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SPEEDMAIL INTERNATIONAL LIMITED
ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 1999

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SPEEDMAIL INTERNATIONAL LIMITED

DIRECTORS AND ADVISERS

FOR THE YEAR ENDED 30TH JUNE 1999

DIRECTORS

Mr N Manzi
Mr S Stokes
Mrs S. Stokes

COMPANY SECRETARY

Mr M Davis

REGISTERED OFFICE

Unit B4
Galleywall Trading Estate
Galleywall Road
London
SE16 3PB

INCORPORATION NUMBER

2826426

AUDITORS

Good & Co.
Chartered Accountants
148 Milton Street
Maidstone
Kent
ME16 8LL

BANKERS

Barclays Bank Plc
Fleet Street Business Centre
357 Strand
London
WC2R 0NX

SOLICITORS

Argles & Court
12 Mill Street
Maidstone
Kent
ME15 6XU

SPEEDMAIL INTERNATIONAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH JUNE 1999

The Directors present their Report and the Financial Statements for the year ended 30th June 1999.

Statement of Directors' Responsibilities

Company Law requires the directors to prepare financial statements for each financial year that give a true and fair view of the affairs of the company and of the profit and loss of the company for that period. In preparing those financial statements the directors are required to:

- 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, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a 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 that disclose with reasonable accuracy at any time the financial position of the company and enable the directors to ensure that the financial statements comply with Companies Act 1985.

The directors 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 the Business

The company is principally engaged as a distributor of commercial mail.

The directors are satisfied with the results for the year and look forward to continuing growth in the next year.

Results and Dividends

The profit for the year after taxation amounted to £134065 (1998:£61199) as shown on page 7.

Dividends of £270000 were paid during the year.

Fixed Assets

Movements in fixed assets are shown in the notes to the financial statements.

SPEEDMAIL INTERNATIONAL LIMITED

DIRECTORS' REPORT CONTINUED

FOR THE YEAR ENDED 30TH JUNE 1999

Directors

The directors during the year and their share holdings in the company to which they were beneficially interested at the beginning and the end of the year were:

	<u>Ordinary Shares of £1 each</u>	
	<u>1999</u>	<u>1998</u>
Mr N Manzi	1	1
Mr S. Stokes (Appointed 4 th May 1999)	1	1
Mrs S. Stokes (Appointed 4 th May 1999)	1	1
Mr M. Stokes (Retired 4 th May 1999)	NIL	NIL

Mr S Stokes retires by rotation and, being eligible, offers himself for re-election.

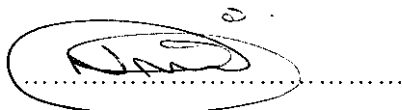
Close Company Status

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

Auditors

The auditors, Messrs Good & Co., have indicated their willingness to accept re-appointment under section 385(2) of the Companies Act 1985.

ON BEHALF OF THE BOARD



DIRECTOR

SPEEDMAIL INTERNATIONAL LIMITED

AUDITORS' REPORT TO THE MEMBERS OF SPEEDMAIL INTERNATIONAL LTD

We have audited the financial statements on pages 6 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

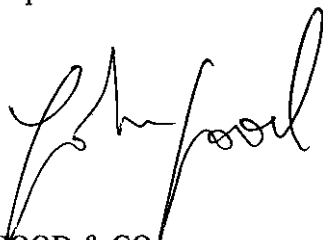
BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards 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 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 consider 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 the information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30th June 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



GOOD & CO

Chartered Accountants and Registered Auditors

148 Milton Street
Maidstone
Kent
ME16 8LL

SPEEDMAIL INTERNATIONAL LIMITED

BALANCE SHEET

AS AT 30TH JUNE 1999

	<u>Notes</u>	£	£	£	<u>1998</u> £
<u>Fixed Assets</u>					
Tangible Assets	2		948769		753549
<u>Current Assets</u>					
Debtors	3	<u>694810</u>		<u>679823</u>	
CREDITORS: Amounts falling due within one year	4	<u>1086600</u>		<u>949337</u>	
Net Current Liabilities			<u>-391790</u>		<u>-269514</u>
Total Assets Less Current Liabilities			556979		484035
CREDITORS: Amounts falling due after more than one year	5		442883		224824
PROVISIONS FOR LIABILITIES AND CHARGES	6		<u>-30153</u>		<u>-20973</u>
NET ASSETS			<u>144249</u>		<u>280184</u>
<u>Capital and Reserves</u>					
Share Capital	7		3		3
Profit and Loss Account			<u>144246</u>		<u>280181</u>
SHAREHOLDERS' FUNDS			<u>144249</u>		<u>280184</u>

The Financial Statements on pages 6-14 were approved by the board of Directors on 29th October 1999 and were signed on its behalf by :-


Mr N. Manzi
DIRECTOR

SPEEDMAIL INTERNATIONAL LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 1999

			<u>1998</u>
	<u>Notes</u>	<u>£</u>	<u>£</u>
Turnover	10	5949470	5630036
Cost of Sales		<u>4142081</u>	<u>4016252</u>
Gross Profit		1807389	1613784
Administrative Expenses		<u>1566629</u>	<u>1497893</u>
Operating Profit	11	240760	115891
Interest Payable and Similar Charges	13	<u>54969</u>	<u>22339</u>
Profit on Ordinary Activities		185791	93552
Tax on Profit on Ordinary Activities	14	<u>51726</u>	<u>32353</u>
Profit on Ordinary Activities after Tax		134065	61199
Retained Profit Brought Forward		<u>280181</u>	<u>296982</u>
		414246	358181
Dividends		<u>270000</u>	<u>78000</u>
Retained Profit Carried Forward		<u>144246</u>	<u>280181</u>

The company has no recognised gains or losses other than the profit for the year.

All amounts relate to continuing activities.

The notes on pages 9-14 form part of these Financial Statements.

SPEEDMAIL INTERNATIONAL LIMITED
CASHFLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE 1999

			<u>1998</u>
	£	£	£
Net Cash Inflow from Operating Activities (Note 15)		449669	284024
Returns on Investments and Servicing of Finance			
Interest Element of Financial Lease			
Rental Payments		<u>54969</u>	<u>22339</u>
Net Cash Inflow from Returns on Investments and Servicing of Finance		504638	306363
Taxation			
Corporation Tax paid		-	17340
Investing Activities			
Payments to Acquire Fixed Assets	608203		571764
Receipts from Sales or Disposals of Fixed Assets	<u>174984</u>		<u>194240</u>
Net Cash Outflow (Inflow) from Investing Activities		<u>433219</u>	<u>377524</u>
Net Cash Inflow (Outflow) before Financing		71419	-88501
Financing			
Capital Elements of Finance Lease Repayments	<u>179858</u>		<u>140544</u>
Net Cash Outflow from Financing		<u>-179858</u>	<u>-140544</u>
(Decrease) Increase in Cash Equivalants		<u>-108439</u>	<u>-229045</u>

SPEEDMAIL INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 1999

1 Accounting Policies

The Financial Statements are prepared in accordance with applicable accounting standards on the basis of the Historical Cost Convention.

Fixed Assets are stated at cost less depreciation.

Depreciation is provided for all tangible fixed assets having a finite useful economic life by charging their cost, less estimated residual value, to the profit and loss account over the entire period expected to benefit from their use;

The following rates per annum are the Company's best estimate of this charge and have been used on the basis shown below:

Motor Cars	25% reducing balance
Motor Vans and Boat	25% reducing balance
Fixtures and Fittings & Equipment	25% straight line
Leasehold Improvements	2% straight line

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounting purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may crystallise.

Assets obtained under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease.

Rentals paid under operating leases are charged to income as incurred.

Turnover represents sales to outside customers at invoiced amounts less VAT.

The Company operates an Executive Pension Scheme for its senior employees. The funds of the scheme are administered by trustees and are separate from the company. Contributions are paid into the scheme so as to secure the benefits set out in the rules. Any variation of contributions from the regular level are charged or credited to profit on a systematic basis over the remaining service life of the executives.

SPEEDMAIL INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS cont
FOR THE YEAR ENDED 30TH JUNE 1999

2 Tangible Fixed Assets

	Leasehold Improvements	Motor Vans and Boat	Motor Cars	Fixtures, Fittings and Equipment	Total
<u>Cost</u>	£	£	£	£	£
At 1st July 1998	202843	333574	412524	125873	1074814
Additions	54000	273600	256970	23633	608203
Disposals	-	-	190710	-	190710
At 30th June 1999	<u>256843</u>	<u>607174</u>	<u>478784</u>	<u>149506</u>	<u>1492307</u>

Depreciation

At 1st July 1998	7383	127172	99377	87333	321265
Charge for the Year	5137	119997	103183	27321	255638
Disposals	-	-	33365	-	33365
At 30th June 1999	<u>12520</u>	<u>247169</u>	<u>169195</u>	<u>114654</u>	<u>543538</u>

Net Book Value

At 30th June 1999	<u>244323</u>	<u>360005</u>	<u>309589</u>	<u>34852</u>	<u>948769</u>
At 30th June 1998	<u>195460</u>	<u>206402</u>	<u>313147</u>	<u>38540</u>	<u>753549</u>

Included in the total net book value of tangible fixed assets held at 30th June 1999 was £469108 (1998 : £360058) in respect of assets held under finance leases and hire purchase contracts.

3 Debtors

	£	<u>1998</u> £
Trade Debtors	594002	656828
Other Debtors	13808	3495
ACT Recoverable	<u>87000</u>	<u>19500</u>
	<u>694810</u>	<u>679823</u>

SPEEDMAIL INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS cont ...

FOR THE YEAR ENDED 30TH JUNE 1999

4 Creditors - Amounts Falling Due Within One Year

	£	<u>1998</u> £
Trade Creditors	537291	560300
Corporation Tax	94228	33322
Other Tax and Social Security	119136	143433
Directors' Loan Accounts	1801	16598
Bank Overdraft and Loans	178597	70158
Obligations under Financial Leases and Hire Purchase Contracts	88047	106026
ACT Payable	<u>67500</u>	<u>19500</u>
	<u>1086600</u>	<u>949337</u>

5 Creditors - Amounts Falling Due After More Than One Year

	<u>1998</u>
Obligations under Finance Leases & Hire Purchase Contracts	<u>442883</u>
	<u>224824</u>

All obligations are payable within one to five years

6 Provisions for Liabilities and Charges

	£	<u>1998</u> £
Balance at 1st July 1998	-20973	-28326
(Increase)/Decrease in Deferred Tax Asset	<u>-9180</u>	<u>7353</u>
Balance at 30th June 1999	<u>-30153</u>	<u>-20973</u>

The amount provided and the potential asset of deferred taxation is as follows:

	<u>Potential</u> £	<u>Provided</u> £	<u>1998</u> <u>Potential</u> £	<u>1998</u> <u>Provided</u> £
The accumulated excess of depreciation over corresponding capital allowances	<u>30153</u>	<u>30153</u>	<u>20973</u>	<u>20973</u>
	<u>30153</u>	<u>30153</u>	<u>20973</u>	<u>20973</u>

7 Share Capital

The authorised, allotted and fully paid share capital of the company at 1st July 1998 and 30th June 1999 consisted of:

	<u>Authorised</u>	<u>Allotted, called up and fully paid</u>
Ordinary Shares of £1 each	<u>100</u>	<u>3</u>

SPEEDMAIL INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS cont...
FOR THE YEAR ENDED 30TH JUNE 1999

8 Capital Commitments

Commitments for capital expenditure at the end of the year were as follows:

	£	<u>1998</u> £
Authorised and contracted for	<u>NIL</u>	<u>NIL</u>
Authorised but not contracted for	<u>NIL</u>	<u>NIL</u>

9 Leasing Commitments

At 30th June 1999 the company had annual commitments under non-cancellable operating leases as detailed below:-

		<u>1998</u>	<u>1998</u>
	Land and <u>Buildings</u>	<u>Other</u>	Land and <u>Buildings</u>
			<u>Other</u>
Operating leases which expire:			
Within one year	-	-	-
Within two to five years	-	-	-
Within more than five years	<u>70778</u>	<u>-</u>	<u>70778</u>
	<u>70778</u>	<u>-</u>	<u>70778</u>

10 Turnover

The company's turnover represents the value, excluding value added tax, of goods and services to customers during the period.

SPEEDMAIL INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS cont...

FOR THE YEAR ENDED 30TH JUNE 1999

11 Operating Profit

The operating profit, which results from continuing operations only, during the year ended 30th June 1999 and the year ended 30th June 1998, is analysed as follows:

			<u>1998</u>	<u>1998</u>
	<u>Continuing</u>	<u>Total</u>	<u>Continuing</u>	<u>Total</u>
	£	£	£	£
Turnover	<u>5949470</u>	<u>5949470</u>	<u>5630036</u>	<u>5630036</u>
Cost of Sales	<u>4142081</u>	<u>4142081</u>	<u>4016252</u>	<u>4016252</u>
<u>Net Operating Expenses</u>				
Administrative	<u>1566629</u>	<u>1566629</u>	<u>1497893</u>	<u>1497893</u>
Operating Profit	<u>240760</u>	<u>240760</u>	<u>115891</u>	<u>115891</u>

The total figures for net operating expenses for continuing operations in the year ended 30th June 1999 and the year ended 30th June 1998 including £NIL in respect of acquisitions.

Operating profit is stated after charging:-

		<u>1998</u>
	£	£
Total directors' emoluments	203099	84919
Auditors remuneration and expenses	4500	4200
Depreciation and amortisation of owned assets	99279	83920
Depreciation of assets held under finance leases and hire purchase contracts	156359	66685
(Gain)/Loss on sale of tangible fixed assets	-17639	-5113
Hire of plant and machinery-operating leases	<u>54424</u>	<u>78674</u>

12 Staff Costs

The average number of persons employed by the company, including directors, during the year was as follows:-

		<u>1998</u>
Management	10	11
Production	71	80
Sales	<u>4</u>	<u>5</u>
	<u>85</u>	<u>96</u>

The aggregate payroll costs of these persons were as follows:-

		<u>1998</u>
Wages and salaries	1188081	1298729
Social Security costs	113857	120593
Other pension costs	<u>91555</u>	<u>64871</u>
	<u>1393493</u>	<u>1484193</u>

SPEEDMAIL INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 1999

13 Interest Payable and Similar Charges

	£	<u>1998</u> £
Financial Charges Payable:-		
Financial leases and hire purchase contracts	<u>54969</u>	<u>22339</u>

14 Tax on Profit on Ordinary Activities

	£	<u>1998</u> £
Corporation Tax for the Year at 21.00%	60906	25000
Deferred Taxation	<u>-9180</u>	<u>7353</u>
	<u>51726</u>	<u>32353</u>

15 Notes to the Cashflow Statement

Reconciliation of operating profit to net cash inflow from operating activities:-

	£	<u>1998</u> £
Operating Profit	240760	115891
Depreciation Charges	255638	150605
(Gain)/Loss of Sales of Tangible Fixed Assets	-17639	-5113
Increase in Debtors	-14987	-61469
(Decrease)/Increase in Creditors	<u>-14103</u>	<u>84110</u>
Net Cash Inflow from Operating Activities	<u>449669</u>	<u>284024</u>