

Registered Number 3229377

Royal Mail Investments Limited
Annual Report and Financial Statements
2012-2013



Royal Mail Investments Limited

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Royal Mail Investments Limited

Directors' Report

The Directors present the Annual Report and Financial Statements for Royal Mail Investments Limited (the Company). These financial statements relate to the 53 weeks ended 31 March 2013 (2012 52 weeks ended 25 March 2012).

Principal activities

The Company's principal activity is to act as a holding company for the overseas subsidiaries and associate of Royal Mail Group Limited.

Review of the business and future developments

The Company acts as a holding company for distribution businesses in overseas markets and the Group's insurance subsidiary and expects to continue this activity for the foreseeable future.

Results and dividends

The profit after taxation for the year was £234 million (2012 £nil). The Directors do not recommend a final dividend. The Company received a dividend from its General Logistics Systems BV ('GLS') subsidiary of €300m on 1 August 2012. On 8 August 2012 an interim dividend of £234 million was declared and paid to its sole shareholder Royal Mail Group Limited. The movement in reserves is shown in note 9 to the financial statements.

Directors and their interests

The following have served as Directors of the Company during the year ended 31 March 2013 and up to the date of approval of these financial statements:

Matthew Rose

Mick Jeavons

No Director has a beneficial interest in the share capital of the Company.

Audit information

The Directors confirm that so far as they are aware there is no relevant audit information of which the auditor is unaware and that each Director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Qualifying third party indemnity provisions for Directors

A partial qualifying third party indemnity provision (as defined in section 234 of the Companies Act 2006) was and remains in force for the benefit of all the Directors of Royal Mail Investments Limited. The indemnity is granted under article 129 of the Articles of Association of the Company's ultimate parent company, Royal Mail Holdings plc. The indemnity is partial in that it does not allow the Company to cover the costs of an unsuccessful defence of a third party claim.

Principal risk and uncertainties

A fixed charge has been registered over the Company's shares in General Logistics Systems BV, the Company's largest investment. The charge forms part of the security provided on Royal Mail Group Limited's £500 million 'GLS Funding Loan'. Further details on this facility are contained in note 17 of the 2012-13 Royal Mail Group Limited Annual Report and special purpose Financial Statements.

Going concern

The Company has net assets of £395 million at 31 March 2013.

As noted in the 'Principal risks and uncertainties' section above and in note 10 to these financial statements, a fixed charge has been registered over the Company's shares in General Logistics Systems BV, the Company's largest investment, as part of the security provided on Royal Mail Group Limited's £500 million drawn down loan facility.

After analysis of all factors including those stated above, the Directors of Royal Mail Investments Limited consider it appropriate to prepare the financial statements on a going concern basis.

Key Performance Indicators (KPI's)

As the Company operates as a holding company the Directors do not consider it necessary to disclose KPI's.

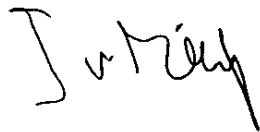
Royal Mail Investments Limited

Directors' Report (continued)

Auditor

The auditor is deemed to be reappointed under section 487(2) of the Companies Act 2006

By Order of the Board



Jon Millidge

Secretary

London

16 September 2013

Royal Mail Investments Limited

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements 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 that disclose with reasonable accuracy, at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Royal Mail Investments Limited

Independent Auditor's Report to the members of Royal Mail Investments Limited

We have audited the financial statements of Royal Mail Investments Limited for the year ended 31 March 2013 which comprise profit and loss account, statement of total recognised gains and losses, reconciliation of movements in shareholder's funds, balance sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2013 and of its profit for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst + Young LLP

Kathryn Barrow (Senior statutory auditor)

for and on behalf of Ernst & Young LLP

Statutory Auditor

London

20 September 2013

Royal Mail Investments Limited

Profit and loss account

for the 53 week period ended 31 March 2013 and 52 week period 25 March 2012

| | Notes | 2013 £m | 2012 £m |
|---|-------|------------|------------|
| Continuing operations | | | |
| Operating exceptional items | | - | (2) |
| Operating loss | | - | (2) |
| Profit before financing and taxation | | - | (2) |
| Income from investments | 2 | 234 | 2 |
| Profit before taxation | | 234 | - |
| Taxation charge | 6 | - | - |
| Profit for the financial year from continuing operations | 9 | 234 | - |

Statement of total recognised gains and losses

for the 53 week period ended 31 March 2013 and 52 week period 25 March 2012

There are no recognised gains and losses other than the profit attributable to the Company of £234 million (2012 £nil)

There is no statement of historic cost profits and losses as the financial statements are produced under the historic cost accounting convention

Reconciliation of movements in shareholder's funds

for the 53 week period ended 31 March 2013 and 52 week period 25 March 2012

| | 2013 £m | 2012 £m |
|--|------------|------------|
| Opening shareholder's surplus/(deficit) | 395 | (64) |
| Total recognised profit for the financial year (see above) | 234 | - |
| Dividend paid to parent company | (234) | - |
| Issue of shares | - | 459 |
| Closing shareholder's surplus | 395 | 395 |

Royal Mail Investments Limited

Balance sheet

at 31 March 2013 and 25 March 2012

Company number 3229377

| | Notes | 2013 £m | 2012 £m |
|---|-------|------------|------------|
| Fixed assets | | | |
| Investments in subsidiaries and associate | 7 | 395 | 395 |
| Total fixed assets | | 395 | 395 |
| Net assets | | 395 | 395 |
| Capital and reserves | | | |
| Called up share capital | 8 | 5 | 5 |
| Share premium | 9 | - | 459 |
| Profit and loss account | 9 | 390 | (69) |
| Shareholder's fund | | 395 | 395 |

The financial statements on pages 7 to 13 were approved by the Board of Directors on 16 September 2013 and signed on its behalf by



Matthew Rose

Royal Mail Investments Limited

Notes to the financial statements

1. Accounting policies

The Company has applied the following accounting policies

Financial period

The financial year ends on the last Sunday in March and accordingly, these financial statements are made up to the 53 weeks ended 31 March 2013 (2012 52 weeks ended 25 March 2012)

Basis of preparation

The financial statements on pages 7 to 13 have been prepared in accordance with applicable UK Accounting Standards and law including the requirements of the Companies Act 2006. Unless otherwise stated in the accounting policies below, the financial statements have been prepared under the historic cost accounting convention.

The financial statements present information about the Company as an individual undertaking and not as a Group. The Company has taken advantage of section 400 of the Companies Act 2006 not to prepare Group financial statements on the grounds that its ultimate parent makes its Group financial statements publicly available.

After careful consideration of all available information, the Directors are of the view that it is appropriate that these financial statements have been prepared on a going concern basis.

No new UK Accounting Standards, which affect the presentation of these financial statements, have been issued.

No cash flow statement has been presented as the Company is a wholly owned subsidiary of a company which has presented a consolidated cash flow statement within its Group financial statements.

Changes in accounting policy

The accounting policies are consistent with those of the previous financial year.

Interbusiness transactions

The Company operates through business units that make use of the services of other companies within the Group in order to take advantage of Group synergies, having regard to the mutual dependencies that exist.

Investments in subsidiaries and associate

Investments in subsidiaries and associates within the Company's financial statements are stated at cost less any accumulated impairment losses.

Deferred tax

Deferred tax is generally provided in full on timing differences at the balance sheet date, at rates expected to apply when the tax liability (or asset) crystallises based on substantively enacted tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax is not recognised in the following instances:

- on gains on disposal of fixed assets where, on the basis of available evidence, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only when there is a commitment to dispose of those replacement assets;
- on unremitted earnings of subsidiaries and associate where there is no commitment to remit those earnings; and
- deferred tax assets are recognised only to the extent that the Directors consider that it is 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 assets and liabilities are not discounted.

2 Income from investments

Investment income relates to dividend income of £234 million from General Logistics Systems BV, a 100% owned subsidiary, (2012 £2 million received from its 100% owned subsidiary PostCap Guernsey Limited).

3 Staff costs and numbers

The Company has no employees (2012 no employees).

Royal Mail Investments Limited

4. Auditor's remuneration

Auditor's remuneration amounted to £5,355 (2012 £5 225) for the audit of the statutory financial statements and was met by the immediate parent company, Royal Mail Group Limited

5 Directors' emoluments

The Directors did not receive any emoluments from the Company during the year (2012 £nil). The Directors are employees of other undertakings within the Royal Mail Holdings plc Group of companies. The Directors' remuneration for the period was paid by other undertakings. The Directors do not believe that it is practical to apportion this amount between their services as directors of the Company and their services as employees or Directors of the fellow subsidiary undertakings.

6. Taxation

(a) Taxation gains/losses recognised

| | 2013 £m | 2012 £m |
|---|------------|------------|
| Taxation charge/(credit) in the profit and loss account: | | |
| Corporation tax charge for year | - | - |
| Tax over provided in previous years | - | - |
| Current tax (see table below) | - | - |
| Deferred tax | - | - |
| Total tax charge | - | - |

(b) Factors affecting the current tax charge on profit on ordinary activities

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 24% (2012 26%). The differences are explained below:

| | 2013 £m | 2012 £m |
|--|------------|------------|
| Profit on ordinary activities before tax | 234 | - |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2012 26%) | 56 | - |
| Exempt income from investments | (56) | (1) |
| Non-deductible impairment | - | 1 |
| Transfer pricing adjustment re interest | - | (1) |
| Effect of group relief | - | 1 |
| Losses carried forward | - | - |
| Total current tax (see table above) | - | - |

Royal Mail Investments Limited

6. Taxation (continued)

(c) Factors that may affect future tax charges

The Company has unrecognised losses carried forward the tax effect of which is approximately £8 million (2012 £9 million). These may be set against future non-trading profits. The Company has claimed no rollover relief.

Finance Act 2012 reduced the main rate of corporation tax to 23% with effect from 1 April 2013. The effect of this change on deferred tax balances is included in these accounts. In the 2012 Autumn statement, the Chancellor of the Exchequer announced that the main rate of corporation tax will be 21% for the year commencing 1 April 2014 and in the March 2013 Budget he announced that the rate will be further reduced to 20% with effect from 1 April 2015. In accordance with accounting standards the effect of these rate reductions on deferred tax balances has not been reflected in these accounts due to the relevant legislation not having been substantively enacted at the balance sheet date. A reduction to 20% would based on losses at 31 March 2013 reduce the Company's unrecognised deferred tax assets by £1 million.

7 Investments in subsidiaries and associate

| | Subsidiaries £m | Associate £m | Total £m |
|-------------------------|--------------------|-----------------|-------------|
| Cost | | | |
| At 26 March 2012 | 394 | 24 | 418 |
| At 31 March 2013 | 394 | 24 | 418 |
| Impairment | | | |
| At 26 March 2012 | - | 23 | 23 |
| At 31 March 2013 | - | 23 | 23 |
| Net book value | | | |
| At 31 March 2013 | 394 | 1 | 395 |
| At 26 March 2012 | 394 | 1 | 395 |

Royal Mail Investments Limited

8 Called up share capital

| | 2013 | 2012 |
|--------------------------------|------------------|------------------|
| | £ | £ |
| Authorised | | |
| Ordinary shares of £1 each | 6,000,000 | 6,000,000 |
| Total | 6,000,000 | 6,000,000 |
| Allotted and fully paid | | |
| Ordinary shares of £1 each | 5,000,001 | 5,000,001 |
| Total | 5,000,001 | 5,000,001 |

9 Reconciliation of shareholder's funds and movement on reserves

| | Share capital | Share premium | Profit and loss account | 2013 Total | 2012 Total |
|---|---------------|---------------|-------------------------|------------|------------|
| | £m | £m | £m | £m | £m |
| At 26 March 2012 and 28 March 2011 | 5 | 459 | (69) | 395 | (64) |
| Issue of shares | - | - | - | - | 459 |
| Capital reduction | - | (459) | 459 | - | - |
| Profit for the financial period | - | - | 234 | 234 | - |
| Dividend paid to parent company | - | - | (234) | (234) | - |
| At 31 March 2013 and 25 March 2012 | 5 | - | 390 | 395 | 395 |

On 3 August 2012 the Company reduced the amount of its share premium account by £459 million with the Company reducing the deficit on its distributable reserves by the same amount at that time. The reduction of £459 million was approved by special resolution of the Company, supported by a statement of solvency made by its Directors (pursuant to section 641(1)(a) of the Companies Act 2006). The reduction was executed through a non-cash accounting entry and has no effect on total equity and the number of the Company's ordinary shares in issue or their nominal value.

10 Charges

A fixed charge has been registered over the Company's shares in General Logistics Systems B.V. The charge forms part of the security provided on Royal Mail Group Limited's £500 million loan facility. At 31 March 2013 £500 million (2012 £500 million) had been borrowed under this facility. Further details on the facility are contained in note 17 of the 2012-13 Royal Mail Group Limited Annual Report and special purpose Financial Statements.

11. Related party disclosures

Royal Mail Group Limited is the immediate parent company of Royal Mail Investments Limited. Royal Mail Holdings plc is the ultimate parent company.

Related party transactions

The Company has taken advantage of one of the exemptions conferred by FRS 8 Related party disclosures, whereby certain details regarding transactions with 100% owned subsidiaries within the same Group do not have to be disclosed where Group financial statements are publicly available.

Royal Mail Investments Limited

11 Related party disclosures (continued)

Principal subsidiaries and associate

| | Country of incorporation | % Holding | Principal activities |
|--|--------------------------|-----------|---|
| Subsidiaries | | | |
| General Logistics Systems B V ¹ | Netherlands | 100 | Holding company for parcel services group |
| General Logistics Systems Italy S p A | Italy | 100 | Parcel services |
| General Logistics Systems Enterprise S r l | Italy | 100 | Parcel services |
| General Logistics Systems France S A S | France | 100 | Parcel services |
| General Logistics Systems Germany GmbH & Co OHG | Germany | 100 | Parcel services |
| General Logistics Systems Netherlands B V | Netherlands | 100 | Parcel services |
| General Logistics Systems Austria GmbH | Austria | 100 | Parcel services |
| General Logistics Systems Denmark A/S | Denmark | 100 | Parcel services |
| General Logistics Systems Poland Spolka z o o | Poland | 100 | Parcel services |
| General Logistics Systems Hungary Kft | Hungary | 100 | Parcel services |
| General Logistics Systems Belgium Distribution N V | Belgium | 100 | Parcel services |
| PostCap Guernsey Limited ¹ | Guernsey | 100 | Insurance services |
| Associate | | | |
| G3 Worldwide Mail N V (trade name Spring) ¹ | Netherlands | 32.45 | Mail services |

¹ These investments are held by the Company. All other investments are held by a subsidiary of the Company.

A full list of subsidiaries and associate is available from the Company's registered office. All shareholdings are equity shares and all of the above subsidiaries have a year end date of the last Sunday in March. The reporting date for G3 Worldwide Mail N V ('Spring') year end date is 31 December.

12 Post balance sheet event

The investment held in G3 Worldwide Mail N V ('Spring') a 32.45% owned associate company was sold on 2 April 2013.

13. Immediate and ultimate parent company

At 31 March 2013 the Directors regarded Royal Mail Group Limited as the immediate parent company and Royal Mail Holdings plc as the ultimate parent company. The results of the Company form part of the Royal Mail Holdings plc Group Financial Statements, which are available from the Company Secretary, 100 Victoria Embankment, London, EC4Y 0HQ.