

EXEL OVERSEAS FINANCE
(An unlimited company)

Company number: 2714530

Annual Report and Financial Statements

For the Year Ended

31 December 2008

Directors

**J Bumstead
Exel Nominee No 2 Limited
Exel Secretarial Services Limited**

**Secretary
Exel Secretarial Services Limited**

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



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EXEL OVERSEAS FINANCE

Directors' Report

Directors' Report for the year ended 31 December 2008

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2008.

Results and dividends

	2008	2007
	£000	£000
Profit for the year	8,446	9,662
Dividend on preference shares, included within profit for the year	11,925	11,925
Interim dividend paid on ordinary shares	37,731	-

The Directors do not recommend the payment of a final dividend on the ordinary shares (2007: £nil).

Principal activity, business review and future developments

The principal activity of the Company is to provide finance to other group companies. The Directors expect this role to continue.

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.

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.

Business risk and key performance indicators

Given the straightforward nature of the business, the Directors consider that a discussion of the main business risks and analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Financial risk management

The Company's operations are totally related to the activities of the Deutsche Post DHL group of companies. As such its management of financial risk is dependent on the policies and risk management strategies of the ultimate parent company, Deutsche Post AG. Risk management policies where appropriate are approved by the board of Directors, are consistent with Deutsche Post AG financial risk policies, and are implemented by the Company's finance department.

The Company does not use derivative financial instruments.

Directors

The Directors who held office during the year and up to the date of this report are given below:

J Bumstead
Exel Nominee No 2 Limited
Exel Secretarial Services Limited

Directors' indemnities

The Company maintains liability insurance for its Directors and officers. The Company also provided an indemnity for its Directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 1985.

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Directors' Report (continued)

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

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

Statement as to disclosure of information to auditors

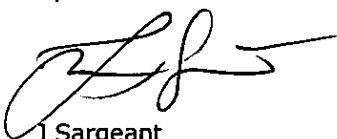
Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps that one ought to have taken as a Director in order to make oneself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the Annual General Meeting.

By order of the Board



J Sargeant
For and on behalf of
Exel Secretarial Services Limited
Secretary
28th July 2009

EXEL OVERSEAS FINANCE

Independent Auditors' Report to the Members of Exel Overseas Finance

We have audited the financial statements of Exel Overseas Finance for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we also report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the Company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Milton Keynes

28 July 2009

EXEL OVERSEAS FINANCE

Profit and Loss Account

For the year ended 31 December 2008

	Note	2008 £000	2007 £000
Interest receivable and similar income	4	20,371	22,354
Interest payable and similar charges	5	(11,925)	(12,692)
Profit on ordinary activities before taxation		8,446	9,662
Tax on profit on ordinary activities	6	-	-
Profit for the financial year	11	8,446	9,662

There are no recognised gains or losses other than the profit for the year of £8,446,000 (2007: £9,662,000).

EXEL OVERSEAS FINANCE

Balance Sheet

At 31 December 2008

	Note	2008 £000	2007 £000
Current assets			
Debtors: amounts falling due within one year			
Amounts owed by group undertakings		313,446	354,656
Creditors: amounts falling due within one year	8	-	(11,925)
Net current assets		<u>313,446</u>	<u>342,731</u>
Creditors: amounts falling due after more than one year	9	(265,000)	(265,000)
		<u>48,446</u>	<u>77,731</u>
Capital and reserves			
Called up share capital	10	40,000	40,000
Profit and loss account	11	8,446	37,731
Total shareholders' funds		<u>48,446</u>	<u>77,731</u>

The financial statements on pages 4 to 9 were approved by the Board of Directors on 28th July 2009 and signed on its behalf by



C Bryans
For and on behalf of
Exel Nominee No 2 Limited
Director

EXEL OVERSEAS FINANCE

Accounting Policies

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

(a) Basis of preparation

These financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable UK accounting standards.

(b) Cash flow statement and related party disclosures

The group financial statements of Deutsche Post AG 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 Company has taken advantage of the exemption granted by FRS 8 from disclosure of related party transactions with members of the Group or associates of other Group members.

(c) Taxation

The Company does not provide for UK corporation tax or deferred tax because a fellow group undertaking, Exel Limited, has undertaken to discharge the Company's liability to UK corporation tax.

(d) 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. Monetary 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 OVERSEAS FINANCE

Notes to the Financial Statements

For the year ended 31 December 2008

1 Operating income and expense

The fee payable for the audit of £1,700 (2007: £1,700) has been paid by a fellow group undertaking.

2 Directors' emoluments

The Directors received no remuneration (2007: none) for services provided to the Company.

3 Employees

The Company had no employees (2007: none).

4 Interest receivable and similar income

	2008 £000	2007 £000
Interest receivable from group undertakings	<u>20,371</u>	<u>22,354</u>

5 Interest payable and similar charges

	2008 £000	2007 £000
Interest payable on preference shares	11,925	11,925
Interest payable to group undertakings	-	767
	<u>11,925</u>	<u>12,692</u>

6 Tax on profit on ordinary activities

A fellow group undertaking, Exel Limited, 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 the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK 28.5% (2007: 30%). The differences are explained below:

	2008 £000	2007 £000
Profit on ordinary activities before taxation	<u>8,446</u>	<u>9,662</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.5% (2007: 30%)	2,407	2,899
Effects of:		
Expenses not deductible for tax purposes	3,399	3,578
Group relief claimed	<u>(5,806)</u>	<u>(6,477)</u>
Current tax charge	<u>-</u>	<u>-</u>

The rate of Corporation Tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly, the Company's profit for this accounting period is taxed at an effective rate of 28.5%. Profits or losses of future periods will be taxed at 28%.

EXEL OVERSEAS FINANCE

Notes to the Financial Statements (continued)

For the year ended 31 December 2008

7 Dividends

	2008 £000	2007 £000
Equity – Ordinary		
Interim paid – 94.33p per share (2007: none)	<u>37,731</u>	<u>-</u>

8 Creditors: amounts falling due within one year

	2008 £000	2007 £000
Amounts owed to group undertakings	<u>-</u>	<u>11,925</u>

9 Creditors: amounts falling due after more than one year

	2008 £000	2007 £000
4.5% cumulative preference shares of £1 each (note 10)	<u>265,000</u>	<u>265,000</u>

10 Called up share capital

	2008 £000	2007 £000
Authorised		
40,000,000 ordinary shares of £1 each	<u>40,000</u>	<u>40,000</u>
Allotted and fully paid		
40,000,000 ordinary shares of £1 each	<u>40,000</u>	<u>40,000</u>

There were no allotments during the year.

The authorised non-equity share capital is 265,000,000 4.5% cumulative preference shares of £1 each, all of which have been allotted, called up and fully paid. There were no allotments during the year. The dividend rights are cumulative.

On 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. The preference shares have the same voting rights as the ordinary shares.

11 Reconciliation of shareholders' funds and movements on reserves

	Share capital £000	Profit and loss account £000	Total share- holders' funds £000
At 1 January 2007	40,000	28,069	68,069
Profit for the financial year	-	9,662	9,662
At 31 December 2007	40,000	37,731	77,731
Profit for the financial year	-	8,446	8,446
Dividends	-	(37,731)	(37,731)
At 31 December 2008	<u>40,000</u>	<u>8,446</u>	<u>48,446</u>

EXEL OVERSEAS FINANCE

Notes to the Financial Statements (continued)

For the year ended 31 December 2008

12 Contingent liabilities

- (a) For VAT purposes, the Company is grouped with other undertakings in a VAT group; under these arrangements the Company has a joint and several liability for amounts owed by those undertakings to HM Revenue & Customs.
- (b) For UK corporate tax purposes the Company has made collective payment arrangements with other undertakings in the Group; under these arrangements the Company has a joint and several liability for amounts owed by those undertakings to HM Revenue & Customs.

13 Immediate and ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Exel Investments Limited. The Company's ultimate parent undertaking and controlling party 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.