

**2012**  
**INTERIM FINANCIAL REPORT**  
of La Poste Group



LE GROUPE LA POSTE

*The English language version of this report is a free translation from the original which was prepared in French. All possible care has been taken to ensure that the translation is an accurate presentation of the original. However, in all matters of interpretation, views or opinion expressed in the original language version of the document in French take precedence over the translation.*

# CONTENT

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Responsibility statement	page 5
Management report first half 2012	page 9
Condensed consolidated financial statements at 30 June 2012	page 39
Report of the statutory auditors on the interim financial information	page 73



## Responsibility statement



## RESPONSIBILITY STATEMENT

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I certify, to my knowledge, the condensed financial statements for the half year are prepared in accordance with applicable accounting standards and give a true and fair view of assets and liabilities, financial position and profit or loss of the issuer and the subsidiaries included in the scope of consolidation, and the half-year activity report enclosed presents a true picture of the significant events that occurred during the first six months of the year, their impact on the accounts, main related-party transactions and a description of principal risks and uncertainties for the remaining six months of the year.

Executed in Paris, 30 August 2012

Jean-Paul BAILLY  
Chairman and Chief Executive Officer  
La Poste



Management report  
Half-year 2012



# TABLE OF CONTENTS

<b>1.</b>	<b>SIGNIFICANT EVENTS IN THE FIRST HALF OF THE YEAR.....</b>	<b>12</b>
1.1	Economic and financial environment .....	12
1.2	Regulatory environment.....	13
1.3	External growth .....	14
1.4	Other significant events affecting the Group .....	15
<b>2.</b>	<b>SUMMARY OF LA POSTE GROUP CONSOLIDATED RESULTS .....</b>	<b>18</b>
<b>3.</b>	<b>OPERATING PERFORMANCES BY BUSINESS LINE .....</b>	<b>21</b>
3.1	Mail .....	21
3.2	Parcels-Express.....	23
3.3	Banking activities .....	26
3.4	Retail Brand .....	29
3.5	Real Estate.....	30
3.6	Other segments .....	31
<b>4.</b>	<b>OTHER KEY INCOME STATEMENT INDICATORS .....</b>	<b>32</b>
4.1.	Financial profit/(loss) .....	32
4.2	Net profit attributable to equity holders of the parent .....	32
<b>5.</b>	<b>DEBT AND FINANCIAL STRENGTH.....</b>	<b>33</b>
5.1	Free cash flows .....	33
5.2	Change in cash and cash equivalents .....	35
5.3	Financial Debt.....	36
5.4	Equity and financial structure.....	37
5.5	Credit rating .....	37
<b>6.</b>	<b>OUTLOOK.....</b>	<b>38</b>
<b>7.</b>	<b>POST BALANCE SHEET EVENTS .....</b>	<b>38</b>

*NB 1: The financial data appearing in this section of the document is taken from the Group's consolidated financial statements prepared in accordance with IFRS, based on historical data.*

*NB 2: The amounts in the tables are generally provided in millions of euros. Rounding may on occasion result in slight differences in totals or changes.*

## 1. Significant events in the first half of the year

### 1.1 Economic and financial environment

Owing to its banking activities, the Group is sensitive to interest rate fluctuations, and to a lesser extent to developments on the financial markets. Given its position in the service activities sector, the various business lines of the Group are more generally influenced by economic conditions and by changes in labour costs, particularly in France. Finally, oil prices are a significant driver for logistics activities.

#### 1.1.1 Continuing sovereign debt tensions in the Eurozone and lower interest rates

Banks benefited from the massive refinancing granted by the ECB in late 2011 and February 2012. Tensions on the interbank market have eased as well, reducing the risk of a drying-up of bank credit, which would have had a strong adverse effect on the economy, and therefore on public finances in Europe.

Nevertheless, and despite the results of the 17 June legislative elections in Greece and the favourable decisions taken by the European Council at the end of June (establishment of supervision for the European banking system, possibility of direct recapitalisation of banks by the European Stability Mechanism), concerns about the situation in Spain and Greece remain. This environment has strongly impacted the bond markets:

- Since spring 2012, the German Bund has acted more than ever as a safe haven, hence the sharp fall on the Bund yield, and the widening of spreads against the bonds of the countries considered to be least safe (especially Spain, and Italy by contagion).
- With a delay, the yield of the 10-year OAT, which admittedly is considered by investors to be less secure than the German Bund but with a significantly more attractive yield, is falling: the 10-year OAT rate, which averaged 3.14% in December 2011, was at around 2.7% at the end of June 2012.

#### 1.1.2 Financial market trends

The stock markets recovered some of the confidence they had lost in the second half of 2011, but the Eurozone stock market indices have still not recovered to their levels of the first half of 2011. But the return of doubts about the financial stability of the countries of Southern Europe as well as political instability in Greece led to a further escalation of tensions in the spring. In particular, Spanish and Italian sovereign rates have again been rising sharply since April, reaching 7% and 6%, respectively, in June. Volatility on the equity markets is increasing; the CAC 40 has been moving around the 3,200 point mark since the EU summit on 28 and 29 June.

#### 1.1.3 Economic downturn in Europe

The consequences of the sovereign debt crisis are still impacting the European economies. Measures to control public deficits are weighing on household incomes, which were

already affected by the worsening labour market and rising oil prices in the first few months of 2012.

Economic activity once again declined slightly in the Eurozone in the first half of 2012, with significant disparities in performance: Germany remains a platform for growth (good industrial competitiveness, a favourable labour market, little or no fiscal austerity); in contrast, countries that have implemented budget austerity measures (Spain, Greece, Ireland, Portugal and Italy) are in recession.

In France, business activity was stable in the first half of the year.

#### **1.1.4 Oil price trends**

Earlier this year, oil prices had reached record levels, up to \$130 in early March for a barrel of Brent North Sea, mainly due to increased tensions between Iran and the Western countries and Israel. In the second quarter, the price of a barrel of Brent fell to less than \$100 in early June on the downward revision of forecasts for global oil demand linked to the resurgence of the debt crisis in the Eurozone and a slowing Chinese economy.

## **1.2 Regulatory environment**

### **1.2.1 Signature of a supplement to the public service agreement**

A supplement to the 2008-2012 public service agreement between the French government and La Poste was signed on 14 February 2012. The supplement specifies the respective commitments for 2011 and 2012 of La Poste and the French government with regard to the four public service missions entrusted to La Poste: Universal Postal Service, press transportation and delivery, banking accessibility and regional planning and development:

1. For the Universal Postal Service mission, the supplement states the quality objectives for mail service (85% of priority letters delivered next-day) and parcel service. It also introduces new indicators and objectives for quality of service, such as for registered letters, and the delivery times considered excessive for priority mail and parcels. The French government and La Poste are committed to communicating with customers about all Universal Postal Service offers, especially with regard to economy offers.
2. For the mission of press transportation and delivery, the supplement includes all the commitments contained in the tripartite agreement signed by the French government, La Poste and publishers in July 2008 for the 2009-2015 period. That agreement provided for the implementation of anticipated changes in prices, continued financial assistance from the government, including compensation for the one-year deferral of the price increase decided in 2009, and the reduction by La Poste of the costs related to transportation and distribution of the press.
3. Concerning the banking accessibility mission, the French Economy Modernisation Act of August 2008, which opened up the distribution of the Livret A passbook savings account to all banking players, recognises the special role played by La Banque Postale in terms of banking accessibility. In relation to this, La Banque Postale in 2012 will receive special remuneration in the amount of €250 million. The supplement also refers to actions taken by La Poste to fight against and prevent over-indebtedness.

4. With regard to the regional planning and development mission, the supplement emphasises that the French government is committed to supporting the regional dialogue, adapting the network of public postal outlets and ensuring stable financing of the national equalisation territorial fund, which was provisionally set at €170 million euros a year over the 2011-2013 period. La Poste is committed to continuing the ongoing efforts to improve the quality of customer service (particularly in terms of counter waiting times), modernise its network and adapt it to the needs of the population.

### 1.3 External growth

Over the first half of 2012, the Group continued its policy of targeted acquisitions to support its strategy in the various business lines:

- Strengthening of the international network of Express:
  - ✓ Progressive purchases, during the first half, of shares held by franchisees in SEUR SA, franchisor of the SEUR network, including the Zamora franchise. These purchases have allowed GeoPost, together with the signatories of the shareholder agreement, to take **control of the Spanish company SEUR SA**. SEUR SA is now fully consolidated from the beginning of 2012, which will result in additional revenue of around €80 million on a yearly basis. GeoPost now directly holds 46.17% of SEUR SA.
  - ✓ In addition, GeoPost acquired **Hungarian company GTR**, which has annual revenue of around €3 million.
- Development of the Mail's digital offer on the commercial communication market (in order to offer a multi-channel relationship marketing):
  - ✓ **Acquisition of control on 26 June over Adverline**, a digital communications leader (internet advertising agency, micropayments, publishing, web hosting, BtoB e-mailing). The company had €25 million in revenue in 2011. Mediapost completes its offer with one of the top ten French web advertising agencies (more than 20 million unique monthly visitors). The Group will file a takeover bid. This transaction is expected to be completed early in the fourth quarter of 2012.
  - ✓ Announcement of the acquisition of **Cabestan**, which will be realized in the **third quarter of 2012**. Cabestan is a specialist in the field of data management and email and SMS marketing campaigns. The company reported 2011 revenue of €6 million.
  - ✓ Acquisition by SMP, a holding company of the Sogec Group, of a **40% interest in Budget Box (B&B) on 20 April 2012**. Budget Box is specialised in self-scanning.
- Strengthening of the Mail's e-commerce logistics offer:
  - ✓ Announcement of the acquisition of **Orium**, one of the e-commerce logistics leaders in France, which will be realized in the **third quarter of 2012**. The company reported 2011 revenue of €20 million. The company's activities include the preparation of orders, negotiation of transportation, storage,

management of return-to-sender items and customer relationship management for SMEs/VSEs. Orium is active in the BtoC and BtoB segments.

The customer base consists of major companies (Smartbox, Nespresso, Wanimo, Dukan) and VSEs/SMEs that can benefit from value-added services related to customer relations. The acquisition will enable Viapost, a subsidiary of Sofipost, to participate in the growing market of e-commerce logistics, where its subsidiary Neolog aims to become a leader.

- ✓ **Acquisition on 26 April of 'Mixcommerce'**, which manages e-commerce for many brands, with revenue over €7.5 million in 2011. With this acquisition, La Poste will create an "e-commerce management" business line that combines Mixcommerce with its own "Box e-Commerce" solution, which allows a company to create a website to facilitate its online commerce. This acquisition will strengthen the Group's positions in managed e-commerce.

- **Launch of "Asendia by La Poste and Swiss Post"**: In December 2011, La Poste and Swiss Post announced their intention to merge all their respective cross-border mail businesses, except for the import/export activities in France and Switzerland, which depend on the universal service of the two operators.

On 4 July, the European Commission approved the creation of a joint international mail distribution company, including the sale of the French subsidiary of Swiss Post. This joint venture, equally owned by La Poste and Swiss Post, aims to become the leader in BtoC solutions for International Mail. With more than 1,000 employees, Asendia has 25 sites on three continents and in 15 countries. With revenue of €400 million, Asendia has immediately positioned itself as a world leader in international mail. This transaction was completed without cash outflow for La Poste Group.

## 1.4 Other significant events affecting the Group

### 1.4.1 Payment of the second tranche of the capital increase

During La Poste's conversion into a *société anonyme* (French public limited company) in 2010, the French government and Caisse des Dépôts et Consignations (CDC) committed to subscribing the entirety of the capital increase, €1.2 billion and €1.5 billion respectively. A subscription agreement setting out the terms of the transaction and the commitments of each party was signed with the French government, CDC and La Poste on 11 February 2011.

On 6 April 2011, the French government and CDC subscribed to a capital increase of 350 million shares with equity warrants, taking 44% and 56% respectively. The value of the issue, €2.1 billion, was paid up in two instalments:

- €1.050 billion was paid on 6 April 2011.
- On 8 March 2012, the Company's Board of Directors called in payment of the remaining share capital not yet paid up and amounting to €1.050 billion; the French government paid €466.6 million and CDC paid €583.3 million.

€600 million in equity warrants will be exercised in 2013, which will result in the issue of 100 million new shares.

#### **1.4.2 Strengthening the Group's governance**

The Group has strengthened its process for selecting external growth investments:

- Projects for acquisitions worth more than €10 million for the industrial and commercial subsidiaries, and €12 million for La Banque Postale, have now been submitted for approval, in addition to the relevant governing bodies of the subsidiary, to an Investment Committee consisting of Senior Vice Presidents in charge of Finance on the one hand and in charge of Strategy on the other.
- Projects for acquisitions worth more than €30 million, or resulting in the establishment in a new country or the development of a new activity, are from now on submitted for approval, before the Board of Directors of La Poste Group, to an Investment Committee consisting of Senior Vice Presidents in charge of Finance on the one hand and in charge of Strategy on the other, and chaired by the Chairman and Chief Executive Officer of the Group.

#### **1.4.3 The Group's commitment to responsible development**

Continuing actions implemented to reduce CO<sub>2</sub> emissions by 2015, on 14 February 2012 Jean-Paul Bailly, Chairman of La Poste, announced the Group's commitment to a carbon neutral approach to its Mail, Parcel and Express offerings. La Poste will offset its greenhouse gas emissions related to fuel consumption and energy that the Group has been unable to reduce.

This affects all of the offerings of Mail (paper, hybrid, digital) and of ColiPoste since 1 March, the offerings of GeoPost from 1 July, with Exapaq and Chronopost in France and the international DPD network.

In addition, the first electric vehicles from the French government's national support program for electric cars were delivered during the first half. More than 1,600 vehicles should be in operation at the end of 2012. La Poste has agreed to acquire 10,000 electric vehicles by 2015.

#### **1.4.4. Launch of the "Major Dialogue on life at work"**

On 19 March of this year, La Poste decided to launch a major dialogue on life at work within the company. This initiative was rolled out simultaneously at the national and local level and beginning 12 April, ten immediate measures were taken, including a budget of €20 million dedicated to measures to improve life at work, and the recruitment of 1,000 additional employees in 2012.

At each La Poste facility, a comprehensive review of work life has been realised with the unions and postal workers through meetings, dialogue and actions.

It was also decided to create a commission composed of one representative from each union organisation representative of La Poste, business directors and individuals with qualified status, and chaired by Jean Kaspar. With the support of members of the commission, Jean Kaspar's mission is to analyse the situation of the company and its

employees in terms of work life. In early September, he will submit a report to Jean-Paul Bailly, Chairman of La Poste, clarifying the analysis of the situation made by the commission and formalising all the recommendations and proposals it deems appropriate.

#### **1.4.5 Agreement to promote the employment of disabled persons**

On 8 March, the Management of La Poste and four trade unions (CFDT, CFTC, CGC/UNSA and FO) signed a new agreement for the employment of disabled persons.

The agreement, the 5<sup>th</sup> signed on this topic, just obtained the approval of the DIRECCTE (Regional Division for Companies, Competition, Consumption, Work and Employment).

It covers the 2012-2014 period and has an ambitious action plan including, in particular, the recruitment of disabled persons and actions to boost job retention and improve the working conditions of disabled employees.

It also plans to develop the use of enterprises in the adapted/protected sector, and to continue and strengthen the policy of partnerships with different organisations specialised in employment training and support for disabled workers.

With this 5<sup>th</sup> agreement, La Poste reaffirms its policy of diversity and equal opportunities, as one of its strategic development and social commitment goals, in line with the values of the Group.

#### **1.4.6. La Banque Postale's entry into the local financing market**

To meet their primary needs, in mid-June La Banque Postale began marketing a short-term €4 billion credit line to be drawn on by local authorities. The new offer will be extended to housing associations beginning in mid-September, and then gradually to local public sector actors.

Again subject to approval by regulatory authorities, in the second half of 2012 La Banque Postale, in partnership with Caisse des Dépôts, will begin offering medium-/long-term financing services.

#### **1.4.7. New incentive-based agreement for 2012-2014**

On 18 June, La Poste signed a new three-year incentive-based agreement (for the years 2012, 2013 and 2014) with the unions CFDT, CFTC, CGC/UNSA and FO.

In a particularly difficult economic environment, La Poste and the signatory unions sought to negotiate a new incentive-based agreement that reinforces the principle of equitable sharing of profits and that boosts staff engagement in the smooth running of the company, while maintaining conditions for a satisfactory level of performance.

The agreement includes significant changes. It is now based on an economic criterion directly related to the amount of net profit, adjusted on the basis of achievement of quality and non-financial performance criteria, of responsible development criteria and, for the first time, of quality of life at work. This new indicator will be defined in the work of the Major Dialogue and will be introduced, by supplement, beginning in 2013.

## 2. Summary of La Poste Group consolidated results

€m	2012.06	2011.06	Change 2012.06/2011.06		Change at constant consolidation and exchange rates	
			amount	%	amount	%
<b>Operating performance</b>						
Operating Revenue	10,887	10,789	+ 98	+0.9%	+ 13	+0.1%
Operating profit	632	504	+ 128	+25.5%	+ 120	+23.6%
Operating margin	5.8%	4.7%		+1.1 pt		+1.1 pt
Net profit Group share	437	377	+ 60	+15.8%	+ 58	+15.4%
Net profit, Group share/Revenue	4.0%	3.5%		+0.5 pt		+0.5 pt
Cash flows from operations (*)	757	903	- 145	-16.1%		

Group financial strength	2012.06	2011.12	Change 12/11
Net debt excluding banking operations	3,441	4,544	- 1,103
Cash flows from operations (**) / Net debt	31.2%	26.8%	+4 pts
Equity (Group share)	7,194	6,783	+ 411
Net debt/Equity	0.48	0.67	-0.19

Banking ratios	2012.06	2011.12	Change 12/11
Core Tier One	12.6%	12.7%	-0.1 pt
Loans / Deposits ratio	50.8%	51.1%	-0.3 pt

\* Cash flows from operations: EBITDA excluding Banking activities + LBP Dividends - Financial expenses and Taxes paid (see section 5.1).

\*\* Calculated on a rolling twelve-month basis

La Poste Group's **operating revenue** amounted to €10.887 billion at the end of June 2012, up 0.9% from the first half of 2011. The breakdown by business line is as follows:

€ million	2012.06	2011.06	Change 12/11		Change at constant consolidation and exchange rates	
			€m	%	€m	%
Mail	5,827	5,939	- 112	-1.9%	- 119	-2.0%
Parcels-Express	2,695	2,505	+ 190	+7.6%	+ 114	+4.6%
Banking activities	2,668	2,671	- 4	-0.1%	- 4	-0.1%
Other segments and intercompany	-303	-327	+ 24	-7.3%	+ 13	-12.3%
<b>Operating revenue</b>	<b>10,887</b>	<b>10,789</b>	<b>+ 98</b>	<b>+0.9%</b>	<b>+ 13</b>	<b>+0.1%</b>

At constant consolidation and exchange rates, organic growth was +0.1%.

- Changes in the scope of consolidation had a positive effect of €71 million. These resulted in particular from the acquisitions realised by GeoPost.
- Exchange rate effects were unfavourable (-€15 million).

In summary, activity in the first half was marked by:

- The decline of -3.1% in the parent company's Mail revenue (i.e. excluding the Sofipost division) over the same period the previous year. This negative trend was driven by the structural deterioration of volumes (-5.8% at equivalent working days), which was partly offset by the delayed effect of the price increase in July 2011 (+2.9%). The growth drivers of Mail continued to improve, with growth of 11% (+€56 million) in Sofipost's activities.
- The continued growth of Parcels-Express (+7.6%). After getting off to somewhat of a sluggish start, Parcels achieved very good performance in France in the second quarter of 2012, with sales growth of 2.6% compared to the first half of 2011. Express performed very well in some Western European countries in particular (the UK, and, to a lesser extent, France and the Netherlands) and in Eastern Europe and Russia, but continues to be confronted with a difficult market in Spain.
- Stable NBI at La Banque Postale (-0.1%), which maintained its positions in an unfavourable financial environment marked also by private investor outflows from UCITS and Life Insurance in favour of traditional savings and Livret A passbook savings accounts, and by a lending activity (real estate and to a lesser extent consumer) impacted by the market slowdown.
- In the 'Other segments and intercompany' line, La Poste Mobile achieved H1 revenue of €34 million, Group share; this entity is proportionately consolidated. The arrival of a new operator on the French market initially hampered the development of the joint venture with SFR, but from April the subsidiary continued to expand its user base again. The offer was extended gradually to 10,000 post offices in the first half of 2012.

During the first half, **operating profit reached €632 million**, up 25.5% compared to 2011.

€ million	2012.06	2011.06	Change 12/11		Change at constant consolidation and exchange rates	
			€m	%	€m	%
Mail	470	489	- 19	-3.8%	- 18	-3.6%
Parcels-Express	210	206	+ 4	+1.7%	+ 2	+0.8%
Banking activities	348	245	+ 102	+41.8%	+ 101	+41.1%
La Poste Retail Brand	-39	29	- 69	n/a	- 78	n/a
Other sectors	-25	-42	+ 17	-40.2%	+ 19	-47.7%
Unallocated	-330	-424	+ 93	-22.0%	+ 94	-22.1%
<b>Operating profit</b>	<b>632</b>	<b>504</b>	<b>+ 128</b>	<b>25.5%</b>	<b>+ 120</b>	<b>+23.6%</b>

At constant consolidation scope and exchange rates, operating profit was up by €120 million (+23.6%) compared to the first half of 2011. This trend was due to:

- A large increase in operating profit from La Banque Postale, primarily from provisions on Greek sovereign debt: provision of €158 million at 30 June 2011 (increased to €241 million at the end of December) and an additional provision of €30 million at 30 June 2012.

Adjusted for provisions on Greek bonds and the change in home ownership savings provision (reversal of €29 million from the first half of 2011 and new provisions of €33 million in the first half of 2012), the operating profit of La Banque Postale still grew in the first half of 2012. Despite an unfavourable financial environment, La Banque Postale has kept costs under control, in a context marked by the development of new activities (offerings to legal entities, local authorities, development of the insurance division).

- A slight decline in the profitability of Mail, given an operating structure marked by a high share of fixed costs that can only be adjusted for declining volumes in a gradual manner.
- A Parcels-Express business whose operating margin is falling slightly in a context of strong volume growth, given the pricing pressures, increased delivery costs in Germany and a complex local environment Spain and Portugal. Nevertheless, the operating margin in the first half of 2012 remained at nearly 8%.
- Lower costs for early retirement programmes, which explain a significant proportion of the positive variation of the operating result under 'Unallocated' (the costs of these cross-Group programmes are not born by the business lines).
- Results at the Retail Brand suffered mainly from lower re-invoicing to the business lines, linked to lower business activity, despite good control of operating expenses in the first half of 2012.

After taking into account a financial loss of -€122 million, a tax expense of €179 million and a share of profits of equity associates of €106 million, **net profit, Group share** increased from **€377 million** at the end of June 2011 to **€437 million at the end of June 2012**, an increase of 16%.

The Group's **Cash Flows from Operations (CFO)**, at €757 million, were down €145 million in the first half of 2012, given the negative impact of mail lower volumes on the one hand and a dividend of La Banque Postale that was significantly lower than in 2011 (€187 million in the first half of 2012 against €295 million in the first half of 2011) due to the impact of provisions recognised on Greek bonds on La Banque Postale's 2011 net profit.

The Group's financial structure was strengthened in the first half of 2012, especially given the release of the second tranche of the capital increase to which the French government and CDC committed, or €1.050 billion. The '**CFO/Net Debt**' ratio rose

4.4 points at 30 June 2012 to reach 31.2%, and the 'Net Debt/Equity' ratio was down 19 percentage points to 0.48 at 30 June 2012.

### 3. Operating performances by business line

Segment reporting is presented in accordance with IFRS 8 – Operating Segments. Each business line's operating revenue corresponds to its total revenue including intercompany transactions with other business lines.

€million									
1st half 2012	Mail	Parcels-Express	Banking activities	La Poste Retail Brand	Real Estate	Shared services	Unallocated	Elim.	Group
Operating revenue	5,827	2,695	2,668	2,088	398	355		-3,144	10,887
Operating expenses	-5,357	-2,485	-2,320	-2,127	-326	-454	-330	3,144	-10,255
<b>Operating profit/(loss)</b>	<b>470</b>	<b>210</b>	<b>348</b>	<b>-39</b>	<b>72</b>	<b>-99</b>	<b>-330</b>		<b>632</b>
% of operating revenue	8.1%	7.8%	8.0%						5.8%
1st half 2011	Mail	Parcels-Express	Banking activities	La Poste Retail Brand	Real Estate	Shared services	Unallocated	Elim.	Group
Operating revenue	5,939	2,505	2,671	2,236	390	418		-3,371	10,788
Operating expenses	-5,450	-2,299	-2,426	-2,207	-362	-489	-424	3,371	-10,286
<b>Operating profit/(loss)</b>	<b>489</b>	<b>206</b>	<b>245</b>	<b>29</b>	<b>28</b>	<b>-71</b>	<b>-424</b>		<b>504</b>
% of operating revenue	8.2%	8.2%	9.2%						4.7%

#### 3.1 Mail

The Mail business line includes all of La Poste parent company's Mail business (i.e. collection, sorting and delivery of letters, advertising and press publications), as well as the companies of the Sofipost subgroup, which are positioned on strategic and growing markets:

- MEDIAPOST: Relationship marketing and local communications,
- DOCAPOST: Document and data management solutions and services,
- VIAPOST: Press, logistics (including an e-commerce unit) and transportation,
- LPGM: Processing and sorting international mail.

€ million	2012.06	2011.06	Change 2012/2011	
			€m	%
Revenue	5,827	5,939	-112	-1.9%
<i>O/w external revenue</i>	<i>5,512</i>	<i>5,607</i>	<i>-95</i>	<i>-1.7%</i>
Operating expenses	-5,357	-5,450	+93	-1.7%
<b>Operating profit</b>	<b>470</b>	<b>489</b>	<b>-19</b>	<b>-3.8%</b>
<i>% of revenue</i>	<i>8.1%</i>	<i>8.2%</i>		<i>-0.2 pt</i>

#### 3.1.1 Mail parent company business – 2012 revenue of €5.270 billion (down €168 million/-3.1% compared to 2011)

The parent company's Mail revenue was down 3.1% for the first half of 2012 compared to the same period in 2011, i.e. down €168 million primarily due to the lower volume

effect (-5.8% at equivalent working days) on franking and the transfer of international sales to Sofipost.

This effect was partially offset by:

- The positive price effect (+€135 million/2.9%), resulting from the increased stamp price beginning in the second half of 2011 and the increased press rates decided within the framework of a tripartite agreement between the French government, the Press and La Poste.
- A positive effect due to the presidential and legislative elections.

The change in volumes is to be examined in the context of a difficult economic environment in the first half. It also results from a structural trend to reduce mail volumes within some large companies such as telephone operators, banks and the public sector (budget freeze). The full deregulation of the market, on 1 January 2011, has not resulted in the emergence of a significant player in this market.

Faced with this decline in revenue, Mail has continued to adapt its organisation and its industrial resources, including the commissioning of the sorting platform in Rennes in June 2012 and the development of green mail. Given the economic model that includes a significant proportion of fixed costs, that only adapt by step, the effect of lower volumes remains negative on the business line's operating profit for the first half of 2012.

Quality of service remains a priority for Mail, with very strong performance. Next-day mail delivery reached 87.6% at the end of June 2012, i.e. an improvement of +0.5 points compared to 2011.

### **3.1.2 Sofipost business – 2012 revenue of €557 million (+11% compared to 2011)**

Sofipost performed well in the first half with an increase in revenue of €56 million, i.e. +11%. Organic growth contributed €51 million (of which €27 million from the transfer of international sales), i.e. +10%. Each division turned in positive performances, with the following organic growth:

- Mediapost posted an increase in sales of €3 million: the end of 'free' business in France was more than compensated for by the increased volume of printed advertising. However, the subsidiaries in Spain suffered from the difficult local economic environment.
- Dicapost recorded an increase in its business amounting to €8 million due to desktop publishing, driven by new contracts and by good performance of document outsourcing. Business Process Outsourcing declined slightly due to the expected erosion of the Cheque business.
- Viapost posted a revenue increase of €5 million, driven by the growth of its 'Large-sized' business and its logistics services.
- LPGM increased sales by €35 million, of which €27 million related to the transfer of the international sales activities of the Mail parent company.

The exchange rate effects were +€5 million and the consolidation scope effects were +€1 million (essentially the introduction of Médiaprim in March 2011 and the exit of Aurore in June 2011).

On 4 July, the European Commission approved the creation of a joint international mail distribution company between LPGM and the equivalent subsidiary of Swiss Post (see section 1.3), including the sale of the French subsidiary of Swiss Post. Asendia is jointly owned by the two groups. This will strengthen La Poste's position in international trade.

External growth remains a key strategic focus to strengthen Sofipost's position on its four main markets (see section 1.3).

### 3.1.3 Other key Mail indicators

The flow of internal revenue between the Mail parent company and the Sofipost unit totalled €363 million in the first half of 2012.

Overall, the consolidated operating profit of the Mail business line was down €19 million in the first half of 2012 compared to 2011, i.e. a drop of 4% (for reported data, as well as at constant consolidation scope and exchange rates). This drop was primarily due to the impact of decreasing volumes within an economic model including a predominant share of fixed costs. The reduction in the Mail parent company's operating expenses and the development of Sofipost allowed to limit the drop in operating profit.

## 3.2 Parcels-Express

The Parcels-Express business line combines the activities of ColiPoste and GeoPost:

- ColiPoste specialises in two-day delivery of parcels weighing up to 30 kg to private individuals, BtoB or CtoC in France.
- The Express business in France and abroad is operated through the GeoPost subsidiary, focusing on the BtoB and BtoC segment under the following main brands: DPD, Chronopost, Exapaq and SEUR.

€ million	2012.06	2011.06	Change 2012/2011	
			€m	%
Revenue	2,695	2,505	+190	7.6%
<i>O/w external revenue</i>	2,674	2,485	+189	7.6%
Operating expenses	-2,485	-2,299	-186	8.1%
<b>Operating profit</b>	<b>210</b>	<b>206</b>	<b>+4</b>	<b>1.7%</b>
<i>% of revenue</i>	7.8%	8.2%		-0.4 pts

### **3.2.1 ColiPoste business – 2012 revenue of €753 million (up €19 million/+2.6% compared to 2011)**

After the first few months of 2012, which were marked by relatively stagnant volumes, ColiPoste business saw a significant increase during the second quarter of 2012. Total revenue at the end of June 2012 reached €753 million, up €19 million compared with June 2011, i.e. +2.6%. This positive trend was mainly due to:

- A favourable volume effect at equivalent working days of €12 million. The volumes continued their upward trend, especially in BtoC Colissimo (+6.4% at equivalent working days). CtoC business was stable. The downward trend of Coliéco accelerated, linked to the decreased activity of mail-order companies.
- A positive price/mix effect of €11 million was supported mainly by the strengthening of Colissimo's share at the expense of Coliéco. The competitive environment remains marked by significant downward pressure on prices.
- A negative working days effect of €6 million.
- A positive fuel effect due to the increase of the average fuel price in the first half of 2012, compared to the same period in 2011.

Quality of service continues to improve: parcel delivery within two working days reached 94.2% at the end of June 2012, up 0.6 points compared to 2011.

### **3.2.2 GeoPost business – 2012 revenue of €1.942 billion (up €171 million/9.6% compared to 2011)**

As mentioned above (see section 1.3), during the first half of 2012, GeoPost strengthened its position in Spain through the acquisition of additional shares of SEUR SA held by the franchise holders. GeoPost now exercises exclusive control over SEUR SA, now fully consolidated retroactively to the first half of 2012.

Revenue was €1.942 billion for the first half of 2012, up €171 million compared with June 2011, i.e. up 9.6%.

- The consolidation scope and exchange rate effect contributes +€76 million to the overall growth in revenue, due primarily to:
  - the full consolidation of SEUR SA (exclusive control since 1 January 2012) for €40 million.
  - the changes in consolidation methods made in 2011 (increase in capital and full consolidation of SEUR Internacional and Laser) and the acquisition of Iloxx in July 2011, i.e. an overall positive effect of €26 million.
  - a favourable exchange rate effect of €10 million.
- Excluding consolidation scope and exchange rate effects, growth in revenue was 5.5%. This solid performance was due to the growth in volume (+6.3%)

in a context of continued competitive pressures that can lead to price pressures.

GeoPost's performance in the first half varied by geographic area:

- Good performance in France with Chronopost and Exapaq, which posted growth in sales of 3% and 5% respectively, driven by volumes.
- DPD Germany saw a positive business trend, with an increase in revenue of 3% in a highly competitive environment, which caused price pressure.
- In the United Kingdom, sales continued to grow very dynamically (+16%). GeoPost strengthened its market position mainly by leveraging on its quality of service and the launch of Predict (BtoC: improvement of the rate of successful delivery to individual customers).
- In Spain, SEUR was marked by a drop in revenue in the first half of the year related to the competitive price pressure and the drop in weight transported in the difficult economic environment in Spain. An additional impairment of its goodwill amounting to €12 million was recognised for the first half of 2012 (for the record an impairment of €27 million was recognised for the same period in 2011).
- GeoPost also experienced promising developments in Eastern Europe (mainly Poland) and Russia.

### **3.2.3 Other key Parcels-Express indicators**

The flow of internal revenue between ColiPoste and Geopost totalled €26 million in the first half of 2012.

Overall, operating profit came in at €210 million, up €4 million, driven by the growth in business. In addition to competitive pressures, the performance in the first half was tempered by depreciation and securities revaluation transactions that were less favourable than those in same period of 2011.

### 3.3 Banking activities

Banking activities combine La Banque Postale, its subsidiaries and the shared resources unit.

La Poste and La Banque Postale have set up a sub-group governed by a cost-sharing agreement. All expenses incurred by the shared resources unit (mainly payroll at financial centres) are invoiced at cost to La Banque Postale.

#### 3.3.1. Economic and financial environment

As mentioned above, in a context of deteriorating economic conditions in the Eurozone and renewed tensions with regard to peripheral debts, the financial markets were again under pressure in the first half of the year:

- Yields on peripheral country bonds have risen, while Germany and France, as safe havens, have seen yields on their bonds fall. The 10-year OAT was at 2.7% at the end of June 2012.
- The CAC 40 dropped again below 3,000 points at the end of May, after peaking at 3,600 points in March. It was at 3,197 points at 30 June 2012.
- The savings market (especially life insurance) and credit markets were down.
- The interest rate on Livret A passbook savings accounts remained set at 2.25% in the first half of 2012.

#### 3.3.2. Development and partnerships

La Banque Postale has continued to expand its scope of activities:

- For legal entities: after obtaining approval for financing legal entities in late 2011, La Banque Postale expanded its service offerings, by launching Finance Leasing and overdraft facilities in all "Espaces Entreprises" (Business Areas) and making the EFICASH service, for paying bills in cash, more widely available.
- For local authorities: to meet their primary needs, in mid-June La Banque Postale began marketing a short-term €4 billion credit line to be drawn on. The new offer will be extended to housing associations beginning in mid-September, and then gradually to local public sector actors.

Again subject to approval by regulatory authorities, in the second half of 2012 La Banque Postale, in partnership with Caisse des Dépôts, will begin offering medium-/long-term financing.

- La Banque Postale launched a health insurance range in partnership with Mutuelle Générale, available since the beginning of the year by telephone and in post offices.

### 3.3.3 Commercial activities

The main developments of outstandings are as follows:

€ billion	2012.06	2011.12	Change 2012/2011	
	€m	€m	€m	%
Sight deposits	49.7	47.0	2.7	+5.8%
Intermediated savings	39.6	39.8	-0.2	-0.6%
Centralised savings	69.6	68.6	0.9	+1.4%
Commissioned savings	134.2	134.6	-0.4	-0.3%
<b>Outstanding customer deposits</b>	<b>293.1</b>	<b>290.1</b>	<b>3.0</b>	<b>+1.1%</b>

In a depressed, risk-adverse market, savings refocuses on favouring balance sheet assets, in particular regulated savings (+5% for Livret A passbook savings accounts), at the expense of the UCITS market and life insurance for individual customers. It should be noted that based on average daily deposits, sight deposits were down by €135 million compared to 31 December 2011.

Outstanding loans increased, though at a slower pace than during the first half of 2011:

€ billion	2012.06	2011.06	Change 2012/2011	
	€m	€m	€m	%
<b>Outstanding loans</b>	<b>44.7</b>	<b>43.4</b>	<b>1.3</b>	<b>+3.0%</b>

- The property market slowdown was confirmed by a more than 30% drop in home loans put in force over the first four months of the year. In this shrinking market, La Banque Postale is nevertheless consolidating its position, with an attractive offer of loans for buying and furnishing homes, and is growing its market share (+0.2 points of market share year on year for outstandings at the end of April, i.e. a 5.2% market share).
- Commercial outstandings in consumer finance rose by €790 million year on year in a context of market tightening, but nevertheless posting solid figures on the launch of this activity.

### 3.3.4 Operating performance

Net banking income (NBI) was €2.7 billion in the first half of 2012, stable compared to the same period in 2011. Excluding the change in the home ownership savings provision (negative impact of €63 million compared to first half of 2011) and the Image Chèque Services fine (positive impact of €33 million in the first half of 2012), it was up 1%.

€ million	2012.06	2011.06	Change 2012/2011	
	€m	€m	€m	%
<b>Asset management</b>	<b>60</b>	<b>68</b>	-8	-11.8%
<b>Insurance companies</b>	<b>52</b>	<b>42</b>	+10	+23.9%
<b>Retail banking</b>	<b>2,555</b>	<b>2,561</b>	-6	-0.2%
<i>Net interest margin</i>	1,657	1,678	-21	-1.2%
<i>Commission</i>	912	931	-19	-2.0%
<i>Other income and expenses</i>	-14	-48	+34	-70.8%
<b>Net banking income</b>	<b>2,668</b>	<b>2,671</b>	<b>-4</b>	<b>-0.1%</b>

- The asset management NBI was hurt in this unfavourable financial context (risk aversion, tax uncertainty), while net banking income from insurance and retail banking activities was up.
- The NBI of the insurance unit was fuelled by the dynamism of the personal risk products and the development of property insurance products.
- Excluding the housing savings provision effect and the impact of the restitution of the Échange Image Chèque fine, the NBI of retail banking increased 0.9%, influenced by the increase in interests partly offset by the drop in commissions on UCITS, securities and management mandates, which were directly affected by the worsening macroeconomic climate of the past few months.

Management expenses were stable (0.2%) through cost control efforts and the reduction of internal billing, despite the amount of new activities.

Excluding the housing savings provision and the Image Chèque Services fine, the EBITDA of banking activities was up €21 million for the first half of 2012 (i.e. up 5%).

The cost of risk, which had suffered from the effects of the Greek crisis in the first half of 2011 (impairment of €158 million), significantly improved in 2012. It amounted to €82 million in the first half of 2012, including €30 million for the cost of risk for Greece.

Globally, operating profit increased by €102 million.

€ million	2012.06	2011.06	Change 2012/2011	
	€m	€m	€m	%
Net banking income	2,668	2,671	- 4	-0.1%
<i>O/w external</i>	2,654	2,655	- 1	-0.0%
Management expenses	-2,238	-2,234	- 5	+0.2%
<b>EBITDA</b>	<b>429</b>	<b>438</b>	<b>- 8</b>	<b>-1.9%</b>
Cost of risk	-82	-193	+ 111	-57.5%
<b>Operating profit</b>	<b>348</b>	<b>245</b>	<b>+ 102</b>	<b>+41.8%</b>
<i>LBP cost-to-income ratio</i>	83.9%	83.6%	+ 0.3 pt	

La Banque Postale also continues to strengthen its financial structure to adapt to the new banking regulations. With the earnings power of the Group, the loans to deposits ratio stood at 50.8% at 30 June 2012 and the Core Tier 1 ratio at 12.6%.

Banking ratios	2012.06	2011.12	Change 2012/2011
<b>Core Tier One</b>	<b>12.6%</b>	<b>12.7%</b>	<b>-0.1 pt</b>
<b>Loans / Deposits Ratio</b>	<b>50.8%</b>	<b>51.1%</b>	<b>-0.3 pt</b>

### 3.4 Retail Brand

La Poste Retail Brand encompasses the sale and distribution activities to the general public, of the La Poste Group's products and services (Retail Brand Parent Company) and, since May 2011, those of the subsidiary La Poste Télécom.

€ million	2012.06	2011.06	Change 2012/2011	
			€m	%
Operating revenue	2,088	2,236	-148	-6.6%
<i>O/w external revenue</i>	43	37	+6	15.6%
Operating expenses	-2,127	-2,207	+80	-3.6%
<b>Operating profit/(loss)</b>	<b>-39</b>	<b>29</b>	<b>-68</b>	<b>n/a</b>

The Retail Brand network modernisation of is one of the Group's major projects and is reflected primarily by property renovation of the network with 51 modernised post offices in the first half of 2012 (45 in the first half of 2011) directly contributing to improving customer service.

In addition, 7,155 public outlets were in partnership at the end of June 2012 (local postal agencies, Relais Poste outlets, etc.), up 86 for the half year compared to 143 for the first half of 2011. Overall, the network has 17,073 public outlets.

#### 3.4.1 Retail Brand Parent Company

Counter product sales were down compared to last year but with disparities depending on business lines:

- Downward trend of mail sales confirmed given the continued effects of substitution;
- Growth of parcels products: Volume effect and positive price/mix effect;
- Stability of Chronopost products.

Banking activities carried out in the network were down in the first half of 2012, mainly on home loans and consumer loans, given the unfavourable economic context previously mentioned.

To carry out these services, the Retail Brand bills the business lines. Billing was down due to the drop in business over the past few months.

Given the reorganisation carried out in 2011, and the fact that a number of projects were rescheduled to be carried over into the second half of the year, operating expenses were down at the end of June 2012, nonetheless without offsetting the decline in billing.

### 3.4.2 La Poste Télécom

With a dense local network, La Poste decided in 2011 to enter the telephone services business, as a virtual mobile network operator. In March 2011, La Poste Télécom acquired the company Debitel, which had a portfolio of clients. The development was ensured by the launch of offerings under the brand La Poste Mobile in May 2011.

In January 2012, following the arrival of a new competitor on the market, the number of clients fell in the first two months of the year. However, the net balance of clients has been growing regularly since the start of the second quarter of 2012. Also, by the end of July, La Poste Mobile will have a distribution network expanded to 10,000 post offices and a comprehensive offering on the internet.

La Poste Mobile's revenue was €68 million (at 100%, La Poste Group having consolidated this entity in proportion to its equity holdings, i.e. 51%) in the first half of 2012, and had 554,000 clients at the end of June 2012. The operating loss from this new activity improved, but remains slightly negative in the first half of 2012.

### 3.5 Real Estate

The Real Estate segment includes Poste Immo's management activities of the real estate assets and La Poste's Real Estate Operations Department.

€ million	2012.06	2011.06	Change 2012/2011	
			€m	%
Operating revenue	398	390	+ 8	+2.1%
<i>O/w external revenue</i>	4	6	- 2	-37.5%
Operating expenses	-326	-362	+ 36	-9.9%
<b>Operating profit</b>	<b>72</b>	<b>28</b>	<b>+ 44</b>	<b>n/a</b>

In June 2012, Real Estate revenue amounted to €398 million, up €8 million or +2% vs. June 2011:

- Rental income and management fees were up €1 million (i.e. up 3%) due to the impact of indexation (up 3.05% in 2012 vs. up 0.33% in 2011), offset by the reduction of leased floor space to the business lines.
- Additional rental income was up €9 million (+23%). This mainly comprises billings to La Poste Retail Brand for the work done to improve customer reception, especially through the post office modernisation project.
- Other income (re invoicing of rental charges and other income including termination fees) fell by about €2 million.

Operating expenses were down €36 million (i.e. down 10%) mainly due to the gains on disposals, which were up €42 million, thanks to capital gains realized on the sales of Issy Les Moulineaux and Creteil. Real estate expenses were up by €8 million, i.e. 3%, although the management costs were down slightly.

On this basis, operating profit of the real estate segment came to €72 million, up €44 million compared to the end of June 2011.

### 3.6 Other segments

#### 3.6.1 Shared services

“Shared services” include the Support Departments (IT, Vehicles, Supplies, Human Resources) that rebill the Group's other business segments for costs incurred and the Group's head office costs.

€ million	2012.06	2011.06	Change 12/11	
			€m	%
Operating revenue	355	418	-63	-15.1%
Operating expenses	-454	-489	+35	-7.1%
<b>Operating loss</b>	<b>-99</b>	<b>-71</b>	<b>-28</b>	<b>39.4%</b>

Operating revenue amounted to €355 million, of which:

- €335 million for support services, mainly corresponding to intercompany income from billing services provided to the other business segments. Unit prices are set beforehand in a service agreement and billing depends on actual volumes.
- €20 million in head office costs paid by subsidiaries.

Billing was down €63 million and operating expenses were down €35 million compared with the first half of 2011, including consolidation scope effects associated with the allocation to the business lines of HR information systems beginning in the second half of 2011. Excluding non-recurring items, operating expenses were stable overall.

#### 3.6.2 Unallocated expenses

€ million	2012.06	2011.06	Change 12/11	
			€m	%
Operating revenue				
Operating expenses	-330	-424	+94	-22.1%
<b>Operating loss</b>	<b>-330</b>	<b>-424</b>	<b>+94</b>	<b>-22.1%</b>

“Unallocated” corresponds to the net costs of regional planning and temporary costs:

- The cost of post office presence (Regional Planning Network Contribution (CRAT - *Contribution du Réseau à l'Aménagement du Territoire*) accessibility and residual CRAT) was down €9 million (to €380 million) in line with increased partnerships. For its part, the local tax allowance remained stable.
- The other expenses were made up mainly of the costs of retirement from La Poste Retail Brand, supported by the 'unallocated' segment, given their transversal nature. These show a significant drop in the first half of 2012, taking into account that the number of retirements taken was significantly lower than in the first half of 2011.

## 4. Other key Income Statement indicators

### 4.1. Financial profit/(loss)

€ million	2012.06	2011.06	Change 2012/2011	
			€m	%
Net interest expense	-76	-92	+16	-17.6%
Change in "fair value"	-19	1	-20	n/a
<b>Net borrowing costs</b>	<b>-95</b>	<b>-92</b>	<b>-4</b>	<b>+4.1%</b>
Other financial items	-27	-28	+1	-2.6%
<b>Financial loss</b>	<b>-122</b>	<b>-119</b>	<b>-3</b>	<b>+2.5%</b>

Financial profit/(loss) was down slightly by €3 million at 30 June 2012 compared to the first half of 2011, as a result of two opposing trends:

- Net interest expense was down by €16 million due to lower interest rates, payment of the capital increase in April and a debt repayment of €511 million in April 2011.
- The "change in fair value" stood at -€19 million. -€13 million was the result of swaps backed by Group debt being launched in a negative market owing to the fall in interest rates (fixed-rate payer and floating-rate receiver swaps that the Group subscribed with the objective of fixing part of the cost of its debt). The credit spread of La Poste remained stable, but the time effect resulted in a charge of -€6 million.
- Other financial profit/(loss) items primarily includes the cost of discounting social debt, which remained stable at -€31 million.

### 4.2 Net profit attributable to equity holders of the parent

€ million	2012.06	2011.06	Change 12/11	
			€m	%
<b>Operating revenue</b>	<b>10,887</b>	<b>10,789</b>	<b>+ 98</b>	<b>+0.9%</b>
<b>Operating expenses</b>	<b>-10,254</b>	<b>-10,285</b>	<b>+ 31</b>	<b>-0.3%</b>
<b>Operating profit</b>	<b>632</b>	<b>504</b>	<b>+ 128</b>	<b>+25.5%</b>
Financial profit	-122	-119	- 3	+2.5%
Tax on income	-179	-123	- 56	+45.5%
Share of profit of equity associates	106	105	+ 1	+0.5%
<b>Consolidated net profit for the year</b>	<b>437</b>	<b>367</b>	<b>+ 70</b>	<b>+19.1%</b>
Non-controlling interests	0	-10	+ 10	n/a
<b>Net profit, Group share</b>	<b>437</b>	<b>377</b>	<b>+ 60</b>	<b>+15.8%</b>

The Group's **tax expense** was €179 million, an increase of €56 million compared to June 2011. The tax rate was 35.1%.

The **share of profit of equity associates** rose from €105 million at 30 June 2011 to €106 million at 30 June 2012. The contribution of CNP Assurances, in which the Group holds a 19.72% stake, remained unchanged at €100 million. Earnings of other associates increased from €4 million to €5 million at the end of June 2012.

After deducting non-controlling interests, net profit, Group share increased from €377 million at the end of June 2011 to **€437 million at the end of June 2012**.

Adjusted for consolidation scope effects and exchange rate, net profit was up 15% (€58 million) compared to June 2011.

## 5. Debt and financial strength

### 5.1 Free cash flows

The cash flow statement below<sup>1</sup> is drawn up to reflect the combination of banking, industrial and commercial activities within the same Group and to provide an economic view of their respective contribution to the generation of Group cash flows.

As Group parent company, La Poste provides funding for industrial and commercial activities and equity for La Banque Postale. In this context, La Banque Postale, although fully consolidated, is assessed through the dividends it distributes to its parent company, considered as cash flows which remain available to the Group, after compliance with regulatory requirements concerning capital.

- **Cash flows from operating activities** increased by €29 million:

€ million	2012.06	2011.06	Change 2012/2011	
			€m	%
EBITDA excluding banking operations	604	719	-115	-16.0%
Dividends from LBP and associated companies	187	295	-108	-36.6%
Change in WCR and other	-168	-366	+198	-54.2%
Tax paid out	8	-48	+56	-117.4%
Miscellaneous items (*)	-12	-8	-3	+37.9%
<b>Cash flows from operating activities</b>	<b>620</b>	<b>592</b>	<b>+29</b>	<b>4.9%</b>

(\*) Reintegration of bad debts, other financial income and expenses

**EBITDA** excluding banking activities fell by €115 million at the end of June 2012, primarily as a result of the drop in EBITDA at Mail, caused by the decrease in volumes during the first half of 2012.

**Dividends received** from La Banque Postale and associates fell by €108 million in the first half of 2012, following the drop in income in 2011 from La Banque Postale, which was impacted by the financial crisis during the summer of 2011 and by provisions recognised on Greek debt.

<sup>1</sup> The cash flow statement clarifies the change in the net debt of the Group. The cash flow statement complies with IAS 7 and is shown in the notes to the Group consolidated financial statements.

At the end of June, **working capital requirements**, excluding banking activities, were down €168 million compared to 31 December 2011. The cash held at post offices fell €80 million (end of month value) while working capital requirements, excluding banking activities, generated a cash requirement of €248 million, due to the seasonal nature of the Group's business.

- **Cash flows from investing activities excluding banking** fell by **€158 million (-34%)**.

€ million	2012.06	2011.06	Change	
			€m	%
Purchase of intangible assets and property, plant and equipment	-387	-462	+75	-16.3%
Purchase of financial assets	-11	-11	-0	+2.0%
Asset disposals	125	58	+67	+115.8%
Acquisitions and disposals of subsidiaries	-39	-55	+16	-28.9%
<b>Cash flows from investing activities</b>	<b>-312</b>	<b>-470</b>	<b>+158</b>	<b>-33.6%</b>

**Gross investments** excluding banking activities fell significantly (-€75 million), particularly taking into account the project for the modernisation of Mail industrial processes, which is drawing to a close. Investments are now focusing primarily on the continued renovation of the post office network, maintenance of real estate assets and industrial facilities, strengthening the European and international network of the Express business, and vehicles and information systems.

**Purchases of financial assets** (guarantee deposits and investments) are presented here excluding 'Cash investments of more than three months' (acquisitions of €413 million in the first half of 2012 and €35 million in the first half 2011, see section 5.2. below). Within the framework of the day-to-day cash flow management of the Group, cash investments of more than 3 months are effectively considered a deduction from the net debt of the Group (see section 5.3).

**Asset disposals** of €125 million were higher than in 2011, mainly as a result of the sale of land at Issy-les-Moulineaux and the sale of the Créteil platform. The Group remains a minority shareholder of the legal entities holding these assets.

**Acquisitions and disposals of subsidiaries:** Acquisitions and disposals were €29.8 million for Sofipost and €9.3 million for GeoPost (see section 1.3 above).

On this basis, net investment outflows amounted to €312 million in the first half of 2012, down 34% compared to the first half of 2011.

- **Available net cash flow and change in net debt**

Given the above, the Group generated **€85 million in available cash flow at the end of June**, after having distributed €145 million in dividends to shareholders (of which €1 million in dividends to minority shareholders).

After payment of the second tranche of the capital increase of up to €1,050 million in April, **the net debt of the Group fell by €1,103 million**.

€ million	2012.06	2011.06	Change	
			€m	%
Cash flows from operating activities	620	592	+29	+4.9%
Cash flows from investing activities	-312	-470	+158	-33.6%
<b>Free cash flows</b>	<b>308</b>	<b>121</b>	<b>+187</b>	<b>n/a</b>
Dividends paid	-145	-137	-9	+6.2%
Interest expense ( <i>net interest expense</i> ) ( *)	-78	-93	+15	-16.2%
<b>Net free cash flows</b>	<b>85</b>	<b>-108</b>	<b>+194</b>	<b>n/a</b>
Group capital increase	1,050	1,067		
Capital increase by non-controlling interests	0	24		
Non-cash items	-32	-9	-23	n/a
<b>Decrease in net debt excluding banking operations</b>	<b>1,103</b>	<b>974</b>		

(\*) *net interest expense excluding change of accrued interest not due on financial instruments*

- The Group also monitors '**Cash flows from operations**'. This indicator identifies the available cash generated by its operations, including dividends received by La Banque Postale, net of financial expenses and taxes paid, but before capital increase, change in working capital requirements, industrial and financial investments and debt repayment.

€ million	2012,06	2011,06	Change 2012/2011	
			€m	%
<b>EBITDA excluding banking operations</b>	<b>604</b>	<b>719</b>	<b>-115</b>	<b>-16,0%</b>
+ Dividends received	187	295	-108	-36,6%
- Taxes paid	8	-48	+56	-117,4%
- Financial expenses paid	-31	-55	+24	-44,3%
+ Miscellaneous items <sup>(1)</sup>	-12	-8	-3	+37,9%
<b>Cash flows from operations</b>	<b>757</b>	<b>903</b>	<b>-145</b>	<b>-16,1%</b>

(1) *bad loans, other financial income and expenses*

## 5.2 Change in cash and cash equivalents

Cash and cash equivalents of La Poste Group rose from €1,146 million at the beginning of 2012 to €1,370 million at the end of June 2012. A significant part of the capital increase of €1,050 million in April 2012 was placed in maturities greater than three months and in part used to repay commercial paper issued by La Poste (€275 million in commercial paper at 30 June 2012 versus €666 million at the end of 2011).

Cash investments of more than three months are not included in the calculation of the balance of cash and cash equivalents of the Group, taking into account their maturity. However, they are included in the calculation of the net debt of the Group and are thus

directly related to the cash flow management (acquisition of €413 million in the first half of 2012 and €35 million in the first half of 2011).

€ million	2012.06	2011.12	Change	
			€m	%
<b>Net free cash flows</b>	<b>85</b>	<b>-801</b>	<b>+886</b>	<b>n/a</b>
Capital increase	1,050	1,074	-24	-2.2%
Change in borrowings	-406	-29	-377	n/a
Cash investments of more than three months	-413	-295	-118	39.9%
Other cash flows from financing activities	80	112	-32	-28.2%
Intercompany flows with La Banque Postale and other items	-220	-426	+206	-48.4%
Change in accrued interest on financial	47	-18	+65	n/a
<b>Change in cash and cash equivalents</b>	<b>225</b>	<b>-383</b>	<b>+608</b>	<b>n/a</b>
<b>Opening cash and cash equivalents</b>	<b>1,146</b>	<b>1,529</b>	<b>-383</b>	<b>-25.1%</b>
<b>Closing cash and cash equivalents</b>	<b>1,370</b>	<b>1,146</b>	<b>+224</b>	<b>19.6%</b>

### 5.3 Financial Debt

- A breakdown of the Group's **gross debt** at the end of December 2011 and at the end of June 2012 is provided below:

€million	2012.06			2011.12		
	Short term	Long term	Total	Short term	Long term	Total
<i>Bonds</i>	-	5,886	5,886	-	5,822	5,822
<i>La Poste savings bonds</i>	68	-	68	70	-	70
<i>Commercial paper</i>	275	-	275	666	-	666
<i>Deposits and guarantees received</i>	446	25	472	377	24	400
<i>Accrued interest</i>	170	-	170	135	-	135
<i>Other</i>	149	87	235	101	95	196
<b>Gross debt</b>	<b>1,108</b>	<b>5,998</b>	<b>7,106</b>	<b>1,349</b>	<b>5,941</b>	<b>7,290</b>

The Group debt is mainly made up of bond issues. The fall of €391 million in outstanding issued commercial paper during the first half of 2012 (€275 million at the end of June 2012), follows the second tranche of the capital increase.

- The Group's **net debt** stood at €3,441 million at 30 June 2012, down €1,103 million versus 31 December 2011 following the capital increase of €1,050 million. 'Other asset items' includes derivative instruments associated with net debt, cash investments of more than three months and the La Poste SA receivable on La Banque Postale.

€ million	2012.06	2011.12	Change 2012/2011	
			€m	%
Debt	7,106	7,290	-184	0.0%
Cash and cash equivalents	-1,370	-1,146	-224	19.6%
Other asset items	-2,294	-1,600	-694	0.0%
<b>Net debt at year end</b>	<b>3,441</b>	<b>4,544</b>	<b>-1,103</b>	<b>-24.3%</b>

## 5.4 Equity and financial structure

€ million	2012.06	2011.12
<b>Opening consolidated equity, Group share</b>	<b>6,783</b>	<b>4,465</b>
Capital increase		2,100
Net profit, Group share	437	478
Distribution of dividends to La Poste shareholders	-144	-136
Unrealised gains and losses on financial instruments	184	-184
Translation adjustments	0	-24
Change in option value on non-controlling interests	-52	
Other items	-14	84
<b>Closing consolidated equity, Group share</b>	<b>7,194</b>	<b>6,783</b>
Non-controlling interests	32	3
<b>Closing consolidated equity</b>	<b>7,226</b>	<b>6,786</b>

Equity, Group share amounted to €7,194 million at 30 June 2012. This represents a €411 million increase between 31 December 2011 and 30 June 2012 after the payment of a €144 million dividend to the French government and Caisse des Dépôts.

Unrealised gains and losses on financial instruments (mainly on assets available for sale by La Banque Postale and the share of the same assets to CNP) were significant and amounted to €184 million.

On this basis, the Group's **financial structure** improved with the net debt/equity ratio down from 0.67 to 0.48 at the end of June 2012, adjusted for unrealised gains and losses on financial instruments and uncalled subscribed capital.

During times of high market pressure, this improvement of La Poste's balance sheet is a key strength.

## 5.5 Credit rating

The credit rating of La Poste remained stable, as did that of La Banque Postale, over the first half of 2012. The rating downgrade of France on 7 January 2012 did not result in

any changes in the rating of La Poste. On 27 July 2012, Standard and Poor's raised the outlook from stable to positive.

Company	Agency	Long-term rating	Short-term rating	Outlook
La Poste	Fitch Ratings	AA	F1+	Negative
	Standard and Poor's	A	A1	Positive
La Banque Postale	Fitch Ratings	AA-	F1+	Negative
	Standard and Poor's	A+	A1	Stable

## 6. Outlook

After a satisfactory first half, the Group's performance in the second half of the year will remain sensitive to changes in Mail volumes as well as to market conditions, especially for La Banque Postale. Moreover, considering the seasonal nature of the business, especially at Mail, the second half is structurally not as strong as the first half.

## 7. Post balance sheet events

On 6 July 2012, La Poste and Swiss Post created Asendia, a joint venture combining the international mail businesses of both operators (cf. 1.3).

Condensed consolidated financial statements  
Half-year 2012



# TABLE OF CONTENTS

## **CONSOLIDATED FINANCIAL STATEMENTS**

Consolidated income statement	3
Consolidated comprehensive income statement	4
Consolidated balance sheet	5
Consolidated statement of changes in equity	7
Consolidated cash flow statement	8

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### GENERAL ITEMS

NOTE 1	Significant events during the half-year period	9
NOTE 2	Basis of preparation for the consolidated financial statements	10
NOTE 3	Segment reporting	11

### NOTES TO THE INCOME STATEMENT

NOTE 4	Revenue from commercial activities	13
NOTE 5	Net banking income	15
NOTE 6	Purchases and other external expenses	16
NOTE 7	Personnel expenses and number of employees	16
NOTE 8	Other operating income and expenses	17
NOTE 9	Financial profit/(loss)	18
NOTE 10	Income tax	18

### NOTES TO THE BALANCE SHEET

NOTE 11	Goodwill	19
NOTE 12	Intangible assets and property, plant and equipment	20
NOTE 13	Investments in associates	20
NOTE 14	Other industrial and commercial activities assets	21
NOTE 15	Banking activities financial assets	22
NOTE 16	Contingency and loss provisions	23
NOTE 17	Bonds and other debt	24
NOTE 18	Net debt excluding Banking activities	26
NOTE 19	Employee benefits	27
NOTE 20	Banking activities financial liabilities	28
NOTE 21	Trade and other accounts payable	28
NOTE 22	Banking activities financial instruments	29
NOTE 23	Related party transactions	31
NOTE 24	Off-balance sheet commitments and contingent liabilities	31
NOTE 25	Post balance sheet events	31

The amounts in the tables are generally provided in millions of euros. Rounding may on occasion result in slight differences in totals or changes.

## CONSOLIDATED INCOME STATEMENT

(€ million)	NOTE	H1 2012 6 months	H1 2011 6 months	2011 12 months
Mail revenue		5,512	5,607	10,897
Express revenue		1,937	1,769	3,660
Parcels revenue		737	717	1,495
La Poste Retail Brand revenue		43	37	80
Real Estate revenue		4	6	8
<b>Revenue from commercial activities</b>	4	<b>8,233</b>	<b>8,135</b>	<b>16,140</b>
Banking operating income		4,727	4,368	8,505
Banking operating expenses		(2,073)	(1,713)	(3,304)
<b>Net banking income</b>	5	<b>2,654</b>	<b>2,655</b>	<b>5,201</b>
<b>Operating revenue</b>		<b>10,887</b>	<b>10,789</b>	<b>21,341</b>
Purchases and other expenses <sup>(1)</sup>	6	(3,347)	(3,207)	(6,747)
Personnel expenses	7	(6,305)	(6,381)	(12,509)
Taxes and levies <sup>(1)</sup>	8	(117)	(107)	(219)
Depreciation, amortisation, provisions and impairment	8	(591)	(664)	(1,356)
Other operating income and expenses	8	60	69	139
Gains/(losses) on asset disposals		46	4	20
<b>Net operating expenses</b>		<b>(10,254)</b>	<b>(10,285)</b>	<b>(20,671)</b>
<b>Operating profit</b>		<b>632</b>	<b>504</b>	<b>670</b>
Net borrowing costs	9	(95)	(92)	(173)
Other financial items		(27)	(27)	(57)
<b>Financial profit/(loss)</b>		<b>(122)</b>	<b>(119)</b>	<b>(230)</b>
<b>Profit before tax of consolidated companies</b>		<b>510</b>	<b>385</b>	<b>440</b>
Income tax	10	(179)	(123)	(143)
Share of profit of associates		106	105	169
<b>Consolidated net profit for the period</b>		<b>437</b>	<b>367</b>	<b>467</b>
<b>Group share</b>		<b>437</b>	<b>377</b>	<b>478</b>
Non-controlling interests		(0)	(10)	(11)

(1) Charges from the "Taxes and levies" line item were reclassified to "Purchases and other external expenses" in the amount of €67 million at 30 June 2011.

## CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Amounts after tax (€ million)	H1 2012	H1 2011	2011
<b>Consolidated net profit for the period</b>	<b>437</b>	<b>367</b>	<b>467</b>
<b>COMPREHENSIVE INCOME AND EXPENSES RECOGNISED IN EQUITY</b>			
Change in unrealised gains and losses on financial instruments <i>Of which transferred to net profit for the period</i>	120 1	(2) 1	(117) 13
Translation adjustments <i>Of which transferred to net profit for the period</i>	11 1	(13) 1	(9)
Share of comprehensive income and expenses of equity associates <i>Of which: Change in unrealised gains and losses on financial instruments – CNP</i>	53 62	(34) (24)	(82) (66)
<i>- other unrealised gains and losses on financial instruments</i>	1	1	(1)
<i>- cumulative translation adjustments</i>	(11)	(10)	(15)
<b>Total comprehensive income and expenses recognised in equity (after tax)</b>	<b>184</b>	<b>(49)</b>	<b>(208)</b>
<b>Comprehensive income</b>	<b>621</b>	<b>318</b>	<b>259</b>
<b>Comprehensive income Group share</b>	<b>621</b>	<b>328</b>	<b>270</b>
Comprehensive income attributable to non-controlling interests	(0)	(10)	(11)

## CONSOLIDATED BALANCE SHEET

ASSETS		30/06/2012	31/12/2011
(€ million)	NOTE		
Goodwill	11	1,420	1,417
Intangible assets	12	815	787
Property, plant and equipment	12	6,008	6,096
Investments in associates	13	2,188	2,048
Other non-current financial assets	14	1,144	930
Deferred tax assets		165	205
<b>NON-CURRENT ASSETS</b>		<b>11,739</b>	<b>11,482</b>
<b>Current banking assets</b>			
Customer receivables and loans	15	47,993	45,028
Bank receivables	15	82,256	74,882
Investment portfolio	15	57,152	56,037
Other current financial assets	15	1,122	1,560
Accrual accounts	15	2,793	2,040
Cash, central bank deposits	15	484	2,644
<b>Other current assets</b>			
Inventories and work-in-progress	14	150	151
Trade and other accounts receivable	14	2,495	2,429
Other current financial assets	14	804	497
Cash held at post offices	14	551	631
Income tax receivable		155	232
Other accrual accounts – assets		118	109
Uncalled subscribed capital	1.4	0	1,050
Cash and cash equivalents	14	1,370	1,146
<b>Assets held for sale</b>		<b>171</b>	<b>155</b>
<b>CURRENT ASSETS</b>		<b>197,614</b>	<b>188,590</b>
<b>TOTAL ASSETS</b>		<b>209,354</b>	<b>200,072</b>

EQUITY AND LIABILITIES		30/06/2012	31/12/2011
(€ million)	NOTE		
Share capital	1.1	3,400	3,400
Issue premium	1.1	700	700
Reserves		2,361	2,093
Unrealised gains and losses on financial instruments		325	142
Cumulative translation adjustments		(29)	(29)
Net profit Group share		437	478
<b>Equity Group share</b>		<b>7,194</b>	<b>6,783</b>
Non-controlling interests		32	3
<b>CONSOLIDATED EQUITY</b>		<b>7,226</b>	<b>6,786</b>
Medium and long-term bonds and other debt	17	5,998	5,941
Employee benefits – non-current liabilities	19	1,732	1,716
Non-current contingency and loss provisions	16	93	94
Deferred tax liabilities		119	103
Other non-current liabilities		0	0
<b>NON-CURRENT LIABILITIES</b>		<b>7,942</b>	<b>7,855</b>
<b>Current contingency and loss provisions</b>			
Contingency and loss provisions specific to insurance and banking activities	16	829	724
Current contingency and loss provisions	16	388	371
<b>Short-term bonds and other debt</b>	17	1,108	1,349
<b>Current banking liabilities</b>			
Financial debt	20	20,580	17,463
Liabilities to customers	20	162,004	156,236
Other financial liabilities	20	1,347	1,165
Accrual accounts	20	3,205	3,266
<b>Other current liabilities</b>			
Trade and other accounts payable	21	3,816	4,106
Government – income tax		113	16
Employee benefits – current liabilities	19	569	600
Other accrual accounts – liabilities		201	113
<b>Liabilities held for sale</b>		27	22
<b>CURRENT LIABILITIES</b>		<b>194,186</b>	<b>185,431</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>209,354</b>	<b>200,072</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts after tax (€ million)	Share capital	Issue premium	Unallocated net profit/(loss)	Cumulative translation adjustments	Unrealised gains and losses on financial instruments – CNP	Other unrealised gains and losses on financial instruments	Other reserves	Total Group share	Non-controlling interests	Total
<b>Consolidated equity at 31/12/2010</b>	<b>1,000</b>	<b>-</b>	<b>550</b>	<b>(5)</b>	<b>237</b>	<b>89</b>	<b>2,594</b>	<b>4,465</b>	<b>18</b>	<b>4,483</b>
La Poste capital increase										
- incorporation of reserves	1,000						(1,000)	-		-
- issue of 350,000,000 new shares	1,400	700						2,100		2,100
Dividends paid out			(136)					(136)	(5)	(141)
Call options on non-controlling interests							(5)	(5)		(5)
Appropriation of 2010 earnings			(414)				414	-		-
Comprehensive income for the period			377	(23)	(24)	(2)		328	(10)	318
<i>Of which - net profit</i>			377					377	(10)	367
<i>- Other comprehensive income</i>				(23)	(24)	(2)		(49)		(49)
Other <sup>(1)</sup>							(6)	(6)	21	16
<b>Consolidated equity at 30/06/2011</b>	<b>3,400</b>	<b>700</b>	<b>377</b>	<b>(28)</b>	<b>213</b>	<b>87</b>	<b>1,998</b>	<b>6,746</b>	<b>25</b>	<b>6,772</b>
<b>Consolidated equity at 31/12/2010</b>	<b>1,000</b>	<b>-</b>	<b>550</b>	<b>(5)</b>	<b>237</b>	<b>89</b>	<b>2,594</b>	<b>4,465</b>	<b>18</b>	<b>4,483</b>
La Poste capital increase										
- incorporation of reserves	1,000						(1,000)	-		-
- issue of 350,000,000 new shares	1,400	700						2,100		2,100
Dividends paid out			(136)					(136)	(5)	(141)
Call options on non-controlling interests							99	99		99
Appropriation of 2010 earnings			(414)				414	-		-
Comprehensive income for the period			478	(24)	(66)	(118)		270	(11)	258
<i>Of which - net profit</i>			478					478	(11)	467
<i>- Other comprehensive income</i>				(24)	(66)	(118)		(208)		(208)
Other <sup>(1)</sup>							(14)	(14)	()	(14)
<b>Consolidated equity at 31/12/2011</b>	<b>3,400</b>	<b>700</b>	<b>478</b>	<b>(29)</b>	<b>171</b>	<b>(29)</b>	<b>2,093</b>	<b>6,783</b>	<b>3</b>	<b>6,786</b>
Dividends paid out			(144)					(144)	(5)	(149)
Call options on non-controlling interests							(52)	(52)		(52)
Appropriation of 2011 earnings			(334)				334	-		-
Comprehensive income for the period			437		62	122		621	()	621
<i>Of which - net profit</i>			437					437	()	437
<i>- Other comprehensive income</i>					62	122		184		184
Other <sup>(2)</sup>							(14)	(14)	34	20
<b>Consolidated equity at 30/06/2012</b>	<b>3,400</b>	<b>700</b>	<b>437</b>	<b>(29)</b>	<b>233</b>	<b>93</b>	<b>2,361</b>	<b>7,194</b>	<b>32</b>	<b>7,226</b>

(1) Including -€50 million for the correction of an accounting error for contributions to the Deposit Guarantee Fund (see Note 1.4), +€31 million Group share from capital increases subscribed by the minority partners in La Poste Telecom and La Banque Postale Assurance Santé, and +€8 million from the increase in the percentage interest in Seur GeoPost.

(2) Including €36 million in changes in non-controlling interests related to changes in the consolidation method of Seur SA (see Note 1.1).

## CONSOLIDATED CASH FLOW STATEMENT

(€ million)	H1 2012			H1 2011			2011		
	Group	Excl. banking	La Banque Postale	Group	Excl. banking	La Banque Postale	Group	Excl. banking	La Banque Postale
<b>EBITDA</b>	<b>1,218</b>	<b>604</b>	<b>613</b>	<b>1,236</b>	<b>719</b>	<b>517</b>	<b>2,103</b>	<b>1,203</b>	<b>899</b>
Change in provisions for current assets and bad debts	(93)	(15)	(78)	(203)	(10)	(193)	(209)	(23)	(186)
Miscellaneous financial income and expenses	4	4		3	3	(0)	5	5	
<b>Cash flows from operating activities before net borrowing costs and taxes</b>	<b>1,128</b>	<b>593</b>	<b>535</b>	<b>1,036</b>	<b>712</b>	<b>324</b>	<b>1,898</b>	<b>1,185</b>	<b>713</b>
Change in working capital	(243)	(248)	5	(374)	(371)	(2)	(107)	(164)	57
Change in cash held at post offices	80	80		6	6		26	26	
Change in balance of banking sources and uses	(507)		(507)	(354)		(354)	(1,454)		(1,454)
Taxes paid	34	8	25	(148)	(48)	(100)	(235)	(65)	(170)
Dividends paid by La Banque Postale to La Poste		186	(186)		293	(293)		293	(293)
Dividends received from equity associates	1	1	0	92	2	90	96	6	90
<b>Cash flows from operating activities</b>	<b>494</b>	<b>620</b>	<b>(126)</b>	<b>257</b>	<b>592</b>	<b>(335)</b>	<b>224</b>	<b>1,281</b>	<b>(1,057)</b>
Purchase of intangible assets and property, plant and equipment	(467)	(387)	(80)	(558)	(462)	(96)	(1,202)	(968)	(234)
Purchase of financial assets	(16)	(11)	(5)	(20)	(11)	(9)	(43)	(36)	(8)
La Banque Postale capital increase								(860)	860
Proceeds from disposal of property, plant and equipment and intangible assets	117	117	0	56	52	3	179	177	3
Proceeds from disposals of financial assets	9	8	0	6	5	0	10	10	0
Impact of changes in consolidation scope	(40)	(39)	(1)	(55)	(55)	(1)	(91)	(84)	(7)
Change in cash management financial assets	(413)	(413)		(35)	(35)		(295)	(295)	
<b>Cash flows from investing activities</b>	<b>(810)</b>	<b>(725)</b>	<b>(85)</b>	<b>(607)</b>	<b>(505)</b>	<b>(102)</b>	<b>(1,442)</b>	<b>(2,057)</b>	<b>615</b>
Capital increase <sup>(2)</sup>	1,051	1,050	1	1,111	1,091	20	1,098	1,074	24
Dividends distributed	(148)	(145)	(3)	(130)	(137)	7	(141)	(138)	(3)
Interest paid	(31)	(31)	0	(55)	(55)	0	(199)	(200)	0
Proceeds from new borrowings	0	0		0	0		518	518	
Repayment of borrowings	(406)	(406)		(530)	(530)		(547)	(547)	
Other cash flows from financing activities	80	80		(14)	(14)		112	112	
Intra-group flows	(0)	(214)	214		(411)	411		(420)	420
<b>Cash flows from financing activities</b>	<b>547</b>	<b>335</b>	<b>211</b>	<b>382</b>	<b>(55)</b>	<b>437</b>	<b>840</b>	<b>399</b>	<b>442</b>
Impact of subsidiaries held for sale	(8)	(8)		(0)	(0)		(6)	(6)	
Impact of changes in exchange rates	2	2		(1)	(1)		(0)	(0)	
<b>Change in cash and cash equivalents <sup>(1)</sup></b>	<b>225</b>	<b>225</b>	<b>(0)</b>	<b>31</b>	<b>31</b>	<b>0</b>	<b>(383)</b>	<b>(383)</b>	<b>0</b>
Opening cash and cash equivalents <sup>(1)</sup>	1,146	1,146		1,529	1,529		1,529	1,529	
Closing cash and cash equivalents <sup>(1)</sup>	1,370	1,370		1,559	1,559		1,146	1,146	

(1) Excluding cash held at post offices

(2) Including, in relation to La Poste's capital increase, €1,050 million received in the first half of 2012 and €1,050 million received in the first half of 2011 (see Note 1.4).

## G E N E R A L

**NOTE 1 Significant events during the half-year period**

- 1.1 Change in the consolidation scope
- 1.2 Greek sovereign debt crisis
- 1.3 Financing of local authorities
- 1.4 Payment of €1.05 billion of the capital of La Poste

**1.1 Change in the consolidation scope****Acquisition of Adverline**

Acquisition on 26 June 2012 of 55.19% of Adverline SA, an internet advertising agency. Since this company is listed on the Alternext market of NYSE-Euronext, a public offer will be made in the second half of 2012 for the remainder of the outstanding capital, in accordance with AMF regulations.

For practical timing reasons, this company will be fully consolidated as from 1 July 2012. The securities purchased are included in "Unconsolidated investments" as at 30 June 2012 in the amount of €28 million.

**Acquisition of control over Seur SA**

Acquisition of additional ownership interest in this company, resulting in the acquisition of exclusive control by the Group with 46.17% of the shares with effect from 1 January 2012, under the existing shareholder agreement.

This company was previously jointly controlled and proportionately consolidated. The revaluation of the previously held ownership interest resulted in the recognition in the income statement of a capital gain of €7 million. This revaluation of the ownership interest was immediately discounted in its entirety, to reduce the book value of the CGU Seur to its recoverable amount. There was no net impact on operating profit.

**Acquisition of control over IBC Inc.**

Acquisition of exclusive control of IBC Inc. by the Group under a shareholder agreement signed 30 May 2012. This company was previously jointly controlled and proportionately consolidated. The revaluation of the previously held ownership interest resulted in the recognition of a capital gain of €6 million in the income statement.

**1.2 Greek sovereign debt crisis**

La Banque Postale exchanged the Greek sovereign debt it held on 8 March 2012. The impact of the discount recorded during the exchange and the loss in value of the new securities between 8 March and 30 June 2012 was an expense of €30 million for the first half of the year recognised as cost of risk.

**1.3 Financing of local authorities**

On 10 February 2012, the Supervisory Board of La Banque Postale and the Board of Directors of La Poste Group approved the financing model for local authorities that was established during negotiations between La Banque Postale, Caisse des Dépôts et Consignations, Dexia SA, Dexia Crédit Local, and the French government.

On 25 May 2012, La Banque Postale received the agreement of the French Prudential Oversight Authority to launch a new lending activity for local authorities.

To meet local authorities' basic requirements, as from 20 June La Banque Postale began marketing a new short-term loan offer that consist of a drawdown overdraft facility (for a maximum term of 364 days).

La Banque Postale provides a model for financing local authorities based on a simple range of liquidity-backed loans. To start up this new business, La Banque Postale is marketing the short-term credit line offering mainly on a remote basis. The initial offer, borne entirely by La Banque Postale, will be gradually extended to social housing landlords (mid-September 2012), and to all local public sector players.

In parallel, work continues on offering a medium-term credit (probable duration of between 10 and 15 years) by the end of the year.

#### 1.4 Payment of €1.05 billion of the capital of La Poste

As decided by the Extraordinary General Meeting of 6 April 2011 on the capital increase of La Poste (see Note 1.1 to the consolidated financial statements at 31 December 2011), the second tranche of the capital increase of €1.05 billion was released in April 2012, and resulted in a payment of the same amount. The first tranche of €1.05 billion was paid in April 2011.

## NOTE 2 Basis of preparation for the consolidated financial statements

- 2.1 Accounting basis
- 2.2 Measurement bases and use of estimates

La Poste, the parent company of La Poste Group ("La Poste Group" or "the Group") has been a *société anonyme* (French public limited company) since 1 March 2010, and has its registered office at 44, boulevard de Vaugirard in Paris. It had previously been an independent state-owned entity, already subject to the same financial management and accounting rules as commercial operators.

The condensed consolidated half-year financial statements of La Poste Group at 30 June 2012 were approved by the Board of Directors (meeting of 30 August 2012).

### 2.1 Accounting basis

Pursuant to European regulation 1606/2002 of 19 July 2002, the condensed consolidated financial statements of La Poste Group for the six months ended 30 June 2012 were prepared in accordance with the international financial reporting standards (IFRS) as adopted by the European Union, available on the website [http://ec.europa.eu/internal\\_market/accounting/ias/index\\_en.htm](http://ec.europa.eu/internal_market/accounting/ias/index_en.htm). The condensed consolidated financial statements at 30 June 2012 have been prepared in accordance with IAS 34 - *Interim Financial Reporting*. As they are condensed financial statements, they do not contain all the information required for full annual financial statements, and should be read in conjunction with the Group's financial statements at 31 December 2011.

Except for the items described in Section A below, the accounting principles applied as at 30 June 2012 are unchanged from those applied as at 31 December 2011. These principles are outlined in Note 3 to the Group financial statements at 31 December 2011.

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## **A. Standards and interpretations with mandatory first-time application at 30 June 2012**

Amendment to IFRS 7 – Disclosures related to transfers of other financial assets

This standard requires additional information to be provided in the financial statements on transfers of financial assets. In this respect, there was no effect on the Group's financial statements as at 30 June 2012.

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## **B. Standards and interpretations with mandatory application after 30 June 2012 and not yet adopted**

La Poste Group did not adopt early any standard or interpretation with mandatory application after 30 June 2012.

### **2.2 Measurement bases and use of estimates**

The consolidated financial statements are prepared using the historical cost method, with the exception of certain financial instruments measured at fair value.

When preparing the financial statements, the Group is required to make the best possible estimates and to make assumptions that affect the values of assets and liabilities in the balance sheet, the contingent assets and liabilities disclosed in the notes to the consolidated financial statements and the income and expenses in the income statement. Actual amounts may subsequently differ from these estimates and assumptions.

The items primarily concerned are:

- Calculation of employee benefits
- Estimate of contingency and loss provisions, especially the Home Ownership Savings provision
- Assumptions used for impairment testing of goodwill, property, plant and equipment and intangible assets
- Measurement of financial instruments not listed on organised markets
- La Banque Postale's measurement of credit risk
- Assumptions and estimates used to measure hedging effectiveness

## NOTE 3 Segment reporting

- 3.1 Definition of operating segments
- 3.2 Operating segment reporting

### 3.1 Definition of operating segments

The definition of operating segments for the purpose of segment reporting is based on La Poste Group's current management organisation. A business segment is a distinguishable component for which separate financial information is available and regularly reviewed by Group Management for the purpose of allocating resources and assessing performance.

To reflect developments in terms of financial information routinely reviewed by the Group's management since 2011, a "Shared Services" operating segment will henceforth be included in segment reporting; this segment includes primarily the head office and support services departments, which were previously listed under "Unallocated".

The criteria used to define business segments notably include:

- Nature of products distributed;
- Type or class of customer they are intended for;
- Production processes and distribution networks;
- Regulatory environment.

La Poste Group has seven operating segments: Mail, Parcels, Express, Banking, Real Estate, La Poste Retail Brand and Shared Services. For the presentation of its segment reporting, the Group chose to combine the Parcels and Express segments, as these have similar financial characteristics.

#### Mail

The Mail business line includes all of La Poste's Mail business (i.e. collection, sorting and delivery of letters, advertising and press publications), as well as the companies of the Sofipost subgroup.

#### Parcels-Express

The Parcels business line corresponds to all activities carried out by La Poste under the ColiPoste brand.

The Express business line includes the GeoPost subgroup's brands, in particular DPD, Chronopost, Exapaq and Seur.

#### Banking activities

The Banking activities segment includes the Banking and Insurance activities of La Banque Postale subgroup.

#### La Poste Retail Brand

La Poste Retail Brand encompasses the sale and distribution activities, intended for the general public, La Poste Group's products and services, as well as non-Group products.

#### Real Estate

This segment manages all of the Group's real estate assets held by the Poste Immo subgroup and also includes the activities of La Poste Real Estate Department.

#### Shared Services

This segment includes the "Corporate" activities of the head office and support services departments.

### 3.2 Reporting by operating segment

The accounting principles applied to segment reporting are the same as those used for the consolidated financial statements.

The profits/(losses), assets and liabilities that have been allocated to the business segments are those profits/(losses), assets and liabilities that can be allocated directly and indirectly to business segments.

The amounts unallocated to the business segments correspond primarily to:

- The net cost of regional planning and development;
- Since 2011 and the complete end of postal monopoly, the cost of the accessibility constraint imposed on La Poste; This cost was previously allocated to the Mail segment;
- Financial profit/(loss) and tax.

**Segmentation of revenue:** the segmentation of La Poste's revenue between the Mail and Parcels businesses is based on accounting data and a statistical analysis of mail and parcel volumes transported and delivered by the two businesses.

No Group customer accounts for more than 10% of consolidated revenue.

**Segmentation of operating expenses:** given that the Mail, Parcels, Banking activities and La Poste Retail Brand segments coexist within La Poste and that their production processes are highly interlinked, La Poste has set out cost accounting principles in order to allocate shared costs between these various segments and thereby determine each segment's profit/(loss).

The cost accounting system of La Poste operates on the basis of the following principles:

- The main shared services of the Mail and Parcels segments (collection, sorting, transportation and delivery) are invoiced on the basis of a price per item or an overall fixed price;
- The expenses for the post office counters of La Poste Retail Brand are invoiced to the businesses that use the network on the basis of service agreements, the pricing mechanisms of which are based on measurable operating metrics (revenue, statistics measuring the time required to perform various operations, etc.).

**Segmentation of non-current assets:** intangible and tangible assets are based on the allocation by business of the corresponding assets in La Poste's accounting system. The real estate assets held by La Poste and the Poste Immo subgroup are allocated in their entirety to the Real estate segment.

### Income statement by operating segment

#### First half 2012

(€ million)	Mail	Parcels-Express	Banking activities	Retail Brand	Real Estate	Shared Services	Unallocated <sup>(1)</sup>	Eliminations	Group Total
Revenue & NBI -Non-Group	5,512	2,674	2,654	43	4	0			10,887
Revenue & NBI - Inter-segment	315	21	14	2,045	395	355		(3,144)	
<b>Operating revenue</b>	<b>5,827</b>	<b>2,695</b>	<b>2,668</b>	<b>2,088</b>	<b>398</b>	<b>355</b>		<b>(3,144)</b>	<b>10,887</b>
<b>Operating profit/(loss)</b>	<b>470</b>	<b>210</b>	<b>348</b>	<b>(39)</b>	<b>72</b>	<b>(99)</b>	<b>(330)</b>	<b>2</b>	<b>632</b>
<b>Financial profit/(loss)</b>							(122)		<b>(122)</b>
Income tax							(179)		<b>(179)</b>
Share of profit of associates	(2)	3	100		4				<b>106</b>
<b>Consolidated net profit for the period</b>									<b>437</b>
Net depreciation, amortisation, provisions and impairment for the year	(136)	(84)	(168)	(28)	(109)	(69)		2	<b>(591)</b>
Segment-allocated assets	3,065	3,036	195,121	806	4,093	6,804		(3,571)	<b>209,354</b>

## First half 2011

(€ million)	Mail	Parcels-Express	Banking activities	Retail Brand	Real Estate	Shared Services	Unallocated <sup>(1)</sup>	Eliminations	Group Total
Revenue & NBI – Non-Group	5,607	2,485	2,655	37	6	0			10,789
Revenue & NBI – Inter-segment	332	20	17	2,199	385	418		(3,371)	
<b>Operating revenue</b>	<b>5,939</b>	<b>2,505</b>	<b>2,671</b>	<b>2,236</b>	<b>390</b>	<b>418</b>		<b>(3,371)</b>	<b>10,789</b>
<b>Operating profit/(loss)</b>	<b>489</b>	<b>206</b>	<b>245</b>	<b>29</b>	<b>28</b>	<b>(71)</b>	<b>(424)</b>	<b>(0)</b>	<b>504</b>
<b>Financial profit/(loss)</b>									<b>(119)</b>
Income tax								(123)	(123)
Share of profit of associates	1	3	101		0				105
<b>Consolidated net profit for the period</b>									<b>367</b>
Net depreciation, amortisation, provisions and impairment for the year	(130)	(80)	(257)	(28)	(100)	(69)			(664)
Segment-allocated assets	3,087	2,756	177,795	957	4,168	6,739		(3,203)	192,298

## 2011

(€ million)	Mail	Parcels-Express	Banking activities	Enseigne	Real Estate	Services Partagés	Unallocated <sup>(1)</sup>	Eliminations	Group Total
Revenue & NBI – Non-Group	10,897	5,155	5,201	80	8	0			21,341
Revenue & NBI – Inter-segment	671	46	30	4,364	785	787		(6,682)	
<b>Operating revenue</b>	<b>11,568</b>	<b>5,201</b>	<b>5,231</b>	<b>4,443</b>	<b>793</b>	<b>787</b>		<b>(6,682)</b>	<b>21,341</b>
<b>Operating profit/(loss)</b>	<b>757</b>	<b>387</b>	<b>369</b>	<b>110</b>	<b>51</b>	<b>(203)</b>	<b>(800)</b>	<b>(0)</b>	<b>670</b>
<b>Financial profit/(loss)</b>									<b>(230)</b>
Income tax								(143)	(143)
Share of profit of associates	1	6	160		2				169
<b>Consolidated net profit for the period</b>									<b>467</b>
Net depreciation, amortisation, provisions and impairment for the year	(283)	(173)	(475)	(54)	(227)	(145)			(1,356)
Segment-allocated assets	2,958	2,951	185,624	900	4,280	7,360		(4,001)	200,072

(1) Including primarily the contribution to regional planning (including the costs relative to the accessibility constraint), financial profit/(loss) and income tax.

# NOTES TO THE INCOME STATEMENT

## NOTE 4 Revenue

- 4.1 Mail revenue
- 4.2 Parcels-Express revenue
- 4.3 Other revenue

La Poste Group's revenue from commercial activities is generated by the Mail (domestic and international), Express and Parcels segments as well as by La Poste Retail Brand and the Real Estate segment. It breaks down as follows:

(€ million)	H1 2012	H1 2011	2011
Mail revenue	5,512	5,607	10,897
<i>Of which Domestic mail services</i>	<i>5,130</i>	<i>5,254</i>	<i>10,176</i>
<i>Of which International mail</i>	<i>382</i>	<i>353</i>	<i>721</i>
Express revenue	1,937	1,769	3,660
Parcels revenue	737	717	1,495
La Poste Retail Brand revenue	43	37	80
Real Estate revenue	4	6	8
<b>Total</b>	<b>8,233</b>	<b>8,135</b>	<b>16,140</b>

### 4.1 Mail revenue

The national Mail revenue breaks down as follows:

(€ million)	H1 2012	H1 2011	2011
Correspondence and other La Poste products and services	3,586	3,689	7,071
Advertising mail	770	801	1,589
Press	355	362	716
Other products and services of the subsidiaries	419	401	800
<b>Total</b>	<b>5,130</b>	<b>5,254</b>	<b>10,176</b>

"Press" revenue includes the contractual contribution paid by the French government to make up for the reduced rates granted to press organisations as well as the revenue from press operators.

"Other products and services" of the subsidiaries are mainly comprised of the revenue of the following companies:

- Mediapost, the leader in unaddressed admail and a specialist in geo-marketing (€179 million vs. €176 million in the first half of 2011 and €341 million in 2011)
- Docapost BPO IS (formerly Dynapost), a specialist in the integrated processing of business mail (€31 million vs. €31 million in the first half of 2011 and €63 million in 2011)
- Docapost DPS (formerly Asphéria) and Orsid, providers of electronic publishing solutions and industrial document processing (€54 million vs. €48 million in the first half of 2011 and €99 million in 2011)

- Docapost BPO SAS (formerly Extelia), a specialist in the industrial processing of documents and data (€80 million vs. €80 million in the first half of 2011 and €162 million in 2011)

#### International Mail revenue breaks down as follows:

(€ million)	H1 2012	H1 2011	2011
Terminal dues	91	79	163
Mail franked at post office counters	62	60	128
Other International Mail	229	213	430
<b>Total</b>	<b>382</b>	<b>353</b>	<b>721</b>

Terminal dues are payments received by La Poste for delivering mail from abroad in France. They are determined on the balance sheet date based on estimates of weight and number of items delivered known at that date.

Other international Mail was comprised of:

- for La Poste, revenue earned from companies and public sector entities (€100 million vs. €124 million in the first half of 2011 and €237 million in 2011)
- revenue contributed by foreign subsidiaries, particularly by the Brokers subsidiary (€47 million vs. €37 million in the first half of 2011 and €77 million in 2011), which offers a range of services to major US dispatchers of international mail to Europe (e.g. collection, preparation, envelope stuffing, franking, addressing, etc.).

## 4.2 Parcels-Express revenue

Express revenue is wholly generated by the GeoPost sub-group and breaks down as follows:

(€ million)	H1 2012	H1 2011	2011
Express France	483	470	941
Express Rest of world	1,454	1,298	2,719
<b>Total</b>	<b>1,937</b>	<b>1,769</b>	<b>3,660</b>

Parcels revenue breaks down as follows:

(€ million)	H1 2012	H1 2011	2011
Parcels franked at post office counters	218	213	452
Other Parcels services	520	503	1,043
<b>Total</b>	<b>737</b>	<b>717</b>	<b>1,495</b>

ColiPoste, the in-house operator of La Poste parent company, provides the "other Parcels services" to companies and public sector entities.

### 4.3 Other revenue

**La Poste Retail Brand revenue** includes revenue of La Poste Mobile, as well as commissions received on third-party sales (excluding Mail, Parcels and Financial Services) carried out at post office counters (such as telephone card sales) and on sales of miscellaneous products.

**Real Estate revenue** relates to property rentals to non-Group tenants.

## NOTE 5 Net banking income

Group Net Banking Income breaks down as follows:

<i>(€ million)</i>	H1 2012	H1 2011	2011
<b>Interest and related income</b>	<b>3,221</b>	<b>2,877</b>	<b>5,609</b>
Interest and related expenses on treasury and inter-bank transactions	1,212	1,104	2,312
Interest and related expenses on customer transactions	900	824	1,684
Interest on available-for-sale financial assets and held-to-maturity investments and hedging transactions	1,110	950	1,612
<b>Interest and related expenses</b>	<b>(1,788)</b>	<b>(1,296)</b>	<b>(2,707)</b>
Interest and related expenses on treasury and inter-bank transactions	(17)	(40)	(84)
Interest and related expenses on customer transactions	(1,360)	(1,111)	(2,352)
Interest on debt securities and hedging transactions	(410)	(145)	(271)
<b>Commission income</b>	<b>1,036</b>	<b>1,077</b>	<b>2,162</b>
<b>Commission expenses</b>	<b>(117)</b>	<b>(136)</b>	<b>(268)</b>
<b>Net gains and losses on financial instruments at fair value through profit or loss</b>	<b>148</b>	<b>12</b>	<b>84</b>
<b>Net gains and losses on available-for-sale assets</b>	<b>89</b>	<b>80</b>	<b>263</b>
<b>Margin on insurance activities</b>	<b>34</b>	<b>31</b>	<b>69</b>
<b>Income and expenses from other activities</b>	<b>30</b>	<b>10</b>	<b>(11)</b>
<b>Total NBI</b>	<b>2,654</b>	<b>2,655</b>	<b>5,201</b>
<b>Total income</b>	<b>4,727</b>	<b>4,368</b>	<b>8,505</b>
<b>Total expenses</b>	<b>(2,073)</b>	<b>(1,713)</b>	<b>(3,304)</b>

## NOTE 6 Purchases and other external expenses

Purchases and other expenses break down as follows:

(€ million)	H1 2012	H1 2011	2011
External services and general sub-contracting	693	692	1,500
Purchases	275	276	576
Outsourced freight	1,487	1,333	2,783
International mail delivery services	89	87	171
Rental expenses	319	330	664
Maintenance and repair costs	178	178	385
Telecommunications costs	68	64	141
Travel and assignments	87	94	184
Other expenses	150	152	342
<b>Total <sup>(1)</sup></b>	<b>3,347</b>	<b>3,207</b>	<b>6,747</b>

Charges from the "Taxes and levies" line item were reclassified to "Purchases and other external expenses" in the amount of €67 million at 30 June 2011.

## NOTE 7 Personnel expenses and number of employees

- 7.1 Personnel expenses
- 7.2 Number of employees

### 7.1 Personnel expenses

Personnel expenses break down by type of cost as follows:

(€ million)	H1 2012	H1 2011	2011
Wages and salaries, bonuses and allowances	4,270	4,277	8,426
Pension contributions	688	714	1,407
Other social security contributions	884	790	1,579
Employee welfare costs	94	96	203
Change in post-employment provisions	(8)	(8)	(10)
Change in provisions for social security risks and staff litigation	4	6	13
Variation des provisions des créances sur personnel	0	0	0
Change in other employee provisions	(39)	92	82
Compensation-based taxes	412	412	808
<b>Total</b>	<b>6,305</b>	<b>6,381</b>	<b>12,509</b>

### 7.2 Number of employees

The Group's average number of employees has changed as follows:

	H1 2012	H1 2011	2011
<b>Average number of employees (full-time employee equivalents per annum)</b>	<b>264,605</b>	<b>269,796</b>	<b>268,822</b>

## NOTE 8 Other operating income and expenses

Other operating income and expenses break down as follows:

(€ million)	H1 2012	H1 2011	2011
Local taxes	(80)	(76)	(151)
Other taxes and levies <sup>(3)</sup>	(37)	(31)	(68)
<b>Taxes and levies</b>	<b>(117)</b>	<b>(107)</b>	<b>(219)</b>
Net depreciation and amortisation	(469)	(451)	(961)
Goodwill	(19)	(27)	(59)
Impairment of non-current assets	(2)	(2)	(22)
Impairment of current assets	(7)	7	6
Losses on bad debts	(8)	(17)	(30)
Contingency and loss provisions	(5)	18	28
Banking activities cost of risk <sup>(1)</sup>	(82)	(193)	(318)
<b>Depreciation and provisions</b>	<b>(591)</b>	<b>(664)</b>	<b>(1,356)</b>
Capitalised production	46	40	115
Production transferred to inventories	0	0	(8)
Royalties	(12)	(12)	(21)
Revenues recorded following an acquisition of control <sup>(2)</sup>	13	30	31
Other operating income and expenses	13	12	22
<b>Other operating income and expenses</b>	<b>60</b>	<b>69</b>	<b>139</b>

(1) Of which impairments in relation to the Greek debt crisis: €30 million in the first half of 2012, €158 million in the first half of 2011 and €241 million in 2011 (see Note 1.3)

(2) Of which, in the first half of 2012, €7 million in relation to Seur SA and €6 million in relation to IBS inc (see Note 1.1)  
Of which in the first half of 2011 and in 2011, €22 million in capital gains recognised following the acquisition of control over DPD Laser and €8 million for Seur Internacional.

(3) Charges from the "Taxes and levies" line item were reclassified to "Purchases and other external expenses" in the amount of €67 million at 30 June 2011.

## NOTE 9 Financial profit/(loss)

- 9.1 Net borrowing costs
- 9.2 Other financial items

### 9.1 Net borrowing costs

(€ million)	H1 2012	H1 2011	2011
Interest expense on financing transactions <sup>(1)</sup>	(97)	(105)	(207)
Change in the fair value of borrowings and debt-related swaps <sup>(2)</sup>	(19)	1	16
Income from cash and cash equivalents <sup>(3)</sup>	21	12	17
<b>Total</b>	<b>(95)</b>	<b>(92)</b>	<b>(173)</b>

(1) Including interest and gains (losses) on termination of debt-related derivatives.

(2) Including fair value hedging of borrowings.

(3) Including variation in the fair value of financial assets held for investment.

Fair-value measurement through profit or loss of bond debt at 30 June 2012 takes into account the change in the cost of credit risk experienced in the first half of 2012. This change automatically increased the fair value of bond debt and generated a negative effect of €6 million on financial profit/(loss) at 30 June 2012.

The change in the cost of credit risk in 2011 decreased financial profit/(loss) by €7 million at 30 June 2011 and increased financial profit/(loss) by €53 million at 31 December 2011.

### 9.2 Other financial items

Other financial profit/(loss) items mainly include the charge of discounting provisions for employee benefits and the contingency and loss provisions (€31 million in the first half of 2012, €32 million in the first half of 2011 and €67 million for 2011).

## NOTE 10 Income tax

The income tax expense breaks down as follows:

(€ million)	H1 2012	H1 2011	2011
<b>Current tax (expense)</b>	<b>(191)</b>	<b>(113)</b>	<b>(187)</b>
<b>Deferred tax income/(expense)</b>	<b>11</b>	<b>(10)</b>	<b>45</b>
<b>Deferred tax income/(expense)</b>	<b>(179)</b>	<b>(123)</b>	<b>(143)</b>

# NOTES TO THE BALANCE SHEET

## NOTE 11 Goodwill

11.1 Breakdown of goodwill

11.2 Impairment

### 11.1 Breakdown of goodwill

The breakdown of goodwill by CGU is as follows:

<i>(€ million)</i>	<b>Business segment</b>	<b>Net book value at 30/06/2012</b>	<b>Net book value at 31/12/2011</b>
GeoPost Central Europe	Express	461	461
Exapaq	Express	334	334
GeoPost Spain	Express	211	219
GeoPost UK	Express	134	130
DPD Laser Finance	Express	54	54
SOGEC	Mail	44	44
Extelia	Mail	47	47
Mediapost	Mail	24	24
Tocqueville Group	Banking activities	27	27
Orsid	Mail	22	22
Media Prisme	Mail	15	17
Brokers	Mail	0	0
Sefas	Mail	8	8
Other companies		37	29
<b>Total</b>		<b>1,420</b>	<b>1,417</b>
<b>Of which Mail</b>		<b>167</b>	<b>168</b>
<b>Express</b>		<b>1,217</b>	<b>1,212</b>
<b>Banking activities</b>		<b>36</b>	<b>36</b>
<b>Retail Brand</b>		<b>1</b>	<b>1</b>

### 11.2 Impairment

La Poste Group performs impairment tests at every balance sheet date on the goodwill most exposed to the risk of impairment. These tests are carried out using the procedure described in Note 15.3 of the Notes to the consolidated financial statements at 31 December 2011.

Tests performed on the goodwill of the Group at 30 June 2012 led to the recognition of an additional impairment of goodwill for GeoPost Spain amounting to €19 million, reflecting the deteriorating economic outlook in that country. This amount includes €7 million in impairment from the remeasurement of the past interest in Seur SA (see Note 1.1).

A half-point increase in the discount rate would trigger the recognition of additional €17 million in impairment losses for GeoPost Spain, and €1 million for Mediapost Spain.

A half-point decrease in the perpetual growth rate would trigger the recognition of additional €13 million in impairment losses for GeoPost Spain, and €1 million for Mediapost Spain.

## NOTE 12 Intangible assets and property, plant and equipment

(€ million)	Intangible assets	Property, plant and equipment	Total
<b>GROSS VALUE</b>			
<b>Balance at 31/12/2011</b>	<b>2,113</b>	<b>10,915</b>	<b>13,029</b>
Acquisitions	116	294	410
Disposals	(15)	(144)	(159)
Change in consolidation scope	57	39	96
Transfers	2	(6)	(5)
Translation adjustments	1	10	11
<b>Balance at 30/06/2012</b>	<b>2,273</b>	<b>11,108</b>	<b>13,381</b>
<b>DEPRECIATION, AMORTISATION AND IMPAIRMENT</b>			
<b>Balance at 31/12/2011</b>	<b>(1,326)</b>	<b>(4,819)</b>	<b>(6,145)</b>
Depreciation for the year	(119)	(350)	(469)
Impairment	0	(7)	(7)
Reversal of impairment	0	5	5
Reversals on disposals	15	99	114
Change in consolidation scope	(27)	(29)	(56)
Transfers	(0)	6	6
Translation adjustments	(0)	(4)	(5)
<b>Balance at 30/06/2012</b>	<b>(1,458)</b>	<b>(5,100)</b>	<b>(6,557)</b>
<b>NET VALUE</b>			
<b>At 31/12/2011</b>	<b>787</b>	<b>6,096</b>	<b>6,883</b>
<b>At 30/06/2012</b>	<b>815</b>	<b>6,008</b>	<b>6,823</b>
<i>Of which finance leases</i>			
<b>At 31/12/2011</b>		<b>109</b>	
<b>At 30/06/2012</b>		<b>93</b>	

## NOTE 13 Investments in associates

(€ million)	CNP Assurances	Other	Total
<b>Balance at 31/12/2011</b>	<b>1,945</b>	<b>103</b>	<b>2,048</b>
Group share of profit for the period	100	5	105
Dividends	0	(4)	(4)
Net change in fair value of financial instruments	62	1	63
Impairment	0	0	0
Change in consolidation scope	0	2	2
Capital increase	0	2	2
Other	(4)	(13)	(17)
Translation adjustments	(13)	3	(11)
<b>Balance at 30/06/2012</b>	<b>2,090</b>	<b>98</b>	<b>2,188</b>

## NOTE 14 Other industrial and commercial activities assets

(€ million)	30/06/2012		31/12/2011	
	Current	Non-current	Current	Non-current
Net unconsolidated investments	0	189	0	157
Derivatives	29	478	83	382
Assets held for investment	709	370	382	288
Net other financial assets	66	106	32	103
<b>Total other financial assets</b>	<b>804</b>	<b>1,144</b>	<b>497</b>	<b>930</b>
Other supplies	98		98	
Net other supplies	51		53	
<b>Net total supplies</b>	<b>150</b>		<b>151</b>	
Net trade receivables	1,767		1,658	
Accounts receivable for international mail	421		456	
Other accounts receivable	306		314	
<b>Total trade and other accounts receivable</b>	<b>2,495</b>		<b>2,429</b>	
Marketable securities - Cash equivalents	697		814	
Cash	674		332	
<b>Total cash and cash equivalents</b>	<b>1,370</b>		<b>1,146</b>	
<b>Cash held at post offices</b>	<b>551</b>		<b>631</b>	

### Financial assets held for investment

This refers to assets acquired as part of cash management, for which original maturity is greater than three months. These financial assets include primarily bonds (€351 million at 30 June 2012, €338 million at 31 December 2011), negotiable debt securities with maturities generally from 3 to 12 months (€378 million at 30 June 2012, €325 million at 31 December 2011), and non-cash term deposits (€350 million at 30 June 2012).

The negotiable debt securities, for which the original maturity was less than three months, are classified in the "Cash and cash equivalents" line item.

### Derivatives

The derivatives line represents instruments put in place to manage the interest rate and foreign exchange risks on the debt. They must thus be looked at together with "Bonds, other debt securities and other borrowings". A breakdown of these derivatives can be found in Note 17.3.

## NOTE 15 Banking activities financial assets

(€ million)	30/06/2012	31/12/2011
Sight customer receivables and loans	538	416
Term customer receivables and loans	46,781	44,599
<i>of which property loans</i>	<i>43,015</i>	<i>41,840</i>
Finance leases	33	1
Securities equivalent to customer receivables and loans	641	11
<b>Total customer receivables and loans</b>	<b>47,993</b>	<b>45,028</b>
Sight credit institutions receivables	149	92
Term credit institutions receivables	80,014	72,610
Securities equivalent to credit institutions receivables	2,093	2,181
<b>Total credit institutions receivables</b>	<b>82,256</b>	<b>74,882</b>
Held-to-maturity investments	37,870	35,377
<i>of which government securities and equivalent</i>	<i>33,763</i>	<i>31,341</i>
Available-for-sale financial assets	9,395	9,338
Financial assets at fair value through profit and loss	9,758	11,177
<i>of which financial assets held for trading</i>	<i>9,484</i>	<i>10,866</i>
<i>of which derivatives</i>	<i>274</i>	<i>311</i>
Revaluation adjustment on hedged portfolios (fair value hedging)	130	145
<b>Total banking activities investment portfolio</b>	<b>57,152</b>	<b>56,037</b>
<b>Other banking activities current financial assets</b>	<b>1,122</b>	<b>1,560</b>
<b>Asset accrual accounts</b>	<b>2,793</b>	<b>2,040</b>
Central banks	279	2,379
Cash and other	205	265
<b>Total other banking activities current financial assets</b>	<b>484</b>	<b>2,644</b>

## NOTE 16 Contingency and loss provisions

- 16.1 Specific provisions for the insurance and banking businesses
- 16.2 Other contingency and loss provisions

### 16.1 Specific provisions for the insurance and banking businesses

At 30 June 2012, underwriting reserves for the insurance and banking businesses, classified as current contingency and loss provisions, break down as follows:

<i>(€ million)</i>	Home Savings Risk	Technical & actuarial reserves	Total Specific risks for the insurance and banking businesses
<b>Non-current provisions</b>			
<b>Current provisions</b>	<b>194</b>	<b>530</b>	<b>724</b>
<b>Balance at 31/12/2011</b>	<b>194</b>	<b>530</b>	<b>724</b>
Charge for the year	34	569	602
Reversal for use		(509)	(509)
Net reversal of the Home Savings provision			
Other movements		11	11
<b>Non-current provisions</b>			
<b>Current provisions</b>	<b>228</b>	<b>601</b>	<b>829</b>
<b>Balance at 30/06/2012</b>	<b>228</b>	<b>601</b>	<b>829</b>

### 16.2 Other contingency and loss provisions

At 30 June 2012, the other provisions for contingency and loss break down as follows:

<i>(€ million)</i>	Employee-related claims	Other disputes	Other	Total other contingency and loss provisions
<b>Non-current provisions</b>	<b>19</b>	<b>34</b>	<b>41</b>	<b>94</b>
<b>Current provisions</b>	<b>52</b>	<b>54</b>	<b>264</b>	<b>371</b>
<b>Balance at 31/12/2011</b>	<b>71</b>	<b>88</b>	<b>305</b>	<b>464</b>
Charge for the year	19	8	24	52
Reversal for use	(8)	(5)	(14)	(27)
Reversal of provisions no longer required	(6)	(2)	(2)	(10)
Discounting	(0)	1	0	1
Other movements	0	0	1	1
<b>Non-current provisions</b>	<b>25</b>	<b>33</b>	<b>35</b>	<b>93</b>
<b>Current provisions</b>	<b>50</b>	<b>58</b>	<b>280</b>	<b>388</b>
<b>Balance at 30/06/2012</b>	<b>75</b>	<b>90</b>	<b>315</b>	<b>481</b>

## NOTE 17 Bonds and other debt

- 17.1 Breakdown of financial debt
- 17.2 Bonds
- 17.3 Bond derivatives

### 17.1 Breakdown of financial debt

(€ million)	30/06/2012		31/12/2011	
	Short-term	Medium-and long-term	Short-term	Medium-and long-term
<b>Debt at amortised cost</b>	<b>860</b>	<b>3,202</b>	<b>1,156</b>	<b>3,198</b>
- Bonds		3,108		3,108
- Finance leases	6	61	9	63
- La Poste savings bonds	68		70	
- Commercial paper	275		666	
- Current bank facilities	49		17	
- Deposits and guarantees received	446	25	377	24
- Other borrowings at amortised cost	16	8	17	4
<b>Borrowings designated at fair value</b>	<b>74</b>	<b>2,242</b>	<b>54</b>	<b>2,195</b>
- Bonds		2,234		2,176
- Derivative liabilities	74	9	54	19
<b>Borrowings subject to fair value hedging</b>		<b>544</b>		<b>539</b>
- Bonds		544		539
- Derivative liabilities				
<b>Other derivatives</b>	<b>4</b>	<b>10</b>	<b>4</b>	<b>9</b>
<b>Accrued interest on borrowings</b>	<b>170</b>		<b>135</b>	
<b>Medium and long-term bonds and other debt (non-current)</b>		<b>5,998</b>		<b>5,941</b>
<b>Short-term bonds and other debt (current)</b>	<b>1,108</b>		<b>1,349</b>	
<b>Total current and non-current</b>	<b>7,106</b>		<b>7,290</b>	

## 17.2 Bonds

Bonds, excluding accrued interest, changed as follows:

<i>(€ million)</i>	Borrowings at outstanding balance	Borrowings at fair value	Hedged borrowings	Total
<b>Balance at 31/12/2011</b>	<b>3,108</b>	<b>2,176</b>	<b>539</b>	<b>5,822</b>
New borrowings				0
Redemptions		0		0
Other changes		58	6	64
<b>Balance at 30/06/2012</b>	<b>3,108</b>	<b>2,234</b>	<b>544</b>	<b>5,886</b>

## 17.3 Non-Banking derivatives instruments

<i>(€ million)</i>	Fair value <sup>(1)</sup> at 30/06/2012		Fair value <sup>(1)</sup> at 31/12/2011	
	Assets	Equity and liabilities	Assets	Equity and liabilities
<b>Trading derivatives at fair value through profit or loss</b>				
Fixed-rate receiver/floating-rate payer derivatives	453	9	405	19
Floating-rate receiver/fixed-rate payer derivatives		74		54
Currency swaps	1		1	
<b>TOTAL</b>	<b>454</b>	<b>83</b>	<b>406</b>	<b>74</b>
<b>Hedging derivatives</b>				
Fair value hedging	53		58	
<b>Other</b>				
Caps/floors				
<b>TOTAL DERIVATIVES EXCLUDING BANKING ACTIVITIES</b>	<b>507</b>	<b>83</b>	<b>464</b>	<b>74</b>
<b>Reserves balance on interrupted hedging derivatives</b>				
Cash flow hedging derivatives		14		15

(1) Including interest accrued not due

## NOTE 18 Net debt excluding Banking activities

- 18.1 Situation of the net debt
- 18.2 Changes to the net debt

### 18.1 Net debt position

(€ million)	Note	30/06/2012	31/12/2011
Cash and cash equivalents (balance sheet line)	14	1,370	1,146
Debt-related derivative assets	14/17.3	508	464
Investment securities with initial maturities of over 3 months	14	1,079	669
Security deposits paid in connection with derivatives, recognised as assets	14	42	14
Net financial receivable vis-à-vis La Banque Postale		666	452
<b>Cash and other assets (1)</b>		<b>3,665</b>	<b>2,746</b>
Medium and long-term bonds and other debt	17	5,998	5,941
Short-term bonds and other debt	17	1,108	1,349
<b>Gross debt (2)</b>		<b>7,106</b>	<b>7,290</b>
<b>Net debt</b>	<b>(2)-(1)</b>	<b>3,441</b>	<b>4,544</b>
<b>Change in net debt at 30 June 2012</b>		<b>(1,103)</b>	

### 18.2 Changes in net debt

(€ million)	Note	H1 2012	H1 2011
<b>Cash flows from operating activities</b>	<b>CFS</b> <sup>(1)</sup>	<b>620</b>	<b>592</b>
Cash flows from investing activities	<b>CFS</b>	(725)	(505)
Neutralisation of the change in cash management financial assets		413	35
<b>Cash flow from investing activities excluding the acquisition and disposal of cash management financial assets</b> <sup>(2)</sup>		<b>(312)</b>	<b>(470)</b>
Capital increase		1,050	1,091
Dividends paid to the government		(144)	(136)
Net interest expense		(78)	(93)
Change in fair value of debt, assets held for investment and derivatives		(17)	1
Other items <sup>(3)</sup>		(8)	(11)
<b>Cash flows and change in debt from financing activities</b>		<b>803</b>	<b>852</b>
Impact of subsidiaries held for sale		(8)	
<b>Change in net debt</b>		<b>1,103</b>	<b>974</b>
Net debt at the beginning of the period		(4,544)	(4,804)
Net debt at the end of the period		(3,441)	(3,829)

(1) The "CFS" notes refers to the "Non-Banking" column of the Cash Flow Statement in the consolidated cash flow statements

(2) Cash flows from investment activities differ from CFS by excluding the "change in financial assets relating to cash management", which are assets from the decrease in calculation of net debt.

(3) The "Other items" line includes the impact of currency fluctuation on net debt and dividends paid to non-controlling interests and the increase in debt resulting from finance leases.

## NOTE 19 Employee benefits

Provisions for employee benefits have changed as follows during the first half of 2012:

(€ million)	Net	31/12/2011		Changes in consolidation scope	Increase	Decrease for use	Provision no longer required	Other changes	30/06/2012	
		Current	Non-current						Current	Non-current
- Post-employment benefits for La Poste's state employees	B	22	438		12	(12)			22	437
- Retirement benefits for the Group's contract employees	C	3	130		9	(2)		0	4	137
- Pension plans for employees of foreign subsidiaries	D	0	26		1	(5)		1	0	24
- Early retirement plans – post-employment	E									
<b>Total post-employment benefits</b>		<b>25</b>	<b>594</b>		<b>22</b>	<b>(19)</b>		<b>1</b>	<b>26</b>	<b>597</b>
- Early retirement plans	E	350	897		136	(166)		(0)	315	901
- Severance pay		58	55			(0)		(0)	58	55
<b>Total early retirement and similar plans</b>		<b>407</b>	<b>952</b>		<b>136</b>	<b>(166)</b>		<b>(0)</b>	<b>373</b>	<b>956</b>
- Long-term sick leave/long-term paid leave	F	69	55						69	55
- Accrued leave	F	98	95		3	(0)		(0)	99	97
- Other long-term benefits	F	2	20	0	7	(0)		(0)	2	26
<b>Total other long-term benefits</b>		<b>168</b>	<b>171</b>	<b>0</b>	<b>9</b>	<b>(0)</b>		<b>(0)</b>	<b>170</b>	<b>178</b>
<b>Total employee benefits</b>		<b>600</b>	<b>1,716</b>	<b>0</b>	<b>168</b>	<b>(185)</b>		<b>1</b>	<b>569</b>	<b>1,732</b>

## NOTE 20 Banking activities financial liabilities

(€ million)	30/06/2012	31/12/2011
Sight liabilities to credit institutions	95	166
Time liabilities to credit institutions	12,843	10,700
<i>of which securities given under repurchase agreements</i>	12,084	10,372
Debt securities	7,641	6,598
<i>of which certificates of deposit</i>	6,424	5,464
<b>Total liabilities to credit institutions</b>	<b>20,580</b>	<b>17,463</b>
Special savings accounts	108,112	105,925
<i>of which Livret A (savings passbook)</i>	58,661	56,990
<i>of which PEL and CEL(home savings plans &amp; accounts)</i>	26,816	26,251
<i>of which LEP savings accounts</i>	9,413	9,785
Sight liabilities to customers	48,302	47,458
<i>of which ordinary accounts payable</i>	48,001	46,829
Term liabilities to customers	5,590	2,853
<b>Total customer transactions</b>	<b>162,004</b>	<b>156,236</b>
Financial liabilities at fair value through profit and loss	108	250
Other	1,239	915
<b>Total other financial liabilities</b>	<b>1,347</b>	<b>1,165</b>
<b>Liability accrual accounts</b>	<b>3,205</b>	<b>3,266</b>

## NOTE 21 Trade and other accounts payable

(€ million)	30/06/2012	31/12/2011
Trade and other accounts payable	1,100	1,290
Tax and employee-related payables	1,704	1,715
Accounts payable to non-current asset suppliers	150	213
Accounts payable for international mail	442	482
Customer advances and deposits	182	164
Other operating payables	237	242
<b>Total</b>	<b>3,816</b>	<b>4,106</b>

# ADDITIONAL INFORMATION

## NOTE 22 Banking activities financial instruments

### 22.1 Impact of financial instruments on profit and equity

1 <sup>st</sup> half 2012 (€ million)	Changes in fair value					Net gain (loss)
	Interest income (expense)	Fair value through profit or loss	Fair value through equity	Impairment	Derecognition and dividends	
Loans, receivables and debt	601					601
Held-to-maturity investments	754			108		862
Available-for-sale assets	93		120	(7)	148	354
Financial instruments at fair value through profit or loss		148				148
Hedging transactions	(15)					(15)
<b>TOTAL</b>	<b>1,433</b>	<b>148</b>	<b>120</b>	<b>101</b>	<b>148</b>	<b>1,950</b>

A €30 million impairment loss was recorded at 30 June 2012 as a result of the Greek sovereign debt crisis (see Note 1.2).

### 22.2 Sovereign risk exposures to European Union bailout countries

The list of sovereign exposures was prepared in accordance with the scope defined by the European Banking Authority (EBA), in other words by including the exposure data relative to the regional municipalities, central administrations and businesses benefiting from a Government collateral. Exposures are presented for the Group, i.e. for companies in which the Group has an equity interest of over 50%. On the basis of this listing, the Group does not have any exposure to Cyprus.

#### Breakdown by categories

30 June 2012 (€ million)	Bank portfolio <sup>(1)</sup>				Assets at fair value through profit and loss <sup>(1)</sup>	Balance sheet total after impairment	Off-balance sheet <sup>(2)</sup>	TOTAL
	Loans and receivables	Available -for-sale assets	Held-to-maturity investments	Total bank portfolio				
Greece		17		17		17		17
Ireland		1		1		1	90	91
Portugal			1,172	1,172		1,172	155	1,326
Spain		2	1,550	1,552		1,552	32	1,584
<b>TOTAL</b>		<b>20</b>	<b>2,722</b>	<b>2,741</b>		<b>2,741</b>	<b>277</b>	<b>3,018</b>

(1) Exposures are presented at net book value

(2) Off balance sheet amounts correspond to indirect exposure through guarantees given to Group UCITS

#### Impact of impairment

(€ million)	Total	Of which impairment	Total before impairment
Greece	17	12	29
Ireland	91		91
Portugal	1,326		1,326
Spain	1,584		1,584

### Breakdown by maturity

(€ million)	Total	Remaining life in years						
		1	2	3	4	5	<10	>10
Greece	17							17
Ireland	91		90		1			
Portugal	1,326		354		558	423		
Spain	1,584	380	37	10	529	288	339	2

Apart from the analysis conducted on Greek sovereign exposures, the Group found no objective evidence of impairment for the exposures to other countries that benefited from a state or bank bailout.

### Recognition of deferred gains and losses and gains recorded in reserves

30 June 2012

	Available-for-sale assets	Deferred losses and gains recorded in reserves	Valuation level <sup>(1)</sup>
Greece	17		N1
Ireland	1		N1
Portugal			
Spain	2	(1)	N1

(1) N1: valuation determined by prices listed in an active market

N2: valuation technique using observable data

N3: valuation technique using unobservable data

### Sovereign exposures

(€ million)	Bank portfolio	Assets at fair value through profit and loss	Total direct exposure <sup>(1)</sup>	Guarantees	Total direct and indirect exposures <sup>(2)</sup>	% exposure
Greece	17		17		17	0.04%
Ireland	1		1	90	91	0.23%
Italy	1,880		1,880	185	2,065	5.12%
Portugal	1,172		1,172	155	1,326	3.29%
Spain	1,552		1,552	32	1,584	3.92%
<b>Total GIIPS</b>	<b>4,621</b>		<b>4,621</b>	<b>462</b>	<b>5,083</b>	<b>12.59%</b>
Germany	3,478		3,478		3,478	8.62%
Austria	243		243		243	0.60%
Belgium	1,501		1,501		1,501	3.72%
France	26,635	773	27,408		27,408	67.91%
Luxembourg	18		18		18	0.04%
Poland	8		8		8	0.02%
Slovakia	1		1		1	
Slovenia	2		2		2	0.01%
<b>Total Europe</b>	<b>31,885</b>	<b>773</b>	<b>32,658</b>		<b>32,658</b>	<b>80.92%</b>
Supra-national	1,557	118	1,674		1,674	4.15%
Rest of the World	944		944		944	2.34%
<b>Total</b>	<b>39,007</b>	<b>890</b>	<b>39,898</b>	<b>462</b>	<b>40,360</b>	<b>100%</b>

<sup>(1)</sup> Total direct exposures: Net book value (including impairment) of exposures for Group account

<sup>(2)</sup> Total direct and indirect exposures: direct exposure plus indirect exposure through guarantees given to Group UCITS

## NOTE 23 Related party transactions

No significant change in the nature of transactions with related parties has occurred since the 2011 year-end (see Note 41 to Consolidated financial statements at 31 December 2011).

## NOTE 24 Off-balance sheet commitments and contingent liabilities

No significant change in off-balance sheet commitments and contingent liabilities has occurred since the 2011 year-end (see Note 42 to Consolidated financial statements at 31 December 2011).

## NOTE 25 Post balance sheet events

### **Creation of Asendia, a La Poste and Swiss Post joint venture**

In accordance with the announcement of December 2011, on 6 July 2012 La Post and Swiss Post created Asendia, a joint venture between the international mail activities of the two operators. For La Poste, these activities primarily concern the subsidiaries BTB and Brokers, which were classified as assets held for sale at 31 December 2011 and at 30 June 2012.

### **Interbank fees on direct payments and TIP**

Following a commitment procedure framed by the Competition Authority, at the beginning of July 2012 French banks undertook to eliminate, from 1 September 2013, interbank fees primarily related to direct payments and TIP (interbank payment orders). This elimination will entail a 50% reduction of these fees at 1 September 2012. This commitment has no impact on the accounts of the first half of 2012.

## Statutory Auditor's Review

Report on the half yearly consolidated financial statements



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## Statutory Auditors' Review Report on the half-yearly consolidated financial statements

For the six-month period ended 30 June 2012

LA POSTE  
Société anonyme  
44, boulevard de Vaugirard 75015 Paris

*This is a free translation into English of the statutory auditors' review report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.*

## **LA POSTE** **Société anonyme**

Registered office: 44, boulevard de Vaugirard 75015 Paris  
Share capital: €3.400.000.000

### **Statutory Auditors' Review Report on the half-yearly consolidated financial statements**

For the six-month period ended 30 June 2012

To the Shareholders,

Following our appointment as statutory auditors by ministerial decree dated 29 June 2009, in accordance with article 14 of French post office law dated 12 January 2010 concerning the state-owned company LA POSTE and in accordance with article L.451-1-2 III of the French Monetary and Financial Code (*ou* French Monetary and Financial Law) ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of LA POSTE for the six-month period ended 30 June 2012,
- the verification of information contained in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the board of directors. Our role is to express a conclusion on these financial statements based on our review.

#### **I. Conclusion on the financial statements**

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 - the standard of the IFRS as adopted by the European Union applicable to interim financial statements.

#### **II. Specific verification**

We have also verified information given in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris La Défense and Courbevoie, 30 August 2012

KPMG Audit  
*A Department of KPMG S.A.*

MAZARS

François Caubrière  
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