenes at the invitation of the CEO. The Management Committee decides with a simple majority of the votes cast. In the event of a tie of the votes within the Management Committee, the CEO has the casting vote.

The Management Committee performs the powers assigned to it by the Articles of Association or the Board of Directors. Each year, the Management Committee prepares, under direction of the CEO, a business plan assessing the medium-term purposes and strategy of the Company, which is submitted to the Board of Directors for approval. It also has the power to negotiate all renewals and amendments to the Management Contract concluded between the Belgian State and the Company (it being understood that all such renewals and amendments require the subsequent approval of the Board of Directors).

Group Executive Management

The operational management of the Company is undertaken by the Group Executive Management under the leadership of the CEO. The Group Executive Management consists of the members of the Management Committee and a maximum of four other members, who are appointed (for the duration the Board determines) and removed by the Board of Directors, upon proposal of the CEO and after having received the advice of the Remuneration and Nomination Committee. The Group Executive Management convenes regularly at the invitation of the CEO. The individual members of the Group Executive Management exercise the special powers delegated to them by the Board of Directors or the CEO, as the case may be.

The Management Committee was, at December 31, 2013, composed of the following members :

Name	Function
Johnny Thijs	Chief Executive Officer
Mark Michiels	Human Resources & Organization
Pierre Winand	Chief Financial Officer, Service Operations, ICT

Together with the members of the Management Committee, the following persons formed, at December 31, 2013,the Group Executive Management :

Name	Function
Kurt Pierloot	Mail Service Operations
Peter Somers	Parcels & International
Koen Van Gerven	Mail & Retail Solutions

Company Secretary

The Board of Directors, the advisory committees of the Board, the Management Committee and the Group Executive Management are assisted by the Company Secretary, Dirk Tirez, who is also the Company's Chief Legal Officer, having been appointed in October 2007.

Board of Auditors

The audit of the financial condition and the unconsolidated financial statements of the Company is entrusted to a Board of Auditors composed of four members, two of which are appointed by the Shareholders' Meeting and the two others by the Court of Audit, the Belgian institution responsible for the verification of public accounts (Cour des Comptes/Rekenhof). The members of the Board of Auditors are appointed for renewable terms of three years. The Shareholders' Meeting determines the remuneration of the members of the Board of Auditors.

The Board of Auditors was, at December 31, 2013, composed of:

- Ernst & Young Bedrijfsrevisoren BV CVBA ("Ernst & Young"), represented by Mr. Eric Golenvaux (member of the Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren), De Kleetlaan 2, 1831 Diegem, Belgium;
- PVMD Bedrijfsrevisoren-Reviseurs d'Entreprises SC SCRL ("PVMD"), represented by Mr. Lieven Delva (member of the Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren), Rue de l'Yser 207, 4430 Ans, Belgium;
- Mr. Philippe Roland, Member of the Court of Audit (Rekenhof/Cour des Comptes) and First President of the Court of Audit, Rue de la Régence 2, 1000 Brussels, Belgium; and
- Mr. Jozef Beckers, Member of the Court of Audit (Rekenhof/Cour des Comptes), Rue de la Régence 2, 1000 Brussels, Belgium.

The mandates of Mr. Philippe Roland and Mr. Josef Beckers which were due to expire on September 30, 2013 have been renewed for a new term of three years. The mandates of Ernst & Young and PVMD will expire at the annual Shareholders' Meeting in 2015.

Ernst & Young and PVMD are responsible for the audit of the consolidated financial statements of the Company. For the year ended December 31, 2013 Ernst & Young and PVMD received 325,000 EUR (excluding value added tax) in fees for the audit of the financial statements of the Company and its subsidiaries and 81,500 EUR (excluding value-added tax) in fees for non-audit services. The other members of the Board of Auditors received 55,803 EUR in remuneration for their services in connection with the audit of the non-consolidated financial statements of the Company for the year ended December 31, 2013.

Government Commissioner

The Company is subject to the administrative supervision of the Belgian Minister responsible for public enterprises who exercises such control through a Government Commissioner. The role of the Government Commissioner is to ensure compliance with the requirements of Belgian law, the Articles of Association and the Management Contract. In addition, the Government Commissioner reports to the Minister of the Budget on all decisions of the Company having an impact on the Belgian state's budget.

The Government Commissioner is Mr. Luc Windmolders and his substitute is Mr. Marc Boeykens.

Legal and shareholding structure

The Company's shares are registered or dematerialized. At December 31, 2013, the share capital of the Company was represented by 200,000,944 shares. Each share entitles its holder to one vote. The shares are listed on the NYSE Euronext Brussels.

On June 26, 2013, Post Invest Europe Sàrl notified that its shareholding in the Company was above the 15% threshold. With 35,599,008 bpost shares in its possession on June 21, 2013, Post Invest Europe Sàrl had participation of 17.80% of the shares with voting rights emitted by bpost. On December 16, 2013, Post Invest Europe Sàrl further notified that its shareholding in the Company was below the 3% threshold. At that date, Post Invest Europe Sàrl held 4,062 bpost shares with voting rights.

On June 27, 2013, the Belgian State and the SFPI/FPIM (which is 100% owned by the Belgian State) notified that their shareholding in the Company was above the 20% and 25% thresholds respectively. With respectively 48,263,200 and 51,737,760 bpost shares in their possession on June 21, 2013, the Belgian State and the SFPI/FPIM together had a participation of 50% (respectively of 24.13% and 25.87%) of the shares with voting rights emitted by bpost (which jointly represents 50% plus 488 shares).

The transparency declarations are available on the website www.bpost.be/ir

The remaining shares are held by:

- Employees of the Company (including members of the Group Executive Management) who have subscribed to the Employee Offering which has taken place at same time as the listing of the Company on the NYSE Euronext Brussels. The shares so acquired are subject to a lock-up of two years which ends on July 15, 2015. One employee of the Company owns 976 shares as a result of options exercised under the former employee stock option plan (approved by the Board of Directors in 2006), such shares not being subject to any specific lock-up;
- Individual shareholders and European and international institutional shareholders who hold shares directly in the Company. None of these persons, either individually or in concert with others, have as at December 31, 2013, filed a transparency declaration informing that the initial 3% threshold was reached.

At December 31, 2013, the Company didn't hold any own shares.

Remuneration report

Declaration relating to the remuneration policy

As a limited liability company under public law and in compliance with applicable Corporate Governance requirements, bpost has developed a specific remuneration policy, decided by the Board of Directors upon recommendation of the Remuneration and Nomination Committee. The remuneration policy takes into account the different groups of employees of the Company and is regularly assessed and updated if and when appropriate. Any change in this policy is approved by the Remuneration and Nomination Committee.

The remuneration policy aims to offer an equitable reward package to all employees and directors, which is competitive with the Belgian reference market composed of large Belgian companies. The total reward package aims to a well-balanced mix of financial and non-financial elements. To that effect, a comparison of the various compensation elements to the median of the Belgian reference market is regularly carried out.

Furthermore, in order to achieve sustainable and profitable growth, performance at both collective and individual level are rewarded. Such reward system has the ambition to be an affordable and easy to understand system that is linked to corporate results, i.e. EBIT & Customer Loyalty and that allows differentiation at individual level in view of performance and talent. At the same time, it aims to create sustainable long term value.

The Company considers that a transparent communication on the principles and implementation of the remuneration policy is essential.

In general, bpost distinguishes different groups, for which the basis remuneration principles will be explained and detailed:

1. Members of the Board of Directors
2. CEO
3. Other members of the Management Committee and of the Group Executive Management

Members of the Board of Directors

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

Pursuant to that decision, the members of the Board of Directors (with the exception of the CEO) are entitled to receive the following gross annual remuneration:

- 38,772.56 EUR for the Chairperson, who also chairs the Joint Industrial Committee (*Paritair Comité / Commission Paritaire*) of bpost;
- 19,386.28 EUR for the other directors, with the exception of the CEO.

These amounts are indexed annually.

Pursuant to the abovementioned decision of the Shareholders' Meeting of April 25, 2000, the members of the Board of Directors (with the exception of the CEO) are entitled to an attendance fee of 1,600.94 EUR (which as a result of indexation has increased to 1,618.44 EUR per meeting effective March 1, 2013) for attendance at one of the committees established by the Board of Directors.

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

Messrs. Søren Vestergaard-Poulsen and Geert Duyck have waived their right to the remuneration and attendance fees linked to their positions as a Board member.

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

Member	Board meetings	Audit Committee	Strategic Committee	Remuneration & Nomination Committee	TOTAL
Martine Durez	38,772.56 EUR	0 EUR	0 EUR	8,092.20 EUR	46,864.76 EUR
Arthur Goethals	19,386.28 EUR	0 EUR	0 EUR	4,855.32 EUR (1)	24,241.60 EUR
Luc Lallemand	19,386.28 EUR	6,473.76 EUR (2)	1,618.44 EUR (2)	0 EUR	27,478.12 EUR
Laurent Levaux	19,386.28 EUR	0 EUR	1,618.44 EUR	0 EUR	21,004.72 EUR
Caroline Ven	19,386.28 EUR	8,092.20 EUR	0 EUR	0 EUR	27,478.48 EUR
Bjarne Wind	19,386.28 EUR	9,710.64 EUR	0 EUR	8,092,20 EUR	37,189.12 EUR
K.B. Pedersen	19,386.28 EUR	0 EUR	1,618.44 EUR	0 EUR	21,004.72 EUR
François Cornelis (3)	11,329.08 EUR	3,236.88 EUR	0 EUR	0 EUR	14,565.96 EUR
Sophie Dutordoir (3)	11,329.08 EUR	3,236.88 EUR	0 EUR	1,618,44 EUR	16,184.40 EUR
Bruno Holthof (3)	11,329.08 EUR	1,618.44 EUR	0 EUR	1,618.44 EUR	14,565.96 EUR
Geert Duyck (4)	0 EUR	0 EUR	0 EUR	0 EUR	0 EUR
Søren Vestergaard-Poulsen (4)	0 EUR	0 EUR	0 EUR	0 EUR	0 EUR

(1) Arthur Goethals was member of the Remuneration and Nomination Committee until June 25, 2013.
(2) Luc Lallemand was member of the Audit Committee until June 25, 2013 and became member of the Strategic Committee as from same date.
(3) Appointed as independent directors as from June 25, 2013.
(4) Geert Duyck and Søren Vestergaard-Poulsen were members of the Board of Directors until June 25, 2013.

Remuneration of the CEO

The remuneration package of the CEO is reviewed annually by the Board of Directors upon recommendation of the Remuneration and Nomination Committee and is based on a market comparison with large Belgian companies.

For the year ending December 31, 2013, a remuneration of 1,176,132 EUR was paid to the CEO (compared to 1,123,209 EUR for the year ended December 31, 2012) and can be broken down as follows:

- Base salary: 788,212 EUR (gross remuneration)
- Variable remuneration: 322,804 EUR (gross remuneration) (performance driven bonus paid in cash relating to the performance in 2012)
- Pension and death in service coverage: 61,816 EUR
- Other compensation components (representation allowances): 3,300 EUR

The CEO also benefits from the use of a company car for which the leasing costs was 23,960 EUR for the year.

No stock options were awarded in 2013 to the CEO and no options under previous stock option plan were still outstanding for exercise in 2013.

Remuneration of the other members of the Management Committee and Group Executive Management

The remuneration package of the other members of the Management Committee and Group Executive Management is reviewed annually and approved by the Board of Directors upon recommendation of the Remuneration and Nomination Committee and is based on a benchmark exercise comparing bpost with large Belgian companies.

The objective of bpost is to offer a total remuneration package which is in line with the median of the 'reference market', being understood that remuneration packages are set on a function level rather than on an individual basis.

To date, no fundamental changes to the policy are foreseen for the next two years.

The different elements of the remuneration package are:

Base salary

The base salary is benchmarked with other large Belgian companies, in line with the above principles.

The individual base salary is based on:

- Function
- Relevant experience
- Performance

The performance of each individual is reviewed annually in a "Performance Management Process" (PMP).

Variable salary

A variable salary may be granted, based on the achievement of:

- corporate objectives
- individual objectives

The target variable salary is set as a percentage of annual base salary.

bpost uses a multiplication system whereby the actual variable salary paid out can vary depending on the corporate and individual performance and competencies.

The current remuneration policy does not provide for a specific contractual claw back stipulation in favour of the Company for the variable remuneration accorded on the basis of incorrect financial information.

Other benefits

bpost offers other benefits, such as pension, death and disability insurance, hospitalization insurance, company car, etc. These benefits are benchmarked regularly and adapted according to Belgian practices.

For the year ending December 31, 2013, a global remuneration of 3,356,613 EUR was paid to the members of the Group Executive Management, other than the CEO (compared to 3,258,115 EUR for the year ended December 31, 2012) and can be broken down as follows:

- Base salary: 1,864,495 EUR (gross remuneration) paid under an employment agreement, excluding social security contributions paid by bpost;
- Variable remuneration: 1,315,854 EUR (gross remuneration) (performance driven bonus paid in cash relating to the performance in 2012 and other bonus paid in cash)
- Pension and death in service and disability coverage: 210,019 EUR
- Other compensation components (representation allowances and luncheon vouchers): 20,048 EUR

In addition of the above, the members of the Group Executive Management (other than the CEO) also benefit from the use a company car for which the leasing costs were 96,888 EUR for the year.

No stock options were awarded in 2013 to the other members of the Group Executive Management and no options under previous stock option plan were still outstanding for exercise in 2013.

Termination provisions

Other than in the case of termination on grounds of gross negligence and in case of mandate termination before term of the then current mandate, the CEO is entitled to a termination indemnity corresponding to remuneration for the remainder of his six-year term, with a maximum of two years' remuneration. No other member of the Group Executive Management is entitled to specific contractual termination arrangements.

All members of the Group Executive Management, except for Mark Michiels, are subject to non-competition clauses for a period of 12 to 24 months from the date of their resignation or termination restricting their ability to work for bpost's competitors. All such members of the Group Executive Management, except for the CEO, are entitled to receive compensation in an amount equal to 6 to 12 months' salary if these non-competition clauses are applied.

Internal control and risk management

Internal control and risk management systems in relation to the preparation of the consolidated financial statements

The following description of bpost's internal control and risk management activities is a factual description of the activities performed. The description uses the structure recommended by the Commission Corporate Governance.

Control environment

The control environment with regards to the preparation of the consolidated financial statements is organized through several functions.

The accounting and control organization consists of three levels: (i) the accounting team in the different legal entities responsible for the preparation and reporting of the financial information, (ii) the business controllers at the different operating units of the organization responsible inter alia for the review of the financial information in their area of responsibility, and (iii) the Group Finance Department, responsible for the final review of the financial information of the different legal entities and operating units and for the preparation of the consolidated financial statements.

Next to the structured controls outlined above, bpost's external auditors perform independent interim and year-end control procedures on the financial statements.

The Internal Audit Department conducts a risk based audit program to provide assurance on the internal control effectiveness and risk management in the different processes at legal entity level.

bpost's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards board and which have been endorsed by the European Union. All IFRS accounting principles, guidelines and interpretations, to be applied by all legal entities and operating units, are communicated on a regular basis by the Group Finance Department to the accounting teams in the different legal entities and operating units. IFRS trainings take place when deemed necessary or appropriate.

The vast majority of the Group companies use the same software to report the financial data for consolidation and external reporting purposes. For those that do not use the software, the Group Finance Department ensures that their reporting is aligned with the Group's chart of accounts and accounting principles before introducing them in the reporting and consolidation software.

Risk assessment

Appropriate measures are taken to ensure a timely and qualitative reporting and to reduce the potential risks related to the financial reporting process, including: (i) careful and detailed planning of all activities, including owners and timings, (ii) guidelines which are communicated by Group Finance to the various participants in the process prior to the closing, including relevant points of attention, and (iii) follow-up and feedback of the timelines, quality and lessons learned in order to strive for continuous improvement. A quarterly review takes place of the financial results which are reviewed in details by Management and are presented to and reviewed by the Audit Committee. A half-year review of the financial results is also performed which are reviewed by and discussed with the Statutory Auditor. Material changes to the IFRS accounting principles are coordinated by the Group Finance Department, reviewed by the Statutory Auditor, approved by the Audit Committee, and by the Board of Directors of bpost. Material changes to the statutory accounting principles of bpost or of other group companies are approved by the relevant Boards of Directors.

Control activities

The proper application by the legal entities of the accounting principles as described in the notes to the financial statements and as communicated to them by the Group Finance Department, as well as the accuracy, consistency and completeness of the reported information, is reviewed on an ongoing basis by the control organization (as described above) through a process of account justification and review. In addition, all relevant entities are controlled by the Internal Audit Department on a periodic basis. Policies and procedures are in place for the most important underlying processes (sales, procurement, investments, treasury, etc.) and are subject to: (i) regular controls by the respective management teams, and (ii) and independent evaluation and review by the Internal Audit Department during their audit. A close monitoring of potential segregation of duties conflicts in the main IT system is carried out on a regular basis.

Information and communication

A very significant proportion of the Group's turnover, expenses and profit is generated by the Group's parent company, bpost SA-NV which is also the main operating company. All operating units of this company use an ERP system platform to support the efficient processing of business transactions and provide its management with transparent and reliable management information to monitor, control and direct its business operations. The provision of information technology services to run, maintain and develop those systems is performed by a professional IT service delivery department which is monitored on its delivery performance through service level agreements as well as performance and incident reporting. bpost has implemented management processes to ensure that appropriate measures are taken on a daily basis to sustain the performance, availability and integrity of its IT systems. Proper assignment of responsibilities, and coordination between the pertinent departments, ensures an efficient and timely communication process of periodic financial information to Management and to the Board of Directors. Information accuracy, security and availability are always considered by the Internal Audit Department as part of the regular audits or special assignments. Detailed financial information is provided on a monthly basis to Management and to the Board of Directors. The Company makes financial information available to the market on a quarterly, half-yearly and annual basis. Prior to the external reporting, the financial information is subject to (i) the appropriate controls by the abovementioned control organization, (ii) review by the Audit Committee, and (iii) approval by the Board of Directors of the Company.

Monitoring

Any significant change of the IFRS accounting principles as applied by bpost is subject to approval by the Audit Committee and by the Board of Directors. When relevant, the members of the Audit Committee are updated on the evolution and important changes in the underlying IFRS standards. All relevant financial information is presented to the Audit Committee and the Board of Directors to enable them to analyze the financial statements. Relevant findings by the Internal Audit Department and/or the Statutory Auditor on the application of the accounting principles, as well as the adequacy of the policies and procedures, and segregation of duties, are reported to the Audit Committee on a quarterly basis. Also a quarterly treasury update is submitted to the Audit Committee. A procedure is in place to convene the appropriate governing body of the Company on short notice if and when circumstances so dictate.

Internal control and risk management systems in general

The Board of Directors and the Group Executive Management have approved the bpost Code of Conduct, which was first issued in 2007 and updated in 2011. The Code of Conduct sets forth the basic principles of how bpost wants to do business. Implementation of the Code of Conduct is mandatory for all companies of the Group. More detailed policies and guidelines are developed as considered necessary to ensure consistent implementation of the Code of Conduct throughout the Group.

Furthermore, in order to comply with legislation on insider dealing and market manipulation, the Company adopted a Dealing and Disclosure Code prior to the initial public offering. This Code aims to create awareness about possible improper conduct by employees, senior employees and directors and contains strict rules of confidentiality and non-use of "price sensitive" information. The rules of this Code have been widely communicated within the Group and the Code is available to all employees. A list of employees having regular access to "price sensitive" information is kept, and key employees were requested to confirm that they have read and agreed to comply with the Dealing and Disclosure Code. Closed periods (including prohibited periods) are defined and communicated widely and any transaction on shares within such periods must be communicated to and cleared by the Compliance Officer.

In conformity with the law of August 2, 2002, persons with leading responsibilities have been informed of their obligation to declare to the Financial Services and Markets Authority every transaction involving shares of the Company.

bpost's internal control framework consists of a number of policies for the main business processes. The Internal Audit Department monitors the internal control situation and reports to the Audit Committee on a quarterly basis.

At the request of the Board of Directors and the Audit Committee, Management has developed a global enterprise risk management ('ERM') framework to assist the Group in managing the material risks on an explicit basis. This framework was partially implemented in 2013 and its roll-out will continue in 2014.

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