

Company Registration No. 175064

FILOFAX GROUP LIMITED

Report and Financial Statements

31 January 2006



FILOFAX GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

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FILOFAX GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G Presly
G Raw

SECRETARY

DM Company Services Limited

REGISTERED OFFICE

Royal London House
22/25 Finsbury Square
London
EC2A 1DS

BANKERS

Bank of Scotland
London Chief Office
PO Box 267
38 Threadneedle Street
London
EC2P 2EH

SOLICITORS

Dickson Minto WS
16 Charlotte Square
Edinburgh
EH2 4DF

AUDITORS

Ernst & Young LLP
50 George Square
Glasgow
G2 1RR

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year to 31 January 2006.

ACTIVITIES

The principal activity of the Company during the year continued to be that of a holding company of subsidiaries involved in the supply of stationery products.

REVIEW OF DEVELOPMENTS

The Company did not trade during the current or preceding year.

The profit for the year after taxation amounted to £274,000 (2005 - £4,000,000).

DIVIDENDS

The directors do not recommend the payment of a dividend (2005 - £4,000,000).

FUTURE PROSPECTS

The directors do not anticipate the Company resuming trading activities in the foreseeable future.

DIRECTORS AND THEIR INTERESTS

The present membership of the board is set out on page 1.

No director held any interest in the ordinary shares of the Company at 31 January 2006 or 31 January 2005.

The interests of the directors in the shares of the ultimate parent undertaking, Letts Filofax Group Limited, are disclosed in its respective financial statements.

FINANCIAL RISK MANAGEMENT

The Company's principal financial instruments comprise cash, short term deposits, borrowings and forward currency contracts, the main purpose of which is to provide finance for its normal operations and to reduce the impact of currency exchange rate movements on trading results.

The Company has various other financial instruments such as trade debtors and creditors that arise directly from its trading operations.

The main risks arising from the Company's financial instruments are interest rate risk, foreign currency risk and liquidity risk. The Company has clear policies for managing each of these risks, as summarised below.

Interest rate risk

The Company holds cash balances on floating rate short-term deposit and maintains borrowings, where this is considered to be commercially appropriate. The Company's policy is to monitor the level of these balances to ensure that funds are available as required, recognising that interest earnings and costs will be subject to interest rate fluctuations.

Foreign currency risk

The Company buys and sells goods denominated in currencies other than sterling. The Company manages receipts and payments through the operation of other denominated currency bank accounts. As a result of the value of the Company's non-sterling revenues, purchases, financial assets and liabilities, cash flows can be affected significantly by movements in exchange rates.

The Company seeks to mitigate its exposure to currency movements by entering into forward currency contracts, denominated in the same currency as the operating funds flow, to match a proportion of the material exposures anticipated in the business. The forward contracts are entered into on the basis of regularly updated forecast information on the level of trading in each denominated currency.

DIRECTORS' REPORT

Liquidity risk

The Company aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets. Investment is carefully controlled, with authorisation limits operating at different levels up to Company board level.


Creditors payment policy

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, providing that all trading terms and conditions have been complied with.

AUDITORS

On 22 February 2006 Deloitte & Touche LLP resigned as auditors.

Ernst & Young LLP were appointed as auditors on 3 March 2006. A resolution to re-appoint Ernst & Young LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

 **ERNST & YOUNG**

Approved by the Board of Directors
and signed on behalf of the Board



G Raw

Director

Date: 27 June 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year 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 then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FILOFAX GROUP LIMITED

We have audited the financial statements (the "financial statements") of Filofax Group Limited for the year ended 31 January 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. 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 auditors' 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 preparing the Annual Report and 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

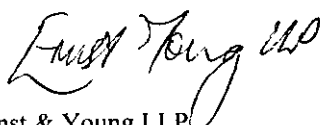
Basis of audit opinion

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 January 2006 and of the Company's profit for the year then ended; and the financial statements have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'Ernst & Young LLP', written over the printed name.

Ernst & Young LLP
Glasgow
27 June 2006

Registered Auditor

FILOFAX GROUP LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 January 2006

	Note	2006 £'000	2005 £'000
Income from group undertakings	4	387	4,000
Provision for diminution in value of investments	7	(115)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>272</u>	<u>4,000</u>
Tax on profit on ordinary activities	5	<u>2</u>	<u>-</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>274</u>	<u>4,000</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There have been no recognised gains and losses attributable to the shareholders other than the results for the current and preceding financial period and, accordingly, no Statement of Total Recognised Gains and Losses is shown.

FILOFAX GROUP LIMITED

BALANCE SHEET 31 January 2006

	Note	2006 £'000	2005 £'000
FIXED ASSETS			
Investments	7	<u>2,732</u>	<u>2,847</u>
CURRENT ASSETS			
Debtors due after more than one year:			
Amounts owed by group undertakings		6,997	6,608
CREDITORS: amounts falling due within one year	8	<u>(6)</u>	<u>(6)</u>
NET CURRENT ASSETS		<u>6,991</u>	<u>6,602</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,723	9,449
CREDITORS: amounts falling due after more than one year			
Amounts owed to group undertakings		<u>(5,064)</u>	<u>(5,064)</u>
NET ASSETS		<u>4,659</u>	<u>4,385</u>
CAPITAL AND RESERVES			
Called up share capital	9	1,256	1,256
Share premium account	10	1,990	1,990
Capital redemption reserve	10	325	325
Profit and loss account	10	<u>1,088</u>	<u>814</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS	11	<u>4,659</u>	<u>4,385</u>

These financial statements were approved by the Board of Directors on 27 June 2006.

Signed on behalf of the Board of Directors



G Raw

Director

NOTES TO THE ACCOUNTS

Year ended 31 January 2006

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Cash flow statement

Under Financial Reporting Standard 1 (Revised) the company is exempt from the requirement to produce a cash flow statement as the ultimate parent undertaking, Letts Filofax Group Limited, includes the company in its own published consolidated financial statements.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The only employees of the company in the current and prior year were the directors. In the current year the directors received no remuneration for services to the company (2005 - £Nil).

3. OPERATING PROFIT

This is stated after charging:

	2006 £'000	2005 £'000
Auditors remuneration	-	-

The auditors remuneration is included in the financial statements of the company's subsidiary, Filofax Limited, from which the audit fee will be payable.

4. INCOME FROM GROUP UNDERTAKINGS

	2006 £'000	2005 £'000
Dividends received	387	4,000

NOTES TO THE ACCOUNTS
Year ended 31 January 2006

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2006 £'000	2005 £'000
<i>Current taxation</i>		
UK corporation tax charge for the year	(2)	-

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax charge for the current and the previous periods differs from the standard rate for the reasons set out in the following reconciliation:

	2006 £'000	2005 £'000
Profit on ordinary activities before tax	272	4,000
Tax on profit on ordinary activities at standard rate of corporation tax (30%)	82	1,200
<i>Effects of:</i>		
Non taxable dividend income	(116)	(1,200)
Expenses not deductible	34	-
Adjustment in respect of prior years	(2)	-
Total actual amount of current tax	(2)	-

6. DIVIDENDS

	2006 £'000	2005 £'000
Final paid £Nil per ordinary share (2005 –15.92p)	-	4,000

NOTES TO THE ACCOUNTS

Year ended 31 January 2006

7. INVESTMENTS HELD AS FIXED ASSETS

	Shares in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Total £'000
Cost			
At 31 January 2006 and 31 January 2005	9,828	2,250	12,078
Provision for impairment			
At 31 January 2005	(9,231)	-	(9,231)
Charge for the year	(115)	-	(115)
At 31 January 2006	(9,346)	-	(9,346)
Net book value			
At 31 January 2006	482	2,250	2,732
At 31 January 2005	597	2,250	2,847

During the year the directors reviewed the carrying value of the company's investment in its subsidiary undertakings. Based on this review, a provision for impairment of £115,000 was made against the carrying value of the company's investment in Yard – O – Led Pencil Company Limited, which is a dormant company.

The following are the principal subsidiary undertakings of the company as at 31 January 2006. The holdings represent 100% of the issued ordinary share capital of each company.

Name	Principal activity	Country of incorporation
Filofax Limited	Supplier of organisers	England
Drakes Office Systems Limited	Supplier of stationery products	England
Topps of England Limited	Non trading	England
Filofax A/S*	Distributor of organisers	Denmark
Filofax AB*	Distributor of organisers	Sweden
Filofax GmbH	Distributor of organisers	Germany
Filofax Hong Kong Limited*	Sourcing of organiser wallets	Hong Kong
Filofax SARL*	Distributor of organisers	France
Filofax Italia SRL*	Distributor of organisers	Italy

* Investment held by a subsidiary undertaking.

The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements. The parent for the smallest and largest group for which group financial statements are drawn up and of which the company is a member is Letts Filofax Group Limited.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £'000	2005 £'000
Accruals	6	6

FILOFAX GROUP LIMITED

NOTES TO THE ACCOUNTS Year ended 31 January 2006

9. CALLED UP SHARE CAPITAL

	2006 £'000	2005 £'000
Authorised		
50,000,000 ordinary shares of 5p each	2,500	2,500
Called up, allotted and fully paid		
25,124,059 ordinary shares of 5p each	1,256	1,256

10. STATEMENT OF RESERVES

	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At 1 February 2005	1,990	325	814	3,129
Profit for the year	-	-	274	274
At 31 January 2006	1,990	325	1,088	3,403

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2006 £'000	2005 £'000
Profit for the financial year	274	4,000
Dividends	-	(4,000)
Net movement in shareholders' funds	274	-
Opening shareholders' funds	4,385	4,385
Closing shareholders' funds	4,659	4,385

12. CONTINGENT LIABILITIES

Guarantees have been given by the company for group borrowings which at 31 January 2006 amounted to £Nil (2005 - £Nil).

13. PARENT COMPANY

The company's parent company was Letts Filofax Group Limited, a company registered in Scotland. Copies of the group financial statements are available from 16 Charlotte Square, Edinburgh, EH2 4DF.

Following a share transaction on 9 March 2006, the company's ultimate parent undertaking became FLB Group Limited which is incorporated in the United Kingdom.

14. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available under Financial Reporting Standard 8 with regard to the non-disclosure of transactions between group companies.