

# **Automated Language Processing Services Limited**

## **Report and Financial Statements**

31 December 2000

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01/11/02

# Automated Language Processing Services Limited

Registered No: 2184473

## Directors

J W Wittwer	(resigned 14 February 2002)
D J Marshall	(resigned 31 August 2000)
P A Harris	(resigned 18 April 2002)
M E Harradence	(appointed 1 September 2000)
A N Gordon	(appointed 31 May 2002)

## Secretary

D J Marshall	(resigned 31 August 2000)
M E Harradence	(appointed 1 September 2000, resigned 31 May 2002)
J Adams	(appointed 31 May 2002)

## Auditors

Ernst & Young LLP  
Apex Plaza  
Reading  
Berkshire  
RG1 1YE

## Bankers

Lloyds TSB Bank  
Colmore Row Branch  
125 Colmore Row  
Birmingham  
B3 3AD

## Registered Office

Maidenhead Court Boathouse  
Court Road  
Maidenhead  
Berks  
SL6 8LQ

## Directors' Report

The directors submit their report and financial statements for the year ended 31 December 2000.

### Directors And Directors' Interests

The directors during the year were as follows:

J W Wittwer	(resigned 14 February 2002)
D J Marshall	(resigned 31 August 2000)
P A Harris	(resigned 18 April 2002)
M E Harradence	(appointed 1 September 2000)
A N Gordon	(appointed 31 May 2002)

The directors are not required to retire by rotation.

The directors have no declarable interest in the shares of the company or any other group company incorporated in the United Kingdom.

### Financial statements And Dividends

The directors submit the audited financial statements for the year ended 31 December 2000. The loss for the year attributable to shareholders amounts to £5,133,000 (1999: £1,136,000).

The directors propose that no final dividend be paid (1999: £nil).

### Principal Activities And Review Of Business Developments

The principal activity of the company is the provision of multilingual information for commerce and industry. The results for the year reflect the difficult market conditions prevailing. Action has been taken to reduce costs, however market conditions and trading remains difficult.

### Auditors

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By order of the Board



Director

Date: 1/11/02

## Statement of directors' responsibilities in respect of the financial statements

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 group and of the profit or loss of the group for that period. 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, subject to any material departures disclosed and explained in the financial statements; 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 group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditors' report**

**to the members of Automated Language Processing Services Limited**

We have audited the group's financial statements for the year ended 31 December 2000 which comprise the Group Profit and Loss Account, Statement of Total Recognised Gains and Losses, Group Balance Sheet, Company Balance Sheet and the related notes 1 to 25. These financial statements have been prepared on the basis of the accounting policies set out therein.

### **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 legal and regulatory requirements and United Kingdom 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 to you 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 group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **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 group'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 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.

### **Fundamental uncertainty**

In forming our opinion, we have considered the adequacy of the disclosures made in the accounts concerning the availability of sufficient funds to enable the company to meet its liabilities as they fall due. The accounts have been prepared on a going concern basis, the validity of which depends upon the continuing support from the company's immediate and ultimate parent undertaking. The accounts do not include any adjustments that would result if this support was withdrawn. Details of the circumstances relating to this fundamental uncertainty are described in Note 1. In view of the significance of this uncertainty we consider it should be drawn to your attention but our opinion is not qualified in this respect.

# Independent auditors' report

to the members of Automated Language Processing Services Limited

## Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 December 2000 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP  
Registered Auditor  
Reading

Date: 1 November 2002

**Group profit and loss account**

for the year ended 31 December 2000

			2000 £'000	1999 £'000
	<i>Notes</i>			
<b>Turnover</b>				
- continuing	3	13,252	12,336	
- discontinued		2,028	2,058	
		<hr/>	<hr/>	
		15,280	14,394	
<b>Cost Of Sales</b>		14,925	13,134	
		<hr/>	<hr/>	
<b>Gross Profit</b>		355	1,260	
Administration expenses				
Administration expenses before amortisation and impairment of goodwill			1,868	1,743
Amortisation of goodwill			381	296
Exceptional item - goodwill impairment	5	2,833	-	
		<hr/>	<hr/>	
Total administrative expenses		5,082	2,039	
<b>Operating (Loss)/Profit</b>				
- continuing	4	(4,853)	(799)	
- discontinued		126	20	
		<hr/>	<hr/>	
		(4,727)	(779)	
Interest payable	7	(234)	(269)	
		<hr/>	<hr/>	
<b>Loss On Ordinary Activities Before Taxation</b>		(4,961)	(1,048)	
Taxation	8	(172)	(88)	
		<hr/>	<hr/>	
<b>Loss For The Year</b>	19	(5,133)	(1,136)	
		<hr/>	<hr/>	

**Statement Of Total Recognised Gains And Losses**

		2000 £'000	1999 £'000
Loss for the year		(5,133)	(1,136)
Exchange difference on retranslation of net assets of subsidiary undertaking		(45)	-
		<hr/>	<hr/>
<b>Total recognised gains and losses relating to the year</b>	19	(5,178)	(1,136)
		<hr/>	<hr/>


**Group balance sheet**

as at 31 December 2000

	Notes	2000 £'000	1999 £'000
<b>Fixed Assets</b>			
Intangible assets	9	2,500	5,714
Tangible assets	10	686	730
		<u>3,186</u>	<u>6,444</u>
<b>Current Assets</b>			
Work in progress	12	525	874
Debtors	13	8,951	11,324
Cash at bank and in hand		913	699
		<u>10,389</u>	<u>12,897</u>
<b>Creditors:</b> amounts falling due within one year	14	(22,360)	(23,063)
<b>Net Current Liabilities</b>		<u>(11,971)</u>	<u>(10,166)</u>
<b>Total Assets Less Current Liabilities</b>		<u>(8,785)</u>	<u>(3,722)</u>
<b>Creditors:</b> amounts falling due after more than one year	15	(239)	(124)
		<u>(9,024)</u>	<u>(3,846)</u>
		<u><u>(9,024)</u></u>	<u><u>(3,846)</u></u>
<b>Capital And Reserve</b>			
Called up share capital	18	2,210	2,210
Profit and loss account	19	(11,234)	(6,056)
<b>Equity Shareholders' Funds</b>		<u>(9,024)</u>	<u>(3,846)</u>
		<u><u>(9,024)</u></u>	<u><u>(3,846)</u></u>

Approved by the Board on

1/11/02



Director

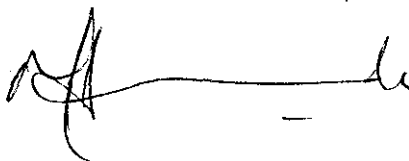


**Company balance sheet**

as at 31 December 2000

	Notes	2000 £'000	1999 £'000
<b>Fixed Assets</b>			
Investments	11	2,500	3,628
<b>Current Assets</b>			
Work in progress	12	-	-
Debtors	13	-	-
Cash at bank and in hand		-	-
<b>Creditors: amounts falling due within one year</b>	14	4,017	3,706
<b>Net Current Liabilities</b>		(4,017)	(3,706)
<b>Total Assets Less Current Liabilities</b>		(1,517)	(78)
<b>Creditors: amounts falling due after more than one year</b>		-	-
		(1,517)	(78)
<b>Capital And Reserves</b>			
Called up share capital	18	2,210	2,210
Profit and loss account	19	(3,727)	(2,288)
		(1,517)	(78)

Approved by the Board on 1/11/02



Director

## Notes to the financial statements

at 31 December 2000

### 1. Fundamental Accounting Concept

The financial statements have been prepared under the going concern basis, notwithstanding the fact that the group balance sheet at 31 December 2000 shows net current liabilities of £11,971,000 and the company balance sheet shows net current liabilities of £4,017,000. Continuing financial support from the ultimate parent company is required both to enable the company and the group to meet their liabilities as they fall due. This support is expected to continue for the foreseeable future and thus the directors' believe it is appropriate to prepare the financial statements on the going concern basis. The accounts do not contain any adjustments that would result from the withdrawal of support by the ultimate parent company.

### 2. Accounting Policies

#### Basis of preparation

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

#### Basis of consolidation

The group financial statements consolidate the financial statements of Automated Language Processing Services Limited and all its subsidiary undertakings drawn up to 31 December each year. No profit and loss account is presented for Automated Language Processing Services Limited as permitted by Section 230 of the Companies Act 1985.

The group profit and loss account includes the results of subsidiary undertakings purchased during the year from their dates of acquisition. Purchase consideration has been allocated to assets and liabilities on the basis of fair value at the date of acquisition.

#### Goodwill

Goodwill arising from the acquisition of subsidiary undertakings is capitalised in the balance sheet and is amortised over a period of 20 years or less, depending on the circumstances of each acquisition. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary undertaking is subsequently sold or closed, any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

#### Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Short leasehold property	- the lesser of useful economic life or the lease term
Plant, equipment, fixtures and fittings	- 4 to 10 years

The carrying values of tangible fixed assets are reviewed for impairments in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

## Notes to the financial statements

at 31 December 2000

### 2. Accounting Policies (continued)

The carrying value of tangible fixed assets are reviewed for impairments in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

#### Work in progress

Work in progress is valued at the lower of cost and net realisable value. Cost comprises direct costs incurred on work not yet invoiced to customers.

#### Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

#### Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account.

#### Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

### 3. Turnover

Turnover comprises the invoice value of sales exclusive of VAT and is analysed by geographical area as follows:

	2000 £'000	1999 £'000
United Kingdom	2,029	4,459
Europe	8,173	5,231
North America	3,499	3,550
Rest of World	1,579	1,154
	<u>15,280</u>	<u>14,394</u>

**Notes to the financial statements**

at 31 December 2000

**4. Operating Profit**

This is stated after charging:

	2000 £'000	1999 £'000
Amortisation of goodwill	381	296
Depreciation of tangible fixed assets	312	353
Auditors' remuneration - audit	54	38
- non audit	27	74
Operating leases - plant and machinery	172	78
- land and buildings	718	764
Exceptional items (included in administration expenses): re-organisation	-	210

**5. Exceptional item**

The exceptional charge comprises provisions for impairment of the carrying value of goodwill. To calculate these impairment provisions, forecast cash flows have been discounted using a rate of approximately 18 per cent. The discount rate applied is based upon the Group's weighted average cost of capital.

**6. Employees**

(a) Staff costs, including remuneration paid to directors

	2000 £'000	1999 £'000
Wages and salaries	4,318	4,383
Social security costs	556	356
Other pension costs	226	50
	5,100	4,789

(b) Number of employees

The average number of employees during the year was as follows:

	2000 No.	1999 No.
Production	69	140
Customer services	11	32
Production management	73	38
Overheads	79	61
	232	271

## Notes to the financial statements

at 31 December 2000

### 6. Employees (continued)

(c) Emoluments of directors

	2000 £'000	1999 £'000
Remuneration	146	97
Company contributions to money purchase pension schemes	12	9

### 7. Interest Payable

	2000 £'000	1999 £'000
On loan from group undertaking	159	141
Bank loans and overdrafts	75	128
	234	269

### 8. Taxation

The charge for taxation, based on the profit for the year comprises:

	2000 £'000	1999 £'000
<i>Current year:</i>		
Overseas tax	172	88
Deferred taxation	-	-
	172	88
Adjustments in respect of prior years – corporation tax	-	-
	172	88

## Notes to the financial statements

at 31 December 2000

## 9. Intangible Fixed Assets

	<i>Group</i> £'000
<i>Cost:</i>	
At 31 December 1999 and 2000	7,623
<i>Amortisation:</i>	
At 31 December 1999	1,909
Provided during the year	381
Charged in the year	2,833
At 31 December 2000	5,123
<i>Net book value:</i>	
At 31 December 2000	2,500
At 31 December 1999	5,714

## 10. Tangible Fixed Assets

	<i>Short leasehold land and buildings £'000</i>	<i>Office, equipment fixtures and fittings £'000</i>	<i>Total £'000</i>
<i>Cost:</i>			
At 31 December 1999	44	1,373	1,417
Additions	96	264	360
Disposals	(9)	(326)	(335)
At 31 December 2000	131	1,311	1,442
<i>Depreciation:</i>			
At 31 December 1999	20	667	687
Charge for the year	5	307	312
Disposals	-	(243)	(243)
At 31 December 2000	25	731	756
<i>Net book value:</i>			
At 31 December 2000	106	580	686
At 31 December 1999	24	706	730

## Notes to the financial statements

at 31 December 2000

### 11. Fixed Asset Investments

Investment in subsidiary undertakings

	<i>Company</i> <i>£'000</i>
<i>Cost:</i>	
At 31 December 1999 and 31 December 2000	3,655
<i>Provision for diminution in value:</i>	
At 31 December 1999	27
Charged in the year	1,128
Net book amount at 31 December 2000	<u>2,500</u>
Net book amount at 31 December 1999	<u>3,628</u>

The company owns 100% of the issued ordinary share capital of each of the following principal subsidiary undertakings.

The following subsidiary undertakings traded during the year:

*Owned directly:*

Interlingua Group Limited	(Registered in England)
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*Owned indirectly:*

Alpnet UK Limited	(Registered in England)
Alpnet Singapore Pte Limited	(Incorporated in Singapore)
Bengbu Alpnet Technology Co Ltd	(Incorporated in the Peoples Republic of China)
Alpnet Espana S.L. (sold on 31 December 2000)	(Incorporated in Spain)
Alpnet Belgium NV	(Incorporated in Belgium)
Alpnet Ireland Limited	(Incorporated in Ireland)
Alpnet Nederland BV	(Incorporated in the Netherlands)
Technical Publishing Services BV	(Incorporated in the Netherlands)
Alpnet Sweden AB	(Incorporated in Sweden)
Computype Ltd	(Registered in England)

The following subsidiary undertakings, which are all registered in England and which did not trade in their own right, acted as agents for Alpnet UK Limited, the immediate parent undertaking in respect of certain of that company's trading activities:

Interlingua Limited  
Linguasoft Limited

## Notes to the financial statements

at 31 December 2000

### 11. Fixed Asset Investments (continued)

The following subsidiary undertakings, which are all held indirectly, did not trade during the year:

Interlingua Language Services Limited	(Registered in England)
Interverbum Limited	(Registered in England)
Technical Translation International Limited	(Registered in England)
Translation Services Bureau Limited (dissolved 22 September 2000)	(Registered in Scotland)
Alpnet Hong Kong Limited	(Incorporated in Hong Kong)

The activities of all companies are the provision of worldwide translation, interpreting, typesetting and language tuition services for commerce industry.

During the year the carrying value of the Company's investment in Interlingua Group Ltd was assessed, in the opinion of the Directors' this is £2,500,000 and a charge of £1,128,000 has been recorded.

### 12. Work In Progress

	<i>Group</i>	
	<i>2000</i>	<i>1999</i>
	<i>£'000</i>	<i>£'000</i>
Work in progress	525	874

The replacement cost of stocks approximates to the value at which they are stated in the financial statements.

### 13. Debtors

	<i>Group</i>		<i>Company</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Due within one year:</i>				
Trade debtors	1,841	2,627	-	-
Prepaid expenses and other debtors	216	263	-	-
Amount due from group undertakings	6,894	8,434	-	-
	<u>8,951</u>	<u>11,324</u>	<u>-</u>	<u>-</u>



## Notes to the financial statements

at 31 December 2000

## 14. Creditors: amounts falling due within one year

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	375	765	-	-
Obligations under finance leases and hire purchase contracts	212	79	-	-
Trade creditors	1,156	1,428	-	-
Loan from group undertakings	2,000	1,849	2,000	1,849
Due to group undertakings	17,227	17,430	2,012	1,851
Note to affiliates		491	-	-
Corporation tax	297	126	-	-
Other taxes and social security	323	395	-	-
Accruals and deferred income	770	500	5	6
	<u>22,360</u>	<u>23,063</u>	<u>4,017</u>	<u>3,706</u>

Bank loans and overdrafts of £375,000 are secured against trade debtors of £608,000.

## 15. Creditors: amounts falling due after more than one year

	2000	1999
	£'000	£'000
Obligations under finance leases and hire purchase contracts	239	86
Overseas tax	-	38
	<u>239</u>	<u>124</u>

## 16. Obligations Under Finance Leases And Hire Purchase Contracts

	2000	1999
	£	£
<i>Amounts payable:</i>		
Within one year	220	82
In two to five years	251	90
	<u>471</u>	<u>172</u>
Less: finance charges allocated to future periods	(20)	(7)
	<u>451</u>	<u>165</u>
<i>Finance leases and hire purchase contracts are analysed as follows:</i>		
Current obligations (note 13)	212	79
Non current obligations (note 14)	239	86
	<u>451</u>	<u>165</u>

## Notes to the financial statements

at 31 December 2000

### 17. Deferred Taxation

Deferred taxation not provided in the financial statements is as follows:

	2000 £'000	1999 £'000
Accelerated capital allowances	(65)	(39)
Other timing differences	(738)	(428)
	<u>(803)</u>	<u>(467)</u>

### 18. Called Up Share Capital

	2000 £'000	1999 £'000
Authorised: Ordinary shares of £1 each	2,400	2,400
<i>Allotted, called up and fully paid:</i> Ordinary shares of £1 each	<u>2,210</u>	<u>2,210</u>

### 19. Reserves And Reconciliation Of Movement In Shareholders' Funds

	Share capital £'000	Profit and loss account £'000	Total £'000
<i>Group</i>			
At 31 December 1999	2,210	(6,056)	(3,846)
Loss for the year	-	(5,178)	(5,178)
At 31 December 2000	<u>2,210</u>	<u>(11,234)</u>	<u>(9,024)</u>
<i>Company</i>			
At 31 December 1999	2,210	(2,288)	(78)
Loss for the year	-	(1,439)	(1,439)
At 31 December 2000	<u>2,210</u>	<u>(3,727)</u>	<u>(1,517)</u>

## Notes to the financial statements

at 31 December 2000

### 20. Commitments

#### (a) Capital commitments

At 31 December 2000 the directors have authorised future capital expenditure amounting to:

	<i>Group and Company</i>	
	<i>2000</i>	<i>1999</i>
	<i>£'000</i>	<i>£'000</i>
Contracted	-	-

#### (b) Other financial commitments

The group is committed to the following rental payments for the next year in respect of operating leases:

	<i>Land and buildings</i>		<i>Other operating leases</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Leases which expire:</i>				
- within one year	385	-	93	21
- between two and five years	1,165	274	359	43
- in over five years	1,539	218	-	-
	<u>3,089</u>	<u>492</u>	<u>452</u>	<u>64</u>

### 21. Cash Flow Statement

No cash flow statement has been presented in accordance with the exemption allowed by FRS 1 (Revised), as the company is a wholly owned subsidiary of Alpnet Inc.

### 22. Pension Commitments

The group operates money purchase pension schemes for employees in several of its subsidiaries. The assets of the schemes are held separately from those of the companies in an independently administered fund. The unpaid contributions outstanding at the year end are £58,728 (1999: £35,831).

### 23. Related Party Transactions

The company has taken advantage of the exemption in paragraph 3(c) of FRS 8 from disclosing transactions with related parties that are part of the Alpnet Group or investees of the group. There were no other related party transactions during the year.

## Notes to the financial statements

at 31 December 2000

### 24. Ultimate Parent Undertaking

The ultimate parent undertaking is Alpnet Inc., incorporated in the United States of America.

Copies of the consolidated financial statements of Alpnet Inc., the only undertaking for which group financial statements are prepared incorporating the results of the company, are available to the public from:

The Chief Financial Officer  
Alpnet Inc  
4460 South Highland Drive  
Suite 100  
Salt Lake City  
Utah 84124-3543  
USA

### 25. Post Balance Sheet Events

On the 1 February 2002, Alpnet Inc., the parent undertaking of Automated Language Processing Services Ltd. was acquired by Artic Inc., a 100% owned subsidiary of SDL Plc., a company listed on the London Stock Exchange. From this date, SDL Plc. became the ultimate parent undertaking and controlling party of Automated Language Processing Services Ltd.