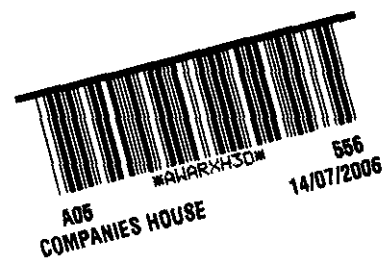


Excel24 Ltd

**Directors' report and financial
statements**

Registered No: 03940382

For the year ended 31 October 2005



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Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 October 2005.

Principal activities

The Company does not trade and has remained dormant during the financial year and the preceding financial year.

Results and dividends

The company has not traded during the year and accordingly no profit or loss account has been prepared.

The Directors do not propose the payment of a dividend (2004: £nil).

Following the year end on 20 January 2006 the ultimate parent undertaking, Avion Group hf, listed on the Icelandic stock exchange (ICEX).

Directors and their interests

The Directors who were held office during the year, and subsequently, were as follows:

S J Tomlinson

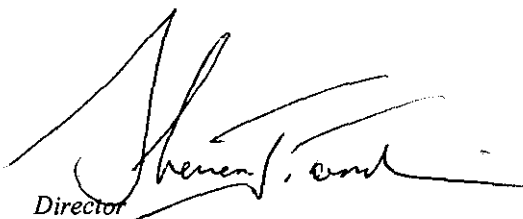
None of the Directors who held office at the end of the financial year had any disclosable interest in the shares of the Company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families or exercised by the director during the financial year.

Political and charitable contributions

The Company made no political or charitable contributions during the year (2004: £ Nil).

By order of the Board



Director

11/7/06

Statement of directors' responsibilities in respect of the Director's Report and financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards.

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 period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

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 its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Profit and loss account

for the year ended 31 October 2005

During the financial year and the preceding financial year the company did not trade and received no income and incurred no expenditure. Consequently, during those years the company made neither a profit nor a loss.

Balance sheet

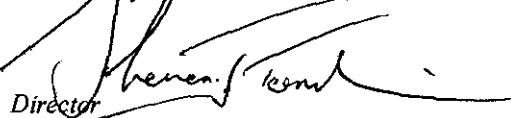
at 31 October 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Investments			
Current assets			
Debtors: amounts falling due within one year	4	2	2
Creditors: amounts falling due within one year	5		
Net current assets			
Total assets less current liabilities, and net assets		<u>2</u>	<u>2</u>
Capital and reserves			
Called up share capital	6	2	2
Profit and loss account	7		
Shareholders' funds - equity	7	<u>2</u>	<u>2</u>

The directors:

- (a) confirm that the company was entitled to exemption under subsection (1) of section 249AA of the Companies Act 1985 from the requirement to have its accounts for the financial year ended 31 October 2005 audited.
- (b) confirm that members have not required the company to obtain an audit of its accounts for that financial year in accordance with sub-section (2) of section 249B of that Act.
- (c) acknowledge their responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and
 - (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226 of that Act, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the company.

These financial statements were approved by the board of Directors on 11th July 2006 and were signed on its behalf by:


 Director

The notes on pages 5 to 6 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards.

The financial statements are prepared on a going concern basis

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Excel Aviation Limited the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed balances within entities which form part of the group.

2 Staff costs and directors emolument

The Company had no employees during the year. No director of the Company received emoluments for services to the Company during the year ended 31 October 2005 (2004: £nil).

3 Taxation

The Company received no income and incurred no expenditure during the financial year (2004: £nil) and therefore does not have a tax charge for the year (2004: £nil).

4 Debtors

	2005 £'000	2004 £'000
Amount due from immediate parent undertaking	2	2
	<u>2</u>	<u>2</u>

5 Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
	<u> </u>	<u> </u>

6 Called up share capital

	2005 £'000	2004 £'000
<i>Authorised</i>		
Equity: Ordinary shares of £1.00 each	2	2
	<u>2</u>	<u>2</u>
<i>Allotted, called up and fully paid</i>		
Equity: Ordinary shares of £1.00 each	2	2
	<u>2</u>	<u>2</u>

7 Reconciliation of movement in shareholders' funds

	Share Capital	Profit and loss account	Total 2005	Total 2004
At start and end of year	2	-	2	2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

8 Ultimate parent company and parent undertaking of larger group of which the Company is a member

At 31 October 2005 the ultimate parent company is Avion Group, a private company registered in Iceland. Copies of the annual published accounts of the Avion Group for its financial year ended 31 October 2005 (the largest group into which the results of the company are consolidated) will be available from that company's registered office: Hofdabakka 9, 110 Reykjavik, Iceland.

The company's immediate parent undertaking is Excel Aviation Limited, which is itself a subsidiary of Excel Airways Group Plc, a UK registered company which produces consolidated financial statements that are publicly available from Companies House, Crown Way, Cardiff, CF14 3UZ

At 31 October 2005, Mr M Thorsteinsson, a director of Excel Airways Group Plc and Avion Group, was the ultimate controlling individual of Excel24 Limited.