

BUSINESS POST EUROPE LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 March 2006

Company Registration No. 02072001



BUSINESS POST EUROPE LTD

DIRECTORS AND ADVISERS

DIRECTORS

G C Buswell

S Glew

M Kane

P Kane

SECRETARY

M Wright

REGISTERED OFFICE

Express House

464 Berkshire Avenue

Slough

Berkshire

SL1 4PL

BANKERS

Lloyds TSB

125 Colmore Row

Birmingham

B3 2DS

DIRECTORS' REPORT

The directors present their annual report and the financial statements for the year ended 31 March 2006.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENT

Throughout the year under review the company remained dormant and there are no immediate plans for this situation to change.

RESULTS AND DIVIDENDS

The directors do not recommend the payment of a dividend (2005: £Nil).

DIRECTORS' INTERESTS

The directors who have held office during the year and up to the date of signing the financial statements were:

P D Carvell	(resigned 5 December 2005)
G C Buswell	(appointed 6 December 2005)
P D C Fitzwilliam	(resigned 2 June 2006)
S Glew	(appointed 5 June 2006)
M Kane	
P Kane	
M Wright (Company Secretary)	(appointed 2 June 2006)

The interests of C G Buswell, M Kane and P Kane who are also directors of the ultimate parent company, Business Post Group plc, are shown in the annual report of that company. Additionally, the interests of P D Carvell and P D C Fitzwilliam, who were also directors of the ultimate parent company, Business Post Group plc, are also shown in the annual report of that Company.

Since the year end, M Wright was appointed Company Secretary on 2 June 2006, and S Glew was appointed to both the board of the Company, and to the board of the ultimate parent company, Business Post Group plc on 5 June 2006.

BUSINESS POST EUROPE LTD

DIRECTORS' REPORT

for the year ended 31 March 2006

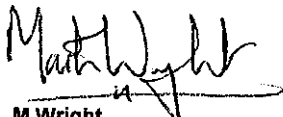
One director (2005: Nil) held interests in share options in Business Post Group plc, as set out below:

Date of grant	Earliest exercise date	Expiry date	Exercise price	Number at 1 April 2005	Granted in the year	Exercised in the year	Lapsed in the year	Number at 31 March 2006	Gain on exercise
Martin Wright									
17.11.04	17.11.07	17.11.14	545p	7,343	-	-	-	7,343	-
24.05.05	24.05.08	24.05.15	575p	-	8,260	-	-	8,260	-
				7,343	8,260	-	-	15,603	-

Sharesave scheme

Date of grant	Earliest exercise date	Expiry date	Exercise price	Number at 1 April 2005	Granted in the year	Exercised in the year	Lapsed in the year	Number at 31 March 2006	Gain on exercise
Martin Wright									
29.06.04	01.08.07	01.02.08	398p	2,368	-	-	(2,368)	-	-
				2,368	-	-	(2,368)	-	-

This report was approved by the Board on 17 July 2006.


M Wright
 Company Secretary

BUSINESS POST EUROPE LTD

BALANCE SHEET
as at 31 March 2006

	Notes	2006 £	2005 £
CURRENT ASSETS			
Amount owed by parent undertaking		100	100
		<u> </u>	<u> </u>
Net assets		100	100
		<u> </u>	<u> </u>
SHAREHOLDERS' EQUITY			
Called up share capital	3	100	100
Profit and loss account		<u> </u>	<u> </u>
		-	-
Total shareholders' equity		100	100
		<u> </u>	<u> </u>

For the year ended 31 March 2006 the Company was entitled to exemption under section 249AA(1) of the Companies Act 1985.

Members have not required the Company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.

The Directors acknowledge their responsibility for:

- (i) ensuring the company keeps accounting records which comply with section 221; and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

The financial statements on pages 4 and 5 were approved by the Board on 17 July 2006.


S Glew
Director

1 ACCOUNTING POLICIES**Accounting convention**

The financial statements have been prepared in accordance with EU-adopted International Financial Reporting Standards (IFRS), and International Financial Reporting Interpretations Committee (IFRIC) interpretations and with those parts of the Companies Act, 1985 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities held for trading.

Cash flow statement

A cash flow statement has not been prepared as the company is a wholly owned subsidiary of a company which has published consolidated financial statements including a consolidated cash flow statement.

2 DIRECTORS' REMUNERATION

The services of the directors are provided by the ultimate parent company and no part of their remuneration is specifically attributable to the company.

3 CALLED UP SHARE CAPITAL

	2006	2005
Authorised, allotted and called up		
100 ordinary shares of £1 each	<u>£100</u>	<u>£100</u>

4 COMMITMENTS

- (a) The company had no capital commitments at 31 March 2006 (2005 : £Nil).
- (b) The company and its fellow subsidiary companies within the group have given unlimited cross guarantees to secure group bank borrowings. At the balance sheet date these amounted to £Nil (2005 : £Nil)

5 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The directors regard Business Post Group plc, a company incorporated in Great Britain, as the immediate and ultimate parent company and the ultimate controlling party.

The parent undertaking of the largest and smallest group which includes the company and for which group accounts are prepared is Business Post Group plc. Copies of the financial statements can be obtained from the registered office of Business Post Group plc at Express House, 464 Berkshire Avenue, Slough, Berkshire, SL1 4PL.

6 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemptions available to it under Financial Reporting Standard No.8 in not providing details of transactions with other companies in the group as the company is a wholly owned subsidiary of Business Post Group plc.