

REALCAUSE LIMITED

Directors' Report and Accounts

for the year ended

2 October 1999

Company registration number 2209019



REALCAUSE LIMITED

Directors

R J M Dunne
Exel Nominee No 2 Limited
(formerly NFC Nominee Limited)

Directors' report

The directors present their report and the audited accounts for the year ended 2 October 1999.

1 Principal activities and review of business developments

The company is principally a holding company for non-UK investments and this role is expected to continue for the foreseeable future.

2 Accounts and dividends

	£
The profit for the year was	134,187,425
Exchange differences on loans taken to reserves	2,368,498
The reserves brought forward from last year were	42,965,476
	<hr/>
	179,521,399
The directors have paid interim dividends of	(50,000,000)
The reserves carried forward to next year are	<hr/>
	129,521,399

Included within reserves are £21,105,714 of unrealised gains on long term borrowings which are not considered to be distributable. The directors do not recommend payment of a final dividend.

3 Directors

The directors at the date of this report are shown above.

4 Directors' interests

According to the registers kept by the company and by other group companies under Section 325 of the Companies Act 1985 the directors at the end of the financial year had the following interests in the variable voting ordinary shares of the ultimate parent company, Exel plc:

	Ordinary shares	
	26.9.98	2.10.99
R J M Dunne	7,500	7,500

In addition to the above, there were the following interests in shares allocated as deferred bonus shares and in shares conditionally allocated under the Exel Long Term Incentive Plan (LTIP).

	Deferred bonus shares		Shares conditionally allocated under LTIP	
	26.9.98	2.10.99	26.9.98	2.10.99
R J M Dunne	4,123	18,245	17,325	40,220

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Directors' report (continued)

The deferred shares are held in trust for the director concerned and released after three years, provided that the director has not left service voluntarily during that period, in which case the shares will be forfeited. In accordance with approved performance criteria and under normal circumstances, the shares conditionally allocated under the LTIP, or a proportion of them, may be released on or after the third anniversary of the conditional allocation. Dividends paid by Exel will be invested in Exel shares and released with the appropriate deferred shares or conditional allocation. Following the merger of Exel plc and Ocean Group plc in May 2000, all the deferred shares and conditionally allocated shares were able to be released to the directors.

Share options at 2 October 1999:

Name	Scheme	Number	Date of grant	Exercise Price Pence	Exercise Dates	
					Earliest	Latest
R J M Dunne	Executive	46,900	19 Dec 96	176	19 Dec 99	19 Dec 06

The Executive options were granted under The Exel 1992 Executive Share Option Scheme and the Savings options were granted as a result of participation in Exel share saving schemes. There were no options exercisable during the year. The timing of any exercise of Executive options and the proportion that may be exercised are subject to specific performance criteria relating to Exel shares. However, following the merger of Exel plc and Ocean Group plc in May 2000, all executive options became exercisable.

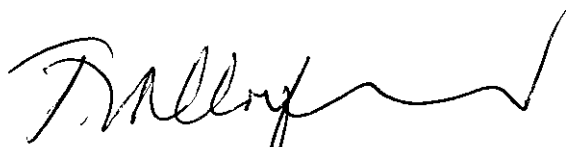
5 Going Concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

6 Auditors

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be put to the forthcoming annual general meeting.

By order of the Board



Authorised Signatory
Exel Secretarial Services Limited
Secretary

Registered Office: The Merton Centre
45 St Peters Street
Bedford MK40 2UB

26 May 2000

REALCAUSE LIMITED

Directors' Responsibilities

The directors are required by the Companies Act 1985 to prepare accounts which give a true and fair view of the state of affairs of the company at the end of each financial year and of the profit or loss for that financial year. The accounts must be prepared in accordance with the formats and disclosures required by the Act and with applicable accounting standards. The directors must also ensure that the accounts are based on appropriate accounting policies, consistently applied, and are supported by reasonable and prudent judgements and estimates. The directors are also responsible for the maintenance of adequate accounting records, for safeguarding the assets of the company and for taking reasonable steps for preventing and detecting fraud and other irregularities.

Report of the auditors to the members of Realcause Limited

We have audited the accounts on pages 5 to 10 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described above, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

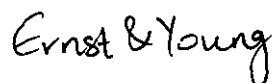
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant judgements and estimates made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 2 October 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
London

26 May 2000

REALCAUSE LIMITED

Profit and Loss Account

FOR THE YEAR ENDED 2 OCTOBER 1999

	Note	1999 £	1998 £
Other operating charges		-	(8)
Exchange gain on loans		1,436,508	1,016,258
Exchange loss on loans		(876,702)	(3,766,602)
Income from shares in subsidiary undertakings		133,716,049	68,589,066
Profit on ordinary activities before taxation		134,275,855	65,838,714
Tax charge on ordinary activities	3	(88,430)	(272,578)
Profit for the financial year		134,187,425	65,566,136
Interim dividend paid		(50,000,000)	(40,000,000)
Profit for the year		84,187,425	25,566,136

The historical cost profit and loss account is the same as that shown above.

Movements on reserves are set out in note 6.

REALCAUSE LIMITED

Statement of Total Recognised Gains and Losses

FOR THE YEAR ENDED 2 OCTOBER 1999

	1999 £	1998 £
Profit for the financial year	134,187,425	65,566,136
Unrealised gain/(deficit) on revaluation of investments	186,459,802	(43,917,184)
Exchange differences on loans	2,368,498	4,624,041
Total gains and losses relating to the year	<u>323,015,725</u>	<u>26,272,993</u>

REALCAUSE LIMITED

Balance Sheet

AT 2 OCTOBER 1999

	Note	2.10.99 £	26.9.98 £
Fixed Assets			
Investment in subsidiary undertakings	4	<u>664,811,974</u>	<u>479,587,728</u>
Debtors: Amounts falling due within one year			
Amounts due from group undertakings		-	22,500,000
Creditors: Amounts falling due within one year			
Amounts due to group undertakings		(122,371,174)	(232,478,507)
Corporation tax		<u>(770,634)</u>	<u>(954,780)</u>
Net Current Liabilities		<u>(123,141,808)</u>	<u>(210,933,287)</u>
Total Assets Less Current Liabilities		<u>541,670,166</u>	<u>268,654,441</u>
Capital and Reserves			
Called up share capital	5	232,306,654	232,306,654
Revaluation reserve	6	179,842,113	(6,617,689)
Profit and loss account	6	129,521,399	42,965,476
Equity shareholders' funds		<u>541,670,166</u>	<u>268,654,441</u>

Approved by the Board on 26 May 2000
and signed on its behalf



R J M Dunne
Director

REALCAUSE LIMITED

Notes to the accounts for the year ended 2 October 1999

1 ACCOUNTING POLICIES AND GENERAL INFORMATION

(a) Accounting convention

These accounts have been prepared under the historical cost convention as modified by the revaluation of investment in subsidiaries and are in accordance with applicable UK accounting standards.

(b) Basis of accounts

The accounting reference date of the company is 30 September and accounts are drawn up to a Saturday within seven days of that date. The accounts for the years to 2 October 1999 and 26 September 1998 cover 53 weeks and 52 weeks respectively.

Generally, investments in subsidiary undertakings are carried at the amount of the attributable consolidated net assets of the subsidiary undertakings concerned together with related net acquisition goodwill. In addition, investments in those subsidiary undertakings which formed part of the sale of Allied Pickfords Moving Services, completed on 19 November 1999, have been revalued to the expected net sale proceeds. Valuation adjustments to the carrying amount of investments in subsidiary undertakings are taken to revaluation reserve. Exchange differences on borrowings which hedge investments in subsidiary undertakings are taken to reserves.

Group Accounts have not been prepared because the company is a wholly owned subsidiary of a company incorporated in Great Britain. Financial Reporting Standard No.1 does not require the company to prepare a cash flow statement.

Financial Reporting Standard No.8 exempts the company from the disclosure of transactions with group undertakings.

(c) Deferred taxation

Deferred taxation is provided at expected future rates of tax on all timing differences to the extent that it is probable that a liability or asset will crystallise.

2 DIRECTOR'S EMOLUMENTS AND EMPLOYEES

No director received any remuneration from the company and there were no employees in either year.

3 TAX ON ORDINARY ACTIVITIES

The credit/(charge) for UK corporation tax based on the company's results for the year is shown below

	1999 £	1998 £
UK Corporation tax at 30.5% (1998: 31%)	(6,983,445)	(20,979,260)
Double tax relief	6,895,015	20,706,682
	<u>(88,430)</u>	<u>(272,578)</u>

REALCAUSE LIMITED

Notes to the accounts for the year ended 2 October 1999

4 INVESTMENT IN SUBSIDIARY UNDERTAKING

a)	At 26.9.98 £	Additions £	Disposals £	Revaluations £	At 2.10.99 £
Shares in subsidiary undertakings:					
Cost	486,205,417	2	(1,235,558)	-	484,969,861
Revaluation	(6,617,689)	-	-	186,459,802	179,842,113
Total	<u>479,587,728</u>	<u>2</u>	<u>(1,235,558)</u>	<u>186,459,802</u>	<u>664,811,974</u>

b) The following companies are the principal subsidiary undertakings and are 100% owned

	Domicile
Exel International Holdings (Netherlands 1) B.V.	The Netherlands
Exel International Holdings (Netherlands 2) B.V.	The Netherlands
Exel International Holdings (Netherlands 3) B.V.	The Netherlands
Exel Investments (Netherlands) B.V.	The Netherlands
NFC International Holdings (Australia) Pty.	Australia
NFC International Holdings (Belgium) N.V.	Belgium
Exel Logistics (Nederland) B.V.	The Netherlands
NFC International Holdings (USA) Inc	USA
NFC International Holdings (Canada) Ltd	Canada
Exel Logistics (Deutschland) GmbH	Germany
NFC International Holdings (France) S.A.	France
Exel Logistics S.A.	Spain
Pickfords Limited	United Kingdom
The Baxendale Insurance Company	Ireland
NFC International Holdings (Ireland) Ltd	Ireland
NFC Insurance Ltd	Guernsey

5 SHARE CAPITAL

	2.10.99 No.	26.9.98 No.
Shares of £1 each		
Authorised	108,467,645	108,467,645
Shares of US\$1 each		
Authorised	<u>500,000,000</u>	<u>500,000,000</u>
	£	£
Shares of £1 each		
Allotted and fully paid	108,467,645	108,467,645
Shares of US\$1 each		
Allotted and fully paid 200,000,000	<u>123,839,009</u>	<u>123,839,009</u>
	<u>232,306,654</u>	<u>232,306,654</u>

REALCAUSE LIMITED

Notes to the accounts for the year ended 2 October 1999

6 MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £	Revaluation Reserve £	Profit & loss account £	Total £
Balance at 27 September 1997	232,306,654	37,299,495	12,775,299	282,381,448
Profit for the financial year	-	-	65,566,136	65,566,136
Dividends	-	-	(40,000,000)	(40,000,000)
Exchange differences on loans	-	-	4,624,041	4,624,041
Revaluation of investments	-	(43,917,184)	-	(43,917,184)
Balance at 26 September 1998	232,306,654	(6,617,689)	42,965,476	268,654,441
Profit for the financial year	-	-	134,187,425	134,187,425
Dividends	-	-	(50,000,000)	(50,000,000)
Exchange differences on loans	-	-	2,368,498	2,368,498
Revaluation of investments	-	186,459,802	-	186,459,802
Balance at 2 October 1999	232,306,654	179,842,113	129,521,399	541,670,166

Included within reserves are £21,105,714 of unrealised gains on long term borrowings which are not considered to be distributable.

7 POST BALANCE SHEET EVENTS

The sale of Allied Pickfords Moving Services to NA Holding Corporation was completed on 19 November 1999. The net sale proceeds were US\$450m (£278m), to be adjusted on agreement of the completion balance sheet.

Exel plc merged with Ocean Group plc on 4 May 2000.

8 ULTIMATE PARENT COMPANY

The parent undertaking of the largest and smallest group of undertakings for which group accounts are drawn up and of which the company is a member is Exel plc. Copies of Exel plc's accounts can be obtained from The Merton Centre, 45 St Peters Street, Bedford, MK40 2UB.

Exel was the ultimate parent company until 4 May 2000 when, by virtue of the merger with Ocean Group plc, Ocean Group plc became the ultimate holding company.