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Report of the directors for the period ended 31st October 1989.

#### Activities

The principal activities of the Company are

- i) the ownership of a factory and certain plant and equipment which is leased to Group companies in the United Kingdom, and
- ii) the holding of shares in subsidiary companies whose principal activities are the worldwide distribution of paper imaging products and related systems.

#### Business review

During the period under review, further reorganisations took place within the Group under which the Company disposed of the entire share capital of one subsidiary to a Netherlands subsidiary at a value of £15,175,000, thirteen subsidiaries to a fellow United Kingdom subsidiary of Gestetner Holdings PLC, its parent company, at a value of £1,856,000, one subsidiary to a United Kingdom subsidiary at a value of £50,000 and three subsidiaries to its parent company at a value of £10,000,000. In addition, its Zambian subsidiary was sold to a third party. The resultant net surplus over original cost of £4,525,000 has been credited to extraordinary items.

The accounts also reflect the disposal of the remainder of the land at Tottenham formerly occupied by Gestetner Manufacturing Limited, a fellow subsidiary, together with a further property in Birmingham occupied by Gestetner Limited, a subsidiary. The surplus on disposal, £1,126,000, has been credited to extraordinary items.

#### Share capital

During the period 45,000,000 shares were issued at £1 each fully paid to the Company's shareholders.

#### Results and dividends

The profit and loss account for the period ended 31st October 1989, prepared on the historical cost basis of accounting modified to include the revaluation of certain assets, shows a loss after taxation and extraordinary items of £9,719,000 (1988 - profit of £34,050,000).

An interim dividend of £4,000,000 was paid in October 1989 and the directors recommend that no further dividend should be paid.

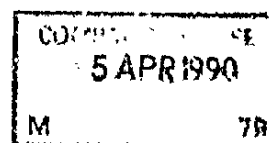
#### Tangible fixed assets

Additions to fixed assets represent the purchase of properties occupied by a subsidiary and plant and equipment. Disposals represent land at Tottenham and properties purchased during the period.

Freehold land and buildings were professionally revalued at 31st October 1989 in an amount of £1,630,000. The surplus arising on revaluation of £654,000 has been credited to revaluation reserve.

#### Fixed asset investments

The Company's shareholdings in subsidiary companies have been revalued at 31st October 1989 and the revaluation incorporated into these accounts (notes 4 and 9).



GESTETNER INVESTMENTS LIMITED

Report of the directors (continued)

Directors

The directors of the Company who served during the period were

Mr. B.M. Copsey (appointed 13th July 1989)  
Mr. D. Gestetner  
Mr. A. Graham (resigned 31st March 1989)  
Mr. R.L.E. Lewis

There were no contracts subsisting during or at the end of the period in which any director is or was materially interested which are or were significant in relation to the Company's business.

Directors' shareholdings

No director had any interest in the shares of the Company. The declared interests of the directors in shares of Gestetner Holdings PLC requiring disclosure were

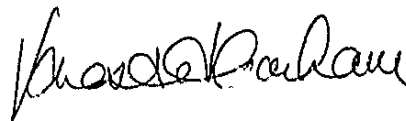
	<u>Beginning of period</u>		<u>End of period</u>	
	Ordinary shares	Share options	Ordinary shares	Share options
Mr. R.L.E. Lewis	1,350	15,000	1,349	15,000

Share options to subscribe for ordinary shares at 109.8p per share were granted in May 1985 under the Gestetner Executive Share Option Scheme. The options are exercisable up to May 1995.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the re-appointment of Price Waterhouse as the Company's auditors will be put to the Annual General Meeting.

On behalf of the Board



V. Garnham  
Secretary

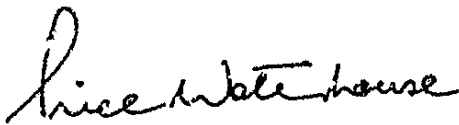
66, Chiltern Street  
London W1M 2AP  
24th March 1990

GESTETNER INVESTMENTS LIMITED

Report of the auditors to the members of Gestetner Investments Limited

We have audited the financial statements on pages 4 to 14 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31st October 1989 and of the loss and source and application of funds for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PRICE WATERHOUSE  
Chartered Accountants

London  
21 March 1990

GESTETNER INVESTMENTS LIMITED

Profit and loss account for the period ended 31st October 1989



	Note	1989 £000	1988 £000
Trading profit	2	465	3,724
Interest	3	823	( 325)
Profit before exceptional items		<u>1,288</u>	<u>3,399</u>
Exceptional items	4	(17,615)	2,449
(Loss) profit on ordinary activities before taxation		<u>(16,327)</u>	<u>5,848</u>
Taxation	5	955	( 103)
(Loss) profit on ordinary activities after taxation		<u>(15,372)</u>	<u>5,745</u>
Extraordinary items after taxation	6	5,653	28,305
(Loss) profit for the financial period		<u>(9,719)</u>	<u>34,050</u>
Dividend	7	( 4,000)	( 4,000)
Transfer to reserves	16	<u>(13,719)</u>	<u>30,050</u>

**GRESHAM INVESTMENTS LIMITED**

Balance sheet as at 31st October 1989

		1989		1988	
	Note	£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	8	1,986		1,515	
Investment in subsidiaries	9	73,862		100,538	
			75,848		102,053
<b>Current assets</b>					
Debtors	10	77,680		27,509	
Cash at bank and in hand		66		55	
		77,746		27,564	
<b>Creditors: due within one year</b>					
Loans and overdrafts	11	4,562		2,871	
Other creditors	12	32,747		40,198	
		37,309		43,069	
<b>Net current assets (liabilities)</b>			40,437		(15,505)
<b>Total assets less current liabilities</b>			116,285		86,548
<b>Provisions for liabilities and charges</b>	14		( 62)		(2,193)
			116,223		84,355
<b>Capital and reserves</b>					
Called up share capital	15		65,000		20,000
Revaluation reserve	16		1,047		460
Profit and loss account	16		50,176		63,895
			116,223		84,355

The accounts on pages 4 to 14 were approved by the Board of Directors on 21st March 1990 and are signed on its behalf by

  
 B.H. Copey }  
 R.L.E. Lewis } Directors  


GESTETNER INVESTMENTS LIMITED

Statement of source and application of funds for the period ended 31st October 1989.

	1989 £000	1988 £000
Source of funds		
Trading profit	465	3,724
Depreciation	174	50
Disposal of properties	1,617	8,428
	<u>2,256</u>	<u>12,202</u>
Purchase of tangible fixed assets	(1,452)	-
Purchase of investments	(1,790)	(5,000)
Extraordinary items	1,639	4,926
	<u>653</u>	<u>12,128</u>
Movement in working capital	(43,901)	(11,580)
Cash flow from operations	(43,248)	548
Financial costs		
Interest income (expense)	823	(325)
Tax	(255)	(116)
Group relief	-	263
Dividends	(4,000)	(4,000)
Movement of funds after financing costs	(46,680)	(4,156)
Shares issued	45,000	5,000
Movement in net borrowings	(1,680)	844
Loans and overdrafts, net of cash		
at beginning of period	(2,816)	(3,660)
at end of period	(4,496)	(2,816)
Movement in net borrowings	(1,680)	844

Movement in working capital comprises an increase in debtors of £37,666,000 (1988 - £5,027,000) and a reduction in creditors and provisions of £6,235,000 (1988 - £6,553,000).

## GESTETNER INVESTMENTS LIMITED

### Notes to the accounts

#### 1. Accounting policies

##### Basis of accounting

The accounts are prepared under the historical cost convention modified by the revaluation of certain assets.

##### Consolidation

Group accounts incorporating the results of subsidiary companies are not prepared as the Company is a wholly owned subsidiary of another body corporate incorporated in Great Britain.

##### Foreign currencies

- i) Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.
- ii) All exchange differences arising during the period are dealt with in arriving at operating profit.

##### Deferred taxation

Provision is made on the liability basis for all timing differences to the extent that a net liability is expected to arise in the foreseeable future.

##### Tangible fixed assets

Tangible fixed assets are stated at cost or subsequent revaluation.

On revaluation, the excess over the net book amount is transferred to revaluation reserve; any deficit from original cost is charged to the profit and loss account. On disposal, the surplus or deficit over original cost, less any depreciation is taken to the profit and loss account.

Following any such revaluation, the lives of buildings are reassessed and depreciation provided on the revalued amount over their estimated remaining lives or 40 years, whichever is less.

Fixed assets are depreciated in equal instalments over their estimated lives as follows:

Freehold land	Nil
Freehold buildings	Up to 40 years
Plant and equipment	Between 2 and 10 years

##### Fixed asset investments

Fixed asset investments represent, in the main, investments in subsidiary companies.

The value of shareholdings in subsidiary companies, direct and indirect, represent the net assets translated into sterling at rates of exchange ruling at the balance sheet date. Taxation is only provided to the extent that a liability is expected to arise in the foreseeable future.

Movements in the value of shareholdings in subsidiary companies are accounted for on a similar basis to the revaluation of tangible fixed assets.

##### Provisions

Provision is made for expected future costs from rationalisation and reorganisation plans.

GRISTITAKER INVESTMENTS LIMITED

Notes to the accounts (continued)

	1989 £000	1988 £000
2. Trading profit		
Trading profit is arrived at after crediting		
Trading income		
Dividends receivable from subsidiary companies	1,026	3,590
Rents receivable	200	128
Exchange differences	-	83
	<u>1,220</u>	<u>3,801</u>
and after charging		
Trading expenses		
Depreciation of tangible fixed assets	174	50
Auditors remuneration	3	4
Exchange differences	564	-
Other expenses	14	23
	<u>755</u>	<u>77</u>
Trading profit	<u>465</u>	<u>3,724</u>
3. Interest		
Interest payable		
Interest payable on amounts due to subsidiaries	650	946
Other interest payable	4	-
	<u>654</u>	<u>946</u>
Interest receivable		
Interest receivable on amounts due from subsidiaries	1,416	545
Other interest receivable	61	76
	<u>1,477</u>	<u>621</u>
Net interest income (expense)	<u>823</u>	<u>(325)</u>
4. Exceptional items		
Profit on disposal of properties	1,508	-
Revaluation of investments in subsidiaries	(19,123)	2,449
	<u>(17,615)</u>	<u>2,449</u>



**GERTTNER INVESTMENTS LIMITED**

**Notes to the accounts (continued)**

	1989 £000	1988 £000
<b>5. Taxation</b>		
United Kingdom		
Corporation tax at 35%		
Current	(188)	(1,200)
Double taxation relief	188	1,200
	<u>-</u>	<u>-</u>
Overseas taxation	(133)	(103)
Taxation on the result of the period	<u>(133)</u>	<u>(103)</u>
Prior period adjustment	1,088	-
	<u>955</u>	<u>(103)</u>
<p>The 1989 tax credit has been calculated after excluding the losses arising on revaluation of investments in subsidiaries. In 1988, the tax charge was affected largely by elements of income not subject to tax.</p>		
<b>6. Extraordinary items</b>		
Surplus arising on disposal or liquidation of shareholdings in subsidiary companies net of taxation in 1989 of £nil (1988 - £300,000) and after release of £nil (1988 - £20,759,000) from revaluation reserve	4,525	26,034
Surplus arising on disposal of property after release of £67,000 (1988 - £135,000) from revaluation reserve	1,128	2,271
	<u>5,653</u>	<u>28,305</u>
<b>7. Dividend</b>		
Declared and paid 31st October 1989 (28th October 1988)	<u>(4,000)</u>	<u>(4,000)</u>

# GESTETNER INVESTMENTS LIMITED

## Notes to the accounts (continued)

### 8. Tangible fixed assets

	Freehold land and buildings £000	Plant and equipment £000	Total £000
Cost or valuation			
At beginning of period	1,554	270	1,824
Additions	1,105	347	1,452
Disposals	(1,526)	-	(1,526)
Revaluation	497	-	497
At end of period	<u>1,630</u>	<u>617</u>	<u>2,247</u>
Valuation 1989	1,630	-	1,630
Cost	<u>-</u>	<u>617</u>	<u>617</u>
Depreciation			
At beginning of period	194	115	309
Disposals	(65)	-	(65)
Revaluation	(157)	-	(157)
Charge for period	28	146	174
At end of period	<u>-</u>	<u>261</u>	<u>261</u>
Net book value			
At beginning of period	<u>1,360</u>	<u>155</u>	<u>1,515</u>
At end of period	<u>1,630</u>	<u>356</u>	<u>1,986</u>

The Company's freehold land and buildings were revalued at 31st October 1989.

If freehold land and buildings had not been revalued they would have been included at the following amounts.

	1989 £000	1988 £000
Cost	739	1,062
Aggregate depreciation	(266)	(1,004)
	<u>473</u>	<u>58</u>

CESTETNER INVESTMENTS LIMITED

Notes to the accounts (continued)

	1989 £000	1988 £000
9. Investment in subsidiaries		
Cost or valuation		
At beginning of period	100,538	95,150
Additions	17,101	38,258
Disposals	(24,654)	(35,319)
Revaluation	(19,123)	2,449
At end of period	<u>73,862</u>	<u>100,538</u>

The investment in subsidiaries represents the net assets translated into sterling at rates of exchange ruling at the balance sheet.

If no revaluation had been made, they would have been included at the following amounts:

Cost	103,040	108,142
Aggregate amounts written off	(34,802)	(20,492)
	<u>68,238</u>	<u>87,650</u>

Details of the principal subsidiaries are set out in note 17.

10. Debtors

Amounts falling due within one year		
Amounts owed by holding company	30,388	8,671
Amounts owed by fellow subsidiaries	8,544	2,662
Amounts owed by subsidiaries	38,061	16,138
Other debtors	687	38
	<u>77,680</u>	<u>27,509</u>

11. Loans and overdrafts

Amounts falling due within one year		
Unsecured bank borrowing	<u>4,562</u>	<u>2,871</u>

# GESTETNER INVESTMENTS LIMITED

## Notes to the accounts (continued)

	1989 £000	1988 £000
12. Other creditors		
Amounts falling due within one year	-	30,101
Amounts owed to holding company	22,798	-
Amounts owed to fellow subsidiaries	9,488	8,420
Amounts owed to subsidiaries	413	1,618
Corporate taxation	48	59
Other creditors		
	<u>32,747</u>	<u>40,198</u>

## 13. Deferred taxation

The full potential deferred tax liability (asset) below is not expected to arise in the foreseeable future.

Short term timing differences	-	(651)
Surplus on disposal of tangible fixed assets subject to rollover relief	17	17
Taxation payable if property was disposed of at its revalued amount	354	-
	<u>371</u>	<u>(634)</u>

## 14. Provisions for liabilities and charges

A provision has been made for the estimated future costs arising from the vacation of premises in Germany and at Tottenham and the disposal of our Japanese business. The movement during the period is as follows:

At beginning of period	2,193	1,180
Profit and loss account		
Operating profit (exchange differences)	(36)	(24)
Exceptional items	(425)	-
Extraordinary items	(1,660)	2,118
Applied during period	(82)	(1,081)
	<u>62</u>	<u>2,193</u>

## 15. Called up share capital

	Ordinary shares of £1 each. Thousands of shares	£000
Authorised, allotted, issued and fully paid		
At beginning of period	20,000	20,000
Subscribed for in period	45,000	45,000
At end of period	<u>65,000</u>	<u>65,000</u>

The company's ultimate holding company is Gestetner Holdings PLC incorporated in Great Britain.

# GESTETNER INVESTMENTS LIMITED

## Notes to the accounts (continued)

### 16. Reserves

	Revaluation reserve £000	Profit and loss account £000
At beginning of period	460	63,895
Loss for the period absorbed per profit and loss account	-	(13,719)
Realised revaluation surpluses released on disposal of property	( 67)	-
Revaluation of property	654	-
At end of period	<u>1,047</u>	<u>50,176</u>

### 17. Principal subsidiaries

Wholly-owned subsidiaries, direct and indirect, of Gestetner Investments Limited are incorporated and transact business in the following countries:

Subsidiary companies	Incorporated in
Gestetner S.A.C.I.	Argentina
Gestetner Lasers Pty. Limited	Australia
Gestetner Pty. Limited	Australia
Hanimex Corporation Limited	Australia
Hanimex Pty. Limited	Australia
Gestetner Buromaschinen-Verkaufsgesellschaft mbH	Austria
Gestetner Bangladesh Limited	Bangladesh
Gestetner SA	Belgium
Vivitar Belgium SA	Belgium
Gestetner Comercio e Industria Limitada	Brazil
Gestetner Inc.	Canada
Hanimex (Canada) Limited	Canada
Vivitar Canada Limited	Canada
Rex-Rotary International Corporation A/S	Denmark (Worldwide)
Hanimex (France) SA	France
Lance International SA	France
SA Gestetner	France
GIL Buromaschinen GmbH	Germany
Hanimex (Deutschland) GmbH	Germany
Hanimex (U.K.) Limited	Great Britain
Gestetner BV	Holland
Gestetner International Limited	Hong Kong (and China)
Hanimex Vivitar Hong Kong Limited	Hong Kong
Gestetner Limited	Ireland
Gestetner (Israel) Limited	Israel
Gestetner Italia SpA	Italy
Hanimex Vivitar Japan K.K.	Japan
Gestetner Limited	Kenya
Gestetner Limited	Malawi
Gestetner Malaysia Sendirian Berhad	Malaysia
Gestetner SA de C.V	Mexico
Hanimex (N.Z.) Limited	New Zealand
Gestetner (Private) Limited	Pakistan
Gestetner SA	Peru
Gestetner Private Limited	Singapore
Gestetner (Proprietary) Limited	South Africa
Gestetner SA	Spain
Gestetner AB	Sweden
Hanimex International A.G.	Switzerland
Gestetner (Thailand) Limited	Thailand
Gestetner Corporation	U.S.A.
Commonwealth Graphics Limited	U.S.A.
Vivitar Corporation	U.S.A.
Gestetner SA	Venezuela
Gestetner (Pvt) Limited	Zimbabwe

**GESTETNER INVESTMENTS LIMITED**

**Notes to the accounts (continued)**

**18. Operating Lease Commitments**

The Company has a commitment to pay in the next twelve months rentals under an operating lease, expiring in more than five years, of £913,000 (1988 - Nil).

**19. Contingent Liabilities**

The Company has guaranteed banking facilities made available to certain subsidiaries up to £62,448,000 (1988 - £13,940,000). At 31st October 1989, these facilities had been drawn upon to the extent of £61,063,000 (1988 - £11,427,000). The Company has also guaranteed the indebtedness of a subsidiary to a supplier which, at 31st October 1989, amounted to £973,000 (1988 - £944,000).

The Company has guaranteed banking facilities made available to a third party for £231,000 (1988 - £nil).