

FILOFAX GROUP LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

30 JUNE 2000

COMPANY NO: 175064



FILOFAX GROUP LIMITED

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FILOFAX GROUP LIMITED

COMPANY INFORMATION

Directors
C.S. Brace
M.D. Ball
J.F. Ausura (appointed 5 June 2000)
D.A. Werner (appointed 14 July 2000)
M.A. Vidovich (resigned 14 July 2000)
J. Freeman (resigned 5 June 2000)

Secretary
M.D. Ball

Registered Office
Waverley House
7/12 Noel Street
London
W1F 8NE

Registered number
175064

Auditors
Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

FILOFAX GROUP LIMITED

DIRECTORS' REPORT

The directors present their report and audited accounts of Filofax Group Limited (the 'Company') for the year ended 30 June 2000.

PRINCIPAL ACTIVITIES

The Company's principal activity continues to be that of a holding company for subsidiaries involved in the manufacture and supply of stationery products. The directors do not anticipate a change in these activities in the foreseeable future.

RESULTS AND DIVIDENDS

The results for the year are set out in the Profit and Loss Account on page 5.

The directors do not recommend the payment of a dividend for the year (15 month period ended 30 June 1999: £nil).

DIRECTORS AND EMPLOYEES

The directors of the Company are set out on page 1. Unless otherwise stated, they served throughout the year. J.F. Ausura and D.A. Werner were directors of Day Runner UK plc, an intermediate parent company, and their interests in the share capital of that company and its UK subsidiaries are disclosed in its accounts. C.S. Brace and M.D. Ball had no interests in the share capital of the Company or its UK subsidiaries during the year.

The Company had no employees during the year (15 month period ended 30 June 1999: nil).

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE ACCOUNTS

Company law requires the directors to prepare accounts 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 these accounts 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 accounts 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 accounts 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.

FILOFAX GROUP LIMITED

DIRECTORS' REPORT (continued)

POST BALANCE SHEET EVENT

On 1 November 2000, the Company entered into a loan agreement with Wells Fargo Bank, National Association as a guarantor in respect of borrowings by the Company's ultimate parent undertaking, Day Runner Inc., and other Group undertakings. Full details of this transaction are included in note 12 to the accounts.

AUDITORS

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Deloitte & Touche be re-appointed as auditors of the Company will be proposed at the forthcoming Annual General Meeting

On behalf of the Board

A handwritten signature in black ink, appearing to read 'M.D. Ball', with a horizontal line extending from the end of the signature.

M.D. Ball
Secretary
17 January 2001

FILOFAX GROUP LIMITED

AUDITORS' REPORT TO THE MEMBERS OF FILOFAX GROUP LIMITED

We have audited the accounts on pages 5 to 12 which have been prepared on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the Company's directors are responsible for the preparation of the accounts which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

In forming our opinion, we have considered the adequacy of the disclosures made in note 12 to the accounts concerning the uncertainty as to the continuation of support by the bankers of the Company's ultimate parent company. In view of the significance of this uncertainty, we consider that it should be brought to your attention, but our opinion is not qualified in this respect.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 30 June 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and Registered Auditors
Hill House
1 Little New Street
London
EC4A 3TR

17 January 2001

FILOFAX GROUP LIMITED

PROFIT AND LOSS ACCOUNT For the year ended 30 June 2000

		Year ended 30 June 2000 £'000	15 month period ended 30 June 1999 £'000
	Note		
Administrative expenses		(22)	(22)
Operating loss on ordinary activities before interest		(22)	(22)
Income from shares in Group undertakings	3	-	645
(Loss)/profit on ordinary activities before taxation		(22)	623
Tax on profit on ordinary activities	4	-	-
(Loss)/profit on ordinary activities after taxation		(22)	623
Dividend	5	-	98
Retained (loss)/profit for the year		(22)	721

All results derive from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains and losses other than the (loss)/profit for either the current financial year or the preceding financial period. Accordingly, a statement of total recognised gains and losses has not been prepared.

FILOFAX GROUP LIMITED

BALANCE SHEET As at 30 June 2000

	Note	30 June 2000 £'000	30 June 1999 £'000
Fixed Assets			
Investments	6	12,078	12,078
Current Assets			
Debtors	7	5,073	5,072
Creditors: amounts falling due within one year	8	(70)	(47)
Net current assets		<u>5,003</u>	<u>5,025</u>
Net assets		<u>17,081</u>	<u>17,103</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
Other reserves	10	8,006	8,006
Profit and loss account	10	5,504	5,526
Equity shareholders' funds	11	<u>17,081</u>	<u>17,103</u>

The accounts were approved by the Board of Directors on 17 January 2001 and signed on its behalf by:



M.D. BALL

FILOFAX GROUP LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2000

1. ACCOUNTING POLICIES

Basis of Accounts

The accounts have been prepared in accordance with UK accounting standards and under the historical cost convention.

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the exchange rates ruling at the dates of the transactions. Exchange differences arising are taken to the profit and loss account.

Consolidated Accounts

The principal subsidiaries of Filofax Group Limited are disclosed in note 6 to the accounts. The Company is a wholly-owned subsidiary of Day Runner UK plc, a company incorporated in the European Union, and in accordance with section 228(1) of the Companies Act 1985 no consolidated accounts have been prepared. The accounts present information about the Company as a single entity and not as a Group.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less provision for any impairment.

Related Party Transactions

The Company has taken advantage of the exemption available under FRS 8 "Related Party Disclosures", as a wholly owned subsidiary of an undertaking whose accounts are publicly available, not to disclose the information required by FRS 8 in respect of transactions with other Group undertakings.

FILOFAX GROUP LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2000

2. DIRECTORS' AND AUDITORS' REMUNERATION

The aggregate amounts of directors' remuneration, which was paid by a subsidiary undertaking, during the year are as follows:

	Year ended 30 June 2000 £'000	15 month period ended 30 June 1999 £'000
Emoluments	398	511
Pension contributions to money purchase schemes	43	68
Compensation for loss of office	-	223
	<u>441</u>	<u>802</u>

During the year no directors (15 month period ended 30 June 1999: three) exercised options to purchase ordinary shares in the Company.

During the year two directors (15 month period ended 30 June 1999: three) were members of a defined contribution pension scheme.

The following information relates to the highest paid director in each of the periods, who in addition exercised options to purchase ordinary shares in the Company during the preceding financial period.

	£'000	£'000
Emoluments	232	254
Pension contributions to money purchase schemes	31	36
	<u>263</u>	<u>290</u>

The Company's audit fee for the current year and the preceding financial period were met by a subsidiary undertaking.

3. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	£'000	£'000
Dividends received from subsidiary undertakings	-	645

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is low in 1999 due to receipt of non-taxable income.

FILOFAX GROUP LIMITED

NOTES TO THE ACCOUNTS Year ended 30 June 2000

5. DIVIDENDS

	Year ended 30 June 2000 £'000	15 month period ended 30 June 1999 £'000
Over provision of prior year dividend	<u>-</u>	<u>(98)</u>

6. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	Shares £'000	Loans £'000	Total £'000
Cost and net book value: At 1 July 1999 and 30 June 2000	<u>9,828</u>	<u>2,250</u>	<u>12,078</u>

The following are the principal subsidiary undertakings of the Company as at 30 June 2000. The holdings represent 100% of the issued ordinary share capital of each company.

Name	Principal Activity	Country of Incorporation
Filofax A/S*	Supplier of stationery products	Denmark
Filofax AB*	Supplier of stationery products	Sweden
Filofax GmbH*	Supplier of stationery products	Germany
Filofax Hong Kong Limited*	Supplier of stationery products	Hong Kong
Filofax Ltd	Manufacturer and supplier of stationery products	England
Filofax SARL*	Supplier of stationery products	France
Filofax Italia SRL*	Supplier of stationery products	Italy
Drakes Office Systems Limited	Supplier of stationery products	England

* Investment held by a subsidiary undertaking.

FILOFAX GROUP LIMITED

NOTES TO THE ACCOUNTS Year ended 30 June 2000

7. DEBTORS

	30 June 2000 £'000	30 June 1999 £'000
Amounts due from group undertakings	5,073	5,072

8. CREDITORS: Amounts falling due within one year

	£'000	£'000
Amounts due to group undertakings	64	41
Accruals	6	6
	70	47

9. SHARE CAPITAL

	£'000	£'000
Authorised		
50,000,000 ordinary shares of 5p each	2,500	2,500
Allotted, called up and fully paid		
24,124,059 (1999: 25,124,059) ordinary shares of 5p each	1,256	1,256

FILOFAX GROUP LIMITED

NOTES TO THE ACCOUNTS Year ended 30 June 2000

10. RESERVES

	Share premium account £'000	Capital redemption reserve £'000	Other reserves £'000	Profit and loss account £'000	Total reserves £'000
At 1 July 1999	1,990	325	8,006	5,526	15,847
Retained loss for the period	-	-	-	(22)	(22)
At 30 June 2000	1,990	325	8,006	5,504	15,825

11. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Year ended 30 June 2000 £'000	15 month ended 30 June 1999 £'000
At beginning of period	17,103	20,652
(Loss)/profit on ordinary activities after taxation	(22)	623
Equity dividends	-	98
Purchase of own shares	-	(5,845)
Issue of shares	-	1,575
At end of period	17,081	17,103

FILOFAX GROUP LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2000

12. POST BALANCE SHEET EVENT

On 1 November 2000 the Company's ultimate parent undertaking, and certain of its subsidiary undertakings, entered into a Second Amended and Restated Loan Agreement (the 'Second Loan Agreement') with Wells Fargo Bank, National Association ('Wells Fargo'), of which the Company is a guarantor.

The Second Loan Agreement comprises two facilities, a term facility and a revolving credit facility. Both facilities expire on 31 July 2002, and bear interest at a premium of between two and four per cent to the Wells Fargo prime rate. As at 10 January 2001, the total amount outstanding in respect of the term loan and the revolving credit facility was \$89 million and \$12 million respectively.

Under the terms of the Second Loan Agreement, there are various covenants relating to the reduction in the amount of the loans outstanding under the agreement by certain dates. The directors consider it likely that these covenants will be breached if certain asset disposals to be undertaken by the borrowers do not take place before 31 January 2001. In the event that these covenants are breached, the directors consider it likely that the borrowers will be able to obtain a waiver from Wells Fargo and will continue to receive the benefit of the loan facilities and have therefore prepared the accounts on a going concern basis.

13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The directors regard Day Runner, Inc., a company incorporated in the United States of America, as the ultimate parent company and controlling party, and the parent company of the largest group which includes the Company and for which group accounts are prepared. Copies of the Annual Report of Day Runner, Inc. may be obtained from Linda Knudtson, Vice President Business Development, Day Runner Inc., 2750 West Moore Avenue, Fullerton, CA 92833, USA.

The parent undertaking of the smallest group which includes the Company and for which group accounts are prepared is Day Runner UK plc, a company incorporated in Great Britain. Copies of the group financial statements of Day Runner UK plc are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.