

**Williams Lea Group
Financial Summary 2007**

Williams Lea is a global BPO company. Specialising in Corporate Information Solutions, we provide expert management of all the printed and digital information an organisation shares with its internal and external audiences. We transform the way organisations leverage their Corporate Information in order to improve profitability, enhance the customer experience and minimise risk. Free to focus on their Core business activities, our clients are able to compete more effectively.

Chairman's statement



As your new Chairman, I am delighted to report that Williams Lea has continued its recent trend of growing the business, and made considerable

further progress in establishing itself as the leading global provider of Corporate Information Solutions. Looking back over the past financial year, Williams Lea accomplished a number of impressive achievements, including, winning major global contracts with new clients, re-branding Deutsche Post's German document management business, successfully integrating The Stationery Office (TSO) and completing a share offer, pursuant to which, Deutsche Post increased its stake in Williams Lea.

Group Results

In the twelve months to 31 December 2007, Williams Lea's Group turnover rose to £639 million compared with £519 million in the twelve months to 31 December 2006. This represented a year on year increase of 23%. Operating profit before goodwill and exceptional items was £51.1 million, compared with £30.8 million for the same period in 2006, representing an increase of 66%.

Earnings per share and dividends

As a result of this performance and the Board's confidence in future results, a dividend of 20 pence per share was approved and paid to shareholders on 31 March 2008. This dividend payment was made in accordance with the Articles of Association of Williams Lea Holdings plc.

Reader's Digest Association (RDA)

In November 2007 Williams Lea secured the contract to manage RDA's worldwide print budget (equalling more than \$1 billion of spend) in a business process outsourcing (BPO) deal which was the first of its kind in the industry. The strategic partnership with Reader's Digest Association puts Williams Lea in control of outsourced print procurement and marketing for the world's largest publisher across 19 countries in Europe, the Middle East, Asia, Latin America and North America. This deal provides Williams Lea with a substantial footprint in new markets and allows it to further its international operations. The backing provided by Deutsche Post World Net (DPWN) has been critical to the success of securing a deal of the magnitude of RDA, not only in terms of the financials, but also in terms of geographical coverage.

Williams Lea Deutschland

In 2007 Williams Lea expanded its footprint into Germany, with the rebrand of DPWN's German document management facilities business as Williams Lea Deutschland. Williams Lea Deutschland employs approximately 2,500 employees and will combine the strong infrastructure that DPWN has established across Germany with Williams Lea's broad and unique corporate information solutions proposition. Williams Lea Deutschland will also draw from the network, experience and expertise that Williams Lea has developed in the UK outsourcing market.

TSO implementation

With the successful acquisition and integration of TSO, Williams Lea made a decisive step in expanding its Corporate Information Solutions market leadership into the UK public sector. Through leveraging a highly dedicated management team, an excellent market reputation and an impressive track record, Williams Lea can offer the full range of its services to TSO's "blue chip" customer portfolio including HM Revenue & Customs, Westminster and the Home Office.

Chairman's statement continued

Voluntary offer by Deutsche Post

Deutsche Post recently demonstrated its ongoing commitment to supporting Williams Lea by making a voluntary offer to acquire a larger equity stake in the business by purchasing further shares from minority shareholders. As a result of this share offer, which afforded shareholders an opportunity to benefit from a closing beneficial UK tax window, Deutsche Post's investment in the business now represents 95.98% of the issued share capital of Williams Lea Holdings plc. I am also pleased to confirm that, in association with this share offer, the senior executive team have committed to stay with the business for a further 3 years following the finalisation of a management incentive scheme designed to ensure their continued leadership of Williams Lea.

Prospects

I am genuinely excited and look forward to working with the Williams Lea business, its employees and the Board in exploring these opportunities, and attaining the desired status of being a truly global company, which paves the way in the Corporate Information Solutions industry. Our business continues to expand

across the world, and I am confident that Williams Lea will continue to consolidate its position within the Corporate Information market, and leverage DPWN's global network, to meet the wider business process outsourcing needs of its global client base.



Bruce Edwards
Chairman

Williams Lea Group unaudited consolidated profit and loss account

for the 12 months ended 31 December 2007

	Unaudited twelve months to 31 December 2007 £000s	Unaudited fifteen months to 31 December 2006 £000s
Group turnover	638,722	645,128
Cost of sales	(544,845)	(582,367)
Gross profit	93,877	62,761
Administrative expenses	(53,628)	(44,209)
Operating profit	40,249	18,552
Continuing operations		
– before goodwill and exceptional items	51,136	38,563
– amortisation of goodwill	(13,837)	(10,736)
– exceptional items	2,950	(9,275)
Group operating profit	40,249	18,552
Profit on ordinary activities before interest and taxation	40,249	18,552
Interest receivable and similar income	2,325	740
Interest payable and similar charges	(20,618)	(12,626)
Profit on ordinary activities before taxation	21,956	6,666
Tax on profit on ordinary activities	1,586	(1,585)
Profit on ordinary activities after taxation	23,542	5,081
Dividends (including non-equity preferred ordinary dividends)	(3,101)	–
Retained profit for the period	20,441	5,081

Williams Lea Group unaudited balance sheet

as at 31 December 2007

	Unaudited as at 31 December 2007 £000s	Unaudited as at 31 December 2006 £000s
Fixed assets		
Goodwill	558,642	468,412
Tangible assets	<u>31,529</u>	<u>24,819</u>
	<u>590,171</u>	<u>493,231</u>
Current assets		
Stocks	4,396	3,435
Debtors	160,241	103,377
Cash at bank and in hand	<u>15,540</u>	<u>38,638</u>
	180,177	145,450
Creditors:		
Amounts falling due within one year	(368,220)	(289,071)
Net current liabilities	<u>(188,043)</u>	<u>(143,621)</u>
Total assets less current liabilities	402,128	349,610
Creditors:		
Amounts falling due after more than one year	(16,227)	(14,461)
Provision for liabilities and charges	<u>(21,350)</u>	<u>(627)</u>
Net assets	<u>364,551</u>	<u>334,522</u>
Capital and reserves		
Called up share capital	2,698	2,563
Share premium account	330,903	323,086
Profit and loss account and other reserves	<u>30,950</u>	<u>8,873</u>
Total shareholders' funds	<u>364,551</u>	<u>334,522</u>
Equity	364,551	334,522
Non-equity	<u>-</u>	<u>-</u>
	<u>364,551</u>	<u>334,522</u>

Williams Lea Group unaudited summarised statement of cash flows

for the 12 months ended 31 December 2007

	Unaudited twelve months to 31 December 2007 £000s	Unaudited fifteen months to 31 December 2006 £000s
Net cash inflow from operating activities (see note 4)	15,175	32,279
Returns on investments and servicing of finance	(12,756)	(4,965)
Taxation	(2,357)	(7,545)
Capital expenditure and financial investment	(14,027)	(11,557)
Acquisitions and disposals	(119,630)	(6,683)
Equity dividends	(3,101)	(1,424)
Management of liquid resources	–	–
Net cash flow before financing	(136,696)	105
Financing	113,598	10,781
(Decrease)/ Increase in cash and short term deposits	(23,098)	10,886

Analysis of net funds

	31 December 2006 £000s	Cashflow £000s	31 December 2007 £000s
Cash at bank and in hand	38,638	(23,098)	15,540
Short-term deposits	–	–	–
Loans	(130,835)	(112,556)	(243,391)
Finance leases	(50)	(363)	(413)
Closing net (debt)	<u>(92,247)</u>	<u>(136,017)</u>	<u>(228,264)</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 twelve months ended 31 December 2007 £000s	Unaudited fifteen months ended 31 December 2006 £000s
Recognised in arriving at operating expenses		
– costs associated with recapitalisation	–	5,962
– integration	2,348	1,058
– pension deficit	–	2,255
– profit on sale of fixed asset	(5,298)	–
	<u>(2,950)</u>	<u>9,275</u>

The integration costs in 2007 are those associated with the integration of The Stationery Office (TSO) into the Group and relate mostly to redundancy costs and consultancy fees. The profit on disposal of a fixed asset relates to the profit on the sale of the TSO Nine Elms building as part of the TSO integration into the Group.

During the previous financial year the costs associated with the recapitalisation of the Company of £5,962,000 related mostly to professional fees incurred by the Company. The integration costs of £1,058,000 related to the integration of the US business into the Group structure.

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

	Unaudited twelve months to 31 December 2007 £000s	Unaudited fifteen months to 31 December 2006 £000s
Group operating profit	40,249	18,552
Depreciation of tangible fixed assets	7,075	6,917
Amortisation of intangible fixed assets	13,837	10,540
(Increase)/ decrease in stocks	(961)	218
(Increase) in operating debtors and prepayments	(55,571)	(17,140)
Increase in operating creditors and accruals	12,483	15,005
(Decrease) in pension provision	(1,937)	(1,813)
Net cash inflow from operating activities	<u>15,175</u>	<u>32,279</u>

5 Acquisition

On 10 January 2007, Williams Lea Holdings Plc completed the purchase of the entire issued share capital of TSO pursuant to a sale and purchase agreement between Williams Lea Group Limited, TSO and Apax Europe IV GP Co. Limited and other former shareholders of TSO. The consideration paid by WLH was £16,875,837 in respect of shares and £84,364,552 in respect of deep discount bonds and unsecured loan notes, as well as £3,677,000 in respect of transaction costs incurred by the former shareholders of 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 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.

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



