

Target Direct (Holdings) Limited

REPORT AND FINANCIAL STATEMENTS

for the year ended
31 December 2006



Target Direct (Holdings) Limited

DIRECTORS AND OFFICERS

DIRECTORS

G James
K B Steeds
M Bentley
M Scott
S M Pidgeon

SECRETARY

G James

COMPANY NUMBER

02786070

REGISTERED OFFICE

St James's House
St James Square
Cheltenham
GL50 3PR

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
1 Georges Square
Bath Street
Bristol
BS1 6BP

Target Direct Marketing Limited

DIRECTORS' REPORT

for the year ended 31 December 2006

The directors submit their report and the financial statements of Target Direct (Holdings) Limited for the year ended 31 December 2006

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The principal activity of the company during the year was that of a holding company. There are no plans to change the nature or scope of activities for the foreseeable future. Given the non trading status of the company, its principal risks and key performance indicators are those affecting its subsidiaries. These are detailed in the accounts of those entities.

DIVIDENDS

The directors recommend the payment of a dividend of £756,000 (2005 £nil)

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The present members of the Board are as listed on page 1. The following changes occurred following the year end:

M Newcombe	resigned 3 August 2007
G James	appointed 3 August 2007
M Bentley	appointed 24 April 2007

None of the directors in office at the year end held any interest in the share capital of the company during the year or at the year end.

The interests of the directors in office at 31 December 2006 in the shares of Cello Group plc, the ultimate parent undertaking, including family interests were as follows:

	<i>Ordinary shares of £0.01 each</i>	
	At 31 December 2006	At 1 January 2006 (or subsequent date of appointment)
S M Pidgeon	869,619	869,619
M Newcombe	-	-
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The interests of Messrs Scott and Steeds in the share capital of Cello Group plc are disclosed in the accounts of that company, copies of which are available from its registered office.

Target Direct (Holdings) Limited

DIRECTORS' REPORT (*continued*)

for the year ended 31 December 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting practice

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 period. In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent, and
- c 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 requirements of 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.

AUDITOR

The directors, having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed as successor audit with effect from 1 April 2007, in accordance with the provisions of the Companies Act 1989, S26(5). Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

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

Director



Date

29-10-2007

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TARGET DIRECT (HOLDINGS) LIMITED

We have audited the financial statements on pages 5 to 10

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' responsibilities for preparing the Annual Report and 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).

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, and whether the information given in the Directors' Report is consistent with the financial statements. We also 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 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.

Basis of audit opinion

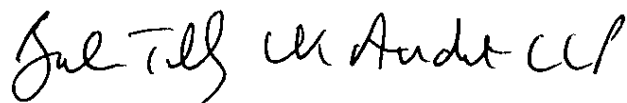
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant 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 consider 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 result for the year then ended, and 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.



BAKER TILLY UK AUDIT LLP

Registered Auditor

Chartered Accountants

1 Georges Square

Bath Street

Bristol

BS1 6BP

Date

31 Dec 2007

Target Direct (Holdings) Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2006

	Notes	2006 £	2005 £
TURNOVER	2	818,363	-
Administration expenses		-	-
OPERATING PROFIT	3	<u>818,363</u>	<u>-</u>
Taxation	4	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	9	<u>818,363</u>	<u>-</u>

The company's operations were discontinued during 2005

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account

Target Direct (Holdings) Limited

BALANCE SHEET

31 December 2006

	<i>Notes</i>	2006 £	2005 £
FIXED ASSETS			
Investments	5	470,896	470,896
CURRENT ASSETS			
Debtors	6	948,793	104,656
CREDITORS Amounts falling due within one year	7	(781,774)	-
NET CURRENT ASSETS		167,019	104,656
TOTAL ASSETS LESS CURRENT LIABILITIES		637,915	575,552
CAPITAL AND RESERVES			
Called up share capital	8	74,449	74,449
Share premium account	9	529,836	529,836
Capital redemption reserve	9	33,561	33,561
Profit and loss account	9	69	(62,294)
EQUITY SHAREHOLDER'S FUNDS		637,915	575,552

Approved by the board and authorised for issue on 29-10-2007

Director



Target Direct (Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

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. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

CONSOLIDATION

The company has taken advantage of the exemption available to it under Companies Act 1985 from preparing consolidated financial statements as it is a wholly owned subsidiary undertaking of a company preparing publicly available consolidated financial statements which include the results of the Target Direct (Holdings) Limited group. Accordingly, these financial statements present information about the company as an individual undertaking and not its group.

CASH FLOW STATEMENT

The company has taken advantage of the exemption available to it under Financial Reporting Standard Number 1, ("FRS 1") from preparing a cash flow statement as the company is a wholly owned subsidiary undertaking of a company preparing consolidated publicly available financial statements.

2 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit before taxation were all derived from its principal activity wholly undertaken in the United Kingdom.

3 OPERATING PROFIT

	2006	2005
	£	£
Operating profit is stated after charging		
Auditor's remuneration	-	-
Directors emoluments	-	-
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The company had no employees and the directors received no specific emoluments for their services to the company. The remuneration of the auditor was borne by a subsidiary undertaking.

Target Direct (Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 December 2006

4 TAXATION

	2006 £	2005 £
Current taxation		
UK corporation tax	-	-
Tax on profit on ordinary activities	-	-
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	818,363	-
Loss on ordinary activities at 30% (2005 30%)	245,509	-
Effects of		
Expenses not deductible for tax purposes/income net taxable	(245,509)	-
Adjustments to tax charge in respect of previous periods	-	(17,413)
Group relief surrendered	-	17,413
Current tax charge for the year	-	-

5 INVESTMENTS

	Shares in group undertakings £
Cost	
At 1 January 2006 and 31 December 2006	651,968
Amounts written off	
At 1 January 2006 and 31 December 2006	181,072
Net book value	
At 31 December 2006 and 31 December 2005	470,896

Details of the investments held by the company during the year and at the year end were as follows

	Country of registration	Class of capital held	Proportion held	Nature of business	Capital and reserves £	Profit for financial year £
Target Direct Marketing Limited	England & Wales	Equity	100%	Advertising & marketing	91,201	86,157
Target Direct Print Limited	England & Wales	Equity	100%	Print management	537,135	213,192
Talking Numbers Data based solutions Limited	England & Wales	Equity	100%	Database analysis & consultancy	354,425	132,332
Brightsource Limited (formerly Target 7-26 Limited)	Scotland	Equity	100%	Non trading	8,482	44
The Target Agency Limited	England & Wales	Equity	100%	Dormant	2	-

Target Direct (Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 December 2006

6 DEBTORS

	2006 £	2005 £
Amounts owed by group undertakings	946,369	102,232
Taxation recoverable	2,424	2,424
Amounts owed by group undertakings	781,774	-
	<u>948,793</u>	<u>104,656</u>

7 CREDITORS Amounts falling due within one year

	2006 £	2005 £
Amounts owed to group undertakings	781,774	-

The amounts due to group undertakings are unsecured, bear interest at a commercial rate and have no fixed date of repayment

8 SHARE CAPITAL

	2006 £	2005 £
Authorised 10,001,600 ordinary shares of £0.01 each	100,016	100,016
Allotted, issued and fully paid 7,444,933 (2005 7,444,933) ordinary shares of £0.01 each	<u>74,449</u>	<u>74,449</u>

9 RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2005	74,449	529,836	33,561	(62,294)	575,552
Loss for the year	-	-	-	-	-
At 31 December 2005	<u>74,449</u>	<u>529,836</u>	<u>33,561</u>	<u>(62,294)</u>	<u>575,552</u>
Profit for the year	-	-	-	818,363	818,363
Dividends	-	-	-	(756,000)	(756,000)
At 31 December 2006	<u>74,449</u>	<u>529,836</u>	<u>33,561</u>	<u>69</u>	<u>637,915</u>

10 CONTINGENT LIABILITIES

The company has guaranteed the borrowings of its four subsidiaries Target Direct Marketing Limited, Target Direct Print Limited, Talking Numbers Data based solutions Limited and Brightsource Limited (formerly Target 7-26 Limited). The subsidiaries whose borrowings at 31 December 2006 totalled £28,220 (2005 £ nil)

Target Direct (Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS (*continued*) for the year ended 31 December 2006

11 RELATED PARTY TRANSACTIONS

Amounts due in respect of loans, quasi-loans and credit transactions by directors were as follows

The company is a wholly owned subsidiary of a company preparing consolidated accounts into which the results of Target Direct (Holdings) Limited are consolidated. The company has therefore taken advantage of the exemption available under FRS 8 from disclosing transactions with members of the Target Group.

12 ULTIMATE AND IMMEDIATE PARENT UNDERTAKING

The directors consider that the ultimate and immediate parent undertaking of this company is Cello Group plc, a company incorporated in England and Wales.

Cello Group plc is a publicly listed company trading on the Alternative Investment Market. A list of its shareholders can be seen in the annual report of this company.

Target Direct (Holdings) Limited does not produce consolidated financial statements. Cello Group plc is the smallest and largest group into which the results of the company are consolidated.