An Post
Annual Report 2010

Contents

Our Mission

To provide world class postal, distribution and financial services with unrivalled local community access and global connections.

Our Vision

Working together as a united team, our ambition is to outperform the new competition we face, delivering a better quality service, more efficiently, to more customers by continuously adapting, innovating and implementing change.

Our Values

Quality Customer Service

Put the customer first in everything we do, consistently delivering world class service quality.

Commercial Success

Achieve commercial success, earning profits that can sustain and develop the business.

Cost Competitiveness & Efficiency

Run a cost competitive, efficient operation.

Respect & Personal Responsibility

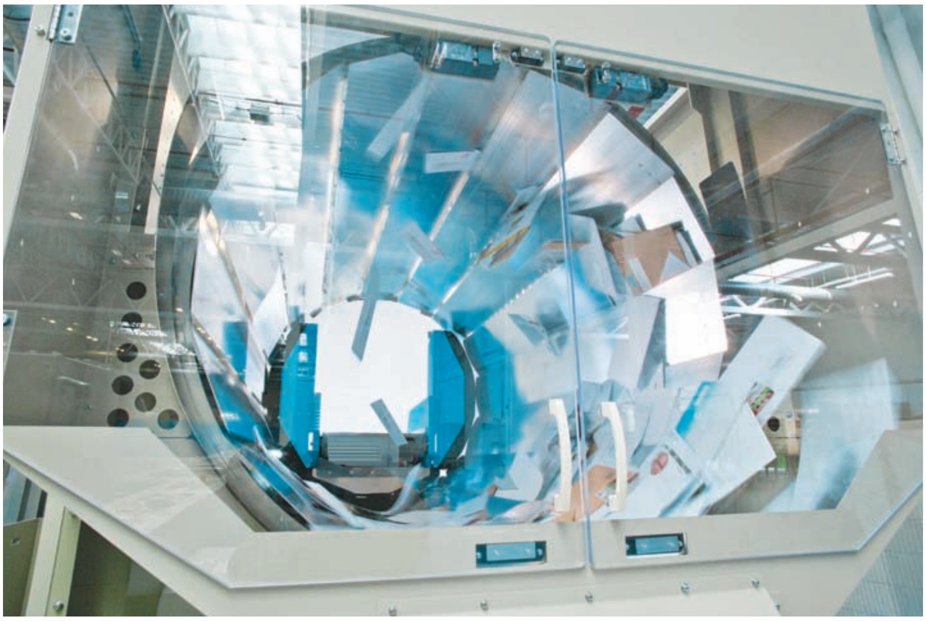
Respect each other and take personal responsibility.

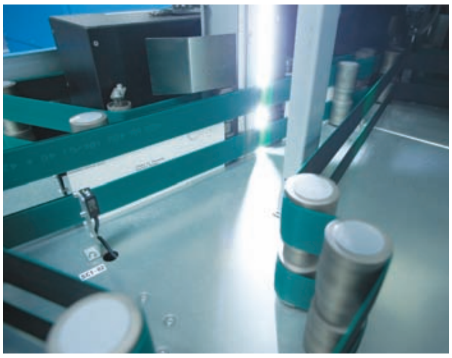
Respected Corporate Citizen

Care for the environment and be engaged in the community as respected corporate citizens.

Innovation & Change

Continually innovate, adapt and implement change successfully.





Investment in technology and innovaton has driven growth in key new sectors.

We celebrated the opening of our new state of the art Swords Post Office.

980,000

Over 980,000 One4all vouchers were purchased online and in retail units in 2010.

One4all

one direct

AN POST FINANCIAL SERVICES

postfone

PERFORMANCE
COMMUNITY
INNOVATION
MARKET
QUALITY
INVESTMENT

We continued to improve our customer service with a handy new An Post App and Sterling and Dollar currency sales at post offices.


SHAWNEE KANSAS 66203
James M. Kennedy
Layton House
SC1-02

Investment

During 2010, Capital expenditure of €47m, all funded from An Post's own resources, was invested in facilities and equipment.

Board of Directors and Corporate Information

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1. John Fitzgerald F.C.C.A.
Chairman – 2, 3.
Appointed 1 Mar, 2008.
Mr. Fitzgerald has spent most of his career working in local government, serving in several senior positions, including that of Dublin City Manager from 1996 until 2006. Currently, he is Chairman of the Grangegorman Development Agency and of the two Regeneration Agencies set up in Limerick following his report to Government on problems of social exclusion in that city. He is also Chairman of the National Transport Authority, Vice Chairman of InterTradeIreland and a member of the board of the Health Service Executive.

2. Patrick Compton
Employee Director.
Appointed 1 Nov, 2008; fifth term.
Mr. Compton has worked in the postal service for the past 38 years and his current position is that of Partnership Co-ordinator, based in Roscommon. He was a member of the National Executive of the Communications Workers Union for 22 years and its President in 1986. He was also a director of The Prize Bond Company Limited for many years. He is active in community development in his local area and he is the County Roscommon GAA Coaching & Games Development Officer.

3. Jerry Condon
Employee Director – 2.
Appointed 1 Nov, 2008; fourth term.
Mr. Condon commenced work in 1971 with the Department of Posts and Telegraphs and has worked as a Post Office Clerk for his entire career. He has been an active member of the Communications Workers' Union throughout his career and he served on the National Executive of that union for 13 years.

4. Donal Connell, C.Eng., F.I.E.I., B.E.
Director – 2, 3.
Appointed on 14 Aug, 2006.
Mr. Connell was appointed as Chief Executive on 14 August, 2006. He began his career in the Department of Posts and Telegraphs and has held senior management positions in Unitrode Ireland, 3Com Ireland and Maxtor Ireland where he was General Manager prior to joining An Post. He is a non-executive Director of Xilinx Corporation's European Board and he is Chairman of An Post National Lottery Company.

5. Anne Connolly, B.A., M.B.A.
Director – 2.
Appointed on 23 Nov, 2007.
Ms. Connolly is the Director of the Ageing Well Network, an independent leadership network of heads of organisations across the private, public and voluntary sectors. She had previously founded and run Anne Connolly Consulting Limited, a strategic Management consultancy company. Prior to forming this company, she worked as Strategy Manager with Kingspan plc and, before that, at senior management level in the public and not-for-profit sectors. She has previously been on the boards of ICC Bank plc and APSO and she was Chairperson of the Federation of Simon Communities in Ireland.

6. Paddy Costello
Employee Director.
Appointed on 1 Nov, 2008.
Mr. Costello joined the Post Office as a Junior Postperson in 1964. He became a Postperson in 1966 and he has been employed in the Finglas Delivery Service Unit (DSU), Dublin 11 for the last 43 years. Throughout his employment, he has represented members of the Communications Workers' Union at DSUs in Dublin. He has held various branch officer positions and he is currently serving as the Treasurer of the Dublin Postal Delivery Branch.

7. Thomas Devlin
Employee Director.
Appointed 26 Mar, 2010; second term.
Mr. Devlin began his career in the Post Office in 1976 when he joined the Department of Posts and Telegraphs as a Junior Postman working as a messenger in the Minister's Office. He is currently employed as a Delivery Service Manager in Malahide Delivery Service Unit, Co. Dublin. An active member of the Communications Workers' Union, he served on the National Executive for two years and was Chairman of the SDS Drivers' Branch from 1996 to 2004.

8. Ciara Hurley B.B.S., M.B.S. (Banking & Finance), M.C.S.I.
Director.
Appointed 3 Apr, 2006.
Ms. Hurley is a Vice President at Quilter, which is part of Morgan Stanley Smith Barney. She has over 20 years' experience as an Investment Manager working with high net worth individuals and families. She previously worked with Goodbody Stockbrokers as a

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Senior Portfolio Manager and with Merrill Lynch International Bank Limited as Investment Director. She is a Chartered Member of the Chartered Institute for Securities & Investment.

9. James Hyland B.Comm., F.C.A., F.C.I.S.
Director – 1.
Appointed 11 Dec; 2008, second term.
Mr. Hyland, a chartered accountant, is former Deputy Chief Executive of Golden Vale Group and was former Group Chief Executive of Youghal Carpets plc. He was Managing Director of James Hyland & Company, Forensic Accountants, and a partner in Hyland Johnson Murray, Chartered Accountants. He is Chairman or Director of a number of other companies including An Post National Lottery Company. He is also a mentor on the Marketing Development Programme in the UCD Michael Smurfit Graduate Business School.

10. Brian McConnell B.B.S.
Director – 1.
Appointed 3 Apr, 2006.
A career banker by profession, Mr. McConnell has comprehensive experience in the Financial Services Sector. He has served as Chief Executive of Permanent tsb and Ulster Investment Bank (Corporate Banking/Finance). He has held directorships in several financial institutions including Irish Life and Permanent Plc and Ulster Bank Limited. Now retired, he is a Director of a number of AXA Group companies and of Bank of Ireland Mortgage Bank.

11. Peter Ormond B.A. (Bus. Mgt.)
Director.
Appointed 8 Mar, 2011.
Mr. Ormond is the Marketing Manager with Mid Ireland Tourism since March 2010 prior to which he was the Community Services Programme Manager for Kilcormac Development Association. His other work experiences are in auctioneering, in sales and marketing, and in logistics. He is a member of Offaly County Council and was its Chairman in 2005/2006. He is also a member of the Education Finance Board.

12. Gerry O'Toole
Employee Director – 2.
Appointed 1 Nov, 2008.
Mr. O'Toole started work in the Department of Posts and Telegraphs in 1980 as a Junior Postman and the following year he was appointed as a Postperson. In 1989, he was promoted to the position of Clerical Officer and worked in the Financial Services area until 1998 when he moved to the IT Unit where he is currently a Technical Support Specialist in IT Network Support. He has served on a number of branch committees for different unions over the years.

13. John Quinlivan B.Sc. (Mgt. & Law), M.Sc. (Spatial Planning), Dip. in Public Admin.
Director – 3.
Appointed 24 Jun, 2008; second term.
Mr. Quinlivan has had a lengthy career in local government, serving in senior positions in nine counties, including 15 years as Louth County Manager. He served for five years as a member of the National Roads Authority and he also served as a member of the Local Government Management Services Board, the Local Government Computer Services Board and An Comhairle.

14. Alan Sloane, Postmaster
Director.
Appointed 1 Jan, 2010; fourth term.
Mr. Sloane has worked in the family grocery and post office business since 1976. He was appointed postmaster of Loch Gowna Post Office, Co. Cavan in 1979. He is also Managing Director of J.A.S. Limited, a security counter and furniture manufacturing business, which he established in 1985.

15. Catherine Woods B.A.(Econ)
Director – 1, 3.
Appointed 4 Feb, 2008.
Ms Woods has spent most of her career in London with JP Morgan. She has extensive experience of mergers and acquisitions and stockbroking in the financial sector. Her mandates included the recapitalisation of Lloyds' of London Insurance market and the re-privatisation of Scandinavian banks. Since her return to Ireland, she has served on the Electronic Communications Appeals Panel from 2004 to 2007, opining on appeals against ComReg decisions. She is a Director of Allied Irish Banks plc and is on the Adjudication Panel for appeals regarding the National Broadband Scheme.

Secretary
Jack Dempsey

Registered Office
General Post Office,
O'Connell Street, Dublin 1

Auditor
KPMG, Chartered Accountants

Bankers
Bank of Ireland

Solicitors
Matheson Ormsby Prentice

Registered Number
98788

Key to Board Committees
1. Audit and Security
2. Personnel
3. Remuneration

Last year, 2010, was a very important year for An Post. Despite the difficult economic environment, An Post again proved its ability to adapt to changing circumstances. The Company stayed focused on the key drivers that underpin its commercial success – service quality, cost control, innovation and optimisation of revenue opportunities.

Chairman's Statement

Good strategic planning and appropriate change programmes implemented in preparation for market opening have ensured that the Company is well positioned to diversify its revenue base and to compete for, and win, new business.

An Post is achieving higher standards of service quality, increased product innovation, continued process improvement, cost control and much improved staff engagement.

Once again, significant cost savings were achieved in relation to pay and non-pay expenditure. Capital expenditure in areas critical to the Company's future success, such as the mails service including the parcel and packets services and new retail products continued, all funded from An Post's own cash resources.

An Post will continue to invest in the foundations of future business whilst adapting to the commercial realities which continue to unfold for Ireland and for the global postal sector.

An Post plays a key role in the Irish economy. The Company is uniquely placed through its structure, its national reach and its staff to recognise its customers' changing needs, to identify new opportunities and to support future developments in this country. In these challenging times, businesses must anticipate future customer trends and prosper by shaping that future.

Market conditions remain uncertain as core mail volumes continue to decline in the difficult economic climate and as e-substitution increases. The funding of the Universal Service Obligation remains a critical business issue for the Company. An Post's tariffs are amongst the lowest in the EU, the price of the basic stamp having remained unchanged for more than four years.

The solid track record of sustained quality of service improvement shows that customer focus and commitment to increased innovation and flexibility extends across every part of An Post.

The improvement in the Company's service and the focus on innovation and competitiveness must continue to underpin every commercial move and every customer interaction.

New approaches to work planning have resulted in better service and have delivered cost-savings. The ongoing transformation programme, together with internal communication initiatives, have also engendered a new pride amongst staff in the An Post brand and in the delivery of top quality services to customers day after day.

An Post will continue to develop new revenue streams to counter the inevitable decline in core mail volume. An Post now has a strong track record in identifying and developing investment and business partnership opportunities which augment the Company's revenue stream. In each case, it has capitalised on the strength of its existing customer base, networks, marketing expertise and retail reach.

Since January 2011, An Post is operating in a fully open competitive postal market, a market which poses many challenges for all its participants. An Post is an adaptable company which has demonstrated the value of sound strategic planning in the past. I have no doubt all the stakeholders in An Post see the value of maintaining a strong and viable Company, a Company maintaining its public service ethos and contributing strongly to the economy into the foreseeable future. This will not happen by chance; everyone will have to work hard, to cooperate with each other, to adapt to changing circumstances and to satisfy evolving customer needs.

I want to thank Paddy Davoren and Louise English, both of whom retired from the Board during the year. Their contributions over their terms of office is very much appreciated. Michael Tyndall, Company Secretary, retired on 21 March, 2011; he served as Company Secretary for the last 13 years. Michael has provided exemplary support for me and my fellow Board members and I wish him well in the years ahead.

May I also thank the former Minister for Communications, Energy and Natural Resources Eamon Ryan, T.D., and his officials for their assistance and support during 2010.

This Company has demonstrated its ability to deal with change throughout its history. As the pace of such change increases I have confidence in the Board, the management team and staff as they face the challenges of today and as they plan for the business environment of the years to come.

John Fitzgerald
Chairman

There was a satisfactory outcome to 2010. In many ways, this was a pivotal year for An Post as we prepared for the fully liberalised European postal market. Solid progress was made throughout the year in adapting the Company's structures and processes to deal with the new commercial realities of the Irish economy.

Chief Executive's Review

The general business environment continued to be challenging both nationally and globally. In addition to the recessionary issues affecting every Irish business, falling mail volumes, increasing electronic substitution and strong competition are now well established realities impacting across our mails, retail and subsidiary businesses.

Despite the challenges of the economic climate, the Company continued to invest in those areas which are critical to the business and also in areas which have the potential to generate new revenue streams. In tandem, we maintained our strategic focus, improving service quality, competitiveness and innovation in every part of the Company. In doing so, An Post is determined to support its customers in developing and growing their businesses and also to play its part in the recovery of the Irish economy.

For the fourth successive year we delivered record domestic Quality of Service results and continued to drive service improvements for international mail.

Group turnover of €805m, just exceeded that of 2009 (€804m). This was a good result when viewed in the context of the adverse economic situation.

The Company is continuing its process of engagement with employee representatives with a view to finalising a plan to address the pension fund deficit and meeting the minimum funding standards set by the Pensions Board.

Operating Profit
An Post achieved a group operating profit of €5.8m in 2010, compared to €5.7m in the prior year. This performance resulted from the ongoing implementation of change programmes. A reduction in Full-Time Equivalents (FTE) of 331 within the An Post Company, resulting in labour costs savings of €20m, and various efficiencies gained through new working arrangements and automation combined to contain costs.

Mails Business
Traditional mail volumes declined by approximately 7% during 2010. This was due mainly to the impact of the economic recession on Irish businesses, as well as ongoing electronic substitution and increasing competition in the mails business. A full 1% of this decline in mail volume was directly related to the weather disruption at the end of the year.

As part of our strategy to grow the parcels business and to increase our share of the market, the Company invested in the further development of its online shopping directory *iloveshopping.ie*. Assisted by a national advertising campaign and with added choice and special offers online, *iloveshopping.ie* has attracted a total of 337,448 visitors since its launch. In all, traffic to our participating retailers' websites has reached almost 400,000 visits. As well as global brands and the large high street chains, the site also includes a large number of Irish SMEs, many of whom are home-based, rurally located businesses.

Development of Direct Mail products, including the introduction of online campaign management tools continued, with a particular emphasis on supporting the SME sector. Expert briefings and business seminars in multiple locations across the country were very positively received by attendees as practical aids to business development and cross-sector networking.

An Post's headline tariff of 55c has remained at this level over the last four years. Compared with our European counterparts and adjusting for purchasing power parity, this was the seventh lowest headline tariff out of 29 operators (EU-27, Norway and Switzerland), according to Deutsche Post DHL's Letter Prices in Europe Report (issued in March 2010).

Royal Mail recently issued a comparison of rates at the 100g level which showed that An Post's rate was the lowest at this weight step (for EU-15 as at December 2010). Many other operators are reviewing their tariffs in response to developments in the postal industry.

An Post has successfully addressed many of the issues which are central to competitiveness by improving quality and reducing costs.

It is, however, critical that prices reflect the market place and allow the Company to compete while addressing issues such as volume decline.

Reliability of performance and sustained improvement are vital to the ongoing success of our mails collection, processing and delivery business, particularly in a market now open to full competition. Solid progress was made in 2010 towards our target of 94% for next day delivery of domestic mail, the fourth successive year of record quality results. Inclement weather at the beginning of the year and again in the weeks leading up to Christmas seriously disrupted business across the country, impacting our mail collection and delivery operations.

For the sixth successive year An Post has met and exceeded the international mail quality delivery targets as set in the European Union (EU) Postal Directives of 85% in three days and measured by the International Post Corporation (IPC) UNEX Measurement System. The Company achieved 95.5% on inbound international mail and 93% on outbound international mail.

We were also awarded the International Gold medal for the performance of our International Courier Mail service and we achieved recertification for our hard-earned IPC Certificate of Excellence in the Management and Processing of International Letter Mail, first awarded in 2009.

An Post will participate in the process to implement a national postcode system. The exact details and nature of the system will emerge as the current tender process proceeds.

Postal Market Liberalisation

While the year was marked by final preparations for the full liberalisation of the Postal Market in 2011, the reality is that more than 60% of the Company's business has been open to full competition for several years. In fact, the percentage is even greater when electronic alternatives are taken into consideration.

Several strategic projects reached their conclusion in 2010, timed to maximise our readiness for increased competition in the new, fully open market.

The funding of the Universal Service Obligation (USO) continues to be a central issue for the postal sector across Europe. As the designated provider of the USO, An Post is committed to providing a top quality service to all its customers. However, faced with the commercial realities of shrinking mail volumes, increasing competition and electronic substitution, this challenging business issue will be a key priority for An Post during 2011 and 2012.

Retail Services

An Post's retail business performed very strongly once again, with record inflows of funds to State Savings products and Prize Bonds. A further €3.1bn was invested in State Savings products during 2010. There was a steady increase in BillPay transactions and the addition of new financial services such as cash lodgement facilities for customers of National Irish Bank. Post office revenues increased by 4.6% during 2010 when compared to the prior year. An Post's unique network penetration, customer relationships and a rapidly growing suite of products combine to provide the platform on which the Company will continue to develop its diverse product and service portfolio. Investment in facilities improvement and staff training are continuing with a new focus on innovation and retail excellence so as to better service the requirements of our 1.7m weekly customer base.

The computerisation of all small rural post offices was completed, enabling customers to avail of our complete suite of postal, communications and financial services products.

The difficult but necessary decision to achieve an orderly wind-down of Postbank was taken by An Post and BNP Paribas in February 2010 and fully executed by December. One Direct and PostPoint were bought back by An Post as part of the joint venture wind-down agreement.

Postfone, An Post's mobile phone offering, has achieved steady and sustained growth since its mid-year launch, performing very strongly in the run-up to Christmas. A new commission-free facility for buying Sterling and Dollars was introduced in selected post offices in the latter part of the year and is currently being extended across the Retail Network.

A new-style post office outlet – the first of its kind in Ireland – opened in Swords, County Dublin in October. This new retail unit is a key centre for new product innovation and testing. The open-plan layout features dedicated product zones and highly secure customer cash payment systems. The customer response has been very positive and there has been a marked increase in business when compared to the previous location in Swords. It is planned to open a second retail office of this kind in 2011.

With the range of postal, communications and financial services offerings available at post offices steadily increasing, retail staff and contractors are being supported by way of ongoing product, retail sales and customer service training. An investment was made in improving post office premises and in-branch customer information systems by way of display screens, on-line terminals and general outlet improvement.

Change Programmes

The implementation of change programmes across all areas of the business continued to make significant progress, in close cooperation with the trade unions representing An Post staff. Once again these programmes were a significant contributor to overall cost reduction. Improved flexibility, efficiency and cost effectiveness continue to be key elements in our drive to provide superior customer service. Success in these areas will ensure financial stability and will enable us to compete for, and win, business in an increasingly competitive market.

Given that labour costs account for 70% of our cost base, it is imperative that we achieve the necessary savings. A staff Full Time Equivalent (FTE) reduction of 331 was achieved in 2010, following a reduction of 402 the previous year. As part of the strategy to deal with mail revenue decline we plan to reduce staff FTE numbers by 1,975 between 2010 and 2015.

During 2010, Capital expenditure of €47m, all funded from An Post's own resources, was invested in facilities and equipment.

Capital Expenditure

Installation of the new automated processing lines at the Dublin and Portlaoise Mail Centres is now underway. This initiative will increase processing capacity for small parcels and packets – both important growth areas for the Company. The investment will also enable further quality of service improvement and provide significant cost efficiencies across our processing and delivery operations.

An Post Brand

Strategic investment in the An Post brand, to reinforce the Company's unique position, continued in 2010.

We commissioned a number of new corporate advertisements as well as business and community-based sponsorships, most particularly in the areas of Adult Literacy, Cycling and Youth Soccer. Many of these initiatives, including the An Post Cycle Series and recently announced An Post Rás 2011, are aligned with local business enterprises, bringing with them significant tourism and service provision opportunities to towns and villages across the country.

An Post drivers, throughout the network, received advanced driving skills training which, in conjunction with the continuation of the fleet replacement programme, improved cost efficiency and will reduce our carbon output and produce further efficiencies. A modern new uniform was developed, tested and introduced for all mails collection and delivery staff.

Subsidiary Companies

While the mails division is by far the largest part of An Post's business, the Group's subsidiary companies increased their positive impact on profit during 2010. Revenues generated by these companies increased from €46m to €67m.

Heightened Staff Engagement and Customer Focus

We have been investing considerable time and resources in staff engagement during the last four years and the impact of this is beginning to become evident across our operations. Almost all employees have participated in workshops designed to build a shared understanding of, and commitment to our mission, vision, values and behaviours. Staff have embraced this approach with pride and enthusiasm. Improved involvement and new channels of communication now exist and our staff and their representatives are fully conversant with the reality of customer expectations, business challenges and the commercial opportunities facing the Company.

Attendance levels have steadily improved across all areas of the Company over the last three years and have stabilised at industry norms. The ongoing commitment to training and development was evident in 2010 with record numbers of staff involved in customised management development programmes.

Planning for our Future

In 2010, we achieved improvement across all the key aspects of our business – quality of service, cost containment and the broadening of the revenue base. We must continue to transform the Company while focussing on our goal of being a high quality, low cost service provider. We must maintain and enhance our customer focus and ensure the development of innovative products and services. We must align the Company, its structures and resources with the changing business reality that we face. We look to the future in a liberalised mails market with confidence and a strong belief in our ability to deliver on every level. As a critical channel for every aspect of Irish life and business, a major employer across the State and a significant buyer of goods and services, An Post can be relied upon to play a full and active part in the national recovery programme.

Donal Connell
Chief Executive

Financial Highlights

Turnover

€805.1m	€804.2m
2010	2009

(Loss) for the financial year

(€24.7m)	(€29.1m)
2010	2009

Operating profit

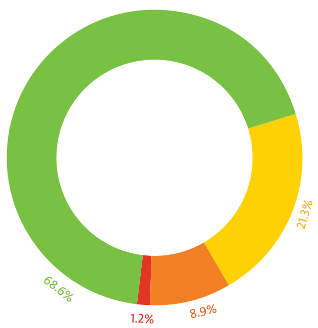
€5.8m	€5.7m
2010	2009

Operating profit as % of turnover

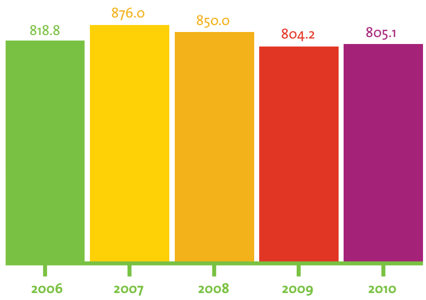
0.7%	0.7%
2010	2009

Analysis of turnover

- Mails
- Post Offices
- Other Services
- Interest Income

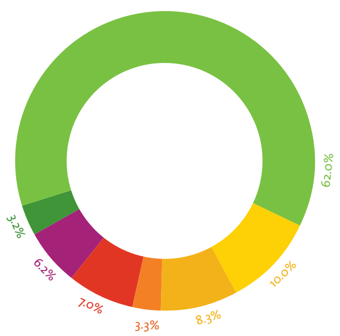


Turnover €m

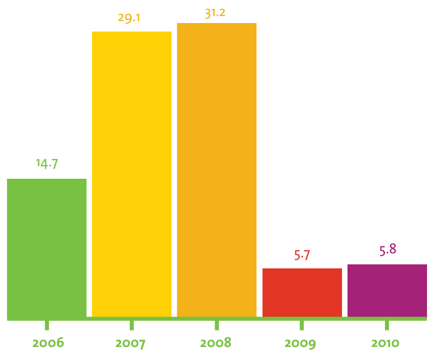


Analysis of operating costs

- Staff costs
- Postmasters' costs
- Distribution
- Facilities
- Operational
- Administration
- Depreciation & goodwill amortisation



Operating profit €m



Management

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1. Donal Connell, C.Eng., F.I.E.I., B.E.
Chief Executive.

Mr. Connell was appointed as Chief Executive on 14 August, 2006. He began his career in the Department of Posts and Telegraphs and has held senior management positions in Unitrode Ireland, 3Com Ireland and Maxtor Ireland where he was General Manager prior to joining An Post. He is a non-executive Director of Xilinx Corporation's European Board and he is Chairman of An Post National Lottery Company.

2. John Daly, A.C.M.A., M.Sc.(Mgmt.)
Retail Operations Director.

Mr. Daly joined An Post in December 1988 having worked previously as a Management Accountant in FÁS. During the early part of his career with An Post, he worked in the Finance division as a Management Accountant. He then held various senior finance and management positions within the Retail division before being appointed to his current position in October 2006. He is Chairman of The Prize Bond Company Limited.

3. Jack Dempsey, B.Comm., M.B.A., M.P.A.
Company Secretary.

Mr. Dempsey joined the Post Office in 1968 as an Executive Officer in the Department of Posts and Telegraphs. During his career, he has gained wide experience in all aspects of postal operations and commercial activities, both national and international, occupying a variety of senior management positions across the Company. He was appointed as Company Secretary in March 2011.

4. Peter Gallagher, B.Sc., M.B.A., M.Inst.D
Director of Strategy and Business Excellence.

Mr. Gallagher joined An Post in April 2007 as Head of Strategy and Business Excellence. Prior to joining An Post, he had been a Partner in PA Consulting Group's Global Business Transformation Practice where he led major transformational and business operational improvement programmes for private & public sector clients. Previous roles include Director of Strategy with KPMG Consulting and Business Operations Manager (UK & Ireland) for Dell Computer Corporation.

5. Pat Knight, M.Sc.(Mgmt.), F.C.I.P.D.
Human Resources Director.

Mr. Knight joined An Post in March 2004 as Human Resources Director. Previously, he had been General Manager Human Resources at Waterford Crystal, which he joined in 1986 and where he held senior HR roles, both in Ireland and the UK. Previous experience includes work as a Personnel Officer with Bord na Móna plc. He is a Trustee of the An Post Superannuation Schemes.

6. Brian McCormick, B.E.(Mech.),
Services Director.

Mr. McCormick joined An Post in May 2002 as Strategy Director and was appointed to his current position of Services Director in October 2003. Prior experience includes CRH plc and Merrion Corporate Finance where he was a Director. He is a Trustee of the An Post Superannuation Schemes.

7. Liam O'Sullivan
Mails Operations Director.

Mr. O'Sullivan joined An Post in 1985. During his career, he has gained broad experience across the full range of the Company's business. He has held various senior managerial and project management positions in the Company. He was appointed as Mail Processing Director in July 2004 and also served a period as Director of Collection & Delivery Change Programmes and Operations. He took up his current position in April 2009.

8. Peter Quinn, B.Comm., F.C.A., M.B.A.
Chief Financial Officer.

Mr. Quinn joined An Post in August 2004 having previously held senior financial and strategic positions in PJ Carroll and Company plc and Monaghan Mushrooms Limited. Earlier in his career, he trained as a Chartered Accountant and worked in practice with KPMG.

9. Liam Sheehan
Sales and Marketing Director.

Mr. Sheehan joined An Post in 2000 as General Manager Sales & Marketing and he was appointed as Sales & Marketing Director in October 2006. He has extensive experience in the Irish fast moving consumer goods sector and in brand creation, channel management and sales strategy. He previously held senior Sales & Marketing positions in Proctor & Gamble and in Guinness and he was Commercial Director with Erin Foods. He is a Director of The Prize Bond Company Limited and of the Irish Direct Marketing Association.

10. Barney Whelan, B.Sc., M.B.A., F.P.R.I.I.
Director of Communications and Corporate Affairs.

Mr. Whelan joined An Post in January 2005. Having spent many years in the aquaculture industry, he was responsible for public relations and brand communications at the ESB. He subsequently held the position of Director, Sales and Marketing at The Food Safety Promotion Board. He was appointed to his current position in October 2006.

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Delivery & Performance

An Post has successfully addressed many of the issues which are central to competitiveness by improving quality and reducing costs.

Financial Overview

Operating profit increased to €5.8m for the year, an improvement from €5.7m the previous year. Given the economic circumstances of the domestic economy, recording an operating profit is a credible achievement. The Company continues to succeed in reducing its cost base and to react to changes in the market environment.

Financial Review

	2010	2009
Turnover (excluding share of joint venture turnover) €m	805.1	804.2
Operating profit €m	5.8	5.7
Operating profit margin	0.7%	0.7%
Net assets excluding pension liability €m	323.9	355.6
Company year-end Full Time Equivalent (FTE) run rate	9,624	9,955

Turnover

Turnover of €805.1m just exceeded that of the prior year. This is indeed a very satisfactory result. There has been commercial success in generating alternative income streams to offset a decline in traditional mail.

Mail income contributed €552.4m to turnover, a reduction of €13.3m, 2.3%, from the prior year. This movement is related to a number of variables primarily based on the economic performance of the domestic economy, the number of house completions and general expenditure. In addition there is now a more pronounced impact on mail volumes from e-substitution.

Post office revenue grew during the year as a result of a continued substantial increase in the financial services activity. The value of State Savings over a range of products increased by €3.1billion. The level of transactions carried out in post offices on behalf of clients such as the NTMA, Department of Social Protection, AIB, Western Union, the utility companies and others, increased in the year by €7.5m (4.6%) from €163.9m to €171.4m.

The Company also added new income streams during the year and growth in insurance and telecoms related products was achieved.

Operating Costs

Group operating costs were €799.3m compared to €798.5m in the prior year. The core An Post Company operating costs were reduced by €26m (3.5%) to €740.4m over the course of the year. This is a very significant cost reduction.

Wages and salaries declined from €436.5m in 2009 to €422.8m in 2010. This reduction was achieved by reducing the FTE number employed in the Company. By December 2010, a reduction of 331 in the core FTE number required to operate the Company was achieved. This lays the foundation for significant cost savings in the future.

Tangible Fixed Assets

Capital expenditure in the year amounted to €47m, reflecting significant expenditure on buildings, equipment and the transport fleet. There were no significant asset disposals during the year. Further capital investment plans are in place for 2011/12, including investment in the next generation of mail sorting equipment which will enable increased sorting of mail to delivery route level.

There was investment of €14.6m in the acquisition of new business activities, namely, the insurance broker, One Direct (Ireland) Limited, and the electronic transaction and payment service company, PostPoint Services Limited.

Treasury Policy and Cash Resources

The strong cash position on the balance sheet allows the Company to plan for investment both in capital expenditure and in the implementation of the change programme which will set the foundation for providing world class mail operations into the future.

The primary objective of the treasury function is to ensure the availability of funds for trading activities while optimising the return on available cash resources. The Group's treasury function operates under Board-approved policy which is reviewed regularly throughout the year.

Pension Schemes

Pension schemes in the Group are accounted for under FRS 17 and show an accounting deficit of €368.5m compared to €403.3m in 2009. In 2010, there was a recovery in the value of the assets of the schemes following a very disappointing experience in 2008/9 arising from the performance of the financial markets. At the end of 2010, the assets of the pension schemes amounted to €1.8billion, representing an increase of €0.2billion over December 2009.

In common with the majority of defined benefit pension schemes, the An Post defined benefit scheme is required to meet the Minimum Funding Standards required by the Pensions Board. Discussions with stakeholders are advanced with a view to formulating an agreed funding plan to address the requirements of the Minimum Funding Standards.

Balance Sheet

The Group balance sheet shows fixed assets of €279.3m, cash balances of €198.1m and a net assets position before pension liability of €323.9m. This provides a stable financial basis on which to implement the Group's strategy.

Economic Outlook

The domestic economic environment for a national postal operator was adverse in 2010. The Company has adjusted to the circumstance and remains profitable. Actions to reduce cost and further improve efficiency are having a very positive impact. The extension of revenue streams and the addition of new products and services are enabling the Group to cope with a decline in traditional mail. The improvements in the cost base and the income generating developments underway will prove beneficial in the years ahead.

Under the European Communities (Postal Services) Regulations, 2002, S.I. 616 of 2002 ('the Regulations') and directions issued by the Commission for Communications Regulation (ComReg), An Post is required to publish in its annual report information relating to Universal Service.

Universal Service

Requirements of the USO (Universal Service Obligation)

Under Regulation 4 (2) (a) of the Regulations, An Post is designated as a universal service provider with the obligation to provide a universal postal service.

Under Regulation 4 (3) (a), a universal service provider shall guarantee, on every working day and not less than 5 days a week, save in circumstances or geographical conditions deemed exceptional by ComReg, as a minimum:

i. one clearance, and

ii. one delivery to the home or premises of every natural or legal person or, by way of derogation, under conditions at the discretion of ComReg, one delivery to appropriate installations.

Under Regulation 4 (4), universal service shall include the following minimum facilities:

a. the clearance, sorting, transport and distribution of postal items up to 2 kgs;

b. the clearance, sorting, transport and distribution of postal packages up to 20 kgs;

c. services for registered items;

d. services for insured items within the State and to and from all countries which, as signatories to the Convention of the Universal Postal Union, declare their willingness to admit such items whether reciprocally or in one direction only.

Under Regulation 4(6) the universal services shall cover both national and cross-border services.

Under Regulation 5, a universal service provider shall meet the following requirements with respect to the provision of the universal service:

a. the service shall guarantee compliance with the essential requirements;

b. an identical service shall be offered to users under comparable conditions;

c. the service shall be made available without any form of discrimination whatsoever, especially without discrimination arising from political, religious or ideological considerations;

d. the service shall not be interrupted or stopped except in cases of force majeure; and

e. the service shall evolve in response to the technical, economic and social environment and to the needs of users.

Under Regulation 8, certain services were reserved for An Post (until 31 December, 2010) as a universal service provider, namely the clearance, sorting, transport and delivery of items of domestic correspondence, inbound cross-border correspondence and direct mail, whether by accelerated delivery or not, within both of the following weight and price limits (from 1 January, 2006)

i. the weight limit shall be 50 grams

ii. these weight limits do not apply if the price is equal to or more than two and a half times the public tariff for an item of correspondence in the first weight step of the fastest category (i.e. €1.375).

The free postal service for blind and partially sighted persons was also reserved to An Post.

Under Directive 2008/6/EC, the Reserved Area was removed from 31 December, 2010.

Access to Universal Services

An Post provides access to its services through its network of 57 Company post offices, 1,107 postmaster-operated post offices and 185 postal agents. In addition, some 2,542 retail premises are licensed to sell postage stamps, as active licensed agents. To facilitate physical access to the service, approximately 5,000 post boxes are distributed widely throughout the State. There are 43 designated acceptance points for bulk mail services.

Tariffs

The following is a summary of the current prices for standard services. The 55c and 95c tariffs were last changed in March 2007.

Ireland & NI	Letters (up to C5)	Large Envelopes (<100g)	Packets (<100g)	Parcels (<0.5kg)
Standard Post <100g	55c 54c if Ceadúnas or meter	95c	€2.20	€6.50
Registered Post*	€5.25	€5.25	€5.25	€10.50

**The fee payable for the basic registered service covers compensation up to a maximum of €320. Further compensation up to a limit of €1,500 is available for €4 and up to a limit of €2,000 for €5 based on declared value at time of posting.*

International destinations	Letters (up to C5 100g)	Large Envelopes (<100g)	Packets (<100g)	Parcels (<0.5kg)
Standard Post	82c	€1.50	€2.70	GB €18.25 Europe €22.00 ROW €22.00
Registered Post*	€5.17	€5.85	€7.05	GB €23.00 Europe €27.00 ROW €27.00

**Availability of service dependent on postal administration in destination country. Compensation up to €320 in GB; €150 in Europe; €100 for parcels and €35 for letters outside Europe.*

Quality of Service

International

The quality performance standard for the delivery of intra-Community cross-border mail was set by the European Commission and was transposed into Irish law under Regulation 12(2) of the Regulations and its Schedule. The quality standard for postal items of the fastest standard category is as follows:

D+3: 85% of items; D+5: 97% of items, where D refers to the day of posting.

Domestic

The Regulations require ComReg to set a quality-of-service standard for the universal service and the standard set for domestic mail must be compatible with those for intra-Community cross-border services. ComReg has set a quality-of-service target for domestic single piece priority mail as follows:

D+1: 94%; D+3: 99.5%, where D refers to the day of posting.

Quality monitoring

Monitoring of performance against the international targets is carried out by Research International on behalf of International Post Corporation (IPC). Monitoring of the domestic quality of service is carried out by Ipsos MRBI on behalf of ComReg. Details of the most recent results are available from our website www.anpost.ie, with domestic performance also available on ComReg's website www.askcomreg.ie.

Customer Complaints

An Post is required to maintain records of customer complaints taking into account the relevant European standard IS: EN 14012:2003. The table provides, in relation to mail, a breakdown of written complaints received from customers during 2010. The total continues to represent a minute fraction of the entire mail traffic handled during the year. Included in the total figure are complaints about registered items, which number 8,956.

In 2010, there were 446,682 telephone calls made to An Post Customer Services. Most of these were routine or general enquiries rather than complaints.

In 2010, Delivery Services Unit telephone lines were centralised into the Customer Services Centre ensuring a more standardised and co-ordinated service to our customers.

The An Post Complaint and Dispute Resolution Procedures are set out in 'Getting it Sorted', which is available on our website, in retail outlets, and from our Customer Services Centre. During the year we also published our Customer Charter, containing specific pledges to customers regarding our services.

Written complaints received from customers:	
Items substantially delayed or lost	17,880
Items damaged	853
Items arriving late	1,087
Mail collection or delivery:	
Time of delivery	460
Failure to make daily delivery to home or premises	211
Collection times/Collection failures	1
Misdelivery	444
Access to customer service information	9
Underpaid mail	78
Change of address (Redirections)	1,471
Behaviour and competence of postal personnel	34
Other (not included in above)	3,845
Total	**26,373**

Further Information

Additional information in relation to services provided by An Post is available by phoning An Post Customer Services on CallSave 1850 57 58 59, by email at customer.services@anpost.ie, by visiting www.anpost.ie, or by calling into your local post office.


15:31
Back
Track My Item
Status: DELIVERED
Location: NEW YORK USA
Last updated: 01-Sep-10
No: CE333333333IE
01-Sep-10
ON ROUTE TO CUSTOMER
NEW YORK USA
31-Aug-10
Menu
Nearest PO
Track

Technology & Innovation

The solid track record of sustained quality of service improvement shows that customer focus and commitment to increased innovation and flexibility extends across every part of An Post.

Each week 1.7 million customers visit our 1,164 post offices. Each day we deliver 2.5m mail items to 2.1 million business and residential addresses. The scale of our operations, whether through our mails or retail networks, provides opportunities to make a positive impact on the economy, the environment and society in general.

Sustainability at An Post

During 2010 we made strong progress. Sustainability continues to be managed as a strategic project within the Company. A robust and appropriate Governance structure was developed and implemented as well as a formal Energy and Carbon Policy. We invested considerable resources in the continued professional development of our management and staff. We also implemented a number of health-related initiatives. We commenced two new staff engagement programmes, which have both been rigorously evaluated. In each case these have resulted in service improvement.

We continue to focus on making Sustainability a reality within our business strategy. This required the Company to implement:

- Quantitative assessment and linked targets for carbon and energy reduction.
- A number of environmental initiatives designed to reduce carbon output and energy usage and we are working toward achieving a 20% reduction in carbon emissions by 2020.
- Individual energy and carbon targets/metrics in senior manager performance appraisals.
- Qualitative assessment of our internal reporting processes and governance structures including an Executive-level Project Board which provides a mechanism for cross-directorate decision making at manager and director level.
- Collaborative working with government agencies and energy suppliers such as the Sustainable Energy Agency of Ireland (SEAI) and our electricity supplier.

We continue to work with the International Post Corporation (IPC) to benchmark An Post's operations with 20 other postal services across the world; under this benchmarking process we have increased our ranking by six positions over the last two years. This process has endorsed the improvements we have made in management and strategy, target-setting, measurement and verification.

Energy Management

The Company has a formal Energy and Carbon Policy which guides us in reducing our energy use and carbon emissions.

This approach ensures sustained access to diverse energy resources, thereby contributing to the Company's business objectives as well as its reputation. The Policy sets out the ways in which An Post manages and will manage energy consumption, emissions from buildings, transport and operations. In essence this policy encourages the development and implementation of responsible business practice.

While committing the Company to particular targets it will facilitate a management system which aims to integrate energy and emissions into our decision-making and review processes.

Energy Usage

The heating and lighting of facilities and the use of fuel within our transport fleet comprise the bulk of the Company's energy use.

In 2010, An Post consumed 125MWh of energy, consisting of:

- 21.6MWh of electricity
- 103.4MWh of fossil fuels

In 2010 An Post undertook a range of initiatives to improve its energy performance, including:

- Upgrading the lighting in a number of our offices with motion and light detection, which resulted in 0.8MWh of annual savings.
- Improvements to the heating controls in the GPO, Dublin which resulted in 0.4MWh of annual savings.
- An energy management programme at the Cork Mails Centre. This programme involved improvements to the Building Management System (BMS) system, the replacement of SON lighting with Patina lighting and an upgrade to the gas boilers which resulted in annual savings of 0.2MWh.
- A tendering process for the acquisition of alternative powered vehicles was completed.
- Implementation of a driver management programme was implemented. This resulted in all drivers undergoing a fleet management briefing in general maintenance and the upkeep of their vehicle.
- Implementation of a driver assessment and training programme was also implemented. In 2010, 1,000 drivers were assessed and trained to a minimum standard of advanced driving skills. Altogether, these and other energy-saving measures related to our fleet are producing fuel consumption savings of 5%.

Actions Planned for 2011

During 2011 and subsequently, An Post intends to further improve its energy performance by undertaking the following initiatives:

- Achieving certification to the ISO 16001 which will save an estimated 4MWh annually.
- Investing in the lighting upgrade at a further nine offices which will save an estimated 0.5MWh annually.
- Incorporating energy improvements as part of our ongoing building refurbishment programme where practicable using:
  - Solar energy
  - Grey water
  - Gas/LPG (Liquid Petroleum Gas) heating systems
  - Motion and Light detection lighting
  - TRV (Thermostatic Radiator Valve) on all radiator circuits.
- Upgrading the Building Management System in the GPO, Dublin to provide better control of the heating and lighting loads within the building. This action will save an estimated 0.3MWh annually.
- Transferring knowledge gained from last year's energy initiative in the Cork Mails Centre to the Athlone Mails Centre, which will save an estimated 0.2MWh annually.
- Completing a review of the energy usage in our retail offices in order to develop an energy improvement programme for 2012.
- Commencing a pilot project to determine if particular alternative-powered vehicles are suitable to operate in An Post.
- Continuation of the driver management and assessment programme. This programme will result in the assessment and training of a further 1,000 drivers.
- Implementation of a new fleet and driver management information system.

Carbon-related management

The IPC represents postal administrations from Europe, Asia Pacific and the US, who together account for 80% of global mail volumes with 275 million addresses, using 600,000 vehicles and over 100,000 facilities.

An Post participates in the IPC Environmental Management and Monitoring System (EMMS) which benchmarks postal operators' performance on carbon management and emissions. This scheme allows us to benchmark our carbon management performance and enables us to communicate changes experienced by the business year on year.

The EMMS tool measures carbon management proficiency across ten specific areas. In 2010 the members of the IPC EMMS achieved an average management proficiency score of 61%. This indicates that both energy management and carbon emissions are a priority for the business. An Post's annual improvement is in line with the IPC sectoral target of 20% reduction by 2020 which indicates steady progress in our energy management and carbon management proficiency.

During 2010 we reduced our Carbon Dioxide emissions by 9,000T.

This reduction was facilitated by a switch to 100% renewable electricity.

Our 2010 carbon-related data has been audited by Maplecroft, a leading risk, responsibility and reputation management consultancy. Our Sustainability data is benchmarked and assured by the International Post Corporation (IPC).

Other environmental initiatives

In 2010 a company-wide Waste Management System was implemented. This system segregates the Company's waste into appropriate streams. As a result, An Post has achieved a recycling rate of 90% in 2010. A pilot scheme within one mails Delivery Service Unit (DSU) has reduced water charges.

During 2010, the Company decided to use only bio-degradable cleaning products which have also reduced our impact on the environment.

Significant efficiencies are also emerging from the advanced driver training mentioned above, including eco-driver techniques, our fleet retirement policy, fuel management and the use of Ad Blue bio-fuel additive.

A Building Energy Rating (BER) initiative is underway in the Company's largest premises. This is designed to encourage improved energy awareness and usage at each location. Heating and lighting control systems have already achieved savings in the region of €200,000, while simultaneously reducing carbon emissions as indicated above.

Workplace

Staff development initiatives, designed to better equip our frontline management, administration and operations staff continued. Workshops to be attended by all employees commenced early in 2010. This initiative focused on how staff can work to, and indeed live, the Company's values. The content and format was well received and the outcome deemed to be entirely positive.

The An Post Cycle to Work scheme encourages staff to travel to and from work by bicycle. 675 staff registered for the scheme in 2010, bringing the number of employees availing of the scheme to 1,081.

Community

The Company literacy awareness initiative has already resulted in over 13,000 people, with literacy and numeracy difficulties, looking for help to return to further education. This campaign was refreshed during 2010. We produced three new advertising executions and, following broadcast, numbers responding increased dramatically. In conjunction with the National Adult Literacy Agency we successfully applied to the Labour Market Activation Fund for support to provide online literacy training. This initiative will enable students to acquire a FETAC level qualification online for the first time.

The highly successful Log on, Learn initiative which deals with issues of digital exclusion and inclusion among our senior citizens continued.

An Post remains the main sponsor of cycling in Ireland. This position was reinforced by the acquisition of title rights to Ireland's only UCI race event, the An Post Rás, now in its 58th year. The An Post Cycle Series, which is open to cyclists of all abilities, attracted 10,252 participants. The Series runs from May to September and incorporates fun, leisure and serious challenge. It is estimated that the economic benefit to the host communities of Ballyvaughan, Sligo, Trim, Dungarvan and Cork exceeded €2m during 2010. The Series is coordinated by Local Sports Partnerships and supported by the Irish Sports Council.

The An Post Museum

The An Post Museum located in the Company Headquarters was officially opened in July 2010. The exhibition currently on display is entitled Letters, Lives and Liberty. A blend of traditional and digital displays, it was awarded a gold rosette at the 2011 Digital Media Awards.

The museum offers a unique and engaging insight into the history of one of Ireland's oldest and most respected institutions. From stamps and mail boats to the role of GPO staff on Easter Monday 1916, Letters, Lives and Liberty tells the story of how the Post Office has played a vital role in the development of Irish society over the generations.

The audio visuals and interactive displays allow visitors to choose subjects of particular interest as they explore aspects of the Irish Post Office story.

Disability Act

The Disability Act, 2005 places a duty on public organisations to ensure that their public buildings and services are, as far as is practicable, accessible to people with disabilities. In particular, those areas of buildings to which the public has access are to be made accessible not later than 2015. Overall, An Post is on target to meet its commitments with regard to access under the Act. The majority of post offices are, however, operated on a contract basis by postmasters and postmistresses appointed by An Post and the Company is not in a position to oblige them to alter their premises. The Company has contacted them; informed them of the requirements of the Disability Act and encouraged them to address any access issues that may exist on their premises. All new contracts require the postmaster or postmistress contractor to provide accessible premises.

2010 marked the introduction of an innovative new product which sees the denomination of the stamp printed at the time of purchase.

Stamp Issues and Philatelic Publications

The Seventh Definitive Series entitled Animals and Marine Life was issued in this new format as well as using the photographic approach.

A total of 41 special and commemorative stamps were issued in 2010 varying from such topics as Europa – Children's Books to a joint issue with Sweden celebrating the life of stamp engraver, Czeslaw Slania. Highlights of the stamp programme were the stamps issued to pay tribute to the original Irish popstars, the Legendary Showbands and six Irish Fashion Designers whose stamps were designed to resemble the covers of Vogue and Elle magazines. Prestige Booklets were issued to complement these popular stamp issues.

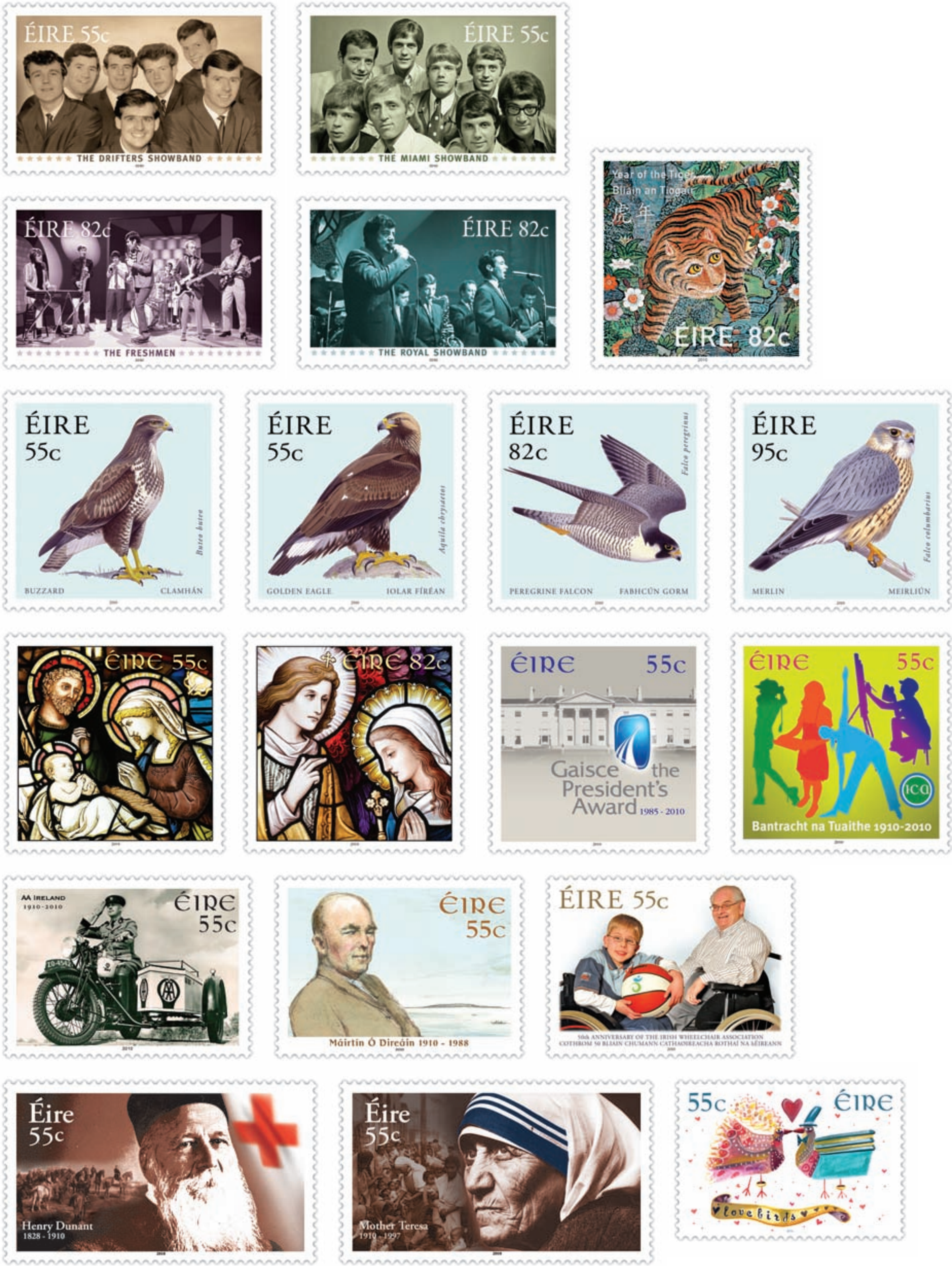
Bernardo O'Higgins and John (Juan) McKenna, who took part in the struggle for Chilean independence, were also commemorated in a joint stamp issue with the Chilean Post Office to mark the 200th Anniversary of Chilean Independence from Spain. This joint issue was the first An Post had undertaken with a South American country.

Great institutions such as the Irish Countrywomen's Association, the Irish Wheelchair Association and AA Ireland were celebrated for special anniversaries which took place during the year.

The 150th Anniversary of our first President, Douglas Hyde was marked with a stamp featuring a photographic portrait and the 25th Anniversary of Gaisce – the President's Award also featured.

A diverse portfolio of associated collateral was also produced, including a Year Pack and First Day Cover collection. Once again, the Irish Stamps Year Book was produced to the highest standards of design in text and imagery, featuring all issues from the annual programme in both a standard and luxury edition. In 2010, An Post won the prestigious Allianz Business to Arts Jim McNaughton Perpetual Award for Best Commissioning Practice for its Year Book.


PAUL
COSTELLOE
Éire
55c
LOUISE
KENNEDY
Éire
55c
LAINEY
KEOGH
Éire
55c
ORLA
KIELY
Éire
82c
JOHN
ROCHA
Éire
82c
PHILIP
TREACY
Éire
82c
ÉIRE 55c
ÉIRE 55c
ÉIRE 55c
ÉIRE 55c
Éire 82c
Chilean Independence
Neamhspleáchas na Sile
JOHN MACKENNA
Éire 82c
Chilean Independence
Neamhspleáchas na Sile
BERNARDO O'HIGGINS
EUROPA
ÉIRE 55c
OSCAR WILDE: THE HAPPY PRINCE
EUROPA
ÉIRE 82c
JONATHAN SWIFT: GULLIVER'S TRAVELS


ÉIRE 55c
THE DRIFTERS SHOWBAND
ÉIRE 55c
THE MIAMI SHOWBAND
ÉIRE 82c
THE FRESHMEN
ÉIRE 82c
THE ROYAL SHOWBAND
Year of the Tiger
Bliain an Tíogair
虎年
ÉIRE 82c
ÉIRE
55c
Buteo buteo
BUZZARD
CLAMHÁN
ÉIRE
55c
Aquila chrysaetos
GOLDEN EAGLE
IOLAR FÍREÁN
ÉIRE
82c
Falco peregrinus
PEREGRINE FALCON
FABHCÚN GORM
ÉIRE
95c
Falco columbarius
MERLIN
MEIRLIÚN
ÉIRE 55c
ÉIRE 82c
ÉIRE 55c
Gaisce the President's Award 1985 - 2010
ÉIRE 55c
ICA
Bantracht na Tuaithe 1910-2010
AA IRELAND
1910-2010
ÉIRE
55c
ÉIRE
55c
Máirtín Ó Direáin 1910 - 1988
ÉIRE 55c
Éire
55c
Henry Dunant
1828 - 1910
Éire
55c
Mother Teresa
1910 - 1997
55c ÉIRE
love birds


Éire
Tursiops truncatus
Deilf Bholgshrónach • Bottlenose Dolphin


Éire
Aquila chrysaetos
Iolar Fírean • Golden Eagle


Éire
Cicindela campestris
Ciaróg Thíograch Uaine
Green Tiger Beetle


Éire
Pagurus bernhardus • Faocha Ghliomaigh
Hermit Crab


Éire
Octopus vulgaris
Ochtapas Coiteann • Common Octopus


Éire
Sciurus vulgaris
Iora Rua • Red Squirrel


Éire
Lomanotus genei
Bodalach • Sea Slug


Éire
Parablennius gattorugine
Ceannruán Rocach • Tompot Blenny


Éire
55c
Roderic O'Conor
1860 – 1940


Éire
55c
Roderic O'Conor
1860 – 1940


ÉIRE
55c
Dubhghlas de hÍde 1860-1949 Douglas Hyde
2010


Lá Fhéile Pádraig
ÉIRE
82c


Éire
€0.55
10308
02501000001 2


ÉIRE 55c
GREETINGS ★ BEANNACHTAÍ


COMHEISIÚINT ÉIRE – AN tSUALAINN
JOINT ISSUE IRELAND – SWEDEN
ÉIRE 55c
2010


ÉIRE 55c
NOLLAIG


Éire
€0.82
10308
02501000001 1


ÉIRE 55c
GREETINGS ♥ BEANNACHTAÍ

Customer Focus

In 2010, we achieved improvement across all the key aspects of our business – quality of service, cost containment and the broadening of the revenue base.


post

Index to the Financial Statements

The directors have pleasure in submitting their twenty seventh Annual Report together with the audited financial statements of the Group for the year ended 31 December, 2010, in fulfilment of their obligations under the Companies Acts, 1963 to 2009.

1. The Group And Its Principal Activities

The Company operates the national postal service and money transmission services and provides agency services for Government Departments, the National Treasury Management Agency, An Post National Lottery Company and other bodies.

One ordinary share is held by the Minister for Finance and the remainder of the issued share capital is held by the Minister for Communications, Energy and Natural Resources.

Details of the activities carried on by subsidiary, associated and joint venture undertakings, together with the information required by Section 158 of the Companies Act, 1963, are given in note 25 to the financial statements.

2. Results

Details of the results for the year are set out in the consolidated profit and loss account on page 66 and in the related notes to the financial statements. The directors do not propose the payment of a dividend for the year.

3. Business Review

The operating profit for the year of €5.8m is a satisfactory result in view of the continued impact of the economic downturn in 2010. While overall turnover is marginally up on 2009, the effect of the downturn is evident in the decrease in turnover in the mails business which fell from €566m to €552m. This was offset by the increase in post offices income which benefited from continued growth in transaction volumes throughout the retail network as well as strong inflows into the State savings schemes and also an increase in other services which reflects new business acquisitions during the year. Operating costs in the An Post company declined by €26m, (3.4%), from €767m to €741m, of which a reduction in staff costs contributed €20m. This decrease in operating costs was primarily driven by reductions in the number of Full Time Equivalents (FTEs) and control of non pay costs. The Group result after tax was a loss of €25m after an exceptional charge of €20m in relation to severance costs.

The pension deficit has decreased from €403m at 31 December, 2009 to €368m at 31 December, 2010 reflecting the continued recovery in the value of the scheme assets. There is a reduction in the net liabilities position in the balance sheet for the Group to €45m at 31 December, 2010 compared to net liabilities of €48m at 31 December, 2009.

The shareholders in Postbank Ireland Limited, BGL BNP Paribas Fortis and An Post decided not to continue the joint venture beyond the calendar year 2010. The Group's share of the operating loss of the joint venture was €6.6m (2009: €10.8m).

The information required by Regulation 37 of the European Communities (Companies: Group Accounts) Regulations, 1992, is included in the information given on pages 10 to 23.

In monitoring performance, the directors and management have regard to a range of key performance indicators (KPIs), including the following:

KPI

	Performance in 2010	Performance in 2009
Operating Profit		
Operating profit as a percentage of turnover	0.7%	0.7%
Staff costs as a percentage of total operating costs	62.0%	63.8%
Postmasters' costs as a percentage of total operating costs	10.0%	10.0%
Other operating costs as a percentage of total operating costs	28.0%	26.2%
Cash at bank and in hand	€198.1m	€272.4m
Staff – Average Full Time Equivalents (FTE)		
Company	10,129	10,498
Subsidiaries	481	356
Group	10,610	10,854
Company year end FTE run rate	9,624	9,955
Mail business		
Letters core revenue index* (page 103)	(7.2%)	(10.0%)
Quality of service (national) – next day delivery of single piece priority mail	85%**	84%
Retail business		
Social welfare transactions	43.5m	42.0m
BillPay transactions	25.2m	25.2m
TV Licence sales (thousands)	1,432k	1,436k
Investment products – net fund inflow	€2,683m	€1,412m
Post Office Savings Bank – net fund inflow	€429m	€103m
Prize Bonds – net fund inflow	€258m	€269m
Burglaries and robberies – number of incidents	73	100
Customer Service		
Written complaints	26,373	28,562
Telephone enquiries***	446,682	353,162

* 1% of 2010 decline attributable to December exceptional weather
** 3rd Quarter figures as per ComReg monitor
*** Increase reflects improvement in system of recording calls

In accordance with the requirement to analyse the key risks and uncertainties facing the future development of the Group and Company, the following have been identified:

- the general economic climate;
- the need to fully implement agreed change programmes;
- impact of electronic substitution;
- impact of full market liberalisation in 2011;
- achieving adequate prices for services;
- the need to achieve and maintain quality of service targets;
- potential loss of significant agency services;
- failure to resolve industrial relations issues through agreed processes.

The directors have analysed these and other risks and appropriate programmes are in place to manage and control these risks. The Corporate Governance Statement on pages 45 to 54, which forms part of the Directors' Report, sets out the policies and approach to risks and the related internal control procedures and responsibilities.

4. Directors, Secretary And Their Interests

The following changes have taken place in the composition of the Board since the date of the previous report of the directors:

Mr. Thomas Devlin was appointed on 26 March, 2010.
Ms Louise English retired on 31 May, 2010.
Mr. Peter Ormond was appointed on 8 March, 2011.

Mr. Michael Tyndall retired as Company Secretary on 21 March, 2011 and Mr. Jack Dempsey was appointed as Company Secretary on that date.

The directors and secretary who held office at 31 December, 2010 had no interests in the shares in, or debentures of, the Company or any Group company at the beginning of the year (or date of appointment if later) or at the end of the year (2009: Nil).

5. Employees

The Group is an equal opportunities employer. All applications for employment are given full and fair consideration, due regard being given to the aptitude and ability of the individual and the requirements of the position concerned. All employees are treated on equal terms as regards training, career development and promotion. An Post confirms that its employment of people with disabilities exceeds the target of 3% set under the Disabilities Act, 2005.

An Post is committed to ensuring the highest safety standards and safe practices for its employees, contractors and members of the public in accordance with the Safety, Health and Welfare at Work Act, 2005. In 2010, there were 41.6 lost time accidents per 1,000 employees. This represents an increase of 19% on 2009, which was largely attributable to the extremely adverse weather experienced at the beginning and end of the year.

An Post is committed to reducing lost time accidents and in this regard is undertaking a safety improvement programme which includes completing accreditation audits for OHSAS 18001:2007 standard. In addition, 5,341 employees attended specific safety training courses in 2010, with many more attending other courses where safety was included in the content. This includes completion of year one of a three year programme to provide advanced driver training to all 1,013 drivers who use our Company fleet. Conscious of the fact that legal obligations are the minimum acceptable standard, An Post is striving for excellence in this area and is continuing to increase awareness among employees and contractors of the necessity for the highest safety standards.

6. Prompt Payment Of Accounts

The policy of An Post is to comply with the requirements of relevant prompt payment of accounts legislation. The Group's standard terms of credit taken, unless otherwise specified in specific contractual arrangements, are 30 days. Appropriate internal financial controls are in place, including clearly defined roles and responsibilities and monthly reporting and review of payment practices. These procedures provide reasonable but not absolute assurance against material non-compliance with the regulations.

7. Accounting Records

The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to books of account by engaging accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The books of account of the Company are maintained at the Company's premises at the General Post Office, O'Connell Street, Dublin 1.

8. Auditors

In accordance with Section 160(2) of the Companies Act, 1963, the auditor, KPMG, Chartered Accountants, will continue in office.

On behalf of the Board

John Fitzgerald, Chairman
Donal Connell, Director
24 March, 2011

Maintaining high standards of corporate governance continues to be a priority for the directors of An Post. In developing its corporate governance policy, the Board has sought to give effect both to the Code of Practice for the Governance of State Bodies, issued by the Department of Finance, and to the relevant main and supporting principles of good governance outlined in the 2009 Combined Code issued by the United Kingdom's Financial Reporting Council. While the provisions of the Combined Code are of direct relevance only to listed companies, the Board is of the view that their application, where appropriate, assists An Post in its compliance with best corporate governance practice.

The directors are accountable to the shareholders for good corporate governance and this report addresses how the Code of Practice for the Governance of State Bodies and the relevant main and supporting principles of the Combined Code have been applied within An Post.

The Board

The Group is controlled through its Board of directors. The Board's main roles are to oversee the operation of the Group, to provide leadership, to approve strategic objectives and to ensure that the necessary financial and other resources are made available to enable those objectives to be met. The Board meets on a monthly basis and certain matters are specifically reserved to the Board for its decision.

The specific responsibilities reserved to the Board include: setting Group strategy and approving an annual budget and medium-term projections; reviewing operational and financial performance; approving major capital expenditure; reviewing the Group's systems of financial control and risk management; ensuring that appropriate management development and succession plans are in place; reviewing the environmental, health and safety performance of the Group; approving the appointment of the Company Secretary; and maintaining satisfactory communication with shareholders.

The Board has delegated the following responsibilities to management: The development and recommendation of strategic plans for consideration by the Board that reflect the longer-term objectives and priorities established by the Board; implementation of the strategies and policies of the Group as determined by the Board; monitoring of the operating and financial results against plans and budgets; prioritising the allocation of technical and human resources; and developing and implementing risk management systems.

The roles of the Chairman and the Chief Executive

The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The Chairman facilitates the effective contribution of all directors and constructive relations between the executive director and the other directors, ensures that directors receive relevant, accurate and timely information and manages effective communication with shareholders.

The Chief Executive has direct charge of the Group on a day to day basis and is accountable to the Board for the financial and operational performance of the Group.

Senior Independent Director

The Board has considered the question of appointing one of its members to be a Senior Independent Director, in addition to the Chairman, but continues to believe that this recommendation of the Combined Code is not applicable in the light of An Post's legal structure.

Directors and Directors' independence

All directors are appointed to the Board by the Minister for Communications, Energy and Natural Resources and their conditions of appointment and fees are set out in writing. Employee directors are elected in accordance with the Worker Participation (State Enterprises) Acts, 1977 to 1993 for a term of four years. The postmaster director is elected in accordance with Section 81 of the Postal and Telecommunications Services Act, 1983 for a term of three years. All other directors are appointed for a fixed term, usually five years.

The Board is comprised of fifteen directors viz: the Chief Executive, five employee directors, one postmaster director and eight non-executive directors. The names of the directors together with their biographical details are set out on pages 8 and 9. The positions of Chairman and Chief Executive are held by different people. Given its legal status as a State Company and the responsibility of its principal shareholder in the appointment of directors, the Board believes that the criteria normally used by the Board of a listed company in considering the independence of its directors do not apply in An Post's circumstances. The Board, consequently, has not evaluated the independence of its directors against the criteria set out in the Combined Code.

The Combined Code requires the Chairman to hold meetings with the non-executive directors without the executive director being present. The Board has formal procedures in place in this regard.

Directors have the right to ensure that any unresolved concerns they may have about the running of the Group or about a particular course of action are recorded in the Board minutes. If they have any such concerns, they may, on resignation, provide a written statement to the Chairman, for circulation to the Board.

The directors are given access to independent professional advice at the Group's expense where they deem it necessary to discharge their responsibilities as directors.

Professional development

On appointment, all new directors take part in an induction programme when they receive information about the Group, the role of the Board and the matters reserved for its decision, the terms of reference and membership of the principal Board and Board Committees, the Group's corporate governance practices and procedures, including the responsibilities delegated to Group senior management, and the latest financial information about the Group. This will typically be supplemented by meetings with key senior executives. Throughout their period in office, the directors are continually updated on the Group's business, the competitive and regulatory environments in which it operates, corporate social responsibility matters and other changes affecting the Group and the postal industry as a whole, by written briefings and meetings with senior executives. Directors are also advised on appointment of their legal and other duties and obligations as a director, both in writing and in face-to-face meetings with the Company Secretary. They are also updated on changes to the legal and governance requirements of the Group and upon themselves as directors.

Performance evaluation

The Board has adopted and performed a formal process for the annual evaluation of its own performance and that of its principal Committees. It considers that the introduction of any further evaluation of individual directors would be inappropriate given the manner of appointment of directors, the shareholding structure and existing Board procedures.

The Company Secretary

The Company Secretary is a full time employee of An Post. The Company Secretary is responsible for advising the Board through the Chairman on all governance matters. All directors have access to the advice and services of the Company Secretary. The Company's Articles of Association provide that the appointment and removal of the Company Secretary is a matter for the full Board.

Information

Regular reports and papers are circulated to the directors in a timely manner in preparation for Board and Committee meetings. These papers are supplemented by information specifically requested by the directors from time to time.

The directors receive monthly management accounts and regular management reports and information which enable them to scrutinise the Group's and management's performance against agreed objectives.

Relations with shareholders

The Board through the Chairman and management, maintain an ongoing dialogue with the Company's shareholders on strategic issues. The Chairman and the Chief Executive give feedback to the Board on issues raised with them by the shareholders. All directors normally attend the Annual General Meeting and shareholders are invited to ask questions during the meeting and to meet directors after the formal proceedings have ended.

Internal Control

An ongoing process exists for identifying, evaluating and managing the significant risks faced by the Group. This process, which is based on the Combined Code Guidance for directors, issued by the Institute of Chartered Accountants in England and Wales (the Turnbull Guidance), is periodically reviewed by the directors and has been in place throughout the accounting period and up to the date the financial statements were approved.

In accordance with the guidance of the Turnbull committee, the directors are responsible for the Group's system of internal control and set appropriate policies on internal control, seek regular assurance that enable them to satisfy themselves that the system is functioning effectively and ensure that the system of internal control is effective in managing risks in the manner which it has approved. Such a system is designed to manage rather than eliminate business risks and can provide only reasonable rather than absolute assurance against material misstatement or loss.

The directors have continued to review the effectiveness of the Group's system of financial and non-financial controls during 2010, including operational and compliance controls, risk management and the Group's high level internal control arrangements. These reviews have included an assessment of internal controls by management, management assurance of the maintenance of controls, reports from the internal auditors and reports from the external auditor on matters identified in the course of its statutory audit work.

The Group views the careful management of risk as a key management activity. The Board has adopted a Risk Management Policy and a Risk Management Framework and appointed a Chief Risk Officer. The Audit and Security Committee has been renamed the Audit and Risk Committee to reflect the revision of its terms of reference which now embrace the responsibilities of a Risk Committee. Managing risk to deliver business opportunities is a key element of all activities. This is done using a simple and flexible framework which provides a consistent and sustained way of implementing the Group's values. These risks, which may be strategic, operational, reputational, financial or environmental, should be understood and visible. The business context determines in each situation the level of acceptable risk and controls.

Management is responsible for the identification and evaluation of significant risks and for the design and implementation of appropriate internal controls. These risks are assessed on an ongoing basis and are derived from a variety of external and internal sources. Management reports regularly to the Board on the key risks inherent in the business and on the way in which these risks are managed. Management also reports to the Board on any significant changes in the Group's business and on any risks associated with such changes. The process used to identify and manage key risks is an integral part of the internal control environment.

The key procedures which the directors have established with a view to providing effective internal control are as follows:

- A clear focus on business objectives as determined by the Board after consideration of the statutory responsibilities and risk profile of the Group's businesses.
- A defined organisational structure with clear lines of responsibility, delegation of authority and segregation of duties designed to foster a beneficial control environment.
- A risk management process which considers the strategy and development of the business in the context of the annual budget process when financial plans and performance targets are set and reviewed by the Board in light of the Group's overall objectives.
- A reporting and control system which ensures that individual businesses report to the Board on an ongoing basis on their progress in achieving objectives. The system for reporting covers both operational and financial performance, occurs on a timely basis and ensures that budgetary variances are examined and addressed promptly.
- The preparation and issue of financial reports, including the consolidated annual accounts is managed by the Group Finance department. The Group's financial reporting process is controlled using documented accounting policies and reporting formats issued by the Group Finance department to all reporting entities (including subsidiaries) within the Group in advance of each reporting period end. The Group Finance department supports all reporting entities with guidance in the preparation of financial information. This process is supported by a network of finance managers throughout the Group, who have responsibility and accountability to provide information in keeping with agreed policies, including the completion of reconciliations of financial information to processing systems. Its quality is underpinned by arrangements for segregation of duties to facilitate independent checks on the integrity of financial data. The financial information for each entity is subject to a review at reporting entity and group level by senior management. The annual accounts are reviewed by the Audit and Risk Committee in advance of being presented to the Board for their review and approval.
- An internal audit function which monitors compliance with policies and the effectiveness of internal control within the Group's businesses. The working of the internal audit function is focused on the areas of greatest risk to the Group.
- A Board level committee, the Audit and Risk Committee, which approves internal and external audit plans and deals with significant control issues raised by internal and external auditors.

Attendance at meetings of the Board, the Remuneration Committee and the Audit and Risk Committee

Ten Board meetings were held during the year ended 31 December, 2010 and the attendance record of each director is set out in the following table:

Name	Eligible to attend	Attended
John Fitzgerald	10	10
Patrick Compton	10	10
Jerry Condon	10	10
Donal Connell	10	10
Anne Connolly	10	9
Paddy Costello	10	9
Thomas Devlin	8	8
Ciara Hurley	10	9
James Hyland	10	10
Brian McConnell	10	10
Gerry O'Toole	10	10
John Quinlivan	10	10
Alan Sloane	10	10
Catherine Woods	10	10
Patrick Davoren	1	1
Louise English	4	4

Five meetings of the Remuneration Committee were held during the year ended 31 December, 2010 and the attendance record of each director, eligible to attend, is set out in the following table:

Name	Eligible to attend	Attended
John Fitzgerald	5	5
Donal Connell	5	5
John Quinlivan	5	5
Catherine Woods	5	5

Seven meetings of the Audit and Risk Committee (previously named the Audit and Security Committee) were held during the year ended 31 December, 2010 and the attendance record of each director, eligible to attend, is set out in the following table:

Name	Eligible to attend	Attended
James Hyland	7	7
Brian McConnell	4	4
Catherine Woods	7	7
Louise English	3	3

Directors' Remuneration

The remuneration of the Chief Executive is determined in accordance with the guidelines issued by the Department of Finance for determining the remuneration of Chief Executive Officers of Commercial State Bodies and is subject to the approval of the Remuneration Committee of the Board of An Post and the Minister for Communications, Energy and Natural Resources. The objective is to maintain the remuneration of the Chief Executive at a level which is attractive to the individual while, at the same time, representing value for money for the Group. A proportion of the Chief Executive's remuneration is performance related and, in this way, is linked to the Group and individual objectives. Fees for all directors are determined by the Minister for Communications, Energy and Natural Resources with the approval of the Minister for Finance.

The disclosures made in these financial statements relating to directors' emoluments and pension information are those required under the Code of Practice for the Governance of State Bodies.

Remuneration Committee

The Remuneration Committee is currently comprised of three non-executive directors and the Chief Executive. John Fitzgerald acts as Chairman of the Committee. The Chief Executive absents himself from meetings when matters relating to his own remuneration are being considered. When necessary, non-Committee members are invited to attend. The Committee's principal responsibilities are:

- to determine, on behalf of the Board, the remuneration and other terms and conditions of employment of the Chief Executive, subject to compliance with Government Policy relating thereto;
- to determine, on behalf of the Board, the pay structures and terms and conditions of other senior personnel (as identified by the Chairman of the Board);
- to be informed of significant developments in industrial relations and to review industrial relations policies to ensure the strategy is consistent with the achievement of the business plans of An Post and, on behalf of the Board, to take decisions on such matters;
- to act, on behalf of the Board, and take all decisions related to pay and pay related matters, as the Chairman of the Board shall determine; and
- to act, on behalf of the Board, and take all significant decisions on matters such as remuneration policy, benefits, staff grading, third party recommendations and related issues.

Audit and Risk Committee (previously named the Audit and Security Committee)

The Audit and Risk Committee is currently comprised of three non-executive directors all of whom have recent and relevant financial experience. James Hyland acts as the Chairman of the Committee. When necessary, non-Committee members are invited to attend. Under its terms of reference, the Committee is to assist the Board in fulfilling its responsibilities by providing an independent review of financial reporting, by satisfying itself as to the effectiveness of the Company's internal controls and as to the sufficiency of the external and internal audits.

The Committee is responsible for monitoring the effectiveness of the external audit process and making recommendations to the Board in relation to the appointment, re-appointment and remuneration of the external auditor. It is responsible for ensuring that an appropriate relationship between the Group and the external auditor is maintained, including reviewing non-audit services and fees. As a result of regulatory or similar requirements, it is necessary to employ the Group's external auditor for certain audit related and non-audit services.

In order to maintain the independence of the external auditor, the Audit and Risk Committee has determined policies as to what audit related and non-audit services can be provided by the Group's external auditors and the approval process related to these services. Under these policies, work of a consultancy nature will not be offered to the external auditor unless there are clear efficiencies and value-added benefits to the Group while ensuring that the objectivity and independence of the external auditor is maintained. The Audit and Risk Committee monitors the level of fees paid to the external auditor.

The Committee reviews annually the Group's systems of internal control and the processes for monitoring and evaluating the risks facing the Group.

The Committee also assists and, where relevant, makes recommendations to the Board on the discharging of its responsibilities in relation to security.

The Committee meets with management, as well as privately with the external auditor.

In 2010, the Audit and Risk Committee discharged its responsibilities by:

- reviewing the Group's draft financial statements for 2009 prior to Board approval and meeting and reviewing with the external auditor their reports thereon;
- reviewing the appropriateness of the Group's accounting policies;
- reviewing the potential impact on the Group's financial statements of significant matters arising during the year;
- reviewing the resources of internal audit, approving the internal audit plans, reviewing internal audit reports and dealing with significant control issues raised by the internal auditor;
- reviewing the audit fee and non-audit fees payable to the Group's external auditor;
- reviewing the external auditor's plan for the audit of the Group's financial statements for 2010, confirmations of auditor independence and the proposed audit fee, and approving the terms of engagement for the audit on behalf of the Board;
- reviewing the Risk Management Policy and the Risk Management Framework;
- reviewing the key risks to the business and considering the adequacy of the Group's system of risk identification and assessment;
- reviewing an annual report on the Group's systems of internal control and its effectiveness, reporting to the Board on the results of the review and receiving regular updates on key risk areas of financial control;
- reviewing security policies and procedures for the protection of staff, postmasters and customers and for safeguarding assets and the implementation of and compliance with those policies and procedures.

The Group operates procedures to ensure that appropriate arrangements are in place for employees to be able to raise, in confidence, matters of possible impropriety, with suitable subsequent follow-up action. Reporting channels have been created whereby perceived wrongdoing may be reported via post, telephone and email, anonymously if preferred.

Nomination Committee

As all the authority regarding the appointment of directors is vested in the Minister for Communications, Energy and Natural Resources, with the consent of the Minister for Finance, the matter of constituting a Nomination Committee does not require consideration by the Board.

Compliance Statement

As noted above, in developing its corporate governance policy, the Board has sought to give effect both to the Code of Practice for the Governance of State Bodies, issued by the Department of Finance, and to the relevant main and supporting principles of good governance outlined in the Combined Code issued by the United Kingdom's Financial Reporting Council.

The directors confirm that the Group has been in compliance with the Code of Practice for the Governance of State Bodies and the relevant main and supporting principles of the Combined Code throughout the financial year under review, with the exception of a number of areas noted above where voluntary compliance with provisions of the Combined Code is not, given the manner of appointment of directors, the legal and shareholding structure of the Company and existing Board procedures, considered appropriate.

Going Concern

The directors have reviewed the Group's business plan and other relevant information and have a reasonable expectation that the Group will continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

On behalf of the Board

John Fitzgerald, Chairman
Donal Connell, Director
24 March, 2011

Statement of the Directors on compliance with the European Communities (Postal Services) Regulations, 2002, concerning cost accounting systems and with the Regulator's Direction on the Accounting Systems of An Post

Under the European Communities (Postal Services) Regulations, 2002 (the 'Regulations'), the Commission for Communications Regulation, (ComReg), was designated as the national regulatory authority for the postal sector and An Post was designated as a Universal Service provider.

Under those Regulations, the accounting procedures of An Post are required to be conducted in accordance with directions laid down by ComReg and with certain provisions in the Regulations. On 8 December, 2006, ComReg issued a direction to An Post setting out the regulator's detailed requirements in relation to the accounting systems of An Post (the 'Direction').

The directors acknowledge their responsibility for compliance with the accounting provisions of the Regulations and with the Direction and the following statement describes how An Post applied the relevant provisions of the Regulations and the Direction for the accounting year beginning on 1 January, 2010.

Financial Records and Accounting Systems

The financial records and accounting systems maintained by An Post contain sufficient detail as required by the Direction to enable management to ensure that they comply with the accounting provisions of the Regulations. Separate accounts are maintained for each of the services within the reserved and non-reserved sectors.

Separated Accounts

Segmental profit and loss accounts and statements of net assets are being prepared for submission to ComReg for the year ended 31 December, 2010. In compliance with the Direction, a competent body is reviewing these accounts and will issue an opinion on their compliance both with the Regulations and the Direction.

Management Accounting Manual

A detailed accounting manual has been prepared showing the range and scope of data to be collected for the purpose of complying with the Regulations and the Direction and the basis on which the data is to be allocated/apportioned between services. This was submitted to ComReg in 2010.

The manual reflects the detailed revenue determination and cost allocation and apportionment principles and rules set out in the Regulations and the Direction.

Statement of Compliance

Based on the above steps and actions, the directors believe that An Post has complied with the relevant provisions of the Regulations and with the Direction of ComReg in relation to the Accounting Systems of An Post for the year ended 31 December, 2010.

On behalf of the Board

John Fitzgerald, Chairman
Donal Connell, Director
24 March, 2011

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and financial statements, in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law, the directors have elected to prepare the Group and parent Company financial statements in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

The Group and parent Company financial statements are required by law to give a true and fair view of the state of affairs of the Group and the parent Company and of the profit or loss of the Group for that period.

In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2009. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and Company and to prevent and detect fraud and other irregularities.

The directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Acts, 1963 to 2009.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board
John Fitzgerald, Chairman
Donal Connell, Director
24 March, 2011

Report of the Independent Auditor to the Members of An Post

We have audited the Group and parent Company financial statements (the 'financial statements') of An Post for the year ended 31 December, 2010 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses, the Statement of Accounting Policies and the related notes. These financial statements have been prepared under the accounting policies therein.

This report is made solely to the Company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities Of Directors And Auditor

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), are set out in the Statement of Directors' Responsibilities on page 56.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland and are properly prepared in accordance with the Companies Acts, 1963 to 2009, and the European Communities (Companies: Group Accounts) Regulations, 1992. We also report to you whether in our opinion: Proper books of account have been kept by the Company; at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the company; and the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit, and whether the Company's balance sheet is in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and transactions with the Group is not disclosed and, where practicable, include such information in our report.

We review, at the request of the directors, whether (1) the voluntary Corporate Governance statement on pages 45 to 54 reflects the Group's compliance with the nine provisions of the FRC Combined Code that the Listing Rules of the Irish Stock Exchange specifies for review by auditors and (2) the statement on the system of internal control on pages 47 to 49 reflects the Group's compliance with the provision of The Code of Best Practice for the Governance of State Bodies that is specified for review by auditors and we report if those statements do not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairperson's Statement, the Chief Executive's Review, the Financial Review, the Corporate Governance Statement and the Five Year Financial Summary. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Group's and parent Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements:

- Give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of affairs of the Group and the Company at 31 December, 2010 and of the loss of the Group for the year then ended; and
- Have been properly prepared in accordance with the Companies Acts, 1963 to 2009 and the European Communities (Companies: Group Accounts) Regulations, 1992.

We have obtained all the information and explanations we considered necessary for the purposes of our audit. In our opinion, proper returns adequate for our audit have been received from branches of the Company not visited by us. In our opinion, proper books of account have been kept by the Company and the balance sheet of the Company at 31 December, 2010 is in agreement therewith.

In our opinion, the information given in the report of the directors on pages 41 to 44 is consistent with the financial statements.

The balance sheet of the Company, as stated on page 69, reports an excess of liabilities over assets and, in our opinion, on that basis there did exist at 31 December, 2010 a financial situation which under section 40(1) of the Companies (Amendment) Act, 1983 may require the convening of an extraordinary general meeting of the Company.

KPMG

Chartered Accountants
Registered Auditor
1 Stokes Place
St. Stephen's Green
Dublin 2
24 March, 2011

Report of the Independent Auditor to An Post on compliance with the European Communities (Postal Services) Regulations, 2002 (the 'Regulations') concerning cost accounting systems and with the Regulator's Direction

In addition to our audit of the financial statements, we have reviewed the directors' statement on page 55 concerning the Company's compliance, for the year ended 31 December, 2010, with the accounting provisions of the Regulations and with the direction to An Post setting out the Regulator's detailed requirements in relation to the accounting systems of An Post (the 'Direction'), issued on 8 December, 2006 by the postal services regulator, ComReg, in relation to the accounting systems of An Post.

Respective Responsibilities Of Directors And Auditor

The directors prepare an annual statement of compliance with the accounting provisions of the Regulation and the Direction for which they are responsible. The objective of our review is to draw attention to non-compliance with the requirements of the accounting provisions of the Regulations and with the Direction. Our review does not constitute an audit of the separated accounts. A separate audit report will be issued on the audit of the regulatory accounts.

Basis Of Opinion

We carried out our review in accordance with the general principles and guidance of the Auditing Practices Board.

Opinion

Based on enquiry of certain directors and officers of the Company and examination of relevant documents, in our opinion, the directors' statement on page 55 appropriately reflects the Company's compliance, for the year ended 31 December, 2010, with the accounting provisions of the Regulations and with the Direction on the Accounting Systems of An Post, dated 8 December, 2006 issued by ComReg.

KPMG

Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2
24 March, 2011

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

1. Basis Of Preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable law and Irish Generally Accepted Accounting Practice which includes compliance with the financial reporting standards of the Accounting Standards Board as promulgated in Ireland by The Institute of Chartered Accountants in Ireland.

2. Basis Of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings (except An Post National Lottery Company) made up to the end of the financial year. The results of subsidiary undertakings acquired or disposed of during the year are included in the consolidated profit and loss account from the date of acquisition or up to date of disposal. Upon the acquisition of a business, fair values are attributed to the identifiable net assets acquired. Goodwill arising on acquisitions is dealt with as set out below. If the financial year of a subsidiary undertaking does not coincide with that of the parent Company, the Group financial statements consolidate interim financial information prepared by the subsidiary at the end of the parent's financial year.

The sole activity of An Post National Lottery Company is the operation of the National Lottery under licence from the Minister for Finance in accordance with the provisions of the National Lottery Act, 1986 and the surplus generated each year is entirely attributable to the National Lottery Fund which is managed and controlled by the Minister. Accordingly, An Post does not participate in the surplus generated by An Post National Lottery Company and neither is it entitled to exercise any rights over the assets of that company. On this basis, in accordance with the provisions of Financial Reporting Standard No. 2 'Accounting for Subsidiary Undertakings' and the European Communities (Companies: Group Accounts) Regulations, 1992, the consolidated financial statements do not incorporate the financial statements of An Post National Lottery Company. Separate financial statements of An Post National Lottery Company were published on 21 April, 2011.

Joint venture undertakings (joint ventures) are those undertakings in which the Group has a long term interest and over which it exercises control jointly with another party.

Associated undertakings (associates) are those undertakings in which the Group has a participating interest in the equity capital and over which it is able to exercise significant influence.

Joint ventures and associates are accounted for using the gross equity method and equity method respectively. The Group's share of profits less losses of joint ventures and associates is included in the consolidated profit and loss account and its interests in their net assets or liabilities, other than goodwill, are included as fixed asset investments in the consolidated balance sheet.

The amounts included in the consolidated financial statements in respect of the post acquisition profits of joint ventures and associates are taken from their latest audited financial statements made up to the balance sheet date.

Investment in joint ventures and associates are shown in the Company balance sheet as financial fixed assets and are valued at cost less provisions for impairments in value.

3. Turnover

Turnover is recognised as services are provided and consists of income from postage, agency services, poundage from remittance services, courier and logistic services, consultancy services, financial services, rents and interest income. Income from agency services is in respect of services performed for Government Departments, the National Treasury Management Agency, An Post National Lottery Company, Postbank Ireland Limited and other bodies. Amounts held in the performance of these agency services are included in amounts held in trust in cash at bank and at hand.

Postage income is recognised in the profit and loss account as sales are made with an adjustment to deferred revenue for stamps sold and unused and balances in postage meter machines unused at the year end. Other income, primarily agency income and service income, is recognised upon provision of the underlying service.

4. Saving Services

The Company operates, on an agency basis and for an agreed remuneration, the Post Office Savings Bank and other savings services for the National Treasury Management Agency, which acts on behalf of the Minister for Finance.

The funds are remitted regularly to the National Treasury Management Agency. The assets and liabilities of such savings services vest in the Minister for Finance and, accordingly, are not included in these financial statements.

5. Grants

Revenue based grants are credited to the profit and loss account to offset the matching expenditure.

Capital grants received and receivable under EU assisted schemes are recognised when received or when their receipt can be foreseen with virtual certainty.

Capital grants are treated as deferred income and amortised to the profit and loss account on a basis consistent with the depreciation policy of the related tangible fixed assets.

6. Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of certain security equipment in sub-post offices and furniture and fittings, together with other minor items, is charged to the profit and loss account in the year in which the expenditure is incurred. All other purchases of tangible fixed assets are capitalised.

Freehold and long leasehold land is not depreciated. Depreciation on other tangible fixed assets is charged to the profit and loss account on a straight line basis so as to write off those assets, adjusted for estimated residual value, over the expected useful life of each category. The remaining useful lives of the assets and their residual values are reviewed on a regular basis.

Depreciation is provided on additions with effect from the first day of the month following commissioning and on disposals up to the end of the month of retirement.

The estimated useful lives are as follows:

	Years
Freehold & long leasehold buildings	20 – 50
Interest in GPO	50
Motor vehicles	5
Operating & computer equipment	3 – 10

7. Operating Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

8. Goodwill

Goodwill arising on acquisitions, representing the excess of the purchase price over the fair value of the net identifiable assets or liabilities acquired, is capitalised and amortised to the profit and loss account on a straight line basis over its expected useful life of up to twenty years. The carrying value of goodwill is reviewed annually and provision is made for any impairment in value. On disposal of a business, any goodwill is included in determining the profit or loss on sale of the business.

9. Financial Fixed Assets

Financial fixed assets are shown at cost less provisions for impairments in value. Income from financial fixed assets, together with any related tax credit, is recognised in the profit and loss account in the year in which it is receivable.

10. Taxation

Current tax, including Irish corporation tax and foreign tax(es), is provided on the Group's taxable profits, at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries, joint ventures and associates only to the extent that, at the balance sheet date, dividends have been accrued or receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary, joint venture or associate.

11. Pensions

The Group provides pensions to its employees under defined benefit superannuation schemes and a defined contribution scheme. It also provides retirement gratuities under normal circumstances to postmasters engaged as agents and to certain non-pensionable employees.

In relation to the defined contribution scheme, contributions are accrued and recognised in operating profit or loss in the period in which they are earned by the relevant employees.

For the defined benefit schemes, the difference between the market value of the schemes' assets and the actuarially assessed present value of the schemes' liabilities, calculated using the projected unit credit method, is disclosed as an asset/liability on the balance sheet, net of a deferred tax liability or asset (to the extent that it is recoverable).

The amount charged to operating profit is the actuarially determined cost of pension benefits promised to employees earned during the year plus any benefit improvements granted to members during the year.

The expected return on the pension schemes' assets during the year and the increase in the schemes' liabilities due to the unwinding of the discount rate during the year are shown as financing costs in the profit and loss account.

Any difference between the expected return on assets and that actually achieved and any changes to the liabilities due to changes in assumptions or because actual experience during the year was different to that assumed, are recognised as actuarial gains and losses in the statement of total recognised gains and losses.

In relation to the unfunded liability for retirement gratuities, the actuarially determined present value of the liability is recorded in full in the balance sheet and it is increased for the cost of additional benefits earned during the year which is charged to operating profit. The unwinding of the discount on the liability is shown as a financing cost in the profit and loss account. Changes to the liability as a result of changes in measurement assumptions or because actual experience is different to that assumed are considered to be an actuarial gain or loss and are included in the statement of total recognised gains and losses.

12. Foreign Currencies

Transactions denominated in foreign currencies are translated into euro and recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into euro at the rates of exchange ruling at the balance sheet date or at forward purchase contract rates where such contracts exist. All such exchange differences are dealt with in the profit and loss account.

Results of overseas subsidiaries are translated into euro at the average exchange rate for the period. The assets and liabilities of overseas subsidiaries are translated into euro at rates of exchange ruling at the balance sheet date. Translation differences are reported as a movement on reserves.

Consolidated Profit and Loss Account for the year ended 31 December, 2010

	Notes	2010 €'000	2009 €'000
Turnover: Group and share of joint venture		811,563	819,297
Less share of joint venture's turnover		(6,443)	(15,081)
Group turnover – continuing operations	2	805,120	804,216
Operating costs	3	(799,282)	(798,475)
Group operating profit – continuing operations		5,838	5,741
Exceptional items – continuing operations – costs of restructuring	4	(20,000)	-
Share of result of joint venture investment	11	(6,590)	(10,750)
Other finance expense (net)	18	(3,950)	(20,560)
Loss on ordinary activities before taxation	5	(24,702)	(25,569)
Tax on loss on ordinary activities	6	429	(2,941)
Loss on ordinary activities after taxation		(24,273)	(28,510)
Minority interest	22	(409)	(555)
Loss for the financial year	7/20	(24,682)	(29,065)

On behalf of the Board

John Fitzgerald, Chairman
Donal Connell, Director

Consolidated Statement of Total Recognised Gains and Losses for the year ended 31 December, 2010

	Notes	2010 €'000	2009 €'000
Loss for the financial year excluding share of results of joint venture		(18,092)	(18,315)
Share of joint venture's result	11	(6,590)	(10,750)
Actuarial gain on post employment plans	18	27,310	187,790
Total recognised gains and losses		2,628	158,725

Consolidated Balance Sheet at 31 December, 2010

	Notes	2010 €'000	2009 €'000
Fixed Assets			
Intangible assets – goodwill	9	24,658	12,378
Tangible assets	10	254,665	230,236
Financial assets:			
– Investment in joint venture	11	-	90
– Investment in associates	11	-	-
		279,323	242,704
Current Assets			
Debtors	12	98,437	60,400
Cash at bank and in hand	13	198,078	272,366
		296,515	332,766
Creditors: Amounts falling due within one year	14	(200,590)	(166,343)
Net Current Assets		95,925	166,423
Total Assets less Current Liabilities		375,248	409,127
Creditors: Amounts falling due after more than one year	16	(4,563)	(3,665)
Provisions for Liabilities	17	(46,820)	(49,885)
Net Assets excluding Pension Liability		323,865	355,577
Pension Liability	18	(368,498)	(403,252)
Net Liabilities including Pension Liability		(44,633)	(47,675)
Capital and Reserves			
Called up share capital	19	68,239	68,239
Capital conversion reserve fund	19	877	877
Profit and loss account	20	(106,305)	(108,933)
Shareholders' Deficit	21	(37,189)	(39,817)
Minority interest	22	(7,444)	(7,858)
		(44,633)	(47,675)

On behalf of the Board

John Fitzgerald, Chairman
Donal Connell, Director

Company Balance Sheet at 31 December, 2010

	Notes	2010 €'000	2009 €'000
Fixed Assets			
Tangible assets	10	259,376	235,264
Financial assets	11	11,084	10,652
		270,460	245,916
Current Assets			
Debtors	12	63,607	59,829
Cash at bank and in hand	13	178,173	260,245
		241,780	320,074
Creditors: Amounts falling due within one year	14	(169,311)	(188,090)
Net Current Assets		72,469	131,984
Total Assets less Current Liabilities		342,929	377,900
Creditors: Amounts falling due after more than one year	16	(3,563)	(3,665)
Provisions for Liabilities	17	(46,820)	(49,885)
Net Assets excluding Pension Liability		292,546	324,350
Pension Liability	18	(368,498)	(403,252)
Net Liabilities including Pension Liability		(75,952)	(78,902)
Capital and Reserves			
Called up share capital	19	68,239	68,239
Capital conversion reserve fund	19	877	877
Profit and loss account	20	(145,068)	(148,018)
Shareholders' Deficit	21	(75,952)	(78,902)

On behalf of the Board

John Fitzgerald, Chairman
Donal Connell, Director

Consolidated Cash Flow Statement for the year ended 31 December, 2010

	Notes	2010 €'000	2009 €'000
Net cash outflow from operating activities	23	(11,470)	(32,022)
Taxation	23	(2,402)	(4,294)
Capital expenditure and financial investment	23	(40,590)	(46,300)
Financing	23	2,000	-
Acquisitions	23	(21,072)	2,029
Cash outflow before use of liquid resources		(73,534)	(80,587)
Management of liquid resources	23	9,043	103,037
(Decrease)/increase in cash in the year		(64,491)	22,450

Reconciliation of net cash flow to movement in net funds

	Notes	2010 €'000	2009 €'000
(Decrease)/increase in cash in the year	24	(64,491)	22,450
Cash flows from change in liquid resources	24	(9,043)	(103,037)
Change in net funds resulting from cash flows	24	(73,534)	(80,587)
Net funds at beginning of year	24	269,876	350,463
Net funds at end of year	24	196,342	269,876

1. Status Of Company

The Company is a limited liability company, incorporated under the Companies Acts, 1963 to 2009. Under the Postal and Telecommunications Services Act, 1983, the Company is entitled to omit the word 'Limited' from its name.

2. Turnover

	2010 €'000	2009 €'000
The analysis of turnover is as follows:		
Republic of Ireland		
Postage: Letters and parcels	552,366	565,640
Postage: Elections and referendum	-	15,494
Post offices: Agency, remittance and related services	171,438	163,950
Other services	36,197	19,783
Interest income	9,259	12,890
	769,260	777,757
United Kingdom and Other European Countries		
Other services	35,860	26,459
	805,120	804,216

Turnover above excludes the Group's share of Joint Venture's turnover of €6,443,000 (2009: €15,081,000). In the opinion of the directors, fuller compliance with the disclosure requirements of SSAP 25 'Segmental Reporting' would be prejudicial to the Group's interests.

3. Operating Costs

	2010 €'000	2009 €'000
Staff costs		
Wages and salaries	422,795	436,465
Postmasters' costs	74,646	73,833
Social welfare costs	36,279	36,491
Other pension costs	41,952	42,186
	575,672	588,975
Other costs		
Distribution	66,612	61,356
Facilities	26,630	27,367
Operational	55,551	52,212
Administration	49,572	47,369
Depreciation and amortisation of goodwill	25,245	21,196
	223,610	209,500
	799,282	798,475

4. Exceptional Items

	2010 €'000	2009 €'000
Costs of restructuring	20,000	-

The Company's strategic plan includes an intention to reduce the number of full time equivalents working in the Company by 1,375 by the end of 2012. This fundamental restructuring arises from the need to reduce the organisation's capacity to meet the declining mails market. Reflecting the level of progress made to date with regards to these planned reductions, a charge of €20,000,000 was recognised in 2010 in respect of related fundamental restructuring costs which consist primarily of anticipated voluntary severance and voluntary early retirement costs. The scale of the decline in the core business will be reviewed on an annual basis and if further restructuring is required, assessment of the provision will be made then.

5. Loss On Ordinary Activities Before Taxation

	2010 €'000	2009 €'000
The loss on ordinary activities before taxation is stated after charging:		
Directors' emoluments		
Fees	251	268
Other emoluments	407	407
Pension contributions	77	77
Expenses paid to Directors		
Travel	15	21
Subsistence	6	6
Other	1	1
Auditors' remuneration		
Audit of the group financial statements	299	280
Other assurance services	155	161
Tax advice services	169	198
Other non-audit services	241	30
Depreciation	22,925	20,235
Amortisation of goodwill	2,320	961
Operating lease rentals		
Rental of buildings	8,290	8,532
Other – equipment and motor vehicles	14,110	13,912
and after crediting:		
Capital grants amortised	102	102
(Loss)/profit on sale of fixed assets	(14)	307

The amounts shown above as directors' emoluments include only the amounts paid to the directors in the execution of their duties as directors and the salary of the Chief Executive who is also a director. Other than this, they do not include the salaries of the employee and postmaster directors.

	2010 €'000	2009 €'000
The remuneration package of Mr Donal Connell, Chief Executive Officer, which is included in the amounts shown above as directors' emoluments, was as follows:		
Basic salary	386	386
Non-pensionable performance related pay	-	-
Total pay	386	386
Other emoluments:		
Taxable benefits, including use of a company car	21	21
Director's fee	16	16
Pension contributions	77	77
	500	500

In accordance with the Government Guidelines on Remuneration and Other Conditions of Chief Executives, the Company operates a performance related pay scheme which provides for a maximum possible annual award of 35% of basic pay. Under this scheme, up to 25% is applied to annual objectives (the 25% short term scheme) and up to 10% is applied to multi-annual (three year) objectives (the 10% long term scheme). The Chief Executive has voluntarily waived his entitlement under the 25% short term scheme in the current year and in the previous two years. Amounts earned under the 10% long term scheme are not finalised and do not become payable until the end of the three year term. However, it is estimated that an amount of €97,000 has been earned by the Chief Executive under the 10% long term scheme since the date of his appointment, 14 August, 2006, up to 31 December, 2009. No determination has been made yet in relation to amounts earned by the Chief Executive in 2010 under the 10% long term scheme.

	2010 €'000	2009 €'000
The fees paid to each director were as follows:		
John Fitzgerald (Chairman)	31	33
Patrick Compton	16	16
Jerry Condon	16	16
Donal Connell	16	16
Anne Connolly	16	16
Paddy Costello	16	16
Patrick Davoren	2	16
Thomas Devlin	11	-
Louise English	6	16
Ciara Hurley	16	16
James Hyland	25	27
Brian McConnell	16	16
Gerry O'Toole	16	16
John Quinlivan	16	16
Alan Sloane	16	16
Catherine Woods	16	16
	251	268

6. Tax On Loss On Ordinary Activities

	2010 €'000	2009 €'000
Current tax		
Ireland – Capital gains tax	-	46
Ireland – Corporation tax	(918)	2,252
Ireland – adjustment with respect of prior years	(22)	206
UK – Corporation tax	511	437
	(429)	2,941

The current tax credit is lower than the standard rate of corporation tax in Ireland.

	2010 €'000	2009 €'000
The differences are explained below:		
Loss on ordinary activities before tax	(24,702)	(25,569)
Current tax of 12.5% (2009: 12.5%)	(3,088)	(3,196)
Effects of:		
Expenses not deductible	609	782
Depreciation in excess of capital allowances	831	785
Share of Joint Venture losses not deductible	824	1,344
Income taxed at higher rates	1,469	1,782
Short term timing differences	(1,052)	1,238
Prior year (overprovision)/underprovision	(22)	206
Current tax charge	(429)	2,941

Given the uncertainty over the existence of future taxable profits, a potential deferred tax asset of €49,991,000 (2009: €55,060,000) has not been recognised in the consolidated balance sheet at 31 December, 2010. This deferred tax asset not recognised comprises a deferred tax asset in relation to the net pension deficit recognised of €46,062,000 (2009: €50,407,000), timing differences on business restructuring, €2,381,000 (2009: €2,381,000), tax losses forward not utilised,€6,540,000 (2009: €6,353,000), offset by other timing differences of €4,992,000 (2009: €4,081,000).

7. Loss For The Financial Year

	2010 €'000	2009 €'000
Loss after tax in the holding company	(17,860)	(21,481)
Profit after tax in subsidiary undertakings	177	3,721
Share of result of joint venture	(6,590)	(10,750)
Minority interest	(409)	(555)
Loss for the financial year	(24,682)	(29,065)

A separate profit and loss account for An Post has not been prepared because the conditions laid down in Section 148(8) of the Companies Act, 1963 have been satisfied.

8. Staff Numbers And Costs

	2010	2009
The average Full Time Equivalent (FTE) number of persons working in the Group during the year was:		
Operations (mails and retail)	9,440	9,785
Corporate	689	713
Total Company employees (FTE)	10,129	10,498
Subsidiaries	481	356
Total Group employees (FTE)	10,610	10,854
The average number of employees working in the Group during the year, including executive directors, was:		
Operations (mails and retail)	8,943	8,983
Corporate	727	747
Total Company employees (permanent and contract)	9,670	9,730
Casual employees	1,300	1,447
Total Company employees	10,970	11,177
Subsidiaries	490	356
Total Group employees	11,460	11,533
Postmasters: Engaged as agents	1,128	1,185

	2010 €'000	2009 €'000
The aggregate payroll costs, excluding restructuring costs, were as follows:		
Wages and salaries	422,795	436,465
Postmasters' costs	74,646	73,833
Social welfare costs	36,279	36,491
Other pension costs (note 18)	41,952	42,186
	575,672	588,975

9. Intangible Fixed Assets – Goodwill Group

	Total €'000
Cost	
At 31 December, 2009	24,103
Acquisitions (note 25)	14,572
Foreign exchange gain	28
At 31 December, 2010	38,703
Amortisation	
At 31 December, 2009	11,725
Charge for year	2,320
At 31 December, 2010	14,045
Net Book Value	
At 31 December, 2010	24,658
At 31 December, 2009	12,378

The directors have considered the carrying value of goodwill at 31 December, 2010 and have concluded that no impairment arises.

10. Tangible Fixed Assets
Group

	Freehold & long leasehold land & buildings €'000	Interest in GPO €'000	Motor vehicles €'000	Operating & computer equipment €'000	Total €'000
Cost					
At 31 December, 2009	214,465	26,429	19,098	261,432	521,424
Additions	19,429	153	3,650	24,175	47,407
Disposals	-	-	(2,832)	(5)	(2,837)
Foreign exchange gain	-	-	7	78	85
At 31 December, 2010	233,894	26,582	19,923	285,680	566,079
Accumulated Depreciation					
At 31 December, 2009	47,756	10,801	12,063	220,568	291,188
Charged during year	5,096	663	2,554	14,612	22,925
Eliminated on disposals	-	-	(2,733)	(2)	(2,735)
Foreign exchange gain	-	-	11	25	36
At 31 December, 2010	52,852	11,464	11,895	235,203	311,414
Net Book Value					
At 31 December, 2010	181,042	15,118	8,028	50,477	254,665
At 31 December, 2009	166,709	15,628	7,035	40,864	230,236

Company

	Freehold & long leasehold land & buildings €'000	Interest in GPO €'000	Motor vehicles €'000	Operating & computer equipment €'000	Total €'000
Cost					
At 31 December, 2009	216,758	26,429	18,929	253,424	515,540
Additions	19,425	153	3,549	22,832	45,959
Disposals	-	-	(2,777)	-	(2,777)
At 31 December, 2010	236,183	26,582	19,701	276,256	558,722
Accumulated Depreciation					
At 31 December, 2009	42,365	10,801	12,057	215,053	280,276
Charged during year	5,254	663	2,494	13,368	21,779
Eliminated on disposals	-	-	(2,709)	-	(2,709)
At 31 December, 2010	47,619	11,464	11,842	228,421	299,346
Net Book Value					
At 31 December, 2010	188,564	15,118	7,859	47,835	259,376
At 31 December, 2009	174,393	15,628	6,872	38,371	235,264

Group and Company

The depreciable element of freehold & long leasehold land & buildings amounts to:
Group €188,448,000 (2009:€170,744,000), Company €195,977,000 (2009: €178,531,000).

11. Financial Fixed Assets

	Group		Company	
	2010 €'000	2009 €'000	2010 €'000	2009 €'000
Shares in subsidiary undertakings, at cost	-	-	11,084	10,652
Interest in joint venture and associated undertakings	-	90	-	-
	-	90	11,084	10,652
Shares in subsidiary undertakings, at cost, in the Group amount to €102 (2009: €102)				
The movements during the year were as follows:				
Shares in subsidiary undertakings				
At beginning of year	-	-	10,652	10,651
Additions	-	-	432	1
At end of year	-	-	11,084	10,652
Interest in joint venture and associated undertakings				
At beginning of year	90	10,840	-	33,110
Additions	6,500	-	6,500	-
Share of result of joint venture / impairment	(6,590)	(10,750)	(6,500)	(33,110)
At end of year	-	90	-	-

During the year, the shareholders in Postbank Ireland Limited, BGL BNP Paribas Fortis and An Post, agreed to convert loans into ordinary shares in Postbank Ireland Limited as well as making an additional capital contribution. The total value of An Post's contributions was €6,500,000. The shareholders decided not to continue the joint venture beyond the calendar year 2010 and accordingly, the company accounts for An Post recognise this and have reduced the carrying value of the investment to €nil.

12. Debtors

	Group		Company	
	2010 €'000	2009 €'000	2010 €'000	2009 €'000
Amounts falling due within one year				
Trade debtors	65,172	41,514	28,439	30,481
Amounts owed by subsidiary undertaking not consolidated (note 28)	751	1,040	751	1,040
Amounts owed by other subsidiary undertakings	-	-	1,014	2,437
Amounts owed by associated undertaking (note 28)	331	799	331	799
Amounts owed by joint venture (note 28)	-	4,278	-	4,085
Corporation tax	3,024	193	3,029	419
Other debtors	3,268	877	1,617	508
Prize bonds held	1,393	100	705	100
Prepayments and accrued income	24,498	11,599	5,129	4,944
	98,437	60,400	41,015	44,813
Amounts falling due after more than one year				
Amounts owed by subsidiary undertakings	-	-	22,592	15,016
	98,437	60,400	63,607	59,829

13. Cash At Bank And In Hand

	Group		Company	
	2010 €'000	2009 €'000	2010 €'000	2009 €'000
Cash at bank	35,234	13,115	15,329	994
Cash in hand	258,212	258,827	258,212	258,827
	293,446	271,942	273,541	259,821
Term deposits	280,059	289,102	280,059	289,102
Less: Amounts held in trust	(375,427)	(288,678)	(375,427)	(288,678)
	198,078	272,366	178,173	260,245

14. Creditors: Amounts Falling Due Within One Year

	Group		Company	
	2010 €'000	2009 €'000	2010 €'000	2009 €'000
Trade creditors	49,927	17,367	12,598	10,373
Amounts owed to subsidiary undertakings	-	-	30,485	47,217
Other creditors	11,438	16,511	3,416	7,640
Taxation and social welfare (note 15)	19,832	16,496	15,659	15,515
Accruals	103,466	97,421	93,962	91,287
Deferred income – capital grants (note 16)	102	102	102	102
Term Loan (note 16)	1,000	-	-	-
Bank overdraft	1,736	2,490	-	-
Deferred postage income	13,089	15,956	13,089	15,956
	200,590	166,343	169,311	188,090

The bank overdraft is repayable on demand.

15. Taxation And Social Welfare

	Group		Company	
	2010 €'000	2009 €'000	2010 €'000	2009 €'000
Income tax deducted under PAYE	7,428	7,358	7,020	7,099
Pay related social insurance	6,416	6,675	6,229	6,459
Value added tax	5,305	1,911	1,909	1,365
Professional services withholding tax	683	552	501	592
	19,832	16,496	15,659	15,515

16. Creditors: Amounts Falling Due After More Than One Year

	Group		Company	
	2010 €'000	2009 €'000	2010 €'000	2009 €'000
Deferred income – capital grants	3,563	3,665	3,563	3,665
Term Loan	1,000	-	-	-
	4,563	3,665	3,563	3,665
The movements on grants were as follows:				
At beginning of year	3,767	3,869	3,767	3,869
Amortised to profit and loss account	(102)	(102)	(102)	(102)
At end of year	3,665	3,767	3,665	3,767
Transferred to creditors: amounts falling due within one year	(102)	(102)	(102)	(102)
	3,563	3,665	3,563	3,665

A floating rate term loan of €2,000,000 was received during the year by the Gift Voucher Shop subsidiary and is secured by way of a debenture over the assets of the Gift Voucher Shop. It is repayable over two years with €1,000,000 becoming payable in 2011.

17. Provisions For Liabilities

	2010 €'000	2009 €'000
Group and Company		
Provisions for business restructuring	46,820	49,885
The movements during the year were as follows:		
At beginning of year	49,885	59,938
Charge for the year (note 4)	20,000	-
Utilised during the year	(23,065)	(10,053)
At end of year	46,820	49,885

The provision for business restructuring at 31 December, 2010 includes €27,774,000 (2009: €30,839,000) in relation to business restructuring redundancy costs, and €19,046,000 (2009: €19,046,000) in relation to the introduction of an Employee Share Ownership Plan (ESOP).

18. PENSIONS AND SIMILAR OBLIGATIONS

Group and Company

The pension entitlements of employees arise under a number of defined benefit and defined contribution pension schemes, the assets of which are vested in independent trustees appointed by the Company for the sole benefit of employees and their dependents. Annual contributions are based on the advice of a professionally qualified actuary.

	2010 €'000	2009 €'000
The amounts charged during the year to operating costs were as follows:		
Defined benefit schemes – current service cost	39,800	40,500
Ex-gratia schemes – current service cost	1,000	1,000
Defined contribution scheme	1,152	686
Recognised in the profit and loss account	41,952	42,186

Past service costs of €14,762,000 (2009: €5,378,000) arose during the year. These were discharged through the utilisation of the restructuring provision (note 17) and had no impact on the profit and loss account for the year ended 31 December, 2010 or 2009. Contributions payable to pension schemes and included in creditors at 31 December, 2010 amounted to €nil (2009: €3,304,000).

The pension costs of the defined benefit schemes are assessed in accordance with the advice of an independent professionally qualified actuary. The most recent actuarial valuations were carried out at 1 January, 2008 using the attained age method and at that date were sufficient to cover 100% of the accrued liabilities. The principal actuarial assumption was that, over the long term, the annual rate of return on investments would be 2.0% higher than the annual increase in pensionable remuneration. The actuarial valuation of 1 January, 2008 recommended a contribution rate of 14.4% of pensionable remuneration. The actuarial valuations are not available for public inspection but the results of the valuations have been advised to the members of the schemes.

The valuations of the pension schemes used for the purpose of FRS 17 accounting entries and disclosures have been based on the most recent actuarial valuations as identified above and updated by the independent actuaries to 31 December, 2010. Scheme assets are stated at their market value at the balance sheet date.

Valuation method	2010 Projected Unit	2009 Projected Unit	2008 Projected Unit
The financial assumptions used to calculate the retirement benefit liabilities under FRS 17 were as follows:			
Discount rate	5.50%	5.75%	5.75%
Inflation rate	2.00%	2.00%	2.00%
Increase to pensions in payment	2.90%	3.25%	3.25%
Pensionable salary increases	2.90%	3.25%	3.25%

	2010	2009	2008
The long term expected rates of return on the assets of the pension scheme were:			
Equities	8.50%	9.00%	9.00%
Bonds	4.00%	4.00%	3.80%
Other	5.10%	6.00%	6.85%

	2010 Male	2010 Female	2009 Male	2009 Female
The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:				
Life expectancy at 65				
Current pensioners – aged 65	85.5	86.8	84.0	87.0
Future pensioners – aged 40	88.5	89.4	85.5	88.5

	2010 €'000	2009 €'000	2008 €'000
The market value of the assets of the defined benefit schemes at 31 December, 2010, 2009 and 2008 were:			
Equities	1,068,800	916,100	723,800
Bonds	650,500	625,100	612,400
Other	123,445	112,400	111,500
Fair value of pension schemes' assets	1,842,745	1,653,600	1,447,700
Present value of funded defined benefit obligations	(2,199,400)	(2,045,000)	(2,017,900)
Present value of unfunded defined benefit obligations	(11,843)	(11,852)	(12,100)
Present value of defined benefit obligations	(2,211,243)	(2,056,852)	(2,030,000)
Pension liability	(368,498)	(403,252)	(582,300)

	2010 €'000	2009 €'000
Movement in fair value of pension schemes' assets		
Fair value of pension schemes' assets at beginning of year	1,653,600	1,447,700
Expected return on plan assets	113,400	95,500
Actuarial gain	96,000	125,700
Employer contributions	66,956	58,696
Members' contributions	4,500	4,400
Benefits paid	(91,711)	(78,396)
Fair value of pension schemes' assets at end of year	1,842,745	1,653,600

	2010 €'000	2009 €'000
Movement in present value of defined benefit obligations		
Defined benefit obligations at beginning of year	(2,056,852)	(2,030,000)
Current service cost	(40,800)	(41,500)
Past service cost	(14,762)	(5,378)
Interest cost	(117,350)	(116,060)
Members' contributions	(4,500)	(4,400)
Benefits paid	91,711	78,396
Actuarial (loss)/gain	(68,690)	62,090
Defined benefit obligations at end of year	(2,211,243)	(2,056,852)

	2010 €'000	2009 €'000
Other Finance Expense		
Interest on scheme liabilities	(117,350)	(116,060)
Expected return on schemes' assets	113,400	95,500
	(3,950)	(20,560)

The expected return on scheme assets is calculated based on the value of the schemes' assets at the beginning of the financial year.

	2010 €'000	2009 €'000
Amounts recognised in statement of total recognised gains and losses		
The actuarial gains and losses are analysed as follows:		
Difference between expected and actual return on assets	96,000	125,700
Experience gains and losses on schemes liabilities	(68,690)	62,090
Actuarial gain recognised	27,310	187,790

The actual return on schemes' assets in 2010 was a gain of €209m (2009:gain of €221m). The cumulative actuarial gains and losses recognised in the statement of total recognised gains and losses at 31 December 2010 is a loss of €202m.

Employer contributions in 2011 excluding potential past service costs are expected to be €51m.

	2010 €'000	2009 €'000	2008 €'000	2007 €'000	2006 €'000
History of Actuarial gains and losses					
Difference between expected and actual return on assets	96,000	125,700	(768,161)	188,294	66,000
Expressed as a percentage of schemes' assets	5%	8%	(53%)	9%	3%
Experience gains and losses on schemes' liabilities	(68,690)	62,090	(8,400)	-	(43,000)
Expressed as a percentage of schemes' liabilities	3%	3%	-	-	(2%)
Total actual gains and losses	27,310	187,790	(486,565)	63,141	118,179
Expressed as a percentage of schemes' liabilities	1%	9%	(24%)	3%	5%

19. Share Capital

	2010 €'000	2009 €'000
Group and Company		
Authorised:		
80,000,000 Ordinary Shares of €1.25 each	100,000	100,000
Allotted, called up and fully paid:		
54,590,946 Ordinary Shares of €1.25 each	68,239	68,239

On 14 January, 2003, pursuant to Section 26 of the Economic and Monetary Union Act, 1998, the Company's shares were renomalised from €1.269738 to €1.25 per share and an amount of €877,000 was transferred to a capital conversion reserve fund.

20. Profit And Loss Account

	Group		Company	
	2010 €'000	2009 €'000	2010 €'000	2009 €'000
At beginning of year	(108,933)	(267,658)	(148,018)	(281,217)
Loss for the financial year	(24,682)	(29,065)	(17,860)	(21,481)
Impairment of financial asset	-	-	(6,500)	(33,110)
Other recognised gains	27,310	187,790	27,310	187,790
At end of year	(106,305)	(108,933)	(145,068)	(148,018)

21. Reconciliation Of Shareholders' Deficit

	Group		Company	
	2010 €'000	2009 €'000	2010 €'000	2009 €'000
At beginning of year	(39,817)	(198,542)	(78,902)	(212,101)
Loss for the financial year	(24,682)	(29,065)	(17,860)	(21,481)
Impairment of financial asset	-	-	(6,500)	(33,110)
Other recognised gains	27,310	187,790	27,310	187,790
At end of year	(37,189)	(39,817)	(75,952)	(78,902)

22. Minority Interest

	Total €'000
Group	
Accumulated losses at 31 December, 2009	7,858
Minority interest share of profit	(409)
Foreign exchange gain	(5)
Accumulated losses at 31 December, 2010	7,444

23. Gross Cash Flows

	2010 €'000	2009 €'000
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	5,838	5,741
Depreciation and amortisation	25,245	21,196
Loss/(profit) on sale of tangible fixed assets	14	(307)
Payments in relation to provision for business restructuring	(23,065)	(10,053)
Cash pension cost	(11,394)	(11,818)
Capital grants amortised	(102)	(102)
Increase in operating debtors	(35,206)	(2,824)
Increase/(decrease) in operating creditors	27,200	(33,855)
Net cash outflow from operating activities	(11,470)	(32,022)
Taxation		
Tax paid	(2,402)	(4,294)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(40,678)	(46,801)
Disposal of tangible fixed assets	88	501
	(40,590)	(46,300)
Acquisitions and disposals		
Acquisition of subsidiary undertakings (note 25)	(14,572)	(2,287)
Investment in joint venture	(6,500)	-
Cash in subsidiaries acquired	-	4,316
	(21,072)	2,029
Financing		
Term Loan received	2,000	-
Management of liquid resources (Note a)		
Decrease in term deposits	9,043	103,037

Note a: Liquid resources comprise term deposits with a maturity notice period of more than one day.

24. Analysis Of Net Funds

	At beginning of year €'000	Cash flows €'000	At end of year €'000
Cash at bank and in hand	271,942	21,504	293,446
Bank overdraft	(2,490)	754	(1,736)
Amounts held in trust	(288,678)	(86,749)	(375,427)
		(64,491)	
Term deposits	289,102	(9,043)	280,059
Total	269,876	(73,534)	196,342

25. Subsidiary And Associated Undertakings

Name	Nature of Business	% Holding	Registered Office
Subsidiary undertakings held directly by the Company			
An Post National Lottery Company (note 28)	Operation of the National Lottery	80%	General Post Office, O'Connell Street, Dublin 1.
Arcade Property Company Limited	Property development and letting	100%	General Post Office, O'Connell Street, Dublin 1.
Post Consult International Limited	Computer software services	100%	General Post Office, O'Connell Street, Dublin 1.
Precision Marketing Information Limited	Provision of marketing data, database services and business directories	100%	General Post Office, O'Connell Street, Dublin 1.
Prince's Street Property Company Limited	Dormant	100%	General Post Office, O'Connell Street, Dublin 1.

Name	Nature of Business	% Holding	Registered Office
Subsidiary undertakings held directly by the Company			
Printpost Limited	High volume printing	100%	General Post Office O'Connell Street Dublin 1
Post.Trust Limited	Digital certification and security services	100%	General Post Office O'Connell Street Dublin 1
Transpost Limited	Courier and distribution	100%	General Post Office O'Connell Street Dublin 1
Kompass Ireland Publishers Limited	Dormant	100%	General Post Office O'Connell Street Dublin 1
An Post BillPost Processing Services Limited	Bill payment processing	100%	General Post Office O'Connell Street Dublin 1
An Post GeoDirectory Limited	Database services	100%	General Post Office O'Connell Street Dublin 1
An Post (NI) Limited	Holding company	100%	Stokes House College Square East Belfast
GVS Gift Voucher Shop Limited	Retail gift vouchers	53.6%	General Post Office O'Connell Street Dublin 1
Postpoint Services Limited	Mobile top ups	100%	General Post Office O'Connell Street Dublin 1

Name	Nature of Business	% Holding	Registered Office
Subsidiary undertakings held indirectly through a subsidiary undertaking			
Air Business Limited	Distribution	100%	4, The Merlin Centre Acrewood Way St. Albans, Herts, U.K.
The Gift Voucher Shop Limited	Retail gift vouchers	53.6%	4, The Merlin Centre Acrewood Way St. Albans, Herts, U.K.
Jordan & Co International Limited	Distribution	100%	4, The Merlin Centre Acrewood Way St. Albans, Herts, U.K.
One Direct (Ireland) Limited	Insurance broker	100%	General Post Office O'Connell Street Dublin 1
Associated undertaking held directly by the Company			
The Prize Bond Company Limited	Administration of the Prize Bond scheme	50%	General Post Office O'Connell Street Dublin 1
Joint Venture			
Postbank Ireland Limited	Banking	50%	Block One West Pier Business Campus Dun Laoghaire Co Dublin

The Group acquired the net assets and business of Postpoint on 17 May, 2010 and One Direct Ireland on 3 June, 2010. The assets acquired and the consideration paid were as follows:

	Postpoint Services Limited €'000	One Direct (Ireland) Limited €'000	Total €'000
Net Assets acquired	-	-	-
Goodwill arising on acquisition (note 9)	7,286	7,286	14,572
Consideration – satisfied by cash payment (note 23)	7,286	7,286	14,572

The directors believe that there was no material difference between the book value of the assets and liabilities acquired and their fair values at the date of acquisition.

Goodwill arising on acquisitions is being written off over periods of 10 to 20 years.

The results of the acquired businesses have been included in the consolidated profit and loss account from the respective dates of acquisition and amounted to turnover of €11.0m, operating costs of €9.9m and operating profits of €1.1m.

Air Business Limited, Jordan & Co International Limited and Gift Voucher Shop (UK) Limited are incorporated in and operate in England & Wales. An Post (NI) Limited is incorporated in and operates in Northern Ireland.

All other undertakings are incorporated in and operate in the Republic of Ireland. All shareholdings consist of ordinary share capital.

An Post National Lottery Company carries on the business of operating the National Lottery under licence from the Minister for Finance in accordance with the provisions of the National Lottery Act, 1986. 20% of the issued share capital is held by the Minister for Finance.

The Prize Bond Company Limited carries on the business of administering the Prize Bond Scheme under contract from the National Treasury Management Agency.

The following subsidiaries will avail of the filing exemption available under Section 17 of the Companies (Amendment) Act, 1986, whereby they will annex the financial statements of An Post to their annual returns:

Post Consult International Limited; Printpost Limited; Post.Trust Limited; Transpost Limited; Precision Marketing Information Limited; Prince's Street Property Company Limited; An Post Billpost Processing Services Limited; An Post GeoDirectory Limited; Kompass Ireland Publishers Limited and Postpoint Services Limited.

26. Lease Commitments

	2010 Land & buildings €'000	2010 Equipment and Motor Vehicles €'000	2010 Total €'000	2009 Land & buildings €'000	2009 Equipment and Motor Vehicles €'000	2009 Total €'000
Annual commitments under operating leases were as follows:						
Group						
Expiring within one year	943	4,676	5,619	981	4,788	5,769
Expiring after one year and before five years	3,749	7,787	11,536	3,575	7,767	11,342
Expiring after five years	4,374	6	4,380	4,495	-	4,495
	9,066	12,469	21,535	9,051	12,555	21,606
Company						
Expiring within one year	583	4,664	5,247	164	4,750	4,914
Expiring after one year and before five years	2,708	7,589	10,297	3,140	7,582	10,722
Expiring after five years	3,799	-	3,799	3,926	-	3,926
	7,090	12,253	19,343	7,230	12,332	19,562

There were no material finance lease commitments either at 31 December, 2010 or 2009 or which were due to commence after that date.

27. Capital Commitments

	Group		Company	
	2010 €'000	2009 €'000	2010 €'000	2009 €'000
Future capital expenditure approved by the directors but not provided for in the financial statements was as follows:				
Contracted for	28,823	16,923	28,823	16,923
Authorised but not contracted for	14,636	46,223	14,636	46,223
	43,459	63,146	43,459	63,146

28. Related Party Disclosures And Controlling Party

Controlling party

The Group was controlled throughout the year by the Minister for Communications, Energy and Natural Resources who holds the entire issued share capital of An Post except for one ordinary share which is held by the Minister for Finance.

Transactions with related undertakings

An Post National Lottery Company

The Group provides An Post National Lottery Company, an undertaking not consolidated, with management and delivery services. Such services are carried out on an arm's length basis or, where required, in accordance with the terms of the licence granted by the Minister for Finance to operate the National Lottery. The Company also provides agency services to An Post National Lottery Company whereby the Company makes sales and pays prizes on behalf of An Post National Lottery Company in accordance with the standard terms and conditions and remuneration structure common to all of An Post National Lottery Company's agents. Group turnover for the year includes €6,112,000 (2009: €6,346,000) in respect of services provided to An Post National Lottery Company. These amounts are inclusive of a management fee of €2,809,000 (2009: €2,993,000) payable to the Company in accordance with the terms of the licence to operate the National Lottery.

The costs of staff working in An Post National Lottery Company are recharged from An Post at cost and amounted to €8,134,000 for the year ended 31 December, 2010 (2009: €7,764,000).

The amount owed by An Post National Lottery Company to the Company was €751,000 at 31 December, 2010 (2009: €1,040,000).

An Post has agreed to guarantee the performance by An Post National Lottery Company of its obligations under the licence for the holding of the National Lottery granted by the Minister for Finance. An Post has provided the guarantee, the maximum liability of which amounts to €10 million, for the duration of the licence to 31 December, 2011.

The Prize Bond Company Limited

Under the terms of a contract with The Prize Bond Company Limited, the Company carries out certain aspects of the administration of the Prize Bond Scheme. Fees earned by the Company in respect of such services amounted to €3,430,000 for the year ended 31 December, 2010 (2009: €4,266,000). The amount owed by The Prize Bond Company Limited to the Company was €331,000 at 31 December, 2010 (2009: €799,000). At 31 December, 2010 the Group held €1,393,000 (2009: €100,000) of Prize Bonds.

Postbank Ireland Limited

The Company provided Postbank Ireland Limited ('Postbank'), with delivery services and agency services whereby the Company made sales and accepted deposits and withdrawals on behalf of Postbank. The Company also earned commissions from Postbank on the sale of mobile phone top ups. Other group companies supplied Postbank with computer related services. Such services were carried out on an arm's length basis. Group turnover for the year includes €2,938,000 (2009: €5,683,000) in respect of services provided to Postbank and commissions earned. Postbank also provided certain management services to the Company, the value of which amounted to €496,000 (2009: €617,000). The amounts owed by Postbank to the Group in respect of these services at 31 December, 2010 was €nil (2009: €4,278,000). The amount owed to Postbank by the Company at 31 December 2010 was €nil (2009: €nil).

Transactions with Government departments and other State bodies

The Group provides, in the ordinary course of business, postage, agency, remittance and courier services to various Government departments and other State bodies on an arms length basis. The Group also conducts day to day banking services and treasury with banking institutions both owned and guaranteed by the State.

29. Contingencies

Group and Company

There were no contingent liabilities or guarantees at 31 December, 2010 or 2009 in respect of which material losses are expected other than as disclosed elsewhere in the financial statements.

30. Board Approval

The financial statements were approved by the Board of Directors on 24 March, 2011.

Five Year Financial Summary

	2010* €'000	2009* €'000	2008* €'000	2007* €'000	2006 €'000
Consolidated Profit & Loss Account					
Turnover	805,120	804,216	850,043	875,983	818,827
Operating costs	(799,282)	(798,475)	(818,808)	(846,857)	(804,162)
Operating profit	**5,838**	**5,741**	**31,235**	**29,126**	**14,665**
Retrospective pay award**	-	-	-	-	(20,040)
Asset disposals	-	-	-	1,516	94,700
Business restructuring	(20,000)	-	-	-	(13,883)
Share of results of joint venture	(6,590)	(10,750)	(9,685)	(12,475)	-
Other finance (expense)/income	(3,950)	(20,560)	18,340	31,250	21,123
(Loss)/profit before taxation	(24,702)	(25,569)	39,890	49,417	96,565
Consolidated Balance Sheet					
Fixed assets	279,323	242,704	211,465	206,682	196,197
Net current assets	95,925	166,423	235,998	235,556	205,034
Other liabilities	(51,383)	(53,550)	(63,705)	(73,130)	(82,673)
Net assets excluding pension liability	323,865	355,577	383,758	369,108	318,558
Pension liability	(368,498)	(403,252)	(582,300)	(114,300)	(193,226)
Net (liabilities)/assets including pension liability	(44,633)	(47,675)	(198,542)	254,808	125,332
Capital and reserves	(44,633)	(47,675)	(198,542)	254,808	125,332

* Joint venture turnover excluded

** In 2006, for statutory accounts presentation purposes, the retrospective pay award was included in arriving at group operating profit. It has been extracted for the purposes of the schedule above as the pay award relates to 2003 and 2004.

Ratios

	2010	2009	2008	2007	2006
Operating profit as % of turnover	0.73%	0.71%	3.67%	3.32%	1.79%
Operating profit as % of average shareholders' funds before pension liability	1.68%	1.55%	8.30%	8.47%	5.26%
Staff and postmasters' costs as % of operating costs before exceptional item	72.0%	73.76%	73.16%	70.96%	69.40%
Current assets as % of current liabilities	148.1%	190.50%	242.86%	235.43%	214.25%

Operational Statistics

Mail

	2010	2009	2008	2007	2006
Letters core revenue index (2005 = 100) (note 1)	87.5	94.3	104.8	107.0	104.6

Note 1:
This index reflects changes in letters core revenue and excludes revenue from elections, referenda, foreign administrations in each year as well as the impact of changes to published tariffs. December 2010 had exceptionally difficult weather conditions that added circa one additional point of decline to the scale.

System Size

	2010	2009	2008	2007	2006
No. of delivery points (millions)	2.231	2.214	2.184	2.131	1.998
Post office network:					
Company post offices	57	57	61	74	84
Sub-post offices	1,107	1,179	1,187	1,212	1,277
Postal agencies	185	177	178	172	171
	1,349	1,413	1,426	1,458	1,532
No. of motor vehicles	2,778	2,782	2,941	2,967	2,991
Savings Services (note 2)	€m	€m	€m	€m	€m
Value of funds at 31 December	11,364	8,231	6,701	5,617	5,863
Counters: Business Value					
Post Office Savings Services					
Savings Bank deposits	1,242	905	1,306	814	850
Savings Bank withdrawals	813	802	850	1,063	807
Savings Certificates issued	1,354	1,215	749	467	469

Note 2:
The assets and liabilities of the Savings Services vest in the Minister for Finance and, accordingly, are not included in the financial statements of the Company.

Operational Statistics (continued)

System Size (continued)

	2010 €m	2009 €m	2008 €m	2007 €m	2006 €m
Savings Certificates repaid	597	1,041	660	750	1,052
Instalment Savings issued	100	110	114	107	97
Instalment Savings repaid	113	102	111	117	114
Savings Bonds issued	2,137	1,466	813	574	673
Savings Bonds repaid	706	704	589	704	626
National Solidarity Bond issued	349	-	-	-	-
National Solidarity Bond repaid	7	-	-	-	-
Pensions, allowances and social welfare benefits					
Paid during the year	9,975	9,928	8,265	7,610	7,083

	2010 000's	2009 000's	2008 000's	2007 000's	2006 000's
Billpay Volumes	25,220	25,170	24,490	24,786	25,510
TV Licence Sales	1,432	1,436	1,430	1,407	1,339