

MERCURY AIRFREIGHT HOLDINGS LIMITED

Annual Report and Financial Statements

for the year ended

31 December 2003



Company registration number 1304033

MERCURY AIRFREIGHT HOLDINGS LIMITED

Directors

Exel Secretarial Services Limited
Exel Nominee No 2 Limited

Directors' Report

The Directors present their report and the financial statements for the year ended 31 December 2003.

Principal activity and business review

The Company did not trade during the year.

Directors

The Directors at the date of this report are shown above. There were no changes in the Board during the year.

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 year had no notifiable interests in the variable voting ordinary shares of the ultimate parent company Exel plc.

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 and 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.

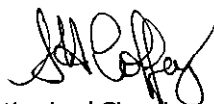
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

Auditors

In accordance with the provisions of section 249AA of the Companies Act 1985 the Company has not appointed auditors.

By order of the Board



Authorised Signatory
Exel Secretarial Services Limited
Secretary

Registered Office: Ocean House
The Ring
Bracknell
Berkshire RG12 1AN

07-10-2004

MERCURY AIRFREIGHT HOLDINGS LIMITED

Balance Sheet at 31 December 2003

	Note	2003 £	2002 £
CURRENT ASSETS			
Debtors: amounts falling due within one year			
Amount due from immediate parent undertaking		<u>500,100</u>	<u>500,100</u>
CAPITAL AND RESERVES			
Called up share capital	3	500,000	500,000
Capital redemption reserve		<u>100</u>	<u>100</u>
Equity shareholders' funds		<u>500,100</u>	<u>500,100</u>

For the year ended 31 December 2003 the Company was entitled to exemption under section 249AA(1) of the Companies Act 1985.

Members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 249B(2).

The Directors acknowledge their responsibilities for-

- (i) ensuring the Company keeps accounting records which comply with section 221; and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of its financial year and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the Company.

Approved by the Board on

07-10-2004 and signed on its behalf.



Authorised Signatory
Exel Nominee No 2 Limited
Director

MERCURY AIRFREIGHT HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 December 2003

1. Accounting Convention

The financial statements are prepared under the historical cost convention and are in accordance with all applicable UK accounting standards.

2. Profit and Loss Account

The Directors receive no fees or salaries from the Company and there are no employees. The Company did not trade during the year and no profit and loss account has therefore been prepared. There are no recognised gains or losses for the year. There was no movement on shareholders' funds during the year.

3. Called up share capital

	2003 £	2002 £
Authorised		
3½% redeemable preference shares of £1 each	1,000	1,000
'A' ordinary shares of £1 each	250,000	250,000
'B' ordinary shares of £1 each	250,000	250,000
	<u>501,000</u>	<u>501,000</u>
Allotted, called up and fully paid		
3½% redeemable preference shares of £1 each	-	-
'A' ordinary shares of £1 each	250,000	250,000
'B' ordinary shares of £1 each	250,000	250,000
	<u>500,000</u>	<u>500,000</u>

The class A and class B ordinary shares have identical rights and rank pari passu in all respects. The 3½% redeemable preference shares carry no votes at meetings, unless the business of the meeting includes a resolution for the winding up of the Company or reducing its share capital, in which event each holder is entitled to one vote. On a winding up of the Company, the preference shareholders have a right to receive, in preference to any payments to the ordinary shareholders, £1 per share plus any accrued dividend.

4. Ultimate Parent Company

The Company's immediate parent undertaking is Ocean Group Investments Limited. The Company's ultimate parent undertaking is Exel plc which is registered in England. 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 Exel plc can be obtained from Ocean House, The Ring, Bracknell, Berkshire, RG12 1AN.