

EXEL (AFRICA) LIMITED

Company number

3018815

Annual Report and Financial Statements

For the year ended

31 December 2004

Directors

S Harley
A Martindale
S van Loon
I A Degnan

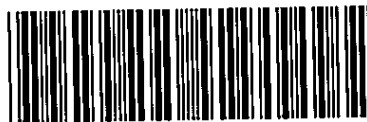
Secretary

Exel Secretarial Services Limited

Registered Office

Ocean House
The Ring
Bracknell
Berkshire
RG12 1AN

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EXEL (AFRICA) LIMITED

Directors' Report

The Directors present their report and the financial statements for the year ended 31 December 2004

Results and dividends

	2004 £000	2003 £000
Loss for the year	(192)	(712)

No dividends have been proposed or paid during the year

Principal activity and business review

The principal activity of the Company is the International (export and import) forwarding and clearing of freight, and third party logistics

In the opinion of the Directors the annexed financial statements give a fair review of the development of the business during the year and of its position at the end of the year

A comprehensive review of the state of affairs of the Group is contained in the report and financial statements of Exel plc, the ultimate parent undertaking

EXEL (AFRICA) LIMITED

Directors' Report

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 financial statements.

Creditor payment policy

The Company's policy is to establish terms of payment with its suppliers when trading relationships are established, to ensure that the terms of payment are clear, and to abide by the agreed terms provided the supplier meets its obligations.

Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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

The Directors are responsible for ensuring that the Directors' Report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom.

Directors

The Directors who held office during the year are given below

S van Loon
I Degnan
SN Harley
A Martindale

Directors' interests

Ordinary Shares

The interests of the Directors in office at the end of the year, and their families, in the ordinary shares of Exel plc, the Company's ultimate holding company, are as shown below

Ordinary shares		
	At 1 January 2004	At 31 December 2003
IA Degnan	610	610
SN Harley	35	35

EXEL (AFRICA) LIMITED

Directors' Report

Directors' interests (continued)

Options

The following Directors held options under Exel plc's Share Option Schemes

	At 1 January 2004 Number	Granted	Exercised	At 31 December 2004 Number
IA Degnan	32,473	18,053	1,653	48,873
S van Loon	126,066	36,987		163,053
SN Harley	5,321	1,233		6,554

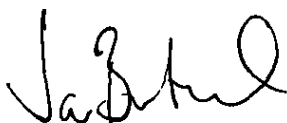
No options lapsed during the year. The market price of the shares at 31 December 2004 was 723p and the range during 2004 was 682p to 789 5p.

Options granted during the year under Exel's Executive Share Option Schemes at a price of 723 5p will, at the date of vesting, require measurement against the growth in the underlying basic earnings per share of Exel plc over the qualifying period.

Auditors

Ernst & Young LLP will be re-appointed as the Company's Auditors in accordance with the elective resolution passed by the Company under section 386 of the Companies Act 1985.

By order of the Board



Authorised Signatory
For and on behalf of
Exel Secretarial Services Limited

17th Apr 2007

EXEL (AFRICA) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXEL (AFRICA) LIMITED

We have audited the Company's financial statements for the year ended 31 December 2004 which comprise the Profit and Loss Account, Balance Sheet, Accounting Policies and the related notes 1 to 12. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

17 APRIL 2007

EXEL (AFRICA) LIMITED**Profit and Loss Account****For the year ended 31 December 2004**

	Note	2004 £000	2003 £000
Turnover	1	1,839	3,360
Operating Charges		(1,975)	(4,041)
Operating loss	1	(136)	(681)
Net interest	4	(56)	(31)
Loss on ordinary activities before tax		(192)	(712)
Tax on loss on ordinary activities	5	-	-
Loss for the financial year		(192)	(712)

There are no recognised gains or losses or movements in shareholders' funds other than the loss for the year

The notes on pages 10 to 14 form part of these financial statements.

EXEL (AFRICA) LIMITED			
Balance Sheet At 31 December 2004		2004	2003
		£000	£000
	Note		
Fixed assets			
Tangible assets	6	516	542
		516	542
Current assets			
Debtors amounts falling due within one year	7	5,815	4,531
		5,815	4,531
Creditors amounts falling due within one year	8	(8,486)	(7,036)
Net current liabilities		(2,671)	(2,505)
Total assets less current liabilities		(2,155)	(1,963)
Capital and reserves			
Called up share capital	10	(2,155)	(1,963)
Profit and loss account			
Shareholders' deficit		(2,155)	(1,963)
Approved by the Board on 17 April 2007 and signed on its behalf			
Director			

The notes on pages 10 to 14 form part of these financial statements



EXEL (AFRICA) LIMITED

Accounting Policies

The accounting policies adopted by the Company are set out below and are consistent with the previous year

(a) Accounting convention

The financial statements are prepared under the historical cost convention and are in accordance with applicable UK accounting standards. FRS 1 does not require the company to prepare a cash flow statement and FRS 8 exempts the company from disclosures of transactions with fellow subsidiary companies.

(b) Basis of preparation

The group financial statements of Exel plc contain a consolidated cash flow statement. The Company has taken advantage of the exemption granted by FRS 1 whereby it is not required to publish its own cash flow statement.

The Directors have concluded that it is appropriate to prepare financial statements on a going concern basis because the parent undertaking MSAS Global Logistics Limited has given a written undertaking that it will continue to support the Company to allow it to meet its liabilities as they fall due.

(c) Revenue recognition

Turnover is recognised based on the fair value of the right to consideration for the sale of services and goods to third parties. For the sale of services, turnover is determined by the percentage of the total service chargeable to customers completed by the balance sheet date. Turnover excludes value added tax and equivalent taxes, duty and other disbursements made on behalf of customers and intercompany transactions.

(d) Tangible fixed assets and depreciation

Fixed assets are stated at cost less depreciation and less permanent reductions in value. Cost includes interest on the funding of major assets until the asset is complete.

Depreciation of tangible fixed assets (excluding freehold and long leasehold land and assets in the course of construction, which are not depreciated) is charged evenly over their estimated useful lives at the following rates:

Freehold and long leasehold buildings	20 years
Short leasehold land and buildings	Over the life of the lease
Plant and equipment	4 to 10 years

Assets that are not expected to be held for the whole of their useful lives are written down to estimated residual values at disposal.

Disposals of land and buildings are taken into account when sale agreements have been entered into prior to the balance sheet date, provided that the disposal has been completed before the financial statements are approved.

The carrying values of tangible fixed assets are reviewed for impairment if circumstances indicate that they may not be recoverable.

(e) Leased assets

Assets held under finance leases are capitalised and treated as tangible fixed assets at fair value. Depreciation is charged over the shorter of the lease period or the useful life of the asset. The deemed capital element of future rentals is included in borrowings. Deemed interest, calculated on the reducing balance method, is charged as interest payable over the period of the lease. Rental costs of operating leases are charged against profit before interest as incurred.

(f) Taxation

The Company does not provide for UK corporation tax or deferred tax because the ultimate parent undertaking has undertaken to discharge the Company's liability to UK corporation tax.

EXEL (AFRICA) LIMITED

(g) Pensions

The Exel Group maintains UK pension schemes for the funding of retirement benefits for scheme members during their working lives in order to pay benefits to them after retirement and to their dependants after their death. The cost of providing these benefits is assessed by external professional actuaries and is charged to the profit and loss account so as to spread the cost of retirement benefits over the period during which the employer derives benefit from the employee's services. The Company does not maintain any other post-retirement benefits.

(h) Foreign currency translation

All transactions denominated in foreign currencies are translated at the rate of exchange on the day the transaction occurs or at the contracted rate if the transaction is covered by forward foreign currency contracts. Assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling on the balance sheet date or, if appropriate, at a forward foreign currency contract rate. Exchange differences arising on foreign currency transactions are included in the profit and loss account.

EXEL (AFRICA) LIMITED

Notes to the Financial Statements

For the year ended 31 December 2004

1 Turnover and operating profit

Turnover relates to the Company's principal activity, which the Directors consider constitutes a single class of business

The following amounts have been charged/(credited) in arriving at the operating profit

	2004	2003
	Total	Total
	£000	£000
Staff costs		
Wages and salaries	668	656
Other pension costs	(142)	124
Depreciation		
Owned assets	45	48
Operating lease rentals		
Land and buildings	45	24
Vehicles, plant and equipment	1	6
Auditors' remuneration	-	-
Exchange differences	145	16
Other operating charges	<u>1,713</u>	<u>3,167</u>
	<u>1,975</u>	<u>4,041</u>

2 Directors' emoluments

None of the Directors received emoluments relating to services rendered for Exel (Africa) Limited

3 Employees

The average number of persons employed during the year was as follows -

	2004	2003
	Number	Number
Administrative	<u>18</u>	<u>18</u>

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4 Net interest

	2004 £000	2003 £000
Interest receivable	-	(1)
Interest payable to group undertakings	50	24
Interest on bank loans and overdrafts	6	8
Interest payable and similar charges	<u>56</u>	<u>32</u>
Net interest	<u>56</u>	<u>31</u>

5 Tax on profit on ordinary activities

The ultimate parent undertaking has undertaken to discharge the Company's liability to UK corporation tax and therefore no provision has been made for UK corporation tax or deferred tax

Factors affecting tax charge for period

The tax assessed for the year differs from the standard rate of corporation tax in the UK (30%) The differences are explained below

	2004 £000	2003 £000
Loss on ordinary activities before taxation	<u>(192)</u>	<u>(712)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003 30%)	(58)	(214)
Effects of		
Expenses not deductible for tax purposes	1	68
Depreciation in excess of capital allowances	2	8
Other timing differences	4	-
Group relief surrendered	50	138
Current tax charge	<u>-</u>	<u>-</u>

The company has a deferred tax asset at 31 December 2004 of £55,000 (2003 £49,000) which has not been recognised in the financial statements as future tax liabilities will continue to be settled by Exel plc, the ultimate holding company.

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Notes to the Financial Statements (continued)

For the year ended 31 December 2004

6 Tangible fixed assets

	Land & Buildings Freehold £000	Plant and equipment £000	Total £000
Cost			
At 1 January 2004	503	92	595
Additions	-	33	33
Disposals	-	(13)	(13)
At 31 December 2004	503	112	615
Depreciation			
At 1 January 2004	29	24	53
Charge for the year	25	21	46
At 31 December 2004	54	45	99
Net book amount			
At 31 December 2004	449	67	516
At 1 January 2004	474	68	542

7 Debtors

	2004 £000	2003 £000
Amounts falling due within one year		
Trade debtors	409	1,292
Amounts owed by group undertakings	4,940	1,989
Taxation recoverable	3	3
Other debtors	460	1,247
Prepayments and accrued income	3	-
	5,815	4,531

EXEL (AFRICA) LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2004

8 Creditors: amounts falling due within one year

	2004 £000	2003 £000
Bank loans and overdrafts	3	170
Amounts owed to group undertakings	8,369	6,554
Other creditors	114	312
	<u>8,486</u>	<u>7,036</u>

9 Pensions

The Company participates in contributory funded pension schemes operated by the Exel Group in the United Kingdom

The three major UK schemes are the Exel Retirement Plan ('ERP'), the Ocean Nestor Pension Scheme ('OCN') and the Tibbett & Britten Pension Scheme ('T&B'). These schemes include both defined benefit and defined contribution type arrangements and are administered by external trustees independently of the Group's finances. Details of the schemes are disclosed in the financial statements of Exel plc.

Employer and employee contributions to the principal schemes are determined across participating companies in the Exel Group in consultation with external professional actuaries whose latest valuations were made as at 31 March 2003 for the ERP and OCN schemes, and as at 5 April 2002 for the T&B scheme. The charge in respect of the schemes is the regular cost of benefits accruing during the year.

For FRS 17 disclosure purposes, the latest actuarial valuations of the schemes were updated by Watson Wyatt LLP and Punter Southall & Co to assess the liabilities of the schemes at 31 December 2004 and the schemes' assets were stated at their market value at 31 December 2004. On this basis, the aggregate deficit in the UK schemes was £37.8m at 31 December 2004.

It is not possible to identify the Company's share of the underlying assets and liabilities of the group schemes. Accordingly, under FRS17, the schemes are treated as if they were defined contribution schemes in the accounts of the Company. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. The difference between contributions payable in the year and contributions actually paid is shown as an accrual or prepayment in the balance sheet.

As from 1 April 2003, the defined benefit and defined contribution arrangements existing at that date under the ERP and OCN schemes were closed to new employees. As from 1 November 2002, a substantial section of the defined benefit arrangement under the T&B scheme was closed to new employees. Defined contribution sections were established for new employees after these dates within the existing schemes.

EXEL (AFRICA) LIMITED

10 Movements in shareholders' funds

	Share capital £000	Profit and loss account £000	2004 Total £000	2003 Total £000
Loss for the financial year	-	(192)	(192)	(712)
Movement in the year	-	(192)	(192)	(712)
At 1 January	-	(1,963)	(1,963)	(1251)
At 31 December	-	(2,155)	(2,155)	(1,963)

The authorised share capital was 100 shares of £1 each, at 31 December 2004 and 31 December 2003, of which 2 were allotted, called up and fully paid at par at 31 December 2004 and 31 December 2003

11 Contingent liabilities

- (a) The nature of the Company's business and the extent of its operations are such that it is from time to time involved in legal proceedings, as plaintiff or defendant. No such current proceedings are expected to have a material effect on the Company.
- (b) For VAT purposes, the Company is grouped with other undertakings in the Exel VAT Group, under these arrangements the Company has a joint and several liability for amounts owed by those undertakings to H M Customs and Excise

12 Ultimate parent undertakings

The Company's immediate parent undertaking is MSAS Global Logistics Limited

The Company's ultimate parent undertaking is Deutsche Post AG, a company incorporated in Germany. This is the only group of which the Company is a member for which group financial statements are prepared. Copies of the financial statements of Deutsche Post AG, can be obtained from Deutsche Post AG, Headquarters, Investor Relations, 53250 Bonn, Germany