

PACKAGING MANAGEMENT GROUP LIMITED

Company number: 5341111

Annual Report and Financial Statements

For the Period Ended

31 December 2005

Directors

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

Secretary

Exel Secretarial Services Limited

Registered Office

**Ocean House
The Ring
Bracknell
Berkshire RG12 1AN**



**LD2
COMPANIES HOUSE**

LJ5XIK08

**194
27/10/2006**

PACKAGING MANAGEMENT GROUP LIMITED

Directors' Report

The Directors present their report and accounts for the period from 25 January 2005, the date of the Company's incorporation, to 31 December 2005.

Results and dividends

49 weeks to 31.12.05
£000

Profit for the period

58

The Directors do not recommend the payment of a dividend.

Principal activity and business review

The principal activity of the Company is to provide information and consultancy services to assist businesses fulfil their obligations under the Producer Responsibility Obligations (Packaging Waste) Regulations 2005 and this is their first year of trading.

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

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.

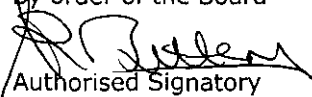
Directors

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

Exel Nominee No 2 Limited	Appointed on 26 April 2005
Exel Secretarial Services Ltd	Appointed on 9 May 2005
Ms S V Dixon	Appointed on 25 January 2005, resigned 25 April 2005
Mr P S Johnson	Appointed on 25 January 2005, resigned 25 April 2005
Mr D E Riddle	Appointed on 25 January 2005, resigned 26 April 2005
Mr M J Ward	Appointed on 25 January 2005, resigned 26 April 2005

Except as above, no Director had any interest in any shares or debentures in any companies of the Group.

By order of the Board


Authorised Signatory
For and on behalf of
Exel Secretarial Services Limited

26 October 2006

PACKAGING MANAGEMENT GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PACKAGING MANAGEMENT GROUP LIMITED

We have audited the Company's financial statements for the period ended 31 December 2005, which comprise the Profit and Loss Account, the Balance Sheet, the Accounting Policies and the related notes 1 to 10. These financial statements have been prepared under 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

The Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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).

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 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 2005 and of its profit for the period ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Ernst & Young LLP
Registered Auditor
1 More London Place
London
SE1 2AF

26 OCTOBER 2006

PACKAGING MANAGEMENT GROUP LIMITED

Profit and Loss Account

For the period ended 31 December 2005

	Note	49 weeks to 31.12.05 £000
Turnover	1	223
Operating profit	1	58
Profit on ordinary activities before taxation		58
Tax on profit on ordinary activities	4	-
Profit for the financial period	8	58

Movements in shareholders' funds are set out in note 8.

The results for the period derive from continuing operations.

There are no recognised gains or losses other than the profit for the period of £58,000.

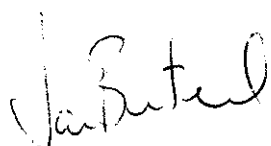
PACKAGING MANAGEMENT GROUP LIMITED

Balance Sheet

At 31 December 2005

		49 weeks to 31.12.05 £000
	Note	
Current assets		
Debtors: amounts falling due within one year	5	116
Cash at bank and in hand		88
		<u>204</u>
Creditors: amounts falling due within one year	6	<u>(146)</u>
Net current liabilities		<u>58</u>
Total assets less current liabilities		<u>58</u>
		<u>58</u>
Capital and reserves		
Called up share capital	8	-
Profit and loss account	8	58
Equity shareholders' funds		<u>58</u>

Approved by the Board on 26 OCT 2006 and signed on its behalf.



Director

For and on behalf of
EXEL NOMINEE NO 2 LTD

Authorised Signatory

Accounting Policies

The accounting policies adopted by the Company are set out below.

(a) Accounting convention

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

(b) Basis of preparation

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) 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) Taxation

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

(e) 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.

PACKAGING MANAGEMENT GROUP LIMITED

Notes to the Financial Statements

For the period ended 31 December 2005

1 Turnover and operating profit

Turnover relates to the Company's principal activity, which the Directors consider constitutes a single class of business. The geographical origin of turnover was the United Kingdom.

The following amounts have been charged in arriving at the operating profit:

	49 weeks to 31.12.05 £000
Staff Costs	
Wages and Salaries	82
Social security costs	3
Other operating charges	80
	<hr/> 165 <hr/>

The remuneration of the Company's Auditors and their associates has been borne by a fellow subsidiary.

2 Directors' emoluments

The Directors received no remuneration for services provided to the Company.

3 Employees

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

	49 weeks to 31.12.05 Number
Administrative	3

Notes to the Financial Statements (continued)

For the period ended 31 December 2005

4 Tax on profit on ordinary activities

The ultimate UK 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 period differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	49 weeks to 31.12.05 £000
Profit on ordinary activities before taxation	<u>58</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	17
Effects of:	
Group relief claimed	<u>(17)</u>
Current tax charge	<u><u>-</u></u>

The Company has a no deferred tax asset at 31 December 2005 (2004: £Nil), which has not been recognised in the financial statements as future tax liabilities will continue to be settled by Exel plc, the ultimate UK holding company.

5 Debtors

	49 weeks to 31.12.05 £000
Amounts falling due within one year	
Trade debtors	<u>116</u>
	<u><u>116</u></u>

6 Creditors: amounts falling due within one year

	49 weeks to 31.12.05 £000
Trade creditors	2
Amounts owed to group undertakings	98
Other taxes and social security	2
Accruals and deferred income	<u>44</u>
	<u><u>146</u></u>

Notes to the Financial Statements (continued)**For the period ended 31 December 2005****7 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 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 2004 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 Limited to assess the liabilities of the schemes at 31 December 2005 and the schemes' assets were stated at their market value at 31 December 2005. On this basis, the aggregate deficit in the UK schemes was £38.4m at 31 December 2005 (2004: £37.8 million). Full details of the position of the schemes at 31 December 2005 are given in consolidated accounts of Deutsche Post AG.

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.

The unpaid contributions outstanding at the period end, included in 'Accruals and deferred income', are £Nil.

8 Movements in shareholders' funds

	Share capital £000	Share premium £000	Profit and loss account £000	Total £000
At Incorporation	-	-	-	-
Profit for the financial period	-	-	58	58
At 31 December	-	-	58	58

The authorised share capital is 1,000 shares of £1 each, of which 1 has been allotted, called up and fully paid during the period.

One share was allotted on 25 January 2005 for consideration of £1.

Notes to the Financial Statements (continued)

For the period ended 31 December 2005

9 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 H.M Revenue and Customs.
- (b) For UK corporate tax purposes the Company has made collective payment arrangements with other undertakings in the Exel Group; under these arrangements the Company has a joint and several liability for amounts owed by those undertakings to the H.M Revenue and Customs.

10 Immediate and Ultimate parent undertakings

The Company's immediate parent undertaking is Exel Holdings 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.