



**WILLIAMS LEA GROUP
FINANCIAL SUMMARY 2006**

Williams Lea is the leading global provider of Corporate Information Solutions.

We transform the way organisations communicate and exchange their electronic and printed information. Our customised solutions are delivered by a unique group of people who evaluate, re-engineer and manage processes for greater efficiency. The result is that we help our clients to be more successful. We improve their profitability, enhance their customer experience and reduce their risk.

CHAIRMAN'S STATEMENT



In my first year as Chairman of the Company I am pleased to report another year of solid progress for Williams Lea. Since the end of the last

financial year the Group has continued to develop and strengthen its proposition in the market through securing a number of important transactions. These transactions have included not only the award of new contracts but also strategic acquisitions and the recapitalisation of the business.

In March 2006 the Group finalised its re-financing, with Deutsche Post World Net acquiring a majority equity stake in the business. In January 2007 the Group also completed its acquisition of The Stationery Office (TSO) broadening the scope of the Group's service offerings into the public sector. The Group also secured long term contract wins with a number of new clients as well as extending the scope of agreements with existing clients.

From a global perspective the business continued to strengthen and broaden the scope of its global

platform, proposition and service capability. This included the establishment of a dedicated document and transactional processing services facility in Wheeling, West Virginia, USA, the continued development of its own offshore word processing services platform in Chennai, India and the continued growth of the business across Asia Pacific. In addition, in the UK, the year has seen the opening of specialist document processing centres in Craigforth, Stirling and in Wymondham, Norfolk.

The business process outsourcing market continues to evolve rapidly and we remain confident that the Group's continued development and the broadening of our capabilities will ensure that we continue to be well placed to capitalise on this fast-growing market and continue to lead in the provision of Corporate Information Solutions.

GROUP RESULTS

Following the change in the Group's year end from September 2006 to December 2006 to align it with that of the Deutsche Post Group, the accounting period of the Group has been extended to 15 months running from 1 October 2005 to 31 December 2006. Group turnover rose

to £645 million in the 15 months to 31 December 2006 compared with £578 million in 2005 (15 months). This represented a year on year increase of 12%. Operating profit before goodwill and exceptional items (exceptional items booked in 2006) was £38.6 million in the 15 months to 31 December 2006 compared with £32.9 million in 2005 (15 months). This represented a year on year increase of 16%.

EARNINGS PER SHARE AND DIVIDENDS

As a result of this performance and our confidence in future results our Board has approved a dividend of 20p per share, which will be paid on 2nd April 2007 to shareholders on the Member's Register as at 31 March 2007. The payment of this dividend is in accordance with the Articles of Association of Williams Lea Holdings Plc.

DEUTSCHE POST RECAPITALISATION

Shareholders will be aware of the recapitalisation of the business in March 2006. This transaction represents an important opportunity for the Group to continue to develop the Williams Lea business proposition with the support of Deutsche Post World Net. More specifically, this transaction

CHAIRMAN'S STATEMENT continued

has enabled Williams Lea to work with the wider Deutsche Post World Net Group in relation to both the Corporate Information Solutions market in continental Europe and Deutsche Post World Net's wider service offerings around the World.

ACQUISITIONS

As mentioned above, on 10th January 2007 the Group completed the acquisition of TSO for £120 million. TSO is the leading document and publishing services brand in the public sector with a well established and loyal client relationship list including UK Government Departments, Government Agencies, non-departmental public bodies and additional private sector business. This important and exciting acquisition establishes Williams Lea in the rapidly expanding market of public sector business process outsourcing and represents an important and strategic development and broadening of the Williams Lea proposition.

BOARD

Following the Deutsche Post recapitalisation, the majority of the Group's Directors stepped down from the Board of Williams Lea Group Limited.

Sean Williams, Robert Walker and Tim Griffiths remain as Directors of Williams Lea Holdings Plc. The additional Directors now include Klaus Knappik, Juergen Lange and Juergen Gerdes. The day-to-day management of the Williams Lea Group continues to be managed by a Global Executive Committee led by Tim Griffiths and his management team. I would like to take this opportunity to thank the previous non-executive Directors for their valuable contribution to the Williams Lea Group over the years. I am sure that shareholders would also wish me to mention Robert Walker, Sean Williams and Tony Williams specifically for their invaluable contributions and support as Chairman, non-executive Director and Life President respectively in recent times. Finally, I would also like to extend my thanks to Tim Griffiths and his management team for delivering another year of exceptional development and progress on a number of fronts.

PROSPECTS

We look forward to another exciting and challenging year ahead. With the support of Deutsche Post and the broadening scope of our proposition we have a valuable opportunity to

consolidate our position within the marketplace and sell our unique capabilities to clients around the world. I look forward to working with the Company, its employees and the Board to explore these opportunities and lead the business through its next exciting phase of development.



Dr Hans Dieter Petram
Chairman

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the 15 months ended 31 December 2006

	UNAUDITED FIFTEEN MONTHS TO 31 DECEMBER 2006 £000s	AUDITED TWELVE MONTHS TO 30 SEPTEMBER 2005 £000s
Turnover		
Group and share of joint venture's turnover	645,128	438,045
Less share of joint venture's turnover	0	(369)
Group turnover	<u>645,128</u>	<u>437,676</u>
Cost of sales	(582,367)	(390,668)
Gross profit	<u>62,761</u>	<u>47,008</u>
Administrative expenses	(44,209)	(31,489)
Operating profit	<u>18,552</u>	<u>15,519</u>
Continuing operations		
– before goodwill and exceptional items	38,563	28,555
– amortisation of goodwill	(10,736)	(7,954)
– exceptional items	(9,275)	(5,082)
Group operating profit	<u>18,552</u>	<u>15,519</u>
Share of operating profit in joint venture	0	48
Total operating profit:		
Group and share of joint venture	18,552	15,567
Continuing operations:		
Loss on sale of operation	0	(167)
Profit on ordinary activities before interest and taxation	<u>18,552</u>	<u>15,400</u>
Interest receivable and similar income	740	303
Interest payable and similar charges	(12,626)	(9,517)
Profit on ordinary activities before taxation	<u>6,666</u>	<u>6,186</u>
Tax on profit on ordinary activities	(1,585)	(5,048)
Profit on ordinary activities after taxation	<u>5,081</u>	<u>1,138</u>
Dividends (including non-equity preferred ordinary dividends)	–	(3,011)
Retained profit / (loss) for the period	<u>5,081</u>	<u>(1,873)</u>

BALANCE SHEET

as at 31 December 2006

	UNAUDITED AS AT 31 DECEMBER 2006 £000s	AUDITED AS AT 30 SEPTEMBER 2005 £000s
Fixed assets		
Goodwill	468,412	141,979
Tangible assets	24,819	17,103
	<u>493,231</u>	<u>159,082</u>
Current assets		
Stocks	3,435	3,451
Debtors	103,377	87,064
Cash at bank and in hand	38,638	27,752
	<u>145,450</u>	<u>118,267</u>
Creditors:		
Amounts falling due within one year	(289,071)	(84,799)
Net current (liabilities) / assets	<u>(143,621)</u>	<u>33,468</u>
Total assets less current liabilities	349,610	192,550
Creditors:		
Amounts falling due after more than one year	(14,461)	(136,948)
Provision for liabilities and charges	(627)	(2,271)
Net assets	<u>334,522</u>	<u>53,331</u>
Capital and reserves		
Called up share capital	2,563	2,700
Share premium account	323,086	31,340
Profit and loss account and other reserves	8,873	19,291
Total shareholders' funds	334,522	53,331
Equity	<u>334,522</u>	<u>33,331</u>
Non-equity	<u>0</u>	<u>20,000</u>
	<u>334,522</u>	<u>53,331</u>

SUMMARISED STATEMENT OF CASH FLOWS

for the 15 months ended 31 December 2006

	UNAUDITED FIFTEEN MONTHS TO 31 DECEMBER 2006 £000s	AUDITED TWELVE MONTHS TO 30 SEPTEMBER 2005 £000s
Net cash inflow from operating activities (see note 4)	32,279	43,642
Returns on investments and servicing of finance	(4,965)	(11,871)
Taxation	(7,545)	(3,210)
Capital expenditure and financial investment	(11,557)	(7,772)
Acquisitions and disposals	(6,683)	(119,954)
Equity dividends	(1,424)	(2,026)
Management of liquid resources	0	11,900
Net cash flow before financing	105	(89,291)
Financing	10,781	116,018
Increase in cash and short term deposits	10,886	26,727

Analysis of net funds

	30 SEPTEMBER 2005 £000s	CASHFLOW £000s	31 DECEMBER 2006 £000s
Cash at bank and in hand	27,752	10,886	38,638
Short-term deposits	0	0	0
Loans	(125,672)	(5,163)	(130,835)
Finance leases	(50)	50	0
Closing net funds / (debt)	<u>(97,970)</u>	<u>5,773</u>	<u>(92,197)</u>

NOTES TO THE WILLIAMS LEA GROUP FINANCIAL SUMMARY

1 Basis of preparation of financial information

The financial information has been prepared on the basis of the accounting policies set out in the Group's statutory accounts for the year ended 30 September 2005. The taxation charge is calculated by applying the directors' best estimate of the annual tax rate to the profit for the period. Other expenses are accrued in accordance with the same principles used in the preparation of the annual accounts.

2 Turnover

Turnover represents amounts receivable for business services provided in the UK and overseas net of trade discounts, VAT and other sales related taxes.

3 Exceptional items

		UNAUDITED FIFTEEN MONTHS ENDED 31 DECEMBER 2006 £000s	AUDITED TWELVE MONTHS ENDED 30 SEPTEMBER 2005 £000s
Recognised in arriving at operating expenses	– costs associated with recapitalisation	5,962	0
	– integration	1,058	2,025
	– rebranding	0	574
	– employee share options	0	650
	– reorganisation	0	1,833
	– pension deficit	2,255	0
		<u>9,275</u>	<u>5,082</u>
Recognised below operating profit	– loss on sale of Rodber Thorneycroft (including goodwill of £1,587,000)	0	167
		<u>9,275</u>	<u>5,249</u>

The costs associated with the recapitalisation of the Company of £5,962,000 relate mostly to professional fees incurred by the Company.

The integration costs of £1,058,000 relate to the integration of the US business into the Group structure.

During the previous financial year the Group completed the acquisitions in the United States of America of Bowne Business Solutions Inc (BBS) on 9 November 2004 and certain assets and liabilities of Uniscribe Professional Services Inc on 29 July 2005. As a result the Group undertook a major, global restructuring programme. This resulted in total operating exceptional costs of £5,082,000, a breakdown of which follows.

Integration costs were incurred to bring the businesses into the Group structure. The material exceptional costs amounted to £2,025,000. This comprised redundancy (£1,134,000), professional fees (£331,000) and relocation and other related costs (£560,000).

There was a global rebranding exercise in 2005 to re-affirm the Group's global proposition of Corporate Information Solutions and to bring the newly acquired businesses under the brand. Costs relating to this amounted to £574,000.

Employee share options were issued during the year. 165,000 share options were issued in total. The charge within exceptional items was £650,000. Of this £585,000 reflected the current market value of the shares (at £9 per share) less the option price of the shares. The remaining £65,000 related to professional fees.

Various areas of the existing business were reorganised during 2005 to achieve improved operating efficiency and productivity. The total cost charged to exceptional items was £1,833,000. This comprised consolidation of the Output capability from three to two major production facilities (£641,000), restructuring of the European operations including staff redundancy, legal and other costs related to the exit of specific customer contracts (£699,000), write-off of an IT asset (£332,000 less depreciation of £82,000 – net effect £250,000), provision for a related onerous lease (£76,000) and redundancy costs in the United Kingdom arising from the restructuring of the IT department (£167,000).

The disposal of Rodber Thorneycroft Limited on 19 August 2005 for total consideration of £2m resulted in a loss on disposal to the Group of £167,000 which included professional fees and other costs of £145,000.

4 Reconciliation of operating profit to net cash inflow from operating activities

	UNAUDITED FIFTEEN MONTHS TO 31 DECEMBER 2006 £000s	AUDITED TWELVE MONTHS TO 30 SEPTEMBER 2005 £000s
Group operating profit	18,552	15,519
Depreciation of tangible fixed assets	6,917	4,312
Amortisation of intangible fixed assets	10,540	7,954
Decrease in stocks	218	357
Decrease / (increase) in operating debtors and prepayments	(17,140)	6,574
Increase in operating creditors and accruals	15,005	8,654
Loss on sale of tangible fixed assets	0	93
Write-off of fixed assets	0	250
(Decrease) / increase in pension provision	(1,813)	(71)
Net cash inflow from operating activities	<u>32,279</u>	<u>43,642</u>

5 Acquisition

On 10 January 2007 the Group acquired the entire share capital of The Stationery Office (TSO).

6 Publication of non-statutory accounts

The financial information contained in this Financial Summary does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information for the full proceeding year is based on the statutory accounts for the financial year ended 30 September 2005. The auditors' report on these statutory accounts was unqualified.

The Williams Lea Group is not legally obliged to produce audited, consolidated accounts because the holding company (Williams Lea Holdings Plc) is fully consolidated within the Deutsche Post results.

Furthermore because Williams Lea Holdings Plc only owned the Williams Lea Group entities from the date of the Deutsche Post acquisition (24 March 2006), the consolidated accounts would not be particularly useful to the shareholders as they would not have contained any comparative financial information from the prior year (as Williams Lea Holdings Plc does not have a prior year).

Therefore this Financial Summary has been produced to provide shareholders with full comparative information, which would not have been available otherwise.

It should be noted that the consolidated balance sheet as at 31 December 2006 is from Williams Lea Holdings Plc (which owned the Williams Lea Group entities from 24 March 2006), whereas the consolidated balance sheet as at 30 September 2005 is from Williams Lea Group Limited. Therefore certain figures are not directly comparable (for example share capital, goodwill and movement in the profit and loss account). However, it was considered that this presentation was the most accurate way to illustrate the position of the Williams Lea Group at these two points in time.

This report is being sent to shareholders and will be available to members of the public at the Company's registered office:

Clifton House
Worship Street
London EC2A 2EJ

