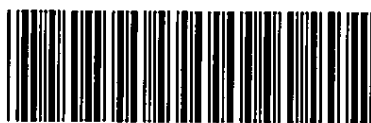


Registered number 01671114

DHL Air Limited

**Directors' report and financial statements**  
**For the year ended 31 December 2006**

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**DHL Air Limited**  
**Financial statements for the year ended 31 December 2006**

**Company information**

<b>Directors</b>	G Cruikshanks C Graham R Hayers T Jones T Nord G Olafson
<b>Secretary</b>	Orbital Secretaries Limited
<b>Company number</b>	01671114
<b>Registered office</b>	Orbital Park 178-188 Great South West Road Hounslow Middlesex TW4 6JS
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Registered Auditors The Atrium 1 Harefield Road Uxbridge UB8 1EX

**DHL Air Limited**

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## **DHL Air Limited**

### **Directors' report**

**For the year ended 31 December 2006**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2006

### **Principal activities**

The principal activity of the company during the year continued to be the provision of cargo airline services to the DHL network and the provision of ad-hoc maintenance services to third party airlines

### **Review of the business and future developments**

Both the level of business and the year end financial position were considered satisfactory by the directors

Throughout the year, the company's aircraft fleet comprised 22 Boeing 757 Special Freight aircraft, all leased from DHL Operations BV, a fellow group company. All the aircraft are leased to European Air Transport (EAT), a Belgian group company.

### **Results and dividends**

The profit for the year, after taxation, amounted to €2,543,000 (2005 €12,073,000). The directors do not recommend the payment of a dividend (2005 €nil) and accordingly the retained profit for the year of €2,543,000 (2005 €12,073,000) will be transferred to reserves.

### **Directors**

The directors who served during the year and up to the date of signing this report were as follows

G Cruikshanks  
C Graham (appointed July 2007)  
R Hayers  
T Jones  
T Nord  
G Olafson

### **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 period.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and 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.

**DHL Air Limited**

**Directors' report (continued)**

**For the year ended 31 December 2006**

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

**Disclosure of information to Auditors**

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

(1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(2) each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

**Independent auditors**

In accordance with Section 386 of the Companies Act 1985 the company has elected to dispense with the obligation to appoint auditors annually. PricewaterhouseCoopers LLP have indicated their willingness to continue in office and, accordingly, they are deemed to continue as auditors

This report was approved by the board on 25 March 2008 and signed on its behalf



**G Olafson**  
Director

## **DHL Air Limited**

### **Independent auditors' report to the members of DHL Air Limited**

We have audited the financial statements of DHL Air Limited for the year ended 31 December 2006 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 also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 judgments 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 2006 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**  
Chartered Accountants and Registered Auditors  
West London  
28 March 2008

**DHL Air Limited**

**Profit and loss account**

**For the year ended 31 December 2006**

	<b>Note</b>	<b>2006 €'000</b>	<b>2005 €'000</b>
<b>Turnover</b>	<b>1</b>	<b>139,044</b>	<b>139,090</b>
<b>Cost of sales</b>		<b>(130,092)</b>	<b>(125,377)</b>
<b>Gross profit</b>		<b>8,952</b>	<b>13,713</b>
Administrative expenses		<b>(6,487)</b>	<b>(5,601)</b>
Other operating income	<b>2</b>	<b>410</b>	<b>-</b>
<b>Operating profit</b>	<b>3</b>	<b>2,875</b>	<b>8,112</b>
Interest receivable and similar income	<b>5</b>	<b>6</b>	<b>3</b>
Interest payable and similar charges	<b>6</b>	<b>(338)</b>	<b>(180)</b>
<b>Profit on ordinary activities before taxation</b>		<b>2,543</b>	<b>7,935</b>
<b>Tax credit on profit on ordinary activities</b>	<b>7</b>	<b>-</b>	<b>4,138</b>
<b>Retained profit for the financial year</b>	<b>13</b>	<b>2,543</b>	<b>12,073</b>

All amounts derive from the continuing activities of the company

The company has no recognised gains or losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical costs equivalents

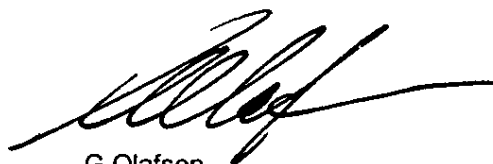
**DHL Air Limited**

**Balance sheet**

**As at 31 December 2006**

	<b>Note</b>	<b>2006 €'000</b>	<b>2005 €'000</b>
<b>Fixed assets</b>			
Tangible fixed assets	8	10,533	11,505
<b>Current assets</b>			
Debtors	9	34,616	35,536
Cash at bank and in hand		3	2
		<b>34,619</b>	<b>35,538</b>
<b>Creditors</b> amounts falling due within one year	10	<b>(27,544)</b>	<b>(31,978)</b>
<b>Net current assets</b>		<b>7,075</b>	<b>3,560</b>
<b>Total assets less current liabilities</b>		<b>17,608</b>	<b>15,065</b>
<b>Capital and reserves</b>			
Called up share capital	12	80	80
Profit and loss account	13	17,528	14,985
<b>Total equity shareholders' funds</b>	14	<b>17,608</b>	<b>15,065</b>

The financial statements on pages 4 to 13 were approved by the Board on <sup>25</sup> March 2008 and signed on its behalf by



G Olafson  
Director



## **DHL Air Limited**

### **Notes to the financial statements**

**For the year ended 31 December 2006**

#### **1 Accounting policies**

##### **Basis of preparation of financial statements**

The 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 accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

##### **a) New accounting standards**

Financial Reporting Standard (FRS 20) has been issued and is applicable for the year ended 31 December 2006, but does not impact the company.

##### **b) Turnover**

Turnover, which is stated net of value added tax, represents operating lease income from chartering operations provided by the company during the financial year to European Air Transport, a fellow group company. Rentals receivable under aircraft operating leases are recognised on a straight line basis with any rental increases recognised during the period to which they relate. Turnover also represents the amounts billed to other airline customers for the provision of ad-hoc maintenance services provided during the financial year excluding value added tax.

##### **c) Tangible fixed assets and depreciation**

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Depreciation is provided in equal instalments over the estimated useful economic lives of the assets as follows:

Leasehold improvements	5 years
Computer equipment	3 years
Furniture and fittings	5 years
Aircraft costs	1½ years to 10 years
Motor vehicles	5 years

##### **d) Taxation**

For the year ended 31 December 2006 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.

##### **e) Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

##### **e) Pension funds**

The company operates defined contribution pension schemes of which all full time employees, subject to pension fund rules, are eligible to become members. Company contributions are charged against profit in the period to which they relate.

## **DHL Air Limited**

### **Notes to the financial statements (continued)** **For the year ended 31 December 2006**

#### **1 Accounting policies (continued)**

##### **f) Cash flow statement and related party transactions**

The company is a wholly owned subsidiary of Deutsche Post AG, incorporated in Germany, and is included in its consolidated financial statements which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard Number 1 (Cash Flow Statements) (revised 1996). The company is also exempt under the terms of Financial Reporting Standard Number 8 (Related Party Disclosures) from disclosing related party transactions with entities that are part of the Deutsche Post AG group or investees of the Deutsche Post AG group.

##### **g) Operating leases**

Rentals payable under operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on a straight line basis over the term of the lease.

##### **h) Foreign exchange translation**

The directors consider the Euro ("€") to be the functional currency and the local currency as defined under Statement of Standard Accounting Practice 20 "Foreign currency translation". Accordingly, these financial statements are presented in Euros. At 31 December 2006, the exchange rate to sterling was £1/€1.48236 (2005: £1/€1.46514).

Monetary assets and liabilities expressed in foreign currencies are translated into Euros at the rate of exchange ruling at the balance sheet date or at the agreed contractual rate. Transactions denominated in foreign currencies are converted into Euros at the rate of exchange ruling at the date of the transaction. Exchange differences are taken to the profit and loss account.

#### **2 Other operating income**

During the year ended 31 December 2006 the company received refunds of premiums amounting to €410,000 (2005: €nil) as a result of cancellation of an insurance policy.

#### **3 Operating profit**

Operating profit is stated after charging / (crediting) the following amounts

	<b>2006</b>	<b>2005</b>
	<b>€'000</b>	<b>€'000</b>
Rentals receivable from group companies under aircraft operating leases	<b>(139,044)</b>	(139,090)
Rentals payable to group companies under aircraft operating leases	<b>68,111</b>	68,111
Rentals payable under operating leases – plant and machinery	<b>156</b>	164
Depreciation of tangible fixed assets – owned by the company	<b>4,182</b>	3,418
Auditors' remuneration - for audit services	<b>40</b>	37
Net foreign exchange losses	<b>59</b>	131

**DHL Air Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2006**

**4 Directors and employees**

None of the directors received any emoluments for their services to the company (2005 €nil)

Staff costs during the year were as follows	<b>2006</b> <b>€'000</b>	<b>2005</b> <b>€'000</b>
Wages and salaries	<b>19,724</b>	18,041
Social security costs	<b>2,301</b>	2,086
Other pension costs (see note 16)	<b>1,588</b>	1,489
	<b>23,613</b>	21,616

The average monthly number of employees, including directors, during the year was as follows

	<b>2006</b> <b>Number</b>	<b>2005</b> <b>Number</b>
Operations	<b>218</b>	213
Administration	<b>16</b>	12
	<b>234</b>	225

**5 Interest receivable and similar income**

	<b>2006</b> <b>€'000</b>	<b>2005</b> <b>€'000</b>
Interest receivable from bank	<b>6</b>	3

**6 Interest payable and similar charges**

	<b>2006</b> <b>€'000</b>	<b>2005</b> <b>€'000</b>
Interest payable to group undertakings	<b>338</b>	180

# DHL Air Limited

## Notes to the financial statements (continued) For the year ended 31 December 2006

### 7 Tax on profit on ordinary activities

For the year ended 31 December 2006 a fellow group undertaking Exel Ltd has undertaken to discharge the Company's liability to UK corporation tax. Therefore no provision has been made for UK corporation tax or deferred tax.

	2006 €'000	2005 €'000
<b>Analysis of tax in the year</b>		
Current tax (see note below)		
Amount receivable for group relief	-	(4,098)
Adjustments in respect of prior periods	-	45
<b>Total current tax credit</b>	-	(4,053)
Deferred tax		
Origination and reversal of timing differences	-	(11)
Adjustments in respect of prior periods	-	(74)
<b>Total deferred tax credit (see note 11)</b>	-	(85)
<b>Total tax credit on profit on ordinary activities</b>	-	(4,138)

#### Factors affecting tax credit for the year

The tax assessed for the year is lower (2005 lower) than the standard rate of corporation tax in the UK (30%). The differences are explained below.

	2006 €'000	2005 €'000
Profit on ordinary activities before tax	2,543	7,935
Profit on ordinary activities multiplied by the standard rate in the UK at 30% (2005 30%)	763	2,381
<b>Effects of</b>		
Expenses not deductible for tax purposes	3,657	3,391
Capital allowances for period (less than)/in excess of depreciation	(4)	3
Short term timing differences	50	8
Non taxable income	(10,037)	(9,881)
Group relief surrendered	5,571	-
Adjustments to tax in respect of prior periods	-	45
<b>Total current tax (credit) / charge for the year (see note above)</b>	-	(4,053)

The company has a deferred tax asset at 31 December 2006 of €225,000 asset (2005 €134,000 asset). The deferred tax asset at 31 December 2006 has not been recognised in these financial statements as future tax liabilities will be settled by Exel Ltd, a fellow group undertaking.

**DHL Air Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2006**

**8 Tangible fixed assets**

	Leasehold improvements €'000	Computer equipment €'000	Furniture and fittings €'000	Aircraft costs €'000	Motor vehicles €'000	Total €'000
<b>Cost</b>						
At 1 January 2006	531	606	171	16,888	22	18,218
Additions	17	68	14	3,111	-	3,210
<b>At 31 December 2006</b>	<b>548</b>	<b>674</b>	<b>185</b>	<b>19,999</b>	<b>22</b>	<b>21,428</b>
<b>Accumulated depreciation</b>						
At 1 January 2006	279	388	117	5,916	13	6,713
Charge for the year	62	77	28	4,011	4	4,182
<b>At 31 December 2006</b>	<b>341</b>	<b>465</b>	<b>145</b>	<b>9,927</b>	<b>17</b>	<b>10,895</b>
<b>Net book value</b>						
<b>31 December 2006</b>	<b>207</b>	<b>209</b>	<b>40</b>	<b>10,072</b>	<b>5</b>	<b>10,533</b>
31 December 2005	252	218	54	10,972	9	11,505

Aircraft costs are charges for the design and introduction of the aircraft maintenance program, licences and over sight charges related to the conversion of the aircraft to freight configuration, along with the cost of heavy maintenance visits

**9 Debtors**  
**Amounts falling due within one year**

	2006 €'000	2005 €'000
Amounts owed by group undertakings	31,462	23,721
Group relief receivable	-	6,254
Corporation tax receivable	-	1,896
Other debtors	228	389
Prepayments and accrued income	2,926	3,142
Deferred tax asset (see note 11)	-	134
	<b>34,616</b>	<b>35,536</b>

Amounts owed by group undertakings are unsecured, interest free and due on demand

**DHL Air Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2006**

**10 Creditors**  
**Amounts falling due within one year**

	<b>2006</b>	<b>2005</b>
	<b>€'000</b>	<b>€'000</b>
Trade creditors	2,937	1,227
Amounts owed to group undertakings	23,598	25,389
Group relief payable	-	4,590
Taxation and social security	628	570
Other creditors	381	202
	<b>27,544</b>	<b>31,978</b>

**11 Deferred taxation**

	<b>2006</b>
	<b>€'000</b>
<b>Deferred tax asset</b>	
At 1 January 2006	134
Prior year charge	-
(Charge)/credit for the year	-
Sold to Exel Ltd	(134)
<b>At 31 December 2006</b>	<b>-</b>

The deferred tax comprises

	<b>2006</b>	<b>2005</b>
	<b>€'000</b>	<b>€'000</b>
Depreciation in excess of capital allowances	-	60
Other timing differences	-	74
<b>Deferred tax asset</b>	<b>-</b>	<b>134</b>

**12 Share capital**

	<b>2006</b>	<b>2005</b>
	<b>€</b>	<b>€</b>
<b>Authorised</b>		
50,000 (2005 50,000) 'A' ordinary shares of £1 each (€1 = £0 6277)	79,650	79,650
50,000 (2005 50,000) 'B' ordinary shares of £1 each (€1 = £0 6277)	79,650	79,650
	<b>159,300</b>	<b>159,300</b>
<b>Allotted, called up and fully paid</b>		
25,000 (2005 25,000) 'A' ordinary shares of £1 each (€1 = £0 6277)	39,825	39,825
25,000 (2005 25,000) 'B' ordinary shares of £1 each (€1 = £0 6277)	39,825	39,825
	<b>79,650</b>	<b>79,650</b>

There are no differences in the rights of the "A" and "B" ordinary shares to dividends, on winding up or to vote

# DHL Air Limited

## Notes to the financial statements (continued) For the year ended 31 December 2006

### 13 Profit and loss account

	€'000
At 1 January 2006	14,985
Retained profit for the financial year	2,543
<b>At 31 December 2006</b>	<b>17,528</b>

### 14 Reconciliation of movements in equity shareholders' funds

	2006 €'000	2005 €'000
Profit for the financial year	2,543	12,073
Opening equity shareholders' funds	15,065	2,992
<b>Closing equity shareholders' funds</b>	<b>17,608</b>	<b>15,065</b>

### 15 Operating lease commitments

At the balance sheet date, the company had annual commitments under non-cancellable operating leases as follows

	Aircraft, plant and equipment	
	2006 €'000	2005 €'000
<b>Expiry date</b>		
Within 1 year	13	7
Between 2 and 5 years	124	139
After more than 5 years	68,111	68,111
	<b>68,248</b>	<b>68,257</b>

### 16 Pensions

The company operates two defined contribution pension schemes, whose assets are held separately from those of the company in independently administered funds. The pension charges represent contributions payable by the company and amounted to €1,588,000 (2005: €1,489,000). Contributions totalling €341,000 (2005: €176,000) were payable to the funds at the year end and are included in other creditors.

## **DHL Air Limited**

### **Notes to the financial statements (continued) For the year ended 31 December 2006**

#### **17 Immediate and ultimate parent undertaking and controlling party**

The company's immediate parent undertaking is DHL Holdings (UK) Limited, a company registered in England and Wales. 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.