

3774448

PRIMAGRAPHS (HOLDINGS) LIMITED**COMPANY INFORMATION**

Directors

Mr B Marshall (resigned 19/8/99)
Mr R L White (appointed 19/8/99)
Mr J M Foxton (appointed 19/8/99)
Mr J D Shave (appointed 19/8/99)
Mr G Abington (appointed
19/8/99)
Mr J T Hunter (appointed 19/8/99)

Secretary

Mrs J Mobed (resigned 19/8/99)
Mrs S J Rich (appointed 19/8/99)

Company Number

3774448

Registered Office

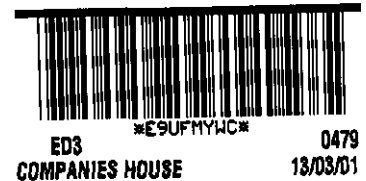
New Cambridge House
Litlington
Royston
Hertfordshire
SG8 0SS

Auditors

Whitmarsh Sterland
62 Hills Road
Cambridge
CB2 1LA

Bankers

National Westminster Bank Plc
10 Bene't Street
Cambridge
CB2 3PU



PRIMAGRAPHS (HOLDINGS) LIMITED

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FOR THE PERIOD ENDED 30TH JUNE 2000

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PRIMAGRAPHS (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 30TH JUNE 2000

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of the company's affairs and of the profit or loss for that period. In preparing these 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;

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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Whitmarsh Sterland were appointed auditors during the period and a resolution to reappoint them as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 26th September 2000, and signed by order of the board.



Mrs S J Rich, Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS OF PRIMAGRAPHS (HOLDINGS) LIMITED

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and 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 financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with 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 company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all 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 the information in the financial statements.

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 2000 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Whitmarsh Sterland

Whitmarsh Sterland
Chartered Accountants and Registered Auditors
62 Hills Road
Cambridge
CB2 1LA
Date: 26th September 2000

PRIMAGRAPHS (HOLDINGS) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD 21ST MAY 1999 TO 30TH JUNE 2000

	Notes	2000 £
Administrative Expenses		57,710
Operating Loss	2	(57,710)
Interest Payable and Similar Charges	4	(207,133)
Loss on Ordinary Activities before Taxation		(264,843)
Tax on loss on ordinary activities	5	(51,264)
Loss for the Financial Period	13	(213,579)

All amounts relate to continuing activities.

There were no recognised gains or losses for 2000 other than those included in the profit and loss account.

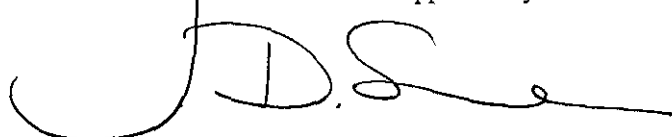
PRIMAGRAPHS (HOLDINGS) LIMITED

BALANCE SHEET

AS AT 30TH JUNE 2000

	Notes	2000 £
Fixed Assets		
Investments	6	3,539,737
Current Assets		
Debtors	8	4,234
Cash at bank and in hand		352
		<u>4,586</u>
Creditors: Amounts Falling Due Within One Year	9	<u>231,940</u>
Net Current Liabilities		<u>(227,354)</u>
Total Assets Less Current Liabilities		<u>3,312,383</u>
Creditors: Amounts Falling Due After More Than One Year	10	<u>3,162,068</u>
		<u>150,315</u>
Capital and Reserves		
Share capital	12	236,394
Share premium account	13	127,500
Profit and loss account	13	(213,579)
Shareholders' Funds	14	<u>150,315</u>

These financial statements were approved by the board on 26th September 2000 and signed on its behalf.



Mr J D Shave
Director

PRIMAGRAPHS (HOLDINGS) LIMITED

CASH FLOW STATEMENT

FOR THE PERIOD 21ST MAY 1999 TO 30TH JUNE 2000

	Notes	2000 £
CASH FLOW STATEMENT		
Net Cash Inflow from Operating Activities	15	305,813
Returns on Investments and Servicing of Finance	16	(106,609)
Capital Expenditure and Financial Investment	16	(3,539,737)
Cash Outflow Before Use of Liquid Resources and Financing		(3,340,533)
Financing	16	3,340,885
Increase in Cash		352
Reconciliation of Net Cash Flow to Movement in Net Debt		
Increase in Cash in the Period		352
Cash inflow from increase in net debt	17	(2,976,991)
Increase in Net Debt	17	(2,976,639)
Net Debt at 30th June 2000	17	(2,976,639)

PRIMAGRAPHS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH JUNE 2000

1 Accounting Policies

Basis of Accounting

The Financial Statements have been prepared under the historical cost convention.

The company is exempt from the requirement to prepare group financial statements by virtue of section 248 of the Companies Act 1985. These accounts therefore present information about the company as an individual undertaking and not about its group.

Investments

Investments are included at cost less amounts written off for permanent diminution in value. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Issue costs of capital instruments

Issue costs of capital instruments meeting the FRS 4 definition are deducted from the liabilities in the balance sheet.

2 Operating Loss

<i>The operating loss is arrived at after charging or crediting:</i>	2000
	£
Auditors' remuneration	2,500
	<hr/> <hr/>

3 Directors and Employees

The average monthly number of employees, including directors, during the period was as follows:

	2000
	Number
Management	5
	<hr/> <hr/>

The directors did not receive any remuneration during the period.

4 Interest Payable and Similar Charges

	2000
	£
Bank loan	14,149
Interest payable on loans other than bank loans and overdrafts	192,984
	<hr/> <hr/>
	207,133

PRIMAGRAPHICS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH JUNE 2000

5 Taxation

	2000 £
Receipt for group relief surrendered	(51,264)

6 Fixed Assets Investments

	Shares in Group Undertakings
Cost	£
Additions	3,539,737
At 30th June 2000	3,539,737
Net Book Value	
At 30th June 2000	3,539,737
At 20th May 1999	-

PRIMAGRAPHICS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH JUNE 2000

7 Subsidiary Undertakings

Name of company	Principal activity	Holding	Proportion of voting rights and shares held	Capital and reserves
Primagraphics Limited	Development and manufacture of computerised equipment for handling and displaying graphics and images	Ordinary Shares	100%	£2,007,417
Primagraphics (Trustees) Limited	Trustee company of employee benefit trust	Ordinary Shares	100%	£2
Employee Benefit Trust (EBT)	Trust holding shares in Primagraphics (Holdings) Limited for the benefit of employees of Primagraphics Limited	At 30th June 2000 7,125 £1 'B' Ordinary Shares in Primagraphics (Holdings) Limited		

8 Debtors

	2000
	£
Other debtors	1,234
Prepayments and accrued income	3,000
	<u>4,234</u>

9 Creditors: Amounts Falling Due Within One Year

	2000
	£
Bank loans (Note 11)	22,222
Amounts owed to group undertakings	100,000
Accruals and deferred income	109,718
	<u>231,940</u>

PRIMAGRAPHS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH JUNE 2000

10	Creditors: Amounts Falling Due After One Year	2000
		£
	Loans (Note 11)	2,576,992
	Bank loans (Note 11)	377,777
	Amounts owed to group undertakings	207,299
		<hr/>
		3,162,068
		<hr/>
11	Loans	2000
		£
	Amounts repayable:	
	In one year or less, or on demand	22,222
	Between one and two years	303,969
	Between two and five years	1,276,986
		<hr/>
		1,603,177
	In five years or more	1,373,814
		<hr/>
		2,976,991
		<hr/>

The loans above are secured by a fixed and floating charge over all the company's assets and by a guarantee by Primagraphics Limited, a subsidiary company.

Included in the above are two loans repayable after five years, details of which are provided below:

A loan of £400,000 with National Westminster Bank Plc secured by a fixed and floating charge over all the company's assets. This loan is due to be repaid by equal quarterly instalments commencing on 15th June 2001. Interest is charged at 2.325% above the Bank's base rate.

£1,501,592 of 'B' loan stock is repayable by equal half-yearly instalments commencing on 23 March 2005. Interest is charged at 2.325% above the National Westminster Bank Plc's base rate.

PRIMAGRAPHS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH JUNE 2000

12	Share Capital	2000
		£
	Authorised	
	Equity Shares	
	22,500 'A' Ordinary shares of £1.00 each	22,500
	127,500 'B' Ordinary shares of £1.00 each	127,500
	86,394 Deferred Ordinary shares of £1.00 each	86,394
		<u>236,394</u>
	Allotted	
	Equity Shares	
	22,500 Allotted, called up and fully paid 'A' Ordinary shares of £1.00 each	22,500
	127,500 Allotted, called up and fully paid 'B' Ordinary shares of £1.00 each	127,500
	86,394 Allotted, called up and fully paid Deferred Ordinary shares of £1.00 each	86,394
		<u>236,394</u>

22,500 'A' Ordinary shares were issued during the period for a total consideration of £22,500 in order to purchase an investment in the period. A further 127,500 'B' Ordinary shares were issued for a total consideration of £255,000 during the period as part of a management buy-out of a subsidiary company.

86,394 deferred £1 shares were issued at par during the period as part of a settlement of a loan with a director. See note 18. The deferred shares have no rights except on winding up.

The 'B' ordinary shares are subordinate to the 'A' ordinary shares. The 'A' Ordinary shares can be converted into 'B' Ordinary shares at any time.

13 Reserves

	Share Premium Account	Profit and Loss Account
	£	£
Loss for the period	-	(213,579)
Premium on allotments	127,500	-
At 30th June 2000	<u>127,500</u>	<u>(213,579)</u>

14 Reconciliation of Shareholders' Funds

	2000
	£
Loss for the financial period	(213,579)
Issue of share capital	363,894
Closing shareholders' funds	<u>150,315</u>

PRIMAGRAPHS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH JUNE 2000

15 Reconciliation of Operating Loss to Net Cash Inflow from Operating Activities

	2000 £
Operating loss	(57,710)
Increase in debtors	(4,234)
Increase in other creditors	367,757
	<u>305,813</u>

16 Gross Cash Flows

	2000 £
Returns on Investments and Servicing of Finance	
Interest paid	<u>(106,609)</u>
Capital Expenditure and Financial Investment	
Purchase of investments	<u>(3,539,737)</u>
Financing	
Issue of ordinary share capital	363,894
Issue of loans	2,576,992
Increase in other bank loans due within 1 year	22,222
Increase in bank loans due after more than 1 year	377,777
Net cash inflow for financing	<u>3,340,885</u>

17 Analysis of Changes in Net Debt

	At Incorporation £	Cash flows £	2000 £
Cash at bank and in hand	-	352	352
Debt due within 1 year	-	(22,222)	(22,222)
Debt due after 1 year	-	(2,954,769)	(2,954,769)
	-	(2,976,991)	(2,976,991)
	-	(2,976,639)	(2,976,639)

PRIMAGRAPHS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH JUNE 2000

18 Related Parties

In the directors' opinion the company has no ultimate controlling party.

During the year the company was loaned £885,433 from Primagraphics Limited to help finance acquisitions of subsidiary companies in the period and provide general finance. Also a loan from Mr R L White to Primagraphics Limited was reassigned to Primagraphics (Holdings) Limited and settled by an issue of deferred shares. As at 30th June 2000 the amounts owed to Primagraphics Limited were £307,297. No amounts have been written off. There is no security, or interest charge and no fixed repayment terms associated with this loan.

Mr R L White and Mr J M Foxton, both directors, hold £1,211,359 and £263,928, respectively, of the 'B' Loan Stock issued by the company.

The subsidiary company, Primagraphics Limited, has provided a guarantee against the borrowings in the company.