

AGFA MONOTYPE LIMITED

Report and Financial Statements

31 December 2001

**Deloitte & Touche
South East Regional Office
Global House
High Street
Crawley
West Sussex
RH10 1DL**



REPORT AND FINANCIAL STATEMENTS 2001

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report	4
Profit and loss account	5
Combined reconciliation of movements in shareholders' funds and statement of movements on reserves	6
Balance sheet	7
Notes to the accounts	8

REPORT AND FINANCIAL STATEMENTS 2001

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

I Mirochnick (USA)
J H McCallum
T M Fraser

SECRETARY

T M Fraser

REGISTERED OFFICE

Unit 2
Perrywood Business Park
Salfords
Redhill
Surrey
RH1 5DZ

BANKERS

Lloyds TSB Bank plc
Fleet Bank

SOLICITORS

Stack & Filpi
Suite 411
140 South Dearborn Street
Chicago
Illinois 60603-5298
USA

Downs Commercial
156 High Street
Dorking
Surrey
RH4 1BQ

AUDITORS

Deloitte & Touche
Chartered Accountants
South East Regional Office
Global House
High Street
Crawley
West Sussex
RH10 1DL

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

ACTIVITIES

The company's principal activity is the design, manufacture and marketing of typefaces and other type related products. There have been no changes in these activities during the year.

REVIEW OF DEVELOPMENTS

The directors are satisfied with the performance of the company during the year.

RESULTS AND DIVIDENDS

Details of the company's performance are shown in the Profit and Loss Account on page 5 and the notes to the accounts on pages 9 and 10. The position of the company at the year end is shown on the Balance Sheet on page 7 and the notes to the accounts on pages 11 to 13.

The directors do not propose any dividends in respect of the year (2000 - £nil).

FUTURE PROSPECTS

Given favourable economic conditions the directors are optimistic about the company's future prospects.

DIRECTORS AND THEIR INTERESTS

The present membership of the board is set out in page 1. All directors served throughout the year.

None of the directors had any interests in the shares of the company or other UK group companies.

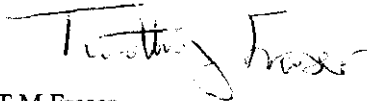
RESEARCH AND DEVELOPMENT

The company has a programme of research and development of existing products. All research and development costs are charged through the profit and loss account as incurred. Further details can be found in note 3 to the accounts.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



T M Fraser
Secretary

24 February 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AGFA MONOTYPE LIMITED

We have audited the financial statements of Agfa Monotype Limited for the year ended 31 December 2001 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 14. These financial statements have been prepared under 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 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 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 apparent 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 company'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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and Registered Auditors

1 March 2002

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2001

	Note	2001 £	2000 £
TURNOVER	2	3,626,667	3,179,975
Cost of sales		1,143,895	979,607
Gross profit		2,482,772	2,200,368
Distribution costs		911,312	723,660
Administrative expenses		1,118,308	1,096,493
OPERATING PROFIT	3	453,152	380,215
Interest receivable and similar income		70,872	104,675
Interest payable and similar charges	5	-	(822)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		524,024	484,068
Tax charge on profit on ordinary activities	6	(152,080)	(176,149)
PROFIT FOR THE FINANCIAL YEAR		<u>371,944</u>	<u>307,919</u>

All activities are considered to be continuing.

There have been no recognised gains and losses for the current and preceding financial year other than as stated in the profit and loss account and as a result no statement of total recognised gains and losses is presented.

**COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
AND STATEMENT OF MOVEMENTS ON RESERVES**
Year ended 31 December 2001


	Share capital £	Profit and loss account £	2001 £	2000 £
At the beginning of the financial year	2	1,480,260	1,480,262	1,172,343
Profit for the financial year	-	371,944	371,944	307,919
At the end of the financial year	2	1,852,204	1,852,206	1,480,262

BALANCE SHEET
31 December 2001

	Note	£	2001 £	£	2000 £
FIXED ASSETS					
Tangible assets	7		46,159		60,529
CURRENT ASSETS					
Debtors	8	2,977,722		2,298,371	
Cash at bank and in hand		368,824		195,511	
		<u>3,346,546</u>		<u>2,493,882</u>	
CREDITORS: amounts falling due within one year	9	<u>1,499,995</u>		<u>1,021,456</u>	
NET CURRENT ASSETS			<u>1,846,551</u>		<u>1,472,426</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,892,710		1,532,955
CREDITORS: amounts falling due after more than one year	10		<u>40,504</u>		<u>52,693</u>
NET ASSETS			<u>1,852,206</u>		<u>1,480,262</u>
CAPITAL AND RESERVES					
Called up share capital	11		2		2
Profit and loss account			<u>1,852,204</u>		<u>1,480,260</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS			<u>1,852,206</u>		<u>1,480,262</u>

These financial statements were approved by the Board of Directors on 27 February 2002.

Signed on behalf of the Board of Directors



H McCallum
Director

NOTES TO THE ACCOUNTS
Year ended 31 December 2001**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at cost less depreciation. Depreciation is provided at rates calculated to write down the cost of the assets to their estimated residual values over the estimated useful economic lives. The rates of depreciation are as follows:

Short-term leasehold improvements	Over the term of the lease
Office equipment, fittings and computer equipment	Between 25% and 33% per annum

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Foreign exchange

Normal trading activities denominated in foreign currency are recorded in sterling at the actual exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are reported at the rates of exchange prevailing at that date. All exchange differences are dealt with in the profit and loss account.

Royalties

Royalties receivable are accounted for on an accruals basis.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Leases

Rental payments under operating leases are charged to the profit and loss account as incurred.

Pension costs

The company operates a money purchase scheme (defined contribution scheme). Pension costs for employees are charged to the profit and loss account in the year in which they become payable.

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

2. TURNOVER

Turnover is wholly attributable to the principal activity of the company and represents the invoiced value of goods and services supplied to customers, including amounts received by way of royalty, excluding value added tax.

The geographical analysis of turnover by destination is as follows:

	2001 £	2000 £
United Kingdom	1,252,308	1,287,431
Europe	1,682,556	1,342,415
North America	593,701	441,048
Other	98,102	109,081
	<u>3,626,667</u>	<u>3,179,975</u>

3. OPERATING PROFIT

	2001 £	2000 £
This is stated after charging/(crediting):		
Rentals under operating leases:		
Other operating leases	49,200	48,500
Auditors' remuneration	11,850	12,750
Depreciation		
Own assets	28,041	30,906
Foreign exchange gains	(32,304)	(67,355)
Research and development expenditure		
(including wage costs of £58,268 (2000 - £61,086))	130,122	114,486
	<u>130,122</u>	<u>114,486</u>

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2001 £	2000 £
a) Directors:		
Emoluments	223,865	149,581
Pension contributions to defined contribution pension scheme	19,848	19,945
	<u>243,713</u>	<u>169,526</u>

	No.	No.
Number of directors who are members of defined contribution pension scheme	<u>2</u>	<u>2</u>

	2001 £
Highest paid director:	
Emoluments	121,237
Pension contributions to defined contribution pension scheme	13,278
	<u>134,515</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2001

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

b) Employees:	2001 No.	2000 No.
Average monthly number of persons employed:		
Administration	6	6
Sales	12	11
Production and development	13	12
	<u>31</u>	<u>29</u>
	£	£
Staff costs during the year comprise:		
Wages and salaries	1,122,025	937,849
Social security costs	117,796	99,275
Pension costs	86,962	75,221
	<u>1,326,783</u>	<u>1,112,345</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £	2000 £
Other interest payable	<u>-</u>	<u>822</u>

6. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
The tax charge on the profit on ordinary activities for year was as follows:		
UK corporation tax charge at 30% (2000 - 30%)	171,566	176,131
Overseas tax	1,409	18
Double tax relief	(1,409)	-
Adjustments in respect of prior years	(19,486)	-
	<u>152,080</u>	<u>176,149</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2001

7. TANGIBLE FIXED ASSETS

	Short-term leasehold improvements £	Office equipment & fittings £	Computer equipment £	Total £
Cost				
At 1 January 2000	70,654	73,233	106,850	250,737
Additions	7,400	-	6,271	13,671
Disposals	-	-	(4,903)	(4,903)
At 31 December 2001	78,054	73,233	108,218	259,505
Depreciation				
At 1 January 2000	57,861	50,541	81,806	190,208
Charge for the year	6,767	7,006	14,268	28,041
Disposals	-	-	(4,903)	(4,903)
At 31 December 2001	64,628	57,547	91,171	213,346
Net book value				
At 31 December 2001	13,426	15,686	17,047	46,159
At 31 December 2000	12,793	22,692	25,044	60,529

8. DEBTORS

	2001 £	2000 £
Trade debtors	509,851	455,939
Amounts owed by immediate parent company	2,287,754	1,687,917
Amounts owed by fellow subsidiaries	107,090	50,541
Other debtors	2,923	2,730
Prepayments and accrued income	70,104	101,244
	<u>2,977,722</u>	<u>2,298,371</u>

All debtors are due within one year with the exception of a prepayment of £18,750 (2000 - £18,750) secured by a rent deposit deed in favour of the landlord in the event of default by the company.

NOTES TO THE ACCOUNTS
Year ended 31 December 2001

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Trade creditors	146,535	188,212
Amounts owed to fellow subsidiaries	456,408	252,638
Corporation tax	130,655	123,467
Other taxes and social security	61,787	70,982
Other creditors	4,512	58,112
Accruals and deferred income	700,098	328,045
	<u>1,499,995</u>	<u>1,021,456</u>

Included within other creditors is £3,049 (2000 - £5,117) of pension contributions payable as at the balance sheet date.

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2001 £	2000 £
Other creditors	<u>40,504</u>	<u>52,693</u>

11. CALLED UP SHARE CAPITAL

	2001 £	2000 £
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Called up, allotted and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

12. LEASE COMMITMENTS

At 31 December 2001, the company was committed to making the following payments during the next year in respect of operating leases:

	Land and Buildings	
	2001 £	2000 £
Leases which expire within two to five years	<u>49,200</u>	<u>49,200</u>

13. IMMEDIATE AND ULTIMATE PARENT COMPANY AND CONTROLLING ENTITY

The company is a wholly owned subsidiary of AGFA Monotype Corp., a company registered in the State of Delaware, USA. The accounts of the immediate parent company are not available to the public. The ultimate parent and controlling entity of the company is AGFA Gevaert NV. The consolidated accounts of AGFA Gevaert NV can be obtained from Septestraat 27, B 2640, Mortsel, Belgium.

The smallest and largest group for which group accounts are prepared is that headed by AGFA Gevaert NV.

NOTES TO THE ACCOUNTS
Year ended 31 December 2001

14. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available under FRS 8 "Related Party Disclosures", in relation to disclosure of transactions with group companies.