neopost

Reference document 2009

AMF

This reference document was presented to the *Autorité des Marchés Financiers* on 29 April 2010, in accordance with article 212-13 of the AMF's General Regulations. It may be used to support financial transactions if accompanied by an information statement certified by the AMF. This document was made out by the Company and commits its signatories.

The following information is included for reference in this document in accordance with article 28 of European Commission regulation EC 809/2004:
The corresponding consolidated financial statements, annual accounts and auditors' reports may be found on pages 21 to 74 and 75 to 100 of the reference document for year ending 31 January 2009 registered with the AMF on 30 April 2009, number D.09-379.
The corresponding consolidated financial statements, annual accounts and auditors' reports for the year ended 31 January 2008 may be found on pages 23 to 74 and 75 to 98 of the reference document registered with the AMF on 30 April 2008, number D. 08-349.
The management reports for 31 January 2009 and 31 January 2008 may be found on pages 11 to 20 and 13 to 22 of reference documents D. 09-379 and D. 08-349.

1 Neopost group activity

Key figures

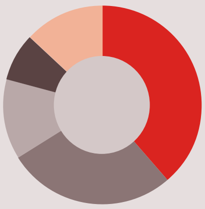
Neopost generated sales of 913.1 million euros in 2009, almost stable at constant exchange rates, -0.3%, compared to 2008. Current operating margin reached 25.7% of sales, a level unchanged from 2008. This performance was achieved while continuing to prepare for the future, as evidenced notably by the optimisation of operating structures in the United States and our ongoing research and development efforts.

Neopost decided to propose to shareholders an ordinary dividend of 3.80 euros per share relative to 2009 financial year, stable compared to 2008. An interim dividend of 1.65 euro per share was paid on 11 January 2010. The balance, i.e. 2.15 euros per share will be paid in August 2010.

Sales by country

On a geographic level, Neopost benefits from a balanced breakdown of its revenue. In 2009, despite a tough economic situation, Neopost posted a stable sales performance at constant exchange rates (913.1 million euros) compared to 2008.

2009



North America 39% (+2.2%)

France 28% (-2.3%)

United Kingdom 12% (-3.4%)

Germany 8% (-5.2%)

Rest of the World 13% (+3.5%)

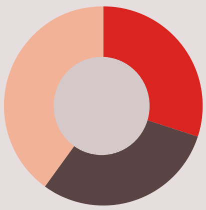
2008

North America 37% France 29%
United Kingdom 14% Germany 8%
Rest of the World 12%

Sales by activity

In 2009, the context of an unprecedented economic crisis, recurring revenue showed a 5.0% growth*, representing 70% of total Group sales and compensating for the decrease of 10.7% in hardware sales*.

2009



Equipment sales 30%

Rental and leasing 30%

Services and supplies 40%

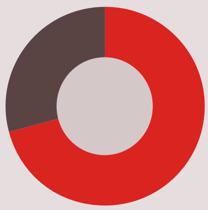
2008

Equipment sales 34%
Rental and leasing 29%
Services and supplies 37%

Sales by business line

Document and Logistics systems posted a sales increase at constant exchange rates thanks to a good performance of new high-end folders/inserters and to the integration of Satori. Mailing systems resisted well after a year during which decertification occured in the United States.

2009



Mailing systems 71% (-1.5%*)

Document & Logistic systems 29% (+2.7%*)

2008

Mailing systems 72%
Document & Logistic systems 28%

* At constant exchange rates.

Sales

(0.3)%

At constant exchange rates

Current operating margin

25.7%

Of sales

Dividend

3.80€

Per share

Current operating income

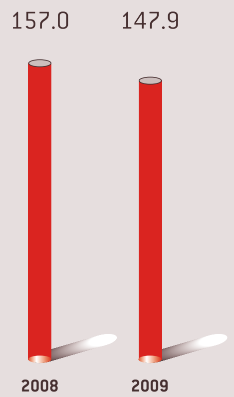
(In millions of euros)

In 2009, the Group maintained its current operating margin at 25.7% of sales. The current operating income shows a slight decrease of 0.5%.

Net income

(In millions of euros)

Net income in 2009 decreased by 5.7% due to the decrease in exchange rate gains and to the expected increase in financial expanses. Nevertheless, it represents 16.2% of total sales.



Leverage ratio [1]

Because of the growth in financial activities and of several acquisitions during the year, Neopost's leverage ratio (net debt to EBITDA) rose slightly in 2009.

(1) EBITDA (297.1 million euros) is the sum of current operating income (234.7 million euros), depreciation of tangible assets (42.9 million euros) and intangible assets (19.5 million euros).

Activity

Neopost is a major supplier of mailroom equipment. The Group offers solutions facilitating incoming and outgoing mail bringing strong added value to its customers. The Group offers solutions for, franking, folding and inserting, addressing, address cleansing and tracking and tracing of letters, parcels and of the supply chain. Neopost also offers a large range of services including consulting, maintenance, financial services and online services. In a postal sector which has entered a major period of change, Neopost anticipates the needs of the post offices and its customers by bringing new services and technological innovation to the market.

Market

The size of the mailroom equipment market is estimated to be about 5 billion euros [1] of sales per year. Neopost is ranked number 2 worldwide on that market, with a market share of about 24% [2] of the installed base for franking machines. Its two main competitors are Pitney Bowes and Francotyp Postalia with market shares of about 63% [2] and 10% [2] respectively.

Customers

Neopost's customers are essentially mixed issuers of mail, i.e. non standardized mail. They are mainly small and mid size companies and administrations. The Group has about 800,000 customers around the world.

Postal Authorities' role

Postal authorities govern production, distribution and maintenance of franking machines.

The postal sector has entered a major period of change. Around the world, postal services are facing new competition and new economic conditions due to globalisation, deregulation, privatisation in some countries and growing customer demands. The mail preparation function is becoming increasingly critical and sophisticated and offers new business opportunities to mailroom equipment suppliers, notably with the acceleration of the renewal of the installed base of equipment and the need for new tools, accessories, software and services.

Productivity gains for customers and postal services

Franking systems offer appreciable advantages to users. They avoid having to buy and handle stamps. They make it possible to process large volumes of mail in minimum time, and to manage spending on postage automatically. They also make it possible for companies to cut costs and sometimes to take advantage of preferential prices.

Such systems also help the postal services to collect a large part of their postage revenue (20% to 50% depending on the country) securely and with no cost. They also give post offices concrete data and detailed statistics about their customers' actual needs, making intelligent Franking systems real CRM tools. Such systems can enable postal services to customise their products and increase competitiveness in preparation, for example, for the disappearance of national monopolies for the main European countries, scheduled for January 2011.

Operating a mailroom

Each day in the mailroom starts with the arrival of mail delivered by the postal service in the morning and ends with the franking and shipment of mail in the evening. Neopost supplies equipment, machines, software and services to cover all steps in the incoming and outgoing mail handling chain. Neopost provides important advice and training in organising mailrooms, and selecting equipment and furniture according to each customer's particular needs.

Automated mail opening

Neopost produces several models of mail openers/extractors capable of handling various letter sizes and types of paper quality. Most of them possess an empty envelope detector that guarantees that all contents have been taken out. The operator therefore concentrates on meticulous sorting, dispatching the letters into sorting baskets.

Management of incoming mail and traceability of important mail

Neopost offers its customers software to assist incoming mail management. This includes mail sorting solutions based on voice-recognition technology, along with mail, e-mail and fax management software. Neopost also supplies software that simplifies the monitoring of sensitive letters that are often legal or financial in nature by checking and tracking their movement throughout the entire Company. The same software can be used for outgoing mail.

(1) Neopost estimates.

(2) Postal statistics and Neopost estimates as at end 2009.

Addressing in compliance with postal standards

The addressing printers made by Neopost convert files directly into postal addresses and print them on envelopes in compliance with postal standards to enable automatic reading.

In 2009, Neopost enhanced its service offering with the acquisition of Satori Software. Satori's software enables mail senders to validate, correct and update addresses in real time and to eliminate duplicates. It also allows for pre-sorting by zip code. The aim is to reduce the number of items that cannot be delivered because of an incorrect address, as well as, if applicable, benefiting from preferential prices from postal operators.

Automated insertion equipment

Neopost offers a competitive range of folders/inserters for the office (entry level), the mailroom (mid-range) and the mail center (high end) segments. These systems, completed with software to interface with databases, make it possible to publish, prepare for insertion, combine and route documents (pay slips, invoices, sales mail shots…). These automatic insertion solutions, compatible with all standard-sized envelopes, are tools which improve productivity, working 10 to 100 times faster than by hand. The Group also offers maintenance on these systems. Since these systems are connected to the Internet the maintenance can be performed remotely for a better efficiency.

Neopost is the world's leading manufacturer of folders/inserters for offices and mailrooms, with an estimated world market share of 60% [3].

Solutions for Supply Chain Tracking

Neopost also markets a whole range of products and services dedicated to Supply Chain tracking. Neopost's product range in this field offers the ability to track all logistic components: from the transportation mode (vehicle, container…) to the single item (textile, books…) through the logistic unit (palett, roll…) and the parcel from the factory to the delivery location. Returned products or their recycling are also managed. To offer these services, Neopost can deploy several solutions such as e-shipping, mobile IT, document scanning, based on numerous technologies to capture information, bar codes, RFID, vocal server, EDI, Internet software… All these technologies help to enrich the logistic tracking bases for our customers and for their partners. Neopost is a partner of major carriers in France, in Spain, in the United Kingdom and in Australia.

Intelligent franking

Mailing systems help Neopost's customers manage the sending of letters and parcels through postal services simply and efficiently, while allowing them to pay postal charges in a secure manner.

Neopost's offering in mailing systems combines franking machines, franking management software solutions, accessories like postal scales capable to weigh on the fly, ink cartridges and other supplies to operate them, as well as all other franking machine-related services such as maintenance (possibly remote) and update of new postage prices. The range of inkjet digital franking machines, which are Internet connected, can handle from 1,200 up to 15,000 letters per hour depending on the model.

With an installed base of close to 650,000 franking machines, i.e. about 24% [4] of the installed base, Neopost is the number two worldwide supplier of franking machines.

Financing solutions

Neopost offers customised financing solutions for all equipment and services which it sells. By matching financing to the lifetime of the mail equipment, its customers can upgrade the equipment in line with their needs at the end of the leasing programme. The Group also offers long-term rentals in countries where regulation makes it mandatory, i.e. France for the entire franking machine, USA and Canada for the meter. The Group also launched a financial service called postage financing, which allows the customer to be certain to have the necessary franking credit in his machine at any time.

Strategy

Neopost's strategy is based upon the following pillars: capitalise on technological and regulatory developments, reinforce Neopost's position on the different market segments, improve distribution, continue developing recurring services, and improve profitability.

This strategy aims at generating profitable and sustainable growth.

(3) Neopost estimates.
(4) Postal statistics and Neopost estimates as at end 2009.

Capitalise on technological and regulatory developments

Innovation is a key strength of the Neopost model. Changes in postal standards are a factor accelerating the technological obsolescence of mailing systems since they require equipment to be replaced and improved. Decertification and changes in postal pricing systems offer users the opportunity to increase their mail processing efficiency and productivity. Neopost provides the resources to exploit these through its range of mailing and document systems, peripherals and accessories, along with services. Close collaboration between the R&D department and the teams responsible for postal service relations enables the Group to anticipate major developments in the industry and changes specific to each market. Neopost's R&D is concentrated on the development of products and solutions meeting the new standards while improving ease of use, performance and reliability. The Group spends between 4.5% and about 5% of its revenue excluding R&D tax credit to develop future generations of the machines, software, infrastructure and networks which manage information flows between customers and post offices and/or shippers.

Reinforce Neopost's position on the different market segments

Concerning Mailing systems, Neopost is pursuing the roll-out of its new IS range of franking machines, together with a full array of accessories for each model.

Having launched a range of equipment intended for the mid-market segment since 2008, the Group is now preparing to launch systems targeting the high-end in order to strengthen its presence there, and also for the entry level, to win back this segment. In the space of two years, Neopost will have renewed its entire range of franking machines.

The Group is also preparing to enter a new segment, that of IT franking.

Concerning document systems, having successfully integrated PFE's premium range of folding/inserting machines in 2008-2009, Neopost is preparing to launch three new machines in order to strengthen its leadership in this business.

Improve distribution

Neopost uses two distribution methods: direct and indirect. By increasing direct distribution, Neopost is gradually improving its sales organisation, a move which brings it closer to its customers and enables it to have a greater control of its sales strategy and marketing investment. This strategy is therefore a source of additional revenue. Neopost is implementing this strategy by acquiring distributors in its European and North American markets. In 2009, Neopost acquired 5 dealers, 3 in the US and 2 in Europe. In the United States, where the Group operates through 2 different channels following the acquisition of Ascom Hasler in 2002, the proportion of the installed base covered by direct distribution is 56.5% at end-January 2010 versus 31% at end 2004. In this country, while continuing its optimisation policy, Neopost unified its structures and is finalising the unification of its tools. These initiatives will help improve both the networks' efficiency and customer service quality.

Continue developing recurring services

The Group is continuing its strategy of expanding in services by regularly enhancing its range. This includes consulting, installation and maintenance of equipment and software, training, consumables supply, as well as online and financial services. Such services offer Neopost's customers even more innovative solutions and have a positive impact on the Group's operating margin. The revenue coming from services is recurring by nature and amounted to 70% of sales in 2009.

Improve profitability

Neopost pursues a strategy of steady improvement in profitability. This strategy is based on driving the business mix toward higher-end products, selling supplies and consulting, and expanding financial and online services. In addition to the initiatives taken in the improvement in distribution referred to above, the Group has invested in programmes for the development of its information systems and its CRM tools and in plans for the optimisation of its structure especially in those subsidiaries with scope for improvement in their profitability.

At end-January 2008, in line with its strategy, the Group decided to accelerate the implementation of a number of optimisation programmes, particularly in R&D, the supply chain and distribution. Provisions of 20.5 million were recognised in the 2007 financial statements (period ended 31 January 2008) for these optimisation programmes.

In 2008, Neopost consolidated the activities of its R&D centres in the United States into a single site and implemented optimisation programmes for its supply chain operations in Europe and North America. In 2009, efforts focused on finalising the reorganisation of distribution structures in the United States. The head offices of the two US subsidiaries were combined into one office on the East coast and the various call centres were consolidated in a single location in Dallas. This large-scale project involved the closure of two sites, the relocation of 300 jobs and the hiring and training of close to 200 new employees. A project to harmonise information systems is underway and is proceeding according to plan.

Implementation of this optimisation programme is almost complete and has been a major success.

Organisational structure

Head office

Neopost's head office is in Bagneux in the Paris region. Neopost S.A. is a financial holding company. All the Group's strategic assets such as the research and development, production and distribution activities described below are held by wholly-owned subsidiaries of Neopost S.A.

Research and development centres

Neopost has several specialised research and development centres. The three main R&D centres are in Bagneux (France) for mailing systems, in Austin (USA) for Software Solutions and in Drachten (Netherlands) for document management systems. More than 300 engineers and technicians work at these centres.

In order to increase its productivity while keeping the same budget, Neopost subcontracts part of its R&D efforts in Vietnam.

The Neopost group has substantial expertise in postal system requirements, paper handling, cryptography, inkjet printing and software development.

The Group has formed strategic alliances with recognised partners for the supply of components and complementary technologies such as Hewlett Packard for inkjet technology.

Trademarks and patents

The Group is the owner of its trademarks and has close to 600 families of patents published. Neopost registered 30 patents in 2009. The geographical coverage of these patents is essentially European and American. Neopost is not dependent on any single patent which might bring the Group's level of business or profitability into question.

Production centres

Neopost has three assembly centres: Lude (France) for mid and high-end mailing systems, Drachten (Netherlands) for mid-range document systems and Loughton (United Kingdom) for high-end document systems. These three centres employ more than 950 people.

Neopost subcontracts part of its production to completely independent makers/ assemblers in Asia. These subcontractors assemble entry-range mailing systems and document systems.

The Group believes that it has adequate production capacity to handle growing business.

Distribution

Neopost's international sales network is a key feature of its business.

The Group has wholly owned subsidiaries in 18 countries accounting for a total of 98% [5] of the worldwide installed base of mailing systems: Austria, Belgium, Canada, Denmark, France, Hong Kong, Germany, Ireland, Italy, India, Japan, Netherlands, Norway, Spain, Sweden, Switzerland, the United Kingdom, and USA.

Neopost also has a network of local distributors in about 90 countries on top of the countries covered by its subsidiaries. These distributors are independent, essentially dedicated to Neopost products and have signed long-term distribution contracts with Neopost.

Ownership of buildings

The table below shows an inventory of the main properties owned and rented by Neopost group. These represent the bulk of the buildings occupied.

	Office floorspace (owned) (in m²)	Factory floorspace (owned) (in m²)	Office floorspace (rented) (in m²)	Factory floorspace (rented) (in m²)	Annual rent (offices) (In millions of euros)	Annual rent (factories) (In millions of euros)
France	3,239	9,520	24,258	7,800	6.0	0.1
North America	-	-	33,926	-	2.1	-
UK	1,763	4,957	7,075	-	1.2	0.1
Germany	-	-	9,126	1,800	0.8	0.1
Rest of the world	5,800	8,544	17,711	320	2.0	-
Total	**10,802**	**23,021**	**92,096**	**9,920**	**12.1**	**0.3**

(5) Postal statistics at end December 2009 and Neopost estimates.

Investments

In 2009, Neopost invested 59.8 million euros, before acquisitions of distributors and loans, compared with 84.3 million euros in 2008 and 60.8 million euros in 2007. Details of investments are shown in the table below:

(In millions of euros)	31 January 2010	31 January 2009	31 January 2008
Acquisition of rights and licences	6.4	28.3	4.5
Capitalisation of research costs	10.2	9.0	8.5
Acquisition of equipment	10.8	8.0	11.5
Replacement of installed base of franking machines	26.0	30.9	27.7
Other investments	6.4	8.1	8.6
Total	**59.8**	**84.3**	**60.8**

In 2009, the Group also invested 73.7 million euros to acquire distributors or companies allowing it to expand its offer, notably Satori. This compared with 77.1 million euros in 2008 and 31.1 million euros in 2007.

This investment was financed either with Group cash or with existing credit lines.

Neopost expects to invest an amount in 2010, excluding acquisitions, comparable to the amount invested in 2009.

The Group also expects to continue making acquisitions of distributors in Europe and the US in 2010.

History

Neopost was formed in 1992 through the buy-out of Alcatel's mailroom solutions division by a group of investors led by Fonds Partenaires. This division had been set up in 1970 following the acquisition of Société des Machines Havas and Satas, two companies operating in the French market for more than 40 years. It was then built up by the acquisition, in succession, of Roneo Vickers in the UK and Netherlands in 1980, then of FME Corp of the US in 1981.

Neopost was taken over by another group of investors advised by BC Partners in association with management in 1997.

Neopost listed on the main Paris Euronext market on 23 February 1999 at a price of 15 euros per share.

Neopost, already world number two in 2002, strengthened its position significantly with the acquisition of Ascom Hasler the mailing systems division of the Swiss company Ascom, then number three in the world.

In the same year, Neopost consolidated its position in Germany, the third-largest market in the world, by acquiring the German company Stielow, a Neopost distributor and specialist in mailroom equipment.

In 2008, the Group closed the acquisition of PFE International Ltd, a company specialized in folders/inserters designed for higher volumes of mail than those produced by Neopost at the time.

2 Corporate Governance

Board of Directors

The Board of Directors' purpose is to set the Company's strategy and ensure its implementation.

Chairman and Chief Executive Officer

- Denis Thiery (54) is Chairman and Group Chief Executive Officer since the Board of Directors meeting that took place on 12 January 2010. Denis Thiery joined Neopost in 1998 as Chief Financial Officer. From 1991 to 1997, he was Group Chief Financial Officer and Chief Executive Officer of Moorings, a world leader in leisure boat rental based in the US. From 1984 to 1991, he held a number of senior positions with Wang France becoming Chief Financial Officer in June 1989. Graduated from *l'École des Hautes Études Commerciales* (HEC), Denis Thiery started his career in 1979 as auditor with Coopers & Lybrand both in France and the US, and was audit Manager when he left audit in 1984. Denis Thiery was nominated as a Director for a three year term by the Annual General Meeting of July 2007. His mandate will be submitted for renewal during the Annual General Meeting that will be held in July 2010.

Other Group appointments: Director of Neopost Ltd and Neopost Finance Limited (United Kingdom) and of Mailroom Holding Inc. (United States).

Other appointments: None.

Other appointments over the last five years (excluding those listed above): Director of Mailroom Holding BV (Netherlands), Neopost ID (France), Neopost Ireland Limited, Neopost Finance (Ireland) Ltd, Neopost SRL and Neopost Finance SRL (Italy) and of Neopost Norge AS (Norway). He was a member of the supervisory board of Neopost Technologies BV.

Denis Thiery owned 88,180 Neopost shares at 31 January 2010.

Other members of the Board of Directors

- Henk Bodt (71) was previously Vice President of the Philips Group, in charge of the Consumer Electronics, Business Electronics, Medical Systems and Semiconductors divisions. Prior to this, he was President of Oce, Europe's leading producer of photocopiers and printers. Hank Bodt has been a Director of Neopost S.A. since June 1999, his mandate was renewed during the Annual General Meeting that was held on 7 July 2009 for a three year term, i.e. until the Annual General Meeting of July 2012.

Other Group appointments: None.

Other appointments: None.

Other appointments over the last five years (excluding those listed above): Director of A.S.M.L. (The Netherlands), of D.S.M. (The Netherlands) and of Delft Instruments (The Netherlands).

Henk Bodt owned 2,022 Neopost shares at 31 January 2010.

- Jacques Clay (62) is Chairman and CEO of Perigee S.A. (France), a French software developer specialized in conception and production of digital and analogical commercial publications. He is also Chairman of Oleastrat S.A.S. (France). Mr Clay spent most of his career at Hewlett Packard, working in Europe and in the USA, where he was in charge of several international divisions. In particular, he developed HP's PC division into a multi-billion dollar business, making HP the third-largest company in this sector. Jacques Clay has been a director of Neopost S.A. since January 2003, his mandate was renewed during the Annual General Meeting that was held on 10 July 2007 for a three year term and will be submitted for renewal during the Annual General Meeting that will be held in July 2010.

Other Group appointments: None.

Other appointments: None.

Other appointments over the last five years (excluding those listed above): Chairman of supervisory board of Advestigo S.A. (France) from 2004 to April 2009, Chairman and Chief Executive Officer of Polyspace Technologies (France) from July 2006 to April 2007, Director of Wstore Europe S.A. from 2004 to 2009, Director of Asterop SA (France, September 2007-January 2008) Vice-President of the supervisory board of Takasic S.A. (France) from 2002 to 2004, President of the supervisory board of Netquartz S.A. (France) from 2002 to the sell-out of the company to Wstore Europoe S.A. in 2004.

Jacques Clay owned 1,000 Neopost shares at 31 January 2010.

- Cornelius Geber (57) is currently director of numerous German and international companies. He was previously a consultant to the General Management of Deutsche Post Worldnet AG (Bonn) and was Chairman of the Board of Directors of the German transport company Kühne & Nagel AG & Co, (Germany) and Director of its parent company Kühne & Nagel International AG (Suisse) between 1993 and 1999. Cornelius Geber has been a Director of Neopost S.A. since July 2002, his mandate was renewed during the Annual General Meeting that was held on 8 July 2008 for a three year term, i.e. until the Annual General Meeting of July 2011.

Other Group appointments: None.

Other appointments: Managing Partner of GC Beteiligungs und Management GmbH (Germany) and director of GC Beteiligungs und Management AG (Switzerland), Vice-Chairman of the board of Inconso AG (Germany), President of the supervisory board of Barkawi Management Consultants (Germany).

Other appointments over the last five years (excluding those listed above): Director of Cargofresh AG (Germany), member of the supervisory board of Friedrich Grohe AG & Co KG and of Ifco Systems N.V., Chairman of the Board of Ponaxis AG (Germany) and of Paul Günther Logistk AG (Germany), Managing Director of Celanese Europe Holding GmbH (Germany), Director of Celanese AG (Germany) and Kiala S.A. (Belgium).

Cornelius Geber owned 1,230 Neopost shares at 31 January 2010.

- Michel Guillet (65) was until 2005 Managing Partner of BC Partners, the consultancy arm of the BC European Capital investment fund. He also co-founded BC Partners in 1987. Previously, he held various management positions, including those of Chairman of Thomson's commercial refrigeration division and Managing Director of Lohr, a car transporters maker. Michel Guillet has been a Director of Neopost S.A. since September 1997, his mandate was renewed during the Annual General Meeting that was held on 10 July 2007 for a three year term. His mandate will be submitted for renewal during the Annual General Meeting that will be held in July 2010.

Other Group appointments: None.

Other appointments: Director of Investir & Partenaire for the development of Port-Louis (Mauritius), of I&P Management (Mauritius) and Managing Director of Montroc Holding (France).

Other appointments over the last five years (excluding those listed above): None.

Michel Guillet owned 515 Neopost shares at 31 January 2010.

- Éric Licoys (71) is currently Chairman of the association called ACG France. He spent a large portion of his career in the banking industry. Among other positions, he was Chief Executive Director of *Banque Occidentale pour l'Industrie et le Commerce,* Director and Managing Director of *Compagnie Financière Barclays,* and Chairman of Fonds Partenaire Gestion and fund manager at Lazard Frères & Compagnie. Between 1999 and 2002, he was Board Member and Managing Director of Vivendi Universal and President of the AFIC (French Private Equity Association). He has been a Director of Neopost S.A. since July 2003, his mandate was renewed during the Annual General Meeting that was held on 7 July 2009 for a three year term, i.e. until the Annual General Meeting of July 2012.

Other Group appointments: None.

Other appointments: Chairman of the Board of Directors of Groupe Moniteur Holding (France), of MB Electronique S.A. and of Polly, Chairman of Cocifas S.A.S. and member of the supervisory board of Citizen Capital. He is Advisor for the Managing Board of Eurazeo and Senior Adviser for C.W. Downer.

Other appointments over the last five years (excluding those listed above): Chairman of the supervisory board of Marathon (formerly Finhera, France), Chairman of the Board of Directors of Financière Photo Europe; Director of Intermediate Capital Group (UK) and of Banque Eurofin-HSBC.

Eric Licoys owned 1,860 Neopost shares at 31 January 2010.

- Vincent Mercier (60), Civil Engineer of Les Mines, holder of a DESS in Economy, also a Cornell (USA) MBA graduate. He currently manages the Roland Berger Strategy Consultants Paris office and since September 2004 is Managing Partner of the Brussels office and Member of the Group Executive Committee group. He has been in charge of the Chinese and Japanese offices since 2007. Vincent Mercier's mandate was approved during the Annual General Meeting that was held on 7 July 2009 for a three year term, i.e. until the Annual General Meeting of July 2012.

Other Group appointments: None.

Other appointments: Director of MAF Retail (Dubai).

Other appointments over the last five years (excluding those listed above): None.

Vincent Mercier owned 566 Neopost shares at 31 January 2010.

- Michel Rose (66) was Deputy Managing Director of Lafarge with responsibility for the cement business, he retired on the 1st May 2008. He joined Lafarge in 1970 and has held several executive positions in the Group. In particular, he was Deputy Managing Director for the Human Resources and Communication departments, and for the Biotechnology division, after which he was Managing Director for North America. Michel Rose has been a Director of Neopost since July 2005, his mandate was renewed during the Annual General Meeting that was held on 8 July 2008 for a three year term, i.e. until the Annual General Meeting of July 2011.

Other Group appointments: None.

Other appointments: Director of Lafarge Morocco, of Unicem (Nigeria) of Malayan Cement (Malaysia) and Essilor International (France), Chairman of *École des Mines* de Nancy Foundation.

Other appointments over the last five years (excluding those listed above): None.

Michel Rose owned 296 Neopost shares at 31 January 2010.

- Agnès Touraine (53) manages Act III Consultants; a consulting firm specialized in growth strategy which she created in 2003 and Act III Gaming founded in 2009. She started her career at McKinsey and occupied several strategic and operating positions at Lagardère Group. She was then CEO of the Publishing and Video Games division at Havas before becoming CEO of Vivendi Universal Publishing. Agnès Touraine graduated in 1978 from Sciences Po Paris and from the law faculty of Paris I. In 1981, she obtained an MBA from Columbia University Business School. Agnès Touraine mandate was approved on 10 July 2007 for a three year term will be submitted for renewal during the Annual General Meeting that will be held in July 2010.

Other Group appointments: None.

Other appointments: independent director of Cable & Wireless, of ITV in London, of the *Fondation de France* and she is on the Board of the French American Foundation, of the IDATE and of the Women's Forum.

Other appointments over the last five years (excluding those listed above): None.

Agnès Touraine owned 153 Neopost share at 31 January 2010.

- Jean-Paul Villot (65) joined Neopost S.A. in September 1995 as Deputy Managing Director, and was appointed Chairman and CEO of Neopost S.A. in September 1996. Mr Villot is a graduate of France's *École des Mines* (engineering) and IAE (business) schools, and has held various professional positions in France and abroad, working in sales and General Management at Bull and Schlumberger. Between 1991 and his arrival at Neopost, he was Executive Director and member of the management committee of Dutch photocopier manufacturer Oce. On 19 June 2007, Jean-Paul Villot became Chaiman of the Board of Neopost S.A. a position that he held until the 12 January 2010. Jean-Paul Villot's appointment as Director was renewed at the Annual General Meeting on 10 July 2007 for a three year term and will be submitted for renewal during the Annual General Meeting that will be held in July 2010.

Other Group appointments: None.

Other appointments: Member of supervisory board of X'Ange Capital (France) and of Atria Capital Partenaires (France).

Other appointments over the last five years (excluding those listed above): Chairman of Neopost Inc. (USA) until 2006 and Director of Oce France until 2008, Director of Neopost BV (The Netherlands), and Member of the supervisory board of Neopost Technologies BV (The Netherlands).

Jean-Paul Villot owned 226,161 Neopost shares at 31 January 2010.

The Board of Directors met seven times in financial year 2009. The attendance rate was 94%.

Each director's term of office is limited to three years. The number of directors aged over 70 may not exceed one third of all directors during the period. The age limit for the Chairman is 65.

No director is elected from among the employees. There is no family link between directors. No director has been condemned for fraud or incurred any public sanction over the past 5 years. No director has been involved in a bankruptcy while being a member of a board, a member of an executive body, or a member of a supervisory board over the past 5 years.

There are no conflicts of interest for corporate officers and executives between their duties in respect of Neopost and their other interests or duties.

Over the last five years, none of the company's corporate officers have been found guilty of fraud, declared bankrupt, sequestered or liquidated, incurred any official public penalty and/or sanction, or been prevented from acting or operating in the management or conduct of business.

No arrangement or agreement exists with the company's main shareholders, customers, suppliers or other, by virtue of which any corporate officer of the company has been selected as a member of an executive, administrative, or supervisory body or as a member of General Management.

The appointments committee presents a report each year on the independence of the Board of Directors in accordance with the stipulated criteria of the Viénot and Bouton reports, and as defined by the Board of Directors' by-laws (see page 16 for the definition of an independent director). The last report was presented to the Board of Directors on 29 March 2010. This confirmed that, as at 31 January 2010, seven of the Board's members were independent of the Group.

See the chairman's report on internal control on page 23 for an assessment of the Board's work.

Committees

Remuneration committee

In 2009, the remuneration committee consists of the independent directors Cornelius Geber (President), Michel Rose and Eric Licoys and of Michel Guillet. Its brief is to make proposals to the Board of Directors regarding directors' fees, the remuneration of Group executives and the allocation of stock options and free shares.

The Committee met 3 times in 2009. The attendance rate was 100%.

Audit committee

In 2009, the audit committee consists of the independent directors Henk Bodt (President) and Jacques Clay, and its brief is as follows:

Under the exclusive and collective responsibility of the Board of Directors, the audit committee must assure the follow-up of questions related to establishment and the control of the accounting and the financial information, and in particular of the:

a) process of preparing financial information;

b) efficiency of the internal control and of the risk management systems;

c) legal control of the annual accounts and, if necessary, of the consolidated accounts by the auditors;

d) independency of the auditors.

To that purpose, the Committee has the responsibility:

- to examine the scope of consolidation and draft consolidated and parent-company financial statements and related reports submitted for approval of the Board of Directors;
- to evaluate the choice of the consolidation guidelines, to ensure the appropriateness and the permanence of the accounting policies used to draw up the consolidated and parent-company financial statements, and to ensure the appropriateness of the treatment for significant operations at Group level;
- to ensure, on behalf of General Management, that the Group fulfils all its legal and financial reporting duties to the stock market authorities;
- to evaluate the extent to which the auditors are satisfied with the quality of information received from the Group's departments during their audit, and to seek the management's views regarding the auditors' sensitivity to the Group's activities and operating environment;
- to examine all information brought to its attention concerning any of the Company's operations and transactions that would raise ethical issues, and concerning any transactions that would create a conflict of interest due to their nature or the people involved;
- to ensure that the main risk factors are identified, managed and brought to its attention. It analyses internal control and risk management systems, the internal audit programme, it follows its evolutions and the results of their action plans, and brings to the Board's attention improvements that have been made or are yet to be made in internal control methods.
- to give an opinion on the appointment or reappointment of the auditors;
- to ensure the independence and objectivity of the auditors;

The Committee met 2 times in 2009. The attendance rate was 100%.

Appointments committee

In 2009, the Committee consists of the independent directors, Eric Licoys (President), Cornelius Geber and of Jean-Paul Villot and Michel Guillet. Its brief is as follows:

- to suggest a definition of an independent director;
- to give an opinion, when required, on the independence of a given director, and make suggestions to the Board concerning changes in its composition;
- to pre-select Board candidates according to the following criteria:
  - independence, competence, motivation and availability,
  - suitability with respect to the Board's current composition and desired changes,
  - the requirement to maintain a certain number of independent directors on the Board;
- to pre-select the future Chairman and Chief Executive Officer;
- to examine all issues relating to the rights and obligations of members of the Board of Directors.

The Committee met 2 times in 2009. The attendance rate was 100%.

By-laws

The Board of Directors adopted a set of by-laws on 30 March 2004.

The aim of the by-laws is to specify the tasks and operating methods of the Board of Directors, along with its members' rights, obligations and recruitment practices, within the scope of their authority, in order to ensure the Company's long-term future, its smooth running and the sustained creation of value for shareholders, employees and the Company's other stakeholders.

The by-laws can be approved and altered only on the decision of the Board of Directors.

Attached to the by-laws are the following:

- the regulations of the appointments committee;
- the regulations of the remuneration committee;
- the regulations of the audit committee;
- the definition of an independent director as provided by the appointments committee on 14 January 2004;
- the manager-shareholder's charter.

In addition to the tasks attributed to it by law and by the articles of association, the Board approves strategic decisions, budgets, significant acquisitions and disposals, and restructuring plans. It also ensures the quality and reliability of financial and non-financial information and of shareholder communication.

In particular, the Board of Directors' tasks include:

- approving the chairman's report, organising and preparing the Board's work and managing internal control procedures;
- defining the role of an independent director;
- defining the remuneration policy for the Group's executives;
- making necessary changes to the regulations governing the various Committees.

The specialized Committees make proposals to the Board relating to their field of expertise.

The by-laws define the rights and obligations of directors, particularly as regards attendance, confidentiality of information, directors' information rights and restrictions on trading in Neopost shares.

They specify that a minimum of four Board meetings are to be held per financial year and that each director must hold Neopost shares worth at least one year of director's fees.

The by-laws also set out the rules for transcribing the minutes of meetings.

The full text of the by-laws is available on the Neopost group website: http://www.neopost.com/corporate/regulated-information/other-regulated-information/board-by-law.asp

Management team

The main role of the management team is to make strategic decisions for the Group and coordinate their implementation around the world. In 2009, the management team includes the following:

Denis Thiery	Chairman and Chief Executive Officer
Philippe Boulanger	Research & Development
Bertrand Dumazy	Chief Financial Officer
Henri Dura	Strategic Marketing
Enno Ebels	Neopost Software & Integrated Solutions
Alain Férard	Neopost ID
Clem Garvey [a]	Europe & Export
Chris Hockey	Human Resources
Jean-François Labadie	Supply Chain
Dennis LeStrange	North America
Gavin Macrae [b]	Relationships with postal authorities & partnerships
Alain Midowski	Legal

(a) Clem Garvey replaced Gérard Kéraval as Chief Operating Officer for Europe & Export.

(b) Gavin Macrae replaced Dennis Gilham as Relationship manager with postal authorities & partnerships.

With the exception of Denis Thiery, none of the members of the management team is a member of Neopost S.A.'s Board of Directors as at the end of January 2010.

Remuneration of managers and directors

Management team

The gross remuneration of the management team, including the Chairman of the Board Jean-Paul Villot and the Chief Executive Officer Denis Thiery, is as follows:

(In thousands of euros)	31 January 2010	31 January 2009
Remuneration of the management team [a]		
Fixed remuneration	3,079.9	2,869.2
Variable remuneration	1,136.2	1,208.2
Benefits in kind	222.4	141.8
Directors' fees	15.0	15.0
Stock options valuation [b]	621.4	970.2
Securities giving access to capital valuation [b]	1,405.1	2,890.2
Pensions [c]	2,968.9	2,255.6

(a) The increase in remuneration is partly related to the transition periods that occurred in 2009 between the Europe & Export Chief Operating Officers and between the Relationship managers with postal authorities & partnerships.

(b) The amounts mentioned are the expenses for the year related to the attributions of the year and to the past years during which the total expense was spread over the acquisition period.

(c) Of which 713.6 thousand euros related to 2009 pension rights versus 646.6 thousand euros in 2008.

Variable remuneration is determined on the basis of the attainment of Group sales, operating income and working capital requirement targets. Variable remuneration shown in this table is the amount paid in the current year but relative to the previous year.

Directors

(In euros)	31 January 2010	31 January 2009
Directors' fees		
Denis Thiery	15,000	15,000
Henk Bodt	37,000	37,000
Jacques Clay	32,000	32,000
Cornelius Geber	34,500	37,000
Michel Guillet	32,000	32,000
Éric Licoys	37,000	37,000
Vincent Mercier	13,500	-
Michel Rose	32,000	24,000
Raymond Svider	-	16,000
Agnès Touraine	27,000	27,000
Jean-Paul Villot	-	-
Total	**260,000**	**257,000**

To calculate Directors' fees, the following method is used:

- basic Director's fees: 15,000 euros per year;
- Director's attendance fees: 3,000 euros per session;
- Committees members (the Nomination Committees and appointments committees count for only one Committee): 5,000 euros per year,

- chairing of a Committee: 5,000 euros supplementary per year.

With the exception of Mr Villot and Mr Thiery, whose remuneration details are given in the paragraph below, the directors do not receive any remuneration from Neopost S.A. other than directors' fees.

Director and Executives	Employment contract	Supplementary Retirement plan Yes/No	Compensation or perk likely to be paid in case of termination or change in fonction Yes/No	Non competition clause compensation Yes/No
Jean-Paul Villot	Terminated	Yes	No	Yes
Denis Thiery	Suspended	Yes	No	Yes

Neopost refers to the AFEP/MEDEF code of corporate governance for listed companies except for the termination of an employment contract in case of nomination of a member of the Management team to the Board of Directors, see page 25.

Chairman

(In euros)	31 January 2010 Amounts paid	31 January 2009 Amounts paid
Remuneration of Jean-Paul Villot [a]		
Gross fixed remuneration	300,000	300,000
Gross variable remuneration	56,558	250,938
Directors' fees	-	-
Benefits in kind	-	4,811
Total	**356,558**	**555,749**

(In euros)	31 January 2010	31 January 2009
Stock Options valuation [b]	**215,077**	**394,785**
Securities giving access to capital valuation [b]	**429,558**	**516,867**

(a) Jean-Paul Villot stepped down from his position as Chairman of the Board in January 2010.

(b) The amounts mentioned are the expenses for the year related to the attributions of the year and to the past years during which the total expense was spread over the acquisition period.

With respect to pensions, the Chairman has a defined contribution pension plan (article 83 of the French General Tax Code), into which is paid a total of 8% of his remuneration, within the limit of 8 times the maximum amount as determined by the Social Security and a defined benefit pension scheme (article 39 of the French General Tax Code) with an annuity obligation of 1% of pay per year of service, for a minimum of 5 years and a maximum of 30 years. Before 65 year-old, this benefit is reduced (this annuity being paid after deduction of that provided by the defined contribution schemes in force).

No loans or guarantees have been granted to any manager or director.

No post-appointment commitments such as remuneration, compensation or benefits have been granted to its officers by the Company.

The AMF declarations required of Mr Villot under article L. 621-18-2 of the French Monetary and Financial Code *(Code monétaire et financier)* have been submitted to the AMF and published on the Group website.

Chief Executive Officer

(In euros)	31 January 2010 Amounts paid	31 January 2009 Amounts paid
Remuneration of Denis Thiery [a]		
Gross fixed remuneration	500,000	400,000
Gross variable remuneration	263,272	126,602
Directors' fees	15,000	15,000
Benefits in kind	7,146	7,146
Total	785,418	548,748

(In euros)	31 January 2010	31 January 2009
Stock Options valuation [b]	140,610	233,324
Securities giving access to capital valuation [b]	210,166	578,040

(a) Denis Thiery was nominated as Chairman of the Board on January 2010.

(b) The amounts mentioned are the expenses for the year related to the attributions of the year and to the past years during which the total expense was spread over the acquisition period.

The CEO's remuneration is partly fixed and partly variable. As he became Chairman of the Board, 2010 gross fixed remuneration has been raised to 600,000 euros. Variable remuneration is based on the Group's performance in terms of sales, operating margin and capital employed. The variable remuneration shown in this table is the amount paid the current year in relation to the year before. The variable remuneration is equal to 100% of his fixed remuneration, when all objectives are achieved, and to 150% maximum in case of overachievement. With regard to the financial year closed on 31 January 2010, the Chief Executive Officer has achieved his objectives at a level of 122.1%. Therefore his variable remuneration is set at 595,500 euros, taken into account the deduction of the Director's fees.

Mr Thiery's directors' fees relate to directorship in the Group holding company.

With respect to pensions, the Chief Executive Officer has a defined contribution pension plan (article 83 of the French General Tax Code), into which is paid a total of 8% of his remuneration, within the limit of 8 times the maximum amount as determined by the Social Security and a defined benefit pension scheme (article 39 of the French General Tax Code) with an annuity obligation of 1% of pay per year of service, for a minimum of 5 years and a maximum of 30 years. Before 65 year-old, this benefit is reduced (this annuity being paid after deduction of that provided by the defined contribution schemes in force).

No loans or guarantees have been granted to any manager or director.

No post-appointment commitments such as remuneration, compensation or benefits have been granted to its officers by the Company.

The AMF declarations required of Mr Thiery under article L. 621-18-2 of the French Monetary and Financial Code *(Code monétaire et financier)* have been submitted to the AMF and published on the Group website.

Stock options

The following plans have been approved:

Date of Annual General Meeting	Number of options awarded	Term of authorisation
9 February 2000	1,200,000	5 years
9 July 2003 *	900,000	38 months
5 July 2006	960,000	38 months
7 July 2009	960,000	38 months

* Of which 33,300 have been attributed as free shares in accordance with the authorisations given by the Annual General Meeting of the 9 July 2003 and of the 6 July 2005.

These stock options are awarded to members of the management committees and those employees showing the greatest potential.

In 2009, the Group considers two persons met the criteria of a director as laid down in article L. 621-18-2 of the French Monetary and Financial Code *(Code monétaire et financier)*, namely that a person has the power to take decisions regarding the management and strategy of the company, and has regular access to privileged information about Neopost, either directly or indirectly. This was Mr Jean-Paul Villot, Chairman and Mr Thiery, Chief Executive Officer.

Details of the stock option plans may be found on pages 91 to 95 of this reference document.

Free shares

At the 5 July 2006 Annual General Meeting, shareholders authorised the award of up to 320,000 free shares, either in issue or to be issued, for a period of 38 months.

Shares that have been awarded are described on pages 95 and 96 of this reference document.

Employee savings plan

Neopost S.A. set up an employee savings plan in September 1998. The plan is open to employees of Neopost group, Neopost S.A. or French companies related to Neopost S.A. in the sense of article L. 225-180 of the French Company Code, providing that these employees have been with the Group for at least six months.

A company mutual fund was set up and approved by the French stock market regulator (COB, since renamed AMF) on 19 January 1999. This fund manages money received under the Neopost employee savings plan. The company mutual fund invests the money it receives mainly in the Neopost shares S.A., and assets are subject to a 5-year lock-up period, except in cases of legal early availability.

The Annual General Meeting of 8 July 2008 gave the Board of Directors the authorisation to issue, on one or more occasions and for a period of five years, shares reserved for employees, particularly employees that are members of the employee savings plan, up to a maximum par value of 600,000 euros.

Chairman of the Board of Directors' report on the composition of the Board of Directors, the preparation and organisation of its work and the Company's internal control and risk management procedures

Chairman's report

Dear shareholders,

In accordance with article L. 225-37 of the French Company Code (Code de commerce), the Chairman and CEO presents his report on the composition of the Board, the preparation and organisation of the Board's work and the internal control and risk management procedures developed by the Company.

The Board of Directors is responsible for instructing its management to define and implement adequate and effective internal control procedures. The specific work described in this report is therefore initiated by the Chairman and CEO and conducted under the direct supervision of the members of the management committee. This report is also presented and discussed during the Board of Directors, it was approved by the Board of Directors of the 29 March 2010.

I Preparation and organisation of the Board of Directors' work

In accordance with the 3 July 2008 Act transposing European Community Directive 2006/46/EC of 14 June 2006, the Company has used the corporate governance code for Listed Companies *(Code de gouvernement d'entreprise des sociétés cotées)* published by the AFEP and the MEDEF in December 2008 as its reference for drafting this report.

This Code is available for consultation on the MEDEF website: www.medef.fr.

In accordance with paragraph 7, article L. 225-37 of the French Company Code, this report gives details of the provisions of the corporate governance code that have not been applied and the reasons for their non-application.

Composition of the Board of Directors

The composition of the Board of Directors is described in detail in the Corporate Governance chapter of the reference document.

In accordance with the Company's by-laws, at least two-thirds of the directors are independent (seven out of ten) using the definition given in the corporate governance code for Listed Companies published by the AFEP and the MEDEF.

Each director's three-year appointments are also detailed in the Corporate Governance chapter of the reference document.

On 10 January 2010, after deliberations to finalise the last stage of Jean-Paul Villot's succession, the Board of Directors decided to modify the Company's management structure by appointing Denis Thiery as both Chairman and CEO; in fact, Jean-Paul Villot's mandate as Chairman of the Board of Directors had reached its age limitation. Denis Thiery, having held the position of Group Chief Financial Officer of Neopost for nine years, was appointed CEO in 2007 when the functions of Chairman and CEO were separated. At the same time, Jean-Paul Villot, previously Chairman and CEO, retained his position as Chairman of the Board.

Jean-Paul Villot retains his position as a director of Neopost.

During 2009, a new director was appointed: Vincent Mercier.

Moreover, during the first half of 2010, another new Board member will be appointed in order to strengthen the Company's audit committee.

The candidacy of Mrs Catherine Pourre will be proposed at the next Annual General Meeting. Mrs Pourre is currently a Member of the Board and Central Functions Executive Director of the property group Unibail-Rodamco.

Role of the Board of Directors

The roles and tasks of the Board of Directors are described in the Corporate Governance chapter of the reference document. Details on how the Board of Directors operates and on the rights, obligations and recruitment practices of its members within the limits of their authorised mandates are defined in the Company's by-laws. The by-laws also detail the Board's principal missions as well as the operations for which its approval is obligatory.

Board of Directors' activities

In addition to the information provided in the Corporate Governance chapter, the Board of Directors met on 7 occasions during 2009. The average attendance rate was 94.0%.

The main themes discussed at the Board meetings were the following:

Group strategy

- presentation of the draft budget for 2010;
- outlook for 2010 and the quarterly results;
- cash and debt positions, dividends, launch and monitoring of share buy-back programmes;
- Group's outlook over three years;
- review of the Group's acquisition projects and of the acquisitions in progress.

Corporate Governance

- implementation of a Board of Directors' self-assessment questionnaire for 2009;
- presentation of 2010 "Green and Red Periods" table (cf. section "Stock market ethics" of this report);
- renewal of directors' mandates close to expiry: Mr Henk Bodt and Mr Eric Licoys;
- proposal to appoint a new director: Mr Vincent Mercier;
- applicable rules and the composition of the management committees;
- results of the work conducted by the audit committee and, notably, the evolution of the Company's internal control systems
- results of work conducted by the remuneration committee;
- directors' fees for 2009.

Nota Bene: the most significant on-going legal disputes are systematically presented and discussed at all Board meetings.

Once finalised, all documents relating to a Board meeting's agenda are forwarded to the directors by management several days before the meeting.

According to our Company's by-laws, our Chairman and CEO's obligation to disclose information is conjugated with each director's duty to inform him/herself diligently and to request in good time from the Chairman and CEO any information that he/she may require to understand the points on the agenda, to make him/herself available and devote the time and attention needed to carry out his/her functions.

The missions and members of the specialised committees (audit, remuneration and appointments) are presented in the Corporate Governance chapter. The rules applicable to the operations of these committees are outlined in the Board of Directors' by-laws.

Pursuing the initiatives undertaken since 2005 in the field of sound corporate governance practice, in 2009 Neopost distributed a self-assessment questionnaire to all its directors to assess the operations and practices of the Board of Directors.

This questionnaire is based on the proposals formulated by the IFA (*Institut Français des Administrateurs* – French Institute of Directors) to foster sound corporate governance practices. On the basis of the opinions and suggestions collected from this questionnaire, certain initiatives have been implemented, including notably:

- the proposal to appoint a new director to strengthen the audit committee;
- the organisation of a directorship renewals schedule (notifying the start and end dates of each director's mandate) with a clearly defined set of selection criteria such as: diversity, international openness, independence;
- the periodic assessment of the Board of Directors every three years;
- training of directors (particularly new directors) on the activities of the Group;
- improvement of reporting to the Board of Directors from the Remuneration and appointments committee;
- the appointment of Michel Rose as President of the remuneration committee;
- the continuation of sessions on Group strategy.

During 2009, the Board of Directors launched a discussion on Group strategy. To this end, a decision was taken to set up an ad-hoc committee around the Chairman and CEO to provide the main thrust for this discussion. Since that decision, this committee has met on three occasions.

Chaired by Denis Thiery, this committee is composed of Mr Jean-Paul Villot, Mr Vincent Mercier, Mr Michel Guillet and Mrs Agnès Touraine, and it regularly reports its conclusions to the Board of Directors.

Role of the remuneration committee

The Board is assisted by a remuneration committee which meets at least twice a year. Its roles and missions are described in the Corporate Governance chapter of the reference document.

During 2009, Mr Michel Rose was appointed President of the remuneration committee. He has been Human Resources Director at Lafarge and is a member of Essilor International's remuneration committee.

The three independent directors comprising the remuneration committee are responsible for making proposals to the Board regarding the remuneration of executives and the distribution of stock options. Based on these proposals, and in accordance with the by-laws, the Board of Directors "checks [..] the remuneration policy for executives and its appropriateness to existing market conditions and that the correct information is disclosed to shareholders regarding the remuneration of executives". The Board then takes the necessary decisions to implement this remuneration.

Role of the audit committee

The Board is assisted by an audit committee which meets at least twice a year. Its roles and missions are described in the Corporate Governance chapter of the reference document.

Its members all have a very high-level professional experience in large groups and are on the audit committees of other companies.

The audit committee independently reviews the annual and interim financial statements before they are presented to the Board of Directors. It ensures that the accounting methods used in preparing the parent company and consolidated accounts are constant and appropriate.

The agendas for the two audit committee meetings during 2010 will include approval of the internal audit plan and the internal control programmes scheduled for the financial year (March 2010 meeting) and feedback from the programmes conducted by the internal audit department (September 2010 meeting).

Lastly, the audit committee takes formal note of the Group's annual risk mapping.

Stock market ethics

In terms of stock market ethics, the Company's by-laws define the rights and commitments of Company directors with a particular emphasis on respecting the confidentiality of information received and restrictions on trading in Neopost shares.

Neopost has elaborated a "stock market code of ethics" which "defines the rules governing trading in Neopost shares by corporate officers, related persons and informed employees". This code was extended in 2007 to take account of developments in European regulations. The code contains:

- a summary of the existing laws and regulations in the field of stock market ethics together with the corresponding administrative and/or criminal penalties in the event of breaches;
- definitions of key concepts (inside information, informed employees, etc.);
- a summary of the obligations regarding confidentiality incumbent upon corporate officers, authorised persons and informed employees;
- clarifications regarding the no-trading rules and an appendix containing a list of "green" periods during which trading is authorised – the "Red and Green Periods Table";
- clarifications, for the purposes of transparency and prudence, of the Company's disclosure obligations vis-à-vis the *Autorité des Marchés Financiers*, with an appendix containing a model declaration;
- a summary of specific provisions relating to stock options and free shares.

Every corporate officer, informed employee or related person must sign an undertaking certifying that he/she has read and understood the stock market code of ethics and promises to comply with the terms of the code.

The Legal Counsel is responsible for monitoring compliance with the code within Neopost S.A., and, following the transposition into French Law of European Directives during 2008, the Counsel has updated this code and informed relevant persons of the update. A review of the list of corporate officers and personnel concerned by this code of ethics is conducted every year.

II Limitations imposed by the board on the CEO's powers

Apart from the limitations imposed by existing laws and regulations and the Board's own internal by-laws, no additional limitations have been imposed by the Board of Directors on the CEO, who is also Chairman of the Board of Directors.

III Shareholder participation in Annual General Meetings

Article 18 of the Company's Articles of Association, reiterated on page XX of the reference document, describes the exact procedures for shareholder participation in Annual General Meetings.

IV Principles and rules adopted by the Board in relation to the remuneration and benefits awarded to corporate officers

The principles and rules, adopted by Board of Directors, governing corporate officers' remunerations and benefits of all types are described in the section "Remuneration of corporate officers" of the Annual Financial Report in the Company's Management Report, in accordance with article L. 225-102-1 of the French Company Code.

Calculation of corporate officers' remuneration

REMUNERATION OF THE CHAIRMAN AND CEO

The gross remuneration of Neopost S.A.'s Chairman and CEO consists of fixed and variable remuneration, which is set each year by the Board of Directors on the basis of proposals from the remuneration committee.

The Chairman and CEO's variable remuneration in 2009 was determined according to the attainment of detailed targets relating to Group sales, operating income and capital employed.

Each of these criteria is given a weighting which is reviewed each year by the remuneration committee. In addition, the upper and lower limits of this variable sum are expressed as a percentage of the fixed remuneration awarded, with a pre-defined ceiling.

With respect to pension arrangements, the Chairman and CEO has a defined contribution pension plan (article 83 of the French General Tax Code), into which is paid a total of 8% of his remuneration, within the limit of 8 times the maximum amount as determined by the Social Security and a defined benefit pension scheme (article 39 of the French General Tax Code) with an annuity obligation of 1% of pay per year of service, for a minimum of 5 years and a maximum of 30 years. Before 65 year-old, this benefit is reduced (this annuity being paid after deduction of that provided by the defined contribution schemes in force).

Regarding the AFEP/MEDEF's recommendation that an employment contract should not be combined with a position on the Board of Directors (recommendation applying to mandates awarded after 6 October 2008, the date on which it was published, and to the renewal of mandates initiated before that date, after consideration by the Board of Directors or the supervisory board), it was not applicable to the Neopost group during 2009. However, the Board of Directors did not adopt this provision of the corporate governance code in view of the specificities of Neopost's management, which is recruited from amongst the Group's employees. Moreover, the employment contract of the current Chairman and CEO has been suspended and does not contain any clause relating to severance payments.

REMUNERATION OF DIRECTORS

Since 2007, at the suggestion of the remuneration committee and with the approval of the Board of Directors, the directors' remuneration policy has been changed.

The new directors' remuneration policy (since 2007) takes directors' attendance into account. Thus, the directors' fixed fees have been reduced and an additional remuneration based on attendance has been introduced.

Directors' remuneration is currently calculated as follows:

- basic director's fees: 15 thousand euros per year;
- director's attendance fees: three thousand euros per session;
- members of committees: five thousand euros per year in accordance with internal by-laws which specify that "a director's membership of a Committee may justify an increase in fees at the Board of Directors' discretion";
- chairing of a committee: an additional five thousand euros per year.

With the exception of the Chairman and CEO (whose remuneration is detailed in the Corporate Governance section of this report), directors do not receive any remuneration from Neopost S.A. apart from the directors' fees.

No loans or guarantees have been granted to any manager or director.

The Annual General Meeting of 7 July 2009 approved the attribution of options to buy or subscribe to a total number of shares not exceeding 960,000 over a period of 38 months.The options so far granted are described on pages 94 and 95 of this reference document.

Options are granted on the basis of recommendations proposed by the remuneration committee.

The main criterion for the decision to grant options is the beneficiary's potential future contribution to the Company's results. However two other factors are taken into consideration:

- attracting and retaining strong potential;
- recognition of exceptional performance.

Further stock option plans were set up in January 2010. For corporate officers and executives having an influence on the Group's earnings, the plan includes both internal and external performance criteria, in accordance with the AFEP/MEDEF recommendations.

V Information likely to have an impact in the event of a takeover bid

In accordance with the provisions of article L. 225-100-3 of the French Company Code, the factors likely to affect a takeover bid are as follows:

- the Company's capital structure is described on page 43 of the reference document;
- the direct or indirect participations in the Company's capital known to the Company are described on page 43 of the reference document in accordance with articles L. 233-7 and L. 233-12 of the French Company Code;
- the rules applicable to a) the appointment and replacement of members of the Board of Directors or of the Executive Committee and b) modifications of the Company's articles of association are determined by Ordinary or Extraordinary General Meetings;
- the Board of Director's or Executive Committee's powers, particularly those relating to the issue or buy-back of shares are described on page 160 of the reference document.

VI Neopost group's internal control systems

This section, after stating the definition of internal control adopted by Neopost and providing details of how this report was produced, presents the main internal control procedures in place within the Group and discusses the prospects for further development in this area.

Definition of internal control

The Company's internal control system has been defined and implemented at its own initiative, and is designed to ensure:

- compliance with existing laws and regulations;

- the application of the instructions and directions determined by the General Management;
- the correct functioning of the Company's internal processes, particularly those relating to the security of its assets;
- the reliability of its financial information;
- and generally, contribute to the control of its activities, the efficacy of its operations and to the efficient use of its resources.

By contributing to the avoidance and control of risks that could prevent the Company from meeting its targets, internal control plays a key role in the conduct and management of its different activities.

However, internal control cannot provide an absolute guarantee that the Company's targets will be achieved and that all risks will be totally eliminated.

Risk analysis is an integral part of the Group's internal control processes.

Scope of internal control

The internal control systems implemented by Neopost cover all the activities of the Group.

Preparation of the Chairman and CEO's report

In the framework of its organisation of internal control systems, Neopost has drawn heavily on the AMF Reference Framework published in January 2007 and it has used the AMF's guide for applying its recommendations in preparing this report.

Neopost's approach to internal control uses the AMF Reference Framework as one of its key reference documents, particularly with respect to the definition of five components of internal control:

- organisation and operational structure;
- dissemination of information within the Company;
- risk management;
- control activities;
- management of internal control.

This report considers Neopost internal control systems from the perspective of the five components described in the AMF Reference Framework.

Organisation and operational structure

The first component of the AMF Reference Framework is aimed at creating "an organisation with a clear definition of responsibilities, with adequate resources and skills and with appropriate procedures, information systems, tools and practices".

This aspect of the internal control environment corresponds to all the elements which make up the general framework in which all employees exercise their professional activities. It provides the overall dynamic for the general organisation of internal control.

ORGANISATION AND STRUCTURE

The organisation

With its direct activities in 18 countries and its indirect activities in around 90 countries, Neopost has adopted a decentralised territorial organisation using the following corporate bodies:

- the Group Executive Committee is composed of 18 members. Its role is to participate in developing and subsequently steering the Group's strategy. This committee validates the Group's medium-term ambitions, establishes the priority areas for progress and identifies future areas of expertise and possible synergies. It meets at least three times a year;
- the Group Staff Committee, which has 12 members, who are also members of the Group Executive Committee. This committee's role is to ensure that targets and resources are consistent with the Group's strategy, to monitor the attainment of these targets, and to take day-to-day decisions at Group level. It meets on average once every two weeks;
- each subsidiary's management, forming the management committee, is responsible for implementing the strategy and for controlling all the operational aspects of its particular activities. This organisation allows an optimal response to local specificities, particularly as regards postal regulations and market conditions;
- the local management is supported in the strategic domains by co-ordination teams responsible for ensuring the consistent application of the Group's policies at an international level, for managing the major functional projects and for promoting and co-ordinating individual initiatives (marketing, services, human resources, legal and IT).

Responsibilities and delegation

The Group has a formal model limiting the powers of the Managing Directors of its legal entities. This model lists the specific decisions requiring prior approval from the Board of Directors (or the equivalent body) in each relevant country.

Neopost's decentralised structure and its human scale (about 5,500 employees) mean that Group management gives subsidiaries considerable scope to define (and formalise, if appropriate) employees' roles and responsibilities. Each manager is responsible for presenting each employee with a full summary of his/her duties within the structure (notably through an "on-boarding programme" at each subsidiary, when new employees are recruited).

The coherence and management of the entire organisation is ensured, notably, by monthly "Operational Reviews" as described in the paragraph "Internal dissemination of information".

Organisation charts are widely distributed and enable each employee to identify reporting lines within his/her subsidiary and, beyond that, at the Group level. Note that job descriptions generally refer to two to three reporting levels. It is on this basis that individual targets are set, together with annual assessments and plans for cover or replacement in the event of the post becoming vacant.

There is a regularly updated Accounting and financial procedures manual covering the most critical information (see the Accounting and financial procedures manual section in this report) which clearly reflects the principle of task delineation and separation.

In 2007, the delegation of responsibilities from subsidiary Chairmen to their main direct subordinates was reorganised, notably to reflect the latest regulations concerning criminal liability. At lower hierarchical levels, the level of sub-delegation formalisation is more variable (but always subject to the approval of the Chairman and CEO) in line with the Group's policy of optimal flexibility and reactivity.

In terms of information systems, Neopost applies the principle of separation between systems support functions and operational functions. All profiles accessing key applications used in the production of financial information (SAP and Oracle in particular) and the definition of action plans are reviewed annually by an external consultant.

DEVELOPING AND MANAGING SKILLS

As a complement to its growth strategy, Neopost invests in developing the skills of its managers and the involvement of its employees.

The Group seeks and develops the following qualities in its staff:

- entrepreneurial skills;
- ethical values and integrity;
- ability to work in teams.

Neopost's human resources policy is conducted by a central department which has particular responsibility for monitoring management teams and for the Company's global remuneration policies. These policies are then reproduced in the operational entities under the control of a local manager. The main aspects of our internal control are as follows:

- definition of annual targets with performance reviewed monthly by General Management according to a precise and clearly documented set of criteria;
- identification of individual potential in order to optimise development opportunities and identify the Group's key staff;
- elaboration of a succession plan for all the Group's key positions;
- application of precise rules for remuneration and systematic validation of all remuneration paid to managers by way of external comparisons;
- research and development of solutions enabling the Group to meet its skills requirements in strategic areas;
- pursuit of a permanent skills development dynamic, particularly for senior management, with a dedicated training mechanism, Neopost University, developed in partnership with HEC *(Hautes Études Commerciales)* at Jouy-en-Josas;
- a programme on innovation and entrepreneurship for managers and executives in partnership with HEC.

Human resources management is decentralised and complies with regulations in each country. Since 2008, each subsidiary manager has access to a HR sub-section in the Procedures manual that is accessible and regularly updated on NeoPortal, the Group's intranet. The main areas covered are:

- relations with social partners;
- definition of functions and professional assessments;
- remuneration policies;
- performance assessment;
- HR information systems;
- monitoring of professional training and development.

Subsidiaries are responsible for organising training for their own employees. Specific training courses may be set up at Group level, particularly for cross-Group projects. The central department circulates information about best practices and drives this human resources network. Regarding non-managerial training, it has been agreed, in conjunction with the subsidiaries' human resources departments, to set up a database of these training courses to facilitate their dissemination in other subsidiaries and to increase their traceability.

Since 2006, the Group Human Resources department conducts a survey called the "Engagement Survey" every two years. It asks employees to evaluate their level of involvement and areas for improvement. The next Engagement Survey will be conducted in 2010. The Survey is managed by a firm of external consultants, Hewitt Associates.

The results help Group management to identify and give priority to areas where employees feel that it is possible to increase their level of motivation and commitment to the company's objectives, country by country.

These action plans have been included in the monitoring carried out during the monthly operational reviews of subsidiaries. Progress is also systematically discussed during management roadshows. The results of the survey are taken into account when subsidiaries prepare their strategic plans.

INFORMATION SYSTEMS

The main responsibility of the Director of Information Systems is to ensure that the Group's information system strategy is coordinated and consistent, and that Group policy is applied at local level. The Group Director of Information Systems heads a network of subsidiary information system managers who also report to the Chairmen of their respective subsidiaries.

In 2009, the Group recruited a Group Information Systems Security Manager. He reports to the Group Director of Information Systems and is responsible for the definition and application of the Group's security policies. In 2010, he will elaborate a unique reference for the Group's security standards, in the form of "roadmaps" at five levels, which the subsidiaries will be able to use to self-assess and define their progress plans. Transversal audits between the subsidiaries will be organised as of the end of 2010.

Contingency and continuity plans are operational at our main European subsidiaries and are being implemented in the United States. In 2010/2011, our small subsidiaries' servers will be progressively regrouped into two European IT Centres offering a high level of security and allowing the implementation of contingency and continuity plans.

Our firewall systems allow surveillance and control of attempts at remote connection by unauthorised users. Intrusion attempts are monitored regularly by the Director of Information Systems.

The harmonisation plans for the different ERPs are currently being deployed throughout the Group's subsidiaries, notably, in the United States.

With regards to user satisfaction with the information systems, Service Level Agreements are progressively being set up between IT departments and subsidiaries and between subsidiaries, with the primary objective of ensuring system availability.

DEFINING THE ETHICAL REFERENCE FRAMEWORK: "OUR PRINCIPLES AND OUR VALUES"

The Group has a strong set of proprietary values (the "Neopost Way"), but is also keen to preserve the diversity that constitutes one of its principal advantages.

The Group's ethical principles

The Group has a Values Manifesto which is available on the intranet and applies to all employees. It has just been updated and will be distributed throughout the Group at the start of 2010.

It is given to every new employee joining the Group on the day he/she commences his/her duties.

In terms of behaviour, it is intended as the central pillar for Neopost's future development. This Manifesto states the values and standards which the Group wishes to promote. To this end, internal control is presented as a component of the Group's organisational principles.

The Group's code of ethics lays down the basic principles which are intended to be observed by all the subsidiaries, allowing each subsidiary to add any necessary further information regarding compliance with local regulatory frameworks and practices.

Regular monitoring of ethical compliance

With a view to promoting proper professional conduct, Group management makes specific visits to each subsidiary (at least once a year) to meet operational managers, identify their expectations, answer their questions and reinforce the key messages regarding ethical compliance and their duties regarding information disclosure to their employees.

Each subsidiary has its own disciplinary procedures and appeal systems for employees. If local management applies sanctions, the basis for these sanctions will normally be the local regulations in force. While there is no alert procedure at Group level comparable to the US whistle-blowing system, it should be noted that the Group's relatively shallow hierarchical structure favours the rapid escalation to General Management of any detected or suspected infringements of internal regulations.

General Management is concerned with the protection of the identity of employees who draw attention to potential breaches of Group procedures.

For communicating with its employees, Neopost has the usual distribution channels (Works council, NeoPortal intranet, posters, internal newspaper and newsletter), but the Group has also developed an e-mail alert system providing automatic warning of changes recorded on the Group's intranet site.

Ethics training

The ethics training programme has been delivered to the sales teams in the North American and French subsidiaries and it is now being deployed in other subsidiaries.

Diversity management

A Recruitment Charter stating the Group's main recruitment principles has been implemented at Group level to raise awareness among all those involved in recruitment. This initiative is part of the Group's corporate social responsibility plan called "Closer to our customers, Closer to our community". It also enables members of the human resources teams to share best practices in this area. In this respect, the Group Human Resources department collects a database of all initiatives conducted in order to provide a better illustration of our diversity project.

In 2009, the Group Human Resources department also signed the French Diversity Charter (www.charte-diversité.com) in order to advertise its commitment to cultural, ethnic and social diversity within the organisation. Diversity and teamwork are key elements in the Group's Values Manifesto.

Dissemination of information within the Company

The second component of the AMF Reference Framework emphasises the requirement to set up the necessary mechanisms to "distribute internally relevant and reliable information that helps each employee to carry out his or her responsibilities".

GROUP LEVEL COMMUNICATION

Informing, communicating and managing the business

Three major pillars of Neopost's managerial approach are the three-year strategic plan, the definition of budget targets and procedures and direct involvement of General Management.

A strategic three-year plan presenting objectives and directions is prepared in the second half of each year using an iterative process of proposals from subsidiaries. The strategic plan is then brought together and approved by the Executive Committee. This document is used as the basis for preparing annual targets and budgets, which are rolled out monthly.

Budgets are prepared by each subsidiary on the basis of a procedure initiated each year by the Group Finance department.

Once approved locally then centrally, these budgets are used as the basis for discussion in monthly Operational Reviews with the Group Chief Executive Officer, either the Group Chief Financial Officer or the Chief Operating Officer of the relevant region and the Group Financial Controller.

These Operational Reviews ensure that the actions undertaken by each entity are consistent with the strategy, annual targets and specific projects conducted by the Group. During these meetings, monthly results, forecasts, and current and future action plans are also discussed. The schedule for these meetings is set and sent to all relevant executives a year in advance. The content of the meetings is to a large extent standardised. Ahead of these meetings, a similar process takes place within the subsidiaries, during which the management committees review operational managers' results within their respective areas.

Each subsidiary reports monthly using a common model. This includes financial and operational data as well as performance measurement indicators by activity.

These indicators form the link between efficient management of the businesses and the Group's strategic objectives.

The data is systematically compared with figures for the previous year, the current budget and the latest forecasts.

Any significant variance identified must be explained and detailed remedial action plans must be drawn, for which responsibility is allocated and a deadline imposed.

Financial communication

The aim of financial communication is to provide objective information to shareholders and promote the Company's financial image to all existing and potential shareholders, all financial market operators and, more generally, the public.

Financial communication is aimed at a diverse public which consists for the most part of institutional investors. For this reason, all financial communication is reviewed in advance by the Chairman and CEO and the Chief Financial Officer before publication beyond the Group.

Our financial communication is based on the regular organisation of roadshows in France (7 days), the United Kingdom (9 days), North America (14 days) and the rest of Europe (4 days), as well as group presentations (8) conference calls and one-to-one meetings with fund managers and financial analysts, taking the number of meetings organised during the full-year 2009 to approximately 300.

At such presentations, the Chairman and Chief Executive Officer, the Group Chief Financial Officer and the Investor Relations Director are the only representatives of the Group authorised to communicate with shareholders and analysts.

The Accounting and financial procedures manual sets out the procedures to be employed for producing the information communicated and defines the individual responsibilities in the process.

Risk management

The third component of the AMF Reference Framework is aimed at creating "a system for identifying and analysing the main risks in relation to the Company's objectives, and ensuring that there are procedures in place for managing these risks".

RISK ANALYSIS

The risks and opportunities relating to the Group's external environment are analysed every year during preparation of the three-year strategic plan.

As part of the Group's decentralised organisation, the executives of operational entities are responsible for identifying and assessing the risks associated with the activities they supervise. The results of their analyses are sent to General Management, and reviewed and discussed in Operational Reviews. During these reviews, areas of risk ("Red Flags") are systematically highlighted.

The risk management policy is described in the Risk management chapter of the reference document, pages 40 and 41.

RISK MAPPING

During the 2009 financial year, the Group's risk map was updated under the supervision of our internal audit manager in collaboration with an external consultant, with the aim of extending our existing risk map via discussions with key Group managers and subsidiary management teams (selection of 20 Top managers). As a result, a list of risks classified by theme was drawn up and each risk was given a rating by the persons interviewed, based on two criteria: impact and likelihood.

A first version of the risk map was presented in March 2009 to the audit committee; this presentation led to the implementation of a specific audit programme and to the processing of strategic risks requiring a specific action plan.

In addition, various operational action plans have been implemented at Group level under the responsibility of clearly-identified individuals and are monitored regularly at the Group's highest management level. In fact, the working groups implementing these action plans report at least once a year to the Group Executive Committee.

Thus, a number of inter-subsidiary transversal working groups, formed to pursue the following matters, are currently active:

- monitoring of local postal regulations (see Management of postal regulations section in this report);
- respect for the environment (see Environment section in this report);
- information systems (see Information systems section in this report).

In addition to a review to be carried out by the audit committee in 2010, risks are reviewed by the Board of Directors before any major decision (acquisition, reorganisation, credit allocation..) and monitored thereafter. Risks are discussed by the Board from a more transversal perspective when the three-year plan is drawn up:

- Neopost's Group Chairman and Chief Executive Officer presents market conditions (postal regulations, market trends, competition..);
- Group Chief Financial Officer presents the Group's strategy and financial objectives (by country, by business line..).

Risks are also identified as part of the preparation and presentation of the budget.

ASSESSMENT OF VULNERABILITY TO FRAUD RISK

Although the Group has never faced a major fraud, an initiative has been pursued with subsidiary managers to ensure they are fully aware of this risk, to identify sound practice and to promote the diffusion of uniform standards throughout the Group.

Neopost S.A. has taken out a specific insurance policy to enhance its protection against this type of risk.

Control activities

The fourth component of the AMF Reference Framework aims to identify "all control activities in proportion to the risks inherent to each process and designed to mitigate risks that could impair the company's capacity to meet its objectives".

CONTROL OF FINANCIAL PROCEDURES

In view of the highly decentralised structure of Neopost's activities, a Group Procedures manual (described in this report) has been drafted. The General Management's regular involvement in subsidiaries' operating activities through monthly reviews also allows for the rapid identification of any anomalies and the efficient and timely implementation of appropriate remedial action plans.

Furthermore, the Internal Audit Department, created at the beginning of 2009, also conducts cross-audits to strengthen these controls (see "Managing the internal control system" section in this report).

Lastly, during the financial year, the Internal Audit Department produced an Accounting procedures manual that was sent to all Chief Financial Officers in January 2010 and which is accessible via Neopost's intranet to all of the Group's administrative and accounting employees.

Self-assessment questionnaire on internal accounting and financial controls

A self-assessment questionnaire on internal accounting and financial controls has been created on the basis of the control targets mentioned in the AMF Reference Framework and specific Neopost group circumstances.

The questionnaire was sent to all subsidiaries in September 2008 and again in June 2009, and was returned to the Group's Finance department for analysis. In the 2009 questionnaire, eight general themes were covered in 95 questions.

In order to pursue the action plans defined for each unit, a manager has been appointed with the task of implementing and following up all the actions to be implemented in respect of the fixed timeframes

For 2010, the Internal Audit Department plans to issue a new series of self-assessment questionnaires to all the subsidiaries following a detailed review of the 2009 results and the audits performed during the year.

CONTROL OF OPERATIONAL PROCEDURES

The implementation and management of the procedures and controls presented below are intended to be a concrete operational response to the major risks to which the Group may be exposed. Controls relating to information systems were discussed in a specific section above.

Management of postal regulations

All product developments and the introduction of administrative procedures related to postal services are carried out in compliance with local postal regulations. Each major subsidiary has a Postal Compliance Officer who is responsible for complying with and the monitoring of postal regulations as part of the Postal Compliance Management System. In functional terms, this officer reports to the Group Postal Compliance Officer. He conducts his own audits of subsidiaries in addition to the regular audits carried out by national postal authorities, the results of which are reported to General Management.

Supply chain management

The restructuring of the supply chain initiated in 2007 was pursued in 2009 with a rebalancing of our suppliers' portfolio to secure the flow of supplies to our logistical platforms. Neopost has strengthened its direct deliveries to final customers in order to improve its control of the entire supply chain and optimise its working capital.

Innovation and development

Neopost has drafted a New Products Development Charter in order to highlight the importance of ensuring that new products comply with all regulatory requirements.

This Charter stipulates that each significant Research and Development (R&D) project be subject to a five-stage validation process. During this process, all parties involved in the project participate in a formal analysis of the marketing, sales, financial, technical (feasibility/production), environmental and legal (patent management) aspects of the project. The evolution of a project from one phase to another is subject to a systematic approval procedure by the Group Staff Committee (cf. "Organise and structure" in the "Internal control environment" section).

Quality assurance

Most subsidiaries have ISO 9001 certification (2000 version). Neopost's certification and quality control functions are independent of its development and manufacturing structures.

In addition Neopost has a specific quality management tool that is analysed on a monthly basis. This tool shows two main indicators ("Out of Box Failure" and "Breakdown Visits per Year") for the Group's product range.

Postal regulations make Neopost liable for the quality of operations the Group has decided to outsource (R&D, Production). In response to this liability, Neopost has therefore decided to place employees with the most critical subcontractors (notably in China and in Vietnam) to ensure constant monitoring of compliance with pre-determined quality standards, particularly in the event of an audit by the postal regulator.

The environment

Neopost has always taken its environmental responsibilities seriously. Each major subsidiary has a specific policy and an Environmental Compliance Officer in charge of compliance with local regulations. The Environmental Compliance Officer reports to the Group Environmental Officer who reports to the CEO.

The Group has also launched a programme of ISO 14001 certification. All subsidiaries have now obtained this certification.

A programme has also been launched to enable the Group to comply with the OHSAS 18001 health and safety standard. The main subsidiaries have now obtained this certification.

In addition, since 2007, the Group has collaborated with an external consultant in an initiative aimed at embedding social, environmental and economic considerations into the very core of its business, and defining a set of standards and major challenges with respect to corporate social responsibility (CSR) standards.

Having pro-actively adopted eco-design standards, all of the Group's franking machines comply with the most recent Energy Star standards which are even stricter than the previous standards with respect to energy consumption.

Lastly, Neopost has improved its product recycling activities and has given priority to the least polluting means of transport for the delivery of its products to its customers.

Customer relationship management

The results of satisfaction surveys conducted with Neopost customers contribute to the elaboration of a "Net Promoter Index" which is monitored on a monthly basis. Customer information is also managed in a specific tool already operational in France and which is currently being rolled out in the USA and introduced into the UK. This tool allows better knowledge and tracking of customers and ensures the permanence of such data within the Company.

Lastly, the specific programme (Sustainable Profitable Growth) was pursued along four principal axes: the retention of existing customers, the development of cross-sales (additional sales to existing customers), the identification of high potential prospects and customer segmentation. This programme is monitored using four main indicators for each subsidiary and centrally at Group level.

Newly acquired company

Neopost regularly embarks on acquisitions of small companies which are rapidly integrated into the Group. Depending on the level of internal control maturity at the acquired company, the integration can involve the simple transposition of the Group's internal control procedures and the associated reporting instructions for their application to the nomination of a dedicated integration manager.

Monitoring the internal control system

The fifth component of the AMF Reference Framework is aimed at establishing "constant monitoring of internal control procedures and regular reviews of their operational efficacy".

Neopost's Board of Directors has an audit committee whose composition, number of meetings and main tasks are detailed in the Corporate Governance chapter of the reference document.

Neopost group's Internal Audit team was created at the beginning of 2009 and is headed by an internal audit manager. The first actions undertaken consisted of structuring the department with notably an audit programme based on a methodology and a specific framework. The Internal Audit Charter (describing the commitments, objectives and prerogatives of audit) was signed by the Chairman and CEO.

The Group's internal audit missions respect the following principal working standards:

- a standard letter of presentation;
- an introductory meeting with the management;
- a closure meeting following the audit;
- delivery of a first report by the auditors;
- a response from the audited entities with specific action plans for each audit point (manager, description of the action plan and deadline);
- delivery of the final report to the Managing Director, to the Group Chief Financial Officer, to the Chairman and Chief Executive Officer and to the Chief Operating Officer of the relevant region;
- the quarterly follow-up of the audit points via a communication to the Regional Director and a review during the Operating Reviews.

During 2009, two types of audit were conducted:

- general audits: audits of entities structured around the responses to self-assessment questionnaires;
- thematic audits: audits of entities focused on a particular theme.

In addition, training sessions for new auditors were conducted during the year.

The 2010 audit plan was presented to the audit committee in 2009; this audit plan contains, notably, the audit schedule, which will be structured around 12 audits with a concentration of the audits on the newly acquired entities as well as the production and leasing units.

Recruitment and training will also be introduced for employees in the Finance department, who will form the internal audit team to carry out one or more cross-audits during the financial year. Neopost has decided on a cross-audit system consisting of audits in subsidiaries being carried out by employees from another subsidiary or from head office, with the aim of sharing best practices.

Internal control procedures for the preparation and treatment of accounting and financial information

Internal control procedures relative to the preparation and treatment of accounting and financial information are described in this report in each section relative to components of the AMF Reference Framework to which they refer. They are accompanied by the following specific elements:

THE ACCOUNTING AND FINANCIAL PROCEDURES MANUAL

The principal purpose of this manual is to position the Neopost group in relation to the control targets defined by the AMF in the Accounting & financial application guide of the Reference Framework on internal control. It was sent to all the Group's Managing Directors and Chief Financial Officers, who are responsible for implementing these procedures at local level, taking the various local specificities into account.

The manual also contains a specific procedure detailing the methodology for updating the manual. It is the responsibility of the internal audit manager to make these changes after obtaining the formal agreement of the manager of the area concerned by the proposed change. Each new or updated procedure is communicated electronically to the manager of each subsidiary by the person responsible for the new or updated procedure. Each subsidiary arranges internal communication of the procedures and ensures that they are implemented and applied by employees.

ACCOUNTING AND FINANCIAL INFORMATION

Preparation and control of information reliability

Each Group subsidiary has a centralised team which reports to the Chief Financial Officer, who is a member of the subsidiary's management committee. Including a management control structure, each team is responsible for preparing accounting and management data as part of the monthly reporting process.

The Group Financial Department is responsible for identifying changes in operating conditions in order to anticipate any possible impacts on the Company's accounting practices. The General Management is also informed of significant local developments at monthly Operational Reviews and other visits to subsidiaries. The Group Controller acts as the coordinator in this area.

In addition to the internal control procedures described in the Control activities section of this report, controls to guarantee the reliability of financial information are enhanced by:

- systematic reconciliation of accounting and management data;
- quarterly accounting consolidations.

Consolidation

The current electronic reporting and consolidation system, which has been transposed to all Group consolidated subsidiaries, enables uniform monitoring of budget and management data, improves lead times for producing such data (through automatic task scheduling management, with a reminder system) and improves the accuracy of consolidation information. Thus, using the analysed data (reviewed by local management) transmitted by the subsidiaries' Management Control departments via this system, the Group's Chief Finance Officer is supplied with a permanent flow of data that allows explanation of any differences in the consolidated reporting.

The number of access authorisations to the information system is limited to two or three per subsidiary to ensure the reliability and integrity of the reporting and consolidation data.

Since 2007, this system has made it possible to monitor management indicators; notably, it allows the production of sales and marketing data for the main subsidiaries.

Cash and financing

Neopost S.A.'s Financial team manages the Group's cash centrally. In order to mitigate the Group's exposure to risks, the Company has developed procedures for the management of, notably, the exchange rate risk, the interest rate risk, the cash pooling and the optimisation of the Group's financing requirements.

Main internal control and risk management actions planned for 2010

In summary of the main initiatives discussed in this report, Neopost will, in the future, be focusing on the following topics in particular:

- Ethics

— implementation of an Ethics Charter for all members of the Board of Directors;

- Internal control

— update of the risk map,

— integration of newly-acquired companies particularly as regards to the application of Group procedures,

— update and continual enhancement of the Procedures manual,

— update and enhancement of the Accounting procedures manual;

- Internal audit

— continuity of the internal audit plan based on the "crossed audits" between the subsidiaries, with the conduct in 2010 of 12 audits with, notably, one audit of the newly acquired entities and of the production and leasing units,

— training of eight new members of staff in internal auditing techniques.

Statutory Auditors' report, prepared in accordance with Article L. 225-235 of the French commercial code *(Code de Commerce)*, on the report prepared by the chairman of the Board of Directors of Neopost S.A.

Year ended January 31, 2010

To the Shareholders,

In our capacity as Statutory Auditors of Neopost S.A. and in accordance with Article L. 225-235 of the French commercial code *(Code de Commerce)*, we hereby report on the report prepared by the chairman of your company in accordance with Article L. 225-37 of the French commercial code (Code de Commerce) for the year ended January 31, 2010.

It is the chairman's responsibility to prepare and submit for the board of directors' approval a report on internal control and risk management procedures implemented by the company and to provide the other information required by Article L. 225-37 of the French commercial code *(Code de Commerce)* relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- confirm that the report also includes the other information required by Article L. 225-37 of the French commercial code *(Code de Commerce)*. It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the chairman's report.

On the basis of our work, we have no matters to report on the information relating to the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the chairman of the board of directors in accordance with Article L. 225-37 of the French commercial code *(Code de Commerce)*.

Other information

We confirm that the report prepared by the chairman of the Board of Directors also contains the other information required by Article L. 225-37 of the French commercial code *(Code de Commerce)*.

Paris and Neuilly-sur-Seine, April 28, 2010

The Statutory Auditors
French original signed by

PERONNET & ASSOCIES S.A	ERNST & YOUNG et Autres
Olivier Péronnet	Philippe Diu

3 Management discussion and analysis

Review of the Neopost group's financial position and results in 2009

Sales amounted to 913.1 million euros in 2009, down 0.5% compared to 2008, or down 0.3% at constant exchange rates.

Current operating margin [1] reached 25.7% of sales, an identical level to that of 2008.

2009 net attributable income decreased by 5.7%.

Income statement

(In millions of euros)		31 January 2010		31 January 2009
Sales	**913.1**	*100.0 %*	**918.1**	*100.0 %*
Cost of sales	(187.1)	*(20.5)%*	(210.2)	*(22.9)%*
Gross margin	**726.0**	*79.5 %*	**707.9**	*77.1 %*
R&D expenses	(37.6)	*(4.1)%*	(38.7)	*(4.2)%*
Selling expenses	(226.6)	*(24.8)%*	(224.9)	*(24.5)%*
G&A expenses	(138.4)	*(15.2)%*	(123.7)	*(13.5)%*
Maintenance & other operating expenses	(81.2)	*(8.9)%*	(75.7)	*(8.2)%*
Employee profit-sharing	(7.5)	*(0.8)%*	(9.0)	*(1.0)%*
Current operating income (EBIT)	**234.7**	*25.7 %*	**235.9**	*25.7 %*
Proceeds from disposals and other	-	-	0.4	-
Provision for optimisation	-	-	-	-
Operating income	**234.7**	*25.7 %*	**236.3**	*25.7 %*
Financial results	(30.2)	*(3.3) %*	(22.0)	*(2.4)%*
Income before taxes	**204.5**	*22.4 %*	**214.3**	*23.3 %*
Taxes	(57.0)	*(6.3)%*	(57.9)	*(6.3)%*
Results of associated companies	0.4	*0.1 %*	0.5	*0.1 %*
Minority interests	-	-	0.1	-
Net attributable income	**147.9**	*16.2 %*	**157.0**	*17.1 %*

Sales in 2009 almost stable

Sales amounted to 913.1 million euros in 2009, down 0.3% at constant exchange rates compared to 2008.

Amidst an unprecedented economic crisis, equipment sales declined by 10.7%, excluding currency impacts. However, growth in financial services revenue, increased supplies sales and growing services and maintenance revenue fuelled a 5.0% increase (at constant exchange rates) in Neopost's recurring revenue. These revenues accounted for 70.1% of the Group's total 2009 sales.

In 2009, Sales of document and logistics systems rose by 2.7%, excluding currency impacts. This performance was notably attributable to the success of the new range of high-end folders/inserters and the integration of Satori. Sales of mailing systems fell by 1.5% (excluding currency impacts) and accounted for 70.9% of total Group sales.

(1) Current Operating margin = Current Operating Income/Sales.

Good performance in North America

In North America, the Group's largest market, sales climbed by 2.2%, at constant exchange rates, compared with 2008 sales which benefited from the end of decertification in the United States. In 2009, the increase in sales recorded in North America was fuelled by the solid performance of the IS range of franking machines, success in document systems, particularly high-end folders/inserters, as well as the integration, as from September 2009, of Satori Software, the US-based provider of address quality management solutions.

Slight decrease in sales in France

In France, sales fell by 2.3% due to weaker sales at Neopost ID and Valipost, whereas traditional activities resisted well.

Decrease in sales in the UK

In the United Kingdom, sales decreased by 3.4% excluding currency impacts. The economic crisis, which is severe in the United Kingdom, impacted hardware sales on a market where the percentage of recurring revenue is however lower than the Group average.

Decrease in sales in Germany

In Germany, where the percentage of recurring revenue is lower than the Group average and in a tough economic context, sales decreased by 5.2% excluding currency impacts. Half of this decrease is attributable to the distribution OEM contract (2).

Growth in the rest of the world

Sales in the rest of the world grew by 3.5%, excluding currency impacts, thanks to a recovery in export sales, good resilience by European subsidiaries and the acquisition of distributors in Scandinavia.

Continuing effort in research and development

In 2009, research and development expenses were maintained at a high level.

R&D cash expenses were 37.6 million euros in 2009 compared to 38.7 million euros, i.e. 4.1% and 4.2% of 2009 and 2008 sales respectively.

A significant proportion of the research and development spending was capitalised during the year 10.2 million euros at 31 January 2010 compared with 9.0 million euros at 31 January 2009.

The main focus of research and development is on future generations of hardware, software, infrastructure and networks to manage information flows between customers and postal services and/or carriers.

Continued strengthening of direct distribution

In Europe, Neopost acquired two new Scandinavian distributors in 2009, one in Sweden and one in Denmark.

In the United States, Neopost acquired three new distributors in Washington, Philadelphia and Atlanta. At end-January 2010, the proportion of the installed base covered by the direct distribution network had risen to 56.5%. This compares with 31% at the end of 2004, whilst the Group's target is to reach 60%.

Optimisation programme successfully completed

At end-January 2008, the Group decided to accelerate the implementation of a number of optimisation programmes, particularly in R&D, the supply chain and distribution. Provisions of 20.5 million euros were recognised in the 2007 financial statements (period ended 31 January 2008) for these optimisation programmes.

In 2008, Neopost consolidated the activities of its R&D centres in the United States into a single site and implemented optimisation programmes for its supply-chain operations in Europe and North America. In 2009, efforts focused on finalising the reorganisation of distribution structures in the United States. The head offices of the two US subsidiaries were combined into one office on the East coast and the various call centres were consolidated in a single location in Dallas. This large-scale project involved the closure of two sites, the relocation of 300 jobs and the hiring and training of close to 200 new employees. A project to harmonise information systems is underway and is proceeding according to plan.

Implementation of this optimisation programme is almost complete and has been a major success. The initiatives taken began to bear first fruits in 2009 and the Group confirmed that after having achieved 50% of the expected annual savings in 2009, it is on track to achieve projected savings of between 6 million euros and 7 million euros per year as from 2010.

Current operating margin maintained at 25.7% of sales

Current operating income amounted to 234.7 million euros in 2009, compared with 235.9 million euros a year earlier.

Current operating margin (3) was maintained at the high level of 25.7% of sales. This performance, achieved against the backdrop of a 10.7% drop in equipment sales (excluding currency impacts), was attributable to tight control over operating expenses and an increase in gross margin due notably to the favourable impact of increased recurring revenue.

(2) OEM: Other Equipment Manufacturer.
(3) Current Operating margin = Current Operating Income/Sales.

Financial result

Net financial expense amounted to 30.2 million euros in 2009, up from 22.0 million euros a year earlier. This change was attributable to two main factors: the impact of a 0.2 million euros exchange rate loss in 2009 which compared to a 5.2 million euros exchange rate gain in 2008; and an increase in financial interests notably linked to the convertible bond issue in October 2009.

Decrease in tax rate

The tax rate for 2009 stood at 27.8%, against 27.0% a year earlier.

Decrease of the net income

2009 net attributable income amounted to 147.9 million euros compared with 157.0 million euros in 2008, a decrease of 5.7%. Net income was 16.2% of sales.

Shareholder return

The Board of Directors decided to propose to the Annual General Meeting of shareholders, which will take place on 6 July 2010, the approval of a total dividend of 3.8 euros per share for 2009, at the same level compared with that of 2008. The Group having already paid an interim dividend of 1.65 euro per share on 11 January 2010, the remaining portion of the total dividend, i.e. 2.15 euros per share will be paid in August 2010. Shareholders will have the option to choose a dividend payment in shares.

For 2010, the Group plans to maintain its policy of paying a high dividend and an interim dividend. As in 2009, it will limit share buybacks to the dilution related to the exercise of stock options.

New share buyback programme

A new share buyback programme involving a maximum of 10% of the issued share capital at a maximum purchase price of 1.3 time the average closing price of the last 60 closing prices will be presented for approval to the Annual General Meeting to be held on 6 July 2010.

A strengthened financial position

Key features of 2009 were the following:

- cash flow after net cost of debt and taxes reached a high level of 215.6 million euros;
- a slight increase in working capital requirement excluding leasing, exchange rate impacts and perimeter effects essentially due to a temporary increase in inventory, in prepaid income and in VAT credits awaited to be reimbursed;
- increase of the clients financing for 38.1 million euros related to the increase in financial services (leasing and postage financing);
- a net investment which amounted to 133.5 million euros. Of this, 73.7 million euros was for the acquisition and disposal of distributors in the USA and Europe, and 10.2 million euros for the capitalisation of R&D expenses. The remainder was mainly for the replacement of the installed base of franking machines and the acquisition of software;
- payment of the remaining portion of the dividends for 2008 and the interim dividend for 2009 of 116.4 million euros of which 17.8 million euros were paid in shares.

To diversify its sources of financing and extend their maturities, the Group first signed a 175 million euros, five-year revolving credit agreement with the Natixis/Banque Populaire/Caisse d'Epargne group on September 2009. Then, on October 2009, it successfully issued 300 million euros in "OCEANE" bonds (convertible and/or exchangeable into new or existing shares).

Neopost closed the 2009 financial year with a net debt [1] of 716.0 million euros, vs. 668.7 million euros a year earlier and with shareholders' equity before minority interests of 489.5 million euros, vs. 436.1 million euros at the end of the previous year.

Group debt is under control and represented 1.5 time shareholders' equity. The coverage ratio (i.e. EBITDA to interest expense [2] stood at 9.9 and the leverage ratio (i.e. net debt to EBITDA [3]) at 2.4. As of 31 January 2010, Neopost complied with its financial covenants.

As stated before, the Group's debt is backed by future cash flows from its renting and leasing businesses. Its net debt is therefore expected to grow as financing activities expand. As of 31 January 2010, the Group's undrawn credit lines amounted to 667 million euros.

There are no restrictions of the use of Group cash. However the Group must comply with financial covenants (cf. risk factors below). As at 31 January 2010, Neopost complied with its financial covenants.

(1) Net debt or Group debt = long term + short term debt – cash & marketable securities.

(2) Interest expense = net cost of debt.

(3) EBITDA (297.1 million euros) is the sum of current operating income (234.7 million euros), depreciation of tangible assets (42.9 million euros) and intangible assets (19.5 million euros).

Financial instruments

Neopost uses financial instruments to hedge exchange rate and interest rate risks.

Neopost uses the services of an independent consultancy based in Paris. This company assists Neopost in the Group's exchange rate and interest rate risk hedging strategy, and values its portfolios under IFRS to ensure continuity of methodology and provide an opinion independent of any financial institution. This company has the technical and human resources to monitor interest rate and exchange rate trends every day and alert the Group Treasurer in the light of the strategy in place.

Exchange rate risk hedging

Neopost has a policy of centralising its exchange risk, enabling the Group to monitor its overall exchange rate risk exposure and to gain full control over the market instruments used in hedging operations.

For each consolidated position that is managed, Neopost implements a hedging strategy at the same time as it sets the reference exchange rate to be defended. The hedging strategy involves a combination of definite or optional forward currency purchases or sales, along with open positions protected by stop losses. These stop losses are predetermined exchange rates that trigger transactions when they are hit. As a result, the hedging strategy enables Neopost to defend a reference exchange rate for the entire position in the event of adverse exchange rate movements.

Interest rate risk hedging

To limit the impact of a rise in interest rates on its interest expenses, the Neopost group has a risk-hedging policy aimed at protecting a maximum annual interest rate for the three years ahead at all times.

Neopost has introduced a policy of centralising its interest rate risk, enabling it to monitor the Group's overall interest rate risk exposure and to gain full control over the market instruments used in hedging operations. The Group hedges its interest rate risk depending on its current debt levels, but also according to likely future movements in debts, arising from drawings on its revolving credit facilities.

Financial instruments are carried by the legal entities that have the corresponding debt on their balance sheet.

A hedging strategy is adopted on the basis of the position to be managed and the reference interest rate adopted. The strategy is aimed at protecting the reference interest rate and at taking advantage, at least to some extent, of favourable movements. Hedging strategies involve definite and optional derivative instruments, and open positions are maintained if possible. The valuation of the open position based on market forward interest rates, along with the interest rates obtained through hedging operations, should always protect the reference interest rate. Hedging strategies cover the period three years ahead at all times. However, the level of coverage and the weightings of the various derivative instruments may vary from one year to the next, since the aim is to maintain greater scope for optimising positions in later years.

Sensitivity to interest rate risk based on the 2010 debt forecast is as follows:

- in the event of a 1% rise in interest rates, the impact on financial expenses on is -1.6 million euros on euro debt and -2.0 million dollars on dollar debt;
- in the event of a 1% fall in interest rates, the impact on financial expenses on is +1.5 million euros on euro debt and +1.9 million dollars on dollar debt.

Risk factors

Legal risks

In December 1997, Pitney Bowes France filed a complaint with the French competition authorities against all its French competitors, including Neopost, for anti-competitive practices relating to four-year rental contracts renewable for a further four years unless cancelled. The *Conseil de la Concurrence* (Competition Council) then decided to become involved and carried out an in-depth investigation into the market practices of Neopost and Secap (Pitney Bowes group). In order to draw a line under years of investigation, Neopost accepted the *Conseil de la Concurrence*'s new proceedings, though without admitting the charges levelled against the Group. Like Secap, Neopost undertook to change the length of the leasing/service contracts for mailing machines in France to offer initial terms of no more than 5 years renewable for one year. This agreement led to a reduced fine for "damage to the economy" of 1.1 million euros.

At the end of 2007, the french companies were under scrutiny by the *Direction Nationale des Enquêtes de Concurrence* (National Direction of Competition Inquiry) that monitored the commitments given to the *Conseil de la Concurrence* (Competition Council) that subsequently became the *Autorité de la Concurrence* (Competition Authority). This investigation led to a report that was studied by the filing department of the *Autorité de la Concurrence* (Competition Authority). It considers that the French companies have not perfectly executed some of the agreed upon commitments.

It is Neopost's opinion that the subscribed commitments have been respected and Neopost will present its arguments to the Authority.

Market risks

Liquidity risk

The Group believes that its cash flow will easily enable it to service its debt, given the current level of that debt. Group debt (US private placement and revolving loan) is subject to compliance with covenants. Failure to comply with these covenants may lead to early repayment of the debt. At 31 January 2010, the Group was complying with all covenants.

However, this ability will depend on the Group's future performance, which is partly related to the economic cycle, which the Group cannot control. No guarantee can therefore be given regarding the Group's ability to cover its financial needs.

Exchange rate risk

The Group has adopted a policy of hedging exchange rate risk (see financial instruments above).

Neopost enjoys a natural hedge on its current operating margin and its net margin.

Based on the 2010 budget, the breakdown of sales and costs in USD is: sales 36%, cost of sales 47%, operating costs 32%, interest expenses 19%. A 10% change in the EUR/USD exchange rate from the budget rate of 1.42 would have the following impact on the Group's income statement, after allowing for existing hedging instruments: sales -31.5 million euros, current operating income -7.9 million euros and net income -4.7 million euros.

Based on the 2010 budget, the breakdown of sales and costs in GBP is: sales 12%, cost of sales 10%, operating costs 10%. A 10% change in the EUR/GBP exchange rate from the budget rate of 0.89 would have the following impact on the Group's income statement, after allowing for existing hedging instruments: sales -10.7 million euros, current operating income -4.3 million euros and net income -3.1 million euros.

Beyond the natural hedge, no guarantee can be given, however, regarding the Group's ability to hedge exchange rate risk effectively.

Interest rate risk

The Group has adopted a policy of hedging interest rate risk (see financial instruments above). However, no guarantee can be given regarding the Group's ability to hedge effectively against interest rate risk.

Risks related to the Group's operations

Postal authorities regulations

The production and marketing of and services related to mailing machines are regulated by the postal authorities in the countries in which the Group is active. The Group's business may therefore be materially affected by changes in postal regulations. The Group cannot guarantee that such changes, particularly affecting the main markets in which it operates, will not have a negative effect on its sales and operating income.

Similarly, the Group's business is partly dependent on its ability to develop and maintain contacts with managers of postal authorities in the relevant countries. Such managers are likely to change and no guarantee can be given regarding the Group's ability to create and maintain such relationships in the future. Failing to maintain such relationships might have a negative effect on the Group's business and operating income.

Competition

Neopost has two main competitors, Pitney Bowes which is the world leader, and Francotyp Postalia which is world number three. Although the Group believes that its competitive position in the mailroom equipment market is sustainable and that the industry framework is established by local postal regulations, it is not impossible that new competitors may break into the market for the supply of either products or services. Competitors to the Group may also have greater financial resources than Neopost, which might affect the Group's competitiveness. The Group cannot guarantee that it will be able to maintain or increase its market share in the markets in which it already operates, or penetrate new markets.

Technological developments and new markets

The markets for the Group's products and services are and will remain subject to rapid changes in technology, continual improvement of existing products and the frequent introduction of new products. Developing and launching services requires major investment. The Group's results and future financial position will depend in part on its ability to improve its products and services and to develop and produce new ones at lower prices and to the deadlines set by demand, as well as to distribute and market them.

Dependence on customers and suppliers

The Group has nearly 800,000 customers, of which none accounts for 1% of sales.

The Group's dependence on its suppliers is decreasing. Its main supplier of the Group is Hewlett Packard for inkjet printing heads and cartridges. In 2009, Neopost renewed its agreement with HP concerning the ink cartridges and the print heads. This agreement was signed as a continuation of that already in place for 10 years. In 2009, HP accounted for 9.1% of total Group purchases versus 12.5% in 2008. The top five suppliers and the top ten suppliers respectively account for 19.8% and 24.3% in 2009 and 26.3% and 28.6% in 2008. A disruption in supply from these suppliers might significantly affect the Group's business, although clauses in the contracts do guarantee the Group against this risk. The Group has already put in place alternative solutions in case such an event might occur.

Forecasts

Neopost provides to its shareholders with information on its 2010 forecasts. These forecasts have been formulated based on the Group 2010 budget and the 3-year plan. These forecasts have also been formulated based on market conditions as at begining 2010, namely existing competitive dynamics between mailroom equipment suppliers and the economic conditions of the countries in which the Group operates. If market conditions happen to change in a significant way, the Group could not guarantee to reach its guidances.

Granted retirement benefit obligations in the United Kingdom

As part of its retirement benefit obligations in the United Kingdom, the Group has committed the following amounts to the funds: GBP5.2 million in 2010 and GBP4.0 million in 2011 in order to extinguish its liability as assessed in accordance with the law.

No other significant commitment has been identified to date.

Industrial and environmental risks

The nature of the Group's assembly and distribution businesses means that the Company is not aware of any industrial and environmental risks that might have a material impact on its financial position, business or results.

Technological risks

The obligations regarding information under article L. 225-102-2 of the French Company Code (Code commercial) are not applicable to Neopost given its activities.

Risk related to shares

This risk is not significant for Neopost.

Insurance

All Group companies are covered by a worldwide insurance programme which covers "operating damage and loss, liability, and transport" risks. All Group subsidiaries participate in guarantees set up and negotiated at the Company level, subject to local regulatory restrictions or specific geographic exclusions.

Neopost's risks include a high level of geographic dispersion, which substantially dilutes the consequences of any loss. The cover negotiated by the Group is high and is aimed above all at insuring the largest risks which might have a material impact on the Group's financial position. Certain risks are no longer or with strong difficulties covered by insurance companies, such as damage resulting from unfair competition, counterfeiting, misleading advertising and failure to comply with copyright or literary and artistic rights.

The "operating damage and loss" insurance programme was renegotiated on 1 February 2009, increasing the amounts covered from 61 million euros to 90 million per claim and facilitating a long-term agreement for two years to manage its budget until 2011.

The insurance programme which covers "transport risks" was also renegotiated on 1 February 2009, facilitating a reduction in the premium rate and retaining the pricing conditions for 2010 while maintaining the amounts covered at 500 thousand euros per claim.

The insurance programme which covers "liability" was renewed on 1 February 2010 for a two-year period, maintaining cover at 30 million euros per claim and securing a 12% reduction in the premium for 2010 and an additional 8% decrease in 2011.

The total cost of insurance amounted to 0.8 million euros in 2009.

The Group's insurance policies are regularly updated to reflect the Group's scope of consolidation and to cover industrial risks within the global insurance market framework.

The Group's guarantees are placed with leading insurers with worldwide reputations.

Social and environmental information

In accordance with NRE (new economic regulation) legislation and its implementing decree no. 2002-221, dated 20 February 2002, the information in this paragraph refers to Neopost group's three production companies in France, in the Netherlands and in the United Kingdom which employed 974 people at 31 January 2010.

Health and safety

Indicator	Unit	31 January 2010	31 January 2009
Frequency rate of accidents at work	$\frac{\text{Number of accidents x } 10^6}{\text{hours worked}}$	**19,8**	18,1
Seriousness rate of accidents at work	$\frac{\text{Number of days off x } 10^3}{\text{hours worked}}$	**0,0**	0,1

In 2008, environmental information published (12.8 and 0.1) only included the plants in Lude in France and Drachten in the Netherlands. The figures shown in the above table include in addition information for the plant located in Loughton in the United Kingdom for both years.

Training

Indicator	Unit	31 January 2010	31 January 2009
Total number of hours training during year	Hours	**14 796**	12 063
Number of employees involved in at least one training session in year	Number	**886**	662

In 2008, the environmental information published (11,452 hours and 587 persons) only included the plants located in Lude in France and Drachten in the Netherlands. The figures shown in the above table include in addition information for the plant located in Loughton in the United Kingdom for both years.

Environmental information

	Unit	31 January 2010	31 January 2009
Water consumption	m^3	**10,109**	11,989
Electricity consumption	Kwh	**5,311,919**	5,433,900
Gas consumption	m^3	**8,562,836**	16,070,132
Waste packaging produced	Tons	**648**	763
Industrial waste produced	Tons	**1,233**	1,473
Of which dangerous waste	Tons	**20**	49
% recycled	%	**97%**	85 %

In 2008, the environmental information published (4,989 ^{m3}, 3,983,900 Kwh, 412,132 m^3, 709 T, 1,438 T, 47 T et 85%) only included the plants located in Lude in France and Drachten in the Netherlands. The figures shown in the above table include in addition information for the plant located in Loughton in the United Kingdom for both years.

Ownership structure

At 31 January 2010, Neopost S.A.'s share ownership was as follows:

	Number	%
Management and employees	517,854	1.658 %
Directors (non-executive)	233,803	0.750 %
Shares held under liquidity contract	72,291	0.232 %
Treasury stock held for stock option and free share allocations	149,640	0.479 %
First Eagle Investment Management LLC [a]	3,797,481	12.163 %
Jupiter Asset Management Ltd [a]	1,905,337	6.103 %
Marathon Asset Management LLP [a]	1,657,834	5.310 %
Harris Associates LP [a]	1,623,538	5.200 %
Fidelity International Ltd [a]	1,106,174	3.543 %
Other shareholders	20,157,935	64.562 %
Total	**31,221,887**	**100.000 %**

(a) Source: Thomson Reuters as at 31 January 2010.

Neopost crossed the following thresholds in 2009:

Date	Name of Investment Fund	Threshold crossed
09/01/2009	Harris Associates LP	Crossed below the threshold of 5% with 4.87% of the voting rights
14/08/2009	Harris Associates LP	Crossed above the threshold of 5% with 5.37% of the voting rights
30/11/2009	Harris Associates LP	Crossed below the threshold of 5% with 4.99% of the voting rights
15/12/2009	Harris Associates LP	Crossed the threshold of 5% with 5.01% of the voting rights

To the Group's knowledge, there is no other shareholder owning more than 3% of the capital or of the voting rights.

Neopost group is controlled neither directly nor indirectly. There is no shareholders' pact which would entail a change in control.

Outlook

Over the past few quarters, Neopost has carried out significant optimisation plans, made several targeted acquisitions, continued to purchase distributors and invested heavily in R&D. As a result, Neopost will launch many new products in 2010 which will create new momentum into sales for the coming years.

Neopost is pursuing the roll-out of its new IS range of franking machines, together with a full array of accessories for each model. Having launched a range of equipment intended for the mid-market segment from 2008, the Group is now preparing to launch systems targeting the high-end, in order to strengthen its presence there, and also for the entry level, to win back this segment. In the space of two years, Neopost will have renewed its entire range of franking machines. The Group is also preparing to enter a new segment, that of IT franking.

In document systems, having successfully integrated PFE's premium range of folding/inserting machines in 2008-2009, Neopost is preparing to launch three new machines in the entry level, mid-range and high-end market segments, so as to strengthen its leadership in this business.

In 2010, the Group is expected to continue benefiting from growth in recurring revenue and slow but steady improvement in equipment sales. As a result, assuming no further deterioration in the economic environment, the Group should achieve sales growth of 0% to 2% in 2010, at constant exchange rates and should maintain its current operating income at the high level of 25.7% of sales.

Since the 2009 accounts were closed and the publication of this report, there has been no significant change in the operating or the financial situation of the Group.

Statutory Auditors' report on the profit forecast

To the Chairman of the Board of Directors,

In our capacity as Statutory Auditors and in compliance with the EU Regulation 809/2004, we hereby report on the forecast of current operating income for Neopost group which is included in paragraph "outlook" of section 3 of its 2009 reference document.

In accordance with EU Regulation 809/2004 and the relevant CESR guidance, you are responsible for the preparation of this forecast and its principal underlying assumptions.

It is our responsibility to express our conclusion, pursuant to appendix 1, paragraph 13.2 of the EU Regulation 809/2004, as to the proper compilation of the profit forecast.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the national auditing body *(Compagnie Nationale des Commissaires aux Comptes)*. Our work consisted in an assessment of the preparation process for the profit forecast, as well as the procedures implemented to ensure that the accounting methods applied are consistent with those used for the preparation of the historical financial information of Neopost group. We also gathered all the relevant information and explanations that we deemed necessary to obtain reasonable assurance that the profit forecast has been properly compiled on the basis stated.

It should be noted that, given the uncertain nature of forecasts, the actual figures are likely to be significantly different from those forecasts and that we do not express a conclusion on the achievability of these figures.

We conclude that:

- this profit forecast has been properly compiled on the basis stated;
- the accounting methods applied in the preparation of the profit forecast are consistent with the accounting principles adopted by Neopost group.

This report is issued for the sole purpose of the public offering in France and other European Union countries in which the prospectus, as approved by the French Stock Exchange Regulatory Body (AMF), will be published and may not be used for any other purpose.

Paris and Neuilly-sur-Seine, April 28, 2010

The Statutory Auditors
French original signed by

PERONNET & ASSOCIES S.A
Olivier Péronnet

ERNST & YOUNG et Autres
Philippe Diu

4 Financial statements

Consolidated financial statements

Consolidated balance sheet

CONSOLIDATED ASSETS

(In millions of euros)	Notes	31 January 2010	31 January 2009
Goodwill	(5)	747,9	669.6
Intangible fixed assets			
Gross value		159.0	197.7
Amortisation		(93.2)	(131.7)
	(6)	65,8	66.0
Tangible fixed assets			
Gross value		400.0	548.7
Depreciation		(260.0)	(403.9)
	(7)	140,0	144.8
Other financial assets non-current			
Other investments in associated companies		2.7	2.9
Other available for sale assets		4.2	4.2
Derivative instruments non-current		0.5	-
Other financial fixed assets non-current		8.6	25.1
Provisions for impairment of available for sale assets		(1.1)	(0.7)
	(8)	14.9	31.5
Net long-term lease receivables	(9)	329.6	319.4
Other net long-term receivables	(9)	19.1	9.2
Deferred tax assets non-current	(14)	14,7	18.1
Total non-current assets		1,332.0	1,258.6
Net inventories	(10)	56.3	45.5
Net receivables			
Net accounts receivable	(9)	188.3	167.7
Net short-term lease receivables	(9)	182.1	176.3
Income tax receivables	(9)	35.0	20.8
Net other receivables	(9)	8.8	19.2
		414.2	384.0
Prepaid expenses		29.1	27.8
Derivative instruments current		0.1	0.4
Cash & bank accounts			
Short-term and liquid investments		0.2	0.2
Cash and cash equivalents		138.5	132.6
		138.7	132.8
Total current assets		638.4	590.5
Total assets		1,970.4	1,849.1

The following notes form an integral part of the consolidated financial statements.

CONSOLIDATED LIABILITIES

(In millions of euros)	Notes	31 January 2010	31 January 2009
Shareholders' equity			
Share capital		31.2	31.2
Issue and conversion premium		19.8	7.1
Reserves and retained earnings		361.6	337.2
Translation variance		(49.7)	(50.0)
Treasury stock		(21.1)	(46.1)
Net income attributable to equity holders		147.9	157.0
Minority shareholders		-	(0.1)
Total Shareholders' Equity		489.7	436.3
Long-term provisions	(11)	8.9	11.1
Debt	(12)	430.2	304.4
Derivatives instruments non-current		8.3	-
Other non-current liabilities	(13)	18.9	17.9
Deferred tax liabilities non-current	(14)	54.3	32.7
Total non-current liabilities		520.6	366.1
Accounts payable			
Trade payable		52.2	61.4
Other operating liabilities		221.3	199.3
Income taxes		52.3	52.3
Short-term provisions	(11)	18.6	37.7
Deferred income		189.0	183.1
		533.4	533.8
Derivative instruments current		2.2	15.8
Debt			
Short-term portion of long-term debt		421.0	495.0
Bank overdrafts		3.5	2.1
	(12)	424.5	497.1
Total current liabilities		960.1	1,046.7
Total liabilities		1,970.4	1,849.1

The following notes form an integral part of the consolidated financial statements.

Consolidated profit and loss account

(In millions of euros)	Notes	31 January 2010	31 January 2009
Sales	**(15)**	913.1	918.1
Current operating expenses	**(16)**		
Cost of sales		(187.1)	(210.2)
R&D expenses		(37.6)	(38.7)
Sales and marketing expenses		(226.6)	(224.9)
Administrative expenses		(138.4)	(123.7)
Service and other operating expenses		(81.2)	(75.7)
Employee profit-sharing, share-based payments	**(19)**	(7.5)	(9.0)
Total current operating expenses		(678.4)	(682.2)
Current operating income		234.7	235.9
Impairment of goodwill		-	-
Proceeds from asset sales	**(17)**	-	0.4
Operating income		234.7	236.3
Interest charges		(30.1)	(28.0)
Interest incomes		0.1	0.6
Net cost of debt	**(12)**	(30.0)	(27.4)
Losses on foreign exchange		(11.9)	(4.7)
Gains on foreign exchange		12.0	9.9
Net gains (losses) on foreign exchange	**(20)**	0.1	5.2
Other financial gains		-	0.3
Other financial losses		(0.3)	(0.1)
Share of results of associated companies		0.4	0.5
Income before tax		204.9	214.8
Income taxes	**(14)**	(57.0)	(57.9)
Net income before results of businesses divested		147.9	156.9
Profit after tax of businesses divested		-	-
Net income		147.9	156.9
Of which:			
• Attributable to equity holders		147.9	157.0
• Minority interests		-	(0.1)
Basic earnings per share (in euros)	**(18)**	4.85	5.10
Fully-diluted earnings per share (in euros)	**(18)**	4.68	5.08

The following notes form an integral part of the consolidated financial statements.

Statement of recognised income and expense

(In millions of euros)	31 January 2010	31 January 2009
Income for the year	147.9	156.9
Change in fair value of hedging instruments	(0.3)	(11.8)
Deferred taxes on change in fair value of hedging instruments	0.1	3.0
Actuarial variances recognised in equity	(11.6)	11.4
Deferred taxes on actuarial variances recognised in equity	3.2	(3.5)
Translation variance	0.4	(25.6)
Total income and expense recognised directly on the balance sheet	(8.2)	(26.5)
Total income and expense for the year	139.7	130.4
Attributable to:		
• Equity holders	139.7	130.4
• Minority interests	-	-

The following notes form an integral part of the consolidated financial statements.

Consolidated cash flow statement

(In millions of euros)	Notes	31 January 2010	31 January 2009
Net income		147.9	156.9
Depreciation (reversal) of tangible assets	(7)	42.9	47.9
Amortization (reversal) of intangible assets	(6)	19.5	17.4
Provisions (reversals) [a]		(19.5)	(21.6)
Gains (losses) on changes in fair value		1.4	7.4
Proceeds (expenses) on stock options	(19)	5.5	6.9
Net gains (losses) on disposals of fixed assets	(17)	-	0.4
Share of results of associated companies (net of dividends received)		0.4	0.5
Other items, net [b]		17.5	3.6
Cash flow after net cost of debt and taxes		**215.6**	**219.4**
Tax charge (including deferred taxes)	(14)	57.0	57.9
Net cost of debt		30.0	28.0
Cash flow before net cost of debt and taxes		**302.6**	**305.3**
(Increase) decrease in inventories		(7.2)	7.0
(Increase) decrease in accounts receivable		(13.4)	(5.1)
Increase (decrease) in deferred income		1.8	(9.6)
Increase (decrease) in accounts payable		(7.0)	1.3
Increase (decrease) in other current assets and liabilities		9.3	(6.3)
Net change in lease receivables		(38.1)	(51.3)
Cash flow from operating activities		**248.0**	**241.3**
Interest paid		(26.4)	(28.4)
Income taxes paid		(48.2)	(27.1)
Net cash flow from operating activities (A)		**173.4**	**185.8**
Production and acquisition of tangible fixed assets	(7)	(43.2)	(47.0)
Investments in intangible fixed assets	(6)	(16.6)	(37.3)
Financial investments		(73.7)	(77.1)
Sub-total investments		**(133.5)**	**(161.4)**
Disposals of fixed assets		2.9	4.9
Repayment of loans and other long-term advances		(3.2)	(2.5)
Net cash flow from investing activities (B)		**(133.8)**	**(159.0)**
Parent company capital increase		2.3	7.3
Share buyback – held for cancellation		-	(22.9)
Share buyback – liquidity contract		2.0	2.3
Share buyback – Stock options and free share attribution plan		-	(14.7)
Dividends paid to shareholders		(98.6)	(161.7)
New medium and long-term borrowings		330.4	179.8
Repayment of long-term borrowings		(278.0)	(14.9)
Net change in other debts and accrued interest not yet matured		4.3	0.3
Net cash flow from financing activities (C)		**(37.6)**	**(24.5)**
Effect of exchange rate movements on cash and cash equivalents (D)		2.5	(11.1)
Change in net cash (A) + (B) + (C) + (D)		**4.5**	**(8.8)**
Net opening cash		**130.7**	**139.5**
Net closing cash		**135.2**	**130.7**
Cash		138.7	132.8
Bank overdrafts		(3.5)	(2.1)
Net closing cash		**135.2**	**130.7**

The following notes form an integral part of the consolidated financial statements.

(a) Provisions reversals are mainly related to provision reversals presented in liabilities for 19.3 million euros.

(b) Mainly related to changes in deferred taxes assets and liabilities..

Changes in shareholders' equity

(In millions of euros)	Par value	Number of shares	Share capital*	Additional paid-in capital*	Reserves, retained earnings and net income	Treasury stock	Translation difference	Total
Consolidated shareholders' equity at 31 January 2008	EUR1	31,708,924	31.7	52.7	506.5	(73.6)	(24.5)	492.8
Movements in 2008: Net income		-	-	-	156.9	-	-	156.9
Total income and expense recognised in shareholders' equity		-	-	-	(0.9)	-	(25.6)	(26.5)
Total movements in 2008			**-**	**-**	**156.0**	**-**	**(25.6)**	**130.4**
Capital increase: exercise of options (188,135 shares)	EUR1	188,135	0.2	7.1	-	-	-	7.3
Capital reduction (724,364 shares)	EUR1	(724,364)	(0.7)	(52.7)	(13.6)	67.0	-	-
Treasury stock in process of cancellation (335,178 shares)			-	-	-	(22.9)	-	(22.9)
Treasury stock – liquidity contract (-2,885 shares)			-	-	-	(1.8)	-	(1.8)
Treasury stock – Stock option and free share plan attribution (288,670 shares)			-	-	-	(19.1)	-	(19.1)
Free share attributed (60,300 actions)			-	-	-	4.4	-	4.4
Dividends			-	-	(111.4)	-	-	(111.4)
2008 Interim dividends			-	-	(50.3)	-	-	(50.3)
Share-based payments			-	-	6.9	-	-	6.9
Consolidated shareholders' equity at 31 January 2009	EUR1	31,172,695	31.2	7.1	494.1	(46.0)	(50.1)	436.3
Movements in 2009: Net income		-	-	-	147.9	-	-	147.9
Total income and expense recognised in shareholders' equity		-	-	-	(8.6)	-	0.4	(8.2)
Total movements in 2009		**-**	**-**	**-**	**139.3**	**-**	**0.4**	**139.7**
Capital increase: exercise of options (57,869 shares)	EUR1	57,869	0.0	2.3	-	-	-	2.3
Capital reduction (335,178 shares)	EUR1	(335,178)	(0.3)	(7.1)	(15.5)	22.9	-	-
Treasury stock – liquidity contract [a]		-	-	-	-	(3.4)	-	(3.4)
Free share attributed (78,730 actions)		-	-	-	-	5.4	-	5.4
Dividends [b]		-	-	-	(65.8)	-	-	(65.8)
2009 Interim dividends [c]		-	-	-	(50.6)	-	-	(50.6)
Dividends share-based payments (326,501 actions)	EUR1	326,501	0.3	17.5	-	-	-	17.8
Share-based payments		-	-	-	5.5	-	-	5.5
Convertible bonds (OCEANE)					6.7	-	-	6.7
Other		-	-	-	(4.2)	-	-	(4.2)
Consolidated shareholders' equity at 31 January 2010	EUR1	31,221,887	31.2	19.8	509.5	(21.1)	(49.7)	489.7
Attributable to:								
• Equity holders								489.5
• Minority interests								0.2

* The capital is fully released. Additional paid-in capital includes issue and translation premiums.

(a) At 31 January 2010 the Group had 72,291 shares held for the liquidity contract and 149,640 which are held with the aim to fulfil the obligations of the stock-option and free share attribution programmes for employees and Group executives, respectively, compared to 71,529 shares and 228,370 shares as at 31 January 2009.

Under the liquidity contract shares cannot be sold free except if the contract is cancelled. This contract was signed, in accordance with the AFEI's code of ethics, with Exane BNP Paribas on 2 November 2005 for one year renewable by tacit agreement. The amount allocated to this contract was 8 million euros originally. The purpose is to reduce excessive volatility of the Neopost share and to improve liquidity.

(b) Payment of dividends amounting to 2.15 euros per share.

(c) Interim dividend of 1.65 euro per share paid on 11 January 2010.

The following notes form an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

Financial statements for the years ended 31 January 2010 and 2009.

(All amounts stated hereafter are in millions of euros, rounded to one decimal place).

Note 1 Presentation of the Neopost group and its consolidated financial statements

Neopost was created in 1992 through a leveraged buyout (LBO) of Alcatel's mail processing equipment division. A second LBO took place in 1997. In February 1999, the Group listed on the Paris stock market. Since then, Neopost has made acquisitions of various sizes, of which the largest was the purchase in 2002 of Ascom Hasler – the mailing systems division of Swiss company Ascom – which ranked third in the world in its market, and the acquisition in 2008 of PFE International Ltd a worldwide folder/inserter company.

Neopost supplies mail-handling solutions to its customers. The Group offers solutions covering franking, folding, insertion and addressing, as well as logistics traceability. Neopost offers a full range of services, including in particular consulting, maintenance and financing solutions.

The term "Neopost S.A." refers to the parent company (excluding consolidated subsidiaries), which is listed and registered in France, while "Neopost" and "the Group" refer to the economic group formed by the parent company and its consolidated subsidiaries.

The parent company's head office is located at 113, rue Jean Marin Naudin 92220 Bagneux (France).

Neopost S.A. shares are listed on section A of Euronext Paris and are components of the SBF 120 and CAC Next 20 indexes.

The consolidated financial statements were approved by the Board of Directors on 29 March 2010.

Note 2 Accounting policies

In accordance with European regulation 1606/2002 dated 19 July 2002 in respect of international standards, Neopost group's consolidated financial statements for the 2009 financial year ending 31 January 2010 have been prepared under the international accounting standards issued by the IASB (IFRS standards: International Financial Reporting Standards), applicable as at 31 January 2010 as approved by the European Union.

The referential is available on the European Commission website: http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission

International accounting standards include IFRS, IAS (International Accounting Standards) and interpretations of these (SIC and IFRIC).

The presentation basis of the financial information at 31 January 2010, described in the following notes takes into account the new international accounting norms mandatory from 1 February 2009, notably:

- IAS 1: Presentation of Financial Statements;
- IFRS 8: Operating segments.

The norms and interpretations, adopted by the European Union, with an obligatory application for financial years from 1 February 2009, had no impact on the accounts.

The Group has decided to use the option offered by the amendment to IAS 19 "Employee benefits that consists of the systematic recognition of all actuarial differences in post-employment benefits in a separate caption of shareholder's equity.

The Group has not applied in advance the regulations that are compulsory for financial years starting after 1 January 2010:

- IFRS 1: First time adoption of IFRS;
- Revised IFRS 3: Business combinations;
- Amendments IAS 27: Consolidated Financial Statements and Accounting for Investments in Subsidiaries;
- Amendments IAS 32: Classification of right issues;
- Amendments IAS 39: Financial Instruments, recognition and measurement, eligible hedged items;
- IFRIC 12: Services Concession Arrangements;
- IFRIC 15: Agreements for the Construction of Real Estate;
- IFRIC 16: Hedges of a Net Investment in a Foreign Operation;
- IFRIC 17: Distribution of Non-cash Assets to Owners;
- IFRIC 18: Transfers of Assets from Customers.

The Group doesn't expect any significant impact on the accounts linked to the changes in the standards mentioned above.

Moreover the Group does not apply the following texts, which were not adopted by the European Union at 31 January 2010:

- Amendments IAS 24: Related parties – Disclosures;
- IFRS 9: Financial instruments;
- Amendments IFRS 1: Additional Exemptions for First-Time Adopters
- Amendments IFRS 2: Group Cash-settled Share-based payment Transactions;
- Amendments IFRIC 14: Prepayments of a Minimum Funding Requirement;
- IFRIC 19: Extinguishing Financial Liabilities with Equity;
- Improvement to the IFRS: Guide of IFRS improvement.

2-1: BUSINESS COMBINATIONS – GOODWILL

Business combinations are recognised using the acquisition method. At the date on which control is taken of a company, the assets and liabilities acquired are measured at fair value. Any variance between the cost of acquiring the shares and the acquirer's share of this revalued net asset value constitutes goodwill on first consolidation.

Any negative goodwill is recognised immediately through the income statement after confirmation of the nature of this negative goodwill and its constituent components.

Positive goodwill relating to companies controlled is posted to the balance sheet under the heading "Goodwill".

In accordance with IFRS 3 "Business combinations", this goodwill is not amortised but is tested for loss of value once a year, or more frequently where there is evidence of impairment.

These tests consist of ensuring that the recoverable amount of each of the Group's cash-generating units is at least equal to the corresponding net asset value (including goodwill). The recoverable amount is determined on the basis of discounted projections of future cash flow from operations over a period of three years, plus a terminal value established by using a perpetual growth rate. The discount rate used is the Group's weighted average cost of capital before tax and adjusted for cash-generating unit-specific risk.

2-2: IMPAIRMENT TEST

At each accounting date, the Group assesses whether there is any evidence that an asset has lost value. The indicators are among others sales and operating results. If there is such evidence, or where an annual impairment test is required, the Group estimates the asset's recoverable amount. The recoverable amount of an asset or cash-generating unit is the higher of its fair value minus selling costs and its going concern value.

The recoverable amount is determined for an asset considered individually, unless that asset does not generate cash inflows independently of cash inflows generated by other assets or groups of assets. If the book value of an asset exceeds the recoverable amount, the asset is considered to have lost value and the book value is written down to its recoverable amount. To determine going concern value, estimated future cash flows are discounted using a discount rate before tax which reflects current market assessments of the time value, monetary value and asset-specific risks. Impairment of continuing businesses is charged to the appropriate expense category of the income statement, based on the function of the impaired asset.

At each accounting date, an assessment is made to ascertain whether there is any evidence that a loss of value previously recognised is likely no longer to exist or to have diminished. If there is such evidence, the recoverable amount is determined. A previously determined loss of value is reversed if there has been a change in the estimates used to determine the recoverable amount of the asset since the last loss of value was recognised. If this is the case, the book value of the asset is raised to the level of its recoverable amount. The increased book value following reversal of a loss of value must not exceed the book value which would have been determined, net of depreciation, if no loss of value had been recognised on the asset in previous years. A reversal of loss of value is charged to the income statement, except where the asset is recognised at a revalued amount. In this case, the loss of value is treated as a positive revaluation. After recognition of a reversal of loss of value the depreciation charge is adjusted for future periods so that the revised book value of the asset, minus possible residual value, is spread systematically over the remaining useful life of the asset.

Amortisation of goodwill forms part of operating income. Such amortisation is not reversible.

Concerning the Group traditional activities, the cash-generating units are the countries due to the fact that each country has its own postal reglementation. An impairement test is performed at least once a year through the calculation at the present value of the future cash flows. This cash flows are based on a three year forecast made by the Group for the start-up companies and for the other entities, the Group uses as an assumption, a 2.5% EBITDA growth during 3 years (of which 1.5% for inflation). Beyond that explicit time horizon, the terminal value is calculated based on a 2.5% growth of the last cash flow. Operating margins are reallocated by cash generating units. The discounting rate is the weighted average cost of capital, for which the tax rate has been restated and to which a specific risk premium might be added.

2-3: INTANGIBLE ASSETS

Intangible assets acquired separately are recognised at acquisition cost. Intangible assets acquired as part of a business combination are recognised at fair value on the acquisition date separately from goodwill if they meet the two following conditions:

- they are identifiable, i.e. they result from legal or contractual rights;
- they are separable from the acquired entity.

Intangible assets include software, patents, lease rights and activated development expenses.

Development expenses

In accordance with IAS 38 "Intangible assets", development expenses meeting the following conditions are recognised as intangible assets:

- the project is clearly identified and the costs relating to it are individually identified and reliably monitored;
- the technical feasibility of the project has been demonstrated;
- there is a proven intention to complete the project and use or sell the products developed under it;
- the necessary resources for completing the project are available;
- the existence of a potential market for the production arising from this project or its internal usefulness has been demonstrated.

Such development expenses are amortised over a period of six years, reflecting the average useful life of products marketed.

Other intangible assets

Other intangible assets are amortised in a straight line over a period representing the best estimate of the assets' useful life.

2-4: PROPERTY, PLANT & EQUIPMENT

Properties, Plant & Equipment are measured at cost minus cumulative depreciation and loss of value.

Demonstration equipment

Demonstration equipment is recognised under property, plant and equipment and depreciated using the straight line method over four years, which is generally considered the useful life.

Spare parts

Spare parts and parts for maintenance used over more than one year or which can only be used with a fixed asset are recognised under property, plant and equipment and depreciated over their useful life.

Rented equipment

Rented franking machines, other than IJ25, consist of two distinct components with different useful lives: a meter and a base.

Depreciation periods are the useful life of the asset in question:

	North America	France
IJ25	3 years	5 years
Meter	5 years	5 years
Base	n/a	6 years

Depreciation periods

Depreciation uses the straight-line method and is over the useful life of the asset in question:

Plant and Office buildings	20 to 40 years
Equipment	5 to 10 years
Tools	3 years
Furniture and fixtures	10 years
R&D equipment	5 years
Leased equipment	3, 5 or 6 years
Demo equipment	4 years
Spare parts	4 years
Refurbished equipment	3 years

2-5: NON-CURRENT FINANCIAL ASSETS

All assets are recognised at the initially paid cost. This equates to the price paid (including transaction costs) or the fair value of the assets used for payment.

Following initial recognition, assets classified as "assets held for trading purposes" or "available for sale assets" are valued at fair value on the accounting date.

Gains and losses on assets held for trading purposes are charged to the income statement. Gains and losses on assets available for sale are posted to a specific line under shareholders' equity, until the asset is sold or it has been demonstrated that the asset has lost value. When this happens, the cumulative profit or loss previously recognised in shareholders' equity is then charged to the income statement.

Other long-term assets intended to be held to maturity, such as bonds, are then valued at amortised cost using the effective interest rate method. For assets recognised at amortised cost, gains and losses are charged to the income statement when the assets are released or impaired, as well as through the amortisation process.

For assets that are traded on organised financial markets, the fair value is determined by reference to the published market price on the accounting date. For assets where there is no published market price on an active market, the fair value is determined by reference to the current market value of another virtually identical instrument, or calculated on the basis of the asset's expected cash flow.

2-6: PROPERTY AND EQUIPMENT ACQUIRED ON FINANCING LEASES

For financing lease contracts which transfer all of the risks and benefits of ownership to the Group, the fair value of the property (or the discounted value of minimum payments if lower) at the beginning of the contract is capitalised and depreciated over the asset's useful life. Amounts included on the liabilities side of the balance sheet under "debt" represent the present value of remaining lease payments; this figure is reduced by the fraction of each rent paid. Lease contracts under which the lessor does not transfer all the risks and benefits of ownership of the asset are recognised as an expense using the straight-line method until the term of the contract.

2-7: RENTED PROPERTY AND EQUIPMENT

Rental contracts under which the Group does not transfer all the risks and benefits of ownership of the asset are classified as rentals. Rental payments are recognised as income from ordinary activities during the period in which they are acquired.

2-8: INVENTORIES AND WORK IN PROGRESS

Inventories and work in progress are measured at the lowest of cost or replacement value (for purchased goods) or full production cost (for produced goods) which must not exceed net realisable value.

Production cost is calculated using the weighted average cost method.

The calculation of inventory impairment takes into account inventory turnover and the obsolescence of equipment and goods.

2-9: ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

Accounts receivable are recognised and recorded at the initial amount of the invoice minus provisions for writing down unrecoverable amounts. A provision is then created where there is objective evidence that the Group will not be able to recover the receivable. Unrecoverable receivables are recognised as losses when they are identified as such.

2-10: CASH AND CASH EQUIVALENTS

Cash and cash equivalents on the balance sheet include:

- cash: cash and bank accounts;
- cash equivalents: short-term (less than three months) and liquid investments that are easily converted into a known amount of cash and exposed to negligible risk of a change in value.

Net cash in the cash flow statement is cash on the balance sheet minus bank overdrafts.

2-11: TREASURY STOCK

Equity instruments which have been bought back are deducted from shareholders' equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of instruments representing shareholders' equity.

2-12: DEBT

Simple bond issues

Bond issues are initially recognised at fair value, which generally equates to the amount received, net of issue costs. After initial recognition, bond issues are valued at amortised cost using the effective interest rate method which takes account of issue costs and any redemption discount or premium.

Bonds with conversion options and bonds redeemable in shares

For bonds convertible into shares (OCEANE), on initial recognition the compound financial instrument is split into a debt component and an equity component.

The fair value of the debt component at issue is determined by discounting the future contractual cash flow by using the applicable market rate for a bond issue taken out by the company under the same terms but without the conversion option. The debt component is then valued on the basis of amortised cost. The value of the equity component is determined at issue on the basis of the difference between the fair value of the debt component and the fair value of the bond issue. The value of the conversion option is not revised in future years. Issue costs are allocated to the debt and equity components on the basis of their respective book values at the time of the issue.

Treatment of borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of an eligible asset (inventories, tangible and intangible assets) are included in the cost of this asset. The accounting treatment of borrowing costs included in the cost of an asset is then the same, in terms of amortisation or provisions, as the asset in question.

Borrowing costs relating to funds borrowed in a general way and used to obtain an eligible asset are included in the cost of the asset by applying a multiple to the expenses relating to the asset. This multiple is the weighted average of the borrowing costs on the company's loans during the year, other than loans taken out specifically with the aim of acquiring the asset in question.

2-13: PROVISIONS

Provisions are recognised when the following conditions are met simultaneously at the end of the period in question:

- a current obligation (legal, regulatory, contractual or implied) resulting from past events;
- a probability that an outflow of resources will be necessary to extinguish the obligation with no offset expected;
- an amount that can be reliably measured.

Provisions are split on the balance sheet between current and non-current liabilities.

Contingent liabilities are not recognised and are described in the notes where they are material, except in the case of business combinations where they are identifiable items.

2-14: RETIREMENT BENEFIT OBLIGATIONS

Group companies participate in pension schemes and other staff benefits in accordance with the laws and customs of each country.

Details of the measurement and accounting policies applied by the Group with respect to these liabilities are as specified by IAS 19:

- defined benefit schemes: the liabilities are valued on the basis of actuarial valuations using the projected unit of credit method. These calculations use assumptions regarding mortality rates, staff turnover and wages which reflect the economic conditions in each country or for each Group company. Liabilities are recognised under "Provisions for retirement benefit obligations";
- defined contribution schemes: the cost of these schemes is recognised as an expense on the basis of contributions made.

2-15: DERIVATIVE INSTRUMENTS

Neopost uses derivative instruments to limit its exposure to the risk of fluctuations in interest rates and exchange rates.

In accordance with IAS 39, Neopost initially recognises all derivative instruments on the balance sheet under financial instruments at fair value. This is estimated on the basis of market conditions. The fair value of the derivatives is then re-assessed at each accounting date thereafter.

Commitment to purchase minorities

In accordance with IAS 39, sell options granted to minority shareholders are recognised as debt measured at the estimated exercise price of the option. The relevant portion of subsidiaries' net assets is transferred from "Minority interests" to "Borrowings and debt". Under current standards and interpretations, and pending the implementation of the IFRS 3 revision, the Group has decided to recognise as goodwill the difference between the exercise price of the option and the value of minority interests transferred to debt. Minority interests' share of net income is unchanged and still reflects the proportion owned by minorities.

Accounting for hedging transactions

On instigation of the hedge, the Group clearly identifies the hedging and hedged items. This hedging relationship is formally documented by identifying the hedging strategy, the risk hedged and the method used to assess the effectiveness of the hedge. Tests are then carried out to demonstrate the effectiveness of the hedge.

The treatment of derivative instruments identified as forming hedges varies, in accordance with IAS 39 definitions, according to whether they are the following:

- fair value hedges;
- future cash flow hedges;
- net investment hedges.

FAIR VALUE HEDGES

Changes in the fair value of derivative instruments are charged to the income statement. At the same time, the item hedged is also recognised at fair value up to the risk hedged. In this way, changes in the two items are recognised symmetrically under net financial expenses, so that only ineffective hedging impacts the income statement.

This approach is applied in particular to fixed rate for variable rate swaps and to the corresponding hedged debt.

FUTURE CASH FLOW HEDGES

For changes in the fair value of derivative instruments, changes in the effective part of the hedging relationship are charged to shareholders' equity, while changes in the fair value of the ineffective part are charged to the income statement.

Profits and losses which are recognised through equity are posted to the income statement for the period during which the hedged transaction affects net income.

This treatment is applied in particular to variable rate against fixed rate swaps, as well as the purchase and sale of currency futures or options.

NET INVESTMENT HEDGES

The accounting principle is similar to future cash flow hedges. The gain or loss relating to the effective part of the hedging instrument is charged directly to shareholders' equity, while the ineffective part is charged to the income statement. When the Group withdraws from a foreign business, the cumulative value of profits and losses which have been recognised directly in shareholders' equity is recognised through the income statement.

Recognition of derivatives not qualifying as hedging instruments

For derivatives which do not meet the criteria for recognition as hedging instruments, as described above, any gain or loss resulting from changes in fair value is charged to the income statement.

2-16: TAXATION

In accordance with IAS 12, Neopost uses a balance sheet approach to account for deferred taxes. This consists of calculating the deferred tax on temporary differences, which are the difference between the tax base of an asset or liability and its book value on the balance sheet. Neopost also applies the variable carry-forward method.

Deferred taxes are valued at the tax rate, either in force or coming into force, which is expected to be applied for the year in which the asset is realised or the liability settled.

Due and deferred tax assets and liabilities are offset for a given tax authority where there is a legally enforceable right to offset.

The book value of deferred tax assets is revised at each accounting date and reduced to the extent that it is unlikely that adequate taxable profits will be available to make use of the benefit of all or part of the deferred tax asset. Unrecognised deferred tax assets are valued at each accounting date and are recognised to the extent that it becomes probable that future profits will make them recoverable.

2-17: REVENUES

Rental of mailroom equipment

The Neopost group rents equipment to its customers in France and in the United States. Contracts are generally for periods of one to five years. Charges for equipment rentals and bases and maintenance contracts are billed in advance; the related revenue is taken to income as earned.

The balance is shown in deferred income.

Equipment sales

Equipment sales are recognised when the goods are shipped. This reflects the transfer to the buyer of major risks and benefits inherent in ownership of the item by virtue of:

- very short lead times between shipping, delivery and installation;
- the fact that the products are most often installed directly by the customer;
- the fact that the return rate after shipping is very low.

Leasing

Neopost has leasing subsidiaries in the USA, Canada, the UK, France, Germany, Ireland, the Netherlands, Italy and Belgium.

These subsidiaries provide leasing services solely to Neopost customers which relate solely to Neopost products. When a customer of a Neopost distribution company chooses to finance the acquisition of equipment via a leasing company, the Group recognises an equipment sale and records as an asset an amount equal to the net present value of the lease payments receivable over the term of the financing. Lease income is then recognised in revenues on the basis of interest actually received over the term of the financing. Refinancing costs are recorded as financial expenses.

The accounting treatment for the lease financing activity of these companies is justified by the fact that the Group transfers to its customers all of the risks and benefits inherent in ownership of the assets in question.

Maintenance contracts

On the request of postal organisations, the Company carries out preventative maintenance work and repairs to its products. These operations take place under maintenance contracts and are invoiced to customers at the start of the contract. Revenue relating to maintenance and rental contracts is presented under deferred income and recognised as sales pro rata, reflecting the degree of progress of the transaction.

2-18: COST OF SALES

Cost of sales consists of production-related direct costs (purchases, labour etc.) plus depreciation of equipment rented to customers and sales-related transport and logistics costs.

2-19: R&D EXPENSES

R&D expenses comprise the cost of carrying out of research work, including depreciation of equipment used in this activity.

These costs are expensed in the year in which they are incurred, and are identified in the income statement.

Development expenses which meet the activation criteria are presented on the balance sheet under intangible assets (see Intangible assets) and are then amortised over six years.

2-20: SALES AND MARKETING EXPENSES

Sales and marketing expenses include the costs of sales departments, including advertising and promotional costs, and the cost of selling supplies.

2-21: IMPAIRMENT OF GOODWILL

Possible impairment of goodwill is charged to operating income. Such impairment is not reversible.

2-22: PROCEEDS FROM ASSET DISPOSALS

This includes proceeds from the disposal of tangible and intangible assets as well as shares in companies consolidated either fully or on an equity basis, and non-consolidated shares.

2-23: USE OF ESTIMATES

In order to prepare this financial information, Neopost has made estimates and used assumptions which affect the amounts presented under assets and liabilities, as well as information about contingent assets and liabilities at the date on which this financial information and the amounts presented under income and expense for the year were drawn up.

The main material estimates made when preparing the financial statements relate in particular to retirement benefit obligations, deferred taxes, goodwill, some provisions and the useful life of non-current assets.

The estimates and assessments are reviewed regularly on the basis of actual experience and various other factors considered reasonable, which form the basis of the measurement of book value for assets and liabilities. Actual outcomes might differ substantially from these estimates if different assumptions or conditions are applied.

The Group checks the need to write down goodwill at least once a year. This requires an estimate of the going concern value of the cash-generating units to which the goodwill is allocated. Determining this going concern value requires the Group to make estimates of the expected future cash flow at the cash-generating units and also to choose an appropriate discount rate to calculate the present value of these cash flows.

2-24: EARNINGS PER SHARE

Basic earnings per share are calculated by dividing earnings for the period attributable to equity holders by the weighted average number of ordinary shares in circulation during the period.

Fully-diluted earnings per share are calculated by dividing earnings for the period attributable to equity holders after restatement for the interests on the convertible bonds (OCEANE) by the weighted average number of ordinary shares in circulation during the year, adjusted for the effects of the dilutive options and of the convertible bonds (OCEANE) during the period.

The calculation for fully-diluted earnings per share only takes into account instruments which have a dilutive effect, i.e. which have the effect of reducing earnings per share. It was considered that all convertible bonds (OCEANE) had a dilutive impact.

Neopost uses the share buy-back method for stock options. In calculating fully-diluted earnings per share, dilutive options are assumed to have been exercised. The income from these instruments is assumed to have been received when the ordinary shares are issued, at the average market price during the period. The difference between the number of ordinary shares in issue and the number of ordinary shares which might have been issued at the average market price is treated as an issue of ordinary shares without offset. In this way, options only have a dilutive effect when the average market price of ordinary shares during the period exceeds the exercise price of the options.

2-25: REGULATED TRANSACTIONS IN EQUITY INSTRUMENTS

Group employees, including directors, may receive remuneration in the form of transactions where payment is based on shares. They will receive equity instruments in the future in return for service rendered. The fair value is determined by an outside consultant who uses an appropriate valuation method.

The cost of regulated transactions in equity instruments with employees is measured at the fair value of the instruments awarded at the acquisition date. The cost is recognised during the period in which the performance and/or service terms are met, with the balancing entry being an equivalent increase in equity. The cumulative expense recognised for such transactions at the end of each period until the rights acquisition date reflects the run-off of this acquisition period and the Group's best estimate at that date of the number of instruments to be acquired.

Only plans awarded after 7 November 2002, and under which rights allowing the exercise of options had not yet been vested at 1 February 2005, are recognised under IFRS 2.

The benefits of these instruments are subject to the activity of the recipient in the company at the exercise date of the options or at the delivery date of the free shares. It is not possible to settle these options or these free shares in cash.

2-26: STANDARDS USED IN PREPARING FIRST FINANCIAL STATEMENTS UNDER IFRS

Business combinations

Business combinations that predate the transition date (1 February 2004) have not been restated, in accordance with the option under IFRS 3.

Actuarial variances on retirement benefit obligations

The option under IFRS 1, consisting of posting to shareholders' equity actuarial variances not yet recognised at the transition date, has been adopted by the Group.

Cumulative translation adjustment

Balance sheets are converted into euros at the year-end exchange rate and the income statement at the average exchange rate for the year. Any translation adjustment is posted to shareholders' equity.

The Group has transferred to "consolidated reserves" the cumulative translation adjustment arising from the conversion of foreign subsidiaries accounts at 1 February 2004 after allowing for IFRS adjustments to the opening balance sheet. This adjustment had no overall impact on opening shareholders" equity at 1 February 2004. The new IFRS figure for cumulative translation adjustment is therefore zero at 1 February 2004. If these subsidiaries are sold in the future, the proceeds from the sale will not include a reversal of translation adjustments prior to 1 February 2004 but will include translation adjustments recognised after that date.

Share-based payments

A consequence of the application of IFRS 2 is the recognition at fair value of stock options awarded by Neopost to its employees. For unwound stock option plans, Neopost has applied IFRS 2 retrospectively for plans awarded after 7 November 2002, for which rights had not yet been vested at 1 February 2005.

Application of IAS 32 and IAS 39

IAS 32 and IAS 39 deal with the presentation, measurement and reporting of financial instruments. In particular, they call for systematic recognition on the balance sheet of all financial instruments as well as the posting to shareholders' equity of the fair value of the conversion option attached to debt convertible into equity instruments.

Neopost has decided to apply IAS 32 and IAS 39 from 1 February 2004.

Note 3 Scope of consolidation and accounting policies

The Group's consolidated financial statements are prepared in accordance with generally accepted accounting principles in the country of operation. Financial statements of foreign companies have been restated in accordance with Neopost group accounting principles.

The consolidated balance sheet incorporates all items of assets and liabilities along with the results of consolidated companies. Intra-Group transactions and profits relating to these operations as well as intra-Group capital gains are eliminated.

Subsidiaries controlled directly by the parent company or through other subsidiaries are consolidated using the full consolidation method. Stake is associated companies in which the investor is exercing a significant influence is consolidated using the equity method. Significant influence is assumed when the investor controls directly or through subsidiaries 20% or more of the share capital of the company.

3-1: SCOPE OF CONSOLIDATION

The consolidated financial statements include the financial statements for Neopost S.A. and its subsidiaries. The subsidiaries are consolidated on the basis of the level of control exercised by the Group and until the date on which control is transferred outside the Group. Control is the power to direct a company's financial and operational policies in order to derive profit from its activities.

Changes in the scope of consolidation for financial year 2009 are as follows:

- Neopost acquired 100% of the Swedish distributor Kontur Documents Systems AB and of the Danish distributor Scani AS. These companies are fully consolidated respectively since 13 May 2009 and 3 November 2009 and are owned by Neopost Sverige AB and by Neopost S.A.;
- Neopost USA Inc. has acquired 100% of distributors National Mailing Systems, ITS Mailing Systems Inc. (renamed ITS Neopost Inc.) and Alternative Mailing & Shipping Systems Inc. These companies are fully consolidated since respectively the 1 June 2009, 14 December 2009 and 19 January 2010;
- Mailroom Holding Inc. acquired the Satori Software Inc. assets through an ad-hoc company renamed Satori Software Inc. This company is fully consolidated at 100% from 3 September 2009;
- Neopost has completed the acquisition of Rena Gmbh, made in 2008 by acquiring Rena France the 20 April 2009 and Rena Inc. the 1 July 2009, which are fully consolidated.

Then, entity mergers occurred:

- consolidation of the French consulting operations: absorption of NBG ID and of Diva by Neopost ID the 30 June 2009. Neopost ID is fully consolidated and is 100% owned by Neopost S.A.;
- new organization of the U.S. entities:

— Neopost Inc., Hasler Inc., Mailroom Technology Inc. and Mailroom Services Inc. were merged the 2 November 2009 into Neopost Inc. renamed Neopost USA Inc., the parent company of Neopost USA Inc. is Mailroom Holding Inc.,

— Neopost Leasing Inc., Mailroom Services Inc. and Hasler Financial Services LLC merged the 2 November 2009 into the company Mail Finance Inc., the parent company of Mail Finance Inc. is Mailroom Finance Inc.

The company Dynapost, of which the Group owns 35%, is consolidated using the equity method.

3-2: FOREIGN CURRENCY PAYABLES AND RECEIVABLES

Transactions in foreign currencies are recorded at the exchange rate on the date of the transaction. All assets and liabilities denominated in foreign currencies are converted at the exchange rate on the accounting date. The gains and losses resulting from such translation are recognised in the income statement, with the exception of variances on loans or borrowings which form part of net investment in a foreign entity. These are posted directly to shareholders' equity until disinvestment.

3-3: TRANSLATION OF FINANCIAL STATEMENTS DENOMINATED IN FOREIGN CURRENCIES

The operating currency for each of the Group's entities is the currency of the economic environment in which that entity operates.

Assets and liabilities of subsidiaries operating outside France, which are presented in local currencies, are translated into euro, the currency used in the Group's financial statements, at the end of period exchange rate. Income and expenses are converted at the average exchange rate over the period.

The resulting translation variance is recognised in the translation variance reserve under shareholders' equity.

The conversion rates used for the main currencies are as follows:

		31 January 2010		31 January 2009
	Period end	Average	Period end	Average
US dollar (USD)	1.3966	1.4012	1.2816	1.4471
Pound sterling (GBP)	0.8666	0.8883	0.8979	0.8116
Canadian dollar (CAD)	1.4924	1.5735	1.5895	1.5660
Swiss franc (CHF)	1.4662	1.5069	1.4871	1.5713
Japanese yen (JPY)	126.15	129.91	114.98	149.06
Norwegian krone (NOK)	8.2120	8.5857	8.8875	8.3315
Sweden krona (SEK)	10.2388	10.4714	10.6090	9.9530
Danish kroner (DKK)	7.4443	7.4421	7.4531	7.4519

3-4: ELIMINATION OF INTERNAL MARGIN

The intra-Group margin generated by industrial subsidiaries on equipment sold to the distribution subsidiaries that rent this equipment is eliminated, and depreciation is recalculated on the basis of the new value.

The intra-Group margin generated by industrial subsidiaries on equipment sold to the distribution subsidiaries that stock this equipment is eliminated.

Note 4 Scope of consolidation at 31 January 2010

Company name and head office	Parent company	% interest	% control	Consolidation method	Number of employees
Neopost S.A. Bagneux – France APE code: 741J/SIREN code: 402 103 907 SIRET code: 402 103 907 00026		-	-	Parent	31
Satas Clichy – France APE code: 300A/SIREN code: 348 878 232 SIRET code: 348 878 232 00159	Neopost S.A.	100.00%	100.00%	Full	279
Neopost France Nanterre – France APE code: 713G/SIREN code: 378 778 542 SIRET code: 378 778 542 00266	Neopost S.A.	100.00%	100.00%	Full	362
Neopost Technologies S.A. Bagneux – France APE code: 300A/SIREN code: 662 023 910 SIRET code: 662 023 910 00125	Neopost France/ Satas	100.00%	100.00%	Full	117
Neopost Industrie S.A. Bagneux – France APE code: 741A/SIREN code: 440 736 080 SIRET code: 440 736 080 000 19	Neopost S.A./ Neopost Technologies S.A.	100.00%	100.00%	Full	384
Mail Finance Arcueil – France APE code: 713E/SIREN code: 421 591 116 SIRET code: 421 591 116 00015	Neopost S.A./ Satas/ Neopost France	100.00%	100.00%	Full	15
Mail Services Nanterre – France APE code: 713E/SIREN code: 488 197 831	Neopost S.A.	100.00%	100.00%	Full	317
Valipost Lens – France APE code: 6202A/SIREN code: 443 241 690	Neopost France	100.00%	100.00%	Full	14
Neopost ID Cavaillon – France APE code: 4719B/SIREN code: 509 700 852	Neopost S.A.	100.00%	100.00%	Full	115

Company name and head office	Parent company	% interest	% control	Consolidation method	Number of employees
Dynapost Montrouge – France APE code: 741G/SIREN code: 390 426 450	Neopost S.A.	35.00%	35.00%	Equity	-
Mailroom Holding BV Drachten – Netherlands	Neopost S.A.	100.00%	100.00%	Full	-
Neopost Technologie BV Drachten – Netherlands	Mailroom Holding BV	100.00%	100.00%	Full	287
Neopost BV Drachten – Netherlands	Mailroom Holding BV	100.00%	100.00%	Full	78
Neopost Finance BV Drachten – Netherlands	Neopost BV	100.00%	100.00%	Full	-
Neopost (Holdings) Ltd Romford, Essex – UK	Neopost S.A.	100.00%	100.00%	Full	-
AMS Holding Ltd Croydon – UK	Neopost Holdings Ltd	100.00%	100.00%	Full	-
AMS UK Croydon – UK	AMS Holdings Ltd	100.00%	100.00%	Full	-
Neopost Ltd Romford, Essex – UK	Neopost Holdings Ltd	100.00%	100.00%	Full	595
Neopost Finance Ltd Romford, Essex – UK	Neopost Ltd	100.00%	100.00%	Full	20
Neopost International Supply Ltd Romford, Essex – UK	Neopost Holdings Ltd	100.00%	100.00%	Full	16
Renaddress Ltd Waltham Abbey, Essex – UK	Neopost Ltd	100.00%	100.00%	Full	-
Neopost Technologies Ltd Loughton, Essex – UK	Neopost Technology Ltd	100.00%	100.00%	Full	186
Neopost Technology Ltd, Loughton, Essex – UK	Neopost S.A.	100.00%	100.00%	Full	-
Stielow Ltd Hertfordshire (London) – UK	Neopost GmbH & Co Kg	100.00%	100.00%	Full	-
Mail Systems Finance Romford, Essex – UK	Neopost Holdings Ltd	100.00%	100.00%	Full	3
Neopost GmbH & Co KG Munich – Germany	Neopost S.A./ Neopost Verwaltung GmbH	100.00%	100.00%	Full	356
Mail Leasing GmbH Munich – Germany	Neopost GmbH & Co KG	100.00%	100.00%	Full	1
Neopost Verwaltung GmbH Munich – Germany	Neopost S.A.	100.00%	100.00%	Full	-
AW Postcom GmbH Fribourg – Germany	Neopost GmbH & Co Kg/ Neopost Verwaltung GmbH	100.00%	100.00%	Full	-

Company name and head office	Parent company	% interest	% control	Consolidation method	Number of employees
Rena GmbH Otterfing – Germany	Neopost S.A.	100.00%	100.00%	Full	37
MW Mailtec GmbH Oberursel – Germany	Neopost GmbH & Co Kg/ Neopost Verwaltung GmbH	100.00%	100.00%	Full	-
Neopost Software & Integrated Solutions AG Rüti – Switzerland	Neopost S.A.	100.00%	100.00%	Full	29
Neopost AG Chlieren – Switzerland	Neopost S.A.	100.00%	100.00%	Full	70
Neopost Srl Milan – Italy	Neopost S.A.	100.00%	100.00%	Full	70
Neopost Rental Srl Milan – Italy	Neopost Srl/ Neopost S.A.	100.00%	100.00%	Full	-
Neopost Sprl Brussels – Belgium	Neopost S.A.	100.00%	100.00%	Full	73
Neopost Finance Sprl Brussels – Belgium	Neopost Sprl/ Neopost S.A.	100.00%	100.00%	Full	-
Neopost Ireland Ltd Dublin – Ireland	Neopost S.A.	100.00%	100.00%	Full	44
Neopost Finance Ireland Ltd Dublin – Ireland	Neopost S.A.	100.00%	100.00%	Full	2
Mailroom Equipment Ltd Dublin – Ireland	Neopost S.A.	100.00%	100.00%	Full	-
Neopost Mailing Logistic Systems (SI) Barcelona – Spain	Neopost S.A.	100.00%	100.00%	Full	7
Neopost Norge AS Oslo – Norway	Neopost S.A.	100.00%	100.00%	Full	50
Mailgraph AS Oslo – Norway	Neopost Norge AS	100.00%	100.00%	Full	-
Neopost Sverige AB Bromme – Sweden	Neopost S.A.	100.00%	100.00%	Full	26
Kontur AB Solna – Sweden	Neopost Sverige AB.	100.00%	100.00%	Full	67
Kontur Gruppen Solna – Sweden	Neopost Sverige AB.	100.00%	100.00%	Full	-
Kontur Gmp Solna – Sweden	Neopost Sverige AB.	100.00%	100.00%	Full	-
Kontur Finans Solna – Sweden	Neopost Sverige AB.	100.00%	100.00%	Full	-
Scani AS Rødovre – Denmark	Neopost S.A.	100.00%	100.00%	Full	45
Mailroom Holding Inc. Milford, Connecticut – USA	Neopost S.A.	100.00%	100.00%	Full	-

Company name and head office	Parent company	% interest	% control	Consolidation method	Number of employees
Neopost USA Inc.					
Milford, Connecticut – USA	Mailroom Holding Inc.	100.00%	100.00%	Full	1 545
Neopost Online Inc.					
Redwood City, California – USA	Neopost USA Inc.	93.79%	93.79%	Full	-
Neopost Software & Integrated Solutions Inc.					
Austin, Texas – USA	Neopost USA Inc.	100.00%	100.00%	Full	46
Mail Finance Inc.					
Milford, Connecticut – USA	Mailroom Finance Inc.	99.99%	100.00%	Full	-
Mailroom Finance Inc,					
Milford, Connecticut – USA	Mailroom Holding Inc.	100.00%	100.00%	Full	-
Satori Software Inc.					
Seattle, Washington – USA	Mailroom Holding Inc	100.00%	100.00%	Full	58
ISME					
Hauppauge, New-York – USA	Neopost USA Inc.	100.00%	100.00%	Full	-
Neopost TCC Inc.					
Plantsville, Connecticut – USA	Neopost USA Inc.	100.00%	100.00%	Full	-
Shannon Business Systems Inc.					
Towson, Maryland – USA	Neopost USA Inc.	100.00%	100.00%	Full	-
Modular Mailing Systems Inc.					
Tampa, Florida – USA	Neopost USA Inc.	100.00%	100.00%	Full	-
Milwaukee Mailing & Shipping Equip. Inc.					
Brookfield, Wisconsin – USA	Neopost USA Inc.	100.00%	100.00%	Full	-
San Diego Postal & Shipping Equip. Inc.					
Poway, California – USA	Neopost USA Inc.	93.79%	93.79%	Full	-
Alternative Mailing & Shipping Systems Inc.					
Atlanta, Georgia – USA	Neopost USA Inc.	100.00%	100.00%	Full	-
National Mailing Systems Inc.					
Mc Lean, Virginia – USA	Neopost USA Inc.	100.00%	100.00%	Full	-
DMSE. Inc.					
St Cloud, Minnesota – USA	Neopost USA Inc.	100.00%	100.00%	Full	-
ITS Neopost Inc.					
Norristown, Pennsylvania – USA	Neopost USA Inc.	100.00%	100.00%	Full	-
Priority Mailing Systems LLC					
Torrance, California – USA	Neopost USA Inc.	58.00%	100.00%	Full	-
Neopost Canada Ltd					
Markham, Ontario – Canada	Neopost S.A.	100.00%	100.00%	Full	140
Neopost Leasing Canada					
Scarborough, Ontario – Canada	Mail Finance Inc.	99.99%	100.00%	Full	-
Neopost India Private Ltd					
Gurgaon – India	Neopost International Supply Ltd	100.00%	100.00%	Full	-
Neopost Japan					
Tokyo – Japan	Neopost S.A.	100.00%	100.00%	Full	21
Neopost Hong Kong Ltd					
Northpoint – Hong Kong	Neopost Industrie S.A.	100.00%	100.00%	Full	11

Note 5 Goodwill

Gross goodwill at 31 January 2008	**575.0**
Acquisitions	80.2
Other	1.3
Translation difference	13.1
Gross goodwill at 31 January 2009	**669.6**
Acquisitions	88.3
Other	(0.9)
Translation difference	(9.1)
Gross goodwill at 31 January 2010	**747.9**

In 2009, the goodwill variation is mainly explained by the goodwill of 37,3 million euros recorded with the acquisition of local distributors in the United States, the goodwill of 10.5 million euros recorded with the Kontur Documents Systems AB acquisition, the goodwill of 21.6 million euros recorded with the Satori Software Inc. acquisition and the goodwill of 16.0 million euros recorded with the Scani AS acquisition.

All these acquisitions were paid by the Group through its available financing lines.

In 2008, the goodwill variation is mainly explained by the goodwill of 56,5 million euros recorded with the acquisition of distributeurs locaux aux États-Unis, the goodwill of 24,1 million euros recorded with the acquisition of PFE International Ltd, the goodwill of 4,7 million euros recorded with the acquisition of NBG ID, the goodwill of 4,7 million euros recorded with the acquisition of Neopost Sverige AB, the goodwill of 4,0 million euros recorded with the acquisition of Rena Gmbh and the goodwill of 3,1 million euros recorded with the acquisition of Office System AG.

5-1: ACQUISITIONS

(In millions of euros)	Kontur Documents Systems AB	Scani AS	Satori Software Inc.	US Dealers	Other	Total
Tangible fixed assets	0.1	1.1	0.4	1.1	0.1	2.8
Intangible fixed assets	0.6	0.8	3.4	-	-	4.8
Inventories	2.4	2.5	-	2.7	0.2	7.8
Accounts receivables	21.0	0.7	1.0	2.1	0.3	25.1
Other receivables	0.4	0.1	0.1	-	-	0.6
Treasury	1.4	2.1	0.2	-	-	3.7
Total assets	**25.9**	**7.3**	**5.1**	**5.9**	**0.6**	**44.8**
Deferred income	-	1.7	4.0	3.2	-	8.9
Trade payables & other payables	22.1	5.4	1.1	1.0	1.9	31.5
Long term provisions	2.1	-	1.0	-	-	3.1
Total liabilities	**24.2**	**7.1**	**6.1**	**4.2**	**1.9**	**43.5**
Net total assets	**1.7**	**0.2**	**(1.0)**	**1.7**	**(1.3)**	**1.3**
Acquisition price	**12.0**	**16.1**	**20.0**	**37.3**	**1.3**	**86.7**
including earn out	-	-	10.5	0.7	1.0	12.2
Goodwill	**10.3**	**15.9**	**21.0**	**35.6**	**2.6**	**85.4**
Acquisition fees	**0.2**	**0.1**	**0.6**	**1.7**	**0.3**	**2.9**
Gross goodwill	**10.5**	**16.0**	**21.6**	**37.3**	**2.9**	**88.3**

Recognition of these acquisitions is provisional since the fair value of the assets, liabilities in the businesses acquired was not finally determined before the end of the period. It will be finally determined within 12 months of change of control.

The acquisitions made in 2009 are not significant enough to require pro forma disclosures. The turnover and results of acquired companies are not significant and therefore are not detailed.

Goodwill is broken down by cash-generating unit, which is by country for the Group's traditional businesses.

	France	USA	UK	Germany	Netherlands	Switzerland	Satori	Denmark	Sweden	Norway	Other	Total
Gross goodwill at 31 January 2009	175.5	233.9	103.2	66.7	20.9	29.0	-	-	4.8	3.9	31.7	669.6
Gross goodwill at 31 January 2010	175.5	264.2	103.2	66.9	20.9	29.1	20.5	16.0	15.4	5.0	31.2	747.9

5-2: GOODWILL IMPAIRMENT TEST

Concerning the Group traditional activities, the cash-generating units are the countries due to the fact that each country has its own postal reglementation. An impairement test is performed at least once a year through the calculation at the present value of the future cash flows. This cash flows are based on a three year forecast made by the Group for the start-up companies (Neopost Sverige AB, Kontur Documents Systems AB, Satori Software Inc. and Scani AS) and for the other entities, the Group uses as an assumption, a 2.5% EBITDA[a] growth during 3 years (of which 1.5% for inflation). Beyond that explicit time horizon, the terminal value is calculated based on a 2.5% growth of the last cash flow. Operating margins are reallocated by cash generating units. The discounting rate is the weighted average cost of capital, for which the tax rate has been restated and to which a specific risk premium might be added.

At 31 January 2010, the present value calculation of tyhe future cash flow sis based on an after-tax discount rate of 8.4%, which is made up a 7.4% WACC and a 1% risk premium, restated by the tax rate into force in each country.

The goodwills were tested for impairment based on their utility value. This test does not rate a doubt on the book value of these goodwill.

The net book value of goodwill at 31 January 2010 has not been revised down by the impairment tests.

For the three main cash-generating units the following scenarii have been retained:

	France	USA	UK
Inflation	1.5%	1.5%	1.5%
EBITDA growth	2.5%	2.5%	2.5%
Discount rate	8.4%	8.4%	8.4%
WACC	7.4%	7.4%	7.4%
Interest rate risk	1.0%	1.0%	1.0%
Tax rate	34.3%	41.0%	28.0%

The goodwill impairment test sensitivity for each cash generating unit was analysed by raising the discount rate to 9.4%, or by decreasing the EBITDA growth rate to 1.5%. In both cases, the sensitivity analyses do not call into question the book value of the cash generating units.

(a) EBITDA is the sum of current operating income, depreciation of tangible and intangible assets.

Note 6 Intangible fixed assets

	Concessions, rights, licences	Development costs	Other	Total
Gross value at 31 January 2008	**44.9**	**64.5**	**49.0**	**158.4**
Acquisitions	16.8	-	11.5	28.3
Capitalisation	-	9.0	-	9.0
Disposals	-	-	(2.8)	(2.8)
Other changes	-	-	0.3	0.3
Translation difference	3.8	-	0.7	4.5
Gross value at 31 January 2009	**65.5**	**73.5**	**58.7**	**197.7**
Acquisitions	4.5	-	1.9	6.4
Capitalisation	-	10.2	-	10.2
Disposals	(11.2)	(21.6)	(24.2)	(57.0)
Other changes	-	-	5.0	5.0
Translation difference	(1.7)	-	(1.6)	(3.3)
Gross value at 31 January 2010	**57.1**	**62.1**	**39.8**	**159.0**
Cumulative amortisation	(41.1)	(35.5)	(16,6)	(93.2)
Net book value at 31 January 2010	**16.0**	**26.6**	**23,2**	**65.8**

Change in intangible assets is mainly due to the capitalisation of the R&D costs and IT implementation projects (reported in column "Other").

	Concessions, rights, licences	Development costs	Other	Total
Amortisation at 31 January 2008	**33,8**	**42,1**	**35,2**	**111,1**
Charges	7.2	7.1	3.1	17.4
Disposals	-	-	(0.5)	(0.5)
Other changes	-	-	0.3	0.3
Translation difference	2.9	-	0.5	3.4
Amortisation at 31 January 2009	**43,9**	**49.2**	**38.6**	**131.7**
Charges	10.0	7.9	1.6	19.5
Disposals	(11.0)	(21.6)	(23.8)	(56.4)
Other changes	-	-	0.4	0.4
Translation difference	(1.8)	-	(0.2)	(2.0)
Amortisation at 31 January 2010	**41.1**	**35.5**	**16.6**	**93.2**

The intangible assets impairment test was performed on the 31 January 2010 according to note 2 section "Impairment test".

Note 7 Tangible fixed assets

	Land and buildings	Machinery and equipment	Rental equipment	Other	Total
Gross value at 31 January 2008	**30.4**	**101.4**	**404.3**	**27.5**	**563.6**
Acquisitions	1.1	8.0	30.9	7.0	47.0
Disposals/retirement	(3.8)	(15.0)	(80.5)	(5.8)	(105.1)
Other changes	1.0	11.5	0.1	7.7	20.3
Translation difference	1.0	1.0	22.5	(1.6)	22.9
Gross value at 31 January 2009	**29.7**	**106.9**	**377.3**	**34.8**	**548.7**
Acquisitions	0.9	10.8	26.0	5.5	43.2
Disposals/retirement	(1.8)	(22.7)	(150.1)	(2.6)	(177.2)
Other changes	0.7	(5.0)	0.1	5.3	1.1
Translation difference	(0.6)	(2.0)	(13.4)	0.2	(15.8)
Gross value at 31 January 2010	**28.9**	**88.0**	**239.9**	**43.2**	**400.0**
Cumulative depreciation	(14.1)	(60.1)	(161.3)	(24.5)	(260.0)
Net book value at 31 January 2010	**14.8**	**27.9**	**78.6**	**18.7**	**140.0**

At 31 January 2010, the fully depreciated franking machines were disposed (decrease in the gross value and depreciation) for 74.3 million dollars in the USA, 69 million euros for the French subsidiary Satas and 23.1 millions for the subsidiary Neopost France.

At January 2009, the revision of the installed base of the fully depreciated franking machines led our subsidiary Neopost France to record a disposals for 54.9 million euros.

	Land and buildings	Machinery and equipment	Rental equipment	Other	Total
Depreciation at 31 January 2008	**14.4**	**76.6**	**321.0**	**17.0**	**429.0**
Charges	1.4	7.1	34.7	4.7	47.9
Disposals/retirement	(3.1)	(11.7)	(80.5)	(3.5)	(98.8)
Other changes	0.1	8.6	-	0.4	9.1
Translation difference	0.3	1.6	15.2	(0.4)	16.7
Depreciation at 31 January 2009	**13.1**	**82.2**	**290.4**	**18.2**	**403.9**
Charges	1.2	5.7	31.4	4.6	42.9
Disposals/retirement	(0.4)	(23.1)	(149.7)	(1.6)	(174.8)
Other changes	0.3	(2.8)	-	3.3	0.8
Translation difference	(0.1)	(1.9)	(10.8)	-	(12.8)
Depreciation at 31 January 2010	**14.1**	**60.1**	**161.3**	**24.5**	**260.0**

The tangible assets impairment test was performed on the 31 January 2010 according to note 2 section “Impairment test”.

Note 8 Other non-current financial assets

Other non-current financial assets can be broken down as follow:

	31 January 2010	31 January 2009
Investments in associated companies	2.7	2.9
Other non-current financial assets	12.2	28.6
Total	**14.9**	**31.5**

8-1: INVESTMENTS IN ASSOCIATED COMPANIES

	31 January 2010	31 January 2009
Investments in associated companies		
Dynapost	2.7	2.9

Dynapost, whose contribution to the Group shareholders' equity amounted to 2.7 million euros at 31 January 2010, is consolidated using the equity method. The company's contribution to earnings in the period ended 31 January 2010 was 0.4 million euros. Neopost S.A. received 0.5 million euros in dividends from Dynapost in the 2009 financial year.

8-2: OTHER FINANCIAL ASSETS NON-CURRENT

	31 January 2010	31 January 2009
Other financial assets		
Deposits, loans and guarantees	7.5	19.9
Net retirement plan asset	0.6	4.8
Assets available for sale	4.2	4.2
Financial instruments non current	0.5	-
Other	0.5	0.4
Total other financial assets – gross value	**13.3**	**29.3**
Provisions for impairment of assets available for sale	**(1.1)**	**(0.7)**
Total	**12.2**	**28.6**

The net pension plan asset is related to the United Kingdom.

The available for sale assets represent the stake hold by Neopost S.A. in a private equity venture for industrial purposes. The variation of the exercise by the results is non significant. Other financial assets impairment test was performed the 31 January 2010 following the methodology described in note 2.2.

At 31 January 2010, the deposits, loans and guarantees contain in particular a deposit for 3.3 million euros related to liquidity contract.

Note 9 Receivables

	31 January 2010	31 January 2009
Accounts receivable		
Gross value	200.6	181.2
Depreciation	(12.3)	(13.5)
Total	**188.3**	**167.7**
Lease receivables		
Short term	185.7	179.2
Long term	336.5	325.3
Gross value	**522.2**	**504.5**
Depreciation	(10.5)	(8.8)
Total	**511.7**	**495.7**
Other long term receivables	19.1	9.2
Tax receivables	35.0	20.8
Short-term miscenalleous receivables	8.8	19.2
Net other receivables	**62.9**	**49.2**
Total	**762.9**	**712.6**

	31 January 2010	31 January 2009
Accounts receivable – Gross value		
Not overdue	83.8	92.1
Overdue:	116.8	89.1
• < 30	43.2	24.1
• 31-60	29.7	31.8
• 61-90	9.8	10.1
• 91-180	13.9	9.6
• 181-360	13.1	8.9
• > 360	7.1	4.6
Total	**200.6**	**181.2**

Receivables overdue by less than 60 days are mainly explained by contractual terms of payments of less than 30 days.

The credit risk is limited because of the diversity and the number of customers (800,000 customers) on one hand, and because of the low unit value of each contract on the other hand.

	31 January 2010	31 January 2009
Accounts receivable -Depreciation		
Depreciation at the beginning of the year	13.5	13.1
Charges	2.2	4.1
Used	(3.0)	(3.8)
Non used	-	(0.2)
Translation difference	(0.4)	0.3
Total	**12.3**	**13.5**

FINANCING LEASES

	31 January 2010	31 January 2009
Non-current receivables		
Financing leases – gross receivables	404.6	394.5
Unearned financial income	(68.1)	(69.2)
Total	**336.5**	**325.3**
Current receivables		
Financing leases – gross receivables	241.1	226.8
Unearned financial income	(55.4)	(47.6)
Total	**185.7**	**179.2**
Gross receivables on financing leases		
Less than one year	241.1	226.8
1 to 5 years	399.4	390.0
More than 5 years	5.2	4.5
Total gross receivables	**645.7**	**621.3**
Unearned financial income on financing leases	**(123.5)**	**(116.8)**
Net investment in financing leases		
Less than one year	185.7	179.2
1 to 5 years	331.4	321.0
More than 5 years	5.1	4.3
Total	**522.2**	**504.5**

The increase in lease receivables relates to the increasing extension of the leasing offer to the indirect distribution networks in North America, to the European subsidiaries and to the new subsidiaries created during the switch to a direct distribution mode.

The following information required by IAS 17 relating to finance lease lessor does not apply to Neopost:

- unguaranteed residual values;
- contingent rents recognised in the income for the period.

ANALYSIS BY MATURITY

	Gross at 31 January 2010	Less than 1 year	1 to 5 years	More than 5 years
Accounts receivable	200.6	200.6	-	-
Lease receivables				
Short term	185.7	185.7	-	-
Long term	336.5	-	331.4	5.1
	522.2	**185.7**	**331.4**	**5.1**
Net other receivables	62.9	43.8	18.4	0.7
Total	785.7	430.1	349.8	5.8

Provisions on trade receivables are not splitted by maturity. However, their amount is relatively low and corresponds mainly to receivables over 180 and 360 days.

Provisions on lease receivables are splitted by maturity. They are however not significant in terms of the amount of receivables.

Other receivables relate to other debtors. They are spread over a large part of Group companies. However, we can isolate 2.8 million euros (12.1 million euros at 31 January 2009) in Neopost S.A. under exchange rate guarantees. These guarantees contracts expire at the latest within four months after closing and are not depreciated.

	Gross at 31 January 2009	Less than 1 year	1 to 5 years	More than 5 years
Accounts receivables	181.2	181.2	-	-
Lease receivables				
Short term	179.2	179.2	-	-
Long term	325.3	-	321.0	4.3
	504.5	**179.2**	**321.0**	**4.3**
Net other receivables	49.2	41.9	6.9	0.4
Total	734.9	402.3	327.9	4.7

ANALYSIS BY CURRENCY

	Gross at 31 January 2010	EUR	USD	CAD	GBP	CHF	NOK	SEK	JPY	DKK
Accounts receivables	200.6	86.1	84.2	2.6	16.4	3.8	1.8	3.8	0.7	1.2
Lease receivables										
Short term	185.7	53.5	103.8	5.5	21.7	0.2	1.0	-	-	-
Long term	336.5	109.1	144.6	8.3	65.2	0.9	3.5	4.9	-	-
	522.2	**162.6**	**248.4**	**13.8**	**86.9**	**1.1**	**4.5**	**4,9**	**-**	**-**
Net other receivables	62.9	38.8	19.3	0.3	-	0.2	3.6	0.7	-	-
Total	785.7	287.5	351.9	16.7	103.3	5.1	9.9	9.4	0.7	1.2

	Gross at 31 January 2009	EUR	USD	CAD	GBP	CHF	NOK	SEK	JPY	AUD
Accounts receivable	181.2	84.9	69.6	1.8	16.0	5.9	1.0	0.9	0.9	0.2
Lease receivables										
Short term	179.2	52.2	102.4	4.6	20.0	-	-	-		
Long term	325.3	102.4	157.9	6.9	58.1	-	-	-		
	504.5	**154.6**	**260.3**	**11.5**	**78.1**	**-**	**-**	**-**		
Net other receivables	49.2	39.0	8.9	-	0.5	0.5	0.3	-		
Total	**734.9**	**278.5**	**338.8**	**13.3**	**94.6**	**6.4**	**1.3**	**0.9**	**0.9**	**0.2**

Note 10 Inventories and work in progress

	31 January 2010	31 January 2009
Gross value	69.1	55.0
Depreciation	(12.8)	(9.5)
Total	**56.3**	**45.5**

	31 January 2010			31 January 2009		
	Gross value	Depreciation	Net	Gross value	Depreciation	Net
Work in progress	2.6	-	2.6	2.5	-	2.5
Raw materials	13.6	(2.9)	10.7	13.0	(3.3)	9.7
Finished goods	45.9	(7.4)	38.5	34.8	(4.4)	30.4
Spare parts for maintenance	7.0	(2.5)	4.5	4.7	(1.8)	2.9
Total	**69.1**	**(12.8)**	**56.3**	**55.0**	**(9.5)**	**45.5**

Note 11 Provisions

	31 January 2009	Added	Used	Non used	Other	31 January 2010	Short term portion	Long term portion
Structure optimisation	16.6		(14.4)	-	(1.0)	1.2	1.2	-
Reorganisation and restructuring	8.2	2.9	(4.8)	-	0.8	7.1	7.1	-
Retirement benefit obligations	8.1	0.7	(0.4)	(0.1)	(0.2)	7.8	0.6	7.2
Provisions for business risk	2.2	-	(0.1)	-	(2.0)	0.1	0.1	-
Customer guarantees	1.5	0.1	(0.5)	-	(0.1)	1.0	1.0	-
Other	12.2	3.7	(6.1)	(2.6)	2.8	10.3	8.6	1.7
Total	**48.8**	**7.4**	**(26.3)**	**(2.7)**	**0.3**	**27.5**	**18.6**	**8.9**

	31 January 2008	Added	Used	Non used	Other	31 January 2009	Short term portion	Long term portion
Structure optimisation	20.5	-	(5.0)	-	1.1	16.6	16.6	-
Reorganisation and restructuring	9.1	2.9	(2.9)	(1.2)	0.3	8.2	8.1	0.1
Retirement benefit obligations	24.8	2.3	(12.2)	(0.3)	(6.5)	8.1	0.3	7.8
Provisions for business risk	1.9	0.3	(0.2)	-	0.2	2.2	2.0	0.2
Customer guarantees	1.5	0.9	(1.0)	-	0.1	1.5	1.5	-
Other	7.2	5.5	(3.4)	-	2.9	12.2	9.2	3.0
Total	**65.0**	**11.9**	**(24.7)**	**(1.5)**	**(1.9)**	**48.8**	**37.7**	**11.1**

11-1: STRUCTURE OPTIMISATION

At the end of January 2008, the Group decided to speed up a number of optimisation programmes, in particular relating to research and development, the supply chain and distribution.

20.5 million euros of provisions were recognised for these optimisation programmes in the financial statements as at 31 January 2008. The remaining provision as at 31 January 2010 was 1.2 million euros (16.6 million euros as at 31 January 2009).

Projects associated with this provision has been made:

- regrouping of three centres in the United States has been achieved;
- two logistics platforms, one in Europe and the other one in North America have been set-up. The systematic use of direct delivery to the customer from the factory and rationalization of units refurbishment of older models of franking machines is effective;
- the optimization of the distribution in the United States is complete. The headquarters of the two distribution subsidiaries have been regrouped on the east coast and call centres have been moved in Dallas.

11-2: RETIREMENT BENEFIT OBLIGATIONS

The Group provides to its employees with various kinds of benefits on retirement and end of career iondemnity as well as other post-employment benefits.

These pension plans depend on the local legislation of the country, in which the activity is pursued, and historical practices of the concerned subsidiary.

Pension obligations relative to Neopost Ltd account for 80% of total Group obligations.

The majority of pension obligations in the UK and the US are financially hedged.

The retirement benefits of French employees are not covered by investments in pension funds except at Neopost France and Satas, which have covered part of their retirement benefit obligations through investments in funds managed by insurance companies.

Termination benefits are generally lump-sum payments based upon the number of years served by the employee and his/her salary at retirement or termination of employment. Pension benefits are generally determined using a formula based on the number of years served by the employee and his/her average final earnings.

Defined contribution plans: The cost of these plans is accounted as an expense on the basis of contributions made.

Defined benefit plans: The liabilities are measured on the basis of actuarial valuations using the projected unit of credit method. These calculations use assumptions regarding mortality rates, staff turnover and wages which reflect the economic conditions in each country or for each Group company. Liabilities are recognised under “Provisions for retirement benefit obligations”.

In the first half of 2006, the defined benefit scheme in the UK was closed. The rights built up have been frozen and the deficit will be cleared by the Group. A new defined contribution scheme has been set up.

First-time adoption of IFRS option used by the Group: in accordance with IAS 19, the Group has decided to recognise all actuarial gains and losses on pension generated during the financial year on post employment plan in shareholder’s equity (SORIE).

	31 January 2010	31 January 2009
Change in value of obligations		
Present value of obligations (DBO) at start of period	90.1	122.0
Service cost	0.8	1.8
Discounting cost	5.0	5.7
Actuarial (gains) or losses	17.4	(22.1)
Payments made	(3.7)	(4.0)
Effect of reductions/liquidation	0.0	1.0
Other (translation difference)	3.0	(14.3)
Present value of liabilities (DBO) at end of period	**112.6**	**90.1**
End of period DBO relating to fully or partly-funded schemes	101.8	80.2
End of period DBO relating to unfunded or not fully funded schemes	10.8	9.9
Movement in hedging assets		
Fair value of hedging assets at beginning of period	86.6	97.5
Expected return on scheme assets	5.0	5.5
Actuarial gains (losses)	5.8	(10.7)
Contributions paid by employer	8.5	11.4
Payments made by fund	(3.4)	(3.3)
Other (translation difference)	3.2	(13.8)
Fair value of hedging assets at end of period	**105.7**	**86.6**
Financial hedging		
Schemes' position	(6.9)	(3.5)
(Provision)/Asset	**(6.9)**	**(3.5)**
Of which recognized in Assets	0.9	4.8
Of which recognized in Liabilities	(7.8)	(8.3)
Amount recognised through income statement for period		
Service cost	0.8	2.0
Discounting cost	5.0	5.5
Expected return on scheme assets	(5.0)	(5.5)
Total retirement benefit expense	**0.8**	**2.0**
Amount recognised in statement of recognised income and expense for period		
Actuarial gains (losses)	**(11.6)**	**11.4**
On obligations	(17.4)	22.1
On hedging assets	5.8	(10.7)
Amount recognised in statement of recognised income and expense to date	**5.5**	**17.1**
Actuarial assumptions*		
Discount rate (%)	5.6%	6.8%
Expected long-term inflation rate (%)	3.6%	3.6%
Expected long-term rate of annuity increases (%)	3.5%	3.4%
Expected return on assets (%)	6.2%	6.3%
Effective return on assets plan (%)	13.0%	5.4%
Breakdown of hedging assets		
Bonds	35%	30%
Equities	51%	53%
Real estate	6%	6%
Other investments	8%	11%

* The above actuarial assumptions relate to the English subsidiary which accounts on its own for 80% of "provisions for retirement benefit obligations".

Pension liabilities were as follows over the last 5 years:

(In million euros)	31 January 2010	2009	2008	2007	2006
Obligation – Present value	112.6	90.1	122.0	138.0	140.1
Fair value of assets	105.7	86.6	97.5	98.4	85.8
Surplus/ (deficit) in plan	**6.9**	**3.5**	**24.5**	**39.6**	**54.3**
Actuarial differences :					
* on liabilities	(17.4)	22.1	3.6	7.6	(16.8)
* on assets	5.8	(10.7)	(0.2)	1.9	11.2

In 2010, contributions paid by the employer are estimated at 6 million euros.

The discount rates used are based on the yields on bonds issued by good quality companies (AA) or, where the market is not liquid, on government bonds with the same maturity as the calculations (reference: Iboxx). These references are in accordance with the requirements of IAS 19 and are the same as those used in previous years.

The expected yield on the assets has been based on the weighted average of the expected yields on the hedging assets.

The expected rate of return on assets varies greatly depending on asset class in question. Based on the asset breakdown at 31 January 2010, it averaged 6.2% as in 2008.

The effective return on assets plan in 2009 is a gain of 13.0% versus a loss of 5.4% in 2008.

Actuarial differences are systematically accounted in shareholder's equity and reported in the state "Statement of recognised income and expense". Accumulated actuarial gains of 5.5 million euros at 31 January 2010 versus 17.1 million euros at 31 January 2009.

Note 12 Financial instruments and financial debts

Neopost's financing strategy is coordinated by the Group Chief Financial Officer. All Group exposure to interest rate and exchange rate risk is centralised within the Group cash management department.

Financial instruments mentioned in the notes 12 and 20, especially those presented in note 12.1 are level 2 financial instruments, for which fair value is based on observable data and for which non observable parameter are nonexistent.

12-1: ANALYSIS OF BALANCE SHEET BY FINANCIAL INSTRUMENTS

			Breakdown by instrument category				
31 January 2010	Book value	Fair value	Fair value through P&L	Available for sale assets	Loans and receivables/ Debts	Debts at amortised costs	Derivative instruments
Other non-current financial assets	14.9	14.9	-	5.8	9.1	-	-
Leasing receivables [e]	511.7	529.4	-	-	529.4	-	-
Other long-term receivables	19.1	19.1	-	-	19.1	-	-
Receivables [a]	188.3	188.3	-	-	188.3	-	-
Other receivables [a]	8.8	8.8	-	-	8.8	-	-
Derivative financial instruments [b]	0.6	0.6	-	-	-	-	0.6
Cash and cash equivalents [d]	138.7	138.7	138.7	-	-	-	-
Assets	**882.1**	**899.8**	**138.7**	**5.8**	**754.7**	**-**	**0.6**
Financial debts and bank overdrafts [c]	854.7	878.8	202.9	-	-	675.9	-
Other long-term debts	18.9	18.9	-	-	18.9	-	-
Accounts payable [a]	52.2	52.2	-	-	52.2	-	-
Other operating liabilities [a]	221.3	221.3	-	-	221.3	-	-
Derivative financial instruments [b]	10.5	10.5	-	-	-	-	10.5
Liabilities	**1,157.6**	**1,181.7**	**202.9**	**-**	**292.4**	**675.9**	**10.5**

(a) Historical cost valuation.

(b) Valuation method described in note 2-15.

(c) The fair value of the debt is the portion of the US private placement that was swapped at the issuance for an amount of 75 million and the portion of the OCEANE that was swapped for 150 million euros. The swap and the debt are accounted for at their fair value as mentioned in note 20.

Concerning the debt accounted for at amortized cost, the main amounts are broken down as follow:

- The drawdown on the credit revolving line for an amount of 257.6 million euros. The drawdown are performed on a monthly basis and with a variable rate (EURIBOR and USD LIBOR), there is no difference between the fair value and the value as appearing in the balance sheet.
- Concerning the fixed rate debts, the fair value has been calculated from the yield curve as at 31 January 2010. The difference between the fair value and the value as appearing in the balance sheet is 24 million euros.
- Concerning the other variable rate debts, there is no difference between the fair value and the value as appearing in the balance sheet.

Debt in foreign currencies valuation was performed at constant exchange rates.

(d) Valuation based on realized value.

(e) Due to the important number of deals handled by the *Group* leasing entities, the Group did not perform an individual valuation for each deal. The assumptions that were used are the following: Average maturity of the portfolio of 3 years, a yield curve with a term at 31 January 2010 and a constant exchange rate. The valuation is perform excluding credit spread. Concerning the US portfolio "Postage Finance", it is constituted of very short term maturity (less than a month) and a renewable credit, the fair value considered is the one as mentioned in the balance sheet.

12-2: ANALYSIS BY TYPE OF DEBT

	Short-term debt	Short-term part of long-term debt	Long-term debt	31 January 2010	31 January 2009
Convertible Bonds (OCEANE) [a]	**-**	**3.2**	**285.3**	**288,5**	**-**
Revolving credit facility [b]	-	257.5	-	257.5	486.6
Accrued interest and other	-	0.1	-	0.1	0.1
Bank loans	**-**	**257.6**	**-**	**257.6**	**486.7**
US private placement USD175m [c]	-	125.2	-	125.2	136.7
US private placement EUR25m	-	25.0	-	25.0	25.0
Accrued interest	-	2.8	-	2.8	2.6
US private placements [d]	**-**	**153.0**	**-**	**153.0**	**164.3**
Caisses Régionales Credit Agricole private placement	-	-	133.0	133.0	133.0
Accrued interest	-	0.8	-	0.8	0.8
CRPP private placement [e]	**-**	**0.8**	**133.0**	**133.8**	**133.8**
Natixis BPCE private placement [f]	**-**	**0.5**	**-**	**0.5**	**-**
Debt on leased assets	-	0.7	0.3	1.0	1.3
Other [g]	3.5	5.2	11.6	20.,3	15.4
Other debt	**3.5**	**5.9**	**11.9**	**21.3**	**16.7**
Total debt	**3.5**	**421.0**	**430.2**	**854.7**	**801.5**

(a) Neopost issued Bonds Convertible or Exchangeable for New or Existing Shares (OCEANE) on 21 October 2009 with a maturity of 1st February 2015, representing 3,622,750 convertible bonds, with a par value of 82.81 euros each, quoted on Euronext Paris under the ISIN number FR0010814061, with a fixed rate of 3.75%. IFRS accounting entails an initial debt for 284.5 million euros and equity for 10.2 million euros, representing a debt issued at 4.8822%. Debt has been swapped against variable rate for a notional amount of 150 million euros. The debt amount takes into account the fair value of the debt and the swap, the impact in the profit & loss statement is close to zero.

(b) On 22 June 2007, Neopost arranged a multi-currency revolving credit line for the equivalent of 750 million euros to replace all Neopost group facilities which have been cancelled at the same time (including leasing revolving facilities). The interest rate is indexed to Euribor or Libor for the relevant currency over the relevant period of drawdown plus a margin of 0.20%. This credit line comes to term in June 2012, for the original amount. Thanks to the exercise of the extension option, the maturity has been extended until June 2013 for a national amount of 675 million euros. At the end of January, Neopost had drawn 100 million euros and 220 million dollars.

(c) On 16 September 2003, Neopost completed a private placement in the USA, comprising three tranches. The first tranche consisted of 175 million dollars of notes redeemable in September 2010 and paying interest at 4.83%. The second tranche consisted of 10 million dollars of notes redeemed in September 2008 and paying interest at 3-month USD Libor plus 0.55%. The third tranche consisted of 25 million euros of notes redeemable in September 2010 and paying interest at 4.52%.

(d) Of the 175 million dollars of the US private placement, 75 million dollars at variable rates were swapped on the day the debt was issued. The amount of the debt presented above reflects the fair value of the debt and the swap, with the impact being a 0.1 million euros decrease in liabilities at 31 January 2010.

(e) On 1st December 2006, December 2012. The interest paid on this debt is structured interest which was swapped on issue, with the conditions and terms being the same as the debt tranches. After the swap, the debt carries a fixed interest of 4.094%.

(f) Neopost concluded on 15 September 2009 a private placement with Natixis and Banques Populaires-Caisses d'Epargne for a notional amount of 175 million euros. This private placement is concluded as revolving credit line for which the notional amounts are linearly amortised starting in September 2011. This credit line has for maturity date September 2014. This credit line is not used at the closing date. Interest rates are based on the IBOR for the period +1.90%.

(g) Other debt at 31 January 2009 mainly includes: 3.5 million euros of bank overdrafts; 11.0 million euros of profit-sharing and incentive payments deposited by employees with the Group's French entities.

The debt resulting from the September 2003, December 2006, June 2007 and September 2009 private placements and revolving credit facility are subject to covenants such as net debt to EBITDA ratio and minimum net assets.

The shareholders' equity of the Group must not be less than 400 million euros.

The covenant net debt to EBITDA ratio for the US private placement is calculated on the basis of the consolidated financial statements, EBITDA is calculated by adding depreciation amortisation and provisions (net of reversals) for the period to operating income. The net debt to EBITDA ratio must be 3 or less.

The covenant net debt to EBITDA ratio for the CRPP private placements, the Natixis-BPCE private placement and revolving credit facility is calculated using the same method. The net debt to EBITDA ratio must be 3.25 or less.

Failure to comply with these covenants may lead to early repayment of the debt.

Neopost complied with all covenants at 31 January 2010.

The convertible bonds (OCEANE) are not submitted to any covenant.

12-3: ANALYSIS BY CURRENCY

	31 January 2010	31 January 2009
EUR	562.8	523.9
USD	285.2	276.3
GBP	0.8	1.3
SEK	5.4	-
DKK	0.5	-
Total	**854.7**	**801.5**

The table is based on exchange rates as of 31st January for each year.

12-4: ANALYSIS BY MATURITY

Except for the Group's revolving credit line on which 257.7 million dollars have been drawn, debts are broken down by maturity. Drawings on the Group's revolving credit line, having maturity of less than six months, are considered repayable in 2010 even though the line may carry a later maturity (see Credit Line below). The table is based on exchange rates as of 31st January for each year.

	31 January 2010	31 January 2009
2009	-	497.2
2010	424.4	164.1
2011	3.0	2.4
2012	136.0	135.4
2013	3.0	2.4
2014	3.0	-
2015	285.3	-
Total	**854.7**	**801.5**

12-5: ANALYSIS BY INTEREST RATE

31 January 2010	Type of interest rate	Reference r ate	Margin	Drawdown rate	Date of next r ate fixing	Total effective rate*
Credit revolving Neopost S.A.	Variable	EURIBOR/ LIBOR	0.20	EUR 0.4250 USD 0.23063	26/02/2010	4.7461
Private placement Natixis/BPCE	Variable	EURIBOR	1.90	-	-	2.3967
OCEANE (annual coupon of 3.75%)	Fixed	2.7280	1.775	4.5030	-	4.8822
US private placement USD175m	Fixed	4.8300	-	4.8300	-	4.9835
US private placement EUR25m	Fixed	4.5200	-	4.5200	-	4.6651
CRPP private placement	Fixed	4.0940	-	4.0940	-	4.1918

* The total effective rate for the transaction is calculated on completion and includes costs relating to the transaction. For the revolving credit facility. it is calculated on the total value of the line based on the drawdown in euro; for the OCEANE it takes into account the interest rate swaps.

31 January 2009	Type of interest rate	Reference rate	Margin	Drawdown rate	Date of next rate fixing	Total effective rate*
Credit revolving Neopost S.A.	Variable	EURIBOR/ LIBOR	0.20	EUR 1.7710 USD 0.40938	27/02/2009	4.7461
US private placement USD175m	Fixed	4.8300	-	4.8300	-	4.9835
US private placement EUR25m	Fixed	4.5200	-	4.5200	-	4.6651
CRPP private placement	Fixed	4.0940	-	4.0940	-	4.1918

* The total effective rate for the transaction is calculated on completion and includes costs relating to the transaction. For the revolving credit facility. it is calculated on the total value of the line based on EURdrawdown.

As part of its financial policy, Neopost actively hedges its floating-rate and fixed-rate debt.

12-6: COST OF DEBT

The table below represents the gross cost of debt by currency after exercise of the hedging instruments for the financial year ended on 31 January 2010. The calculation is based on the debt detailed above (see §12-2). The net financing cost rate, calculated from the net cost of debt [1], i.e. 30.0 million euros, over the average net debt during the year equals 3.86%.

Currency	Gross rate	Amount in currency
EUR	**4.13**	**22.3**
Financial costs before hedging impact	2.75	14.8
Hedging impact	1.38	7.5
USD	**2.75**	**10.3**
Financial costs before hedging impact	2.64	9.9
Hedging impact	0.11	0.4

(1) Net debt: Financial Debt-cash and bank accounts.

12-7: CREDIT LINES

The Group had the following revolving credit facility at 31 January 2010:

Company	Amount	Amounts drawn at 31 January 2010	Expiry of facility	Number of banks in pool
Neopost S.A. – bank pool	EUR750m	EUR100 m USD220 m	June 2013	16

This credit line matures in June 2012 for a notional amount of 750 million euros. Thanks to the exercise of the extension option the maturity has been extended until June 2013 for a notional amount of 675 million euros.

This credit live can be drawned in the following currencies: EUR/GBP/USD/JPY/CAD/CHF/NOK/SEK/DKK.

The interest rate applied is indexed on the EURIBOR or the LIBOR for the currency of the drawing for the period of the drawing plus a 0.2% margin.

Company	Amount	Amounts drawn at 31 January 2010	Expiry of facility	Number of banks in pool
Neopost S.A. – Private placement Natixis/BPCE	EUR175 m	-	September 2014	21

This credit line, which has an initial notional amount of 175 million euros, matures in September 2014. The notional amount will linearly be amortised each year starting in September 2011, leading to a residual amount of 131.2 million euros in 2011, of 87.5 million euros in 2012 and of 43.8 million euros in 2013. This credit line was not drawn on 31 January 2010.

This credit live can be drawned in EUR.

The interest rate applied is indexed on the EURIBOR for the period of the drawing plus a 1.9% margin.

12-8: FAIR VALUE OF DEBT

The book values of current loans and variable rate debts are close to their fair value.

Concerning the fixed rate debts:

As at 31 January 2010 in euros [a]	Book value	Accrued interests	Fair value	Fair value +50 bps	Fair value -50 bps
OCEANE [b]	288.5	3.2	304.3	300.7	308.0
US private placement USD175 m	127.5	2.4	127.7	127.1	128.0
US private placement EUR25 m	25.4	0.4	25.8	25.7	25.9
CRPP private placement EUR133 m	133.8	0.8	141.6	139.7	143.5

(a) Exchange rate as at 31 January 2010.

(b) Concerning the OCEANE, the difference between the book value and the fair value is monthly due to IFRS accounting standards (accounting of a 10.2 million euros amount in Equity).

12-9: CAPITALISED/AMORTISED DEBT COSTS

Costs relating to the arrangement of the US private placement in September 2003 totalled 1 million euros. These costs are being amortised over the duration of the debt.

Costs relating to the arrangement of the CRPP private placement in December 2006 totalled 0.2 million euros. These costs are being amortised over the duration of the debt.

Costs relating to the arrangement in June 2007 of the 750 million euros credit revolving facilities totalled 1.3 million euros. These costs are being amortised over the duration of the debt.

Costs relating to the arrangement in September 2009 of the 175 million euros credit revolving facilities provided by Natixis/BPCE totalled 1.2 million euros. These costs are being amortised over the duration of the debt.

The difference between the straight-line amortisation of these costs and the calculation of the amortised cost of capital is not material, so there has been no restatement for the IFRS accounts.

Costs relating to the OCEANE in October 2009 totalled 5.3 million euros. These costs are included in the amortised cost of debts.

12-10: HEDGING OF NET INVESTMENT IN FOREIGN OPERATIONS

The US private placement totalling 175 million dollars by Neopost S.A. is intended to cover the net investment in subsidiaries based in the United States. This loan is used to hedge the Group's exposure to exchange rate risk on these investments. Translation gains or losses on this loan are recognised in shareholders' equity to offset any gain or loss on translation of the net investment in the subsidiaries.

Note 13 Other non-current liabilities

The non-current liabilities include debt accounted for 15.8 million dollars under a put upon minority in Priority Mailing Systems. The value of the put options was calculated based on the operational assumptions of the company over the next 4 years. The value can vary between a minimum of 10.5 million dollars and a maximum of 20 million dollars.

Note 14 Tax position

The Group's French companies use the tax consolidation system. The same is true for Neopost S.A.'s subsidiaries in each of the countries in which they are registered.

The rates used in the main countries to calculate current and deferred tax at 31 January 2010 are as follows:

	Current tax	Deferred tax
France	34.30%	34.30%
UK	28.00%	28.00%
Netherlands	25.50%	25.50%
USA	41.00%	41.00%
Germany	27.845%	27.845%

The reconciliation between the theorical tax charge and the actual tax charge is as follows:

	31 January 2010	31 January 2009
Net income of consolidated companies before income tax	204.9	214.8
Tax rate for the consolidating company	34.30%	34.30%
Theoretical income tax charge	70.3	73.7
Permanent differences	(2.3)	(5.3)
Tax rate differences	(8.8)	(10.5)
Others	(2.2)	-
Total tax	**57.0**	**57.9**

	31 January 2010	31 January 2009
Current tax charge	42.2	30.8
Deferred tax charge	14.8	27.1
Total tax	**57.0**	**57.9**

Deferred tax assets and liabilities are mainly due to the following:

	31 January 2010	31 January 2009
Profit-sharing and other expenses deferred deductibility	11.5	19.4
Deficit carry-forward	12.5	11.9
Goodwill	7.3	11.5
Research & Development	5.4	3.2
Elimination of margins on inventories	1.2	2.0
Other	5.8	3.5
Deferred tax assets before fiscal integration	**43.7**	**51.5**
Fiscal integration	(29.0)	(25.9)
Depreciation of deferred tax assets	-	(7.5)
Deferred tax assets	**14.7**	**18.1**

In France, 3.7 million euros of deferred tax assets relative to carry-forward loss are not activated at closing. Their recovery is not time constrained.

The asset impairment tests were made using the same assumptions as goodwill impairment test. Recognition of deferred tax assets is consistent with these assumptions.

	31 January 2010	31 January 2009
Leasing activity	63.7	68.9
Restatement of amortization	17.5	3.1
Provisions on intra-Group inventories	0.3	0.3
Elimination of margins on rented and demo equipment	(13.3)	(16.6)
Research and development	7.9	7.4
Bond convertible into shares (OCEANE)	3.5	-
Other	3.7	(4.5)
Deferred tax liabilities before fiscal integration	**83.3**	**58.6**
Fiscal integration	(29.0)	(25.9)
Deferred tax liabilities	**54.3**	**32.7**

The National Accounting Counsil (CNC) published the 14 January 2010 a release related to the accounting treatment of the Teritorial Economic Contribution (CET) for the companies which use the new IFRS norms for its consolidated financial statements. The CNC specifically mentions concerning the value added (CVAE) by companies that the latter must determine whether it is a tax or a expense. The Group did not decide which treatment it will use in 2010 and maintained its past pratices.

Note 15 Segment information

Neopost's activities consist of the renting of mailroom equipment, the sale of such equipment, related services and leasing of equipment. Markets are mainly located in Europe and the USA.

The category "Other" corresponds to R&D, Marketing Group and Holding costs non allocable, as well as depreciation related to the three production sites of the Group.

Neopost's net income breaks down by geographic zone as follows:

Neopost has chosen a breakdown by geographic zone as its primary segment given the importance of postal authority regulation in each country and the the internal reporting organisation.

31 January 2010	Europe	North America	Other	Total
External sales	559.2	353.9	-	913.1
Inter-segment sales	1.0	4.1	(5.1)	-
Total sales	**560.2**	**358.0**	**(5.1)**	**913.1**
Segment income	198.8	115.2	(73.8)	240.2
Share-based payments				(5.5)
Operating income				**234.7**
Financial result				(30.2)
Share in net income of associated companies				0.4
Minority interests				-
Taxes				(57.0)
Net income				**147.9**

31 January 2009	Europe	North America	Other	Total
External sales	582.0	336.1	-	918.1
Inter-segment sales	1.3	1.7	(3.0)	-
Total sales	**583.3**	**337.8**	**(3.0)**	**918.1**
Segment income	207.1	108.3	(72.2)	243.2
Share-based payments				(6.9)
Operating income				**236.3**
Financial result				(21.9)
Share in net income of associated companies				0.5
Minority interests				(0.1)
Taxes				(57.9)
Net income				**156.9**

Sales are broken down according to the country of origin of the invoicing subsidiary.

Transfer prices between business segments are the prices which would have been set under normal competitive conditions, as for a transaction with third parties.

Expenses recognised during the year but with no effect on Group cash (before depreciation and provisions) mainly relate to charges in respect of share-based payments 5.5 million euros.

The financial result is mainly due to the financial costs associated with each line of debt. Impact detail of hedge accounting is presented in note 20 to the portion of derivative financial instruments related to foreign exchange and interest rates.

The balance sheet breaks down by geographic zone as follows:

31 January 2010	Europe	North America	Other	Total
Segment assets	950.0	690.1	330.3	1,970.4
Total assets				**1,970.4**
Segment liabilities	378.1	181.2	921.4	1,480.7
Unallocated liabilities				489.7
Total liabilities excluding Shareholder's equity				**1,970.4**

31 January 2009	Europe	North America	Other	Total
Segment assets	884.3	648.9	315.9	1,849.1
Total assets				**1,849.1**
Segment liabilities	363.8	177.1	871.9	1,412.8
Unallocated liabilities				436.3
Total liabilities excluding Shareholder's equity				**1,849.1**

The assets and liabilities "Other" are the assets and liabilities of the parent company Neopost SA and those of three industrial sites. These three industrial sites (Le Lude, France – Drachten, Netherlands – and Loughton, United Kingdom) work for the world and their assets and liabilities can not be divided by regions.

Other segment items break down by geographic zone as follows:

31 January 2010	Europe	North America	Other	Total
Investment:				
Tangible fixed assets	23.2	15.2	4.8	43.2
Intangible fixed assets	3.8	1.8	11.0	16.6
Total investment	**27.0**	**17.0**	**15.8**	**59.8**
Depreciation and amortisation:				
Tangible fixed assets	23.6	16.7	2.6	42.9
Intangible fixed assets	3.2	5.0	11.3	19.5
Total depreciation and amortisation	**26.8**	**21.7**	**13.9**	**62.4**
Loss of value	**-**	**-**	**-**	**-**

31 January 2009	Europe	North America	Other	Total
Investment:				
Tangible fixed assets	30.2	16.3	0.5	47.0
Intangible fixed assets	21.9	3.3	12.1	37.3
Total investment	**52.1**	**19.6**	**12.6**	**84.3**
Depreciation and amortisation:				
Tangible fixed assets	28.4	19.3	0.2	47.9
Intangible fixed assets	2.8	5.7	8.9	17.4
Total depreciation and amortisation	**31.2**	**25.0**	**9.1**	**65.3**
Loss of value	-	-	-	-

The breakdown of revenues by business is as follows:

	31 January 2010	31 January 2009
Mailing systems	647.6	657.7
Other	265.5	260.4
Total	**913.1**	**918.1**

"Other" mainly includes documents and logistics systems business. This breakdown is only available for sales.

	31 January 2010	31 January 2009
Equipment rental and leasing	275.1	269.6
Services and supplies	365.4	340.4
Equipment sales	272.6	308.1
Total	**913.1**	**918.1**

Note 16 Details of expenses by category

	31 January 2010	31 January 2009
Cost of inventories recognised as expense	143.1	145.9
Wages. bonuses. commissions and payroll charges	318.7	309.8
Tax	20.9	21.4
Rents and associated costs	20.8	21.2
Fees	8.5	10.4
Subcontracting	71.7	72.1
Travelling	28.3	31.2
Asset impairment	62.4	65.3
Other	4.0	4.9
Total expenses by category	**678.4**	**682.2**
Cost of sales	187.0	210.2
Operating expenses	491.4	472.0
Total	**678.4**	**682.2**

Note 17 Proceeds from asset disposals

The 0.4 million euros gain in the 2008 income statement relates to the disposal of the property of Rena in Germany.

Note 18 Earnings per share

Basic earnings per share are calculated by dividing earnings for the period attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares in circulation during the year.

Fully-diluted earnings per share are calculated by dividing earnings for the period attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares in circulation during the year, plus the weighted average number of ordinary shares which would have been issued on conversion of all potential dilutive ordinary shares.

All options not in the money have been excluded from the calculation of the weighted average number of stock options in circulation.

The table below shows the earnings figures used to calculate basic and fully-diluted earnings per share for all activities:

	31 January 2010	31 January 2009
Net income (in millions of euros)	147.9	156.9
Impact of dilutive instruments:		
Dilutive stock-options and free shares	(1.0)	-
Conversion of bonds convertible into shares (OCEANE)	2.1	-
Diluted net income (in millions of euros)	149.0	156.9
Number of shares (thousands)	30,609	30,985
Exercise of stock options. treasury stock in process of reduction and liquidity contract (thousands)	(89)	(238)
Weighted average number of shares in circulation (thousands)*	30,520	30,747
Weighted average number of stock options and free shares in circulation (thousands)	287	132
Weighted average number of share related to bonds convertible into shares (OCEANE) in circulation (thousands)	1,012	-
Number of shares. fully diluted (thousands)*	31,819	30,879
Earnings per share (in euros)	4,85	5,10
Fully-diluted earnings per share (in euros)	4,68	5,08

* Weighted average over the period.

Note 19 Headcount, employee profit-sharing and share-based payments

19-1: HEADCOUNT

The geographical breakdown of staff on fixed-term and permanent contracts at the end of the period, excluding staff on long-term leave, is as follows:

	France	North America	UK	Netherlands	Rest of the world	Total
At 31 January 2010	1,634	1,789	820	365	909	5,517
At 31 January 2009	1,639	1,620	924	391	804	5,378

The breakdown of staff on fixed-term and permanent contracts at the end of the period; excluding staff on long-term leave, by type of activity is as follows:

	Research and production	Sales and sales administration	Other	Total
At 31 January 2010	1,144	2,822	1,551	5,517
At 31 January 2009	1,204	2,662	1,512	5,378

At 31 January 2010; the Group had 250 temporary staff; compared to 304 at 31 January 2009.

19-2: EMPLOYEE PROFIT-SHARING

The sums paid out with respect to the profit-sharing and incentive plans, and in share-based payments. In the last five years are as follows:

(In millions of euros)	31 January 2010	31 January 2009	31 January 2008	31 January 2007	31 January 2006
Profit-sharing	5.2	4.8	5.0	6.5	5.2
Incentive	2.0	2.1	1.9	2.1	2.1
Stock options valuation	2.8	4.0	3.0	3.7	2.5
Securities giving access to capital valuation	2.7	2.7	5.7	1.2	-

Profit-sharing plans

The profit-sharing reserve is calculated by Neopost France, Satas, Mail Services, Neopost Industrie, Neopost Technologies and Neopost ID in accordance with common law in France.

Incentive plans

Neopost France, Satas, Mail Services, Neopost Technologies and Neopost Industrie have each agreed employee incentive plans linked to business performance.

19-3: SHARE-BASED PAYMENTS

1,200,000 option plan

The Annual General Meeting of 9 February 2000 authorized a stock option plan involving the granting of 1,200,000 options over five years.

Options have been awarded as follows:

Date of board meeting [a]	03/04/2000	05/07/2000	15/01/2001	18/01/2002	23/05/2002	09/07/2002	02/10/2002	14/01/2003	08/07/2003	14/01/2004	Total
Nature of options	warrant	warrant	warrant	warrant	warrant	warrant	warrant	warrant	warrant	warrant	
Exercise price (in euros)	35.00	32.39	24.40	35.05	43.49	40.50	33.40	32.03	37.10	41.53	
Exercise period [b]	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	
Number of options awarded	159,000	41,000	208,470	248,500	33,500	65,000	8,000	494,500	30,000	134,500	1,422,470
• *to Chairman Jean-Paul Villot* [d]	-	-	*25,000*	*30,000*	-	-	-	*60,000*	-	-	*115,000*
• *to Chief Executive Officer Denis Thiery* [d]	-	-	*10,000*	*20,000*	-	-	-	*40,000*	-	-	*70,000*
Number of options exercised	101,679	33,000	161,133	193,865	29,400	65,000	8,000	415,988	11,400	78,550	1,098,015
• *by Chairman Jean-Paul Villot* [d]	-	-	*25,000*	*30,000*	-	-	-	-	-	-	*55,000*
• *by Chief Executive Officer Denis Thiery* [d]	-	-	*10, 000*	*20,000*	-	-	-	-	-	-	*30,000*
Number of options cancelled [c]	52,222	8,000	36,404	41,400	2,600	-	-	44,700	17,000	33,500	235,826
Number of options outstanding at 31 January 2010	5,099	-	10, 933	13,235	1,500	-	-	33,812	1,600	22,450	88,629

(a) The date of the board meeting is the start date for calculating exercise of the options.

(b) The options can be exercised from the date of the board meeting each year in tranches of 20%, except for French beneficiaries who must wait until the second year to exercise 40% of their options.

(c) Mainly because of the end of the Group's employment contract with the beneficiary.

(d) The Chairman and the Chief Executive Officer are the only Board members of the Company to have received options.

Options were exercised during the period as follows:

Date of board meeting	03/04/2000	05/07/2000	15/01/2001	18/01/2002	23/05/2002	09/07/2002	02/10/2002	14/01/2003	08/07/2003	14/01/2004	Total
Number of options exercised	7,605	-	4,739	6,350	-	-	-	8,560	2,500	6,000	35,754
• *by Chairman Jean-Paul Villot*	-	-	-	-	-	-	-	-	-	-	-
• *by Chief Executive Officer Denis Thiery*	-	-	-	-	-	-	-	-	-	-	-

900,000 option plan

The Annual General Meeting on 9 July 2003 authorised a new stock option plan involving 900,000 options over 38 months.

Options have been awarded as follows:

Date of board meeting [a]	14/01/2004	13/01/2005	11/01/2006	04/07/2006	Total
Nature of options	warrant	warrant	warrant	warrant	
Exercise price (in euros)	41.53	57.50	85.90	90.90	
Exercise period [c]	10 years	10 years	10 years	10 years	
Number of options awarded	256,500	320,000	275,500	33,300	885,300
• *to Chairman Jean-Paul Villot* [b]	*100,000*	*100,000*	-	*33,300*	*233,300*
• *to Chief Executive Officer Denis Thiery* [b]	*15,000*	*12,000*	*15,000*	-	*42,000*
Number of options exercised	162,755	54,400	7,660	-	224,815
• *by Chairman Jean-Paul Villot* [b]	*80,000*	-	-	-	*80,000*
• *by Chief Executive Officer Denis Thiery* [b]	-	-	-	-	-
Number of options cancelled [d]	10,700	45,400	75,900	-	132,000
Number of options outstanding at 31 January 2010	**83,045**	**220,200**	**191,940**	**33,300**	**528,485**

(a) The date of the board meeting is the start date for calculating exercise of the options.

(b) The Chairman and the Chief Executive Officer are the only Board members of the Company to have received options.

(c) The options can be exercised from the date of the board meeting each year in tranches of 20%.

(d) Mainly because of the end of the Group's employment contract with the beneficiary.

Options were exercised during the period as follows:

Date of board meeting	14/01/2004	13/01/2005	11/01/2006	04/07/2006	Total
Number of options exercised	11,315	10,800	-	-	22,115
• *by Chairman Jean-Paul Villot*	-	-	-	-	-
• *by Chief Executive Officer Denis Thiery*	-	-	-	-	-

960,000 option plan

The Extraordinary General Meeting on 5 July 2006 authorised a new stock option plan involving 960,000 options over 38 months.

Options have been awarded as follows:

Date of board meeting [a]	16/01/2007	15/01/2008	03/07/2008	18/02/2009	18/02/2009	06/07/2009	Total
Nature of options	Warrant/ Purchase	Warrant/ Purchase	Warrant/ Purchase	Warrant/ Purchase	Warrant/ Purchase Performance [e]	Warrant/ Purchase	
Exercise price (in euros)	97.60	68.10	69.53	63.30	63.30	62.39	
Exercise period [c]	10 years	10 years	10 years	10 years	10 years	10 years	
Number of options awarded	205,000	462,000	9,500	262,885	63,000	8,000	1,010,385
• *to Chairman Jean-Paul Villot* [b]	-	*15,000*	-	-	-	-	*15,000*
• *to Chief Executive Officer Denis Thiery* [b]	-	*40,000*	-	-	*22,500*	-	*62,500*
Number of options exercised	-	-	-	-	-	-	-
Number of options cancelled [d]	39,000	48,700	-	1,500	-	-	89,200
Number of options outstanding at 31 January 2010	**166,000**	**413,300**	**9,500**	**261,385**	**63,000**	**8,000**	**921,185**

(a) The date of the board meeting is the start date for calculating exercise of the options.

(b) The Chairman and the Chief Executive Officer are the only Board members of the Company to have received options.

(c) The options can be exercised from the date of the board meeting each year in tranches of 20%, except for performance options which can be exercised by half after 2 or 3 years minimum, when the board approves the consolidated accounts.

(d) Mainly because of the end of the Group's employment contract with the beneficiary.

(e) Options with performance conditions, the number indicated is the maximum result.

960,000 option plan

The Extraordinary General Meeting on 7 July 2009 authorised a new stock option plan involving 960,000 options over 38 months.

Options have been awarded as follows:

Date of board meeting [a]	12/01/2010	12/01/2010	12/01/2010	12/01/2010	Total
Nature of options	Warrant/ Purchase Performance [e]	Warrant/ Purchase Performance [e]	Warrant/ Purchase	Warrant/ Purchase	
Exercise price (in euros)	57.19	57.89	57.19	57.89	
Exercise period [c]	10 years	10 years	10 years	10 years	
Number of options awarded	136,000	18,000	230,000	91,000	475,000
• *to Chairman and Chief Executive Officer Denis Thiery* [b]	*50,000*	-	-	-	*50,000*
Number of options exercised	-	-	-	-	-
Number of options cancelled [d]	-	-	-	-	-
Number of options outstanding at 31 January 2010	**136,000**	**18,000**	**230,000**	**91,000**	**475,000**

(a) The date of the board meeting is the start date for calculating exercise of the options.

(b) The Chairman and Chief Executive Officer is the only Board member of the Company to have received options.

(c) The options can be exercised from the date of the board meeting each year in tranches of 20%, except for performance options which can be exercised by half after 2 or 3 years minimum, when the board approves the consolidated accounts.

(d) Mainly because of the end of the Group's employment contract with the beneficiary.

(e) Options with performance conditions, the number indicated is the maximum result.

No option relative to this plan was exercised during the period.

Information relating to the four plans

No options had matured at 31 January 2010.

The bracket of exercise price of options in circulation at 31 January 2010 was 24.40 euros to 97.60 euros (24.40 euros to 97.60 euros at 31 January 2009).

The weighted average residual life of options in circulation was 7.6 years at 31 January 2010 compared with 7.1 years at 31 January 2009.

The weighted average price of options exercised during the period was 39.94 euros compared with 38.94 euros the previous year.

The fair value of options awarded is estimated at the award date using the Cox, Ross and Rubinstein method, allowing for the terms on which the instruments were awarded. The table below shows the factors used in the model.

	Dividend yield	Historical Volatility	Risk-free interest rate	Expected option life	Stock price of reference
13/01/2005	2.60%	44%	3.20%	6 years	EUR 49.67
11/01/2006	2.65%	36%	3.25%	6 years	EUR 71.36
04/07/2006	2.42%	34%	4.08%	6 years	EUR 78.15
16/01/2007	3.00%	17.5%	4.19%	6 years	EUR 84.87
15/01/2008	5.30%	26.53%	4.22%	6 years	EUR 62.28
03/07/2008	5.30%	26.53%	4.22%	6 years	EUR 68.28
18/02/2009	5.40%	23.40%	2.97%	6 years	EUR 61.70

The expected option life is based on historical data and is not necessarily indicative of the actual exercising of options.

To assess the fair value, the employee turnover has been taken into account.

The key factor in awarding options is the recipient's potential contribution to the company's earnings.

Informations concerning the top ten employees

	Total number of awarded options/warranted or purchased shares	Average price	1,200,000 option plan	900,000 option plan	960,000 option plan	960,000 option plan
Number of options awarded during 2009	252,500	59.17	-	-	78,500	174,000
Number of options exercised during 2009	15,000	46.12	4,500	10,500	-	-

Free share plan

At the Extraordinary General Meeting on 6 July 2005, shareholders authorised the Board of Directors to award up to 900,000 free shares either in issue or to be issued (this number being based on the total number of shares which might be subscribed or purchased under stock option plans as stipulated by the Combined General Meeting on 9 July 2003). In accordance with this authorisation, 33,300 free shares were awarded to the Chairman on 28 March 2006 and delivered on 29 March 2008.

The Extraordinary General Meeting on 5 July 2006 authorised the Board of Directors to arrange a plan to award up to 320,000 free shares either already in issue or to be issued.

Attribution date	03/10/2006	16/01/2007	16/01/2007	23/03/2007	25/09/2007	15/01/2008	01/04/2008	03/07/2008	18/02/2009	18/02/2009	06/07/2009	Total
			Co-invest	Co-invest	Co-invest				Performance			
Number of shares awarded	5,000	26,000	134,100	24,300	6,600	26,160	8,900	4,000	63,000	64,000	4,000	366,060
• *to Chairman Jean-Paul Villot*	*-*	*-*	*-*	*24,300*	*-*	*-*	*1,500*	*-*	*-*	*-*	*-*	*25,800*
• *to Chief Executive Officer Denis Thiery*	*-*	*-*	*32,400*	*-*	*-*	*6,660*	*-*	*-*	*22,500*	*-*	*-*	*61,560*
Number of shares cancelled	(2,000)	-	(40,500)	-	-	-	-	-	-	-	-	(42,500)
Number of shares delivered	(2,250)	(25,750)	(49,200)	(12,150)	(3,300)	(13,080)	-	-	-	-	-	(105,730)
• *to Chairman Jean-Paul Villot*	*-*	*-*	*-*	*(12,150)*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*(12,150)*
• *to Chief Executive Officer Denis Thiery*	*-*	*-*	*(16,200)*	*-*	*-*	*(3,330)*	*-*	*-*	*-*	*-*	*-*	*(19,530)*
Number of shares outstanding at 31 January 2010	**750**	**250**	**44,400**	**12,150**	**3,300**	**13,080**	**8,900**	**4,000**	**63,000**	**64,000**	**4,000**	**217, 830**

There are several objectives in the award of free shares:

- attracting and retaining strong potential;
- acknowledging exceptional performance;
- inspiring strong motivation and commitment to the company's results through a specific free share plan called co-investment and performance based on the Group's future performance.

Neopost has put in place a co-investment plan of free share allocation to its managers against an investment in Neopost shares equal to 10% of the number of free shares allocated. The number of shares allocated is conditioned by performance objectives, as return on equity and return on capital employed.

An attribution was made on 18 February 2009; this attribution is subject to performance conditions. These conditions are related to following indicators:

- consolidated sales growth;
- EBIT margin (current operating income divided by sales);
- total return to shareholders (total holding period return of the share, plus dividends) compared to the average performance of the companies belong to the same index as Neopost.

The fair value of the allocated shares is calculated on the basis of the share price on the day of the attribution minus the value of estimated dividends. The overall expense was calculated on the best estimate of the number of shares whose property will be transferred, *i.e.* 50%. The expense has been charged on the duration of the plan.

The allocated shares number will be reviewed at every closing and the estimated expense consequently adjusted, so that the booked expenses are in accordance with the number of shares effectively assigned.

Note 20 Risk management and commitments given and received

20-1: MARKET RISKS

The Group is mainly exposed to currency exchange rate risks through its international activity and to interest rate risks through its debt.

CURRENCY EXCHANGE RATE RISKS

The Group Treasurer, who reports to the Group Chief Financial Officer, monitors exchange rate risk for all Neopost group entities. A report showing the Group's underlying position and hedges is sent each month to the Chief Financial Officer to provide complete visibility on the financial risks relating to hedging activities, and to measure the financial impact of unhedged positions.

Neopost uses the services of an independent consultancy based in Paris. This consultancy helps Neopost in its exchange rate risk hedging policy, and values its portfolio of hedging instruments under IFRS. This ensures the consistency of methodologies used and provides a financial opinion independent of any financial institution. This company has the technical and human resources to monitor interest rate and exchange rate trends every day and alert the Group Treasurer in the light of the strategy in place.

NATURAL HEDGE

Neopost enjoys a natural hedge on its current operating margin and net margin.

Based on the 2010 budget, the breakdown of sales and costs in USD is: sales 36%, cost of sales 47%, operating costs 32%, interest expenses 19%. A 10% change in the EUR/USD exchange rate from the budget rate of 1.42 would have the following impact on the Group's income statement, after allowing for existing hedging instruments: sales - 31.5 million euros, current operating income - 7.9 million euros and net income - 4.7 million euros.

Based on the 2010 budget, the breakdown of sales and costs in GBP is: sales 12%, cost of sales 10%, operating costs 10%. A 10% change in EUR/GBP exchange rate from the budget rate of 0.89 would have the following impact on the Group's income statement, after allowing for existing hedging instruments: sales - 10.7 million euros, current operating income - 4.3 million euros and net income - 3.1 million of euros.

Beyond the natural hedge, no guarantee can be given concerning the Group's ability to efficiently hedge its currency exchange risks.

RISK MANAGEMENT POLICY

Neopost has a policy of centralising its foreign currency risk, enabling it to monitor the Group's overall exchange rate risk exposure and to gain full control over the market instruments used in hedging operations.

For each consolidated position that is managed. Neopost implements a hedging strategy at the same time as it sets the reference exchange rate to be defended. The hedging strategy involves a combination of definite or optional forward currency purchases or sales, along with open positions protected by stop losses. These stop losses are predetermined exchange rates that trigger transactions when they are hit. As a result, the hedging strategy enables Neopost to defend a reference exchange rate for the entire position in the event of adverse exchange rate movements.

YEAR-END POSITION

The tables below represent Neopost's year-end positions as regards exchange rate hedging.

FINANCIAL YEAR 2009 - ASSET AND LIABILITY HEDGING: hedging positions covering financial assets or liabilities on Neopost's balance sheet at 31 January 2010 and expected to be realised no later than April 2010.

Notional value (millions) – Cash flow hedging	USD	GBP	CAD	NOK	JPY	SEK	CHF	DKK
Financial assets	53.0	24.7	1.1	14.0	25.1	5.6	3.8	0,5
Financial liabilities	12.7	62.3	-	-	2.7	-	3.2	0,4
Net position before hedging	**40.3**	**(37.6)**	**1.1**	**14.0**	**22.4**	**5.6**	**0.6**	**0,1**
Hedging	(40.4)	31.7	(1.9)	(8.6)	(11.6)	(4.0)	(3.9)	-
Net position after hedging	**(0.1)**	**(5.9)**	**(0.8)**	**5.4**	**10.8**	**1.6**	**(3.3)**	**0,1**

Neopost uses symmetrical options tunnels in particular. These instruments are unlikely to be exercised in a non-reciprocal manner in terms of the spot exchange rate or expiry date. As a result, for each tunnel only one of the two options is reported in the table above. The value of the commitment in these symmetrical options was 6.0 million USD sold and 2.0 million SEK sold.

Neopost also makes use of asymmetrical options tunnels. The asymmetrical part of this kind of transaction is presented in the table above with a view to reflecting the Group's commitment as closely as possible. By currency the asymmetrical part is as follows: 2.0 million USD sold and 2.0 million SEK sold.

2010 BUDGET : hedging positions covering anticipated financial assets and liabilities in financial year 2010 expected to be realised no later than April 2011.

Notional value (millions)	USD	GBP	CAD	NOK	JPY	SEK	CHF	DKK
Financial assets - forecast	158.4	196.8	9.6	22.8	196.1	32.2	9.0	12.7
Financial liabilities - forecast	127.1	227.9	-	-	-	-	4.2	6.5
Net position before hedging	**31.3**	**(31.1)**	**9.6**	**22.8**	**196.1**	**32.2**	**4.8**	**6.2**
Hedging	(8.6)	-	(3.8)	(7.0)	(90.0)	-	(0.8)	-
Net position after hedging	**22.7**	**(31.1)**	**5.8**	**15.8**	**106.1**	**32.2**	**4.0**	**6.2**

Neopost uses symmetrical options tunnels in particular. These instruments are unlikely to be exercised in a non-reciprocal manner in terms of the spot exchange rate or expiry date. As a result for each tunnel only one of the two options is reported in the table above. The value of the commitment in these symmetrical options was 4.3 million USD sold, 1.2 million CAD sold, 3.0 million NOK sold and 30.0 million JPY sold.

Neopost also makes use of asymmetrical options tunnels. The asymmetrical part of this kind of transaction is presented in the table above with a view to reflecting the Group's commitment as closely as possible. By currency the asymmetrical part is as follows: 4.3 million USD sold, 1.0 million CAD sold, 4.0 million NOK sold and 30.0 million JPY sold.

HEDGING INSTRUMENTS

The Neopost group hedges its exchange rate risk using over-the-counter derivative instruments contracted with external counterparties. The derivative instruments used by the Treasury department in its hedging strategies are as follows:

- firm derivatives such as forward currency purchases and sales;

- plain vanilla options such as puts and calls;
- second generation options (knock-in or knock-out barrier options).

INSTRUMENT DETAILS

The instruments in the portfolio have expiries of less than twelve months at 31 January 2010. These instruments are listed below by type and by currency for the period to which they relate.

2009 - ASSET AND LIABILITY HEDGING

Notional value (millions) – Cash flow hedging	Forward purchases	Forward sales	Put options *bought*	Call options *sold*	Put options *sold*	Call options *bought*
USD	-	32.4	6.0	12.0	-	4.0
GBP	31.7	-	-	-	-	-
CAD	-	1.9	-	-	-	-
NOK	-	8.6	-	-	-	-
JPY	-	11.6	-	-	-	-
SEK	-	-	2.0	4.0	-	-
CHF	-	3.9	-	-	-	-

2010 BUDGET - HEDGING OF ANTICIPATED POSITIONS

Notional value (millions)	Forward purchases	Forward sales	Put options bought	Call options sold	Put options sold	Call options bought
USD	-	-	4.3	8.6	-	-
GBP	-	-	-	-	-	-
CAD	-	1.6	1.2	2.2	-	-
NOK	-	-	3.0	7.0	-	-
JPY	-	30.0	30.0	60.0	-	-
SEK	-	-	-	-	-	-
CHF	-	0.8	-	-	-	-

At year end, the operations shown in the above table are broken down as follows:

Notional value (millions) – Cash flow hedge	Forward purchases	Forward sales	Put options bought	Call options sold	Put options sold	Call options bought
USD	-	32.4	10.3	10.3	-	-
GBP	31.7	-	-	-	-	-
CAD	-	3.5	1.2	1.2	-	-
NOK	-	8.6	3.0	3.0	-	-
JPY	-	41.6	30.0	30.0	-	-
SEK	-	-	2.0	2.0	-	-
CHF	-	4.7	-	-	-	-

Notional value (millions) Ineffective portion of hedge instruments	Forward purchases	Forward sales	Put options bought	Call options sold	Put options sold	Call options bought
USD	-	-	-	10.3	-	4.0
GBP	-	-	-	-	-	-
CAD	-	-	-	1.0	-	-
NOK	-	-	-	4.0	-	-
JPY	-	-	-	30.0	-	-
SEK	-	-	-	2.0	-	-
CHF	-	-	-	-	-	-

INSTRUMENT VALUATIONS

Derivative instruments are recognised in accordance with the accounting principles and methods presented in Note 2.

Hedging instruments relating to the 2009 financial year, *i.e.* hedging assets and liabilities on the balance sheet as at 31 January 2010, have been fully valued and recognised at their market value at 31 January 2010.

Hedging instruments relating to the 2010 financial year, *i.e.* hedging anticipated financial flows, have been fully valued and recorded at their market value at 31 January 2010. The time value of these hedging instruments has been recognised in the income statement as has the change in intrinsic value of non-hedging transactions. Changes in the intrinsic value of hedging transactions have been recognised as a shareholder's equity adjustment.

Amount (millions)	31 January 2009	Changes recognised as a balance sheet adjustment	Changes recognised in the Income statement	31 January 2010
Financial assets	-	-	-	-
• Cash flow hedge	-	-	-	-
• Ineffective hedge	-	-	-	-
Financial liabilities	0.7	(0.5)	(0.1)	0.1
• Cash flow hedge	0.7	(0.5)	(0.1)	0.1
• Ineffective hedge	-	-	-	-

SENSITIVITY OF THE INSTRUMENTS

Concerning the financial instruments hedging the operations realized during full year 2009 for which the commitments are still in the balance sheet at year end 2009, the impact of a 10% increase in the foreign currency *versus* the euro would be a 0.5 million euros gain. The impact of a 10% decrease in the foreign currency *versus* the euro would be a 0.7 million euros loss.

Concerning the operations hedging the 2010 budget positions, the sensitivity to an exchange rate change is as follow:

For a 10% increase in foreign currency *versus* euro:

Amount (millions)	Impact on equity	Impact on the net income
Financial assets	-	-
Financial liabilities	0.6	0.3

For a 10% decrease in foreign currency *versus* euro:

Amount (millions)	Impact on equity	Impact on the net income
Financial assets	0.4	0.1
Financial liabilities	(0.1)	-

EXCHANGE RATE DEAL COUNTERPARTY RISK

Operations are carried out with the 16 international banks that take part in the revolving credit facility.

INTEREST RATE RISK

The Group Treasurer, who reports to the Group Chief Financial Officer, monitors interest rate risk for all Neopost group entities. A report showing the Group's underlying position and hedges is sent each month to the Chief Financial Officer to provide complete visibility on the financial risks relating to hedging activities, and to measure the financial impact of unhedged positions.

Neopost uses the services of an independent consultancy based in Paris. This consultancy helps Neopost in its interest rate risk hedging policy, and values its portfolio of hedging instruments under IFRS. This ensures the consistency of methodologies used and provides a financial opinion independent of any financial institution. This company has the technical and human resources to monitor interest rate and exchange rate trends every day and alert the Group Treasurer in the light of the strategy in place.

No guaranty can be given concerning the Group's ability to efficiently hedge its interest rate risk.

RISK MANAGEMENT POLICY

To limit the impact of a rise in interest rates on its interest expenses, the Neopost group has a risk-hedging policy aimed at protecting a maximum annual interest rate for the three years ahead at all times.

Neopost has a policy of centralising its interest rate risk, enabling it to monitor the Group's overall interest rate risk exposure and to gain full control over the market instruments used in hedging operations. The Group hedges its interest rate risk depending on its current debt levels, but also according to likely future movements in debts, arising from drawings on its revolving credit facilities.

Financial instruments are carried by the legal entities that have the corresponding debt on their balance sheet.

A hedging strategy is adopted on the basis of the position to be managed and the reference interest rate adopted. The strategy is aimed at protecting the reference interest rate and at taking advantage, at least to some extent, of favourable movements. Hedging strategies involve definite and optional derivative instruments, and open positions are maintained if possible. The valuation of the open position based on market forward interest rates, along with the interest rates obtained through hedging operations, should always protect the reference interest rate. Hedging strategies cover the period three years ahead at all times. However, the level of coverage and the weightings of the various derivative instruments may vary from one year to the next, since the aim is to maintain greater scope for optimising positions in later years.

YEAR-END POSITION

The table below sets out Neopost's year-end position by maturity:

				EUR				USD				GBP
Notional value (millions)	Less than 1 year	1 to 5 years	More than 5 years	Total	Less than 1 year	1 to 5 years	More than 5 years	Total	Less than 1 year	1 to 5 years	More than 5 years	Total
Financial debts	136.8	140.7	285.3	562.8	398.2	-	-	398.2	0.5	0.3	-	0.8
Of which fixed-rate debts	25.0	133.0	150.0	308.0	100.0	-	-	100.0	-	-	-	-
Corresponding hedge maturities	110.0	145.0	-	255.0	60.0	150.0	-	210.0	-	-	-	-

The corresponding interest flows (excluding margin impacts) were calculated based on a constant debt, interest rate conditions at year end and exchange rates at 31 January 2010. The following schedule is obtained:

Amount (in millions of euros)	2010	2011	2012	2013
Interest on fixed rates	16.8	13.4	12.6	8.2
Interests on the variable rate position	1.4	7.2	13.9	22.1
Interests on hedging operations	3.7	1.1	(1.3)	(2.8)
Total	21.9	21.7	25.2	27.5

Sensitivity of the financial results to interest rate changes is as follows:

Amount (in millions of euros)	2010	2011	2012	2013
Sensitivity to a 1% increase in interest rates	1.8	3.7	4.5	6.1
Sensitivity to a 1% decrease in interest rates	(1.7)	(3.7)	(5.0)	(6.6)

For 2010, Neopost's policy was to fix its net interest expenses in advance. As a result after hedging, 70% of projected Neopost group debt is not exposed to long-term interest rates for the current year. Only 30% of the projected debt remains exposed to long-term rates at 31 January 2010.

HEDGING INSTRUMENTS

Neopost uses standard and liquid derivative instruments. The instruments used are as follows:

- firm derivatives: swaps and forward rate agreements;
- plain vanilla options: caps and floors (used either alone or in combination);
- knock-in or knock-out barrier options: caps and floors (used either alone or in combination);
- swaptions (used either alone or in combination).

Management mandates, packaged bank hedging products and derivative instruments that introduce a reference other than the underlying (quanto swaps for example) are strictly forbidden by internal procedures.

DERIVATIVE INSTRUMENT DETAILS

The instruments in the portfolio are listed below, according to type, currency and maturity.

Notional value (millions)	Currency	Less than 1 year	1 to 5 years	Maturity more than 5 years
	USD	75.0	-	-
Swap – buyer	EUR	-	150.0	-
	USD	55.0	100.0	-
Swap - receiver	EUR	112.5	75.0	-
	USD	-	5.0	-
Swaption call - seller	EUR	-	25.0	-
	USD	10.0	45.0	-
Cap - buy	EUR	32.5	70.0	-
	USD	75.0	25.0	-
Knock-out cap - buy	EUR	7.5	75.0	-
	USD	10.0	70.0	-
Floor - sell	EUR	32.5	70.0	-

DERIVATIVE INSTRUMENTS QUALIFIED AS FAIR VALUE HEDGE

Notional value (millions)	Currency	Less than 1 year	1 to 5 years	Maturity more than 5 years
	USD	75.0	-	-
Swap - buyer	EUR	-	150.0	-

DERIVATIVE INSTRUMENTS QUALIFIED AS CASH FLOW HEDGE

Notional value (millions)	Currency	Less than 1 year	1 to 5 years	Maturity more than 5 years
	USD	35.0	100.0	-
Swap - receiver	EUR	77.5	75.0	-
	USD	-	5.0	-
Swaption call - seller	EUR	-	25.0	-
	USD	10.0	45.0	-
Cap - buy	EUR	32.5	45.0	-
	USD	10.0	45.0	-
Floor - sell	EUR	32.5	45.0	-

INSTRUMENTS NOT ELIGIBLE FOR HEDGE ACCOUNTING

Notional value (millions)	Currency	Less than 1 year	1 to 5 years	Maturity more than 5 years
	USD	20.0	-	-
Swap - receiver	EUR	35.0	-	-
	USD	75.0	25.0	-
Knock-out cap - buy	EUR	7.5	75.0	-
	USD	-	25.0	-
Knock-out cap-buy	EUR	-	25.0	-
	USD	-	-	-
Floor-sell	EUR	-	25.0	-

INSTRUMENT VALUATION

Derivative instruments are recognised in accordance with the accounting principles and methods presented in Note 2. All interest rate derivative instruments are valued on the balance sheet and in the income statement at their market value, in accordance with IAS 39.

Changes in the market value of instruments not eligible for hedge accounting have been charged in their entirety to the income statement. The ineffective portion of instruments eligible for hedge accounting, plus the time value of these instruments, has been charged to net financial expense. Changes in the intrinsic value of these instruments have been recognised as a restatement of net assets.

Amount (in millions of euros)	31 January 2009	Premium on new operations	Changes recognised as a balance sheet adjustment	Changes recognised in the Income statement	31 January 2010
Debt and Swap at Fair Value Hedge	0.1	-	-	(0.2)	(0.1)
USPP - USD 75m	0.1	-	-	(0.2)	(0.1)
OCEANE Swap EUR 150m [a]	-	-	-	-	-
Financial assets (derivatives)	0.3	0.8	(0.1)	(0.5)	0.5
Derivative instruments qualified as cash flow hedge	**0.1**	**0.4**	**(0.1)**	**(0.2)**	**0.2**
EUR transactions	0.1	0.2	(0.1)	(0.1)	0.1
USD transactions	-	0.2	-	(0.1)	0.1
Derivative instruments not eligible for hedge accounting	**0.2**	**0.4**	**-**	**(0.3)**	**0.3**
EUR transactions	0.2	0.4	-	(0.3)	0.3
USD transactions	-	-	-	-	-
Financial liabilities (derivatives)	9.2	0.4	0.3	0.4	10.3
Derivative instruments qualified as cash flow hedge	**7.7**	**0.4**	**0.3**	**-**	**8.4**
EUR transactions	5.8	0.2	0.1	0.2	6.3
USD transactions	1.9	0.2	0.2	(0.2)	2.1
Derivative instruments not eligible for hedge accounting	**1.5**	**-**	**-**	**0.4**	**1.9**
EUR transactions	1.0	-	-	0.4	1.4
USD transactions	0.5	-	-	-	0.5

(a) The valuation of the swaped portion of the convertible bond (EUR 150m) and of the swap is close to zero in the P&L

SENSITIVITY TO INTEREST RATE VARIATIONS

The impact of an increase by 0.5% of the interest rates on the accounts for the year ending 31 January 2010 is as follows:

Amount (in millions of euros)	31 January 2010	Balance sheet impact	Income statement impact	31 January 2010
Debt and Swap at Fair Value Hedge	(0.1)	-	0.1	-
USPP - USD 75m	(0.1)	-	-	(0.1)
OCEANE Swap EUR 150m	-	-	0.1	0.1
Financial assets (derivatives)	0.5	0.1	0.2	0.8
Derivative instruments qualified as cash flow hedge	**0.2**	**0.1**	**-**	**0.3**
EUR transactions	0.1	-	-	0.1
USD transactions	0.1	0.1	-	0.2
Derivative instruments not eligible for hedge accounting	**0.3**	**-**	**0.2**	**0.5**
EUR transactions	0.3	-	0.2	0.5
USD transactions	-	-	-	-
Financial liabilities (derivatives)	10.3	(2.2)	(0.4)	7.7
Derivative instruments qualified as cash flow hedge	**8.4**	**(2.2)**	**-**	**6.2**
EUR transactions	6.3	(1.2)	-	5.1
USD transactions	2.1	(1.0)	-	1.1
Derivative instruments not eligible for hedge accounting	**1.9**	-	**(0.4)**	**1.5**
EUR transactions	1.4	-	(0.3)	1.1
USD transactions	0.5	-	(0.1)	0.4

The impact of a decrease by 0.5% of the interest rates on the accounts for the year ending 31 January 2010 is as follows:

Amount (in millions of euros)	31 January 2010	Balance sheet impact	Income statement impact	31 January 2010
Debt and Swap at Fair Value Hedge	**(0.1)**	**-**	**(0.1)**	**(0.2)**
USPP - USD 75m	(0.1)	-	0.1	-
OCEANE swap EUR 150m	-	-	(0.2)	(0.2)
Financial assets (derivatives)	**0.5**	**-**	**(0.2)**	**0.3**
Derivative instruments qualified as cash flow hedge	**0.2**	**-**	**(0.1)**	**0.1**
EUR transactions	0.1	-	(0.1)	-
USD transactions	0.1	-	-	0.1
Derivative instruments not eligible for hedge accounting	**0.3**	**-**	**(0.1)**	**0.2**
EUR transactions	0.3	-	(0.1)	0.2
USD transactions	-	-	-	-
Financial liabilities (derivatives)	**10.3**	**2.2**	**0.3**	**12.8**
Derivative instruments qualified as cash flow hedge	**8.4**	**2.2**	**(0.1)**	**10.5**
EUR transactions	6.3	1.3	-	7.6
USD transactions	2.1	0.9	(0.1)	2.9
Derivative instruments not eligible for hedge accounting	**1.9**	**-**	**0.4**	**2.3**
EUR transactions	1.4	-	0.3	1.7
USD transactions	0.5	-	0.1	0.6

INTEREST RATE DEAL COUNTERPARTY RISK

Operations are carried out with the 16 international banks that take part in the revolving credit facility.

20-2: LIQUIDITY RISK

The Group believes that its cash flow will easily enable it to service its debt, given the current level of that debt. Group debt (US private placement and revolving loan) is subject to compliance with covenants. Failure to comply with these covenants may lead to early repayment of the debt. At 31 January 2010, the Group was complying with all covenants.

However, this ability will depend on the Group's future performance, which is partly related to the economic cycle, which the Group cannot control. No guarantee can therefore be given regarding the Group's ability to cover its financial needs.

As at 31 January 2010; the Group has more than 650 million euros non-used credit lines (at the exchange rates as at 31 January 2010).

20-3: CREDIT RISK

Customers credit risk exposure

This credit risk is limited because of, on the one hand, the number of customers (around 800,000) and on the other hand of the small contract value at the unit level. None of the customers accounts for 1% or more of sales.

The main subsidiaries are equipped with IT tools and dedicated teams that allow them to tailor their receivable collections processes for every customers. In addition, the Leasing and Postage Financing activities have their own credit scoring tools and systematically use at the inception of a new contract an external credit scoring opinion.

During the monthly Operating Reviews, the account receivables are always analysed.

20-4: SUPPLIER'S RISK EXPOSURE

The top 5 suppliers and the top 10 suppliers respectively account for 19.8% and 24.3% in 2009 and 26.3% and 28.6% in 2008.

The main supplier of the Group is Hewlett Packard for inkjet printing heads and cartridges. In 2009, Neopost renewed its agreement with HP concerning the ink cartridges that are used for our print head. This agreement is in the continuity of the one concluded ten years ago. In 2009, HP accounts for 9.1% of total Group purchases *versus* 12.5% in 2008.

A disruption in supply from these suppliers might significantly affect the Group's business, although clauses in the contracts do guarantee the Group against this risk. The Group has already put in place alternative solutions in case such an event might occur.

20-5: BANKING COUNTERPARTY RISK EXPOSURE

The Group defined a list of the banks, which the subsidiaries are allowed to deal with and made it mandatory to use these authorised banks in case of excess cash. Generally, the banking services cannot be attributed to unauthorised banks. Exception can be made with the autorisation of the Group treasury department.

20-6: COMMITMENTS GIVEN

BANK GUARANTEES

(In millions of euros)	31 January 2010	31 January 2009
Bank guarantee in favour of the UK postal-service	GBP 0.8 million	GBP 0.8 million
Bank guarantee in favour of the Irish postal service	EUR 1.7 million	EUR 1.7 million
Comfort letter given by Neopost S.A. to AIB Bank (Ireland)	EUR 0.1 million	EUR 0.1 million

GRANTED RETIREMENT BENEFIT OBLIGATIONS IN THE UNITED KINGDOM

As part of its retirement benefit obligations in the United Kingdom described in note 11.2, the Group committed itself to pay the following amounts to the fund: 5.2 million pounds sterling in 2010 and 4.0 million pounds sterling in 2011 under the filling deficits as assessed in accordance with the law.

No other significant commitment has been identified to date.

Note 21 Information on related parties

Related parties are managers and directors.

21-1: REMUNERATION OF MANAGERS

The main role of the management team is to make strategic decisions for the Group and coordinate their implementation around the world. The management team includes the following:

The gross remuneration of the management team, including the Chairman Jean-Paul Villot and the Chief Executive Officer Denis Thiery is as follows:

(in thousands euro)	31 January 2010	31 January 2009
Remuneration of corporate officers [a]		
Fixed remuneration	3,079.9	2,869.2
Variable remuneration	1,861.0	1,521.8
Benefits in kind	222.4	141.8
Directors' fees	15.0	15.0
Stock options valuation [b]	621.4	970.2
Securities giving access to capital valuation [b]	1,405.1	2,890.2
Pensions [c]	2,968.9	2,255.6

(a) The increase in remuneration is partly related to the transition periods that occurred in 2009 between the Europe & Export Chief Operating Officers and between the Relationship managers with postal authorities and partnerships.

(b) The amounts mentioned are the expenses for the year related to the attributions of the year and to the past years during which the total expense was spread over the acquisition period.

(c) Of which 713.6 thousand euros related to 2009 pension rights versus 646.6 thousand euros in 2008.

Variable remuneration is determined on the basis of goal achievement in terms of Group sales, operating income and working capital requirement targets. Variable remuneration shown in this table is the amount provisioned for the current year.

21-2: REMUNERATION OF DIRECTORS

(In euros)	31 January 2010	31 January 2009
Directors' fees		
Denis Thiery	15,000	15,000
Henk Bodt	37,000	37,000
Jacques Clay	32,000	32,000
Cornelius Geber	34,500	37,000
Michel Guillet	32,000	32,000
Éric Licoys	37,000	37,000
Vincent Mercier	13,500	-
Michel Rose	32,000	24,000
Raymond Svider	-	16,000
Agnès Touraine	27,000	27,000
Jean-Paul Villot	-	-
Total	**260,000**	**257,000**

To calculate directors' fees, the following method is used:

- basic fees: 15,000 euros per year;
- attendance fees: 3,000 euros per meeting;
- committees members (nomination committees and appointments committees count for only one committee): 5,000 euros per year;
- chairing a committee: an additional 5,000 euros per year.

With the exception of Mr Villot and Mr Thiery, whose remunerations are included in the previous paragraph, the directors do not receive any remuneration from Neopost S.A. other than directors' fees.

21-3: INFORMATION ON ASSOCIATED OTHER THAN THE OFFICERS AND DIRECTORS

Neopost also holds a 35% in Dynapost, companies consolidated by the equity method with which transactions are not significant.

Neopost also holds 6.53% in Xange Capital, a non consolidated company, with which also the transactions are not significant.

21-4: INFORMATIONS ON INVESTORS

Neopost carried out an analysis of its shareholder base as at 31 January 2010. No shareholder holding more than 3% of share capital has a significant activity of any sort with Neopost.

Note 22 Equity management

In terms of Equity management, the Group has the goals to maintain business continuity in order to generate a return for the shareholders and to optimize its cost of capital. The Group manages its capital structure based on economic conditions. It can adjust the amount of the dividends and of the share buy backs.

Note 23 Post closing events

Since the closing of the consolidated accounts as at 31 January 2010 by the Board of Directors, there was no significant change to the Group's commercial or financial situation.

There were no significant acquisitions between the closing date and the date which the document is presented to the AMF.

Note 24 Fees paid to the auditors and members of their networks

In 2008 and 2009 :

	Ernst & Young				Peronnet & Associés S.A.			
	Amount (before VAT)		%		Amount (before VAT)		%	
(in thousands euro)	2009	2008	2009	2008	2009	2008	2009	2008
Audit								
Audit, certification and examination of individual and consolidated financial statements								
Issuer	396	476	17%	20%	186	186	87%	90%
Fully-consolidated subsidiaries	1,574	1,644	66%	70%	27	21	13%	10%
Other due diligence and services directly related to audit								
Issuer	65	-	3%	-	-	-	-	-
Fully-consolidated subsidiaries	26	13	1%	1%	-	-	-	-
Sub-total	2,061	2,133	87%	91%	213	207	100%	100%
Other services provided by networks to fully-consolidated subsidiaries								
Acquisitions	200	28	8%	1%	-	-	-	-
Legal & tax	107	127	5%	6%	-	-	-	-
Other	4	48	-	2%	-	-	-	-
Sub-total	311	203	13%	9%	-	-	-	-
Total	2,372	2,336	100%	100%	213	207	100%	100%

Report of the Statory Auditors on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' annual general meetings, we hereby report to you, for the year ended January 31, 2010, on:

- the audit of the accompanying consolidated financial statements of Neopost S.A.;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at January 31, 2010 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French commercial code *(Code de Commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

Some accounting principles applied by Neopost group involve a significant portion of judgments and estimates. The application of these judgments and estimates, as described in note 2.23 to the consolidated financial statements, mainly relates to goodwill valuation, useful life of fixed assets, provisions, valuation of employees benefits and determination of deferred taxes. Detailed information relating to the application of these accounting principles is given in notes 2, 5, 11 and 14 to the consolidated financial statements.

Our work performed consisted in assessing the figures and assumptions on which these significant judgments and estimates made by management are based, and which can result from the application of these accounting principles, in order to assess their reasonableness, in comparing the estimates of prior periods with the corresponding realizations, and in ensuring that the notes to the financial statements give a relevant information on the assumptions and options used by your group.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law, we have also verified, in accordance with professional standards applicable in France, the information presented in the group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris and Neuilly-sur-Seine, April 28, 2010

The Statutory Auditors
French original signed by

PERONNET & ASSOCIES S.A	ERNST & YOUNG et Autres
Olivier Péronnet	Philippe Diu

Neopost S.A. management report

2010 Significant events

- The Chairman of the Board of Neopost S.A. position was assumed by M. Jean-Paul Villot until 12 January 2010;
- Denis Thiery has been appointed Chairman of the Board of Neopost S.A., replacing M. Jean-Paul Villot. He keeps his position as CEO of Neopost S.A.;
- Neopost issued Bonds Convertible or Exchangeable for New or Existing Shares (OCEANE) on 21 October 2009 with a maturity of 1st February 2015 for an amount of close to 300 million euros.

Parent company income statement

Neopost S.A.'s operating loss amounted to (15.1 million euros) compared with a loss of (6.1 million euros) at 31 January 2009. Operating revenue consists of sums billed to subsidiaries for assistance, brand royalties and rebilling of costs paid on behalf of subsidiaries, and amounted to 16.5 million euros (14.7 million euros at 31 January 2009). This covers part of the operating costs of 32.0 million euros (22.8 million euros at 31 January 2009).

The operating income includes a cost of 5.4 million euros for the allocation of free shares

Net financial income amounted to 53.5 million euros compared with 144.4 million euros last year. The break-down is the following:

(In millions of euros)	31 January 2010	31 January 2009
Interest charges on external borrowings	(21.1)	(28.9)
Net income on internal loans and borrowings	5.7	6.5
Dividends received	94.1	169.3
Write-off of receivables	-	(0.5)
Revenue from disposals of securities	0.1	0.8
Net gain on foreign exchange and swaps	(7.6)	(4.7)
(Provision)/reversal for losses on foreign exchange - Net	(17.8)	7.4
Provision for impairment of equity investments – Net	0.4	1.9
Total	**53.5**	**144.4**

Treasury stocks disposals generated extraordinary income from capital transactions for 0.6 million euros and extraordinary expenses for 0.8 million euros.

A capital gain of 137.3 million euros was realised during the equity swap between Neopost USA Inc. and Mailroom Holding Inc.

Net income amounted to 198.9 million euros (151.7 million euros at 31 January 2009) after taking into account a net tax income of 23.4 million euros (19.5 million euros at 31 January 2009) resulting from the tax consolidation system.

Parent company balance sheet

Assets

Financial assets

The movement in financial assets over the period was mainly due to:

- the cancellation of 335,178 Neopost shares for an amount of 22.9 million euros;
- the share buy-backs done by Hasler Inc. (a subsidiary company) for 34.7 million euros;

- the equity swap between Neopost USA Inc. shares and Mailroom Holding Inc. shares, with a realised capital gain of 137.3 million euros;
- the acquisition of a Danish distributor, Scani AS for 14.4 million euros;
- and to an increase of 2.5 million euros in short term loans to the Group's subsidiaries.

Net financial assets amounted to 840.7 million euros at 31 January 2010 compared with 741.4 million euros at 31 January 2009.

Other receivables

Sundry receivables totalled 453.8 million euros at 31 January 2010 compared with 403.4 million euros at 31 January 2009 mainly represent short-term advances to subsidiaries for 439.5 million euros, 8.7 million euros of receivables from subsidiaries and a tax receivable of 1.7 million euros.

All receivables mature in less than a year. No impairment was noticed.

Liabilities

57,869 options were exercised for a total of 2,311,392.85 euros. As a result, share capital increased by 57,869 euros and additional paid-in capital by 2,253,523.85 euros.

Following share buybacks in 2008 a capital reduction for 335,178 shares or 22,880,240.27 million euros was accounted for 335,178 euros in share capital, 7,137,228.65 euros in additional paid-in-capital and 15,407,883.62 euros in retained earnings.

A dividend payment in shares occured on 10 January 2010 for 326,501 shares modifying the capital and the additional paid-in capital for 326,501 euros and 17,454,743.46 euros respectively.

Allocation was made to retained earnings as approved by the Ordinary General Meeting.

(In euros)	Par value	Number of shares	Share capital	Additional paid-in capital	Reserves, retained earnings and income for the year	Total
Shareholders' equity at 31 January 2009	**EUR 1.0**	**31,172,695**	**31.2**	**7.1**	**159.5**	**197.8**
Capital increase: exercise of options	EUR 1.0	57,869	0.0	2.2	-	2.2
Capital reduction: cancellation of 335,178 treasury shares	EUR 1.0	(335,178)	(0.3)	(7.1)	(15.4)	(22.8)
Dividends paid	-	-	-	-	(65.8)	(65.8)
2009 Interim dividends	-	-	-	-	(50.6)	(50.6)
Dividends share-based payments	EUR 1.0	326,501	0.3	17.5	-	17.8
Net income	-	-	-	-	198.9	198.9
Shareholders' equity at 31 January 2010	**EUR 1.0**	**31,221,887**	**31.2**	**19.7**	**226.6**	**277.5**

Debt

Debt at 31 January 2010 and 2009 breaks down as follows:

(In millions of euros)	31 January 2010	31 January 2009
OCEANE [a]	300.0	-
US private placement [c] [d]	150.3	161.7
Caisses Régionales Crédit Agricole private placement [e]	133.0	133.0
Revolving credit lines [b]	257.5	486.6
Borrowings from subsidiaries	11.0	14.0
Accrued interest	6.9	3.5
Other [f]	0.5	-
Total	**859.2**	**798.8**

(a) Neopost issued Bonds Convertible or Exchangeable for New or Existing Shares (OCEANE) on 21 October 2009 with a maturity of 1st February 2015 for an amount of 300 million euros, representing 3,622,750 convertible bonds. These bonds have a par value of 82.81 euros each, quoted on Euronext Paris under the ISIN number FR0010814061, with a fixed rate of 3.75%. All the bonds are of the same category and the conversion ratio as at 31 January 2010 is 1 share for 1 bond. A copy of the transaction memo approved by the AMF (French stockmarket authority) on 13 October 2009 under code 09-287, setting out the details of this issue, particularly the creditor ranking and the terms for early redemption in the event of default, is available on request from Neopost S.A.'s head office.

(b) On 22 June 2007. Neopost arranged a multi-currency revolving credit line for the equivalent of 750 million euros to replace all Neopost group facilities which were cancelled at the same time (including leasing revolving facilities). The interest rate is indexed to Euribor or Libor for the relevant currency over the relevant period of drawdown plus a margin of 0.20%. This credit line comes to term in June 2012, for the original amount. Thanks to the exercise of the extension option, the maturity has been extended until June 2013 for a national amount of 675 million euros. At the end of January. Neopost had drawn 100 million euros and 220 million US dollars.

(c) On 16 September 2003. Neopost completed a private placement in the USA, comprising three tranches. The first tranche consisted of 175 million US dollars of notes redeemable in September 2010 and paying interest at 4.83%. The second tranche consisted of 10 million US dollars of notes redeemed in September 2008 and paying interest at 3-month US dollar Libor plus 0.55%. The third tranche consisted of 25 million euros of notes redeemable in September 2010 and paying interest at 4.52%.

(d) Of the 175 million US dollars of the US private placement. 75 million US dollars at variable rates were swapped on the day the debt was issued.

(e) On 1st December 2006. Neopost arranged a private placement with Caisses Régionales du Crédit Agricole. The two tranches of this debt are for the same time period and are both redeemable in December 2012. The interest paid on this debt is structured interest which was swapped on issue. with the conditions and terms being the same as the debt tranches. After the swap. the debt carries a fixed interest of 4.094%.

(f) Neopost concluded on 15 September a private placement with Natixis and Banques Populaires-Caisses d'Epargne for a national amount of 175 million euros. This private placement is concluded as revolving credit line for which the notional amounts are linearly amortised starting in September 2011. This credit line matures in september 2014. This line was not drawn at 31 January 2010. Interest rates are based on the EURIBOR for the period +1.90%.

Aging of payables

	31 January 2010
External payable	
Not overdue	2.8
Overdue:	
• < 30	0.5
• 31-60	0.3
Total	**3.6**

Non-deductible tax expenses

In accordance with article 223 quater of the French General Tax Code, we inform you that the current year accounts contain (66,405 euros) deductible expenses for income tax (article 39-4 of the CGI), but do not countain overhead costs for tax purposes (article 39–5 of the CGI).

Five-year results table

(In millions of euros)	31/01/2006	31/01/2007	31/01/2008	31/01/2009	31/01/2010
Share capital					
Capital at year end	32.2	32.2	31.7	31.1	31.2
Number of shares	32,206,659	32,222,905	31,708,924	31,172,695	31,221,887
Operations and earnings					
Sales	11.0	12.1	12.7	14.7	16.5
Income before tax, depreciation and provisions	23.8	162.3	108.4	133.5	195.3
Income tax	11.3	6.1	10.5	19.5	23.4
Depreciation and provisions	(1.0)	(10.9)	(12.2)	0.7	(19.8)
Net income	34.1	157.5	106.7	151.7	198.9
Income paid out	94.2	102.6	111.4	116.5	118.1
Earnings per share (in euros)					
Income after tax, before depreciation and provisions	1.09	5.22	3.75	4.84	7.00
Income after tax, depreciation and provisions	1.06	4.89	3.37	4.87	6.37
Dividends paid	3.00	3.30	3.65	3.80	3.80
Employees					
Average employees	22	21	21	26	27
Total wages	2.6	3.1	3.9	4.8	5.6
Employment benefits paid (social security, payroll charges)	1.2	3.8	2.7	3.0	3.8

Dividends

The Board of Directors decided to propose to the Annual General Meeting of shareholders, which will take place on 6 July 2010, the approval of a total dividend of 3.8 euros per share for 2009, at the same level compared with that of 2008. The Group having already paid an interim dividend of 1.65 euro per share on 11 January 2010, the remaining portion of the total dividend, *i.e.* 2.15 euros per share will be paid in August 2010. Shareholders will have the option to choose a dividend payment in shares.

For 2010, the Group plans to maintain its policy of paying a high dividend and an interim dividend. As in 2009, it will limit share buybacks to the dilution related to the exercise of stock options.

The Board of Directors suggests the following allocation results:

(In euros)	31 January 2010
Affectation des résultats soumise à l'approbation de l'Assemblée Générale:	
Retained earnings - before interim dividends	61,282,333.77
Current year result as at 31 January 2010	198,929,484.88
Total	**260,211,818.65**
Allocation:	
Dividends including 2010 Interim dividends	118,074,538.60
Retained earnings	142,137,280.05
Total	**260,211,818.65**

The total amount of dividends paid for the three previous years may be found in the table above.

Share buy-back programme

Neopost S.A.'s share buy-back programme was approved by shareholders at the Annual General Meeting on 7 July 2009 and implemented by the Board of Directors on the same day.

As part of this program, Neopost S.A. signed a liquidity contract on 2 November 2005, conforming to the AFEI model contract and the AFEI's compliance manual dated 14 March 2005, and approved by the AMF on 22 March 2005. Exane BNP Paribas was mandated to execute this contract, worth 8 million euros. The purpose of the contract is to improve the liquidity of Neopost shares and therefore to make access to the shares easier for a larger number of investors.

The following transactions have been carried out between the start of the programme and 31 January 2010:

- number of shares held at start of programme: 237,810
- number of shares bought since start of programme: 272,635
- number of shares sold since start of programme: 271,134
- number of shares transferred since start of programme: 17,380
- number of shares cancelled over last 24 months: 1,059,542
- percentage of share capital owned as treasury stock directly and indirectly: 0.72%
- number of shares held: 221,931

The number of treasury stocks at the end of January 2010 share buyback programme is 221,931 of which 72,291 are held for the liquidity contract signed with Exane BNPP and 149,640 are held with the aim to respect the obligations of the stock-option and free share plans attributed to employees and Directors of the Group.

TRANSACTIONS UNDER LIQUIDITY CONTRACT

As at 31 January 2010, the liquidity contract had a balance of 72,291 shares for a book value of 4,142,886.88 euros and an available amount of 3,321,885.27 euros, which are invested in short-term securities.

SHARES PURCHASED WITH THE AIM TO FULFIL THE OBLIGATIONS OF THE STOCK-OPTION AND FREE SHARE ATTRIBUTION PROGRAMS TO THE EMPLOYEES AND DIRECTORS OF THE GROUP

As at 31 January 2010, 149,640 shares are held with the aim to fulfil the obligations of the stock-option and free share attribution programs. These share have a total book value of 9,293,000.73 euros.

NEW PROGRAMME

A new share buyback programme involving a maximum of 10% of the issued share capital and at a maximum purchase price of 1.3 times average closing share price of the last 60 days preceding the buyback will be presented for approval to the forthcoming Annual General Meeting on 6 July 2010 convened to consider the financial statements for the financial year ended 31 January 2010.

Identity of shareholders - voting rights and changes in ownership structure

The number of shareholders, the total number of voting rights, and changes to capital during the last three years are presented below:

	31 January 2010		31 January 2009		31 January 2008	
	Number	%	Number	%	Number	%
Management and employees	517.854	1.658%	746,661	2.395%	708,500	2.234%
Directors (non-executive)	233.803	0.750%	7,054	0.023%	6,153	0.019%
Liquidity contract	72,291	0.232%	71,529	0.229%	74,414	0.235%
Treasury stock held for cancellation	-	-	335,178	1.075%	724,364	2.285%
Treasury stock held for attribution	149,640	0.479%	228,370	0.733%	-	-
Other shareholders	30,248,299	96.881%	29,783,903	95.545%	30,195,493	95.227%
Total	**31,221,887**	**100.00%**	**31,172,695**	**100.00%**	**31,708,924**	**100.00%**

At 31 January 2010, the Company's capital was made up of 31,221,887 shares, each carrying one voting right. There is no shareholder pact or agreement. Given the large free float, the high proportion of capital owned by foreign entities and the high trading turnover, the Company does not know exactly how many shareholders it has. To the Company's knowledge, no shareholder owns more than 3% of its capital other than those mentioned below.

At 31 January 2010, five investment funds declared that they had crossed reporting thresholds (source: Ipreo):

- First Eagle Investment Management LLC 12.163%;
- Jupiter Asset Management Ltd 6.103%;
- Marathon Asset Management LLC 5.310%;
- Harris Associates LP 5.200%;
- Fidelity International Ltd 3.543%.

Movements in share capital over the last three years have been:

- capital increase through exercise of options: 262,853 shares in 2007, 188,135 shares in 2008; and 57,869 shares in 2009;
- capital reduction through cancellation of 724,364 shares of treasury stock in 2008 and 335,178 shares of treasury stock in 2009;
- dividends payment in shares for 326,501 shares.

The Board of Directors purpose is to set the Company's strategy and ensuring its implementation.

Board of Directors

The Board of Directors purpose is to set the Company's strategy and ensuring its implementation.

Chairman – Chief Executive Officer

- Denis Thiery (54) is Chairman and Group Chief Executive Officer since the Board of Directors meeting that took place on 12 January 2010. Denis Thiery has joined Neopost in 1998 as Chief Financial Officer. From 1991 to 1997, he was Group Chief Financial Officer and Chief Executive Officer of Moorings, a world leader in leisure boat rental based in the US. From 1984 to 1991, he held a number of senior positions with Wang France becoming Chief Financial Officer in June 1989. Graduated from *l'École des Hautes Études Commerciales* (HEC), Denis Thiery started his career in 1979 as auditor with Coopers & Lybrand both in France and the US, and was audit manager when he left audit in 1984. Denis Thiery has been nominated as a Director for a three year term by the Annual General Meeting of July 2007. His mandate will be submitted for renewal during the Annual General Meeting that will be held on 6 July 2010.

Other Group appointments: Director of Neopost Ltd and Neopost Finance Limited (United Kingdom) and of Mailroom Holding Inc. (United States).

Other appointments: None

Other appointments over the last five years (excluding those listed above): Director of Mailroom Holding BV (Netherlands), Neopost ID (France), Neopost Ireland Limited, Neopost Finance (Ireland) Ltd, Neopost SRL and Neopost Finance SRL (Italy) and of Neopost Norge AS (Norway). He was a member of the supervisory board of Neopost Technologies BV.

Denis Thiery owned 88,180 Neopost shares at 31 January 2010.

Other members of the Board of Directors

- Henk Bodt (71) was previously Vice-President of the Philips Group, in charge of the Consumer Electronics, Business Electronics, Medical Systems and Semiconductors divisions. Prior to this, he was President of Oce, Europe's leading producer of photocopiers and printers. Hank Bodt has been a Director of Neopost S.A. since June 1999, his mandate was renewed during the Annual General Meeting that was held on 7 July 2009 for a three year term, *i.e.* until the Annual General Meeting of July 2012.

Other Group appointments: None.

Other appointments: None.

Other appointments over the last five years (excluding those listed above): Director of A.S.M.L. (The Netherlands), of D.S.M. (The Netherlands) and of Delft Instruments (The Netherlands).

Henk Bodt owned 2,022 Neopost shares at 31 January 2010.

- Jacques Clay (62) is Chairman and CEO of Perigee S.A. (France), a French software developer specialized in conception and production of digital and analogical commercial publications. He is also Chairman of Oleastrat S.A.S. (France). M. Clay spent most of his career at Hewlett Packard, working in Europe and in the USA, where he was in charge of several international divisions. In particular, he developed HP's PC division into a multi-billion US dollar business, making HP the third-largest company in this sector. Jacques Clay has been a Director of Neopost S.A. since January 2003. Jacques Clay's mandate was renewed during the Annual General Meeting that was held on 10 July 2007 for a three year term, his mandate will be submitted for renewal during the Annual General Meeting that will be held in July 2010.

Other Group appointments: None.

Other appointments: None.

Other appointments over the last five years (excluding those listed above): Chairman of supervisory board of Advestigo S.A. (France) from 2004 to April 2009, Chairman and Chief Executive Officer of Polyspace Technologies (France) from July 2006 to April 2007, Director of Wstore Europe S.A. from 2004 to 2009, Director of Asterop SA (France, September 2007-January 2008) Vice-President of the supervisory board of Takasic S.A. (France) from 2002 to 2004, President of the supervisory board of Netquartz S.A. (France) from 2002 to the sell-out of the company to Wstore Europoe S.A. in 2004.

Jacques Clay owned 1,000 Neopost shares at 31 January 2010.

- Cornelius Geber (57) is currently Director of numerous German and international companies. He was previously a consultant to the General Management of Deutsche Post Worldnet AG (Bonn) and was Chairman of the Board of Directors of the German transport company Kühne & Nagel AG & Co, (Germany) and Director of its parent company Kühne & Nagel International AG (Suisse) between 1993 and 1999. Cornelius Geber has been a Director of Neopost S.A. since July 2002, his mandate was renewed during the Annual General Meeting that was held on 8 July 2008 for a three year term, *i.e*. until the Annual General Meeting of July 2011.

Other Group appointments: None.

Other appointments: Managing Partner of GC Beteiligungs und Management GmbH (Germany) and Director of GC Beteiligungs und Management AG (Switzerland), Vice-Chairman of the board of Inconso AG (Germany), President of the supervisory board of Barkawi Management consultants (Germany).

Other appointments over the last five years (excluding those listed above): Director of Cargofresh AG (Germany), member of the supervisory board of Friedrich Grohe AG & Co KG and of Ifco Systems N.V., Chairman of the Board of Ponaxis AG (Germany) and of Paul Günther Logistk AG (Germany), Managing Director of Celanese Europe Holding GmbH (Germany), Director of Celanese AG (Germany) and Kiala S.A. (Belgium).

Cornelius Geber owned 1,230 Neopost shares at 31 January 2010.

- Michel Guillet (65) was until 2005 Managing Partner of BC Partners, the consultancy arm of the BC European Capital investment fund. He also co-founded BC Partners in 1987. Previously, he held various management positions, including those of Chairman of Thomson's commercial refrigeration division and Managing Director of Lohr, a car transporters maker. Michel Guillet has been a Director of Neopost S.A. since September 1997. Michel Guillet's mandate was renewed during the Annual General Meeting that was held on 10 July 2007 for a three year term, his mandate will be submitted for renewal during the Annual General Meeting that will be held in July 2010.

Other Group appointments: None.

Other appointments: Director of Investir & Partenaire for the development in Port-Louis (Mauritius), of I&P Management (Mauritius) and Managing Director of Montroc Holding (France).

Other appointments over the last five years (excluding those listed above): None.

Michel Guillet owned 515 Neopost shares at 31 January 2010.

- Éric Licoys (71) is currently Chairman of the association called ACG France. He spent a large portion of his career in the banking industry. Among other positions, he was Chief Executive Director of Banque Occidentale pour l'Industrie et le Commerce, Director and Managing Director of Compagnie Financière Barclays, and Chairman of Fonds Partenaire Gestion and fund manager at Lazard Frères & Compagnie. Between 1999 and 2002, he was Board Member and Managing Director of Vivendi Universal and President of the AFIC (French Private Equity Association). He has been a Director of Neopost S.A. since July 2003, his mandate was renewed during the Annual General Meeting that was held on 7 July 2009 for a three year term, *i.e*. until the Annual General Meeting of July 2012.

Other Group appointments: None.

Other appointments: Chairman of supervisory board of Groupe Moniteur Holding (France), of MB Electronique S.A. and of Polly, Chairman of Cocifas S.A.S. and member of the supervisory board of Citizen Capital. He is Advisor for the Managing Board of Eurazeo and Senior Adviser for C.W. Downer.

Other appointments over the last five years (excluding those listed above): Chairman of the supervisory board of Marathon (formerly Finhera, France), Chairman of the Board of Financière Photo Europe; Director of Intermediate Capital Group (UK) and of Banque Eurofin-HSBC.

Eric Licoys owned 1,860 Neopost shares at 31 January 2010.

- Vincent Mercier (60), Civil Engineer of Les Mines, holder of a DESS in Economy, also a Cornell (USA) MBA graduate. He currently manages the Roland Berger Strategy consultants Paris office and since 2004 is Managing Partner of Brussels office and Member of the Group Executive Committee. He is in charge of the Chinese and Japanese offices since 2007. Vincent Mercier mandate has been approved during the Annual General Meeting that was held on 7 July 2009 for a three year term, *i.e*. until the Annual General Meeting of July 2012.

Other Group appointments: None.

Other appointments: Director of MAF Retail (Dubai).

Other appointments over the last five years (excluding those listed above): None.

Vincent Mercier owned 566 Neopost shares at 31 January 2010.

- Michel Rose (66) was Deputy Managing Director of Lafarge with responsibility for the cement business, he retired on the 1st May 2008. He joined Lafarge in 1970 and has held several executive positions in the Group. In particular, he was Deputy Managing Director for the Human Resources and Communication departments, and for the Biotechnology division, after which he was Managing Director for North America. Michel Rose has been a Director of Neopost since July 2005, his mandate was renewed during the Annual General Meeting that was held on 8 July 2008 for a three year term, *i.e*. until the Annual General Meeting of July 2011.

Other Group appointments: None.

Other appointments: Director of Lafarge Morocco, of Unicem (Nigeria) of Malayan Cement (Malaysia) and Essilor International (France), Chairman of *École des Mines de Nancy* Foundation.

Other appointments over the last five years (excluding those listed above): None.

Michel Rose owned 296 Neopost shares at 31 January 2010.

- Agnes Touraine (53) manages Act III consultants; a consulting firm specialized on growth strategy that she created in 2003 and Act3 Gaming founded in 2009. She started her career at McKinsey and occupied several strategic and operating positions at Lagardère Group. She was then CEO of the Publishing and Video Games division at Havas before becoming CEO of Vivendi Universal Publishing. Agnès Touraine graduated in 1978 from *Sciences Po* Paris and from the law faculty of Paris I. In 1981, she obtained an MBA from Columbia University Business School. Agnes Touraine mandate has been approved on 10 July 2007 for a three year term, her mandate will be submitted for renewal during the Annual General Meeting that will be held in July 2010.

Other Group appointments: None.

Other appointments: Independent administrator of Cable & Wireless, of ITV in London, of the *Fondation de France* and she is on the Board of the French American Foundation, of the IDATE and of the Women's Forum.

Other appointments over the last five years (excluding those listed above): None.

Agnès Touraine owned 153 Neopost share at 31 January 2010.

- Jean-Paul Villot (65) joined Neopost S.A. in September 1995 as Deputy Managing Director, and was appointed Chairman and CEO of Neopost S.A. in September 1996. M. Villot is a graduate of France's *École des Mines* (engineering) and IAE (business) schools, and has held various professional positions in France and abroad, working in sales and General Management at Bull and Schlumberger. Between 1991 and his arrival at Neopost, he was Executive Director and member of the management committee of Dutch photocopier manufacturer Oce. In 19 June 2007, Jean Paul Villot became Chairman of the Board of Neopost S.A. a position that he held until the 12 January 2010. Jean-Paul Villot's appointment as Director was renewed at the Annual General Meeting on 10 July 2007 for a three year term, his mandate will be submitted for renewal during the Annual General Meeting that will be held in July 2010.

Other Group appointments: None.

Other appointments: Member of supervisory board of X'Ange Capital (France) and Atria Capital Partenaires (France).

Other appointments over the last five years (excluding those listed above): Chairman of Neopost Inc. (USA) until 2006 and Director of Oce France until 2008, Director of Neopost BV (The Netherlands), and Member of the supervisory board of Neopost Technologies BV (The Netherlands).

Jean-Paul Villot owned 226,161 Neopost shares at 31 January 2010.

Directors' appointments and remunerations

Remuneration of directors

(In euros)	31 January 2010	31 January 2009
Directors' fees		
Denis Thiery	15,000	15,000
Henk Bodt	37,000	37,000
Jacques Clay	32,000	32,000
Cornelius Geber	34,500	37,000
Michel Guillet	32,000	32,000
Éric Licoys	37,000	37,000
Vincent Mercier	13,500	-
Michel Rose	32,000	24,000
Raymond Svider	-	16,000
Agnès Touraine	27,000	27,000
Jean-Paul Villot	-	-
Total	**260,000**	**257,000**

To calculate Directors' fees, the following method is used:

- basic fees: 15,000 euros per year;
- attendance fees: 3,000 euros per meeting;
- committees members (nomination committees and appointments committees count for only one committee): 5,000 euros per year;
- chairing a committee: an additional 5,000 euros per year.

With the exception of Mrs Jean-Paul Villot and Denis Thiery, whose detailed remuneration is given in the paragraph above, Directors receive no compensation other than directors' fees of Neopost S.A.

Remuneration of the Chairman and the CEO

During the period, the details of the remuneration paid by Neopost and its controlled companies to Denis Thiery (Chief Executive Officer until January 2010 and after Chief Executive Officer) and Jean-Paul Villot (Chairman of the Board until January 2010) and are as follows:

	31 January 2010	
(In euros)	Chairman	CEO
Fixed remuneration	300,000	500,000
Variable remuneration	56,558	263,272
Directors' fees	-	15,000
Benefits in kind	-	7,146
Total	**356,558**	**785,418**
Stock-options*	**215,077**	**140,610**
Free shares award	**429,558**	**210,166**

* The amounts mentioned are the expenses for the year related to the attributions of the year and to the past years during which the total expense was spread over the acquisition period.

Variable remuneration is based on the Group's results in terms of sales, operating income and working capital requirement. Variable remuneration appearing in the table above are the amounts paid in year n about the year n-1.

Directors' fees paid to M. Thiery relates to his appointment at Neopost S.A.

With respect to pensions, the Chairman and CEO has a defined contribution pension plan (article 83 of the French General Tax Code), into which is paid a total of 8% of his remuneration, within the limit of 8 times the maximum amount as determined by the Social Security and a defined benefit pension scheme (article 39 of the French General Tax Code) with an annuity obligation of 1% of pay per year of service, for a minimum of 5 years and a maximum of 30 years. Before 65 year-old, this benefit is reduced (this annuity being paid after deduction of that provided by the defined contribution schemes in force).

The retirement benefit obligation amount at end-January 2010 is 2,968,870 euros of which 713,627 euros are related to 2009 pension rights.

No loans or guarantees have been granted to any manager or director.

No post-appointment commitments such as remuneration, compensation or benefits have been granted to its officers by the Company.

The AMF declarations required of Messrs Villot and Thiery under article L. 621-18-2 of the French Monetary and Financial Code (Code monétaire et financier) have been submitted to the AMF and published on the Group website

Both Mr Villot and Mr Thiery took the commitments to hold 30,000 shares until the end of their mandate. These commitments replace the former obligations as defined by article L.225-185 and 225-197-1 of the French Code of Commerce.

Share-based payments

1,200,000 option plan

The Annual General Meeting of 9 February 2000 authorized a stock option plan involving the granting of 1,200,000 options over five years.

Options have been awarded as follows:

Date of board meeting [a]	03/04/2000	05/07/2000	15/01/2001	18/01/2002	23/05/2002	09/07/2002	02/10/2002	14/01/2003	08/07/2003	14/01/2004	Total
Nature of options	warrant	warrant	warrant	warrant	warrant	warrant	warrant	warrant	warrant	warrant	
Exercise price (in euros)	35.00	32.39	24.40	35.05	43.49	40.50	33.40	32.03	37.10	41.53	
Exercise period [b]	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	
Number of options awarded	159,000	41,000	208,470	248,500	33,500	65,000	8,000	494,500	30,000	134,500	1,422,470
• *to Chairman Jean-Paul Villot* [d]	-	-	*25,000*	*30,000*	-	-	-	*60,000*	-	-	*115,000*
• *to Chief Executive Officer Denis Thiery* [d]	-	-	*10,000*	*20,000*	-	-	-	*40,000*	-	-	*70,000*
Number of options exercised	101,679	33,000	161,133	193,865	29,400	65,000	8,000	415,988	11,400	78,550	1,098,015
• *by Chairman Jean-Paul Villot* [d]	-	-	*25,000*	*30,000*	-	-	-	-	-	-	*55,000*
• *by Chief Executive Officer Denis Thiery* [d]	-	-	*10, 000*	*20,000*	-	-	-	-	-	-	*30,000*
Number of options cancelled [c]	52,222	8,000	36,404	41,400	2,600	-	-	44,700	17,000	33,500	235,826
Number of options outstanding at 31 January 2010	5,099	-	10, 933	13,235	1,500	-	-	33,812	1,600	22,450	88,629

(a) The date of the board meeting is the start date for calculating exercise of the options.

(b) The options can be exercised from the date of the board meeting each year in tranches of 20%, except for French beneficiaries who must wait until the end of the second year to exercise 40% of their options.

(c) Mainly because of the end of the Group's employment contract with the beneficiary.

(d) The Chairman and the Chief Executive Officer are the only Board members of the Company to have received options.

Options were exercised during the period as follows:

Date of board meeting	03/04/2000	05/07/2000	15/01/2001	18/01/2002	23/05/2002	09/07/2002	02/10/2002	14/01/2003	08/07/2003	14/01/2004	Total
Number of options exercised	7,605	-	4,739	6,350	-	-	-	8,560	2,500	6,000	35,754
• *by Chairman Jean-Paul Villot*	-	-	-	-	-	-	-	-	-	-	-
• *by Chief Executive Officer Denis Thiery*	-	-	-	-	-	-	-	-	-	-	-

900,000 option plan

The Annual General Meeting on 9 July 2003 authorised the set up of a new stock option plan involving 900.000 options over 38 months.

Options have been awarded as follows:

Date of board meeting [a]	14/01/2004	13/01/2005	11/01/2006	04/07/2006	Total
Number of options exercised	warrant	warrant	warrant	warrant	
Exercise price (in euros)	41.53	57.50	85.90	90.90	
Exercise period [c]	10 years	10 years	10 years	10 years	
Number of options awarded	256,500	320,000	275,500	33,300	885,300
• *to Chairman Jean-Paul Villot* [b]	*100,000*	*100,000*	-	*33,300*	*233,300*
• *to Chief Executive Officer Denis Thiery* [b]	*15,000*	*12,000*	*15,000*	-	*42,000*
Number of options exercised	162,755	54,400	7,660	-	224,815
• *by Chairman Jean-Paul Villot* [b]	*80,000*	-	-	-	*80,000*
• *by Chief Executive Officer Denis Thiery* [b]	-	-	-	-	-
Number of options cancelled [d]	10,700	45,400	75,900	-	132,000
Number of options outstanding at 31 January 2010	**83,045**	**220,200**	**191,940**	**33,300**	**528,485**

(a) The date of the board meeting is the start date for calculating exercise of the options.

(b) The Chairman and the Chief Executive Officer are the only Board members of the Company to have received options.

(c) The options can be exercised from the date of the board meeting each year in tranches of 20%.

(d) Mainly because of the end of the Group's employment contract with the beneficiary.

Options were exercised during the period as follows:

Date of board meeting	14/01/2004	13/01/2005	11/01/2006	04/07/2006	Total
Number of options exercised	11,315	10,800	-	-	22,115
• *by Chairman Jean-Paul Villot*	-	-	-	-	-
• *by Chief Executive Officer Denis Thiery*	-	-	-	-	-

960,000 option plan

The Extraordinary General Meeting on 5 July 2006 authorised the set up of a new stock option plan involving 960.000 options over 38 months.

Options have been awarded as follows:

Date of board meeting [a]	16/01/2007	15/01/2008	03/07/2008	18/02/2009	18/02/2009	06/07/2009	Total
Number of options exercised	Warrant/ Purchase	Warrant/ Purchase	Warrant/ Purchase	Warrant/ Purchase	Warrant/ Purchase Performance [e]	Warrant/ Purchase	
Exercise price (in euros)	97.60	68.10	69.53	63.30	63.30	62.39	
Exercise period [c]	10 years	10 years	10 years	10 years	10 years	10 years	
Number of options awarded	205,000	462,000	9,500	262,885	63,000	8,000	1,010,385
• *to Chairman Jean-Paul Villot* [b]	-	*15,000*	-	-	-	-	*15,000*
• *to Chief Executive Officer Denis Thiery* [b]	-	*40,000*	-	-	*22,500*	-	*62,500*
Number of options exercised	-	-	-	-	-	-	-
Number of options cancelled [d]	39,000	48,700	-	1,500	-	-	89,200
Number of options outstanding at 31 January 2010	**166,000**	**413,300**	**9,500**	**261,385**	**63,000**	**8,000**	**921,185**

(a) The date of the board meeting is the start date for calculating exercise of the options.

(b) The Chairman and the Chief Executive Officer are the only Board members of the Company to have received options.

(c) The options can be exercised from the date of the board meeting each year in tranches of 20%, except for performance options which can be exercised by half after 2 or 3 years minimum, when the board approves the consolidated accounts.

(d) Mainly because of the end of the Group's employment contract with the beneficiary.

(e) Options with performance conditions, the number indicated is the maximum result.

960,000 option plan

The Extraordinary General Meeting on 7 July 2009 authorised the set up of a new stock option plan involving 960.000 options over 38 months.

Options have been awarded as follows:

Date of board meeting [a]	12/01/2010	12/01/2010	12/01/2010	12/01/2010	Total
Number of options exercised	Warrant/ Purchase Performance [e]	Warrant/ Purchase Performance [e]	Warrant/ Purchase	Warrant/ Purchase	
Exercise price (in euros)	57.19	57.89	57.19	57.89	
Exercise period [c]	10 years	10 years	10 years	10 years	
Number of options awarded	136,000	18,000	230,000	91,000	475,000
• *To chairman and Chief Executive Officer Denis Thiery* [b]	*50,000*	-	-	-	*50,000*
Number of options exercised	-	-	-	-	-
Number of options cancelled [d]	-	-	-	-	-
Number of options outstanding at 31 January 2010	**136,000**	**18,000**	**230,000**	**91,000**	**475,000**

(a) The date of the board meeting is the start date for calculating exercise of the options.

(b) The Chairman and Chief Executive Officer is the only Board member of the Company to have received options.

(c) The options can be exercised from the date of the board meeting each year in tranches of 20%, except for performance options which can be exercised by half after 2 or 3 years minimum, when the board approves the consolidated accounts.

(d) Mainly because of the end of the Group's employment contract with the beneficiary.

(e) Options with performance conditions, the number indicated is the maximum result.

No option relative to this plan was exercised during the period.

Information relating to the four plans

No options had matured at 31 January 2010.

The bracket of exercise price of options in circulation at 31 January 2010 was 24.40 euros to 97.60 euros (24.40 euros to 97.60 euros at 31 January 2009).

The weighted average residual life of options in circulation was 7.6 years at 31 January 2010 compared with 7.1 years at 31 January 2009.

The weighted average price of options exercised during the period was 39.94 euros compared with 38.94 euros the previous year.

The key factor in awarding options is the recipient's potential contribution to the company's earnings.

Informations concerning the top ten employees

	Total number of awarded options/ warranted or purchased shares	Average price	1,200,000 option plan	900,000 option plan	960,000 option plan	960,000 option plan
Number of options awarded during 2009	252,500	59.17	-	-	78,500	174,000
Number of options exercised during 2009	15,000	46.12	4,500	10,500	-	-

Free share plan

At the Extraordinary General Meeting on 6 July 2005, shareholders authorised the Board of Directors to award up to 900.000 free shares either in issue or to be issued (this number being based on the total number of shares which might be subscribed or purchased under stock option plans as stipulated by the Combined General Meeting on 9 July 2003). In accordance with this authorisation, 33,300 free shares were awarded to the Chairman on 28 March 2006 and delivered on 29 March 2008.

The Extraordinary General Meeting on 5 July 2006 authorised the Board of Directors to arrange a plan to award up to 320,000 free shares either already in issue or to be issued.

Attribution date	03/10/2006	16/01/2007	16/01/2007	23/03/2007	25/09/2007	15/01/2008	01/04/2008	03/07/2008	18/02/2009	18/02/2009	06/07/2009	Total
			Co-invest	Co-invest	Co-invest				Performance			
Number of shares awarded	5,000	26,000	134,100	24,300	6,600	26,160	8,900	4,000	63,000	64,000	4,000	366,060
• *to Chairman Jean-Paul Villot*	-	-	-	*24,300*	-	-	*1,500*	-	-	-	-	*25,800*
• *to Chief Executive Officer Denis Thiery*	-	-	*32,400*	-	-	*6,660*	-	-	*22,500*	-	-	*61,560*
Number of shares cancelled	(2,000)	-	(40,500)	-	-	-	-	-				(42,500)
Number of shares delivered	(2,250)	(25,750)	(49,200)	(12,150)	(3,300)	(13,080)	-	-	-	-	-	(105,730)
• *to Chairman Jean-Paul Villot*	-	-	-	*(12,150)*	-	-	-	-	-	-	-	*(12,150)*
• *to Chief Executive Officer Denis Thiery*	-	-	*(16,200)*	-	-	*(3,330)*	-	-	-	-	-	*(19,530)*
Number of shares outstanding at 31 January 2010	750	250	44,400	12,150	3,300	13,080	8,900	4,000	63,000	64,000	4,000	217,830

There are several objectives in the award of free shares:

- attracting and retaining strong potential;
- acknowledging exceptional performance;
- inspiring strong motivation and commitment to the company's results through a specific free share plan called co-investment and performance based on the Group's future performance.

Neopost has put in place a co-investment and performance plan of restricted share allocation to its executives against an investment in Neopost shares equal to 10% of the number of restricted shares allocated. The number of shares allocated is conditioned by performance objectives, such as return on equity and return on capital employed.

A new attribution was made on 18 February 2009; this attribution is subject to performance conditions. These conditions are related to following indicators:

- consolidated sales growth;
- EBIT margin (current operating income divided by sales);
- total return to shareholders (total holding period return of the share, plus dividends) compared to the average performance of the companies belong to the same index as Neopost;

The fair value of the allocated shares is calculated on the basis of the share price on the day of the assignment minus of the value of estimated dividends. The global expense has been calculated on the best estimate of the number of shares whose property will be transferred, *i.e*. 50% of the maximum grant, which is the most likely hypothesis as of this day. The expense has been charged on the duration of the vesting time of the award.

The allocated shares number will be reviewed at every closing and the estimated expense consequently adjusted, so that the booked expenses are *in fine* in accordance with the number of shares effectively assigned.

List of outstanding authorizations for the Board of Directors from Annual General Meetings in respect of capital increases

Neopost S.A.'s Annual General Meeting of 7 July 2009 approved the resolutions set out below, giving the Board of Directors powers for a period of 26 months to:

- issue ordinary shares or transferable securities giving access to the company's capital, whilst maintaining the shareholders' preferential subscription right;
- issue ordinary shares, cancelling the shareholders' preferential subscription rights;
- issue transferable securities giving access to the Company's capital with the cancellation of the shareholders preferential subscription right;
- increase the amount of the issues if there are surplus applications for ordinary shares or transferable securities giving access to the company's capital;
- increase the capital by incorporating reserves profits or premiums;
- increase the share capital by issuing ordinary shares and transferable securities giving access to the capital to remunerate contributions in kind within a limit of 10% of the share capital;
- issue ordinary shares and transferable securities giving access to the company's capital on a takeover bid by the company;
- carry out increases in capital and transfers reserved for the Group's employees under the provisions of article L. 3332-1 *et seq*., of the French Employment Code (*Code du Travail*).
- carry out an increase in capital reserved for financial establishments or companies specifically created in order to implement an employee savings scheme for the employees of certain subsidiaries of foreign subsidiaries or branches of the Group equivalent to the savings schemes for the French and foreign companies in the Group in force
- grant new stock options and/or call options for existing shares
- cancel shares within the scope of the company buying back its own shares
- issue the transferable securities giving the right to the allotment of debt securities and not resulting in an increase in the Company's capital.

The full text of these authorisations is available on request from Neopost S.A.'s head office.

The Neopost S.A. Annual General Meeting convened for 6 July 2010 to consider the financial statements for the financial year ended 31 January 2010 will be asked to renew these authorisations on similar terms.

Risk management and financial instruments

Liquidity risk

The Group's cash requirement and the debt service account for a significant proportion of its cash flow.

The Group believes that its cash flow will enable it to service its debt, given the current level of business. However, this ability will depend on the Group's future performance, which is partly related to the economic cycle, which the Group cannot control. No guarantee can therefore be given regarding the Group's ability to cover its financial needs. Group debt (US private placement and revolving credit line) are subject to compliance with covenants.

Failure to comply with these covenants may lead to early repayment of the debt. At 31 January 2010, the Group was easily complying with all covenants.

Hedging of exchange rate risk

Risk management policy

Neopost has a policy of centralising its exchange risk, enabling it to monitor the Group's overall exchange rate risk exposure and to gain full control over the market instruments used in hedging operations.

For each consolidated position that is managed. Neopost implements a hedging strategy at the same time as it sets the reference exchange rate to be defended. The hedging strategy involves a combination of definite or optional forward currency purchases or sales. along with open positions protected by stop losses. These stop losses are predetermined exchange rates that trigger transactions when they are hit. As a result, a mathematical algorithm means that the hedging strategy enables Neopost to defend a reference exchange rate for the entire position in the event of adverse exchange rate movements.

Neopost uses the services of an independent consultancy based in Paris. This company assists Neopost in the Group's exchange rate risk hedging policy and values its portfolios, thus ensuring continuity of methodology and providing an opinion independent of any financial institution.

Neopost S.A., as the centralising company, grants foreign exchange contracts at guaranteed exchange rates to subsidiaries exposed to exchange rate risks, and reverses the resulting positions in the market.

YEAR-END POSITION

The tables below show Neopost S.A.'s year-end hedging positions and commitments towards its subsidiaries.

FINANCIAL YEAR 2009 - ASSET AND LIABILITY HEDGING AND COMMITMENTS TOWARDS ITS SUBSIDIARIES: hedging positions covering financial assets or liabilities on Neopost S.A.'s balance sheet commitments at 31 January 2010 towards its subsidiaries and expected to be realised no later than April 2010.

(millions)	USD	GBP	CAD	NOK	JPY	SEK	CHF	DKK
Neopost S.A. financial assets	3.2	0.2	0.1	1.0	0.7	1.7	0.2	-
Foreign exchange commitments assets	49.8	24.5	1.0	13.0	24.4	3.9	3.6	0.5
Total assets exposure	**53.0**	**24.7**	**1.1**	**14.0**	**25.1**	**5.6**	**3.8**	**0.5**
Neopost S.A. financial liabilities	3.5	0.1	-	-	2.7	-	-	-
Foreign exchange commitments liabilities	9.2	62.2	-	-	-	-	3.2	0.4
Total liabilities exposure	**12.7**	**62.3**	**-**	**-**	**2.7**	**-**	**3.2**	**0.4**
Net exposure before hedging	**40.3**	**(37.6)**	**1.1**	**14.0**	**22.4**	**5.6**	**0.6**	**0.1**
Neopost S.A. hedging	(40.4)	31.7	(1.9)	(8.6)	(11.6)	(4.0)	(3.9)	-
Net exposure after hedging	(0.1)	(5.9)	(0.8)	5.4	10.8	1.6	(3.3)	0.1

Neopost uses symmetrical options tunnels in particular. These instruments are unlikely to be exercised in a non-reciprocal manner in terms of the spot exchange rate or expiry date. As a result, for each tunnel only one of the two options is reported in the table above. The value of the commitment in these symmetrical options was 6.0 million USD sold and 2.0 million SEK sold.

Neopost also makes use of asymmetrical options tunnels. The asymmetrical part of this kind of transaction is presented in the table above with a view to reflecting the Group's commitment as closely as possible. By currency the asymmetrical part is as follows: 2.0 million USD sold and 2.0 million SEK sold.

2010 BUDGET: hedging positions covering anticipated financial commitments assets and liabilities in financial year 2010 towards its subsidiaries expected to be realised no later than April 2011.

(millions)	USD	GBP	CAD	NOK	JPY	SEK	CHF	DKK
Neopost S.A. projected financial assets	9.1	2.9	0.7	2.1	7.1	5.3	0.4	2.0
Foreign exchange commitments assets	149.3	193.9	8.9	20.7	189.0	26.9	8.6	10.7
Total assets exposure	**158.4**	**196.8**	**9.6**	**22.8**	**196.1**	**32.2**	**9.0**	**12.7**
Neopost S.A. projected financial liabilities	9.4	0.4	-	-	-	-	-	-
Foreign exchange commitments liabilities	117.7	227.5	-	-	-	-	4.2	6.5
Total liabilities exposure	**127.1**	**227.9**	**-**	**-**	**-**	**-**	**4.2**	**6.5**
Net exposure before hedging	**31.3**	**(31.1)**	**9.6**	**22.8**	**196.1**	**32.2**	**4.8**	**6.2**
Neopost S.A. hedging	(8.6)	-	(3.8)	(7.0)	(90.0)	-	(0.8)	-
Net exposure after hedging	22.7	(31.1)	5.8	15.8	106.1	32.2	4.0	6.2

Neopost uses symmetrical options tunnels in particular. These instruments are unlikely to be exercised in a non-reciprocal manner in terms of the spot exchange rate or expiry date. As a result for each tunnel only one of the two options is reported in the table above. The value of the commitment in these symmetrical options was 4.3 million US dollars sold, 1.2 million Canadian dollars sold, 3.0 million Norwegian kroner sold and 30.0 million Japanese yen sold.

Neopost also makes use of asymmetrical options tunnels. The asymmetrical part of this kind of transaction is presented in the table above with a view to reflecting the Group's commitment as closely as possible. By currency the asymmetrical part is as follows: 4.3 million US dollars sold, 1.0 million Canadian dollars sold, 4.0 million Norwegian kroner sold and 30.0 million Japanese yen sold.

Hedging instruments

The Neopost group hedges its exchange rate risk using over-the-counter derivative instruments contracted with external counterparties. The derivative instruments used by the Treasury department in its hedging strategies are as follows:

- firm derivatives such as forward currency purchases and sales;
- plain vanilla options such as puts and calls;
- second generation options (knock-in or knock-out barrier options).

Instrument details

The instruments in the portfolio have expiries of less than twelve months at 31 January 2010. These instruments are listed below by type and by currency for the period to which they relate.

2009 - ASSET AND LIABILITY HEDGING AND COMMITMENTS TOWARDS ITS SUBSIDIARIES

Notional value (millions) – Cash flow hedging	Forward purchases	Forward sales	Put options bought	Call options sold	Put options sold	Call options bought
USD	-	32.4	6.0	12.0	-	4.0
GBP	31.7	-	-	-	-	-
CAD	-	1.9	-	-	-	-
NOK	-	8.6	-	-	-	-
JPY	-	11.6	-	-	-	-
SEK	-	-	2.0	4.0	-	-
CHF	-	3.9	-	-	-	-

2010 BUDGET - HEDGING OF ANTICIPATED COMMITMENTS (ASSET AND LIABILITIES)

Notional value (millions)	Forward purchases	Forward sales	Put options bought	Call options sold	Put options sold	Call options bought
USD	-	-	4.3	8.6	-	-
GBP	-	-	-	-	-	-
CAD	-	1.6	1.2	2.2	-	-
NOK	-	-	3.0	7.0	-	-
JPY	-	30.0	30.0	60.0	-	-
SEK	-	-	-	-	-	-
CHF	-	0.8	-	-	-	-

Instrument valuation

Hedging instruments relating to financial year 2009 have all been valued and recognised at market value at 31 January 2010.

Financial instruments relating to the 2010 budget have not been valued in Neopost S.A.'s financial statements.

Exchange rate deal counterparty risk

Operations are carried out with the 16 international banks that take part in the revolving credit facility.

Hedging of foreign-currency loans and current account advances

Subsidiary	Loan/borrowing/short-term advance	Currency	Amount	Notional amount of financial instruments
Neopost USA Inc. [a]	Loan	USD	21.5	
Neopost USA Inc. [a]	Loan	USD	67.0	
Mail Finance Inc. [a]	Short term loan	USD	158.5	
Mailroom Holding Inc. [a]	Short term loan	USD	12.1	
Neopost USA Inc. [a]	Short term loan	USD	178.8	
Satori Software Inc. [a]	Short term advance	USD	1.0	79.0
Neopost Canada Ltd	Short term loan	CAD	9.1	9.6
Neopost Canada Ltd	Loan	CAD	1.4	1.4
Neopost Int. Supply Ltd	Short term loan	GBP	16.7	
Neopost Ltd	Short term loan	GBP	33.9	
Neopost Technologies Ltd	Short term advance	GBP	3.0	
Neopost Finance Ireland	Short term loan	GBP	20.1	69.8
Neopost Holdings Ltd	Borrowing	GBP	8.1	8.1
Neopost Ltd	Borrowing	GBP	1.4	1.4
Neopost AG	Short term loan	CHF	0.5	
Neopost AG	Loan	CHF	6.1	
Neopost Software & Integrated Solutions AG	Short term advance	CHF	2.5	5.5
Neopost Japan Inc.	Short term loan	JPY	176.5	176.5
Neopost Norge AS	Short term loan	NOK	0.4	
Neopost Norge AS	Loan	NOK	18.6	
Neopost Finance Ireland	Short term loan	NOK	15.0	33.9
Neopost Sverige	Loan	SEK	126.0	
Kontur	Short term loan	SEK	5.0	131.0

(a) Neopost S.A. naturally hedges these loans by drawing USD on its revolving credit facilities.

Hedging of interest rate risk

Risk management policy

To limit the impact of a rise in interest rates on its interest expenses, the Neopost group has a risk-hedging policy aimed at protecting a maximum annual interest rate for the three years ahead at all times.

Neopost has a policy of centralising its interest rate risk, enabling it to monitor the Group's overall interest rate risk exposure and to gain full control over the market instruments used in hedging operations. The Group hedges its interest rate risk depending on its current debt levels, but also according to likely future movements in debts, arising from drawings on its revolving credit facilities.

Financial instruments are carried by the legal entities that have the corresponding debt on their balance sheet.

A hedging strategy is adopted on the basis of the position to be managed and the reference interest rate adopted. The strategy is aimed at protecting the reference interest rate and at taking advantage, at least to some extent, of favorable movements. Hedging strategies involve definite and optional derivative instruments, and open positions are maintained if possible. The valuation of the open position based on market forward interest rates, along with the interest rates obtained through hedging operations, should always protect the reference interest rate. Hedging strategies cover the period three years ahead at all times. However, the level of coverage and the weightings of the various derivative instruments may vary from one year to the next, since the aim is to maintain greater scope for optimising positions in later years.

Neopost works with the same consultancy for hedging both interest rate risk and exchange rate risk.

Year-end position

The table below sets out Neopost S.A.'s year-end exposure:

(millions)	EUR	USD
Financial assets	-	-
Financial liabilities	564.6	398.2
Net exposure before hedging	**(564.6)**	**(398.2)**
Fixed-rate debt	308.0	100.0
Hedging	255.0	210.0
Net exposure after hedging	**(1.6)**	**(88.2)**

Hedging instruments

Neopost uses standard, liquid derivative instruments. The instruments used are as follows:

- firm derivatives: swaps and forward rate agreements;
- plain vanilla options: caps and floors (used either alone or in combination);
- knock-in or knock-out barrier options: caps and floors (used either alone or in combination);
- swaptions (used either alone or in combination).

Management mandates, packaged bank hedging products and derivative instruments that introduce a reference other than the underlying (quanto swaps for example) are strictly forbidden by internal procedures.

Instrument details

The instruments in the portfolio are listed below, according to type. currency and maturity.

Notional value (millions)	Currency	Less than 1 year	1 to 5 years	Maturity more than 5 years
	USD	75.0	-	-
Swap - buyer	EUR	-	150.0	-
	USD	55.0	100.0	-
Swap - receiver	EUR	112.5	75.0	-
	USD	-	5.0	-
Swaption call seller	EUR	-	25.0	-
	USD	10.0	45.0	-
Cap - buy	EUR	32.5	70.0	-
	USD	75.0	25.0	-
Knock-out cap - buy	EUR	7.5	75.0	-
	USD	10.0	70.0	-
Floor - sell	EUR	32.5	70.0	-

Instrument valuation

The valuation of the aforementioned instruments is not included in the accounts.

For information, the valuation of these instruments at the end of the year, in assets was +0.4 million euros for euros instruments and +0.1 million US dollars for US dollar instruments, in liabilities was +7.7 million euros for euros instruments and +3.6 million US dollars for US dollar instruments.

Risk related to shares

The risk is not significant for Neopost S.A.

Customer credit risk

Neopost S.A., being the holding company, is not exposed to any customer credit risk.

Headcount

The average number of employees of Neopost S.A. was 27 in 2009.

Mandate of auditors

The Peronnet and Associates mandate comes to an end, proposition:

- appointment of Finexsi Audit, represented by Didier Bazin, substitution suggested under the mandate rotation programme;
- appointment of Peronnet and Associates, represented by Eric Le Fichoux, as alternate auditor.

Special report

The special auditors' report includes agreements or transactions under articles L. 225-38 *et seq*. of the new Company Code.

Events after the balance sheet date

Since the closing of the consolidated accounts as at January 2010, and until the publication date of this report, there was no significant change to the Group's commercial or financial situation.

2010 Outlook

Neopost S.A. will continue to act as a holding company for the Neopost group.

Parent company financial statements

Parent company balance sheet

Assets

(In millions of euros)	Notes	31 January 2010	31 January 2009
Intangible fixed assets			
Gross value		19.3	18.9
Amortisation		(9.9)	(7.7)
	(3)	9.4	11.2
Tangible fixed assets			
Gross value		0.8	0.8
Depreciation		(0.3)	(0.3)
	(3)	0.5	0.5
Financial assets			
Gross value		846.2	746.6
Provisions		(5.5)	(5.2)
	(4)	840.7	741.4
Net receivables			
Net accounts receivable		8.7	6.2
Net other receivables		445.1	397.2
	(5)	453.8	403.4
Short-term investments and cash & cash equivalents			
Treasury stock		13.4	22.4
Cash & cash equivalents		11.5	17.1
	(6)	24.9	39.5
Financial instruments		-	-
Prepaid expenses		-	-
Cumulative foreign exchange difference	(7)	42.4	24.6
Total Assets		1,371.7	1,220.6

The following notes form an integral part of the financial statements.

Liabilities

(In millions of euros)	Notes	31 January 2010	31 January 2009
Capital		31.2	31.2
Additional paid-in capital		19.7	7.1
Reserves		27.7	7.8
Income for the year		198.9	151.7
Shareholders' equity	(8)	277.5	197.8
Provisions for risks and contingencies			
Provisions for risks		42.4	24.6
Provisions for contingencies		8.7	10.9
	(9)	51.1	35.5
Debt			
Bank loans		848.1	784.6
Other borrowings and debt		11.0	14.2
	(10)	859.1	798.8
Accounts payable			
Trade payables		3.6	3.8
Other operating liabilities		145.5	157.2
Taxes		0.9	0.6
Deferred income		-	0.2
		150.0	161.8
Financial instruments		0.2	5.2
Cumulative foreign exchange difference	(7)	33.8	21.5
Total Liabilities		1,371.7	1,220.6

The following notes form an integral part of the financial statements.

Parent company income statement

(In millions of euros)	31 January 2010	31 January 2009
Revenue from services	16.5	14.7
Reversal of depreciation and provisions	0.4	2.0
Revenue from operations	**16.9**	**16.7**
Other purchase costs and operating charges	(29.2)	(19.3)
Other expenses	(0.3)	(0.3)
Depreciation and provisions	(2.5)	(3.2)
Operating expenses	**(32.0)**	**(22.8)**
Operating income	**(15.1)**	**(6.1)**
Investment income (dividends)	94.1	169.3
Investment income (interest)	7.1	14.1
Other interest and financial income	39.4	91.1
Reversal of depreciation and provisions	0.4	9.4
Financial income	**141.0**	**283.9**
Interest charges	(69.2)	(131.8)
Commitment commissions	(0.2)	(0.2)
Depreciation and provisions	(18.1)	(7.5)
Financial expenses	**(87.5)**	**(139.5)**
Financial result	**53.5**	**144.4**
Current operating income	**38.4**	**138.3**
Extraordinary proceeds from capital transactions	137.9	0.8
Extraordinary income	**137.9**	**0.8**
Extraordinary expenses on capital transactions	(0.8)	(6.9)
Extraordinary expenses	**(0.8)**	**(6.9)**
Extraordinary net income (loss)	**137.1**	**(6.1)**
Income tax	23.4	19.5
Net income	**198.9**	**151.7**

The following notes form an integral part of the financial statements.

Parent company cash flow statement

(In millions of euros)	31 January 2010	31 January 2009
Net income	198.9	151.7
Depreciation and amortisation charge (reversal)	2.2	1.1
Provisions for risks and contingencies (reversal)	16.1	1.2
Gains (losses) on changes in fair value	(7.1)	5.1
Funds generated from operations	**210.1**	**159.1**
(Increase) decrease in accounts receivable	(2.5)	1.3
Increase (decrease) in accounts payable	(0.0)	(0.1)
Increase (decrease) in other operating payables and receivables	(71.4)	(125.9)
Cash flow from operating activities (A)	**136.2**	**34.4**
Investment in other intangible assets	(0.0)	(0.5)
Investment in other tangible assets	(0.5)	(12.0)
Securities acquired and loans granted	(101.5)	21.8
Cash flow from investment activities (B)	**(102.0)**	**9.3**
Dividends paid	(116.4)	(161.7)
Parent company capital increase	20.1	7.3
Parent company capital reduction (share buy-back)	(22.9)	(67.0)
New medium and long-term debt	344.6	180.1
Loans repayment	(269.0)	(11.7)
Net change in other debt and accrued interest	3.8	(0.4)
Cash flow from financing activities (C)	**(39.8)**	**(53.4)**
Impact of exchange rate movements on cash and cash equivalents (D)	-	-
Change in net cash & cash equivalents (A) + (B) + (C) + (D)	**(5.6)**	**(9.7)**
Opening cash & cash equivalents	**17.1**	**26.8**
Closing cash & cash equivalents	**11.5**	**17.1**

The following notes form an integral part of the financial statements.

Notes to the parent company financial statements

For years ended 31 January 2010 and 31 January 2009.

(All amounts stated hereafter are in millions of euros, except contrary indication.)

Note 1 Presentation of the company

Neopost S.A. is the holding company of the Neopost group, and was created in 1992 through a leveraged buyout (LBO) of Alcatel's mail processing equipment division.

A second LBO took place in 1997.

Note 2 Summary of accounting policies

The accounts closed on 31 January 2010 are prepared in accordance with the measures of the Company Code (articles L. 123-12 and L. 123-28) and the Accounting Regulatory Committee regulations.

The following rules have been applied in accordance with the prudence principle:

- continuity of business;
- independence of financial year;
- continuity of accounting methods from one year to another.

And in accordance with general rules of establishment and presentation of annual accounts.

The basic method for valuing accounting entries is the historical cost method.

At 1 February 2005, the company applied regulations relating to the definition, measurement and recognition of assets (CRC regulation 04-06) and amortisation or depreciation (CRC regulation 02-10).

2-1: INTANGIBLE AND TANGIBLE FIXED ASSETS

Intangible and tangible fixed assets are valued at cost (purchase price plus related expenses, excluding fixed asset acquisition expenses).

Assets are depreciated according to their useful lives.

The most common depreciation periods are as follows:

- Patent & Software	5 years	Straight-line
- Fixtures	10 years	Straight-line
- Office furniture and equipment	4 & 8 years	Straight-line

2-2: FINANCIAL ASSETS

An impairment test is carried out at least once a year. The valuation of majority stakes is reviewed every year based on cash flow with an annual growth rate of 2.5%. The companies which are in a development phase or which are at the end of a restructuring period are valued with a growth rate based on the Group 3 year plan. Industrial margins are allocated. The discounting rate is the weighed average cost of capital before tax increased, if need be, by a premium for specific risks.

The deposit account opened at Exane BNP Paribas for the liquidity contract, which has investments in money market instruments, has a balance of 3.3 million euros at 31 January 2010, has been reclassified from financial stocks to that of financial assets.

2-3: SHORT-TERM INVESTMENTS AND CASH & CASH EQUIVALENTS

Short-term investments are valued on a line-by-line basis at their weighted average price.

The Group applied the CRC 2008-15 rule relative to stock-option and free share attribution accounting principles. It entails a change in accounting method for the full year 2008.As soon as it is possible that the entity will deliver to the plan beneficiaries existing shares, a liability should be accounted for, on the basis of a probability that an outflow of resources will be necessary:

- if stock options and free share attribution is subordinated to the fact that the beneficiary is still in the company's staff during a certain period of time, the accounting method for this liability is spread during the rights acquisition date;

- the treasury shares allocated to specific plans remains measured at the acquisition cost and are not depreciated anymore. The acquisition cost is the cost to acquire these shares (if the shares have not been allocated to a specific plan from their acquisition) or to their net book value at the plan allocation date in the case of a future allocation. The shares acquired with a view to be attributed to employees and that are not attached to a determined plan remain measured according to general rules that apply to short-term investments.

2-4: HEDGING DERIVATIVES

The FX forward contracts and options still opened as at 31 January 2010 are reassessed at that date, unrealized gains or losses resulting from this revaluation are:

- accounted for in compensation of unrealized gains or losses on assets or liabilities hedged by these instruments;
- deferred if these instruments have been allocated to operations related to the following year.

The effects of interest rate hedges ("swaps", "future rate agreement", "caps", etc.) are calculated using a prorata temporis over the contracts length, and accounted for in interest expense for the year.

Note 3 Intangible and tangible fixed assets

	Intangible fixed assets	Tangible fixed assets
Gross value at 31 January 2008	6.9	0.7
Acquisitions	12.0	0.5
Disposals	-	(0.4)
Gross value at 31 January 2009	18.9	0.8
Acquisitions	0.5	0.0
Disposals	(0.1)	0.0
Gross value at 31 January 2010	**19.3**	**0.8**
Cumulative amortisation	(9.9)	(0.3)
Net book value at 31 January 2010	**9.4**	**0.5**

	Intangible fixed assets	Tangible fixed assets
Amortisation at 31 January 2008	6.7	0.6
Charges	1.0	0.1
Disposals	-	(0.4)
Amortisation at 31 January 2009	7.7	0.3
Charges	2.2	0.0
Disposals	-	0.0
Amortisation at 31 January 2010	**9.9**	**0.3**

Note 4 Financial assets

(In millions of euros)	31 January 2010	31 January 2009
Gross value		
Investments in Mail Finance	8.6	8.6
Investments in Mail Services	2.5	2.5
Investments in Mailroom Equipment Ltd	4.6	4.6
Investments in Mailroom Holding BV	26.0	26.0
Investments in Mailroom Holding Inc.	246.2	34.3
Investments in Neopost AG	12.5	9.7
Investments in Neopost Belgium (SPRL)	0.5	0.5
Investments in Neopost Canada Ltd	5.8	5.8
Investments in Neopost Diva	-	2.5
Investments in Neopost Spain (SL)	0.0	0.0
Investments in Neopost Finance Ireland Ltd	15.0	15.0
Investments in Neopost France	133.9	133.9
Investments in Neopost GmbH & Co KG	38.8	38.8
Investments in Neopost (Holdings) Ltd	77.9	77.9
Investments in Neopost ID	7.2	0.0
Investments in Neopost USA Inc.	-	74.6
Investments in Neopost India	-	0.1
Investments in Neopost Industrie AG	-	0.1
Investments in Neopost Industrie S.A.	0.0	0.0
Investments in Neopost Ireland Ltd	1.0	1.0
Investments in Neopost Italia (Srl)	1.3	1.3
Investments in Neopost Japan	3.1	3.1
Investments in Neopost NBG ID	-	4.6
Investments in Neopost Norge AS	2.1	1.4
Investments in Neopost Software & Integrated Systems AG (BTA)	9.3	9.3
Investments in Neopost Sverige AB	5.0	5.0
Investments in Neopost Verwaltungs (Stielow GmbH)	3.3	3.3
Investments in Office System AG	-	2.8
Investments in Neopost Technology Ltd	33.7	34.8
Investments in Rena GmbH	6.1	6.1
Investments in Satas	61.0	61.0
Investments in Scani AS	14.4	-
Investments in GMP Finland Oy	0.0	-
Investments in Dynapost	2.4	2.4
Investments in Xange Capital	4.2	4.2
Loans to subsidiaries	115.1	112.6
Accrued interest not yet matured on loans to subsidiaries	0.9	0.9
Equity loan to Neopost Spain (SL)	0.3	0.3
Other securities	-	34.7
Liquidity contract	3.3	-
Treasury stock with a view to cancellation	-	22.9
Total gross value	**846.2**	**746.6**
Impairment		
Investments in Mailroom Equipment Ltd	(4.6)	(4.6)
Investments in Xange Capital	(0.9)	(0.6)
Total net value	**840.7**	**741.4**

The movement in financial assets over the period was mainly due to:

- share buy-backs done by Hasler Inc. (a subsidiary company) for 34.7 million euros;
- the equity swap between Neopost USA Inc. shares and Mailroom Holding Inc. shares, with a realised capital gain of 137.3 million euros;
- the acquisition of a Danish distributor, Scani AS for 14.4 million euros;
- the absorption of NBG ID and Diva by Neopost ID;
- the merger of Office System AG with Neopost AG;
- and to an increase of 2.5 million euros in short term loans to the Group's subsidiaries.

An impairment test was carried out on Neopost S.A. investments at 31 January 2010; total impairment of 4.6 million euros was recognised in respect of investments in Mailroom Equipment Ltd, on 31 January 2010.

The deposit account opened at Exane BNP Paribas for the liquidity contract, which has investments in money market instruments, has a balance of 3.3 million euros at 31 January 2010, has been reclassified from financial stocks to that of financial assets.

Note 5 Receivables

The total receivables that amounted to 453.8 million euros mainly represent short-term advances to subsidiaries for 439.5 million euros, 8.7 million euros of receivables from subsidiaries and a tax receivable of 1.7 million euros.

All receivables mature in less than a year. No impairment was accounted for.

(In millions of euros)	31 January 2010	31 January 2009
Subsidiary current accounts – cash facility:		
Hasler Inc.	-	42.4
Hasler Finance Services	-	72.9
Mail Finance Inc.	113.5	45.6
Mail Finance	13.5	49.3
Mailroom Holding Inc.	10.0	1.3
Mail Leasing GmbH	7.0	15.4
Neopost Canada	6.1	8.5
Neopost GmbH	5.2	1.1
Neopost USA Inc.	128.1	50.4
Neopost Italia (Srl)	5.6	5.6
Neopost Japan	1.4	1.7
Neopost Ltd	39.2	42.7
Neopost Finance Ireland Ltd	84.6	11.5
Neopost International Supply Ltd	19.3	25.4
Rena GmbH	-	1.1
Satas	0.2	1.6
Kontur AB	1.5	-
Others	4.3	1.9
Accounts receivables (inter-company billings)	8.7	6.2
Tax receivables	1.7	5.7
Other	3.9	13.1
Total	**453.8**	**403.4**

	31 January 2010	31 January 2009
Accounts receivables – Gross value		
Not overdue	445.1	397.2
Overdue:		
• < 30	8.7	6.2
Total	**453.8**	**403.4**

Note 6 Short-term investments

As 31 January 2010, short-term investments are exclusively treasury shares.

The number of treasury stocks at the end of January 2010 is 221,931 of which 72,291 are held for the liquidity contract signed with Exane BNPP and 149,640 are held with the aim to fulfil the obligations of the stock-option and free share attribution programs for 9.3 million euros as at 31 January 2010.Under the liquidity contract shares cannot be sold free except if the contract is cancelled. This contract was signed with Exane BNP Paribas on 2 November 2005 for one year renewable by tacit agreement. The amount allocated to this contract was 8 million euros originally. The purpose is to reduce excessive volatility of the Neopost share and to improve liquidity.

The deposit account opened at Exane BNP Paribas for the liquidity contract, which has investments in money market instruments, was reclassified from financial investments to financial assets.

Note 7 Currency transactions

A translation adjustment is created for each asset or liability denominated in a foreign currency, by reference to the closing exchange rate.

Translation adjustment assets and liabilities are offset between hedging financial instruments (exchange rate futures) and the appropriate receivables and payables. This offset amounted to 8.7 million euros at 31 January 2010. After offset, the translation adjustment asset came out at 42.4 million euros and the translation adjustment liability at 33.8 million euros. An allowance equivalent to the amount of foreign exchange assets is noticed.

Note 8 Shareholders' equity

	Par value	Number of shares	Capital	Additional paid-in capital	Reserves	Total
Shareholders' equity at 31 January 2008	**EUR 1**	**31,708,924**	**31.7**	**55.8**	**180.0**	**267.5**
Dividends paid	-	-	-	-	(111.4)	(111.4)
Interim dividends paid	-	-	-	-	(50.3)	(50.3)
Capital increase	EUR 1	188,135	0.2	7.1	-	7.3
Capital reduction	EUR 1	(724,364)	(0.7)	(55.8)	(10.5)	(67.0)
Income for the year	-	-	-	-	151.7	151.7
Shareholders' equity at 31 January 2009	**EUR 1**	**31,172,695**	**31.2**	**7.1**	**159.5**	**197.8**
Dividends paid	-	-	-	-	(65.8)	(65.8)
Interim dividends paid	-	-	-	-	(50.6)	(50.6)
Dividends paid in shares	EUR 1	326, 501	0.3	17.5	-	17.8
Capital increase	EUR 1	57,869	0.0	2.2	-	2.2
Capital reduction	EUR 1	(335,178)	(0.3)	(7.1)	(15.4)	(22.8)
Income for the year	-	-	-	-	198.9	198.9
Shareholders' equity at 31 January 2010	**€1**	**31,221,887**	**31.2**	**19.7**	**226.6**	**277.5**

Note 9 Provisions for risks and contingencies

Provisions for risks and charges accounted for in accordance with CRC regulation n° 2000-06, are intended to cover risks and expenses that events occurring during the year or still pending as at 31 January 2010 make likely, and for which the amount of the Provision is the best estimate of the liability.

	31 January 2009	Added	Used	Non used	Others	31 January 2010	Expiration
Provisions for risks							
Unrealised foreign exchange loss	24.6	17.8	-	-	-	42.4	n/a
Total provisions for risks	**24.6**	17.8	**-**	**-**	**-**	**42.4**	
Provisions for contingencies							
Retirement obligations	0.4	-	(0.1)	-	-	0.3	n/c
Treasury stock	7.4	-	(0.4)	-	-	7.0	1 to 4 years
Others	3.1	-	(1.7)	-	-	1.4	4 years
Total provisions for contingencies	**10.9**	-	(2.2)	-	-	**8.7**	
Total provisions for risks & contingencies	**35.5**	17.8	(2.2)	-	-	**51.1**	

Note 10 Debt

At 31 January 2010 and 2009, debt breaks down as follows:

	Less than one year	One to five years	More than five years	31 January 2010	31 January 2009
OCEANE [a]	**3.2**	**-**	**300.0**	**303.2**	**-**
Revolving credit facility [b]	-	257.5	-	257.5	486.6
Accrued interest and other	0.1	-	-	0.1	0.1
Bank loans	**0.1**	**257.5**	**-**	**257.6**	**486.7**
US private placement $175m	125.3	-	-	125.3	136.5
US private placement €25m	25.0	-	-	25.0	25.0
Accrued interest	2.8	-	-	2.8	2.6
US private placement [c]	**153.1**	**-**	**-**	**153.1**	**164.1**
Caisse Régionale private placement	-	133.0	-	133.0	133.0
Accrued interest	0.8	-	-	0.8	0.8
CRPP private placements [d]	**0.8**	**133.0**	**-**	**133.8**	**133.8**
Natixis-BPCE private placement [e]	**0.5**	**-**	**-**	**0.5**	**-**
Borrowing from Neopost Holdings Ltd	2.3	4.6	-	6.9	8.9
Borrowing from Neopost Holdings Ltd	0.8	1.6	-	2.4	3.1
Borrowing from Neopost Limited	0.6	1.1	-	1.7	2.2
Other borrowings	**3.7**	**7.3**	**-**	**11.0**	**14.2**
Total	**161.4**	**397.8**	**300.0**	**859.2**	**798.8**

(a) Neopost issued Bonds Convertible or Exchangeable for New or Existing Shares (OCEANE) on 21 October 2009 with a maturity of 1st February 2015 for an amount of 300 million euros, representing 3,622,750 convertible bonds. These bonds have a par value of 82.81 euros each, quoted on Euronext Paris under the ISIN number FR0010814061, with a fixed rate of 3.75%. All the bonds are of the same category and the conversion ratio as at 31 January 2010 is 1 share for 1 bond. A copy of the transaction memo approved by the AMF (French stockmarket authority) on 13 October 2009 under code 09-287, setting out the details of this issue, particularly the creditor ranking and the terms for early redemption in the event of default, is available on request from Neopost S.A.'s head office.

(b) On 22 June 2007. Neopost arranged a multi-currency revolving credit line for the equivalent of 750 million euros to replace all Neopost group facilities which have been cancelled at the same time (including leasing revolving facilities). The interest rate is indexed to Euribor or Libor for the relevant currency over the relevant period of drawdown plus a margin of 0.20%. This credit line comes to term in June 2012, for the original amount. Thanks to the exercise of the extension option, the maturity has been extended until June 2013 for a national amount of 675 million euros. At the end of January. Neopost had drawn 100 million euros and 220 million US dollars.

(c) On 16 September 2003. Neopost completed a private placement in the USA, comprising three tranches. The first tranche consisted of 175 million US dollars of notes redeemable in September 2010 and paying interest at 4.83%. The second tranche consisted of 10 million US dollars of notes redeemed in September 2008 and paying interest at 3-month US dollars Libor plus 0.55%. The third tranche consisted of 25 million euros of notes redeemable in September 2010 and paying interest at 4.52%.

(d) On 1st December 2006. Neopost arranged a private placement with Caisses Régionales du Crédit Agricole. The two tranches of this debt are for the same time period and are both redeemable in December 2012. The interest paid on this debt is structured interest which was swapped on issue. with the conditions and terms being the same as the debt tranches. After the swap. the debt carries a fixed interest of 4.094%.

(e) Neopost concluded on 15 September a private placement with Natixis and Banques Populaires-Caisses d'Epargne. This private placement is concluded as revolving credit line for which the notional amounts are linearly amortised starting in September 2011. Interest rates are based on the EURIBOR for the period +1.90%.

The debt resulting from the September 2003 and December 2006 private placements and June 2007 revolving credit facility are subject to covenants such as net debt to EBITDA ratio and minimum net assets.

The shareholders' equity of the Group must not be less than 400 million euros.

The covernant the net debt to EBITDA ratio for the US private placements is calculated on the basis of the consolidated financial statements. EBITDA is calculated by adding depreciation for the period to operating income. The net debt to EBITDA ratio must be 3 or less.

The covenant net debt to EBITDA ratio for the CRPP private placements, the Natixis-BPCE private placement and revolving credit facility is calculated using the same methodology. The net debt to EBITDA ratio must be 3.25 or less.

Failure to comply with these covenants may lead to early repayment of the debt.

Neopost complied with all covenants at 31 January 2010.

The convertible bonds (OCEANE) are not submitted to any covenant.

Note 11 Income statement

11-1: OPERATING INCOME

Neopost S.A.'s operating loss amounted to - 15.1 million compared with a loss of - 6.1 million at 31 January 2009. Operating revenue consists of sums billed to subsidiaries for assistance, brand royalties and rebilling of costs paid on behalf of subsidiaries, and amounted to 16.5 million euros (14.7 million euros at 31 January 2009). This covers part of the operating costs of 32.0 million euros (22.8 million euros at 31 January 2009).

The operating income includes a cost of 5.4 million euros for the allocation of free shares

11-2: FINANCIAL INCOME

Net financial income amounted to 53.5 million euros compared with 144.4 million euros last year. The break-down is the following:

(In millions of euros)	31 January 2010	31 January 2009
Interest charges on external borrowings	(21.1)	(28.9)
Net income on internal loans and borrowings	5.7	6.5
Dividends received	94.1	169.3
Write-off of receivables	-	(0.5)
Revenue from disposals of securities	0.1	0.8
Net gain on foreign exchange and swaps	(7.6)	(4.7)
(Depreciation) reversal on provision for losses on foreign exchange	(17.8)	7.4
Depreciation on provision for impairment of equity investments	(0.3)	(7.4)
Reversal of provision for impairment of equity investments	0.4	1.9
Total	**53.5**	**144.4**

11-3: EXTRAORDINARY NET INCOME (LOSS)

Treasury stocks disposals generated extraordinary income from capital transactions for 0.6 million euros and extraordinary expenses from capital transactions for 0.8 million euros. The equity swap between Neopost USA Inc. shares and Mailroom Holding Inc. shares, with a realised capital gain of 137.3 million euros.

11-4: INCOME TAX

Neopost S.A. is the parent company of an integrated group tax under the terms of article 223A of the General Tax Code. In this context, Neopost S.A. is only liable for income tax due by its subsidiaries with a view to determine the whole Group's earnings. The tax consolidation agreement used in the Group is based on the principle of neutrality and provides that the tax burden is borne by society as in the absence of tax consolidation. It is thus calculated on its own taxable income.

The tax savings realized by the Group, through losses or adjustments, tax credits, are retained by the parent company and regarded as an immediate gain for the year (the year in which the society will show some profits, the parent company will then bear a tax charge).

For 2009, the tax benefit of tax consolidation is 23.4 million euros (19.5 million euros for 2008).

The non used amount of loss carried forward is 10.8 million euros at 31 January 2010.

Net income amounted to 198.9 million euros (151.7 million euros in 2008).

Note 12 Information on associated companies

Figures for associated companies break down as shown below:

		Associated companies	
	31 January 2010	Majority stake	Minority stake
Financial assets	837.4	831.7	5.7
Receivables	446.7	446.7	-
Debt	11.0	11.0	-
Financial expenses	1.4	1.4	-
Financial income	7.1	7.1	-
Dividends	94.1	93.6	0.5

Note 13 Risk management and financial instruments

LIQUIDITY RISK

The Group's cash requirement and the debt servicing account for a significant proportion of its cash flow.

The Group believes that its cash flow will enable it to service its debt, given the current level of business. However, this ability will depend on the Group's future performance, which is partly related to the economic cycle, which the Group cannot control. No guarantee can therefore be given regarding the Group's ability to cover its financial needs. Group debt (US private placement and revolving loan) are subject to compliance with covenants.

Failure to comply with these covenants may lead to early repayment of the debt. At 31 January 2010, the Group was easily complying with all covenants.

HEDGING OF EXCHANGE RATE RISK

Risk management policy

Neopost has a policy of centralising its exchange risk, enabling it to monitor the Group's overall exchange rate risk exposure and to gain full control over the market instruments used in hedging operations.

For each consolidated position that is managed. Neopost implements a hedging strategy at the same time as it sets the reference exchange rate to be defended. The hedging strategy involves a combination of definite or optional forward currency purchases or sales. along with open positions protected by stop losses. These stop losses are predetermined exchange rates that trigger transactions when they are hit. As a result, a mathematical algorithm means that the hedging strategy enables Neopost to defend a reference exchange rate for the entire position in the event of adverse exchange rate movements.

Neopost uses the services of an independent consultancy based in Paris. This company assists Neopost in the Group's exchange rate risk hedging policy and values its portfolios, thus ensuring continuity of methodology and providing an opinion independent of any financial institution.

Neopost S.A., as the centralising company, grants foreign exchange contracts at guaranteed exchange rates to subsidiaries exposed to exchange rate risks, and reverses the resulting positions in the market.

Year-end position

The tables below show Neopost S.A.'s year-end hedging commitments towards its subsidiaries.

FINANCIAL YEAR 2009 - ASSET AND LIABILITY HEDGING OF THE COMMITMENTS TOWARDS ITS SUBSIDIARIES: hedging positions covering financial commitments assets or liabilities on Neopost S.A.'s balance sheet at 31 January 2010 towards its subsidiairies and expected to be realised no later than April 2010.

(millions)	USD	GBP	CAD	NOK	JPY	SEK	CHF	DKK
Neopost S.A. financial assets	3.2	0.2	0.1	1.0	0.7	1.7	0.2	-
Foreign exchange commitments assets	49.8	24.5	1.0	13.0	24.4	3.9	3.6	0.5
Total assets exposure	**53.0**	**24.7**	**1.1**	**14.0**	**25.1**	**5.6**	**3.8**	**0.5**
Neopost S.A. financial liabilities	3.5	0.1	-	-	2.7	-	-	-
Foreign exchange commitments liabilities	9.2	62.2	-	-	-	-	3.2	0.4
Total liabilities exposure	**12.7**	**62.3**	**-**	**-**	**2.7**	**-**	**3.2**	**0.4**
Net exposure before hedging	**40.3**	**(37.6)**	**1.1**	**14.0**	**22.4**	**5.6**	**0.6**	**0.1**
Neopost S.A. hedging	(40.4)	31.7	(1.9)	(8.6)	(11.6)	(4.0)	(3.9)	-
Net exposure after hedging	**(0.1)**	**(5.9)**	**(0.8)**	**5.4**	**10.8**	**1.6**	**(3.3)**	**0.1**

Neopost uses symmetrical options tunnels in particular. These instruments are unlikely to be exercised in a non-reciprocal manner in terms of the spot exchange rate or expiry date. As a result, for each tunnel only one of the two options is reported in the table above. The value of the commitment in these symmetrical options was 6.0 million USD sold and 2.0 million SEK sold.

Neopost also makes use of asymmetrical options tunnels. The asymmetrical part of this kind of transaction is presented in the table above with a view to reflecting the Group's commitment as closely as possible. By currency the asymmetrical part is as follows: 2.0 million USD sold and 2.0 million SEK sold.

2010 BUDGET: hedging positions covering anticipated financial commitments assets and liabilities in financial year 2010 towards its subsidiaries expected to be realised no later than April 2011.

(millions)	USD	GBP	CAD	NOK	JPY	SEK	CHF	DKK
Neopost S.A. financial assets	9.1	2.9	0.7	2.1	7.1	5.3	0.4	2.0
Foreign exchange commitments assets	149.3	193.9	8.9	20.7	189.0	26.9	8.6	10.7
Total assets exposure	**158.4**	**196.8**	**9.6**	**22.8**	**196.1**	**32.2**	**9.0**	**12.7**
Neopost S.A. financial liabilities	9.4	0.4	-	-	-	-	-	-
Foreign exchange commitments liabilities	117.7	227.5	-	-	-	-	4.2	6.5
Total liabilities exposure	**127.1**	**227.9**	**-**	**-**	**-**	**-**	**4.2**	**6.5**
Net exposure before hedging	**31.3**	**(31.1)**	**9.6**	**22.8**	**196.1**	**32.2**	**4.8**	**6.2**
Neopost S.A. hedging	(8.6)	-	(3.8)	(7.0)	(90.0)	-	(0.8)	-
Net exposure after hedging	**22.7**	**(31.1)**	**5.8**	**15.8**	**106.1**	**32.2**	**4.0**	**6.2**

Neopost uses symmetrical options tunnels in particular. These instruments are unlikely to be exercised in a non-reciprocal manner in terms of the spot exchange rate or expiry date. As a result for each tunnel only one of the two options is reported in the table above. The value of the commitment in these symmetrical options was 4.3 million USD sold, 1.2 million CAD sold, 3.0 million NOK sold and 30.0 JPY million sold.

Neopost also makes use of asymmetrical options tunnels. The asymmetrical part of this kind of transaction is presented in the table above with a view to reflecting the Group's commitment as closely as possible. By currency the asymmetrical part is as follows: 4.3 million USD sold, 1.0 million CAD sold, 4.0 million NOK sold and 30.0 million JPY sold.

Hedging instruments

The Neopost group hedges its exchange rate risk using over-the-counter derivative instruments contracted with external counterparties. The derivative instruments used by the Treasury department in its hedging strategies are as follows:

- firm derivatives such as forward currency purchases and sales;
- plain vanilla options such as puts and calls;
- second generation options (knock-in or knock-out barrier options).

Instrument details

The instruments in the portfolio have expiries of less than twelve months at 31 January 2010. These instruments are listed below by type and by currency for the period to which they relate.

2009 - COMMITMENTS TOWARDS ITS SUBSIDIARIES ASSET AND LIABILITY HEDGING

Notional value (millions) – Cash flow hedging	Forward purchases	Forward sales	Put options bought	Call options sold	Put options sold	Call options bought
USD	-	32.4	6.0	12.0	-	4.0
GBP	31.7	-	-	-	-	-
CAD	-	1.9	-	-	-	-
NOK	-	8.6	-	-	-	-
JPY	-	11.6	-	-	-	-
SEK	-	-	2.0	4.0	-	-
CHF	-	3.9	-	-	-	-

2010 BUDGET - HEDGING OF ANTICIPATED COMMITMENTS (ASSETS AND LIABILITIES)

Notional value (millions)	Forward purchases	Forward sales	Put options bought	Call options sold	Put options sold	Call options bought
USD	-	-	4.3	8.6	-	-
GBP	-	-	-	-	-	-
CAD	-	1.6	1.2	2.2	-	-
NOK	-	-	3.0	7.0	-	-
JPY	-	30.0	30.0	60.0	-	-
SEK	-	-	-	-	-	-
CHF	-	0.8	-	-	-	-

Instrument valuation

Hedging instruments relating to financial year 2009 have all been valued and recognised at market value at 31 January 2010.

Financial instruments relating to the 2010 budget have not been valued in Neopost S.A.'s financial statements.

Credit risk

Operations are carried out with the 16 international banks that take part in the revolving credit facility.

Hedging of foreign-currency loans and current account advances

Subsidiary	Loan/borrowing/ short-term advance	Currency	Amount	Notional amount of financial instruments
Neopost USA Inc. [a]	Loan	USD	21.5	
Neopost USA Inc. [a]	Loan	USD	67.0	
Mail Finance Inc. [a]	Short term loan	USD	158.5	
Mailroom Holding Inc. [a]	Short term loan	USD	12.1	
Neopost USA Inc. [a]	Short term loan	USD	178.8	
Satori Software Inc. [a]	Short term advance	USD	1.0	79.0
Neopost Canada Ltd	Short term loan	CAD	9.1	9.6
Neopost Canada Ltd	Loan	CAD	1.4	1.4
Neopost Int. Supply Ltd	Short term loan	GBP	16.7	
Neopost Ltd	Short term loan	GBP	33.9	
Neopost Technologies Ltd	Short term advance	GBP	3.0	
Neopost Finance Ireland	Short term loan	GBP	20.1	69.8
Neopost Holdings Ltd	Borrowing	GBP	8.1	8.1
Neopost Ltd	Borrowing	GBP	1.4	1.4
Neopost AG	Short term loan	CHF	0.5	
Neopost AG	Loan	CHF	6.1	
Neopost Software & Integrated Solutions AG	Short term advance	CHF	2.5	5.5
Neopost Japan Inc.	Short term loan	JPY	176.5	176.5
Neopost Norge AS	Short term loan	NOK	0.4	
Neopost Norge AS	Loan	NOK	18.6	
Neopost Finance Ireland	Short term loan	NOK	15.0	33.9
Neopost Sverige	Loan	SEK	126.0	
Kontur	Short term loan	SEK	5.0	131.0

(a) Neopost S.A. naturally hedges these loans by drawing US dollars on its revolving credit facilities.

HEDGING OF INTEREST RATE RISK

Risk management policy

To limit the impact of a rise in interest rates on its interest expenses, the Neopost group has a risk-hedging policy aimed at protecting a maximum annual interest rate for the three years ahead at all times.

Neopost has a policy of centralising its interest rate risk, enabling it to monitor the Group's overall interest rate risk exposure and to gain full control over the market instruments used in hedging operations. The Group hedges its interest rate risk depending on its current debt levels, but also according to likely future movements in debts, arising from drawings on its revolving credit facilities.

Financial instruments are carried by the legal entities that have the corresponding debt on their balance sheet.

A hedging strategy is adopted on the basis of the position to be managed and the reference interest rate adopted. The strategy is aimed at protecting the reference interest rate and at taking advantage, at least to some extent, of favorable movements. Hedging strategies involve definite and optional derivative instruments, and open positions are maintained if possible. The valuation of the open position based on market forward interest rates, along with the interest rates obtained through hedging operations, should always protect the reference interest rate. Hedging strategies cover the period three years ahead at all times. However, the level of coverage and the weightings of the various derivative instruments may vary from one year to the next, since the aim is to maintain greater scope for optimising positions in later years.

Neopost works with the same consultancy for hedging both interest rate risk and exchange rate risk.

Year-end exposure

The table below sets out Neopost S.A.'s year-end exposure:

(millions)	EUR	USD
Financial assets	-	-
Financial liabilities	564.6	398.2
Net exposure before hedging	**(564.6)**	**(398.2)**
Fixed-rate debt	308.0	100.0
Hedging	255.0	210.0
Net exposure after hedging	**(1.6)**	**(88.2)**

Hedging instruments

Neopost uses standard, liquid derivative instruments. The instruments used are as follows:

- firm derivatives: swaps and forward rate agreements;
- plain vanilla options: caps and floors (used either alone or in combination);
- knock-in or knock-out barrier options: caps and floors (used either alone or in combination);
- swaptions (used either alone or in combination).

Management mandates, packaged bank hedging products and derivative instruments that introduce a reference other than the underlying (quanto swaps for example) are strictly forbidden by internal procedures.

Instrument details

The instruments in the portfolio are listed below, according to type, currency and maturity.

Notional value (millions)	Currency	Less than 1 year	1 to 5 years	Maturity more than 5 years
	USD	75.0	-	-
Swap - buyer	EUR	-	150.0	-
	USD	55.0	100.0	-
Swap - receiver	EUR	112.5	75.0	-
	USD	-	5.0	-
Swaption call seller	EUR	-	25.0	-
	USD	10.0	45.0	-
Cap - buy	EUR	32.5	70.0	-
	USD	75.0	25.0	-
Knock-out cap - buy	EUR	7.5	75.0	-
	USD	10.0	70.0	-
Floor - sell	EUR	32.5	70.0	-

Instrument valuation

The valuation of the aforementioned instruments is not included in the accounts.

For information, the valuation of these instruments at the end of the year, in assets was +0.4 million euros for euros instruments and +0.1 million US dollars for US dollar instruments, in liabilities was +7.7 million euros for euros instruments and +3.6 million US dollars for US dollar instruments.

Customer Credit Risk

Neopost S.A., being the holding company, is not exposed to any customer credit risk.

Pledges of investment securities

None.

Other commitments given

(in millions)	31 January 2010	31 January 2009
Bank guarantees in favour of the UK postal service	GBP 0.8m	GBP 0.8m
Bank guarantee in favour of the Irish postal service	EUR 1.7m	EUR 1.7m
Comfort letter given by Neopost S.A. to AIB Bank (Ireland)	EUR 0.1m	EUR 0.1m

Commitments received

No significant commitment received.

Note 14 Subsidiaries and equity interests

(millions)	Equity	% interest	Gross value	Provisions	Net book value	Loans and advances	2009 net income	2009 sales	2008 net income	2008 sales	Dividends paid
Satas											
Clichy											
Code SIREN: 348,878,232	EUR 17.7	100%	61.0	-	61.0	-	12.8	103.9	13.3	107.5	13.0
Neopost France											
Nanterre											
Code SIREN: 378,778,542	EUR 107.2	100%	133.9	-	133.9	0.7	15.8	129.4	15.0	134.3	14.1
Mail Finance											
Arcueil											
Code SIREN: 421,591,116	EUR 37.9	90%	8.6	-	8.6	12.8	7.4	15.0	7.1	15.3	2.7
Dynapost											
Montrouge											
Code SIREN: 390,426,450	EUR 6.8	35%	2.4	-	2.4	-	1.0	-	1.5	-	0.5
Neopost Industrie S.A.											
Bagneux											
Code SIREN: 440,736,080	EUR 24.7	100%	0.04	-	0.04	-	4.3	32.0	3.8	36.6	0.01
Mail Services											
Nanterre											
Code SIREN: 488,197,831	EUR 3.2	100%	2.5	-	2.5	0.1	3.5	39.0	3.8	40.7	3.7
Neopost ID											
Cavaillon											
Code SIREN: 509,700,852	EUR 11.4	100%	7.2	-	7.2	-	0.6	11.2	-	-	-
Mailroom Holding BV											
Drachten, Netherlands	EUR 45.15	100%	EUR 26.0	-	EUR 26.0	-	-	None	EUR 35.0	None	-
Neopost Belgium (SPRL)											
Bruxelles, Belgium	EUR 7.12	100%	EUR 0.5	-	EUR 0.5	-	EUR 1.6	EUR 15.9	EUR 1.9	EUR 14.4	EUR 1.8

(millions)	Equity	% interest	Gross value	Provisions	Net book value	Loans and advances	2009 net income	2009 sales	2008 net income	2008 sales	Dividends paid
Neopost Italia (Srl) Milano, Italy	EUR 3.11	100%	EUR 1.3	-	EUR 1.3	EUR 8.6	EUR 0.4	EUR 13.2	EUR 0.8	EUR 13.9	-
Neopost Spain (SL) Barcelona, Spain	EUR (0.4)	100%	EUR 0.0	-	EUR 0.0	EUR 1.1	EUR (0.1)	EUR 0.8	EUR (0.2)	EUR 1.0	-
Neopost Ireland Ltd Dublin, Ireland	EUR 1.15	100%	EUR 1.0	-	EUR 1.0	-	EUR 0.8	EUR 7.1	EUR 1.5	EUR 9.8	EUR 4.0
Mailroom Equipment Ltd Dublin, Ireland	EUR 0.5	100%	EUR 4.6	EUR (4.6)	-	-	-	-	-	-	-
Neopost Finance Ireland Ltd Dublin, Ireland	EUR 18.1	100%	EUR 15.0	-	EUR 15.0	EUR 84.7	EUR 2.2	EUR 6.3	EUR 2.2	EUR 2.3	-
Neopost AG Schlieren, Switzerland	CHF 2.5	100%	EUR 12.5	-	EUR 12.5	CHF 6.8	CHF 0.2	CHF 20.3	CHF 2.5	CHF 20.3	-
Neopost Software & Integrated Solutions AG Rüti, Switzerland	CHF 4.0	100%	EUR 9.3	-	EUR 9.3	-	CHF 0.2	CHF 5.5	CHF 0.8	CHF 7.1	-
Neopost GmbH & Co KG Munich, Germany	EUR 8.77	100%	EUR 38.8	-	EUR 38.8	EUR 9.9	EUR (2.3)	EUR 57.1	EUR 3.1	EUR 60.2	-
Neopost Verwaltungs & Co KG Munich, Germany	EUR 4.6	100%	EUR 3.3	-	EUR 3.3	-	EUR 0.0	None	EUR 0.0	None	-
Rena GmbH Munich, Germany	EUR 1.25	100%	EUR 6.1	-	EUR 6.1	-	EUR 0.9	EUR 4.0	EUR 0.2	EUR 4.5	-
Neopost (Holdings) Ltd Romford. UK	GBP 8.04	100%	EUR 77.9	-	EUR 77.9	-	GBP 47.0	None	GBP 85.2	None	GBP 47.0
Neopost Technology Ltd Loughton, UK	GBP 3.43	100%	EUR 33.7	-	EUR 33.7	-	GBP 5.9	-	GBP 4.5	GBP 7.7	-
Neopost Norge AS Oslo, Norway	NOK 33.2	100%	EUR 2.1	-	EUR 2.1	NOK 19.7	NOK (1.8)	NOK 89.4	NOK 2.2	NOK 83.1	-
Neopost Sverige AB Bromma, Sweden	SEK 5.3	100%	EUR 4.9	-	EUR 4.9	-	SEK (1.5)	SEK 50.9	SEK 1.8	SEK 40.0	-
Scani AS Rødovre, Denmark	DKK 1.5	100%	EUR 14.4	-	EUR 14.4	-	DKK 4.8	DKK 22.3	-	-	-
GMP Finland OY Grankulla - Finland	-	100%	EUR 0.01	-	EUR 0.01	-	-	-	-	-	-
Mailroom Holding Inc. Milford, USA	USD 360.8	100%	EUR 246.2	-	EUR 246.2	USD 14.3	USD 1.3	USD 4.1	USD 2.9	USD 61.6	-
Nepost Canada Ltd Markham, Canada	CAD 12.55	100%	EUR 5.8	-	EUR 5.8	CAD 10.6	CAD 1.1	CAD 33.7	CAD 0.9	CAD 32.8	-
Neopost Japan Tokyo Japan	JPY 154.1	100%	EUR 3.1	-	EUR 3.1	JPY 176.7	JPY 12.4	JPY 460.3	JPY 35.4	JPY 616.3	-

Note 15 Remuneration of corporate officers and directors

Remuneration of corporate officers and directors is as follows

CHAIRMAN

(In euros)	31 January 2010	31 January 2009
Remuneration of Jean-Paul Villot*		
Fixed remuneration	300,000	300,000
Variable remuneration	56,558	250,938
Benefits in kind	-	4,811
Total	**356,558**	**555,749**

* Jean-Paul Villot resigned as Chairman in January 2010.

CHIEF EXECUTIVE OFFICER

(In euros)	31 January 2010	31 January 2009
Remuneration of Denis Thiery*		
Fixed remuneration	500,000	400,000
Variable remuneration	263,272	126,602
Directors' fees	15,000	15,000
Benefits in kind	7,146	7,146
Total	**785,418**	**541,248**

* Denis Thiery was named Chief Chairman and Executive Officer in January 2010.

Variable remuneration is based on the Group's results in terms of sales, operating margin and working capital requirement. Variable remuneration appearing in the table above are the paid amounts year n about the year n-1.

M. Thiery's directors' fees relate to directorship in the Group holding company.

With respect to pensions, the Chairman and CEO has a defined contribution pension plan (article 83 of the French General Tax Code), into which is paid a total of 8% of his remuneration, within the limit of 8 times the maximum amount as determined by the Social Security and a defined benefit pension scheme (article 39 of the French General Tax Code) with an annuity obligation of 1% of pay per year of service, for a minimum of 5 years and a maximum of 30 years. Before 65 year old, this benefit is reduced (this annuity being paid after deduction of that provided by the defined contribution schemes in force). Pension liabilities amount to 2,968,870 euros at 31 January 2010, of which 713,627 euros relate to 2009.

No loans or guarantees have been granted to any manager or director.

No post-appointment commitments such as remuneration, compensation or benefits have been granted to its officers by the Company

Pursuant to article L. 621-18-2 of the French Monetary and Financial Code (*Code monétaire et financier*), the declarations on Neopost securities transactions made by M. Jean-Paul Villot and Denis Thiery were released to the AMF and published on the Group website.

Both M. Jean-Paul Villot and Denis Thiery are committed to hold 30,000 shares Neopost until the end of their mandate. These commitments replace former obligations as defined L. 225-185 and 225-197-1 of the French *Code de Commerce*.

REMUNERATION OF DIRECTORS

(In euros)	31 January 2010	31 January 2009
Directors' fees		
Denis Thiery	15,000	15,000
Henk Bodt	37,000	37,000
Jacques Clay	32,000	32,000
Cornelius Geber	34,500	37,000
Michel Guillet	32,000	32,000
Éric Licoys	37,000	37,000
Vincent Mercier	13,500	-
Michel Rose	32,000	24,000
Raymond Svider	-	16,000
Agnès Touraine	27,000	27,000
Jean-Paul Villot	-	-
Total	**260,000**	**257,000**

To calculate Directors' fees, the following method is used:

- basic fees: 15.000 euros per year;
- attendance fees: 3.000 euros per meeting;
- committees members (nomination committees and appointments committees count for only one committee): 5.000 euros per year;
- chairing a committee: an additional 5.000 euros per year.

With the exception of Mr Jean-Paul Villot and Mr Denis Thiery, whose detailed remunerations are given in the paragraph above, Directors receive no compensation other than directors' fees of Neopost S.A.

SHARE-BASED PAYMENTS

1,200,000 option plan

The Annual General Meeting of 9 February 2000 authorized a stock option plan involving the granting of 1,200,000 options over five years.

Options have been awarded as follows:

Date of board meeting [a]	03/04/2000	05/07/2000	15/01/2001	18/01/2002	23/05/2002	09/07/2002	02/10/2002	14/01/2003	08/07/2003	14/01/2004	Total
Nature of options	warrant	warrant	warrant	warrant	warrant	warrant	warrant	warrant	warrant	warrant	
Exercise price (in euros)	35.00	32.39	24.40	35.05	43.49	40.50	33.40	32.03	37.10	41.53	
Exercise period [b]	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	
Number of options awarded	159,000	41,000	208,470	248,500	33,500	65,000	8,000	494,500	30,000	134,500	1,422,470
• *to Chairman Jean-Paul Villot* [d]	-	-	*25,000*	*30,000*	-	-	-	*60,000*	-	-	*115,000*
• *to Chief Executive Officer Denis Thiery* [d]	-	-	*10,000*	*20,000*	-	-	-	*40,000*	-	-	*70,000*
Number of options exercised	101,679	33,000	161,133	193,865	29,400	65,000	8,000	415,988	11,400	78,550	1,098,015
• *by Chairman Jean-Paul Villot* [d]	-	-	*25,000*	*30,000*	-	-	-	-	-	-	55,000
• *by Chief Executive Officer Denis Thiery* [d]	-	-	*10, 000*	*20,000*	-	-	-	-	-	-	*30,000*
Number of options cancelled [c]	52,222	8,000	36,404	41,400	2,600	-	-	44,700	17,000	33,500	235,826
Number of options outstanding at 31 January 2010	5,099	-	10, 933	13,235	1,500	-	-	33,812	1,600	22,450	88,629

(a) The date of the board meeting is the start date for calculating exercise of the options.

(b) The options can be exercised from the date of the board meeting each year in tranches of 20%, except for French beneficiaries who must wait until the end of the second year to exercise 40% of their options.

(c) Mainly because of the end of the Group's employment contract with the beneficiary.

(d) The Chairman and the Chief Executive Officer are the only Board members of the Company to have received options.

Options were exercised during the period as follows:

Date of board meeting	03/04/2000	05/07/2000	15/01/2001	18/01/2002	23/05/2002	09/07/2002	02/10/2002	14/01/2003	08/07/2003	14/01/2004	Total
Number of options exercised	7,605	-	4,739	6,350	-	-	-	8,560	2,500	6,000	35,754
• *by Chairman Jean-Paul Villot*	-	-	-	-	-	-	-	-	-	-	-
• *by Chief Executive Officer Denis Thiery*	-	-	-	-	-	-	-	-	-	-	-

900,000 option plan

The Annual General Meeting on 9 July 2003 authorised a new stock option plan involving 900.000 options over 38 months.

Options have been awarded as follows:

Date of board meeting [a]	14/01/2004	13/01/2005	11/01/2006	04/07/2006	Total
Number of options exercised	warrant	warrant	warrant	warrant	
Exercise price (in euros)	41.53	57.50	85.90	90.90	
Exercise period [c]	10 years	10 years	10 years	10 years	
Number of options awarded	256,500	320,000	275,500	33,300	885,300
• *to Chairman Jean-Paul Villot* [b]	*100,000*	*100,000*	-	*33,300*	*233,300*
• *to Chief Executive Officer Denis Thiery* [b]	*15,000*	*12,000*	*15,000*	-	*42,000*
Number of options exercised	162,755	54,400	7,660	-	224,815
• *by Chairman Jean-Paul Villot* [b]	*80,000*	-	-	-	*80,000*
• *by Chief Executive Officer Denis Thiery* [b]	-	-	-	-	-
Number of options cancelled [d]	10,700	45,400	75,900	-	132,000
Number of options outstanding at 31 January 2010	**83,045**	**220,200**	**191,940**	**33,300**	**528,485**

(a) The date of the board meeting is the start date for calculating exercise of the options.

(b) The Chairman and the Chief Executive Officer are the only Board members of the Company to have received options.

(c) The options can be exercised from the date of the board meeting each year in tranches of 20%.

(d) Mainly because of the end of the Group's employment contract with the beneficiary.

Options were exercised during the period as follows:

Date of board meeting	14/01/2004	13/01/2005	11/01/2006	04/07/2006	Total
Number of options exercised	11,315	10,800	-	-	22,115
• *by Chairman Jean-Paul Villot*	-	-	-	-	-
• *by Chief Executive Officer Denis Thiery*	-	-	-	-	-

960,000 option plan

The Extraordinary General Meeting on 5 July 2006 authorised the set up of a new stock option plan involving 960.000 options over 38 months.

Options have been awarded as follows:

Date of board meeting [a]	16/01/2007	15/01/2008	03/07/2008	18/02/2009	18/02/2009	06/07/2009	Total
Number of options exercised	Warrant/ Purchase	Warrant/ Purchase	Warrant/ Purchase	Warrant/ Purchase	Warrant/ Purchase Performance [e]	Warrant/ Purchase	
Exercise price (in euros)	97.60	68.10	69.53	63.30	63.30	62.39	
Exercise period [c]	10 years	10 years	10 years	10 years	10 years	10 years	
Number of options awarded	205,000	462,000	9,500	262,885	63,000	8,000	1,010,385
• *to Chairman Jean-Paul Villot* [b]	-	*15,000*	-	-	-	-	*15,000*
• *to Chief Executive Officer Denis Thiery* [b]	-	*40,000*	-	-	*22,500*	-	*62,500*
Number of options exercised	-	-	-	-	-	-	-
Number of options cancelled [d]	39,000	48,700	-	1,500	-	-	89,200
Number of options outstanding at 31 January 2010	**166,000**	**413,300**	**9,500**	**261,385**	**63,000**	**8,000**	**921,185**

(a) The date of the board meeting is the start date for calculating exercise of the options.

(b) The Chairman and the Chief Executive Officer are the only Board members of the Company to have received options.

(c) The options can be exercised from the date of the board meeting each year in tranches of 20%, except for performance options which can be exercised by half after 2 or 3 years minimum, when the board approves the consolidated accounts.

(d) Mainly because of the end of the Group's employment contract with the beneficiary.

(e) Options with performance conditions, the number indicated is the maximum result.

960,000 option plan

The Extraordinary General Meeting on 7 July 2009 authorised the set up of a new stock option plan involving 960.000 options over 38 months.

Options have been awarded as follows:

Date of board meeting [a]	12/01/2010	12/01/2010	12/01/2010	12/01/2010	Total
Number of options exercised	Warrant/ Purchase Performance [e]	Warrant/ Purchase Performance [e]	Warrant/ Purchase	Warrant/ Purchase	
Exercise price (in euros)	57.19	57.89	57.19	57.89	
Exercise period [c]	10 years	10 years	10 years	10 years	
Number of options awarded	136,000	18,000	230,000	91,000	475,000
• *to Chairman and Chief Executive Officer Denis Thiery* [b]	*50,000*	-	-	-	*50,000*
Number of options exercised	-	-	-	-	-
Number of options cancelled [d]	-	-	-	-	-
Number of options outstanding at 31 January 2010	**136,000**	**18,000**	**230,000**	**91,000**	**475,000**

(a) The date of the board meeting is the start date for calculating exercise of the options.

(b) The Chairman and Chief Executive Officer is the only Board member of the Company to have received options.

(c) The options can be exercised from the date of the board meeting each year in tranches of 20%, except for performance options which can be exercised by half after 2 or 3 years minimum, when the board approves the consolidated accounts.

(d) Mainly because of the end of the Group's employment contract with the beneficiary.

(e) Options with performance conditions, the number indicated is the maximum result.

No option relative to this plan was exercised during the period.

Information relating to the four plans

No options had matured at 31 January 2010.

The bracket of exercise price of options in circulation at 31 January 2010 was 24.40 euros to 97.60 euros (24.40 euros to 97.60 euros at 31 January 2009).

The weighted average residual life of options in circulation was 7.6 years at 31 January 2010 compared with 7.1 years at 31 January 2009.

The weighted average price of options exercised during the period was 39.94 euros compared with 38.94 euros the previous year.

The key factor in awarding options is the recipient's potential contribution to the company's earnings.

Informations concerning the top ten employees

	Total number of awarded options/ warranted or purchased shares	Average price	1,200,000 option plan	900,000 option plan	960,000 option plan	960,000 option plan
Number of options awarded during 2009	252,500	59.17	-	-	78,500	174,000
Number of options exercised during 2009	15,000	46.12	4,500	10,500	-	-

Free share plan

At the Extraordinary General Meeting on 6 July 2005, shareholders authorised the Board of Directors to award up to 900.000 free shares either in issue or to be issued (this number being based on the total number of shares which might be subscribed or purchased under stock option plans as stipulated by the Combined General Meeting on 9 July 2003). In accordance with this authorisation, 33,300 free shares were awarded to the Chairman on 28 March 2006 and delivered on 29 March 2008.

The Extraordinary General Meeting on 5 July 2006 authorised the Board of Directors to arrange a plan to award up to 320,000 free shares either already in issue or to be issued.

Attribution date	03/10/2006	16/01/2007	16/01/2007	23/03/2007	25/09/2007	15/01/2008	01/04/2008	03/07/2008	18/02/2009	18/02/2009	06/07/2009	Total
			Co-invest	Co-invest	Co-invest				Performance			
Number of shares awarded	5,000	26,000	134,100	24,300	6,600	26,160	8,900	4,000	63,000	64,000	4,000	366,060
• *to Chairman Jean-Paul Villot*												
	-	-	-	*24,300*	-	-	*1,500*	-				*25,800*
• *to Chief Executive Officer Denis Thiery*												
	-	-	*32,400*	-	-	*6,660*	-	-	*22,500*			*61,560*
Number of shares cancelled	(2,000)	-	(40,500)	-	-	-	-	-				(42,500)
Number of shares delivered	(2,250)	(25,750)	(49,200)	(12,150)	(3,300)	(13,080)	-	-				(105,730)
• *to Chairman Jean-Paul Villot*												
	-	-	-	*(12,150)*	-	-	-	-				*(12,150)*
• *to Chief Executive Officer Denis Thiery*												
	-	-	*(16,200)*	-	-	*(3,330)*	-	-				*(19,530)*
Number of shares outstanding at 31 January 2010	**750**	**250**	**44,400**	**12,150**	**3,300**	**13,080**	**8,900**	**4,000**	**63,000**	**64,000**	**4,000**	**217,830**

There are several objectives in the award of restricted shares:

- attracting and retaining strong potential;
- acknowledging exceptional performance;
- inspiring strong motivation and commitment to the company's results through specific restricted share plans called co-investment and performance plan based on the Group's future performance.

Neopost has put in place a co-investment and performance plan of restricted share allocation to its executives against an investment in Neopost shares equal to 10% of the number of restricted shares allocated. The number of shares allocated is conditioned by performance objectives, such as return on equity and return on capital employed.

Furthermore, a new attribution was made on 18 February 2009. This attribution is subject to performance conditions. These performance conditions depend on the following indicators:

- consolidated sales growth;
- EBIT margin (current operating income divided by consolidated sales);
- total return to shareholders (change in share price plus dividends compared *versus* the average performance of the companies which belong to the same Stock Exchange index as Neopost).

The fair value of the allocated shares is calculated on the basis of the share price on the day of the assignment minus of the value of estimated dividends. The global expense has been calculated on the best estimate of the number of shares whose property will be transferred, *i.e.* 50% of the maximum grant, which is the most likely hypothesis as of this day. The expense has been charged on the duration of the vesting time of the award.

The allocated shares number will be reviewed at every closing and the estimated expense consequently adjusted, so that the booked expenses are *in fine* in accordance with the number of shares effectively assigned.

Note 16 Headcount

The average number of employees of Neopost S.A. was 27 during the financial year.

Statutory Auditors' report on the financial statements

Year ended January 31, 2010

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' annual general meetings, we hereby report to you, for the year ended January 31, 2010, on:

- the audit of the accompanying financial statements of Neopost S.A.;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at January 31, 2010 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French commercial code *(Code de Commerce)* relating to the justification of our assessments, we bring to your attention the following matters:We have performed an assessment of the terms of the annual impairment test of financial assets as described in note 2.2 to the financial statements. Our work performed consisted in assessing the figures and assumptions on which the estimates are based and in reviewing the computations performed by your company. These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law. We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the board of directors and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French commercial code *(Code de Commerce)* relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Paris and Neuilly-sur-Seine, April 28, 2010

The Statutory Auditors
French original signed by

PERONNET & ASSOCIES S.A	ERNST & YOUNG et Autres
Olivier Péronnet	Philippe Diu

Statutory Auditors' special report on regulated agreements and commitments

Year ended January 31, 2010

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby present our report on the regulated agreements and commitments. We are not required to ascertain the existence of any other agreements or commitments but to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us. We are not required to comment as to whether they are beneficial or appropriate. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code *(Code de commerce)*, to evaluate the benefits resulting from these agreements and commitments prior to their approval. We performed the procedures we considered necessary to comply with professional guidance issued by the French Institute of Statutory Auditors *(Compagnie nationale des commissaires aux comptes)* relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

I. Agreements and commitments, approved in the year ended January 31, 2010

We hereby inform you that we have not been advised of any agreements and any commitments concluded covered by Article L. 225-38 of the French Commercial Code *(Code de commerce)*.

II. Agreements and commitments, approved in prior years, and remained effective in the year ended January 31, 2010

In addition, and in accordance with the French Commercial Code *(Code de commerce)*, we have been advised that the following agreements and commitments, approved in prior years, remained effective in the year ended January 31, 2010.

Collective pension plans

The benefit of the three collective pension plans agreed on October 3, 2006, has been maintained for Mr. Denis THIERY (Chief Executive and Board's Chairman from January 12, 2010) and Mr. Jean-Paul VILLOT (Board's Chairman until January 12, 2010):

- pension plan contributions settled in 2001 for employees. The contribution amounts to 5% of the gross wages which cannot exceed 5 times the annual limit defined by the French social security system.
- an additional defined contribution scheme. This scheme's goal is to provide the delivery of a defined contribution pension plan as soon as a member of the top management retires. The contribution amounts to 3% of the gross wages which cannot exceed 8 times the annual limit defined by the French social security system.
- a pension scheme to the benefit of its top management. On condition the beneficiary is still in the company's staff at the day of the pension payment under old age insurance program, the beneficiary will benefit from an annuity at a rate of 1% of the benchmark remuneration per year of service, up to a limit of 30 years. The benefit is net of the earnings from other additional pension plans. The benchmark remuneration shall be equal to the average gross wages of the last two full years before retirement date.

General assistance agreement

As part of general assistance agreement, NEOPOST S.A. invoices its subsidiaries for industrial, commercial and administrative services, for an amount of 0,6% of their total budgeted sales. This led to 7,396,309 euros in revenues for NEOPOST S.A for the year ended January 31, 2010.

License Agreement

As part of trademark licensing contracts, NEOPOST S.A. invoices its subsidiaries 0,5% of their external budgeted sales for the use of Neopost trademarks. This led to 3,802,632 euros in revenues for NEOPOST S.A for the year ended January 31, 2010.

Tax consolidation

A tax consolidation has been established between NEOPOST S.A. (holding) and the following subsidiaries: Neopost France, Satas, Neopost Technologies, Neopost Industrie, Mail Services, Mail Finance, Valipost, Neopost ID (since February 1, 2009).Tax consolidation has generated a tax profit of 23,416,275 euros for the year ended January 31, 2010.

Neuilly-sur-Seine and Paris, April 28, 2010

The Statutory Auditors
French original signed by

PERONNET & ASSOCIES S.A	ERNST & YOUNG et Autres
Olivier Péronnet	Philippe Diu

5 Information on Neopost shares and capital

Information on Neopost shares and capital

Authorisations to increase the capital

Neopost S.A.'s Annual General Meeting of 7 July 2009 approved the resolutions set out below, giving the Board of Directors powers for a period of 26 months to:

- issue ordinary shares or transferable securities giving access to the company's capital, whilst maintaining the shareholders' preferential subscription right;
- issue ordinary shares, cancelling the shareholders' preferential subscription rights;
- issue transferable securities giving access to the Company's capital with the cancellation of the shareholders preferential subscription right;
- increase the amount of the issues if there are surplus applications for ordinary shares or transferable securities giving access to the company's capital;
- increase the capital by incorporating reserves profits or premiums;
- increase the share capital by issuing ordinary shares and transferable securities giving access to the capital to remunerate contributions in kind within a limit of 10% of the share capital;
- issue ordinary shares and transferable securities giving access to the company's capital on a takeover bid by the company;
- carry out increases in capital and transfers reserve for the Group's employees under the provisions of article L. 3332-1 et seq., of the Employment Code;
- carry out an increase in capital reserved for financial establishments or companies specifically created in order to implement an employee savings scheme for the employees of certain subsidiaries of foreign subsidiaries or branches of the Group equivalent to the savings schemes for the French and foreign companies in the Group in force;
- grant new stock options and/or call options for existing shares;
- cancel shares within the scope of the company buying back its own shares;
- issue the transferable securities giving the right to the allotment of debt securities and not resulting in an increase in the Company's capital.

The full text of these authorisations is available on request from Neopost S.A.'s head office.

The Neopost S.A. Annual General Meeting convened for 6 July 2010 to consider the financial statements for the financial year ended 31 January 2010 will be asked to renew these authorisations on similar terms.

Securities giving access to capital

On 13 October 2009, using the authorisation to this effect granted by the Annual General Meeting and the Neopost S.A.'s Board of Directors, it has been decided to carry out the issue of OCEANE convertible bonds, each of these bonds is convertible into one share, for an amount close to 300 million euros, representing 3,622,750 bonds, with a fixed rate of 3.75% and a maturity of 1st February 2015. All bonds are of the same category and have a par value of 82.81 euros.

A copy of the transaction memo approved by the AMF (French stockmarket authority) on 13 October 2009 under code 09-287, setting out the details of this issue, particularly the creditor ranking and the terms for early redemption in the event of default, is available on request from Neopost S.A.'s head office.

At 31 January 2010, none of these bonds had been converted.

There are no securities giving access to Neopost S.A.'s capital, with the exception of stock options as described on pages 91 to 95 of this reference document. The maximum number of shares that may result from the exercise of these stock options is 2,013,299. At 31 March 2009, only 866,874 options were in the money.

Changes in Neopost S.A.'s share capital since creation

Date	Operation	Issue price per share: Par value	Issue price per share: Paid-in capital	Incorporation of retained earnings or paid-in capital	Number of shares: Issued	Number of shares: Total	Share capital
21/02/1995	Creation of the company	FRF 100	-	-	2,500	2,500	FRF 250,000
24/09/1997	First capital increase through the selling of new shares	FRF 100	-	-	116,630	119,130	FRF 11,913,000
24/09/1997	Second capital increase through the selling of new shares	FRF 100	FRF 227	-	881,000	1,000,130	FRF 100,013,000
05/10/1998	Share split	FRF 4	-	-	24,003,120	25,003,250	FRF 100,013,000
23/02/1999	Capital increase through the selling of new shares	FRF 4	FRF 94.39	-	5,081,634	30,084,884	FRF 120,339,536
11/03/1999	Capital increase through the selling of new shares	FRF 4	FRF 74.71	-	220,355	30,305,239	FRF 121,220,956
14/06/1999	Conversion of capital into euros	EUR 1	-	FRF 77,568,381	-	30,305,239	EUR 30,305,239
31/01/2004	Capital increase through the exercise of options*	EUR 1	-	-	24,100	30,329,339	EUR 30,329,339
31/01/2005	Capital increase through the exercise of options*	EUR 1	-	-	124,323	30,453,662	EUR 30,453,662
31/01/2005	Capital increase through conversion of OCEANE	EUR 1	-	-	1,403,275	31,856,937	EUR 31,856,937
31/01/2006	Capital increase through the exercise of options*	EUR 1	-	-	349,722	32,206,659	EUR 32,206,659
28/03/2006	Cancellation of treasury stock	EUR 1	-	-	299,572	31,907,087	EUR 31,907,087
31/01/2007	Capital increase through the exercise of options*	EUR 1	-	-	315,818	32,222,905	EUR 33,222,905
23/03/2007	Cancellation of treasury stock	EUR 1	-	-	776,834	31,446,071	EUR 31,446,071
31/01/2008	Capital increase through the exercise of options*	EUR 1	-	-	262,853	31,708,924	EUR 31,708,924
01/04/2008	Cancellation of treasury stock	EUR 1	-	-	724,364	30,984,560	EUR 30,984,560
31/01/2009	Capital increase through the exercise of options*	EUR 1	-	-	188,135	31,172,695	EUR 31,172,695
31/03/2009	Cancellation of treasury stock	EUR 1	-	-	335,178	30,837,517	EUR 30,837,517
11/01/2010	Share issue under the interim dividend payment in share option program	EUR 1			326,501	31,164,018	EUR 31,164,018
31/01/2010	Capital increase through the exercise of options*	EUR 1	-	-	57,869	31,221,887	EUR 31,221,887

* See stock option plans on pages 91 to 95.

Current ownership of capital and voting rights

Total number of voting rights and shareholders

At 31 January 2010, the Company's capital was represented by 31,221,887 shares, each carrying one voting right. There is no shareholder pact or agreement. Given the large free float, the high proportion of capital owned by foreign entities and the high trading turnover, the Company does not know exactly how many shareholders it has. To the Company's knowledge, no shareholder owns more than 3% of its capital other than those mentioned on page 43 of this reference document.

In addition to the ownership disclosure requirements stated under articles L. 233-7 to L. 233-14 of the French Company Code, Neopost S.A. requires all shareholders whose ownership rises above 3%, and every subsequent 1%, to disclose any increase or decrease in their interest. This requirement was introduced by the Annual General Meeting of 5 October 1998. Failure to comply with ownership disclosure requirements will lead to the withdrawal of voting rights for a period of two years from the date on which disclosure is finally made.

Neopost group is controlled neither directly nor indirectly. There is no agreement which might lead to change of control.

Treasury stock

The number of treasury stocks at the end of January 2010 is 221,931 of which 72,291 are held for the liquidity contract signed with Exane BNPP and 149,640 are held with the aim to fulfil the obligations of the stock-option and free share attribution programs.

In 2005, Neopost signed a liquidity contract with Exane BNP Paribas with a total value of 8 million euros. At 31 January 2010, the Group owned 72,291 shares, with a value of 4.1 million euros, under this liquidity contract.

Changes in share ownership structure

	31 January 2010		31 January 2009		31 January 2008	
	Number of shares	%	Number of shares	%	Number of shares	%
Employees	517,854	1.658%	746,661	2.395%	708,500	2.234%
Directors	233,803	0.750%	7,054	0.023%	6,153	0.019%
Shares held under liquidity contract	72,291	0.232%	71,529	0.229%	74,414	0.235%
Treasury stock held for cancellation	-	-	335,178	1.075%	724,364	2.285%
Treasury stock held for free share plans and Stock-options	149,640	0.479%	228,370	0.733%		
Other	30,248,299	96.881%	29,783,903	95.545%	30,195,493	95.227%
Total	**31,221,887**	**100.000%**	**31,172,695**	**100.00%**	**31,708,924**	**100.00%**

Place of the issuing entity in the Neopost group

Please see Note 4 to the Consolidated Financial Statements, pages 63 to 66 of this reference document.

Pledges, warranties and securities on Neopost's shares or assets

None.

Neopost's shares

Market for Neopost S.A. shares

Shares

Neopost shares are listed on Eurolist by Euronext Paris and are a constituent of the SBF 120 index and of the CAC Next 20 index.

Purchases of own shares

In accordance with articles L. 225-209 et seq. of the French Company Code, Neopost S.A. is authorised to buy its own shares for the purposes of cancelling them and regulating its share price. This authorisation was renewed by the 7 July 2009 Annual General Meeting, and is subject to the following conditions:

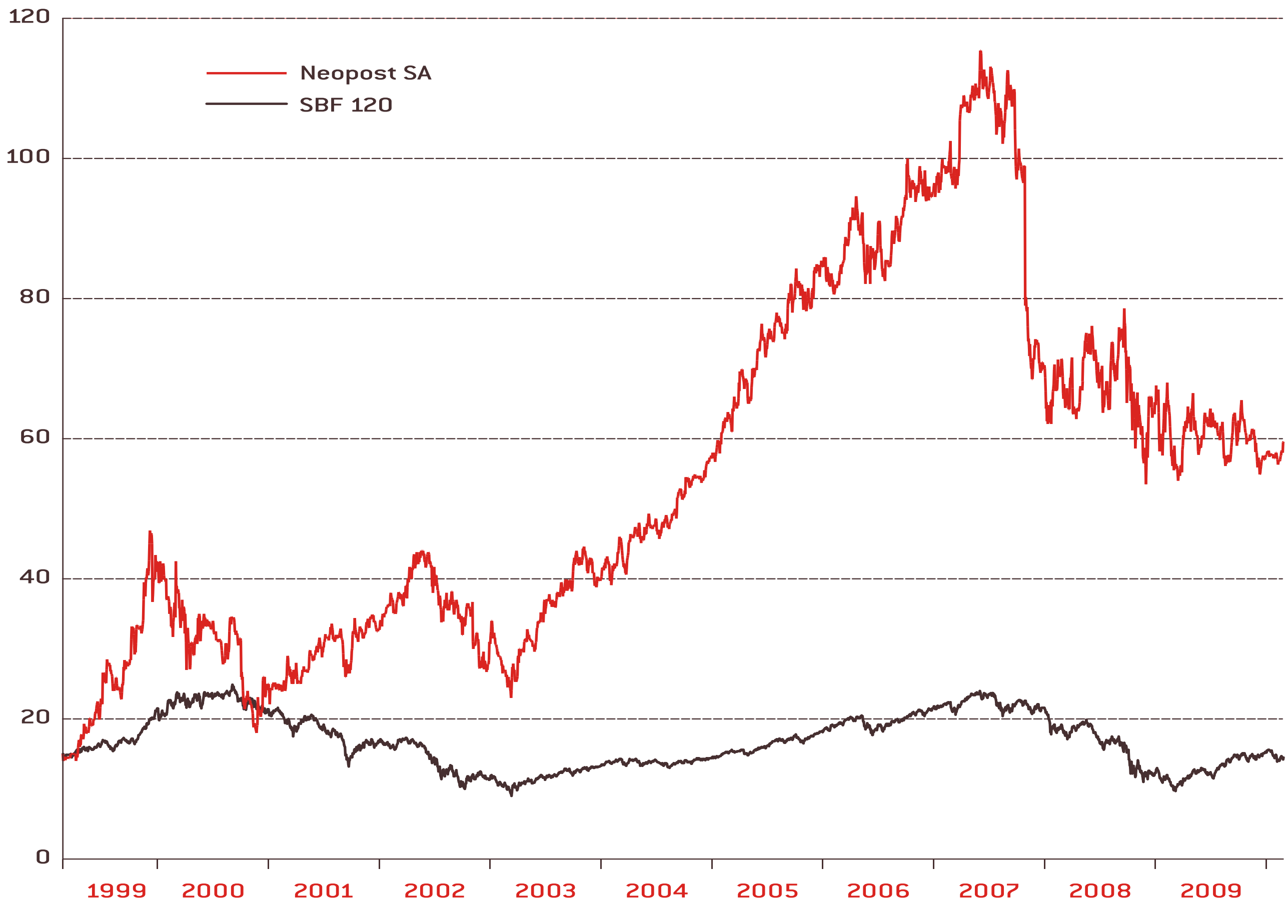
- maximum purchase price: of 1.3 times average closing share price of the last 60 days preceding the buyback;
- the maximum number of Neopost shares that Neopost S.A. may acquire under this authorisation is equal to 10% of its total number of shares in issue.

At 31 January 2010, Neopost S.A. had used this authorisation and under the liquidity contract, the Company held 72,291 shares, with a value of 4.1 million euros.

A new share buyback programme involving a maximum of 10% of the issued share capital and at a maximum purchase price of 1.3 times average closing share price of the last 60 days preceding the buyback will be presented for approval to the forthcoming Annual General Meeting on 6 July 2010 convened to consider the financial statements for the financial year ended 31 January 2010 (this 18-month authorisation will terminate the authorisation given to the Board of Directors by shareholders at the 7 July 2009 Annual General Meeting). These purchases will serve in particular to limit dilution from the potential exercise of stock options awarded to certain Group employees.

Share price performance

Since its IPO on 23 February 1999 until 26 February 2010 relative to SBF 120.



Source: Factset.

Share price and trading information over 18 months

	Highest price (in euros)	Lowest price (in euros)	Average daily trading volume	Average daily trading value (in millions of euros)
September 2008	78.97	63.71	194,984	14.35
October 2008	74.98	58.00	247,509	16.39
November 2008	67.50	55.00	161,726	9.88
December 2008	68.10	52.37	193,149	12.04
January 2009	67.90	56.76	194,796	12.25
February 2009	68.00	54.86	90,543	5.60
March 2009	61.50	53.25	124,457	7.00
April 2009	65.35	57.20	97,382	6.04
May 2009	67.14	57.50	116,472	7.15
June 2009	64.56	58.50	114,235	7.06
July 2009	64.65	59.00	183,898	11.45
August 2009	63.00	55.89	125,732	7.38
September 2009	64.68	54.66	180,237	10.81
October 2009	66.06	59.00	147,518	9.20
November 2009	61.91	57.71	88,935	5.35
December 2009	59.48	54.61	208,571	11.84
January 2010	58.68	57.05	118,737	6.86
February 2010	59.88	56.10	117,643	6.78

Dividends

See pages 38 and 113 of this reference document.

6 Additional information

General information

Company name and head office

Neopost S.A.

113, rue Jean Marin Naudin, 92220 Bagneux.

Telephone: +33.1.45.36.30.00

Legal form and jurisdiction

Limited-liability company with a Board of Directors, governed by French legislation. Neopost S.A. is covered by the French Company Code and decree 67-236 of 23 March 1967 on commercial companies, and by all other applicable French laws and regulations. The company has two auditors, as required by law (see page 167).

Date of incorporation and term

Neopost S.A. (then known as Afisup) was incorporated on 21 February 1995 for a period of 99 years, or until 1 September 2094.

Corporate purpose (summary of article 2 of the articles of association)

Neopost S.A.'s purpose is, in all countries, to research, design, manufacture, develop, sell, rent (with or without buy or sell option), distribute and maintain machines, equipment and software for the processing and routing of mail and parcels, along with all other office machines, equipment and software and all accessories required for the installation and operation of these machines, equipment and software. Its purpose also includes carrying out all subcontracting operations, providing all services and exploiting all patents, brands, expertise and procedures concerning these machines, equipment and software.

Registration

Neopost S.A. is registered with the Nanterre Commerce and Company Registry under code 402 103 907.

Consultation of legal documents

Documents and information relating to Neopost S.A. may be consulted at the Company's head office.

Financial year (article 6 of the articles of association)

Every Neopost S.A. financial year lasts twelve months, starting on 1 February and ending on 31 January of the following calendar year.

Appropriation of earnings (article 19 of the articles of association)

Profits are determined and appropriated in accordance with the laws and regulations in force.

Annual General Meeting (article 18 of the articles of association)

Shareholders' meetings are convened and deliberate in accordance with the law. Admission is governed by the French NRE (new economic regulations) act. Each share in the Company carries one voting right. There are no double voting rights. There are no restrictions on voting rights. The terms for exercising voting rights comply with the laws and regulations in force.

Ownership disclosure thresholds (summary of article 11 of the articles of association)

In addition to the ownership disclosure requirements stated under articles L. 233-7 to L. 233-14 of the French Company Code, Neopost S.A. requires all shareholders whose ownership rises above 3%, and every subsequent 1%, to disclose any increase or decrease in their interest. This requirement was introduced by the Annual General Meeting of 5 October 1998. Failure to comply with ownership disclosure requirements will lead to the withdrawal of voting rights for a period of 2 years from the date on which disclosure is finally made.

Recent events

N.A.

Officer responsible for the reference document and auditors

Officer responsible for the reference document

Denis Thiery, Neopost S.A. Chief Executive Officer

Auditors

Statutory Auditors

- Ernst & Young et Autres formerly Barbier Frinault & Autres

Represented by Philippe Diu

41, rue Ybry - 92576 Neuilly-sur-Seine

Member of the *Compagnie Régionale de Versailles*

Start of first mandate: 9 September 1997 (for the remaining term of the preceding auditor's mandate).

Duration of current mandate: 6 years (as of 10 July 2007).

Expiry of current mandate: the end of the Annual General Meeting convened to consider the financial statements for the financial year ending 31 January 2013.

- Peronnet & Associés S.A.

Represented by Olivier Peronnet

21-23, avenue Pierre 1er de Serbie – 75116 Paris

Member of the *Compagnie Régionale de Paris*

Start of first mandate: 8 July 2004.

Duration of current mandate: 6 years.

Expiry of current mandate: the end of the Annual General Meeting convened to consider the financial statements for the financial year ending 31 January 2010.

Alternate Auditors

- Auditex

Tour Ernst & Young - 11, allée de l'Arche - 92400 Courbevoie

RCS Nanterre 377,652,938

Alternate auditor to Ernst & Young et Autres

Start of first mandate: 8 July 2008 (for the remaining term of the preceding auditor's mandate).

Duration of current mandate: 6 years (as of 8 July 2008).

Expiry of current mandate: the end of the Annual General Meeting convened to consider the financial statements for the financial year ending 31 January 2014.

- Finexsi Audit

Represented by Stéphane Duvernois,

111, rue Cardinet – 75017 Paris

RCS Paris B 412,029,357

Alternate auditor to Peronnet & Associés S.A.

Start of first mandate: 8 July 2004.

Duration of current mandate: 6 years.

Expiry of current mandate: the end of the Annual General Meeting convened to consider the financial statements for the financial year ending 31 January 2010.

Statements by officers

"I hereby certify, after having taken all reasonable measures to this effect, that the information contained in this reference document is, to my knowledge, in accordance with the facts and makes no omission likely to affect its import.

I certify, to my knowledge, that the accounts have been prepared in accordance with applicable accounting standards and give a fair view of the assets, liabilities and financial position and profit or loss of the Company and all the undertakings included in the consolidation, and that the management report on page 36 presents a fair view of the development and performance of the business and financial position of the Company and all the undertakings included in the consolidation as well as the main risks and uncertainties to which they are exposed.

I have received a completion letter from the Statutory Auditors stating that they have audited the information contained in this reference document about the financial position and financial statements, and that they have read the reference document in its entirety."

Denis Thiery

Chairman & Chief Executive Officer

Fees paid to the auditors and members of their networks

In 2008 and 2009:

	Ernst & Young				Peronnet & Associés S.A.			
	Amount (before VAT)		%		Amount (before VAT)		%	
(in thousands euro)	2009	2008	2009	2008	2009	2008	2009	2008
Audit								
Audit, certification and examination of individual and consolidated financial statements								
Issuer	396	476	17%	20%	186	186	87%	90%
Fully-consolidated subsidiaries	1,574	1,644	66%	70%	27	21	13%	10%
Other due diligence and services directly related to audit								
Issuer	65	-	3%	-	-	-	-	-
Fully-consolidated subsidiaries	26	13	1%	1%	-	-	-	-
Sub-total	**2,061**	**2,133**	**87%**	**91%**	**213**	**207**	**100%**	**100%**
Other services provided by networks to fully-consolidated subsidiaries								
Acquisitions	200	28	8%	1%	-	-	-	-
Legal & tax	107	127	5%	6%	-	-	-	-
Other	4	48	-	2%	-	-	-	-
Sub-total	**311**	**203**	**13%**	**9%**	-	-	-	-
Total	2,372	2,336	100%	100%	213	207	100%	100%

Information policy

Officers in charge of financial information

Bertrand Dumazy	Group Chief Financial Officer
Gaële Chagnaud	Investor Relations Officer
Address	Neopost S.A. 113, rue Jean Marin Naudin 92220 Bagneux
Telephone	01 45 36 31 39
Fax	01 45 36 30 30
Website (French/English)	www.neopost.com

Shareholder information

This document will be sent to shareholders free of charge on request. Documents and information relating to Neopost S.A. may be consulted at the Company's head office.

This reference document and all press releases, analyst presentations, annual reports and other information may be consulted on the Group's website: www.neopost.com.

Financial communication plan

1st June 2010	First quarter 2010 sales press release
6 July 2010	AGM/EGM
August 2010	Dividend payment
2 September 2010	Second quarter 2010 sales press release
28 September 2010	First half 2010 results
1st December 2010	Third quarter 2010 sales press release
2 March 2011	Fourth quarter 2010 sales press release
March/April 2011	Full year 2010 results

Publication of information

Information published in "BALO"

29 May 2009	Publication of notice convening shareholders AGM
22 June 2009	Appendage to the notice convening shareholders AGM
15 July 2009	Publication of final full year accounts

Information published in Nanterre court registry

24 April 2009	Article of association changes
24 April 2009	Authorisation to increase capital
7 August 2009	Designation of a new director
22 January 2010	Designation of Denis Thiery as Chairman of the Board

Information published in "*Petites Affiches*"

21 April 2009	Capital changes
22 June 2009	Notice convening Annual General Meeting, agenda and formalities
14 July 2009	Declaration of the number of voting rights
6 August 2009	Designation of a new director
20 January 2010	Designation of Denis Thiery as Chairman of the Board

Information about the shareholders' Annual General Meeting may be consulted on Neopost's website:

http://www.neopost.com/investors/regulated-information/other-information/annual-general-meetings/general-meetings-eng.asp

Publication of press releases

3 March 2009	Publication of fourth quarter 2008 sales
31 March 2009	Publication of full year 2008 results
2 June 2009	Publication of first quarter 2009 sales
1st September 2009	Publication of second quarter 2009 sales
29 September 2009	Publication of first half 2009 results
13 October 2009	Offering by Neopost of bonds convertible into and/or exchangeable for new or existing shares (OCEANE)
13 October 2009	Final Terms of the OCEANE
13 October 2009	Visa obtained from the French market Authority (AMF)
13 October 2009	International Offering Memorandum
14 October 2009	Neopost - Exercise of the over-allotment option
1st December 2009	Publication of third quarter 2009 sales
20 January 2010	Denis Thiery becomes Chairman and Chief Executive Officer
2 March 2010	Publication of fourth quarter 2009 sales
30 March 2010	Publication of full year 2009 results

These press releases may be consulted on Neopost's website:

http://www.neopost.com/newsroom/press-releases.asp

Notification to *Autorité des Marchés Financiers*

10 February 2009	Share buybacks January 2009
13 February 2009	Number of shares and voting rights January 2009
11 March 2009	Share buybacks February 2009
11 March 2009	Number of shares and voting rights February 2009
7 April 2009	Share buybacks March 2009
7 April 2009	Number of shares and voting rights March 2009
11 May 2009	Share buybacks April 2009
11 May 2009	Number of shares and voting rights April 2009
8 June 2009	Share buybacks May 2009
8 June 2009	Number of shares and voting rights May 2009
9 July 2009	Share buybacks June 2009
9 July 2009	Liquidity contract – Half year reporting
9 July 2009	Share buybacks July 2009 – 2008 programme
10 July 2009	Description of share buyback programme – 2009 programme
15 July 2009	Number of shares and voting rights June 2009
5 August 2009	Share buybacks July 2009 – Programme 2009
14 August 2009	Number of shares and voting rights July 2009
9 September 2009	Share buybacks August 2009
23 September 2009	Number of shares and voting rights August 2009
7 October 2009	Share buybacks September 2009
12 October 2009	Number of shares and voting rights September 2009
13 November 2009	Share buybacks October 2009
14 December 2009	Share buybacks November 2009
21 December 2009	Number of shares and voting rights October 2009
21 December 2009	Number of shares and voting rights November 2009
22 December 2009	Jean-Paul Villot share trading declaration
13 January 2010	Liquidity contract – Half year reporting
15 January 2010	Share buybacks December 2009
22 January 2010	Number of shares and voting rights December 2009
12 February 2010	Share buybacks January 2010
24 February 2010	Number of shares and voting rights January 2010
11 March 2010	Share buybacks February 2010
16 March 2010	Number of shares and voting rights February 2010

This information may be consulted on Neopost's website:

http://www.neopost.com/investors/regulated-information/other-information/shares-buyback/share-buyback-eng.asp

http://www.neopost.com/investors/regulated-information/permanent-information/directors-operations/managers-operation-eng.asp

http://www.neopost.com/investors/regulated-information/permanent-information/shares/shares-voting-eng.asp

Presentations to analysts

Full-year 2008 results presentation	
Interim 2009 results presentation	
Full-year 2009 results presentation	

These presentations may be consulted on Neopost's website:

http://www.neopost.com/investors/analysts-presentations/analysts-presentations-eng.asp

2008 annual report and reference document

These documents may be consulted on Neopost's website:

http://www.neopost.com/investors/regulated-information/periodic-information/annual-reports/annual-report-eng.asp

2009 interim report

These documents may be consulted on Neopost's website:

http://www.neopost.com/investors/regulated-information/periodic-information/interim-reports/interim-results-eng.asp

Table of concordance

(Headings under Appendix 1 of regulation (EC) 809/2004)

Notes