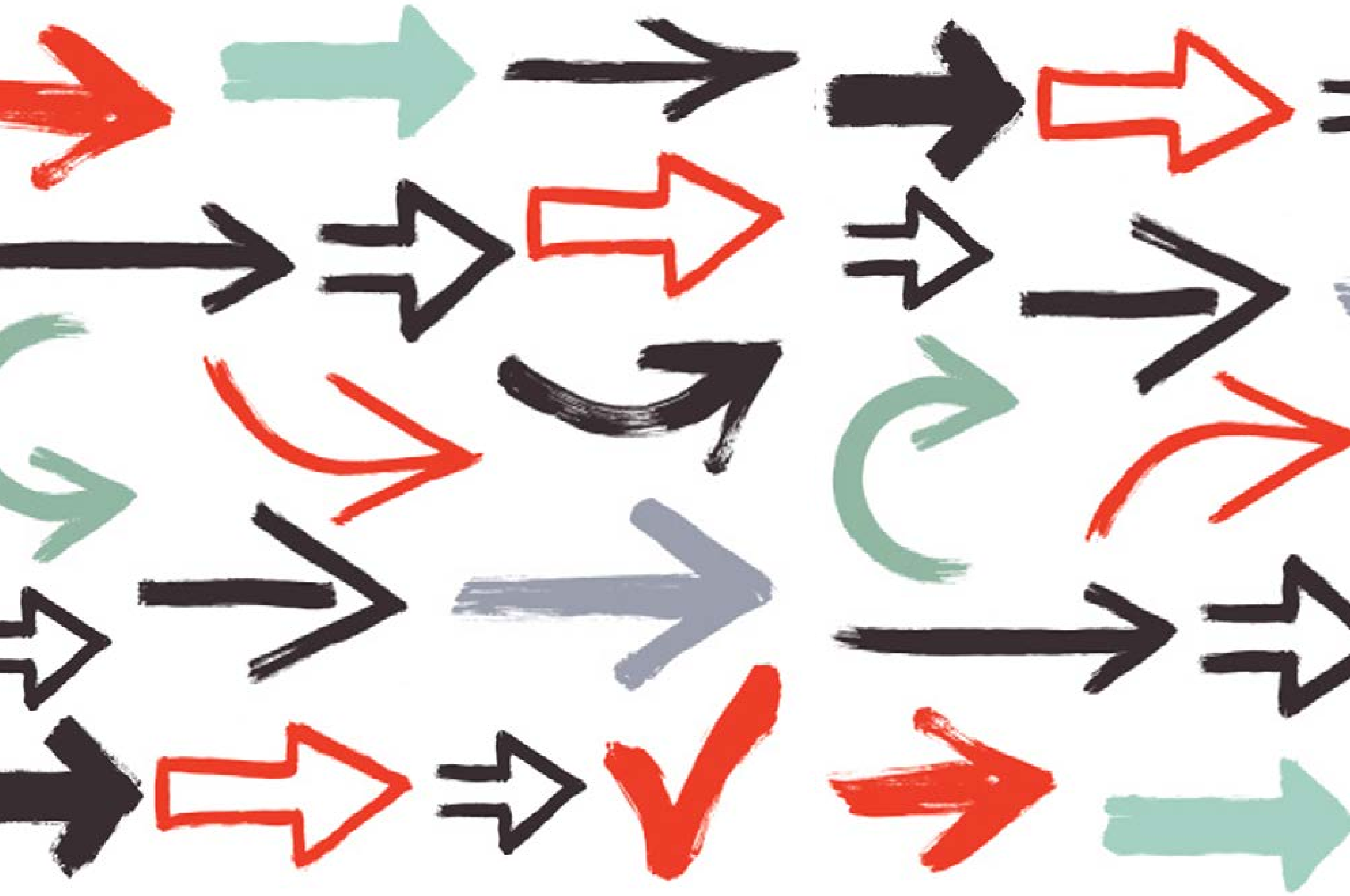

STAY FOCUSED

Financial report 2014

bpost

FINANCIAL CONSOLIDATED STATEMENTS 2014

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OVERVIEW OF KEY FIGURES

Normalized for the year ended 31 December

In million EUR	2014	2013	2012	Evolution 2014-2013
Total operating income (revenues) (1)	2,464.7	2,428.6	2,415.7	1.5%
Profit from operating activities (EBIT) (2)	480.2	436.1	404.0	10.1%
Profit for the year (consolidated – IFRS) (3)	295.5	273.3	227.7	8.1%
Operating free cash flow (4)	373.5	249.0	284.0	50.0%

Reported for the year ended 31 December

In million EUR	2014	2013	2012	Evolution 2014-2013
Total operating income (revenues)	2,464.7	2,443.2	2,415.7	0.9%
Profit from operating activities (EBIT)	480.2	450.7	323.0	6.5%
Profit for the year (consolidated – IFRS)	295.5	287.9	174.2	2.6%
bpost SA/NV net profit (unconsolidated - Belgian GAAP)	296.9	248.2	171.9	19.6%
Operating Free cash flow (5)	373.3	125.9	(16.8)	196.4%
Net Debt / (Net Cash) (6)	(486.2)	(360.7)	(618.6)	34.8%
Basic earnings per share (7), in EUR	1.47	1.43	0.87	2.9%
Dividend per share (7), in EUR	1.26	1.13	0.85	11.5%
Number of employees (at year end)	27,479	28,747	29,922	-4.4%
Number of FTE (average)	24,631	25,683	26,625	-4.1%
Number of FTE and interim (average)	25,414	26,329	27,411	-3.5%

(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.

STAY FOCUSED

2014 was a very **good year**, with positive results despite continued difficult economic conditions. This is to the credit of the thousands of bpost employees who devote themselves to serving customers on a daily basis. We warmly thank and congratulate them!

All figures improved in 2014: on a normalized basis consolidated turnover rose from EUR 2,428.6 million in 2013 to EUR 2,464.7 million in 2014 (+1.5%), EBITDA from EUR 536.9 million to EUR 572.0 million (+6.6%), EBIT from EUR 436.1 million to EUR 480.2 million (+10.1%), and the consolidated net profit from EUR 273.3 million to EUR 295.5 million (+8.1%). The net profit of parent company bpost SA/NV, which is the basis for the dividend calculation, rose from EUR 248.2 million to EUR 296.9 million.

The good results are primarily due to the solid growth of parcels in Belgium and internationally which offset the fall in letter volumes, and reduced costs in line with the projections. These results are very satisfying and demonstrate again that our strategy is delivering results. We also further invested in innovation to support our future growth.

Indeed in 2014, we booked progress on the four cornerstones of our strategic plan:

- Firstly, **we defended our core business - letter mail -** particularly through initiatives to promote paper as an efficient support of communication. As a result, we were even able to convince a major e-commerce company to integrate direct mail into its media mix. However, the continuing pressure to substitute letters with electronic communication as well as the economic conditions made letter volumes decline further by 4.4%. Even so, the fall was fairly limited compared to some other countries and only slightly worse than 2013.

- Secondly, we continued to develop **growth initiatives within our core competencies**.

  This primarily concerns **parcels**, where we achieved further organic revenues growth in Belgium and internationally in the wake of the increasing success of e-commerce: +6.7% in Belgium and +47.7% internationally.

  In Belgium we further reinforced our biggest unique selling proposition for customers, our extensive delivery network of 10,000 postmen who deliver parcels at the doorstep, now also on Saturdays and even on Sundays, 1,250 post offices and PostPoints, and parcels lockers that we install at busy locations, such as stations and shopping centres carparks, where customers can pick up their parcels 24/7 (there are already 125).

  To meet the demands of global e-commerce even more successfully, we integrated our international teams into a single structure and boosted their expertise. This new organization operates under the “Landmark Global, a bpost company” brand at 12 strategic locations in the US and Canada, Europe and Asia.

  Parcels are our biggest growth factor, but we are also launching other projects to generate **new income**, such as the “combo.be” service. Since October 2014, all inhabitants of Brussels, Halle-Viloorde and Walloon Brabant can have their online groceries shopping of different retailers delivered by bpost in a single drop at the doorstep in the evening. After a five-month trial, the “City Logistics” city transport project has now been launched. The project is now fully operational in Antwerp and a further rollout to Brussels is planned.

- Thirdly, we keep **costs well under control** and we continue to work on our initiatives to raise productivity. The most important of these is the **Vision 2020** plan, which targets further automation in mail sorting and outlines the future mail organization. We will gradually consolidate the 400 local mail offices we had five years ago into 60 mail centers. At the end of February 2015 there were 263 of them.

  The building extensions to the four existing Industrial Mail Centers and the installation of new machinery were started and are progressing on schedule.

  The process to initiate the construction of the new Brussels X sorting centre is progressing well. Once we have the planning permission and environmental permit, we hope to start the work in 2015, so that the center can open in 2017. Brussels X will play a key role in our parcels business, as it will be responsible for sorting all parcels. That will shorten the lead-time between the receipt of parcels by bpost and their delivery to the customer.

  Another important aspect of our pursuit of excellence is our “next gen” project to better prepare the organization by means of various initiatives to respond with sufficient flexibility and speed to the new needs of our customers and the changes in the postal market. Part of that is the Alpha project, in which we have thoroughly reassessed the functioning of our central services. The results were announced to employees at the end of February and management intends to introduce the new organization in the course of 2015, to be fully implemented by 2016, after a proper social dialogue.

→ Finally, we are pleased that we have been able to fulfil the expectations of all **our stakeholders**.

We were able to improve service to both residential and business customers with good delivery quality which resulted in a sharp decline (-16%) in complaints and a rise in the customer satisfaction (+2.3 percentage points). In the business market we actually made the top five in terms of customer loyalty, an ambition we have also set ourselves for the residential market.

We also achieved some fine results in our ambition to support the well-being and commitment of our **employees**. Safety improved with a 17% drop in the number of recorded accidents. The bpost employee survey showed that employee loyalty is a strong asset and that stress factors are being better controlled.

The trailblazing "Recognizing Experience" program is now in its third year. More than 100 employees have obtained a high school certificate through the program, which increases their internal and external job prospects. More than 250 employees are currently following the programme.

We continued to work to reduce **our environmental impacts**. For the second year in a row, in 2014 bpost placed first in the global ranking of the International Post Corporation (IPC) for environmental management. bpost also achieved the highest score (A) in the Climate Leadership Index for our performances under the Carbon Disclosure Project (CDP).

Shareholders showed their confidence in the company strategy and the progress achieved, which resulted in a positive evolution of the share price. The implementation of our Strategic Plan delivered results, which means that shareholders could be rewarded for their confidence with the pay-out of a dividend 12% higher than that of the previous year. All employees also benefit from the company's performance, particularly through the higher legal profit-sharing and the increased result-based bonus.

We will continue to rise to our strategic **challenges** in 2015. In particular we will give special attention to the new contract for the delivery of newspapers and magazines from 1 January 2016. We will do our utmost to win this important contract. We hope that the quality of service we demonstrate daily will weigh heavily on the decision.

On the other hand, a new management contract is in the pipeline, as the current one expires on 31 December 2015. We assume that the compensation for the services we provide will continue to be set at an appropriate level, bearing in mind the quality of our service and the fact that bpost has invested efforts to further improve efficiency.

Lastly, intense and sustained social dialogue will be held in 2015 on the introduction of major change projects, among other places in central services and the mail network. bpost has a long and successful tradition of social dialogue and we will continue to work in that spirit.

In the still difficult economic conditions, characterized by fast-moving, far-reaching changes in the market, bpost must first and foremost stay **focused** on the cornerstones of its **strategic plan**, which has already proved its relevance, and on the big projects that have been launched to support our future growth and development. The Board and the Management Committee will continue to pursue this strategy shoulder to shoulder.

Françoise Masai
Chairperson of the Board

Koen Van Gerven
CEO

KEY EVENTS OF THE YEAR

International expansion Landmark

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

Gout International BV (2013: EUR 3.8 million revenue, now rebranded as Landmark Global (Netherlands) BV) and BEurope Consultancy BV (2013: EUR 0.3 million revenue, now rebranded as Landmark Trade Services (Netherlands) BV) are two Groningen-based Dutch companies. The main activity of Landmark Global (Netherlands) BV is import services for US companies looking to sell their products in Europe. The service offering includes customs clearance, warehousing, pick & pack and last mile delivery. Landmark Trade Services (Netherlands) BV is a spin-off company of Landmark Global (Netherlands) BV which focuses on advising US customers on how to enter the European market. 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 Global Distribution Ltd. (2013: EUR 1.4 million revenue, now rebranded as Landmark Global (UK) Limited), which provides import services for goods entering the UK, similar to the services offered by Landmark Global (Netherlands) BV. Its location right next to London Heathrow makes it ideally suited to service US to UK airlift imports.

Furthermore, in February 2014, Landmark Global Inc. acquired 100% of the shares of Starbase Global Logistics Inc (2013: EUR 1.7 million revenue, now rebranded Landmark Trade Services USA, Inc.), which provides import services for goods entering the US.

Koen Van Gerven new CEO of bpost; Francoise Masai new chairperson of bpost's Board

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

By Royal Decree dated April 25, 2014, the Belgian State appointed, on proposal of bpost's Board of Directors and upon recommendation of the Remuneration Committee, Françoise Masai as chairperson of the Board of Directors, in replacement of Martine Durez who was granted honourable discharge.

By Royal Decree dated March 14, 2014, the Belgian State appointed, on proposal of bpost's Board of Directors and upon recommendation of the Remuneration Committee, Bernadette Lambrechts as member of the Board.

Inclusion of bpost in the BEL 20 index

On March 24, 2014 bpost entered the BEL 20 index. The BEL 20 is the reference index of the Brussels stock exchange reflecting the valuation of the 20 largest companies in terms of free float market capitalization.

The management of bpost and the social partners unanimously approved a new collective agreement for the period 2014-2015

In the Joint Committee on May 22, 2014, an agreement was reached for the potential payment of a non-recurring bonus linked to the results in 2014-2015. A series of measures have also been agreed to improve the remuneration of the auxiliary postmen, in particular with regard to meal vouchers and the end-of-year bonus.

Inclusion of bpost in DJ Stoxx Europe 600 index

On September 22, 2014 bpost entered the DJ Stoxx Europe 600 index. This index captures the 600 most important European market capitalisations.

bpost introduced on 29th September 2014, a non-binding indicative offer to purchase 51% shares of the Romanian Post (Posta Romana)

bpost's mergers and acquisitions strategy is to seek opportunities which can contribute to its core business either on the domestic market or on the international parcels' sector. In addition, opportunities are explored if they can provide a strong return on investment while allowing leveraging bpost's know-how in the transformation of postal operations. The latter is the reason for the company's interest in the acquisition of a majority stake in Posta Romana. This file is still in a preliminary stage.

Launch of home delivery service for groceries "combo"

Late September, home delivery by bpost of groceries ordered online has been rolled out to all inhabitants of Brussels and Walloon Brabant. Using the bpost platform "www.combo.be" shoppers can place their orders with participating stores, choose a delivery slot and combine orders placed at different retailers into one delivery. The service was extended to parts of Flemish Brabant at the end of October.

Further improvement of "bpack" parcels offering

bpost strives to offer its customers the best options for the distribution of parcels. Since November, bpost started Saturday parcels' delivery in order to strengthen its offering. The delivery to parcels lockers was also launched. About 125 parcel lockers are installed across Belgium, where addressees can pick up their parcel 24h/24, 7 days a week. They have been set up at busy locations like train stations, department store car parks and large post offices. Finally, bpost also launched online parcel preparation (labelling, payment) and direct drop-off and pick-up in one of its 1,250 parcel points, leading to improved convenience for users.

Appointment of two non-executive independent Directors to the Board

The special general meeting of shareholders, which was held on September 22, 2014, has appointed Ray Stewart and Michael Stone as independent directors of bpost with immediate effect. Ray Stewart and Michael Stone replace Bjarne Wind and K.B. Pedersen, both of whom tendered their resignation following the sale by CVC of substantially all of its participation in bpost's share capital.

The Board of Directors has restructured the executive management of bpost. As of September 1, 2014, the Management Committee and the Group Executive Management are both composed of Koen Van Gerven (CEO & Parcels), Pierre Winand (CFO), Marc Huybrechts (MRS director), Mark Michiels (HR) and Kurt Pierloot (MSO & International director).

Tariff increases on domestic mail for 2015

In October, bpost announced the tariff increases on mail products applicable as of January 2015. In compliance with the regulatory framework, the average price rise for all domestic mail products will be 1.5%.

New organization of international parcels and mail activities

bpost has integrated its different international activities into one combined structure to leverage on the synergies and expertise of those entities in order to serve the parcels' distribution needs of the global e-commerce marketplace. The new organisation operates under the brand name "Landmark Global, a bpost company" and is led by Dave Mays, the current CEO and founder of Landmark Global, Inc. Kurt Pierloot represents Landmark Global in the bpost Group Executive Management.

Interim dividend of 1.04 EUR gross/share paid in December 2014 and total dividend of 1.26 EUR proposed for the full year 2014

bpost paid an interim dividend of EUR 1.04 gross per share on December 10, 2014, which represents an increase of 12% over the interim dividend paid in 2013. In accordance with the dividend policy adopted by the Board, the interim dividend was determined based on the BGAAP net profit of bpost S.A./N.V. of EUR 244.8 million for the first 10 months of 2014. For the full year 2014, the BGAAP net profit of bpost SA/NV amounted to EUR 296.9 million, which results in a proposed total dividend of EUR 1.26 gross per share applying the dividend pay-out ratio of 85%. The final dividend of EUR 0.22 gross per share will be paid on May 20, 2015 after approval at the General Shareholders' Meeting.

bpost's customer satisfaction in constant progression

bpost measures continuously the satisfaction of its customers through independent research surveys in order to define the areas of further improvement. In 2014, 88.3% of the customers surveyed were satisfied about the company's products and services, an improvement of 2.3 percentage points over the previous year.

Launch of City Logistics in Antwerp

After a five-month trial, the "City Logistics" city transport project has been launched. The project is now fully operational in Antwerp and a further rollout to Brussels is planned.

City Logistics, allows logistic companies that have to deliver goods in the city center or in the Antwerp's harbor to deliver goods in a dedicated storage in the neighborhood of the city. bpost will deliver the goods with its own trucks the same day in a combined delivery to the final destination.

FINANCIAL REVIEW

1.1 CONSOLIDATED INCOME STATEMENT

The following table presents bpost's financial results for years 2012, 2013 and 2014:

For the year ended 31 December

In million EUR	2014	2013	2012	Evolution 2014-2013
Turnover	2,441.7	2,403.0	2,396.0	1.6%
Other operating income	22.9	40.2	19.8	-42.9%
TOTAL OPERATING INCOME	**2,464.7**	**2,443.2**	**2,415.7**	**0.9%**
Materials cost	(27.4)	(30.4)	(34.6)	-9.8%
Services and other goods	(644.1)	(609.1)	(602.8)	5.8%
Payroll costs	(1,199.9)	(1,229.7)	(1,238.5)	-2.4%
Other operating expenses	(21.3)	(22.5)	(118.9)	-5.6%
TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATIONS/ AMORTIZATIONS	**(1,892.6)**	**(1,891.7)**	**(1,994.8)**	**0.0%**
EBITDA	**572.0**	**551.4**	**421.0**	**3.7%**
Depreciation, amortization	(91.9)	(100.8)	(98.0)	-8.8%
PROFIT FROM OPERATING ACTIVITIES (EBIT)	**480.2**	**450.7**	**323.0**	**6.5%**
Financial income	5.5	3.6	6.8	53.1%
Financial cost	(42.7)	(11.4)	(60.6)	273.4%
Share of profit of associates	11.2	14.0	3.5	-19.7%
PROFIT BEFORE TAX	**454.1**	**456.8**	**272.7**	**-0.6%**
Income tax expense	(158.6)	(168.9)	(98.5)	-6.1%
PROFIT FOR THE YEAR	**295.5**	**287.9**	**174.2**	**2.6%**

Total operating income (revenues)

Total operating income (revenues) increased by 0.9% to EUR 2,464.7 million (2013: EUR 2,443.2 million). The evolution per product line can be summarized as follows:

For the year ended 31 December

In million EUR	2014	2013	2012	Evolution 2014-2013
Domestic Mail	1,523.0	1,551.3	1,676.4	-1.8%
Transactional Mail	943.2	961.3	982.7	-1.9%
Advertising Mail	271.4	275.9	287.3	-1.6%
Press	308.4	314.1	406.4	-1.8%
Parcels	307.2	249.6	165.0	23.1%
Domestic Parcels	151.3	141.9	134.0	6.7%
International Parcels	143.3	91.5	11.4	56.5%
Special Logistics	12.6	16.2	19.6	-22.0%
Additional sources of revenues and retail network	612.5	616.8	553.1	-0.7%
Value-added services	95.4	89.4	95.8	6.7%
International Mail	203.7	199.3	221.0	2.2%
Banking and Financial products	207.5	209.2	217.3	-0.8%
Other	106.0	118.9	19.0	-10.9%
Corporate (Reconciling category)	21.9	25.5	21.1	-13.9%
TOTAL BPOST	**2,464.7**	**2,443.2**	**2,415.7**	**0.9%**

The increase in revenues generated by the changes in scope were more than compensated by the non-recurrence in 2014 of the profit on disposal of certain Certipost activities to Basware generated in 2013. The sum of these two elements accounted for a decrease in revenues of EUR 4.3 million:

- in the first quarter of 2014, Landmark Global Inc. acquired 100% of the shares of Gout International BV and BEurope Consultancy BV, both based in the Netherlands, of Ecom Global Distribution Ltd. in the United Kingdom and of Starbase Global Logistics Inc. in the United States. These companies contributed EUR 10.3 million in revenues;
- the gain related to the disposal of certain activities of Certipost to Basware in 2013 amounted to EUR 14.6 million.

Excluding these elements, total Operating Income showed a EUR 25.8 million organic growth, mainly driven by the solid performance of Parcels, the positive price impact of Domestic Mail and the development of new customized solutions within Additional Sources of Revenues compensating the volume decline in Domestic Mail.

Revenues from **Domestic Mail** decreased by EUR 28.3 million to EUR 1,523.0 million in 2014 (2013: EUR 1,551.3 million). Excluding the impact of the elections in 2014 (which generated revenues of EUR 4.6 million), the underlying organic decline of Domestic Mail amounted to EUR 32.9 million. The price and mix improvement had a positive impact of EUR 26.7 million, while the underlying volume decline amounted to 4.4% or EUR 59.5 million.

Parcels grew by EUR 57.6 million in 2014, to EUR 307.2 million. The consolidation of the new companies contributed EUR 8.1 million to this increase. Excluding the scope change, Parcels revenues grew by EUR 49.6 million in 2014 driven by

- the good performance of the International Parcels (contribution of EUR 43.7 million to the increase), mainly due to the increase in parcels volumes generated from the US (EUR 22.7 million) and the parcels activities from (mainly e-tailers exporting to Europe) and to China (mainly milk powder from EU and UK), respectively EUR 8.6 million and EUR 8.3 million contribution to the International Parcels growth;
- a solid Domestic Parcels volumes growth of 7.0%, which was mainly attributable to increased volumes in B2C as a consequence of the further development of e-tailing activities.

Revenues generated in Special Logistics activities declined by EUR 3.6 million as a result of discontinuing the activities in distribution and warehousing in accordance with a reorganization plan initiated in 2013 and executed in 2014.

Total operating income from the **Additional Sources of Revenues and Retail Network** decreased from EUR 616.8 million in 2013 to EUR 612.5 million in 2014. Excluding the impact on revenues related to the disposal of certain activities of Certipost to Basware in 2013 (EUR 14.6 million) and the positive impact of the new consolidated companies (EUR 2.3 million), revenues increased by EUR 8.0 million compared to 2013.

The Value Added Services increased by EUR 6.0 million to EUR 95.4 million thanks to the development of customized solutions and services relating to the European License Plates.

International Mail revenues increased by 2.2% as the 1% volume decline was more than compensated by an improvement in price and mix despite a lower amount of favorable settlements with foreign operators of previous years' terminal dues (EUR 5.7 million).

The Banking and Financial products revenues decreased by EUR 1.8 million. This is explained by lower volumes of financial transactions managed on behalf of the Belgian State and the lower remuneration of commissions received on bpost bank products partially compensated by the positive impact of the prepaid credit cards (bpaid cards).

The decrease in total operating income attributable to **Corporate** (reconciling category) is mainly explained by a decrease in the revenues generated by the sale of unused land and buildings (EUR 2.3 million) and lower revenue recognition for postal products (EUR 1.8 million).

Operating expenses

Operating expenses, including depreciation, amortization, and impairment charges, amounted to EUR 1,984.5 million (2013: EUR 1,992.5 million), a slight decrease of EUR 8.0 million compared to last year.

Excluding the changes in scope, due to the acquisition of 4 new subsidiaries resulting in a net increase in costs of EUR 9.6(1) million, the operating expenses, including depreciation, amortization and impairment charges have decreased by EUR 17.6 million, or 0.9% compared to 2013. This decrease is mainly due to the decrease of the payroll charges by EUR 31.6 million as well as the decrease of the material cost by EUR 3.9 million and the decrease of the depreciation, amortization and impairment by EUR 8.9 million, offset by the increase of EUR 28.2 million in services and other goods, driven by the increase in transport costs following the growth of the international parcels activities.

Material costs

Materials costs, which include the cost of raw materials, consumables and goods for resale, decreased by EUR 3.0 million to EUR 27.4 million (2013: EUR 30.4 million) primarily due to a decrease in services performed by contract drivers in Special Logistics.

Services and other goods

The cost of goods and services has increased by EUR 35.0 million or 5.8% (excluding interim costs(2) the increase amounts to EUR 30.1 million or 5.2%).

Excluding the impact of the changes in scope (EUR 6.9 million, mainly transport costs) the cost for goods and services has increased by EUR 28.2 million (or EUR 23.5 million interims costs excluded).

For the year ended 31 December

In million EUR	2014	2013	2012	Evolution 2014-2013
Rent and Rental costs	68.7	70.0	65.3	-1.9%
Maintenance and Repairs	75.4	75.4	69.3	0.0%
Energy delivery	37.2	41.1	43.2	-9.4%
Other goods	21.4	22.7	20.2	-5.4%
Postal and Telecom costs	5.7	6.4	7.8	-11.3%
Insurance costs	13.7	14.3	15.6	-4.3%
Transport costs	218.4	175.4	155.5	24.5%
Publicity and Advertising	18.9	21.6	25.9	-12.7%
Consultancy	19.4	19.1	33.1	1.8%
Interim employees	36.4	31.4	40.7	15.8%
Third party remuneration, fees	109.4	113.6	106.9	-3.7%
Other services	19.5	18.0	19.4	8.1%
TOTAL	**644.1**	**609.1**	**602.8**	**5.8%**

(1) Impact scope change excl. depreciation and amortization amounts to EUR 9.5 million.
(2) Interim costs are analyzed together with payroll costs, as they are better performance indicator of human capital utilization. In certain cases of natural attrition, personnel is replaced by interims to anticipate reorganizations and productivity improvement programs.

- Rental costs have slightly declined by EUR 1.3 million, or 1.9%, due to the lower costs for fleet and buildings.
- Energy costs decreased by EUR 3.9 million, or 9.4% mainly due to a positive price evolution of energy costs for both vehicles and buildings.
- Transport costs amounted to EUR 218.4 million, or 24.5% (EUR 43.0 million) higher compared to previous year. This is due to the increase in international parcels activities, the consolidation of newly acquired subsidiaries for EUR 4.8 million, unfavorable evolutions of exchange rates (EUR 2.7 million) and less favorable settlement of previous years' terminal dues in 2014 for EUR 1.5 million.
- Publicity and advertising costs decreased by EUR 2.7 million, or a 12.7% decline in comparison with the year 2013.
- The growth in interim costs was driven by higher use (an increase of 136 FTE on average during the year) of temporary personnel (see also section payroll costs).
- Third party remunerations and fees decreased by EUR 4.2 million, or by 3.7 %. This decrease related to lower utilization of external IT experts developing and implementing software applications.

Payroll costs

Payroll costs (EUR 1,199.9 million) and interims costs (EUR 36.4 million) in 2014 amounted to EUR 1,236.2 million and showed a net decrease of EUR 24.9 million (payroll costs decreased by EUR 29.9 million and interims costs increased by EUR 5.0 million), or 2.0 % compared to 2013. This decrease is mainly driven by a net decrease in own personnel and interims of 915 FTE.

Changes of scope relating to the consolidation of newly acquired subsidiaries in 2014 had an impact of EUR 1.9 million in 2014, representing 49 FTE and 10 interims. Excluding the impact of the changes in scope, payroll and interim costs showed an underlying reduction of EUR 26.9 million (decrease of payroll costs of EUR 31.6 million partially offset by an increase of interim costs by EUR 4.7 million) or 2.1% in 2014 and a net decrease in own personnel and interims of 974 FTE.

The year-on-year decrease in payroll and interim costs, before scope change, is primarily due to the reduction in the average work force (FTE and interim) by 974 FTE, compared to 2013, which generated savings of EUR 45.8 million. This year, the decrease of 1,100 FTE in own personnel is partially compensated by an increase of 126 FTE of interims. The majority of units contributed to the reduction in headcount. 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 support activities.

The recruitment of auxiliary postmen on lower salaries created a positive mix effect of EUR 3.0 million. This was partially offset by a more intense use of interims (negative mix effect of EUR 1.0 million).

These positive effects were partially offset by a price impact of EUR 12.9 million, mainly driven by the impact of the new CLA (EUR 5.9 million), merit increases, promotions and small increases in other premiums.
Furthermore increased one-off restructuring charges (EUR 10.5 million), a less favorable evolution of the rest arrears (EUR 3.2 million) as well as higher accruals for the 5% profit share (EUR 2.4 million), in turn due to the higher results, have an unfavorable impact on the payroll costs.

Costs associated with the employee benefits declined by EUR 4.1 million, mainly explained by the negative impact last year of the group insurance guaranteed return plan (EUR 8.0 million).

Other operating expenses

Other operating charges decreased by EUR 1.2 million versus last year as provisions fell by EUR 7.0 million. In 2013 provisions were recognized for damage costs for vehicles reaching the end of their lease and onerous contracts related to the Special Logistics restructuring. This decrease is partially offset by a lower increase of the recoverable VAT (EUR 3.0 million): percentage of recoverable VAT increased from 5% in 2012 to 11% in 2013 and 13% in 2014. Furthermore the impairment on trade receivables was EUR 1.6 million higher compared to last year.

Depreciation and amortization

Depreciation, amortization and impairment charges have decreased by EUR 8.9 million, or 8.8%, to EUR 91.9 million in 2014 (2013: EUR 100.8 million). Main impact relates to the impairment in 2013 of goodwill and fixed assets of respectively EUR 6.9 million and EUR 0.5 million due to the decision to stop the distribution activities in Special Logistics.

EBIT

Excluding the non-recurring items, i.e. the gain on the disposal of selected activities of Certipost (EUR 14.6 million) in 2013, EBIT increased by EUR 44.0 million or 10.1%.

Despite lower Domestic Mail revenues (EUR 28.3 million), EBIT grew thanks to parcels performance and lower costs, driven by cost control measures and productivity improvements.

Net financial costs

Financial results worsened by EUR 29.4 million to EUR (37.2) million. This evolution is mainly explained by the increase of EUR 33.4 million of the non-cash financial charges related to the IAS 19 employee benefits due to the decrease in the discount rates (drop of risk-free interest rate).

Share of results of associates

The shares of results of associates relate entirely to bpost bank and decreased by EUR 2.8 million to EUR 11.2 million. This decrease is mainly due to the higher capital gains realized in 2013.

Income tax expense

Income tax expense decreased from EUR 168.9 million in 2013 to EUR 158.6 million in 2014. bpost's effective tax rate decreased from 37.0% in 2013 to 34.9% in 2014. Last year's effective tax rate was higher as a result of a transfer of EUR 21.3 million from tax free reserves to distributable results and the payout of untaxed reserves of EUR 30.3 million. These transactions created additional income tax liabilities respectively of EUR 7.3 million and EUR 10.3 million in the 2013 figures.

1.2 STATEMENT OF FINANCIAL POSITION

Assets

Property, plant and equipment

Property, plant and equipment have decreased by EUR 4.6 million from EUR 570.3 million to EUR 565.7 million. This decline is explained by:

- acquisitions (EUR 77.6 million) related to production facilities for sorting and printing activities (EUR 41.4 million), mail and retail network infrastructure (EUR 20.2 million), ATM and security infrastructure (EUR 6.9 million), transportation related infrastructure (EUR 2.2 million), IT and other infrastructure (EUR 7.0 million);
- depreciation and impairment losses are in line with last year and amount to EUR 72.5 million. Net impact of impairment amounts to EUR 3.1 million;
- transfer to assets held for sale (EUR 9.0 million) and from investment property (EUR 1.3 million);
- transfers to intangible assets (EUR 2.3 million).

Intangible assets

Intangible assets have increased by EUR 0.5 million, due to:

- increase in goodwill (EUR 4.9 million) as a result of the acquisition of Gout International BV, BEurope Consultancy BV, Ecom Global Distribution Ltd. and Starbase Global Logistics Inc. in 2014;
- investments in software and licences (EUR 2.1 million), development costs capitalized (EUR 10.9 million) and other intangible assets (EUR 0.4 million);
- amortisation and impairments amounting to EUR 20.2 million;
- transfers from property, plant and equipment for EUR 2.3 million.

Investment properties

Investment properties decreased from EUR 10.3 million in 2013 to EUR 8.7 million in 2014, or by 15.4% as the number of buildings, which are rented out, decreased.

Investments in associates

Investments in associates increased by EUR 75.2 million, or 22.0%, to EUR 416.5 million, reflecting bpost's share of bpost bank's profit for the amount of EUR 11.2 million, reduced by the dividend received (EUR 5.0 million), and the increase in the unrealized gain on the bond portfolio in the amount of EUR 69.0 million, reflecting an average decrease of the underlying yield curve by 78 basis points (bps). End 2014, investments in associates comprised net unrealized gains in respect of the bond portfolio in the amount of EUR 225.7 million, which represented 54.2% 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 EUR 61.0 million (2013: EUR 58.3 million) and mainly relate to the timing difference between the accounting and the tax value of the employee benefits.

Current trade and other receivables

Current trade and other receivables decreased by EUR 1.9 million to EUR 398.3 million (2013: EUR 400.2 million), driven by a rise in trade receivables of EUR 13.7 million, compensated by a decline in deferred charges and accrued income of EUR 10.0 million and a decrease in other receivables by EUR 5.6 million.

The decrease in other receivables is mainly related to the advance paid in 2013 in anticipation to the acquisition of a 100% participation in Gout International BV and BEurope Consultancy BV (EUR 3.0 million) and to the decreased advances for family allowances (EUR 2.0 million).

Cash and cash equivalents

Cash and cash equivalents increased by EUR 114.1 million, or 25.4%, to EUR 562.3 million compared to previous year. This increase is mainly due to the normalized free cash flow for EUR 373.5 million, partially offset by payment of a EUR 248.0 million dividend.

Equity and Liabilities

Equity

Equity increased by EUR 104.5 million, or 18.1%, to EUR 681.4 million as of December 31, 2014 from EUR 576.9 million as of December 31, 2013. The increase was mainly due to the realized profit of EUR 295.5 million and the fair value adjustment in respect of bpost bank's bond portfolio amounting to EUR 69.0 million, partially offset by the payment of dividends for an amount of EUR 248.0 million. Furthermore, the unrealized losses on post-employment benefits and the revaluation of the contractually agreed future purchase of the remaining shares of Landmark Trade Services, Ltd. led to a reduction in equity, respectively for an amount of EUR 6.2 million and EUR 5.4 million.

Interest-bearing loans and borrowings

Interest-bearing loans and borrowings decreased to EUR 65.7 million (2013: EUR 75.6 million) as an amount of EUR 9.1 million, corresponding to the loan amount to be repaid to the European Investment Bank in 2015, was transferred to current financial liabilities. The finance lease liabilities decreased by EUR 0.9 million.

Non-current trade and other liabilities

Non-current trade and other liabilities slightly increased to EUR 79.8 million (2013: EUR 79.7 million). On the one hand, an amount of EUR 5.8 million corresponding to the contingent consideration arrangement for the acquisition of Landmark payable within one year was transferred to the current trade and other payables. On the other hand, the non-current trade payables increased by EUR 0.5 million due to the non-current contingent consideration arrangements related to the acquisition of Gout International BV and BEurope Consultancy BV and by EUR 5.4 million due to the revaluation of the commitments relating to the full acquisition of Landmark.

Employee benefits

As at 31 December

In million EUR	2014	2013	2012 restated[1]	2012
Post-employment benefits	(85.4)	(78.2)	(82.7)	(68.7)
Long-term employee benefits	(118.3)	(116.1)	(124.8)	(124.8)
Termination benefits	(13.3)	(15.4)	(28.8)	(28.8)
Other long-term benefits	(151.5)	(135.4)	(141.8)	(141.8)
TOTAL	**(368.6)**	**(345.1)**	**(378.1)**	**(364.1)**

(1) Restated for IAS19R.

Employee benefits have increased by EUR 23.5 million or 6.8% to EUR 368.6 million in 2014 from EUR 345.1 million in 2013.

The increase mainly reflects:

- the payment of benefits for an amount of EUR 43.8 million, which included EUR 9.6 million for the payment of early retirement and part-time work benefits;
- operational actuarial gains (EUR 7.6 million), mainly linked to the Accumulated Compensated Absences benefit;
- additional service costs (EUR 25.0 million) and interest costs (EUR 8.1 million);
- financial actuarial losses of EUR 30.6 million caused by changes in the discount rates;
- an actuarial loss of EUR 11.2 million related to post-employment benefits, recognized through Other Comprehensive Income.

After deduction of the deferred tax asset relating to employee benefits which amounts to EUR 61.5 million, the net liability amounts to EUR 307.1 million (2013: EUR 290.8 million).

Non-current provisions

Non-current provisions amount to EUR 37.1 million (2013: EUR 40.2 million). The decrease in the onerous contract provisions (EUR 3.8 million) and environmental provisions (EUR 0.3 million) was partly counterbalanced by an increase in litigation provisions (EUR 1.0 million).

Current provisions

Current provisions increased to EUR 27.7 million (2013: EUR 22.4 million). The main variation comes from the increase by EUR 8.2 million in litigation provisions and by EUR 0.4 million in other provisions partly compensated by the decrease in provisions for onerous contracts (EUR 3.4 million).

Current trade and other liabilities

Current trade and other liabilities have increased by EUR 47.9 million, or 6.5%, to EUR 782.6 million in 2014. This variance is mainly due to the increase of the trade payables and the other payables, which respectively increased by EUR 18.8 million and EUR 31.9 million. The increase of the latter is mostly driven by the increase by EUR 18.2 million in terminal dues related prepayments received.

1.3 STATEMENT OF CASH FLOWS

In 2014, bpost generated EUR 114.0 million of net cash. This is an increase of EUR 378.7 million compared to the net cash outflow of EUR 264.7 million of last year.

In 2013, bpost paid EUR 123.1 million related to the SGEI overcompensation (2012: EUR 300.8 million). Normalized for this payment and the EUR 0.2 million change in deposits from third parties, operating free cash flow amounted to EUR 373.5 million, EUR 124.5 million higher than last year mainly due to both an improved result of operating activities (EUR 35.1 million) and additional cash generated from working capital (EUR 86.8 million).

Evolution of working capital is influenced in a positive way by the following elements: payment in 2013 of the fine imposed by the Belgian competition authority (EUR 37.4 million), terminal dues (EUR 18.4 million, which is mainly a phasing element as bpost received an earlier settlement of another postal operator), improvement of payments by State entities in 2014 (EUR 14.2 million), the receipt of the an access fee (EUR 5.0 million) paid by a partner in the financial services activities and the last year advance for the Gout acquisition which was utilized in 2014 (net impact EUR 6.0 million).

Investing activities generated a cash outflow of EUR 78.2 million compared to an outflow of EUR 80.7 million last year, mainly resulting from higher capital expenditure due to investments realised in the sorting centres (EUR 11.8 million) and lower proceeds from sale of property, plant and equipment (EUR 5.5 million). These effects were offset by lower cash outflows related to the subsidiaries (EUR 19.9 million), as last year bpost participated in the capital increase of bpost bank (EUR 37.5 million) and purchased the remaining 20% shares of MSI (EUR 6.8 million), but received cash from the disposal of certain activities of Certipost (EUR 15.1 million). This year, bpost acquired new subsidiaries for a total amount of EUR 9.1 million.

Cash flow from financing activities represents a cash-out of EUR 259.3 million compared to EUR 390.7 million last year. The cash outflow in 2013 which related to the capital decrease (EUR 198.0 million) was partially compensated by the higher dividend pay-out in 2014 (EUR 60.7 million) and higher payments related to lease liabilities and borrowings (EUR 5.8 million).

1.4 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 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 EUR 20 million 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	2014	2013	2012	Evolution 2014-2013
Total operating income	2,464.7	2,443.2	2,415.7	0.9%
Disposal of selected activities of Certipost [1]		(14.6)		
Normalized total operating income	**2,464.7**	**2,428.6**	**2,415.7**	**1.5%**

Operating expenses for the year ended 31 December

In million EUR	2014	2013	2012	Evolution 2014-2013
Total operating excluding depreciation, amortization	(1,892.6)	(1,891.7)	(1,994.8)	0.0%
Provisions relating to the decision of the European Commission[2]			124.9	
Pending litigation provision[3]			(22.7)	
Non-recurring payroll costs[4]			(21.1)	
Normalized total operating expenses excluding depreciation, amortization	**(1,892.6)**	**(1,891.7)**	**(1,913.7)**	**0.0%**

EBITDA for the year ended 31 December

In million EUR	2014	2013	2012	Evolution 2014-2013
EBITDA	572.0	551.4	421.0	3.7%
Disposal of selected activities of Certipost[1]		(14.6)		
Provisions relating to the decision of the European Commission[2]			124.9	
Pending litigation provision[3]			(22.7)	
Modifications in employee benefit schemes[4]			(21.1)	
Normalized EBITDA	**572.0**	**536.9**	**502.0**	**6.6%**

EBIT for the year ended 31 December

In million EUR	2014	2013	2012	Evolution 2014-2013
Profit from operating activities (EBIT)	480.2	450.7	323.0	6.5%
Disposal of selected activities of Certipost[1]		(14.6)		
Provisions relating to the decision of the European Commission[2]			124.9	
Pending litigation provision[3]			(22.7)	
Modifications in employee benefit schemes[4]			(21.1)	
Normalized profit from operating activities (EBIT)	**480.2**	**436.1**	**404.0**	**10.1%**

Profit of the year (EAT) for the year ended 31 December

In million EUR	2014	2013	2012	Evolution 2014-2013
Profit for the year	295.5	287.9	174.2	2.6%
Disposal of selected activities of Certipost(1)		(14.6)		
Provisions relating to the decision of the European Commission(2)			82.5	
Pending litigation provision(3)			(15.0)	
Modifications in employee benefit schemes(4)			(14.0)	
Normalized profit for the year (EAT)	**295.5**	**273.3**	**227.7**	**8.1%**

(1) In October 2012, bpost 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 EUR 14.6 million 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 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.
bpost provided in its 2012 accounts provisions for an amount of EUR 124.9 million 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., EUR 123.1 million following the final computation of interest), the Belgian State withheld in the first quarter of 2013 an amount of EUR 88.9 million 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 bpost to the Belgian State.
(3) Pending litigations provisions recorded in previous years were re-measured in 2012. A provision amounting to EUR 22.7 million 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.
(4) A Collective Labor Agreement covering the period 2012-2013 was signed between bpost 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 EUR 21.1 million 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	2014	2013	2012	Evolution 2014-2013
Net Cash from operating activities	451.5	206.6	71.3	
Net cash used in investing activities	(78.2)	(80.7)	(88.1)	
OPERATING FREE CASH FLOW	**373.3**	**125.9**	**(16.8)**	**196.4%**
Deposits received from third parties	0.2	0.0	0.1	
Payment relating to the decision of the European Commission(5)	0.0	123.1	300.8	
Normalized operating free cash flow	**373.5**	**249.0**	**284.0**	**50.0%**

(5) Normalized operating free cash flow excludes, throughout the 2012 - 2014 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 and the above mentioned decision of May 2, 2013.
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 bpost had been undercompensated for the period 1992-2005 and overcompensated for the period 2006-2010. bpost 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 EUR 299.0 million. On March and May 2012, bpost repaid in full the aid rejected by the European Commission and the interest thereon.

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).

1.5 FROM IFRS CONSOLIDATED NET PROFIT TO BELGIAN GAAP UNCONSOLIDATED NET PROFIT

For the year ended 31 December

In million EUR	2014	2013	2012
IFRS Consolidated Net Profit	295.5	287.9	174.2
Results of subsidiaries and deconsolidation impacts	(4.0)	(26.7)	10.5
Differences in depreciation and impairments	(3.8)	(0.8)	(15.8)
Differences in recognition of provisions	(7.4)	(5.3)	0.9
Effects of IAS19	15.6	(12.3)	(2.1)
Effects of ESOP	0.0	0.0	(4.6)
Deferred taxes	2.5	4.2	11.4
Other	(1.5)	1.3	(2.6)
Belgian GAAP unconsolidated net profit	**296.9**	**248.2**	**171.9**

bpost'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 revaluation of the participation within bpost SA/NV 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 bpost (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	2014	2013	2012
Disposal of selected activities of Certipost		(14.6)	14.3
Profit of the Belgian fully consolidated subsidiaries (local GAAP)	(8.7)	5.1	(3.3)
Profit of the international subsidiaries (local GAAP)	(3.2)	(10.2)	(2.0)
Share of profit of bpost bank (local GAAP)	(10.3)	(14.1)	(4.0)
Other deconsolidation impacts	18.1	7.1	5.5
Total	**(4.0)**	**(26.7)**	**10.5**

- the impact on the variance between 2012 and 2013 of the timing difference in the recognition of the profit on the disposal of certain of the Certipost activities amounts to EUR 28.9 million;
- the profit of the Belgian subsidiaries in 2013 was impacted by the provisions taken by Eurosprinters as a result of discontinuing the activities in distribution and warehousing;
- the profit of the International subsidiaries in 2013 was positively impacted by the consolidation of Landmark;
- the increased dividends to bpost SA/NV (EUR 5.3 million) and the reversal of impairments on subsidiaries within bpost SA/NV (EUR 8.0 million) explain the evolution of the other deconsolidation impacts in 2014.

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 bpost's Income Statement under personnel costs (EUR 26.1 million in 2014 versus EUR 29.0 million in 2013) or provisions (negative EUR 3.0 million in 2014 versus negative EUR 11.3 million in 2013), except for the impact of changes in the discount rates for the future obligations, which is recorded as a financial result (positive EUR 38.8 million in 2014 versus positive EUR 5.4 million in 2013);
- 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 bpost 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 (EUR 27.5 million) 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 EUR 21.1 million;
- the evolution between 2014 and 2013 of IAS 19 is mainly explained by the increase of the financial charges related to employee benefits, which is due to the decrease in the discount rates;
- stock option plans and deferred taxes require no accounting entries under Belgian GAAP, but are recorded under IFRS. In 2012, the last exercise window was opened and all outstanding options were either exercised or had lapsed by the end of the year, hence the ESOP was fully terminated end of 2012.

OUTLOOK

- After a very strong 2014 which allowed us to report historically high numbers, we will be facing some headwind in 2015:
  - we expect **mail volumes** to remain under substantial pressure of e-substitution. As a consequence we plan for mail a volume decline of over -5%. This has been confirmed by a relatively soft start of the year in mail;
  - the **compensation for the SGEI's** (management contract) will be **EUR 16.5 million lower** than in 2014 as the government has decided to reduce the compensation above and beyond the already lower contractual cap;
  - parcels to China (milk powder) are **no longer growing** and **could be declining**;
  - the planned **productivity improvements** as per the Vision 2020 planning are at the very low end of our 800 to 1,200 FTE/year range.
- On the positive side, we still expect mid single digit growth in domestic parcels in spite of the intensification of competition. We also expect **continued growth in the US and Asia** parcels segment.
- On balance, our ambition is to **hold our recurring EBIT(DA)** at the high level achieved in 2014 thanks to the partial effects of the Alpha plan and a continued focus on costs. Reported EBIT will be affected by the **Alpha restructuring cost**. Our ambition is to achieve the same level of dividend payment.
- Cash generation should follow normal seasonality and **net capex** is expected at around EUR 90 million. Working capital will be negatively affected by the favorable phasing on terminal dues payment in 2014.

FINANCIAL CONSOLIDATED STATEMENTS 2014

1. CONSOLIDATED INCOME STATEMENT

For the year ended 31 December

In million EUR	Notes	2014	2013	2012
Turnover	6.8	2,441.7	2,403.0	2,396.0
Other operating income	6.9	22.9	40.2	19.8
TOTAL OPERATING INCOME		**2,464.7**	**2,443.2**	**2,415.7**
Materials cost		(27.4)	(30.4)	(34.6)
Services and other goods		(644.1)	(609.1)	(602.8)
Payroll costs	6.11	(1,199.9)	(1,229.7)	(1,238.5)
Other operating expenses	6.10	(21.3)	(22.5)	(118.9)
Depreciation, amortization		(91.9)	(100.8)	(98.0)
TOTAL OPERATING EXPENSES		**(1,984.5)**	**(1,992.5)**	**(2,092.8)**
PROFIT FROM OPERATING ACTIVITIES (EBIT)		**480.2**	**450.7**	**323.0**
Financial income	6.12	5.5	3.6	6.8
Financial cost	6.12	(42.7)	(11.4)	(60.6)
Share of profit of associates		11.2	14.0	3.5
PROFIT BEFORE TAX		**454.1**	**456.8**	**272.7**
Income tax expense	6.13	(158.6)	(168.9)	(98.5)
PROFIT FROM CONTINUING OPERATIONS		**295.5**	**287.9**	**174.2**
Profit from discontinued operations		-	-	-
PROFIT FOR THE YEAR		**295.5**	**287.9**	**174.2**
Attributable to:				
Owners of the Parent		293.6	285.4	173.3
Non-controlling interests		1.9	2.5	0.9

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 2014-2012 are:

Earnings per share

In EUR	2014	2013	2012
Basic profit for the year attributable to ordinary equity holders of the parent	1.47	1.43	0.87
Diluted profit for the year attributable to ordinary equity holders of the parent	1.47	1.43	0.87

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

In million EUR	Notes	2014	2013	2012 restated[1]	2012
PROFIT FOR THE YEAR		**295.5**	**287.9**	**174.2**	**174.2**
OTHER COMPREHENSIVE INCOME					
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):					
Exchange differences on translation of foreign operations[2]		0.6			
NET OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		0.6			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):					
Fair value for financial assets available for sale by associates	6.20	69.0	(69.3)	263.8	263.8
(Loss)gain on available for sale financial assets		104.8	(105.0)	399.6	399.6
Income tax effect		(35.9)	35.7	(135.8)	(135.8)
Fair value of actuarial results on defined benefit plans	6.25	(6.1)	7.5	(10.9)	
Actuarial losses on defined benefit plans		(11.2)	9.4	(14.0)	
Income tax effect		5.1	(1.9)	3.1	
NET OTHER COMPREHENSIVE INCOME/(LOSS) NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		62.8	(61.8)	252.9	263.8
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		63.4	(61.8)	252.9	263.8
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		358.9	226.1	427.1	438.0
Attributable to:					
Owners of the Parent		357.0	223.6	426.2	437.1
Non-controlling interests		1.9	2.5	0.9	0.9

(1) Restated for IAS19R.
(2) Impact of the currency translation adjustment until 2013 was not material.

3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

In million EUR	Notes	2014	2013	2012 restated[(1)]	2012
Assets					
Non-current assets					
Property, plant and equipment	6.15	565.7	570.3	588.5	588.5
Intangible assets	6.18	89.5	89.0	95.5	95.5
Investments in associates	6.20	416.5	341.3	351.6	351.6
Investment properties	6.16	8.7	10.3	15.2	15.2
Deferred tax assets	6.13	61.0	58.3	64.2	61.0
Trade and other receivables	6.21	2.6	2.2	0.9	0.9
		1,144.0	**1,071.3**	**1,115.9**	**1,112.8**
Current assets					
Assets held for sale	6.17	2.8	0.1	0.3	0.3
Inventories	6.22	12.5	9.2	7.0	7.0
Income tax receivable	6.13	1.9	0.1	0.1	0.1
Trade and other receivables	6.21	398.3	400.2	394.6	394.6
Cash and cash equivalents[(2)]	6.23	562.3	448.2	713.2	713.2
		977.8	**857.8**	**1,115.3**	**1,115.3**
TOTAL ASSETS		**2,121.8**	**1,929.2**	**2,231.2**	**2,228.1**
Equity and liabilities					
Equity attributable to equity holders of the Parent					
Issued capital		364.0	364.0	508.5	508.5
Treasury shares		0.0	0.0	0.0	0.0
Reserves		229.4	111.0	214.6	225.5
Foreign currency translation		0.6	0.0	0.0	0.0
Retained earnings		87.5	101.9	3.7	3.7
		681.4	**576.9**	**726.8**	**737.7**
Non-controlling interests		(0.0)	(0.0)	(0.0)	(0.0)
TOTAL EQUITY	4	**681.4**	**576.9**	**726.8**	**737.7**
Non-current liabilities					
Interest-bearing loans and borrowings	6.24	65.7	75.6	82.7	82.7
Employee benefits	6.25	368.6	345.1	378.1	364.1
Trade and other payables	6.26	79.8	79.7	83.1	83.1
Provisions	6.27	37.1	40.2	42.0	42.0
Deferred tax liabilities	6.13	1.4	1.4	1.3	1.3
		552.5	**542.0**	**587.1**	**573.1**
Current liabilities					
Interest-bearing loans and borrowings	6.24	10.0	11.3	11.2	11.2
Bank overdrafts		0.3	0.2	0.3	0.3
Provisions	6.27	27.7	22.4	140.5	140.5
Income tax payable	6.13	67.3	41.7	4.6	4.6
Trade and other payables	6.26	782.6	734.7	760.7	760.7
		887.8	**810.3**	**917.3**	**917.3**
TOTAL LIABILITIES		**1,440.4**	**1,352.3**	**1,504.4**	**1,490.4**
TOTAL EQUITY AND LIABILITIES		**2,121.8**	**1,929.2**	**2,231.2**	**2,228.1**

(1) Restated for IAS19R.
(2) Contains EUR 22 million for 2012 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	Foreign currency translation	Retained earnings	Total	Non-controlling interests	Total equity
AS PER 1 JANUARY 2012	**783.8**	**(14.0)**	**64.0**	**0.0**	**(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**	**0.0**	**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**	**0.0**	**3.7**	**737.7**	**0.0**	**737.7**
AS PER 1 JANUARY 2013[(1)]	**508.5**	**0.0**	**214.6**	**0.0**	**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)**	**0.0**	**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**	**0.0**	**101.9**	**576.9**	**0.0**	**576.9**
AS PER 1 JANUARY 2014	**364.0**	**0.0**	**111.0**	**0.0**	**101.9**	**576.9**	**0.0**	**576.9**
Profit for the year 2014					293.6	293.6	1.9	295.5
Other comprehensive income			164.7	0.6	(101.9)	63.4		63.4
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**164.7**	**0.6**	**191.7**	**357.0**	**1.9**	**358.9**
Dividends (Pay-out)			(40.0)		(208.0)	(248.0)	(1.3)	(249.3)
Other			(6.3)		1.9	(4.4)	(0.6)	(5.0)
AS PER 31 DECEMBER 2014	**364.0**	**0.0**	**229.4**	**0.6**	**87.5**	**681.4**	**0.0**	**681.4**

(1) Due to the restatement for IAS19R, other reserves decreased by EUR 10.9 million.

Other reserves per December 31, 2014 (EUR 229.4 million) are composed of group reserves amounting to EUR 178.6 million, of which EUR 67.1 million distributable retained earnings within bpost SA/NV, and legal reserves of EUR 50.8 million.

At December 31, 2014, the shareholding of bpost is as follows:

In million EUR	TOTAL	The Belgian State[1]	Post Invest Europe Sàrl	Free float (excl. bpost's employees)	bpost's employees
			Number of shares		
AS PER 1 JANUARY 2014	**200,000,944**	**100,000,960**	**4,062**	**99,078,467**	**917,455**
changes during the year	–	2,074,689	(4,062)	(2,069,651)	(976)
AS PER 31 DECEMBER 2014	**200,000,944**	**102,075,649**	**0**	**97,008,816**	**916,479**

(1) Directly and via the Société Fédérale de Participations et d'Investissement/Federale Participatie- en Investeringsmaatschappij.

Following the initial public offering and listing of 2013, 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.

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

5. CONSOLIDATED STATEMENT OF CASH FLOWS

As at 31 December

In million EUR	Notes	2014	2013	2012
Operating activities				
Profit before tax	1	454.1	456.8	272.7
Depreciation and amortization		91.9	100.7	98.0
Impairment on bad debts		2.2	0.7	0.4
Gain on sale of property, plant and equipment	6.9	(15.5)	(17.8)	(8.5)
Gain on sale of Certipost activities	6.9	-	(14.6)	-
Change in employee benefit obligations	6.25	12.3	(23.6)	(15.8)
Share of profit of associates	6.20	(11.2)	(14.0)	(3.5)
Dividends received	6.20	5.0	5.0	0.0
Income tax paid		(135.9)	(126.6)	(114.6)
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS		**402.9**	**366.6**	**228.7**
Decrease/(increase) in trade and other receivables		(0.8)	1.7	10.4
Decrease/(increase) in inventories	6.22	(2.8)	(2.4)	1.6
Increase/(decrease) in trade and other payables		50.3	(39.3)	62.3
Deposits received from third parties		(0.2)	(0.0)	(0.1)
Repayment of SGEI overcompensation	6.27	-	(123.1)	(300.8)
Increase/(decrease) in provisions related to the SGEI overcompensation	6.27	-	-	124.9
Increase/(decrease) in other provisions		2.1	3.2	(55.7)
NET CASH FROM OPERATING ACTIVITIES		**451.5**	**206.6**	**71.3**
Investing activities				
Proceeds from sale of property, plant and equipment		21.8	27.4	10.9
Disposal of subsidiaries, net of cash disposed of	6.9	-	15.1	-
Acquisition of property, plant and equipment	6.15	(77.6)	(60.8)	(56.9)
Acquisition of intangible assets	6.18	(13.4)	(18.4)	(27.2)
Acquisition of other investments		0.0	(0.0)	(0.2)
Acquisition of subsidiaries, net of cash acquired		(9.1)	(44.1)	(14.8)
NET CASH USED IN INVESTING ACTIVITIES		**(78.2)**	**(80.7)**	**(88.1)**
Financing activities				
Treasury shares	4	-	-	14.0
Capital decrease	4	-	(144.5)	(220.0)
Payments related to borrowings and financing lease liabilities		(11.2)	(5.4)	(8.0)
Interim dividend paid to shareholders	4	(208.0)	(186.0)	(170.4)
Dividends paid	4	(40.0)	-	-
Exceptional dividend	4	-	(53.5)	(28.0)
Dividends paid to minority interests	4	-	(1.3)	-
NET CASH FROM FINANCING ACTIVITIES		**(259.3)**	**(390.7)**	**(412.5)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**114.0**	**(264.7)**	**(429.3)**
Cash and cash equivalent less bank overdraft as of 1st January	6.23	448.0	712.8	1,142.1
Cash and cash equivalent less bank overdraft as of 31st December	6.23	562.0	448.0	712.8
MOVEMENTS BETWEEN 1ST JANUARY AND 31ST DECEMBER		**114.0**	**(264.7)**	**(429.3)**

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, 2014.

The following new standards and amendments, entered into force as from January 1, 2014, don't have any effect on the presentation, the financial performance or position of bpost:

- **IFRS 10** – Consolidated Financial Statements;
- **IFRS 11** – Joint Arrangements;
- **IFRS 12** – Disclosure of Interests in Other Entities;
- **IFRS 10 , IFRS 11 & IFRS 12** – Transition Guidance;
- **IFRS 10 , IFRS 12 & IAS 27** – Amendments – Investment Entities;
- **IAS 27** – **Amendment to IAS 27** – Separate Financial Statements;
- **IAS 28** – **Amendment to IAS 28** – Investments in Associates and Joint Ventures;
- **IAS 32** – **Financial Instruments:** Presentation – Offsetting of Financial assets and Financial liabilities;
- **IAS 39** – **Financial Instruments:** Recognition and Measurement –Novation of Derivatives and Continuation of Hedge Accounting;
- **IAS 36** – **Amendment to IAS 36** – Recoverable Amount Disclosures for Non-Financial Assets;
- annual improvements to IFRSs 2010-2012 Cycle, Amendment to IFRS 13 Fair Value Measurement;
- annual improvements to IFRSs 2011-2013 Cycle, Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards.

Standards and Interpretations issued but not yet applied by bpost

The following new IFRS Standards and IFRIC Interpretations, endorsed but not yet effective or which are yet to become mandatory, have not been applied by bpost for the preparation of its consolidated financial statements.

Standard or interpretation	Effective for in reporting periods starting on or after
IFRS 9 – Financial Instruments (issued on July 2014) (1)	1 January 2018
IFRS 14 – Regulatory Deferral Accounts (1)	1 January 2016
IFRS 15 – Revenue from Contracts with customers (1)	1 January 2017
IFRS 11 – Amendment – Accounting for acquisitions of interests in Joint Operations (1)	1 January 2016
IFRS 10 – IAS 28 - Amendments – Sale or contribution of assets between an investor and its Associate or Joint Venture (1)	1 January 2016
IFRS 10, IFRS 12 & IAS 28 – Amendments - Investment Entities: Applying the consolidation exception (issued on December 2014) (1)	1 January 2016
IAS 19 – Amendment - Employee Benefits – Defined benefit plans: Employee Contributions	1 February 2015
IAS 27 – Amendments - Equity method in Separate Financial Statements (1)	1 January 2016
IAS 16 – **IAS 38** – Amendments – Clarification of acceptable methods of depreciation and amortisation (1)	1 January 2016
IAS 16 – IAS 41 – Amendments - Agriculture: Bearer plants (1))	1 January 2016
IAS 1 – Amendments – Disclosure Initiative (issued on December 2014) (1)	1 January 2016
Annual improvements to IFRSs 2012-2014 Cycle (1)	1 January 2016

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

Standards and Interpretations applied by bpost

As at December 31, 2014, 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 10** – Consolidated Financial Statements
- **IFRS 11** – Joint Arrangements
- **IFRS 12** – Disclosure of Interests in Other Entities
- **IFRS 10, IFRS 11 & IFRS 12** – Transition Guidance
- **IFRS 10, IFRS 12 & IAS 27** – Investment Entities
- **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 and Joint Ventures
- **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 2014 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.

IFRIC 21 has been endorsed by the EU in June 2014 and is effective for the reporting periods starting on January 1, 2015 with voluntary retrospective application as at January 1, 2014. Implementation of IFRIC 21 will have mainly an impact on the seasonality of the results of bpost bank.

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 or in the Other Comprehensive Income depending on the type of the benefit.

Regarding the Accumulated Compensated Absences benefit, the consumption pattern of the illness days is since December 2013 derived from the statistics of the consumption average over a mobile average of 3 years (years 2012 to 2014 for December 2014). The number of days of illness depends on the age, identified per segment of the relevant population. The rate of guaranteed salary is 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.

By law, defined contribution pension plans in Belgium are subject to minimum guaranteed rates of return. Hence, those plans classify as defined benefit plans which would require that the Projected Unit Credit method is applied in order to measure the benefit obligations. The IASB recognized that the accounting for such so-called "contribution-based plans" in accordance with the currently applicable defined benefit methodology is problematic (cf. September 2014 IFRS Staff Paper regarding "Research project : Post-employment benefits"). Hence there is still no clarity on the methodology. On top there is also uncertainty with respect to the future evolution of the minimum guaranteed rates of return in Belgium. bpost decided, given the current uncertainty to remain consistent with the 2013 methodology and applied the so-called D9 method.

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. bpost used the Towers Watson RATE:link tool[1] for the determination of the discount rates, considering a mix of financial and non financial AA corporate bonds.

Fair value measurement of contingent considerations

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.

(1) The Towers Watson RATE:link tool is a tool designed to assist companies in the selection of discount rates that accurately reflect the characteristics of their pension schemes.

6.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been approved by the Board of Directors on March 16, 2015 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 on the balance sheet of bpost bank 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 with finite lives 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

Intangible fixed assets with indefinite useful live – within bpost only goodwill - are not amortized, but are tested for impairment annually.

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 goodwill. 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 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 group of 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. In particular, 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.

In 2012, the last exercise window had been opened and all outstanding options had been exercised or had been lapsed by the end of the year 2012.

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.

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

bpost 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, bpost 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 bpost 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 bpost 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 bpost 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, bpost 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 bpost. With respect to the distribution of newspapers and periodicals in Belgium 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, with the successful candidate in such tender process to begin providing such services as of January 1, 2016. The Belgian State has issued a call for tender in April 2014 and bpost has participated, together with two other candidates. On February 6, 2015, the Belgian State has selected three candidates and approved the tender specifications. Whilst it is expected that a selection decision will be made in the course of 2015, it is uncertain what the impact of its outcome on bpost will be.

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 in the course of 2015.

bpost 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.

bpost 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 bpost, will be introduced in (mail or parcel) markets where bpost would be deemed to have "significant market power".
According to the European Commission parcel delivery is one of the key elements impacting e-commerce growth in Europe. It may not be excluded that the European Commission may propose in the Summer of 2015 to intervene through legislative initiatives or otherwise with respect to cross-border e-commerce parcel deliveries.

bpost 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 bpost engages in commercial services, the business case for providing such services must comply with the "private investor test," that is, bpost 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 bpost.

bpost was designated by the Belgian State as the USO provider for an eight-year term commencing in 2011. The obligation to provide the USO may represent a financial burden on bpost. Although the 1991 Law provides that bpost 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 bpost 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 bpost 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 bpost 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'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 maintaining or in increasing operating income.

bpost bank, bpost's associate, operates in a heavily regulated market. Since a few years, the regulatory landscape for financial institutions is undergoing many changes (*e.g.* increased focus on customer protection, anti-money laundering, …) and prudential supervision has significantly increased (*e.g.* quality and level of capital, liquidity, corporate governance,…). It is uncertain whether and to which extent Belgian or European regulators or third parties may raise material issues with regard to bpost bank's compliance with applicable laws and regulations or whether future legislative, regulatory or judicial changes or other regulatory developments may have a material adverse effect on bpost bank's business, financial condition, results of operations and prospects.

bpost bank is subject to certain business 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.

Financial risks

Exchange rate risk

bpost's exposure to exchange rate risk is limited and is mainly a translation risk. The translation exchange risk is the risk affecting the bpost's consolidated accounts related to subsidiaries operating in a currency other than the EUR (the bpost's functional currency), the main other currency being the US Dollar. Exchange rate fluctuations of the US Dollar can affect earnings. In the course of 2014 the EUR/USD exchange rate moved from 1.3814 at the start of January to 1.2160 at the end of December. In the course of 2013 the EUR/USD exchange rate moved from 1.3180 at the start of January to 1.3814 at the end of December.

The exchange rate risk is monitored, but 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 at 31 December

In million EUR	1%	- 1%
Equity bpost bank	(2.8)	2.8
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 EUR 72.7 million 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, 2014, an increase by 0.5% of the average discount rates, would generate a negative financial charges of EUR 20.3 million. A decrease by 0.5% of the average discount rates, would increase financial charges by EUR 22.6 million. 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 at 31 December

In million EUR	2014	2013	2012
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	562.3	448.2	713.2
Trade and other receivables	398.3	402.4	395.5
CREDIT RISK CLASSES OF FINANCIAL ASSETS	**960.6**	**850.7**	**1,108.7**

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	2014	2013	2012
AT 1 JANUARY	**6.1**	**6.5**	**7.5**
Impairments: Additions	2.6	0.7	1.1
Impairments: Utilization	(1.3)	(0.7)	(1.9)
Impairments: Reversal	(0.7)	(0.3)	(0.3)
AT 31 DECEMBER	**6.9**	**6.1**	**6.5**

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 at 31 December

In million EUR	2014	2013	2012
Current	316.1	297.8	307.5
< 60 days	40.8	47.5	41.9
60 -120 days	6.7	8.2	3.8
> 120 days	5.8	2.0	1.4
TOTAL	**369.3**	**355.6**	**354.7**

Investment of liquidities

Regarding bpost'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	2014	2013	2012
CARRYING AMOUNT AT 1 JANUARY	**86.9**	**93.8**	**101.9**
Changes attributable to changes in credit risk	0.0	0.0	0.0
Reimbursement loan	(10.4)	(9.1)	(9.1)
Other changes	(0.9)	2.2	1.1
CARRYING AMOUNT AT 31 DECEMBER	**75.6**	**86.9**	**93.8**

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 as well as mortgages granted in Belgium. 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:

In million EUR	CURRENT less than 1 year	NON-CURRENT within 1 year but not later than 5 years	later than 5 years
31 DECEMBER 2013			
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

As at December 31, 2014, liabilities have contractual maturities which are summarized below:

In million EUR	CURRENT less than 1 year	NON-CURRENT within 1 year but not later than 5 years	later than 5 years
31 DECEMBER 2014			
Finance lease obligations	0.9	1.9	0.0
Trade and other payables	782.6	79.8	0.0
Bank loan	9.1	36.4	27.3

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 bpost'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 at 31 December

In million EUR	2014	2013	2012
Capital			
Issued capital / Authorized capital	364.0	364.0	508.5
Other reserves	229.4	111.0	225.5
Foreign currency translation	0.6	0.0	0.0
Retained earnings	87.5	101.9	3.7
Non-controlling interests	(0.0)	(0.0)	(0.0)
TOTAL	**681.4**	**576.9**	**737.7**
Net Debt / (net cash)			
Interest bearing loans and borrowings	76.0	87.1	94.2
Non-interest bearing loans and borrowings	0.1	0.4	0.5
- Cash and cash equivalents	(562.3)	(448.2)	(713.2)
TOTAL	**(486.2)**	**(360.7)**	**(618.6)**
NET DEBT/(NET CASH) TO CAPITAL RATIO	**(0.7)**	**(0.6)**	**(0.8)**

6.6 BUSINESS COMBINATIONS

Additional consideration Landmark

In March 2014, bpost SA/NV paid an amount of 7.65 million USD (EUR 5.5 million) in execution of the contingent consideration agreement and related to the 2013 performance of Landmark. The fair value of the contingent consideration was recognized as a financial liability. The payment has no impact on the original calculated goodwill.

Acquisitions of the twelve month ended December 31, 2014

On January 6, 2014 Landmark Global Inc., a 51% subsidiary of bpost SA/NV, purchased 100% of the shares both of Gout International BV (now renamed Landmark Global (Netherlands) BV) and BEurope Consultancy BV (now renamed Landmark Trade Services (Netherlands) BV), two Groningen-based Dutch companies, with retroactive effect on January 1, 2014. Consequently Landmark Global (Netherlands) BV and Landmark Trade Services (Netherlands) BV are consolidated using the full-integration method as from January 1, 2014.

The main activities of Landmark Global (Netherlands) BV 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. Landmark Trade Services (Netherlands) BV is a spin-off company of Landmark Global (Netherlands) 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 accordance with the purchase agreement and including a purchase price adjustment of EUR 0.4 million calculated based on the final closing accounts of 2013, Landmark Global Inc. paid an amount of EUR 3.4 million. In addition, the agreement includes a contingent consideration arrangement and foresees three possible additional earn-out amounts. The amount of each annual earn-out will be based on the EBITDA respectively achieved in 2014, 2015 and 2016. Based on the business plan of the two acquired entities, the fair value of the contingent consideration is recognized for an amount of EUR 2.1 million as a financial liability.

The calculated goodwill, after price adjustment, is presented as follows:

Carrying amount in the acquired entity

	In million EUR
Current Assets	**1.5**
Non-Currents Assets	0.4
Current Liabilities	0.7
Non-Current Liabilities	0.0
NET ASSETS	**1.2**
Fair value of the assets acquired ie 100% Net Assets	**1.2**
Goodwill arising on acquisition	4.3
PURCHASE CONSIDERATION TRANSFERRED	**5.5**
of which:	
- Cash paid	3.4
- Contingent consideration	2.1

Analysis of cash flows on acquisition

	In million EUR
Net cash acquired with the subsidiary	0.3
Cash paid	(3.4)
NET CASH OUTFLOW	**(3.1)**

In February 2014, Landmark Global Inc. acquired 100% of the shares of Ecom Global Distribution Ltd. (now renamed Landmark Global (UK) Limited) and Starbase Global Logistics Inc. (now renamed Landmark Trade Services USA, Inc.) with retroactive effect on January 1, 2014. Consequently Landmark Global (UK) Limited and Landmark Trade Services USA, Inc. are consolidated using the full-integration method as from January 1, 2014.

Landmark Global (UK) Limited provides import services for goods entering the UK, similar to the services offered by Landmark Global (Netherlands) BV. Its location right next to London Heathrow makes it ideally suited to service US to UK airlift imports. Landmark Trade Services USA, Inc. provides import services for goods entering the US.

Landmark Global Inc. paid a fixed purchase price of 0.8 million USD (EUR 0.6 million) for Landmark Global (UK) Limited and an amount of 0.3 million USD (EUR 0.2 million) for Landmark Trade Services USA, Inc. In accordance with the purchase agreement, the purchase price could be increased by mutually agreed upon future expenses to be incurred by the seller in connection with the transaction.

The consolidated goodwill related to Landmark Global (UK) Limited is as follows:

Carrying amount in the acquired entity

	In million EUR
Current Assets	**1.7**
Non-Currents Assets	0.0
Current Liabilities	1.6
Non-Current Liabilities	0.0
NET ASSETS	**0.1**
Fair value of the assets acquired ie 100% Net Assets	**0.1**
Goodwill arising on acquisition	0.5
PURCHASE CONSIDERATION TRANSFERRED	**0.6**
of which:	
- Cash paid	0.6
- Contingent consideration	-

Analysis of cash flows on acquisition

	In million EUR
Net cash acquired with the subsidiary	0.1
Cash paid	(0.6)
NET CASH OUTFLOW	**(0.5)**

The consolidated goodwill related to Landmark Trade Services USA, Inc. is as follows:

Carrying amount in the acquired entity

	In million EUR
Current Assets	**0.2**
Non-Currents Assets	0.0
Current Liabilities	0.1
Non-Current Liabilities	
NET ASSETS	**0.1**
Fair value of the assets acquired ie 100% Net Assets	**0.1**
Goodwill arising on acquisition	0.1
PURCHASE CONSIDERATION TRANSFERRED	**0.2**
of which:	
- Cash paid	0.2
- Contingent consideration	-

Analysis of cash flows on acquisition

	In million EUR
Net cash acquired with the subsidiary	0.1
Cash paid	(0.2)
NET CASH OUTFLOW	**(0.1)**

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, 2014, 2013 and 2012:

As at 31 December

In million EUR	2014	2013	2012
MRS	1,968.9	2,006.3	2,052.0
P&I	473.9	411.4	342.6
TOTAL OPERATING INCOME OF SEGMENTS	**2,442.7**	**2,417.7**	**2,394.6**
Corporate (Reconciliation post)	21.9	25.5	21.1
TOTAL OPERATING INCOME	**2,464.7**	**2,443.2**	**2,415.7**

Revenues attributable to the MRS operating segment decreased by EUR 37.4 million in 2014, mainly driven by the underlying decline in Domestic Mail volumes (-4.4% excluding the elections impact) combined with the impact of the proceeds of certain activities of Certipost in 2013 and decreased revenues in Banking and Financial products. This was partially offset by the price and mix improvement in Domestic Mail and the increased revenues in Value Added Services.

The increase in P&I operating segments revenues in 2014, amounting to EUR 62.5 million is mainly attributable to the solid growth in parcels activities emphasized by the integration of new companies in the perimeter of bpost.

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 at 31 December

In million EUR	2014	2013	2012
Belgium	2,131.1	2,196.5	2,258.9
RoW	333.6	246.7	156.8
TOTAL OPERATING INCOME	**2,464.7**	**2,443.2**	**2,415.7**

The following table presents EBIT information about bpost's operating segments for the year ended December 31, 2014, 2013 and 2012:

As at 31 December

In million EUR	2014	2013	2012
MRS excluding provision related to SGEI overcompensation	511.4	483.0	487.6
MRS including provision related to SGEI overcompensation	511.4	483.0	362.7
P&I	14.4	4.7	6.6
EBIT OF SEGMENTS EXCL PROVISION RELATED TO THE SGEI OVERCOMPENSATION	**525.8**	**487.7**	**494.2**
EBIT OF SEGMENTS INCL PROVISION RELATED TO THE SGEI OVERCOMPENSATION	**525.8**	**487.7**	**369.3**
Corporate (Reconciliation post)	(45.7)	(37.0)	(46.3)
EBIT	**480.2**	**450.7**	**323.0**

The EBIT attributable to the MRS operating segment increased by EUR 28.4 million in 2014. Excluding the impact of the proceeds of certain activities of Certipost in 2013, the EBIT of the MRS operating segment increased by EUR 43.0 million as the decline in revenues was more than offset by cost reductions as well as favorable movement on provisions and the group insurance component of employee benefits.

The EBIT attributable to the P&I operating segment increased by EUR 9.7 million compared to 2013, to reach EUR 14.4 million. Excluding the negative impact of the restructuring costs (increase of EUR 6.3 million compared to last year), the increase of provisions (EUR 9.3 million, amongst others a provision to cover a litigation with another postal operator), the lower amount of favorable settlements with foreign operators of previous years' terminal dues (EUR 7.2 million), partially compensated by the non recurrence of the restructuring provision and the impairment on the goodwill related to distribution activities of Special Logistics in 2013 (positive impact of EUR 11.7 million), EBIT attributable to the P&I operating segment increased by EUR 20.8 million. This increase was driven by the positive contribution to the EBIT of the volume growth in parcels activities and to a limited extent due to the positive impact of the consolidation of the new companies (EUR 0.8 million).

Profit from operating activities attributable to the Corporate reconciliation category deteriorated by EUR 8.7 million as a result of the lower impact of the Real Estate Management program, lower revenue recognition, increased costs in central units and positive evolution in provisions observed in 2013.

The following table presents EAT information about bpost's operating segments for the year ended December 31, 2014, 2013 and 2012:

As at 31 December

In million EUR	2014	2013	2012
MRS excluding provision related to SGEI overcompensation	511.4	483.0	487.6
MRS including provision related to SGEI overcompensation	511.4	483.0	405.1
P&I	14.4	4.7	6.6
EAT OF SEGMENTS EXCL PROVISION RELATED TO THE SGEI OVERCOMPENSATION	**525.8**	**487.7**	**494.2**
EAT OF SEGMENTS INCL PROVISION RELATED TO THE SGEI OVERCOMPENSATION	**525.8**	**487.7**	**411.8**
Corporate (Reconciliation post)	(230.3)	(199.8)	(237.6)
EAT	**295.5**	**287.9**	**174.2**

Financial details for the year ended December 31, 2014, 2013 and 2012 on the corporate segment (reconciliation post) are as follows:

As at 31 December

In million EUR	2014	2013	2012
OPERATING INCOME	**21.9**	**25.5**	**21.1**
Central departments (Finance, Legal, Internal Audit, CEO, …)	(67.4)	(65.6)	(73.8)
Other reconciliation items	(0.2)	3.2	6.3
OPERATING EXPENSES	**(67.6)**	**(62.5)**	**(67.5)**
EBIT CORPORATE (RECONCILIATION POST)	**(45.7)**	**(37.0)**	**(46.3)**
Share of profit of associates	11.2	14.0	3.5
Financial Results	(37.2)	(7.9)	(53.9)
Income Tax expense	(158.6)	(168.9)	(141.0)
EAT CORPORATE (RECONCILIATION POST)	**(230.3)**	**(199.8)**	**(237.6)**

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	2014	2013	2012
Turnover excluding the SGEI remuneration	2,137.4	2,099.3	2,073.1
SGEI remuneration	304.4	303.7	322.9
TOTAL	**2,441.7**	**2,403.0**	**2,396.0**

6.9 OTHER OPERATING INCOME

For the year ended 31 December

In million EUR	2014	2013	2012
Gain on disposal of property, plant and equipment	15.5	17.8	8.5
Gain on disposal of activities	0.0	14.6	0.0
Benefits in kind	0.3	0.3	0.9
Rental income of investment property	1.0	0.9	1.7
Other rental income	1.8	1.9	1.8
Third party costs recovery	2.3	3.0	3.4
Other	2.0	1.8	3.5
TOTAL	**22.9**	**40.2**	**19.8**

Gains on disposal of property, plant and equipment are mainly related to the sales of buildings. The decrease compared to last year is mainly explained by the disposal of one sizeable building in 2013.

In October 2012, bpost 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 EUR 15.1 million and a gain of EUR 14.6 million in 2013.

The third party costs recovery relates to the sales realized by bpost'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	2014	2013	2012
Provision related to the SGEI overcompensation	0.0	(1.8)	124.9
Other provisions	2.6	11.4	(51.1)
Local, real estate and other taxes	11.5	9.3	5.9
Impairment on trade receivables	2.3	0.7	0.5
Penalties	0.1	0.2	37.4
Other	4.7	2.7	1.3
TOTAL	**21.3**	**22.5**	**118.9**

Other operating charges decreased by EUR 1.2 million versus last year, or 5.3%.

Other provisions fell by EUR 8.8 million as in 2013 provisions were recognized to cover the risk relating to contractual penalties with regards to leased vans, for onerous contracts related to lease costs for buildings no longer in use and for restructuring costs related to the Special Logistics. More details on the evolution of the provisions can be found in note 6.27.

Local, real estate and other taxes have increased mainly due to the lower recoverable VAT (EUR 3.0 million): percentage of recoverable VAT increased from 11% to 13% in 2014, while, in 2013, it increased from 5% to 11%.

6.11 PAYROLL COSTS

For the year ended 31 December

In million EUR	2014	2013	2012
Employee remuneration	962.6	982.0	987.9
Social security contributions	207.5	216.5	223.4
Defined benefit and defined contribution plans	17.4	16.1	16.0
Other personnel costs	12.4	15.1	11.3
TOTAL	**1,199.9**	**1,229.7**	**1,238.5**

As at December 31, 2014, the headcount of bpost amounted to 27,479 (2013: 28,747) and is composed as follows:

- statutory personnel: 13,618 (2013: 15,234);
- contractual personnel: 13,861 (2013: 13,513).

The average FTE number for 2014 is 24,631 (2013: 25,683).

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	2014	2013	2012
Financial income	5.5	3.6	6.8
Financial costs	(42.7)	(11.4)	(60.6)
NET FINANCIAL RESULT	**(37.2)**	**(7.8)**	**(53.9)**

Financial income

For the year ended 31 December

In million EUR	2014	2013	2012
Interest income from financial assets at fair value through P&L, designated as such upon initial recognition	0.0	0.1	0.0
Interest income from financial assets held to maturity	0.3	0.3	2.6
Interest income from short term bank deposits	0.7	0.6	1.7
Interest income from current accounts	0.3	0.1	0.6
Gain from exchange differences	3.5	2.2	1.3
Other	0.7	0.3	0.6
FINANCIAL INCOME	**5.5**	**3.6**	**6.8**

Financial costs

For the year ended 31 December

In million EUR	2014	2013	2012
Financial costs on benefit obligations (IAS 19)	38.8	5.4	53.1
Interest on loans	0.4	0.4	1.0
Loss from exchange differences	1.8	3.7	2.7
Impairment current/financial assets	(0.1)	(0.0)	(0.3)
Other finance costs	2.0	1.9	4.2
FINANCIAL COSTS	**42.7**	**11.4**	**60.6**

6.13 INCOME TAX/DEFERRED TAX

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

As at 31 December

In million EUR	2014	2013	2012
TAX EXPENSE INCLUDED:			
Current tax expenses	(158.0)	(171.3)	(105.6)
Adjustment recognized in the current year in relation to the current tax of prior years	1.8	6.6	18.6
Deferred tax expenses	(2.5)	(4.2)	(11.4)
TOTAL TAX EXPENSE	**(158.6)**	**(168.9)**	**(98.5)**

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

In million EUR	2014	2013	2012
TAX EXPENSE USING STATUTORY TAX RATE	**154.4**	**155.3**	**92.7**
Profit before income tax	454.1	456.8	272.7
Statutory tax rate	33.99%	33.99%	33.99%
Reconciling items between statutory and effective tax			
Tax effect of non tax deductible expenses	6.7	7.3	21.5
Notional interest deduction	(1.1)	(1.6)	(6.3)
Tax effects prior year	1.7	(5.9)	(7.7)
Tax effect of tax losses utilized by subsidiaries	(2.9)	(7.3)	(2.7)
Subsidiaries in loss situation	1.0	5.6	1.7
bpost bank (equity method)	(3.8)	(4.8)	(2.4)
Interco adjustments	0.0	(0.1)	1.2
Other:			
Tax effect of exceptional dividend distribution on tax free reserves	0.0	17.6	0.0
Other differences	2.7	2.8	0.5
TOTAL	**158.6**	**168.9**	**98.5**
Tax using effective rate (current period)	(158.6)	(168.9)	(98.5)
Profit before income tax	454.1	456.8	272.7
Effective tax rate	34.9%	37.0%	36.1%

On March 25, 2013, an extraordinary shareholders' meeting of bpost approved a reduction in the legal reserve in the amount of EUR 21.3 million 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 EUR 7.3 million.

On June 7, 2013, an exceptional dividend of EUR 53.5 million 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 EUR 10.3 million as EUR 30.3 million of previously untaxed reserves were distributed.

As of December 31, 2014, bpost recognized a net deferred income tax asset of EUR 61.0 million. This net deferred income tax asset is composed as follows:

As at 31 December

In million EUR	2014	2013	2012 restated(1)	2012
Deferred tax assets				
Employee benefits	61.5	54.3	63.5	60.4
Provisions	14.8	14.7	14.3	14.3
Other	22.7	26.6	23.6	23.6
TOTAL DEFERRED TAX ASSET	**99.1**	**95.5**	**101.5**	**98.3**
Deferred tax liabilities				
Property plant and equipment	32.8	32.5	31.2	31.2
Intangible assets	5.2	4.6	5.9	5.9
Other	0.1	0.1	0.2	0.2
Total deferred tax liabilities	38.1	37.3	37.3	37.3
NET DEFERRED TAX ASSET	**61.0**	**58.3**	**64.2**	**61.0**

(1) Restated for IAS19R.

No deferred tax is recognized on temporary differences arising from investments in subsidiaries, 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 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 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 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	2014	2013	2012
Net profit attributable to ordinary equity holders of the parent for basic earnings	**293.6**	**285.4**	**173.3**
Adjustments for the effect of dilution	-	-	-
Net profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	293.6	**285.4**	**173.3**
IN MILLION SHARES			
Weighted average number of ordinary shares for basic earnings per share	**200.0**	**200.0**	**198.6**
Effect of dilution	-	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**200.0**	**200.0**	**198.6**
IN EUR			
Earnings per share			
Basic profit for the year attributable to ordinary equity holders of the parent	1.47	1.43	0.87
Diluted profit for the year attributable to ordinary equity holders of the parent	1.47	1.43	0.87

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 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**
Balance at 1 January 2014	**864.8**	**282.0**	**219.9**	**82.0**	**20.9**	**1,469.6**
Acquisitions	0.6	5.6	9.2	16.7	45.4	77.6
Acquisitions through business combinations	0.0	0.3	0.1	0.0	0.0	0.4
Disposals	0.0	(1.2)	(6.1)	(0.9)	0.8	(7.4)
Assets classified as held for sale or investment property	(23.2)	0.0	0.0	(6.0)	0.0	(29.2)
Exchange rate difference	0.0	0.0	0.2	0.0	0.0	0.3
Other movements	19.2	7.3	(0.2)	3.3	(31.7)	(2.1)
BALANCE AT 31 DECEMBER 2014	**861.7**	**293.9**	**223.1**	**95.1**	**35.5**	**1,509.3**
REVALUATION						
Balance at 1 January 2012	-	-	-	-	7.4	7.4
BALANCE AT 31 DECEMBER 2012	**-**	**-**	**-**	**-**	**7.4**	**7.4**
Balance at 1 January 2013	-	-	-	-	7.4	7.4
BALANCE AT 31 DECEMBER 2013	**-**	**-**	**-**	**-**	**7.4**	**7.4**
Balance at 1 January 2013	-	-	-	-	7.4	7.4
BALANCE AT 31 DECEMBER 2013	**-**	**-**	**-**	**-**	**7.4**	**7.4**
Balance at 1 January 2014	-	-	-	-	7.4	7.4
BALANCE AT 31 DECEMBER 2014	**-**	**-**	**-**	**-**	**7.4**	**7.4**

In million EUR	Land and buildings	Plant and equipment	Furniture and vehicles	Fixtures and fittings	Other property, plant and equipment	Total
DEPRECIATION AND IMPAIRMENT LOSSES						
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)**
Balance at 1 January 2014	(454.3)	(215.9)	(178.4)	(54.6)	(3.7)	(906.7)
Acquisitions through business combinations	0.0	(0.2)	(0.0)	0.0	0.0	(0.2)
Disposals	0.0	1.2	6.1	0.9	(0.8)	7.4
Depreciation	(18.7)	(16.9)	(16.2)	(17.7)	0.0	(69.4)
Impairment losses	(2.6)	0.3	(0.1)	(1.5)	0.8	(3.1)
Assets classified as held for sale or investment property	16.9	0.0	0.0	4.6	0.0	21.5
Exchange rate difference	0.0	(0.0)	(0.1)	(0.0)	0.0	(0.2)
Other increase (decrease)	(4.5)	(0.0)	(0.0)	4.4	0.0	(0.2)
BALANCE AT 31 DECEMBER 2014	**(463.1)**	**(231.5)**	**(188.8)**	**(63.9)**	**(3.7)**	**(951.0)**
CARRYING AMOUNT						
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
At 31 December 2014	398.6	62.4	34.3	31.2	39.2	565.7

Property, plant and equipment have decreased by EUR 4.6 million from EUR 570.3 million to EUR 565.7 million.

This decline is explained by:

- acquisitions (EUR 77.6 million) related to production facilities for sorting and printing activities (EUR 41.4 million), mail and retail network infrastructure (EUR 20.2 million), ATM and security infrastructure (EUR 6.9 million), transportation related infrastructure (EUR 2.2 million), IT and other infrastructure (EUR 7.0 million);
- depreciation and impairment losses EUR 72.5 million. Net impact of impairment amounts to EUR 3.1 million;
- transfer to assets held for sale (EUR 9.0 million) and from investment property (EUR 1.3 million);
- transfers to intangible assets of EUR 2.3 million.

All amortization and depreciation 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 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**
Balance at 1 January 2014	26.3
Acquisitions	
Transfer from/to other asset categories	(2.7)
BALANCE AT 31 DECEMBER 2014	**23.6**
DEPRECIATION AND IMPAIRMENT LOSSES	
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)**
Balance at 1 January 2014	(16.0)
Depreciations	(0.1)
Transfer from/to other asset categories	1.3
BALANCE AT 31 DECEMBER 2014	**(14.9)**
CARRYING AMOUNT	
At 31 December 2012	15.2
At 31 December 2013	10.3
At 31 December 2014	8.7

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 EUR 1.0 million (2013: EUR 0.9 million). The estimated fair value of the investment property decreased from EUR 23.3 million to EUR 20.0 million or by EUR 3.3 million driven by a reduction in the number of properties rented out.

6.17 ASSETS HELD FOR SALE

As at 31 December

In million EUR	2014	2013	2012
Property, plant and equipment	2.8	0.1	0.3
	2.8	**0.1**	**0.3**

In 2014 assets held for sale increased from EUR 0.1 million to EUR 2.8 million. The increase by EUR 2.7 million is caused caused by the sales agreements signed in 2014 (EUR 9.1 million) partly counterbalanced by the deeds signed in 2014 (EUR 6.3 million).

The number of buildings recognized in assets held for sale increased from 2 at the end of 2013 to 8 at the end of 2014. 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 EUR 15.5 million (2013: EUR 17.8 million) were accounted for in the Income Statement in the section “Other operating income”. In 2014 no impairment charges were recorded in the section “Depreciation, amortization”.

6.18 INTANGIBLE ASSETS

In million EUR	Goodwill	Development	Software	Other intangible assets	Total
ACQUISITION COST					
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**
Balance at 1 January 2014	61.6	90.2	111.1	12.9	275.8
Acquisitions	4.9	10.9	2.1	0.4	18.3
Acquisitions through business combinations	0.0	0.0	0.0	0.1	0.1
Disposals	0.0	(6.7)	(0.0)	(0.2)	(6.9)
Exchange rate difference	0.0	0.0	0.5	0.0	0.5
Other movements	0.0	0.1	1.9	0.0	2.0
BALANCE AT 31 DECEMBER 2014	**66.3**	**94.6**	**115.5**	**13.2**	**289.7**
AMORTIZATION AND IMPAIRMENT LOSSES					
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)**
Balance at 1 January 2014	(20.1)	(76.8)	(79.5)	(10.4)	(186.8)
Acquisitions through business combinations	0.0	0.0	(0.0)	(0.1)	(0.1)
Disposals	0.0	6.7	0.0	0.2	6.9
Depreciation	0.0	(4.7)	(10.8)	(0.1)	(15.6)
Impairment losses	0.0	(4.5)	0.0	(0.2)	(4.6)
Exchange rate difference	0.0	(0.0)	(0.2)	(0.0)	(0.2)
Other movements	0.0	(0.1)	0.3	0.1	0.3
BALANCE AT 31 DECEMBER 2014	**(20.1)**	**(79.3)**	**(90.2)**	**(10.4)**	**(200.1)**

In million EUR	Goodwill	Development	Software	Other intangible assets	Total
CARRYING AMOUNT					
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
At 31 December 2014	46.2	15.3	25.3	2.8	89.5

Intangible assets have increased from EUR 89.0 million to EUR 89.5 million (by EUR 0.5 million), which was caused by the following reasons:

- increase in goodwill (EUR 4.9 million) as a result of the acquisition of Gout International BV, BEurope Consultancy BV, Ecom Global Distribution Ltd. and Starbase Global Logistics Inc. in 2014;
- investments in software and licences (EUR 2.1 million), development costs capitalized (EUR 10.9 million) and other intangible assets (EUR 0.4 million);
- amortization and impairments amounting to EUR 20.2 million;
- transfers from property, plant and equipment for EUR 2.3 million.

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

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired is, from the acquisition date, tested on the level within the company that benefits from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The amount of the goodwill is due to acquisitions which took place mainly in 2011-2014. More than 50% of the carrying amount of the goodwill is related to the American activities.

For the years 2014, 2013 and 2012, the recoverable amount is based on the fair value. The net realizable value, 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. No impairment had to be recognized in 2014.

In 2013 as a result of the impairment on the goodwill related to Special Logistics activities the carrying amount of goodwill arising from cash-generated units has decreased from EUR 48.4 million to EUR 41.5 million. This impairment was 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. In 2014 the group goodwill has increased by EUR 4.9 million due to acquisition of Gout International BV, BEurope Consultancy BV, Ecom Global Distribution Ltd. and Starbase Global Logistics Inc.

The carrying value of these cash-generating units, excluding interest bearing and tax related assets and liabilities represents, on average, a multiple of 4.3 on operating profit before exceptional items. The earnings multiples referenced would need to reduce by about 38% 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, 2014 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, 2014
Land and Buildings (Saint-Denis)	25 years	2.0
Machinery and equipment	5 years	2.4
Vehicles	5 years	0.0

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

As at 31 December

In million EUR	2014	2013	2012
Minimum lease payments			
Within 1 year	0.9	1.0	0.4
1 to 5 years	2.0	2.6	0.7
More than 5 years	0.0	0.3	0.0
TOTAL	**2.9**	**3.9**	**1.1**
Less			
FUTURE FINANCE COSTS	**0.1**	**0.2**	**0.1**
Present value of the minimum lease payments			
Within 1 year	0.9	0.9	0.4
1 to 5 years	1.9	2.5	0.7
More than 5 years	0.0	0.3	0.0
TOTAL	**2.8**	**3.7**	**1.0**

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

Operating Lease

bpost's future minimum operating lease payments are as follows:

For the year ended 31 December

In million EUR	2014	2013	2012
Less than one year	59.7	58.5	56.7
Between one year and five years	117.6	117.6	138.0
More than five years	58.8	62.6	77.5
TOTAL	**236.1**	**238.7**	**272.2**

Decrease of the total future minimum operating lease payments in 2014 compared to 2013 is mainly related to lower future lease payments related to buildings.

The less than one year is higher compared to last year due to the increase of leased vehicles.

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

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

For the year ended 31 December

In million EUR	2014	2013	2012
Less than one year	1.1	0.9	3.4
Between one year and five years	4.2	3.3	10.8
More than five years	4.0	3.1	9.3
TOTAL	**9.3**	**7.3**	**23.5**

Increase of future minimum operating lease income in 2014 compared to 2013 is related to higher 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 EUR 2.0 million (2013: EUR 1.8 million).

6.20 INVESTMENT IN ASSOCIATES

In million EUR	2014	2013	2012
Balance at 1 January	**341.3**	**351.6**	**84.3**
Share of profit	11.2	14.0	3.5
Dividend received	(5.0)	(5.0)	0.0
Capital increase	0.0	50.0	0.0
Other movements in equity of associates	69.1	(69.3)	263.8
BALANCE AT 31 DECEMBER	**416.5**	**341.3**	**351.6**

Share of profit/loss

In 2014, bpost's share in the profit of bpost bank amounted to EUR 11.2 million. Last year, the share of profit in bpost bank's profit amounted to EUR 14.0 million.

Dividends received

In 2013 and 2014, bpost received a dividend of EUR 5.0 million from bpost bank. In 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 EUR 100 million 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 EUR 37.5 million each. In the framework of the renewal of the contractual agreement between bpost and BNPP Fortis, the latter paid an additional amount of EUR 25 million as issue premium. As proportional ownership of bpost remained unchanged, the fair value of the investment in bpost bank increased by EUR 12.5 million.

Other movements

The amount represents the increase in unrealized gains, net of taxes, on bpost bank's bond portfolio (EUR 69.1 million).

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

In million EUR	Ownership	Total assets	Total liabilities (excl. equity)	Revenues	Profit/(loss)
2013					
bpost bank	50%	9,047.2	8,364.6	327.3	27.9
2014					
bpost bank	50%	10,199.5	9,366.4	296.5	22.4

6.21 TRADE AND OTHER RECEIVABLES

As at 31 December

In million EUR	2014	2013	2012
Trade receivables	0.0	0.0	0.0
Other receivables	2.6	2.2	0.9
NON CURRENT TRADE AND OTHER RECEIVABLES	**2.6**	**2.2**	**0.9**

As at 31 December

In million EUR	2014	2013	2012
Trade receivables	369.3	355.6	354.7
Tax receivables, other than income tax	2.0	2.1	0.8
Other receivables	27.0	42.6	39.2
CURRENT TRADE AND OTHER RECEIVABLES	**398.3**	**400.2**	**394.6**

As at 31 December

In million EUR	2014	2013	2012
Accrued income	12.3	18.2	24.7
Deferred charges	9.4	13.5	10.9
Other receivables	5.3	10.9	3.6
CURRENT - OTHER RECEIVABLES	**27.0**	**42.6**	**39.2**

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 and other receivables decreased by EUR 1.9 million to EUR 398.3 million (2013: EUR 400.2 million), driven by a rise in trade receivables of EUR 13.7 million, compensated by a decline in deferred charges and accrued income of EUR 10.0 million and a decrease in other receivables by EUR 5.6 million.

The decrease in other receivables is mainly related to the advance paid in 2013 in anticipation to the acquisition of a 100% participation in Gout International BV and BEurope Consultancy BV (EUR 3.0 million) and to the decreased advances for family allowances (EUR 2.0 million).

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

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 at 31 December

In million EUR	2014	2013	2012
Raw materials	2.9	2.4	1.4
Finished products	3.7	2.1	1.9
Goods purchased for resale	6.5	5.9	4.6
Reductions in value	(0.6)	(1.1)	(0.9)
INVENTORIES	**12.5**	**9.2**	**7.0**

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.

6.23 CASH AND CASH EQUIVALENTS

As at 31 December

In million EUR	2014	2013	2012
Cash in Postal network	139.7	148.3	128.9
Transit accounts	44.7	54.4	18.1
Cash payment transactions under execution	(40.7)	(46.8)	(130.8)
Bank current accounts	418.6	265.8	675.0
Short term deposits	0.0	26.6	22.0
CASH AND CASH EQUIVALENTS	**562.3**	**448.2**	**713.2**

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 at 31 December

In million EUR	2014	2013	2012
Financial liabilities at amortized cost			
Bank loans	63.7	72.8	82.0
Finance lease liabilities	2.0	2.8	0.7
NON CURRENT LIABILITIES	**65.7**	**75.6**	**82.7**

As at 31 December

In million EUR	2014	2013	2012
Financial liabilities at amortized cost			
Bank loans	9.1	10.4	9.2
Other loans	0.0	0.0	1.6
Finance lease liabilities	0.9	0.9	0.4
CURRENT LIABILITIES	**10.0**	**11.3**	**11.2**

The financial liabilities consist mainly of a loan, with an outstanding balance of EUR 72.7 million, concluded in 2007 with the European Investment Bank. The tranche of the loan repayable in 2015 and amounting to EUR 9.1 million 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 at 31 December

In million EUR	2014	2013	2012 restated(1)	2012
Post-employment benefits	(85.4)	(78.2)	(82.7)	(68.7)
Long-term employee benefits	(118.3)	(116.1)	(124.8)	(124.8)
Termination benefits	(13.3)	(15.4)	(28.8)	(28.8)
Other long-term benefits	(151.5)	(135.4)	(141.8)	(141.8)
TOTAL	**(368.6)**	**(345.1)**	**(378.1)**	**(364.1)**

(1) Restated for IAS19R.

Net of the deferred tax asset related to them, employee benefits amount to EUR 307.1 million (2013: EUR 290.8 million).

As at 31 December

In million EUR	2014	2013	2012 restated(1)	2012
Employee benefits	(368.6)	(345.1)	(378.1)	(364.1)
Deferred tax assets impact	61.5	54.3	63.5	60.4
EMPLOYEE BENEFITS NET OF DEFERRED TAX	**(307.1)**	**(290.8)**	**(314.6)**	**(303.7)**

(1) Restated for IAS19R.

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

As at 31 December

In million EUR	2014	2013	2012 restated(1)	2012
Present value of total obligations	(415.2)	(384.8)	(378.1)	(378.1)
Fair value of plan assets	46.7	39.8	-	-
Present value of net obligations for unfunded plan	**(368.6)**	**(345.1)**	**(378.1)**	**(378.1)**
Present value of net obligations	**(368.6)**	**(345.1)**	**(378.1)**	**(378.1)**
Unrecognized actuarial (gains)/losses				14.0
NET LIABILITY	**(368.6)**	**(345.1)**	**(378.1)**	**(364.1)**
Employee benefits amounts in the statement of financial position				
Liabilities	(368.6)	(345.1)	(378.1)	(364.1)
NET LIABILITY	**(368.6)**	**(345.1)**	**(378.1)**	**(364.1)**

(1) Restated for IAS19R.

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

In million EUR	2014	2013	2012 restated(1)	2012
Present value at 1 January	**(384.8)**	**(378.1)**	**(387.0)**	**(387.0)**
Service cost	(28.0)	(62.2)	(21.6)	(21.6)
- Current service cost	*(22.7)*	*(62.2)*	*(30.8)*	*(30.8)*
- Termination expenses	*(5.3)*	*-*	*(14.0)*	*(14.0)*
- Past service (cost)/gain	*-*	*-*	*2.1*	*2.1*
- Effect of part settlement	*-*	*-*	*21.1*	*21.1*
Net interest	(9.6)	(8.5)	(14.6)	(14.6)
Benefits paid	41.3	45.2	84.8	84.8
Re-measurement gains and (losses)	(23.2)	9.4	(39.7)	(39.7)
- Actuarial gains and (losses) recognized in Income Statement	*(23.2)*	*9.4*	*(32.9)*	*(32.9)*
- Actuarial gains and (losses) unrecognized	*-*	*-*	*(6.8)*	*(6.8)*
Re-measurement gains and (losses) in Other Comprehensive Income	(10.9)	9.4	-	-
- Actuarial gains and (losses)	*(10.9)*	*9.4*	*-*	*-*
DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**(415.2)**	**(384.8)**	**(378.1)**	**(378.1)**

(1) Restated for IAS19R.

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

In million EUR	2014	2013	2012 restated[1]	2012
Fair value of plan assets at 1 January	39.8	-	-	-
Contributions by employer	6.8	29.4	-	-
Contributions by employee	2.1	10.4	-	-
Benefits paid	(3.1)	-	-	-
Interest cost on assets (P&L item)	1.4			
Actuarial Loss on assets (OCI item)	(0.3)	-	-	-
FAIR VALUE OF PLAN ASSETS AT 31 DECEMBER	**46.7**	**39.8**	**-**	**-**

(1) Restated for IAS19R.

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	2014	2013	2012 restated[1]	2012
Service cost	(24.8)	(22.4)	(21.6)	(21.6)
- Current service cost	*(19.5)*	*(22.4)*	*(30.8)*	*(30.8)*
- Termination expenses	*(5.3)*	*-*	*(14.0)*	*(14.0)*
- Past service (cost)/gain	*-*	*-*	*2.1*	*2.1*
- Effect of part settlement	*-*	*-*	*21.1*	*21.1*
Net interest	(8.1)	(8.5)	(14.6)	(14.6)
Re-measurements gains and (losses)	(23.2)	9.4	(32.9)	(32.9)
- Actuarial gains and (losses) reported as financial	*(30.6)*	*3.1*	*(38.5)*	*(38.5)*
- Actuarial gains and (losses) reported as operating	*7.4*	*6.3*	*5.6*	*5.6*
NET EXPENSE	**(56.1)**	**(21.5)**	**(69.1)**	**(69.1)**

(1) Restated for IAS19R.

In 2014, the service cost includes an amount of EUR 5.3 million for the group insurance. In 2013, the amount of EUR 8.2 million was reported in the service cost.

Actuarial gains and losses, caused by changes in discount rates, are recorded as financial costs, whereas actuarial gains/losses for post-employment benefits are recorded throughout the Other Comprehensive Income. In all other cases, actuarial gains and losses are recorded as operating expenses.

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.

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

For the year ended 31 December

In million EUR	2014	2013	2012 restated(1)	2012
Payroll costs	(17.4)	(16.1)	(16.0)	(16.0)
Financial cost	(38.8)	(5.4)	(53.1)	(53.1)
NET EXPENSE	**(56.1)**	**(21.5)**	**(69.1)**	**(69.1)**

(1) Restated for IAS19R.

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

For the year ended 31 December

In million EUR	2014	2013	2012 restated(1)	2012
Re-measurement gains/(losses)	(11.2)	9.4	(14.0)	-
- Actuarial gains and (losses)	*(11.2)*	*9.4*	*(14.0)*	*-*
NET EXPENSE	**(11.2)**	**9.4**	**(14.0)**	**-**

(1) Restated for IAS19R.

IAS19R 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 EUR 14 million and restated in "Other Comprehensive Income".

The impact of the transition to IAS19R is presented as follows:

Impact on consolidated statement of financial position

In million EUR	2012 restated(1)	2012
Increase in the defined benefit plan obligation (non-current)	(14.0)	-
Increase in deferred tax assets (non-current)	3.1	-
NET IMPACT ON EQUITY	**(10.9)**	**-**
Equity holders of the parent	(10.9)	-
Non-controlling interest	-	-

(1) Restated for IAS19R.

Impact on consolidated income statement

In million EUR	2012 restated(1)	2012
Increase in actuarial movements in OCI	14.0	-
Increase in tax effect on actuarial movements in OCI	(3.1)	-
NET INCREASE IN OCI, NET OF TAX	**10.9**	**-**
NET INCREASE IN TOTAL COMPREHENSIVE INCOME	**10.9**	**-**
Attributable to equity holders of parent	10.9	-
Non-controlling interest	-	-

(1) Restated for IAS19R.

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

	2014	2013	2012
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 2014 range from 0.2% to 2.15% (2013: 0.5% to 3.5%):

	Duration	Discount rate	
BENEFIT		2014	2013
Family allowances	7.6	1.45%	2.75%
Transportation	11.3	1.70%	3.10%
Bank	15.6	2.00%	3.35%
Funeral expense	8.0	1.45%	2.75%
Gratification	10.0	1.55%	2.85%
Group insurance	14.0	2.00%	3.25%
Accumulated compensated absences	2.3	0.40%	1.00%
Workers compensation in case of accidents	12.8	1.90%	3.20%
Medical expenses in case of accidents	17.8	2.15%	3.50%
Pension saving days	9.1	1.50%	2.75%
Jubilee Premiums	7.2	1.35%	2.65%
Part-time regime	from 0.8 to 3.7	from 0.2% to 0.5%	from 0.5% to 1.65%
Prepension	from 0.5 to 0.95	from 0.0% to 0.2%	0.5%

The average duration of the defined benefit plan obligation at the end of 2014 is 10.9 years (2013: 9.4 years).

A quantitative sensitivity analysis for significant assumptions at December 31, 2014 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	20.3	(22.6)	(6.0)	(3.3)

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.

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.

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.

The IASB recognized that the accounting for such so-called "contribution-based plans" in accordance with the currently applicable defined benefit methodology is problematic (cf. September 2014 IFRS Staff Paper regarding "Research project : Post-employment benefits"). Hence there is still no clarity on the methodology. On top there is also uncertainty with respect to the future evolution of the minimum guaranteed rates of return in Belgium. bpost decided, given the current uncertainty to remain consistent with the 2013 methodology and applied the so-called D9 type of method.

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

As at 31 December

In million EUR	2014	2013	2012 restated[1]	2012
Present value of total obligations	(132.1)	(118.0)	(82.7)	(82.7)
Fair value of plan assets	46.7	39.8	-	-
Present value of net obligations for unfunded plan	**(85.4)**	**(78.2)**	**(82.7)**	**(82.7)**
Present value of net obligations	**(85.4)**	**(78.2)**	**(82.7)**	**(82.7)**
Unrecognized actuarial (gains)/losses		-	-	14.0
NET LIABILITY	**(85.4)**	**(78.2)**	**(82.7)**	**(68.7)**
Employee benefits amounts in the statement of financial position				
Liabilities	(85.4)	(78.2)	(82.7)	(68.7)
NET LIABILITY	**(85.4)**	**(78.2)**	**(82.7)**	**(68.7)**

(1) Restated for IAS19R.

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

In million EUR	2014	2013	2012 restated(1)	2012
Present value at 1 January	(118.0)	(82.7)	(75.3)	(75.3)
Service cost	(9.1)	(48.9)	1.3	1.3
- Current service cost	*(9.1)*	*(48.9)*	*(0.9)*	*(0.9)*
- Past service (cost)/gain	-	-	*2.2*	*2.2*
Net interest	(3.5)	(2.2)	(3.3)	(3.3)
Benefits paid	9.4	6.4	7.6	7.6
Re-measurement gains and (losses)	-	-	(12.9)	(12.9)
- Actuarial gains and (losses) recognized in Income Statement	-	-	*(6.1)*	*(6.1)*
- Actuarial gains and (losses) unrecognized	-	-	*(6.8)*	*(6.8)*
Re-measurement gains and (losses)in Other Comprehensive Income	(10.9)	9.4	-	-
- Actuarial gains and (losses)	*(10.9)*	*9.4*	-	-
DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**(132.1)**	**(118.0)**	**(82.7)**	**(82.7)**

(1) Restated for IAS19R.

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	2014	2013	2012 restated(1)	2012
Fair value of plan assets at 1 January	39.8	-	-	-
Contributions by employer	6.8	29.4	-	-
Contributions by employee	2.1	10.4	-	-
Benefits paid	(3.1)	-	-	-
Interest cost on assets (P&L item)	1.4			
Actuarial Loss on assets (OCI item)	(0.3)	-	-	-
FAIR VALUE OF PLAN ASSETS AT 31 DECEMBER	**46.7**	**39.8**	**-**	**-**

(1) Restated for IAS19R.

The expense recognized in the Income Statement is presented hereafter:

For the year ended 31 December

In million EUR	2014	2013	2012 restated(1)	2012
Service cost	(5.9)	(9.1)	1.3	1.3
- Current service cost	*(5.9)*	*(9.1)*	*(0.9)*	*(0.9)*
- Past service (cost)/gain	-	-	*2.2*	*2.2*
Net interest	(2.0)	(2.2)	(3.3)	(3.3)
Re-measurements gains and (losses)	-	-	(6.1)	(6.1)
- Actuarial gains and (losses) reported as financial	-	-	*0.0*	*0.0*
- Actuarial gains and (losses) reported as operating	-	-	*(6.1)*	*(6.1)*
NET EXPENSE	**(8.0)**	**(11.3)**	**(8.1)**	**(8.1)**

(1) Restated for IAS19R.

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

For the year ended 31 December

In million EUR	2014	2013	2012 restated(1)	2012
Payroll costs	(5.9)	(9.1)	(4.8)	(4.8)
Financial cost	(2.0)	(2.2)	(3.3)	(3.3)
NET EXPENSE	**(8.0)**	**(11.3)**	**(8.1)**	**(8.1)**

(1) Restated for IAS19R.

The expense recognized in Other Comprehensive Income is presented hereafter:

For the year ended 31 December

In million EUR	2014	2013	2012 restated[1]	2012
Re-measurement gains/(losses)	(11.2)	9.4	(14.0)	-
- Actuarial gains and (losses)	*(11.2)*	*9.4*	*(14.0)*	-
NET EXPENSE	**(11.2)**	**9.4**	**(14.0)**	**-**

(1) Restated for IAS19R.

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 2013. 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 2014. 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 2014, 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.

A new plan of specific partial (50%) career interruption was approved by the Framework Agreement of May 22, 2014. The plan approved in 2012 and accessible to the distributors is extended to the employees working during nights. For the other employees, the plan is accessible 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 night workers and 48 months for the other beneficiaries of the plan.

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

As at 31 December

In million EUR	2014	2013	2012 restated(1)	2012
Present value of total obligations	(118.3)	(116.1)	(124.8)	(124.8)
Fair value of plan assets	-	-	-	-
Present value of net obligations for unfunded plan	**(118.3)**	**(116.1)**	**(124.8)**	**(124.8)**
Present value of net obligations	**(118.3)**	**(116.1)**	**(124.8)**	**(124.8)**
NET LIABILITY	**(118.3)**	**(116.1)**	**(124.8)**	**(124.8)**
Employee benefits amounts in the statement of financial position				
Liabilities	(118.3)	(116.1)	(124.8)	(124.8)
NET LIABILITY	**(118.3)**	**(116.1)**	**(124.8)**	**(124.8)**

(1) Restated for IAS19R.

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

In million EUR	2014	2013	2012 restated(1)	2012
Present value at 1 January	**(116.1)**	**(124.8)**	**(158.0)**	**(158.0)**
Service cost	(12.6)	(13.2)	(6.9)	(6.9)
- Current service cost	*(12.6)*	*(13.2)*	*(28.0)*	*(28.0)*
- Past service (cost)/gain	-	-	*0.0*	*0.0*
- Effect of part settlement	-	-	*21.1*	*21.1*
Net interest	(2.2)	(2.2)	(5.1)	(5.1)
Benefits paid	17.0	19.4	49.3	49.3
Re-measurement gains and (losses)	(4.4)	4.7	(4.1)	(4.1)
- Actuarial gains and (losses) recognized in Income Statement	*(4.4)*	*4.7*	*(4.1)*	*(4.1)*
DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**(118.3)**	**(116.1)**	**(124.8)**	**(124.8)**

(1) Restated for IAS19R.

The expense recognized in the Income Statement is presented hereafter:

For the year ended 31 December

In million EUR	2014	2013	2012 restated(1)	2012
Service cost	(12.6)	(13.2)	(6.9)	(6.9)
- Current service cost	*(12.6)*	*(13.2)*	*(28.0)*	*(28.0)*
- Past service (cost)/gain	-	-	*0.0*	*0.0*
- Effect of change in plan ACA (cost)/gain	-	-	*21.1*	*21.1*
Net interest	(2.2)	(2.2)	(5.1)	(5.1)
Re-measurements gains and (losses)	(4.4)	4.7	(4.1)	(4.1)
- Actuarial gains and (losses) reported as financial	*(8.4)*	*0.7*	*(9.6)*	*(9.6)*
- Actuarial gains and (losses) reported as operating	*4.0*	*4.0*	*5.5*	*5.5*
NET EXPENSE	**(19.1)**	**(10.7)**	**(16.1)**	**(16.1)**

(1) Restated for IAS19R.

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

For the year ended 31 December

In million EUR	2014	2013	2012 restated(1)	2012
Payroll costs	(8.6)	(9.2)	(1.4)	(1.4)
Financial cost	(10.6)	(1.5)	(14.7)	(14.7)
NET EXPENSE	**(19.1)**	**(10.7)**	**(16.1)**	**(16.1)**

(1) Restated for IAS19R.

Termination benefits

Early Retirement scheme

In 2014, 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. This plan is closed end of December 2014;
- 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.

A new early-retirement plan was approved by the Framework Agreement of May 22, 2014. This plan is accessible to the civil servants under certain conditions of age, seniority and service organization. As for the 2012 plan, 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 employee benefit related to the early retirement schemes arises bpost's liability 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 at 31 December

In million EUR	2014	2013	2012 restated[1]	2012
Present value of total obligations	(13.3)	(15.4)	(28.8)	(28.8)
Fair value of plan assets	-	-	-	-
Present value of net obligations for unfunded plan	**(13.3)**	**(15.4)**	**(28.8)**	**(28.8)**
Present value of net obligations	**(13.3)**	**(15.4)**	**(28.8)**	**(28.8)**
NET LIABILITY	**(13.3)**	**(15.4)**	**(28.8)**	**(28.8)**
Employee benefits amounts in the statement of financial position				
Liabilities	(13.3)	(15.4)	(28.8)	(28.8)
NET LIABILITY	**(13.3)**	**(15.4)**	**(28.8)**	**(28.8)**

(1) Restated for IAS19R.

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

In million EUR	2014	2013	2012 restated[1]	2012
Present value at 1 January	**(15.4)**	**(28.8)**	**(38.8)**	**(38.8)**
Service cost	(5.3)	-	(14.0)	(14.0)
- Termination expenses	*(5.3)*	-	*(14.0)*	*(14.0)*
- Past service (cost)/gain	-	-	*0.0*	*0.0*
Net interest	(0.0)	(0.2)	(0.6)	(0.6)
Benefits paid	7.6	11.9	20.4	20.4
Re-measurement gains and (losses)	(0.2)	1.7	4.2	4.2
- Actuarial gains and (losses) recognized in Income Statement	*(0.2)*	*1.7*	*4.2*	*4.2*
DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**(13.3)**	**(15.4)**	**(28.8)**	**(28.8)**

(1) Restated for IAS19R.

The expense recognized in the Income Statement is presented hereafter:

For the year ended 31 December

In million EUR	2014	2013	2012 restated[1]	2012
Service cost	(5.3)	-	(14.0)	(14.0)
- Termination expenses	*(5.3)*	-	*(14.0)*	*(14.0)*
- Past service (cost)/gain	-	-	*0.0*	*0.0*
Net interest	(0.0)	(0.2)	(0.6)	(0.6)
Re-measurements gains and (losses)	(0.2)	1.7	4.2	4.2
- Actuarial gains and (losses) reported as financial	*(0.0)*	*(0.0)*	*(0.1)*	*(0.1)*
- Actuarial gains and (losses) reported as operating	*(0.2)*	*1.7*	*4.4*	*4.4*
NET EXPENSE	**(5.5)**	**1.5**	**(10.4)**	**(10.4)**

(1) Restated for IAS19R.

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

For the year ended 31 December

In million EUR	2014	2013	2012 restated[1]	2012
Payroll costs	(5.5)	1.7	(9.6)	(9.6)
Financial cost	(0.0)	(0.2)	(0.7)	(0.7)
NET EXPENSE	**(5.5)**	**1.5**	**(10.4)**	**(10.4)**

(1) Restated for IAS19R.

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 at 31 December

In million EUR	2014	2013	2012 restated(1)	2012
Present value of total obligations	(151.5)	(135.4)	(141.8)	(141.8)
Fair value of plan assets	-	-	-	-
Present value of net obligations for unfunded plan	**(151.5)**	**(135.4)**	**(141.8)**	**(141.8)**
Present value of net obligations	**(151.5)**	**(135.4)**	**(141.8)**	**(141.8)**
NET LIABILITY	**(151.5)**	**(135.4)**	**(141.8)**	**(141.8)**
Employee benefits amounts in the statement of financial position				
Liabilities	(151.5)	(135.4)	(141.8)	(141.8)
NET LIABILITY	**(151.5)**	**(135.4)**	**(141.8)**	**(141.8)**

(1) Restated for IAS19R.

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

In million EUR	2014	2013	2012 restated(1)	2012
Present value at 1 January	**(135.4)**	**(141.8)**	**(115.0)**	**(115.0)**
Service cost	(1.0)	(0.1)	(1.9)	(1.9)
- Current service cost	*(1.0)*	*(0.1)*	*(1.9)*	*(1.9)*
- Past service (cost)/gain	*-*	*-*	*0.0*	*0.0*
Net interest	(3.9)	(3.9)	(5.6)	(5.6)
Benefits paid	7.3	7.5	7.6	7.6
Re-measurement gains and (losses)	(18.6)	3.0	(27.0)	(27.0)
- Actuarial gains and (losses) recognized in Income Statement	*(18.6)*	*3.0*	*(27.0)*	*(27.0)*
DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**(151.5)**	**(135.4)**	**(141.8)**	**(141.8)**

(1) Restated for IAS19R.

The expense recognized in the Income Statement is presented hereafter:

For the year ended 31 December

In million EUR	2014	2013	2012 restated(1)	2012
Service cost	(1.0)	(0.1)	(1.9)	(1.9)
- Current service cost	*(1.0)*	*(0.1)*	*(1.9)*	*(1.9)*
- Past service (cost)/gain	*-*	*-*	*0.0*	*0.0*
Net interest	(3.9)	(3.9)	(5.6)	(5.6)
Re-measurements gains and (losses)	(18.6)	3.0	(27.0)	(27.0)
- Actuarial gains and (losses) reported as financial	*(22.2)*	*2.4*	*(28.7)*	*(28.7)*
- Actuarial gains and (losses) reported as operating	*3.7*	*0.6*	*1.7*	*1.7*
NET EXPENSE	**(23.5)**	**(1.0)**	**(34.5)**	**(34.5)**

(1) Restated for IAS19R.

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

For the year ended 31 December

In million EUR	2014	2013	2012 restated[1]	2012
Payroll costs	2.7	0.5	(0.1)	(0.1)
Financial cost	(26.1)	(1.5)	(34.4)	(34.4)
NET EXPENSE	**(23.5)**	**(1.0)**	**(34.5)**	**(34.5)**

(1) Restated for IAS19R.

6.26 TRADE AND OTHER PAYABLES

As at 31 December

In million EUR	2014	2013	2012
Trade payables	0.0	0.0	0.0
Other payables	79.8	79.7	83.1
NON-CURRENT TRADE AND OTHER PAYABLES	**79.8**	**79.7**	**83.1**

Non-current trade and other liabilities amount to EUR 79.8 million and contain mainly the commitments relating to the full acquisition of Landmark and the contingent consideration arrangements related to the acquisition of Gout International BV and BEurope Consultancy BV.

As at 31 December

In million EUR	2014	2013	2012
Trade payables	208.1	189.3	200.0
Payroll and social security payables	314.5	316.9	326.7
Tax payable other than income tax	8.3	8.7	3.4
Other payables	251.7	219.8	230.5
CURRENT TRADE AND OTHER PAYABLES	**782.6**	**734.7**	**760.7**

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

As at 31 December

In million EUR	2014	2013	2012
Advance payments on orders	10.5	10.2	10.5
Advance postal financial services	18.5	18.8	0.0
Cash guarantees received	6.4	7.8	5.2
Accruals	67.3	58.3	86.2
Deferred income	79.1	75.4	79.5
Deposits received from third parties	0.1	0.4	0.4
Other payables	69.7	48.9	48.7
CURRENT - OTHER PAYABLES	**251.7**	**219.8**	**230.5**

6.27 PROVISIONS

In million EUR	Litigation	SGEI related litigation	Environment	Onerous contracts	Restructuring & 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)	0.0	(8.8)	(0.1)	(0.1)	(42.1)
Other movements	22.7	0.0	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	0.0	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**
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**
Balance at 1 January 2014	**39.5**	**0.0**	**0.8**	**12.0**	**10.3**	**62.6**
Additional provisions recognized	11.4	0.0	0.1	0.0	4.7	16.1
Provisions used	(0.5)	0.0	(0.2)	(4.9)	(3.6)	(9.2)
Provisions reversed	(1.7)	0.0	(0.2)	(2.3)	(0.6)	(4.8)
BALANCE AT 31 DECEMBER 2014	**48.7**	**0.0**	**0.5**	**4.8**	**10.8**	**64.8**
Non current balance at end of year	31.2	0.0	0.5	4.3	1.1	37.1
Current balance at end of year	17.5	0.0	0.0	0.5	9.7	27.7
	48.7	**0.0**	**0.5**	**4.8**	**10.8**	**64.8**

The provision for **litigation** amounts to EUR 48.7 million. It represents the expected financial outflow relating to many different (actual or imminent) litigations between bpost and third parties.

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.

The increase in 2014 was mainly due to a provision which was recognized to cover a litigation with another postal operator. A reversal from the provision for litigation of EUR 8.5 million was recorded in 2013 as some payroll-related issues were definitively resolved.

The reversal in 2012 amounted to EUR 33.2 million and was mainly due to a reversal of a pending litigation provision for EUR 22.7 million 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 20.0 million or more. Reversals of provisions, whose addition had been considered as non-recurring, are also considered 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 EUR 299 million was provisioned in 2011. This provision was used in 2012 as the recovery amount was paid to the Belgian State. A second provision of EUR 124.9 million 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 bpost 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 soil sanitation. The reduction in 2012 was explained by the sale of two specific sites while in 2013 an additional provision of EUR 0.2 million was recorded relating to one specific site. This last one was used in 2014.

The provision on **onerous contracts** concerns the best estimate of the costs relating to the closing down of mail and retail offices. The additional provision which was recognized in 2013 related to the restructuring of the Special Logistics distribution activities and was almost used entirely in 2014. The remaining utilization and the reversal in 2014 is mainly due to the settlement of one onerous rental contract.

Other provisions amount to EUR 10.8 million. The increase in 2013 was mainly due to a provision which was recognized to cover the end of contract damage related costs for vehicles. This provision was adjusted in 2014 with a net impact of EUR 0.6 million.

bpost is currently involved in the following **legal proceedings** initiated by intermediaries:

- a claim for damages in an alleged (provisional) amount of approximately EUR 19.9 million (exclusive of late payment interest) in the context of legal proceedings initiated by Publimail SA/NV and pending before the Brussels commercial court;
- a claim for damages in an alleged (provisional) amount of approximately EUR 28 million (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 bpost's 2010 pricing policy infringed the Belgian Postal Act and imposed a fine of EUR 2.3 million. 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. In June 2013 the Court of Appeal issued an interim judgment referring the matter to the Court of Justice for a preliminary ruling on the precise scope of the non-discrimination obligation under the European Postal Directive. The Court of Justice in a binding judgment delivered on February 11, 2015 concluded that a tariff policy such as bpost's 2010 "per sender" pricing model does not constitute a violation of the postal non-discrimination principle. It is for the Brussels Court of Appeal to issue a final decision on the matter.

Finally, on December 10, 2012, the Belgian Competition Authority concluded that certain aspects of bpost's pricing policy over the January 2010-July 2011 period infringed Belgian and European competition law and imposed a fine of approximately EUR 37.4 million. 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, 2014, bpost had 5,340 auxiliary postmen. 53 auxiliary postmen have initiated a lawsuit against bpost in various labor courts claiming equal salary and benefits by reference to baremic contractual or statutory employees performing the same work. All claims and allegations are contested by bpost. Until now, no courts have upheld the claims. Various courts cases are still pending at first instance and appeal levels.

If courts, especially at appeal level, were to find that the auxiliary postmen can claim equal treatment, bpost could be ordered to increase the salary and benefits of the auxiliary postmen to the level of relevant baremic contractual or statutory employees and it cannot be excluded that other employees could bring similar claims.

6.29 RIGHTS AND COMMITMENTS

Guarantees received

At 31 December 2014, bpost benefits from bank guarantees in a sum of EUR 39.4 million, issued by banks on behalf of bpost's customers (2013: EUR 39.6 million). 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 31 December 2014, merchandise representing a sales value of EUR 1.4 million had been consigned by partners for the purpose of sale through the postal network.

Guarantees given

bpost acts as guarantor (EUR 1.4 million 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 EUR 43.6 million in guarantees for bpost upon simple request.

Funds of the State

bpost settles and liquidates the payment transactions of government institutions (taxes, VAT, etc.) on behalf of the State and certain State-related entities. The funds of the State and these entities 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 bpost and holds 51,04% of bpost. Accordingly, it has the power to control any decision at the shareholders' meeting requiring a simple majority vote.

The rights of the Belgian State as shareholder of bpost are defined in the Corporate Governance policies.

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 bpost's largest customers. Including the SGEI remuneration, 17% of bpost's total operating income (revenues) in 2014 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.

bpost 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 bpost 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 bpost 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 bpost under the 5th Management Contract are aimed at satisfying certain objectives related to the public interest. In order to ensure territorial and social cohesion, bpost 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 bpost, 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 bpost only pursuant to the Law of March 21, 1991 (e.g., delivery of stamps by postmen during their rounds) and bpost 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 bpost. bpost bank's other shareholder is BNP Paribas Fortis. bpost 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, bpost distributes banking and insurance products on behalf of bpost bank. bpost, 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 909,000 savings accounts as of December 31, 2014. 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 consists of granting or offering overdraft facilities to customers, consumer credits and mortgages credits. As of December 31, 2014, bpost bank had approximately EUR 197.7 million in loans on its balance sheet.

As an insurance intermediary, bpost bank also offers annuity and pension products, including "branch 21" and "branch 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 been renegotiated and signed on December 13, 2013.

The framework agreement provides in substance 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, 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) bpost will continue to provide back office activities and other ancillary services to bpost bank.

Working capital

bpost bank has placed a working capital at the disposal of bpost without guarantee or payment of interest by bpost. This working capital – which amount will be increased from EUR 9.0 million to EUR 12.0 million as of 2015 – 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

The insurance products of AG Insurance are offered and marketed via bpost bank using the distribution network of bpost.

The cooperation between AG Insurance, bpost bank and bpost is set out in a insurance distribution agreement which has been renegotiated and signed on December 17, 2014.

The distribution agreement provides for an access fee, commissions on all the insurance products sold by bpost and additional commissions if certain sales objectives are achieved.

6.31 GROUP COMPANIES

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

- **Euro-Sprinters** operates bpost's special logistics network;

- **Deltamedia's** main activity is the distribution of newspapers in Belgium;

- **exbo** mainly offers SEPA-services (including the plateform and the customers contracts). 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);

- **Certipost** provides 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. MSI has processing centers located in Virginia (near Washington DC), Chicago and Toronto;

- **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 bpost International (UK) Limited, bpost is active in Asia, operating in Singapore through **bpost Singapore Pte Ltd.** and in Hong Kong through **bpost Hong Kong Ltd.** 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;

- **bpost International U.S. Inc.** provides wholesale services for cross-border parcels and mail to U.S.-based consolidators;

- **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. Landmark Global and Landmark Trade Services Ltd. are consolidated within the P&I operating segment;

- In January 2014, Landmark Global Inc. purchased 100% of the shares of both **Landmark Global (Netherlands) BV** (previously named Gout International BV) and **Landmark Trade Services (Netherlands) BV** (previously named BEurope Consultancy BV), two Groningen-based Dutch companies. The main activities of Landmark Global (Netherlands) BV 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. Landmark Trade Services (Netherlands) BV is a spin-off company of Landmark Global (Netherlands) 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 **Landmark Global (UK) Limited** (previously named Ecom Global Distribution Ltd.) and of **Landmark Trade Services USA, Inc.** (previously named Starbase Global Logistics Inc.). Landmark Global (UK) Limited provides import services for goods entering the UK, similar to the services offered by Landmark Global (Netherlands) BV. Its location right next to London Heathrow makes it ideally suited to service US to UK airlift imports. Landmark Trade Services USA, Inc provides import services for goods entering the US;

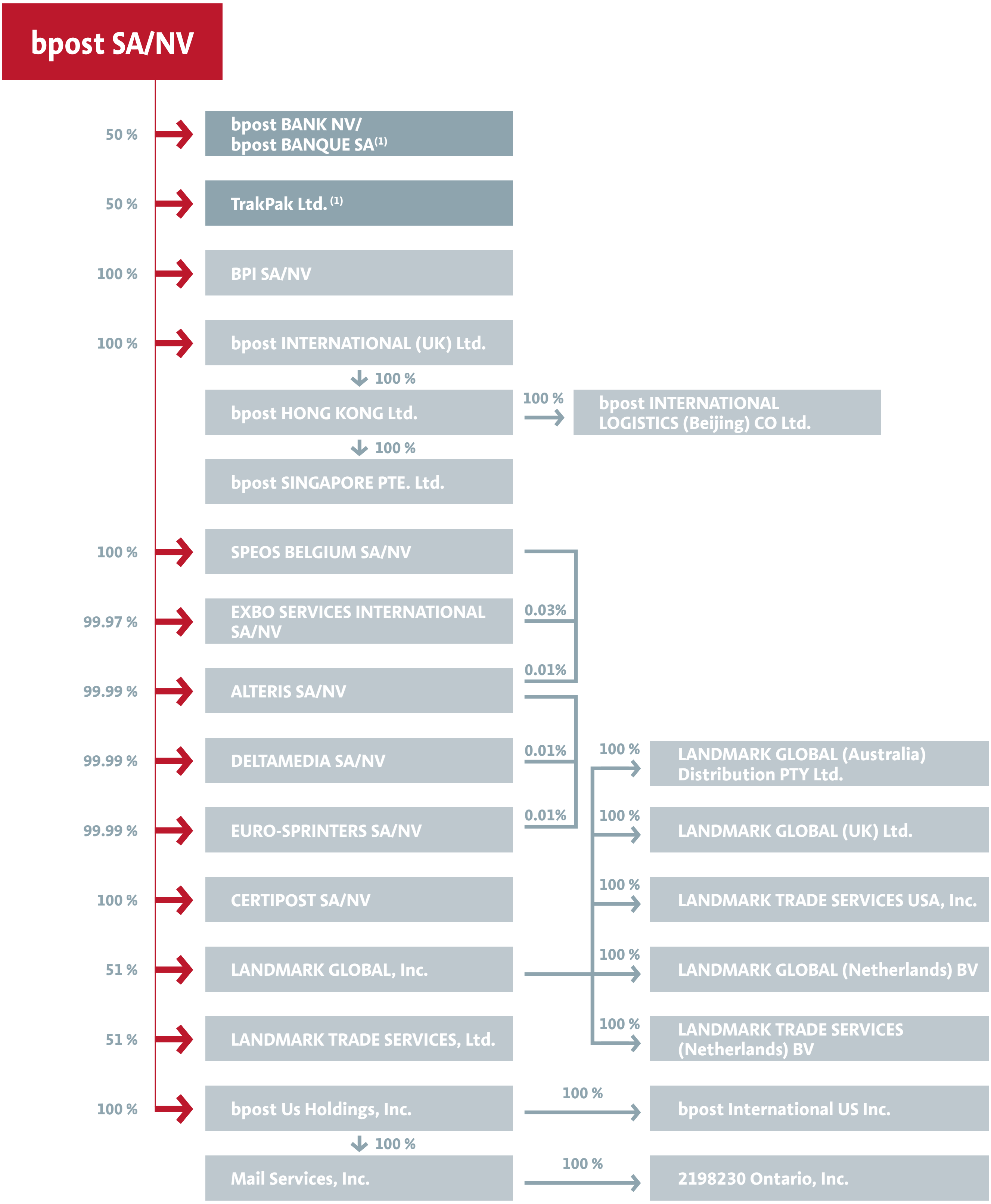
- In November 2014, **Landmark Global (Australia) Distribution PTY Ltd.** and **Landmark Global (Australia) PTY Ltd.**, the two Australian subsidiaries of Landmark Global Inc., were merged into Landmark Global (Australia) Distribution PTY;

- At the end of 2014 the joint venture between bpost and P2P E Solutions Limited, **TrakPak** is in the process of being dissolved.

	Share of voting rights in % terms		Country of incorporation	VAT no.
NAME	2014	2013		
bpost bank NV-bpost banque SA	50%	50%	Belgium	BE456.038.471
TrakPak	50%	-	UK	
Alteris SA/NV	100%	100%	Belgium	BE474.218.449
BPI SA/NV	100%	100%	Belgium	BE889.142.877
Certipost SA/NV	100%	100%	Belgium	BE475.396.406
Deltamedia SA/NV	100%	100%	Belgium	BE424.368.565
Euro-Sprinters SA/NV	100%	100%	Belgium	BE447.703.597
eXbo Services International SA/NV	100%	100%	Belgium	BE472.598.153
Mail Services Inc.	100%	100%	USA	
2198230 Ontario Inc.	100%	100%	Canada	
Speos Belgium SA/NV	100%	100%	Belgium	BE427.627.864
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. (1)	51%	51%	USA	
Landmark Trade Services, Ltd.	51%	51%	Canada	
bpost U.S. Holdings Inc.	100%	100%	USA	
bpost International U.S. Inc.	100%	100%	USA	
Landmark Global (Australia) Distribution PTY Ltd. (1)	51%	51%	Australia	
Landmark Global (Australia) PTY (2)	-	51%	Australia	
Landmark Global (Netherlands) BV (1)	51%	-	Netherlands	
Landmark Trade Services (Netherlands) BV (1)	51%	-	Netherlands	
Landmark Global (UK) Limited (1)	51%	-	UK	
Landmark Trade Services USA, Inc. (1)	51%	-	USA	

(1) Fully consolidated.
(2) In 2014 Landmark Global (Australia) Distribution PTY Ltd. and Landmark Global (Australia) PTY were merged.

bpost group structure as per 31 December 2014



(1) Equity method.

6.32 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

No significant events impacting bpost's financial position have been observed after the statement of financial position date.

Summary financial statements of bpost SA/NV

This section contains a summary version of the statutory (non-consolidated) annual accounts of bpost SA/NV. The statutory auditor issued an unqualified opinion on the statutory accounts of bpost SA/NV as of and for the year ended December 2014.

The full version of the annual accounts is filed with the National Bank of Belgium and are also available free of charge on the bpost's website.

Balance sheet of bpost SA/NV (summary)

As at 31 December

In million EUR	2014	2013
Assets		
Non-current assets		
Intangible assets	16.2	24.3
Tangible assets	364.4	393.7
Financial assets	399.4	374.4
	779.9	**792.4**
Current assets		
Inventories	10.1	7.0
Trade and other receivables	345.9	347.0
Cash and cash equivalents	564.6	438.2
Deferred charges and accrued income	19.7	30.1
	940.4	**822.3**
TOTAL ASSETS	**1,720.3**	**1,614.7**
Equity and liabilities		
Equity		
Issued capital	364.0	364.0
Reevaluation surpluses	0.1	0.1
Reserves	50.8	50.8
Retained earnings	67.1	22.2
	482.0	**437.1**
Provisions		
Pension related provisions	26.5	29.8
Provision for repairs and maintenance	1.5	1.8
Other liabilities and charges	168.7	160.6
	196.7	**192.2**
Non current liabilities		
Long term debts	72.6	81.7
	72.6	**81.7**
Current liabilities		
Trade and other payables	215.1	205.7
Social Debts payable	361.7	367.2
Income tax payable	78.1	52.2
Other debts	173.4	151.3
Accrued charges and deferred income	140.7	127.3
	969.0	**903.7**
TOTAL LIABILITIES	**1,720.3**	**1,614.7**

Income statement of bpost SA/NV (summary)

For the year ended 31 December

In million EUR	2014	2013
Turnover	2,236.2	2,239.5
Other operating income	32.7	35.5
TOTAL OPERATING INCOME	**2,268.9**	**2,275.0**
Material costs	11.3	11.8
Payroll costs	1,185.7	1,233.4
Services and other goods	561.7	556.8
Other operating costs	15.7	11.6
Provisions	4.4	(13.6)
Depreciation and amortization	62.1	66.8
TOTAL OPERATING EXPENSES	**1,840.9**	**1,866.8**
PROFIT FROM OPERATING ACTIVITIES	**428.0**	**408.1**
Financial gains/losses	17.1	7.7
PROFIT FROM ORDINARY ACTIVITIES	**445.1**	**415.8**
Extraordinary gains/losses	1.9	(9.5)
PROFIT BEFORE TAX	**447.0**	**406.3**
Income tax expenses	150.2	158.1
EARNINGS AFTER TAXES	**296.9**	**248.2**

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 latest version of the Company's Articles of Association was adopted at the Shareholders' Meeting held on May 27, 2013 and has been approved by Royal Decree dated June 7, 2013. They are in effect since June 25, 2013. Any changes to the Articles of Association approved by the Shareholders' Meeting of the Company according to Article 558 of the Belgian Companies Code must also be approved by a Royal Decree debated within the Council of Ministers.

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;
- an ad hoc committee, composed of all independent directors of the Board, that intervenes when the procedure of article 524 of the Belgian Companies Code is applied;
- 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 available on the website of the Corporate Governance Committee (www.corporategovernancecommittee.be). 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. It was last amended further to a decision of the Board of Directors dated September 4-5, 2014.

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.

Deviations 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 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. Until May 15, 2014, the directors of the Company were appointed for six years pursuant to Article 18, §3 and Article 20, §2 of the 1991 Law, whereas provision 4.6 provides that mandates of directors should not exceed four years. However, since the entry into force on May 15, 2014 of the law of April 19, 2014 amending the 1991 Law, the directors of the Company are appointed for four years (Article 148bis/1, §5 of the 1991 Law). Hence, the directors appointed in 2014 before May 15, 2014, have been appointed for six years, while the directors appointed after May 15, 2014, have been appointed for four years. Article 18, §5 of the 1991 Law provides that the Chairperson of the Board of Directors is appointed by the Belgian State, whereas provision 4.7 states that the Board of Directors should appoint the Chairperson of the Board of Directors.

Board of Directors

Composition

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, 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 21 March 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;[1]
- 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 directors appointed by the Belgian State may be removed only by a Royal Decree debated within the Council of Ministers. The other directors may be removed at any time by a majority of the votes cast by an electoral college consisting of all shareholders of the company other than the Public Institutions. The CEO, when removed from his duties by Royal Decree debated within the Council of Ministers, automatically ceases to be a member of the Board of Directors.

Should any of the mandates of director become vacant, the remaining directors have the right, in accordance with Article 519 of the Companies Code and Article 18, §4 of the 1991 Law and provided that the representation as set forth above remains in place, to temporarily fill such vacancy until a final appointment takes place in accordance with the abovementioned rules.

(1) Further to the sale on December 16, 2013 by Post Invest Europe Sàrl of substantially all its shares in the Company, it has lost its right to propose directors.

The Board was, as at December 31, 2014, composed of the following 12 members:

NAME	Position	Director since	Mandate expires	Presence at meetings in 2014[6]
Françoise Masai[1][2]	Non-Executive Chairperson of the Board	2014	2018	10/10
Koen Van Gerven[1]	CEO and Director	2014[3]	2020[3]	15/15
Arthur Goethals[1]	Non-Executive Director	2006	2018	15/17
Luc Lallemand[1]	Non-Executive Director	2002	2018	12/17
Laurent Levaux[1]	Non-Executive Director	2012	2018	5/17
Caroline Ven[1]	Non-Executive Director	2012	2018	19/20
Bernadette Lambrechts[1]	Non-Executive Director	2014	2020	11/13
Michael Stone[4][5]	Independent Director	2014	2018	6/6
Ray Stewart[4][5]	Independent Director	2014	2018	6/6
François Cornelis[5]	Independent Director	2013	2019	24/30
Sophie Dutordoir[5]	Independent Director	2013	2019	27/30
Bruno Holthof[5]	Independent Director	2013	2019	29/29

(1) Appointed by the Belgian State.
(2) Françoise Masai was appointed by Royal Decree dated April 25, 2014 as from June 23, 2014.
(3) Appointed as CEO by Royal Decree dated February 26, 2014.
(4) Appointed by the general meeting of all shareholders of the Company other than Public Institutions held on September 22, 2014.
(5) Independent director.
(6) Includes presence at Board and Board Committees' meetings held in 2014. Until the end of their mandates, Martine Durez attended 13 out of 13 Board and Board Committees' meetings, Johnny Thijs 2 out of 2 Board and Board Committee's meetings, K.B. Pedersen 10 out of 11 Board and Board Committees' meetings and Bjarne Wind 22 out of 22 Board and Board Committees' meetings. For Board members who were appointed in 2014, their presence is calculated based on the number of Board and Board Committee's meetings held as from the date of their appointment.

The composition of the Board of Directors reflects the gender representation requirements set forth in article 18, §2bis of the 1991 Law. The Company also intends to comply with the gender representation requirements in 2015. 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.

The Board of Directors may, without any prior authorization of the shareholders' meeting, in accordance with Articles 620 ff. of the Belgian Companies Code and within the limits set out in these provisions, acquire, on or outside the stock market, its own shares, profit-sharing certificates or associated certificates for a price which will respect the legal requirements, but which will in any case not be more than 10% below the lowest closing price in the last thirty trading days preceding the transaction and not more than 5% above the highest closing price in the last thirty trading days preceding the transaction. This authorisation is valid for five years from May 27, 2013. This authorisation covers the acquisition on or outside the stock market by a direct subsidiary within the meaning and the limits set out by Article 627, indent 1 of the Belgian Companies Code. If the acquisition is made by the Company outside the stock market, even from a subsidiary, the Company shall comply with Article 620, §1, 5° of the Companies Code.

By resolution of the shareholders' meeting held on May 27, 2013 the Board of Directors is authorised, subject to compliance with the provisions of the Belgian Companies Code, to acquire for the Company's account the Company's own shares, profit-sharing certificates or associated certificates if such acquisition is necessary to avoid serious and imminent harm to the Company. Such authorisation is valid for three years as from the date of publication of the authorisation in the Annexes to the Belgian Official Gazette.

The Board of Directors is authorised to divest itself of part of or all the Company's shares, profit-sharing certificates or associated certificates at a price it determines, on or outside the stock market or in the framework of its remuneration policy to employees, directors or consultants of the Company or to prevent any serious and imminent harm to the Company. This authorisation is valid without any time restriction. The authorisation covers the divestment of the company's shares, profit-sharing certificates or associated certificates by a direct subsidiary within the meaning of Article 627, indent 1 of the Belgian Companies Code.

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 2014, the Board met 14 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 above, all decisions of the Board of Directors are adopted by a majority of the votes cast. In the case of a tie, the Chairperson of the Board of Directors 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 of the Board of Directors may call for a decision and the proposal shall carry if adopted by a majority of the votes cast.

Evaluation process of the Board

Under the lead of the Chairman, the Board regularly (on an annual basis) evaluates its scope, composition, performance and that of its committees, as well as the interaction with the executive management.

As the case may be, the Chairman shall propose the necessary measures to remedy any weaknesses of the Board or of any of its committees.

Corporate Governance Charter

The Board of Directors has adopted the Corporate Governance Charter, effective since June 25, 2013. The Corporate Governance Charter was last amended further to a decision of the Board of Directors dated September 4-5, 2014 (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 of the Board of Directors 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.

An induction program is 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 personal conflict of interest of patrimonial nature in connection with his annual evaluation as CEO, item of the Board of Director's meeting of February 24, 2014. He informed the Company's auditors of this conflict of interest and decided not to participate in the deliberation or voting on this item. Below follows the extract of the Board minutes relating to this conflict of interest:

"Annual evaluation of the CEO

Prior to discussing the concerned agenda item, Mr. Johnny Thijs declared to have a personal conflict of interest of patrimonial nature aimed at by Article 523 of the Belgian Companies Code in respect of this agenda item which relates to the evaluation of his annual performance.

Mr. Thijs left the meeting room and did not participate in the deliberation nor the decision regarding the annual evaluation of the CEO. Mr. Thijs will instruct the board of auditors of his conflict of interest, in accordance with Article 523 of the Belgian Companies Code.

Upon recommendation of the Remuneration and Nominations Committee, the Board of Directors approved the evaluation of the performance of the CEO and the proposed score."

Transactions between the Company and its majority shareholders

The Company's Corporate Governance Charter provides that the procedure set forth in Article 524 of the Belgian Companies Code shall be observed for any decisions regarding the management contract or other agreements with the Belgian state or other public institutions (other than those within the scope of Article 524, §1, last sub-paragraph). In summary, the abovementioned decisions of the Board of Directors are subject to a prior non-binding reasoned opinion of an ad hoc Board committee consisting of at least three independent directors. The committee may be assisted by an independent financial and/or legal expert selected by the committee, and the company's auditor validates the financial data used. The procedure then requires the Board to substantiate its decision and the auditor to validate the financial data used by the Board.

While the Board of Directors has not yet been required to apply this procedure, it has decided to establish an ad hoc committee composed of all independent directors as it might have to take any decisions regarding agreements with the Belgian State or other Public Institutions in the future.

This ad hoc committee met only once in 2014.

Committees of the Board of Directors

Apart from the aforementioned ad hoc Committee established pursuant to Article 524 of the Belgian Companies Code, 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.

The Strategic Committee is composed 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 appointed by the electoral college composed of all shareholders except Public Institutions.

The Strategic Committee was, at December 31, 2014, composed of Koen Van Gerven (Chairperson of the Strategic Committee), Arthur Goethals, Luc Lallemand, Laurent Levaux and Michael Stone.

The Strategic Committee met 3 times in 2014.

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;
- 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.

The Audit Committee is composed 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, 2014, composed of François Cornelis (Chairperson of the Audit Committee), Sophie Dutordoir, Bernadette Lambrechts, Ray Stewart and Caroline Ven.

All members of the Audit Committee have sufficient expertise in the field of accounting and audit. The Chairman of the Audit Committee is competent in accounting and auditing as evidenced by his former executive positions at a.o. Total group. The other members of the Audit Committee also hold or have held several Board or executive mandates in top tier companies or organizations.

The Audit Committee met 6 times in 2014.

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.

The Remuneration and Nomination Committee is composed 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, 2014 composed of Françoise Masai (Chairperson of the Remuneration and Nomination Committee), Sophie Dutordoir, François Cornelis, Bruno Holthof, and Laurent Levaux.

The Remuneration and Nomination Committee met 9 times in 2014.

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 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. Mr. Koen Van Gerven was appointed as CEO by Royal Decree dated February 26, 2014.

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.

Further to a Board decision dated July 16, 2014, the Management Committee and Group Executive Management were, at December 31, 2014, each composed of the following members:

NAME	Function
Koen Van Gerven	Chief Executive Officer and Parcels
Mark Michiels	Human Resources and Organisation
Pierre Winand	Chief Financial Officer, Service Operations, ICT
Kurt Pierloot	Mail Service Operations, International
Marc Huybrechts	Mail and 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. He was 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, 2014, 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. Jozef Beckers have been renewed for a new term of three years in 2013. The mandates of Ernst & Young and PVMD will expire at the annual Shareholders' Meeting to be held in May 2015.

Ernst & Young and PVMD are responsible for the audit of the consolidated financial statements of the Company. For the year ended December 31, 2014 Ernst & Young and PVMD received EUR 325,000 (excluding value added tax) in fees for the audit of the financial statements of the Company and its subsidiaries and EUR 119,908 (excluding value-added tax) in fees for non-audit services. The other members of the Board of Auditors received EUR 50,971 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, 2014.

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.

Shareholding structure and shareholders rights

The Company's shares are registered or dematerialized. At December 31, 2014, the share capital of the Company was represented by 200,000,944 shares. The shares are listed on the NYSE Euronext Brussels.

With respectively 48,263,200 and 53,812,449 bpost shares in their possession on December 31, 2014, the Belgian State and the SFPI/FPIM together had a participation of 51.04% (respectively of 24.13% and 26.91%) of the shares with voting rights emitted by bpost.

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;
- 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, 2014, filed a transparency declaration informing that the initial 3% threshold was reached.

The shares are freely transferable, provided that, according to Article 147bis of the 1991 Law and Article 16 of the Articles of Association, the direct participation of Public Institutions in the registered capital exceeds at any time 50%.

At December 31, 2014, the Company did not hold any own shares.

Each share entitles its holder to one vote. Except as required by the Belgian Companies Code and the specific majorities mentioned hereafter, all resolutions of the shareholders' meeting are adopted by a majority of the votes cast. Without prejudice to the quorum and special majority requirements set forth in the Companies Code, the adoption of the following resolutions of the shareholders' meeting of the company require a majority of the votes cast by the public institutions and a majority of the votes cast by the other shareholders of the company:

1. any amendment to the definition of independent director, Strategic Partner or Private Shareholder;
2. any amendment to the composition of the Board of Directors or the manner of appointment or dismissal of directors; and
3. any amendment to the quorum and majority requirements set forth in this Article 45, §3, Article 28 or Article 29, §2 of the Articles of Association.

Apart from the restrictions on voting rights imposed by law, the articles of association provide that, in the event shares are held by more than one owner, are pledged, or if the rights attaching to the shares are subject to joint ownership, usufruct or any other kind of split up of such rights, the Board of Directors may suspend the exercise of the rights attached to such shares until one person has been appointed as the sole representative of the relevant shares vis-à-vis the company.

Remuneration report

Procedure applied to develop a remuneration policy and fix the individual remuneration of the management

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 Board upon recommendation of the Remuneration and Nomination Committee.

The remuneration policy aims to offer an equitable reward package to all employees and managers, 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 Group Executive Management.

According to the applicable legal provisions, the content of this report does not relate to bpost's Belgian and foreign subsidiaries. As regards the foreign subsidiaries, a separate remuneration policy has been established, in line with market standards and which is likely to attract and retain qualified and experienced executives.

Remuneration principles

Remuneration of the 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:

- EUR 39,221.16 for the Chairperson of the Board of Directors, who also chairs the Joint Industrial Committee (Paritair Comité / Commission Paritaire) of bpost, as indexed per March 1, 2014;
- EUR 19,610.58 for the other directors, with the exception of the CEO, as indexed per March 1, 2014.

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 EUR 1,637.37 per 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.

The CEO is not entitled to any kind of remuneration for attendance to any of the Board or Board Committee meetings.

During the financial year, the members of the Board of Directors, with the exception of the CEO, received the following total gross annual remuneration(1):

Member	Board meetings	Audit Committee	Strategic Committee	Remuneration & Nomination Committee	Ad hoc Committee	TOTAL
Martine Durez(2)	19,572.68 EUR	Not a member	Not a member	11,442.66 EUR	Not a member	31,015.34 EUR
Arthur Goethals	19,610.58 EUR	Not a member	6,530.55 EUR	Not a member	Not a member	26,141,13 EUR
Luc Lallemand	19,610.58 EUR	Not a member	3,255.81 EUR	Not a member	Not a member	22,866.39 EUR
Laurent Levaux	19,610.58 EUR	Not a member	3,255.81 EUR	Not a member	Not a member	22,866.39 EUR
Caroline Ven	19,610.58 EUR	9,805.29 EUR	Not a member	Not a member	Not a member	29,415.87 EUR
Bjarne Wind(3)	14,698.47 EUR	8,167.92 EUR	Not a member	13,080.03 EUR	Not a member	35,946.42 EUR
K.B. Pedersen(4)	14,698.47 EUR	Not a member	3,255.81 EUR	Not a member	Not a member	17,954.28 EUR
François Cornelis	19,610.58 EUR	9,805.29 EUR	Not a member	11,442.66 EUR	1,637.37 EUR	42,495.90 EUR
Sophie Dutordoir	19,610.58 EUR	8,167.92 EUR	Not a member	14,717.40 EUR	1,637.37 EUR	44,133.27 EUR
Bruno Holthof	19,610.58 EUR	9,805.29 EUR	Not a member	14,717.40 EUR	1,637.37 EUR	45,770.64 EUR
Françoise Masai(2)	20,584.23 EUR	Not a member	Not a member	3,274.74 EUR	Not a member	23,858.97 EUR
Ray Stewart(5)	5,433.09 EUR	0 EUR	Not a member	Not a member	1,637.37 EUR	7,707.46 EUR
Michael Stone(6)	5,433.09 EUR	Not a member	1,637.37 EUR	Not a member	1,637.37 EUR	8,707.83 EUR
Bernadette Lambrechts(7)	15,126.18 EUR	0 EUR	Not a member	Not a member	Not a member	15,126.18 EUR

(1) Amounts specified are the amounts paid out in FY 2014. It should be taken into account that the amounts paid out in FY 2014 relate to attendance to Board Committee meetings held from December 2013 till November 2014. Attendance fees are paid out the month following the attended Board Committee meeting.
(2) Martine Durez was replaced by Françoise Masai as from June 23, 2014.
(3) Bjarne Wind was member of the Audit Committee and the Remuneration & Nomination Committee until September 22, 2014.
(4) K.B. Pedersen was member of the Strategic Committee until September 22, 2014.
(5) Ray Stewart has been a non-executive Director since September 22, 2014 and a member of the Audit Committee since November 3, 2014.
(6) Michael Stone has been a non-executive Director since September 22, 2014 and a member of the Strategic Committee since November 3, 2014.
(7) Bernadette Lambrechts has been a non-executive Director since March 25, 2014 and a member of the Audit Committee since November 3, 2014.

Remuneration of the CEO

On February 26, 2014, Koen Van Gerven was appointed as CEO by Royal Decree, replacing Johnny Thijs. His remuneration package was set in line with the guidelines of the Government regarding the salaries of CEO's of state-owned companies.

The remuneration package of the CEO consists of a base salary of EUR 467,520, a short-term on target variable remuneration of EUR 150,000, a pension contribution of EUR 32,480 and various other components such as death in service & disability coverage, representation allowances and a company car.

The CEO's variable remuneration is granted under the conditions and the modalities defined on an annual basis and approved by the Board of Directors of bpost upon recommendation of the Remuneration and Nomination Committee. For performance in 2014 – payment in 2015, the Board of Directors agreed to apply the same conditions and modalities as applicable to bpost's management population: the short term variable remuneration is based on a 'multiplier system' whereby the actual variable salary paid out can vary depending on the corporate and individual performance and competences.

For the CEO, the corporate objectives are financial (EBIT – weight 70% and Operating Free Cash Flow – weight 30%). The pay-out grid was determined and validated by the Board upon recommendation of the Remuneration and Nomination Committee. Maximum pay-out per criterion is set at 135%.

Individual objectives are mutually agreed upon by the CEO and the Board of Directors and clear deliverables and KPI's to be reached in an agreed timeframe are set. Pay out range goes from 0% in case of underperformance to 160% in case of overperformance.

The pro-rata remuneration for the year ending December 31, 2014, paid to Koen Van Gerven in his capacity as CEO as from the date of his appointment amounts to EUR 474,144 and can be broken down as follows:

- base salary: EUR 389,600 (gross);
- variable remuneration: to be determined after evaluation of his performance in 2014;
- pension and death in service and disability coverage: EUR 60,253;
- other compensation components (representation allowances): EUR 2,750;
- leasing costs for company car: EUR 21,541.

No shares, stock options or other rights to award shares were granted to or exercised by the CEO or expired in 2014 and no options under previous stock option plans were still outstanding for exercise in 2014.

While there are no future changes as to the remuneration of the CEO at this stage, the Remuneration and Nomination Committee will reflect from time to time on changes to the remuneration policy in light of market practice.

The total remuneration paid to Johnny Thijs from January 1st till the end of his mandate on February 25, 2014 was split into the following elements:

- base salary: EUR 131,368.60 (gross);
- variable remuneration: EUR 354,695.22 (gross) (performance driven bonus paid in cash relating to the performance in 2013);
- pension and death in service coverage: EUR 9,902.82;
- other compensation components (representation allowances): EUR 550;
- leasing costs for company car: EUR 9,910;
- additionally: holiday pay at termination of EUR 54,410.25.

Remuneration of the other members of the Group Executive Management

The remuneration package of the Group Executive Management is reviewed on a regular basis 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.

While there are no future changes as to the remuneration of the Group Executive Management at this stage, the Remuneration and Nomination Committee will reflect from time to time on changes to the remuneration policy in light of market practice.

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 the 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 competences.

The corporate objectives are as well financial (EBIT – weight 70%) as non-financial (Customer Loyalty – weight 30%). Per criterion a pay-out grid is determined and validated each year by the Board upon recommendation of the Remuneration and Nomination Committee. Maximum pay-out per criterion is set at 135%.

Individual objectives are mutually agreed upon by each member of the Management Committee/Group Executive Management and the CEO at the start of the Performance Management Process (PMP) and for which clear deliverables and KPI's to be reached in an agreed timeframe are set. Pay out range goes from 0% in case of underperformance to 160% in case of overperformance.

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 standard practices.

For the year ended December 31, 2014, a global remuneration of EUR 2,819,241 was paid to the members of the Group Executive Management, other than the CEO (compared to EUR 3,356,613 for the year ended December 31, 2013) and can be broken down as follows:

- base salary: EUR 1,536,176 (gross) paid under employment agreements, excluding social security contributions paid by bpost;
- variable remuneration: EUR 1,012,045 (gross) (performance driven bonus paid in cash relating to the performance in 2013 and other bonus paid in cash);
- pension and death in service and disability coverage: EUR 172,958;
- other compensation components (representation allowances and luncheon vouchers): EUR 16,518.22;
- leasing costs for company car: EUR 81,543.

No shares, stock options or other rights to award shares were granted to or exercised by the Group Executive Management or expired in 2014 and no options under previous stock option plans were still outstanding for exercise in 2014.

It should be noted that the global remuneration was impacted by the following changes in the compositions of Group Executive Management:

- Koen Van Gerven was a member of the Group Executive Management until his appointment as CEO on February 26, 2014;
- Peter Somers left bpost as of July 31, 2014 and hence the Group Executive Management;
- Marc Huybrechts joined the Company as member of the Group Executive Management as of September 1, 2014.

Clawback provisions

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

Termination provisions

In case of termination by bpost or as a result of revocation by Royal Decree before the end of the then current mandate or after expiry of this term and not for reason of material breach, the CEO is entitled to a termination indemnity of EUR 500,000. Additionally, the CEO is entitled to the use of a vehicle for 6 months after the date of termination, including all expenses relating to the use of this vehicle, except for the fuel card. No other member of the Management Committee or Group Executive Management is entitled to specific contractual termination arrangements.

In case of automatic termination upon expiry of the six-year term and the appointment by bpost by another CEO, the CEO is subject to a non-compete clause for a period of 1 year from the date of termination of his mandate. He will receive a non-competition indemnity of EUR 500,000, unless bpost waives the application of such a clause.

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, are entitled to receive compensation in an amount equal to 6 to 12 months' salary if these non-competition clauses are applied.

Peter Somers was member of the Group Executive Management until July 31, 2014 and left bpost as of this date. He received a severance compensation corresponding to 14 months and 6 weeks of remuneration, which is the compensation he was legally entitled to. The severance compensation is not affected by the corporate governance law of 6 April 2010 as his employment contract was entered into prior to the entry into force of this law. Considering Peter Somers' strategic position, Peter Somers and bpost entered into a non-competition agreement restricting Peter Somers' ability to compete until August 1, 2015. For this, Peter Somers received a compensation in accordance with standard practice. bpost also paid out a fixed amount to cover his outplacement costs as well as the leasing cost of his company car which he was entitled to use during 5 months after termination.

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. 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. A three lines of defense model has been implemented in the Company. The design and maintenance of internal controls is under the responsibility of process owners (first line) and is monitored by second line (Compliance, Internal Control and Risk Management) and third line (internal audit) functions. The third line reports independently to the Audit Committee on a quarterly basis on audit results and on the status of follow-up of audit recommendations.