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Automated Language Processing Services Limited

Report and Accounts

31 December 1998

Registered No: 2184473



Automated Language Processing Services Limited

DIRECTORS' REPORT

The directors submit their report for the year ended 31 December 1998.

DIRECTORS AND DIRECTORS' INTERESTS

J W Wittwer

D J Marshall

P A Harris (appointed 1 June 1999)

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.

ACCOUNTS AND DIVIDENDS

The directors submit the audited accounts for the year ended 31 December 1998. The loss for the year attributable to shareholders amounts to £1,012,000 (1997 £218,000).

The directors propose that no final dividend be paid.

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.

EVENT AFTER THE BALANCE SHEET DATE

On the 1st August 1999 the group acquired the business and assets of TPS BV for consideration of £4m.

YEAR 2000

Prior to 31 December 1998, steps were taken to review computer and date dependent systems critical to the company's ongoing operations and preparation of financial information to establish the impact, if any, which the Year 2000 might have on the accuracy of their calculations, processing and reporting. Although in the future it is not possible to guarantee that no Year 2000 problems remain, the company believes that its internal systems are Year 2000 compliant.

The company continues to address the business risk from third parties with whom it deals on business or financial matters, including key customers and suppliers. Contingency plans have been developed to minimise the risk of disruption. No significant disruption has occurred to date.

Although the millennium date change has passed and no significant problems have been encountered, the directors recognise that there is still a risk of Year 2000 impacting the business but do not expect this to be significant.

Much of the cost of implementing the action plans has been subsumed into the recurring activities of the departments involved. The total costs of modifications to our computer hardware and software was not material in this respect

AUDITORS

Ernst & Young 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.

On behalf of the board

PA Harris
Director

PA Harris 26/7/2000

Automated Language Processing Services Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year. In preparing those accounts, 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 accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors confirm that these accounts comply with these requirements.

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 accounts 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.

REPORT OF THE AUDITORS to the members of Automated Language Processing Services Limited

We have audited the accounts on pages 4 to 16 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

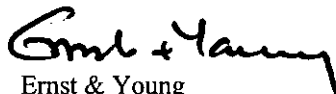
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the affairs of the company and of the group as at 31 December 1998 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
Registered Auditor
Birmingham

26 July 2000.

Automated Language Processing Services Limited

GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 December 1998

	Note	1998 £'000	1997 £'000
TURNOVER	2	13,806	12,644
Cost of sales		12,983	11,000
GROSS PROFIT		823	1,644
Administration expenses		1,331	1,358
Amortisation of goodwill		164	164
OPERATING PROFIT	3	(672)	122
Interest payable	5	(267)	(261)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(939)	(139)
Tax on profit on ordinary activities	6	73	79
LOSS FOR THE YEAR	15	(1,012)	(218)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Note	1998 £'000	1997 £'000
LOSS FOR THE YEAR		(1,012)	(218)

Automated Language Processing Services Limited

GROUP BALANCE SHEET at 31 December 1998

	Note	1998 £'000	1997 £'000
FIXED ASSETS			
Intangible assets	7	2,209	2,373
Tangible assets	8	849	559
		<u>3,058</u>	<u>2,932</u>
CURRENT ASSETS			
Work in progress	10	292	207
Debtors	11	8,806	7,390
Cash at bank and in hand		592	515
		<u>9,690</u>	<u>8,112</u>
CREDITORS - amounts falling due within one year	12	15,305	12,548
		<u>(5,615)</u>	<u>(4,436)</u>
NET CURRENT (LIABILITIES)			
		<u>(2,557)</u>	<u>(1,504)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS - amounts falling due after more than one year	13	153	194
		<u>(2,710)</u>	<u>(1,698)</u>
CAPITAL AND RESERVES			
Called-up share capital	15	2,210	2,210
Profit and loss account	16	(4,920)	(3,908)
		<u>(2,710)</u>	<u>(1,698)</u>
EQUITY SHAREHOLDERS' FUNDS			

P. Harris 26/7/2000

PA Harris - Director

Automated Language Processing Services Limited

COMPANY BALANCE SHEET at 31 December 1998

	Note	1998 £'000	1997 £'000
FIXED ASSETS			
Investments	9	3,630	3,633
CURRENT ASSETS			
Work in progress	10	0	0
Debtors	11	0	0
Cash at bank and in hand		0	0
		0	0
CREDITORS - amounts falling due within one year	12	3,517	3,354
NET CURRENT (LIABILITIES)		(3,517)	(3,354)
TOTAL ASSETS LESS CURRENT LIABILITIES		(3,517)	(3,354)
		113	279
CAPITAL AND RESERVES			
Called-up share capital	14	2,210	2,210
Profit and loss account	15	(2,097)	(1,931)
EQUITY SHAREHOLDERS' FUNDS		113	279

P. Harris 26/7/2000

PA Harris - Director

Automated Language Processing Services Limited

NOTES TO THE ACCOUNTS

at 31 December 1998

1. ACCOUNTING POLICIES

Fundamental Accounting Concept

The accounts have been prepared under the going concern concept as the parent company has agreed to provide adequate funds for the company to meet its liabilities as they fall due.

Basis of preparation

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

Basis of consolidation

The group accounts consolidate the accounts 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 25 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	- over 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.

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.

Automated Language Processing Services Limited

NOTES TO THE ACCOUNTS

at 31 December 1998

1. ACCOUNTING POLICIES (*continued*)

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.

2. TURNOVER

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

	1998 £'000	1997 £'000
United Kingdom	4,867	5,145
Europe	4,546	2,555
North America	2,989	3,588
Rest of the World	1,404	1,356
	<u>13,806</u>	<u>12,644</u>

3. OPERATING PROFIT

This is stated after charging:

	1998 £'000	1997 £'000
Amortisation of goodwill	164	164
Depreciation of tangible fixed assets	250	203
Auditors' remuneration - audit	41	34
- non audit	48	48
Operating leases - plant and machinery	52	77
- land and buildings	708	674
Exceptional items (included in administration expenses): re-organisation	355	0
	<u>1,318</u>	<u>1,190</u>

Automated Language Processing Services Limited

NOTES TO THE ACCOUNTS

at 31 December 1998

4. EMPLOYEES

(a) Staff costs, including remuneration paid to directors

	1998 £'000	1997 £'000
Wages and salaries	4,397	3,152
Social security costs	371	228
Other pension costs	64	48
	<u>4,832</u>	<u>3,428</u>

(b) Number of employees

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

	1998 Number	1997 Number
Production	156	104
Customer Services	41	45
Production Management	53	36
Overheads	61	50
	<u>311</u>	<u>235</u>

(c) Emoluments of directors

	1998 £	1997 £
Remuneration	<u>50,602</u>	<u>48,719</u>
Company contributions to Money Purchase Pension Schemes	<u>5,005</u>	<u>4,550</u>

5. INTEREST PAYABLE

	1998 £'000	1997 £'000
On loan from group undertaking	165	169
Bank loans and overdrafts	102	92
	<u>267</u>	<u>261</u>

Automated Language Processing Services Limited

NOTES TO THE ACCOUNTS

at 31 December 1998

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

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

	<i>1998</i> <i>£'000</i>	<i>1997</i> <i>£'000</i>
Current year:		
Overseas tax	93	75
Deferred taxation	0	4
	<hr/>	<hr/>
	93	79
Adjustments in respect of prior years - Corporation tax	(20)	0
	<hr/>	<hr/>
	73	79
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7. INTANGIBLE FIXED ASSETS - GOODWILL

	<i>Group</i> <i>£'000</i>
Cost	
At 31 December 1997 and 31 December 1998	3,822
Amortisation	
At 31 December 1997	1,449
Provided during the year	164
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At 31 December 1998	1,613
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Net book amount at 31 December 1998	2,209
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Net book amount at 31 December 1997	2,373
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Automated Language Processing Services Limited

NOTES TO THE ACCOUNTS at 31 December 1998

8. TANGIBLE FIXED ASSETS

	<i>Short leasehold land and buildings £'000</i>	<i>Office, equipment fixtures and fittings £'000</i>	<i>Total £'000</i>
Cost:			
At 31 December 1997	44	1,418	1,462
Additions	-	540	540
Disposals	-	(63)	(63)
At 31 December 1998	44	1,895	1,939
Depreciation:			
At 31 December 1997	12	891	903
Charge for year	3	247	250
Disposals	-	(63)	(63)
At 31 December 1998	15	1,075	1,090
Net book value at:			
31 December 1998	29	820	849
31 December 1997	32	527	559

9. FIXED ASSET INVESTMENTS

Investment in subsidiary undertakings

	<i>Company £'000</i>
Cost	
At 31 December 1997 and 31 December 1998	3,655
Provision for diminution in value	
At 31 December 1997	22
Provided during the year	3
At 31 December 1998	25
Net book amount at 31 December 1998	3,630
Net book amount at 31 December 1997	3,633

Automated Language Processing Services Limited

NOTES TO THE ACCOUNTS

at 31 December 1998

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

The following subsidiary undertakings did not trade during the year:

Owned directly

Interlingua Group Limited	(Registered in England)
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The following subsidiary undertakings traded during the year:

Owned indirectly

ALPNET UK Limited	(Registered in England)
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CompuType Ltd	(Registered in England)
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Interlingua Language Services Limited	(Incorporated in Hong Kong)
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Interlingua Language Services (Singapore) Pte Limited	(Incorporated in Singapore)
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Interlingua S.L.	(Incorporated in Spain)
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Translation Services Bureau Limited	(Registered in Scotland)
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ALPNET Belgium NV	(Incorporated in Belgium)
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ALPNET Ireland Limited	(Incorporated in Ireland)
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ALPNET Nederland BV	(Incorporated in the Netherlands)
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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

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

Interlingua Language Services Limited	(Registered in England)
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TTI Overseas Limited	(Registered in England)
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Technical Translation International Limited	(Incorporated in the USA)
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The activities of all companies are the provision of worldwide translation, interpreting, typesetting and language tuition services for commerce industry.

In the opinion of the Directors, the investments are worth not less than the value at which they are included in the balance sheet.

Automated Language Processing Services Limited

NOTES TO THE ACCOUNTS at 31 December 1998

10. WORK IN PROGRESS

	<i>Group</i>
	<i>1997</i>
	<i>1998</i>
	<i>£'000</i>
Work in progress	292

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

11. DEBTORS

	<i>Group</i>	<i>Company</i>
	<i>1997</i>	<i>1998</i>
	<i>1997</i>	<i>1998</i>
	<i>£'000</i>	<i>£'000</i>
Due within one year		
Trade debtors	2,476	2,707
Other debtors	62	48
Prepayments	256	243
Amount due from group undertakings	6,012	4,392
	8,806	7,390

12. CREDITORS - amounts falling due within one year

	<i>Group</i>	<i>Company</i>
	<i>1997</i>	<i>1998</i>
	<i>1997</i>	<i>1998</i>
	<i>£'000</i>	<i>£'000</i>
Bank loans and overdrafts	967	894
Trade creditors	958	1,022
Loan from group undertaking	1,799	1,802
Due to group undertakings	10,580	8,059
VAT	111	158
Social Security/PAYE	287	216
Accruals and deferred income	603	397
	15,305	12,548

Automated Language Processing Services Limited

NOTES TO THE ACCOUNTS

at 31 December 1998

13. CREDITORS; AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR;

	1998 £'000	1997 £'000
Bank loan	85	126
Accruals and deferred income	43	43
Overseas tax	25	25
	<u>153</u>	<u>194</u>

The bank loan is repayable as follows:

	1998 £'000	1997 £'000
Within one year	41	41
Between two and five years	85	126
	<u>126</u>	<u>167</u>

The bank loan is secured on the assets of ALPNET UK Ltd and is guaranteed by the parent undertaking, Alpnet Inc.

14. DEFERRED TAXATION

Deferred taxation not provided in the accounts is as follows:

	1998 £'000	1997 £'000
Accelerated capital allowances	(37)	(52)
Other timing differences	(158)	(10)
	<u>(195)</u>	<u>(62)</u>

15. CALLED-UP SHARE CAPITAL

	1998 £'000	1997 £'000
Ordinary shares of £1 each Authorised	2,400	2,400
	<u>2,210</u>	<u>2,210</u>

Automated Language Processing Services Limited

NOTES TO THE ACCOUNTS at 31 December 1998

16. RESERVES AND RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	<i>Share Capital £'000</i>	<i>Profit and loss account £'000</i>	<i>Total £'000</i>
<i>Group</i>			
At 31 December 1997	2,210	(3,908)	(1,698)
Loss for the year		(1,012)	(1,012)
At 31 December 1998	2,210	(4,920)	(2,710)
<i>Company</i>			
At 31 December 1997	2,210	(1,931)	279
Profit for the year		(166)	(166)
At 31 December 1998	2,210	(2,097)	113

17. COMMITMENTS

(a) Capital commitments

At 31 December 1998 the directors have authorised future capital expenditure amounting to:

	<i>Group and Company 1998 £'000</i>	<i>1997 £'000</i>
Contracted	Nil	Nil

(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 1998 £'000</i>	<i>1997 £'000</i>	<i>Other operating leases 1998 £'000</i>	<i>1997 £'000</i>
Lease which expire:				
Within one year	91	5	40	31
Between two and five years	155	78	58	76
In over five years	216	341	0	0
	462	424	98	107

Automated Language Processing Services Limited

NOTES TO THE ACCOUNTS at 31 December 1998

18. 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 Alpnat Inc.

19. EVENT AFTER THE BALANCE SHEET DATE

On the 1st August 1999 the group acquired the entire business and assets of TPS BV for consideration of £4m.

20. 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 Alpnat Group or investees of the Group. There were no other related party transactions during the year.

21. ULTIMATE PARENT UNDERTAKING

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

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

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

The smallest undertaking for which group accounts are prepared, incorporating the results of the company, is Automated Language Processing Services Limited.

Copies of the consolidated accounts of Automated Language Processing Services Limited are available from:

Companies House
Crown Way
Maindy
Cardiff
CF14 3UZ