

NOVO OVERSEAS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended 30th June 2002

Registered number: 2893216



NOVO OVERSEAS LIMITED
DIRECTORS' REPORT
for the year ended 30th June 2002

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The directors present their report and financial statements for the year ended 30th June 2002 (2001 - year ended 30th June).

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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 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; 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 the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal activity during the year was that of an investment holding company. It is the intention that the company remains an investment holding company.

During the year the company received no income from investments (2001 - £nil).

On 31st October 2001 the Company's ultimate parent undertaking, Photobition Group PLC, was placed in administrative receivership. The Company is a member of the Group headed by Novo Group Limited, itself a subsidiary of Photobition Group PLC. References to "the Group" in these financial statements relate to Novo Group Limited.

RESULTS AND DIVIDENDS

The result for the year after taxation amounted to £nil (2001 - loss £385,000).

The directors do not recommend a dividend for any class of share (2001 - £nil).

NOVO OVERSEAS LIMITED

DIRECTORS' REPORT (continued)

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for the year ended 30th June 2002

DIRECTORS

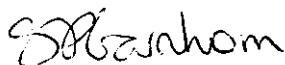
The directors of the company during the year are shown below. All directors served throughout the year unless otherwise stated.

Novo Group Limited	(appointed - 1st November 2001)
C W Preuster	(appointed - 1st November 2001)
J E T Marchbanks	(resigned - 31st October 2001)
R G Reynolds	(resigned - 31st October 2001)
S M Smith	(appointed - 6th September 2001; resigned - 12th October 2001)

Mr. Preuster is a director of Novo Group Limited, parent undertaking of the largest group which includes the company and for which group financial statements are prepared. His interests in the shares of the ultimate parent undertaking are disclosed in the accounts of that company.

Novo Group Limited has a 100% interest in the shares of the Company.

This report was approved by the Board on 30 April 2003 and signed on behalf of the board



Séverine P Garnham
Secretary

Registered office: Unit 2, Aerodrome Way, Cranford Lane, Hounslow, Middlesex TW5 9QB
Registered number: 2893216

NOVO OVERSEAS LIMITED

INDEPENDENT AUDITORS' REPORT to the members of Novo Overseas Limited

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We have audited the financial statements of Novo Overseas Limited for the year ended 30th June 2002 which comprise the balance sheets 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 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 transactions with the company and other members of the group is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any misstatements.

Basis of audit 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 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 circumstances of the company, 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.

Going concern

In forming our opinion, we have considered the adequacy of disclosures made in Note 1 to the financial statements, concerning the fundamental uncertainties in respect of the Company's ability to continue as a going concern following the administrative receivership on 31st October 2001 of Photobition Group PLC and other companies in the Photobition Group ("Photobition Group") excluding the Company.

The ability of the Company to continue as a going concern is dependent upon the Company being formally released from its obligations under the cross guarantees in place between the Company and certain companies in the Photobition Group at 30th June 2002 and the Company's ability to continue trading given the receivership of the Photobition Group. It is also dependent on no additional liabilities arising in relation to the receivership of companies in the Photobition Group or in connection with intragroup transactions between the Company and the Photobition Group.

The financial statements do not include any adjustments which might arise in relation to these additional liabilities arising from the receivership of the Photobition Group or intragroup transactions with the Photobition Group.

In view of the significance of these uncertainties, we consider that they should be drawn to your attention, but our opinion is not qualified in these respects.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30th June 2002 and of the result 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
London

30 Apr 2

2003

NOVO OVERSEAS LIMITED
PROFIT AND LOSS ACCOUNT
for the year ended 30th June 2002

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	Notes	2002 £	2001 £
Provision against investment in subsidiary undertakings	4	-	(385,000)
Loss on ordinary activities before taxation	2	-	(385,000)
Tax on loss on ordinary activities		-	-
Retained loss for the year	9	-	(385,000)

All of the above results derive from continuing activities.

There are no recognised gains or losses other than the loss for the prior year.
Accordingly, no statement of total recognised gains and losses is required.

NOVO OVERSEAS LIMITED**BALANCE SHEET**

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as at 30th June 2002

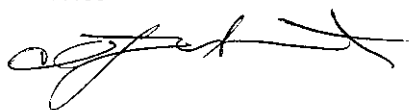
	Notes	2002 £	2001 £
FIXED ASSETS			
Investments	4	<u>5,720,193</u>	<u>5,720,193</u>
CURRENT ASSETS			
Debtors	5	<u>20,972</u>	<u>20,972</u>
Net current assets		<u>20,972</u>	<u>20,972</u>
Total assets less current liabilities		<u><u>5,741,165</u></u>	<u><u>5,741,165</u></u>
CAPITAL AND RESERVES			
Equity share capital	6	559,347	559,347
Non-equity share capital	6	<u>433,435</u>	<u>433,435</u>
Called up share capital		992,782	992,782
Share premium account	8	5,112,413	5,112,413
Profit and loss account	8	<u>(364,030)</u>	<u>(364,030)</u>
Shareholders' funds	9	<u><u>5,741,165</u></u>	<u><u>5,741,165</u></u>
Attributable to equity shareholders		5,307,730	5,307,730
Attributable to non-equity shareholders		<u>433,435</u>	<u>433,435</u>
		<u><u>5,741,165</u></u>	<u><u>5,741,165</u></u>

The financial statements on pages 4 to 9 were approved by the Board on 30th April 2003.

Signed on behalf of the Board of Directors

For and on behalf of Novo Group Limited (formerly Novo Group PLC)

Director



1. ACCOUNTING POLICIES

Basis of preparation

At 30th June 2002, a number of the subsidiary undertakings of the Company's ultimate parent company, Photobition Group PLC, were subject to joint and several guarantees in relation to obligations of other group companies. On 31st October 2001, Photobition Group PLC was placed in administrative receivership. As a consequence, a call was made on certain of the cross guarantees that existed between the group companies at that time. In respect of this, payments were made by certain Group Companies to partially settle obligations under these guarantees. No provision has been made for any liabilities under the cross guarantees. At 30th June 2002, and at 30th April 2003, the total obligations of the Photobition Group covered by the cross guarantees was approximately £110 million.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In addition, the directors believe that any further obligation on the company under the guarantees will be released or waived upon the sale of the Group, which is currently progressing. Consequently the directors believe it is appropriate for the Company to be considered a going concern and have prepared these financial statements on that basis.

Going concern

In accordance with FRS 18 "Accounting Policies" the financial statements have been prepared on the going concern basis. However, the administrative receivership of Photobition Group PLC has had a significant impact on the Company's financial position resulting in a fundamental uncertainty over the ability of the Company to continue as a going concern.

The Company's possible obligations under the cross guarantees described above have not yet been discharged or waived and, due to the on-going negotiations with the receiver of Photobition Group PLC, it is not known by the directors whether further calls will be made on the Company's assets in relation to these guarantees.

Balances with other Photobition Group companies have been provided against, on a net basis, in these financial statements.

The directors have prepared these financial statements on the assumption that the Company will be formally released from its obligations under the guarantees and no further material liabilities, whether known or contingent will arise in relation to the administrative receivership of Photobition Group PLC which will need to be reflected in these financial statements.

As it is not possible at this stage to assess whether any additional calls on the assets of the Group will be made, a fundamental uncertainty surrounding the Group's going concern status exists. The financial statements do not include any adjustments that would arise should the going concern basis prove inappropriate.

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Investments

Investments are stated at cost less provision for impairment.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. All exchange differences are dealt with through the profit and loss account.

Compliance with accounting standards

The accounts have been prepared in accordance with applicable United Kingdom accounting standards.

No consolidated accounts are prepared for the company as it is a wholly owned subsidiary of another UK company which prepares group accounts. The company's financial statements present information about it as an individual undertaking and not as a group.

2. RESULT FOR THE FINANCIAL YEAR

Auditors' remuneration is borne by another group undertaking.

Results and net assets are derived from continuing activities attributable to one class of business in the United Kingdom.

3. DIRECTORS AND EMPLOYEES

The directors received no remuneration during the year (2001 - £nil). The company had no other employees during the year (2001 -nil).

NOVO OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

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for the year ended 30th June 2002

4. INVESTMENTS

The carrying value of the company's investment in the equity of subsidiary undertakings is as follows:

	£
Cost	
At 1st July 2001 and at 30th June 2002	<u>6,105,193</u>
Provision	
At 1st July 2001	385,000
Charge for the year	-
At 30th June 2002	<u>385,000</u>
Net book value	
At 30th June 2002	<u><u>5,720,193</u></u>
At 1st July 2001	<u><u>5,720,193</u></u>

The company's principal subsidiary undertakings all of which are wholly owned (unless otherwise stated), are set out below:

Company	Country of incorporation	Class of share	Business
Walport Telmar Scandinavia ApS (50%)	Denmark	Ordinary	Film entertainment
Novo Holdings, Inc.	USA	Ordinary	Holding Company

5. DEBTORS

	2002 £	2001 £
Amounts owed by group undertakings	<u>20,972</u>	<u>20,972</u>

6. SHARE CAPITAL

	2002 £	2001 £
Equity Share Capital		
<u>Authorised</u>		
1,000 ordinary shares of £1 each	1,000	1,000
559,345 B ordinary shares of £1 each	<u>559,345</u>	<u>559,345</u>
<u>Allotted, called up and fully paid</u>		
2 ordinary shares of £1 each	2	2
559,345 B ordinary shares of £1 each	<u>559,345</u>	<u>559,345</u>

The B ordinary shares have restricted voting rights.

NOVO OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 30th June 2002

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7. SHARE CAPITAL (continued)

Non-Equity Share Capital

Authorised

433,435 Nil% Redeemable Preference shares of £1 each	<u>433,435</u>	<u>433,435</u>
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Allotted, called up and fully paid

433,435 Nil% Redeemable Preference shares of £1 each	<u>433,435</u>	<u>433,435</u>
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The Nil% Redeemable Preference Shares of £1 each are redeemable at the company's option by giving three months' notice at any time. No premium is payable on redemption. The Preference shares confer no right to participation in profits or assets of the company beyond the repayment of capital and have restricted voting rights.

8. RESERVES

	Share premium account £	Profit and loss account £	Total £
At 1st July 2001 and 30th June 2002	<u>5,112,413</u>	<u>(364,030)</u>	<u>4,748,383</u>

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2002 £	2001 £
Loss for the financial year	-	(385,000)
Opening shareholder's funds	<u>5,741,165</u>	<u>6,126,165</u>
Closing shareholder's funds	<u>5,741,165</u>	<u>5,741,165</u>

10. ULTIMATE CONTROLLING PARTY

The company's ultimate controlling party and ultimate parent undertaking is Photobition Group PLC (in administrative receivership) incorporated in Great Britain.

The parent undertaking of the largest and smallest group which includes the company and for which group financial statements are prepared is Novo Group Limited.

The company's immediate parent undertaking is Novo Group Limited (formerly Novo Group PLC), incorporated in Great Britain. Copies of its accounts, in which the company is consolidated, may be obtained from the Secretary, Aerodrome Way, Cranford Lane Hounslow Middlesex TW5 9QB.

The company has taken advantage of the exemption in FRS 8 "Related party disclosures" not to disclose transactions with other members of the group headed by Novo Group Limited.