

**DIGITAL TECHNOLOGY
INTERNATIONAL LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2000



DIGITAL TECHNOLOGY INTERNATIONAL LIMITED

FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2000

Company Registration Number: 01876409

Registered Office: Brentwood House
169 Kings Road
Brentwood
Essex
CM14 4EG

Directors: J A Froelich
D A Oldham
S C Oldham
G H Walker

Secretary: S Peay

Bankers: National Westminster Bank
PO Box 34
15 Bishopsgate
London
EC2P 2AP

Solicitors: Payne Hicks Beach
10 New Square
Lincoln's Inn
London
WC2A 3QG

Auditors: Grant Thornton
Registered Auditors
Chartered Accountants
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

DIGITAL TECHNOLOGY INTERNATIONAL LIMITED

FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2000

INDEX	PAGE
Report of the directors	1 – 2
Report of the auditors	3
Principal accounting policies	4 - 5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the financial statements	9 – 15

DIGITAL TECHNOLOGY INTERNATIONAL LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 DECEMBER 2000

The directors present their report together with the audited financial statements for the year ended 31 December 2000.

Principal activities

The company continues to market a range of computer based publishing systems for the UK newspaper and related publishing and printing industries.

Business review

There was a loss for the year after taxation amounting to £509,501 (1999: £169,718). The directors do not recommend payment of a dividend (1999: £nil).

Directors and their interests

The directors of the company who served during the year were as follows:

J A Froelich
D A Oldham
S C Oldham
G H Walker

At 31 December 2000 and 1 January 2000, none of the directors had an interest in the share capital of the company.

D A Oldham and S C Oldham are also directors of the ultimate parent undertaking Oldham Associates LLC, registered in the State of Utah, United States of America.

Directors' responsibilities for 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 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
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIGITAL TECHNOLOGY INTERNATIONAL LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 DECEMBER 2000

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'Steven C. Oldham', with a long, sweeping horizontal stroke extending to the right.

S C Oldham
Director

**REPORT OF THE AUDITORS TO THE MEMBERS OF
DIGITAL TECHNOLOGY INTERNATIONAL LIMITED**

We have audited the financial statements on pages 4 to 15 which have been prepared under the accounting policies set out on pages 4 and 5.

Respective responsibilities of the directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements 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 statements and to report our opinion to you.

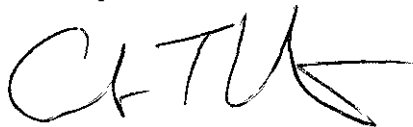
Basis of opinion

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 at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

LONDON

25 July 2001

DIGITAL TECHNOLOGY INTERNATIONAL LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

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

The principal accounting policies have remained unchanged from the previous year and are set out below.

TURNOVER

Turnover is the total amount receivable by the company for goods and services provided, excluding deferred VAT. Turnover for maintenance and support contracts is recognised over the period of the contract.

DEPRECIATION

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

Fixtures and fittings	15%
Computer equipment	25%
Motor vehicles	25%

INVESTMENTS

Investments are included at cost less amounts written off.

STOCKS

Stocks are stated at the lower of cost and net realisable value.

DEFERRED TAX

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that is probable that a liability to asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences arising are dealt with through the profit and loss account.

PENSIONS

Defined Contribution Scheme

The pension costs charged against profits represents the amount of the contributions payable to the scheme in respect of the accounting period.

DIGITAL TECHNOLOGY INTERNATIONAL LIMITED

PRINCIPAL ACCOUNTING POLICIES

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease. All other leases are recorded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

DIGITAL TECHNOLOGY INTERNATIONAL LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 DECEMBER 2000

	Note	2000 £	1999 £
Turnover		4,040,144	2,850,862
Cost of sales		<u>(2,361,544)</u>	<u>(1,027,560)</u>
Gross profit		1,678,600	1,823,302
Administrative expenses		<u>(2,164,705)</u>	<u>(2,010,026)</u>
Operating loss		(486,105)	(186,724)
Net interest	2	<u>(23,396)</u>	<u>(23,945)</u>
Loss on ordinary activities before taxation	1	(509,501)	(210,669)
Tax on loss on ordinary activities	4	<u>-</u>	<u>40,951</u>
Loss retained and transferred from reserves	13	<u>(509,501)</u>	<u>(169,718)</u>

There were no recognised gains or losses other than the loss for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

DIGITAL TECHNOLOGY INTERNATIONAL LIMITED

BALANCE SHEET AT 31 DECEMBER 2000

	Note	2000 £	1999 £
Fixed assets			
Tangible assets	5	185,638	306,615
Investments	6	-	41,157
		<u>185,638</u>	<u>347,772</u>
Current assets			
Stock		110,308	176,563
Debtors	8	2,936,354	1,432,312
Cash at bank and in hand		58,093	1,086
		<u>3,104,755</u>	<u>1,609,961</u>
Creditors: amounts falling due within one year	9	<u>(2,798,143)</u>	<u>(897,863)</u>
Net current assets		<u>306,612</u>	<u>712,098</u>
Total assets less current liabilities		<u>492,250</u>	<u>1,059,870</u>
Creditors: amounts falling due after more than one year	10	-	(58,119)
		<u>492,250</u>	<u>1,001,751</u>
Capital and reserves			
Called up share capital	12	324,160	324,160
Share premium account	13	491,837	491,837
Profit and loss account	13	(323,747)	185,754
Equity shareholders' funds	14	<u>492,250</u>	<u>1,001,751</u>

The financial statements were approved by the Board of Directors on

July 6, 2001.

Steven C. Oldham
S C Oldham - Director

Giffey H. Walker
G H Walker - Director

The accompanying accounting policies and notes form an integral part of these financial statements.

DIGITAL TECHNOLOGY INTERNATIONAL LIMITED**CASH FLOW STATEMENT**

For the year ended 31 DECEMBER 2000

	Note	2000 £	1999 £
Net cash inflow from operating activities	15	144,042	182,918
Returns on investments and servicing of finance			
Interest received		2,006	-
Interest paid		(21,935)	(18,511)
Interest element of finance lease and hire purchase rentals		(3,467)	(5,434)
Net cash outflow from returns on investments and servicing of finance		(23,396)	(23,945)
Taxation		-	(29,994)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(38,701)	(105,803)
Proceeds from sale of tangible fixed assets		5,560	32,440
Net cash outflow from capital expenditure and financial investment		(33,141)	(73,363)
Financing			
Capital element of hire purchase rentals		(30,719)	(14,615)
Increase in cash	17	56,786	41,001

The accompanying accounting policies and notes form an integral part of these financial statements.

DIGITAL TECHNOLOGY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2000

1 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities is stated after charging/(crediting):

	2000 £	1999 £
Auditors' remuneration:		
Audit Services	20,000	16,000
Non audit services	4,206	2,000
Recharges of expenditure to ultimate parent company	535,547	744,555
Depreciation:		
Tangible fixed assets, owned	102,262	126,928
Tangible fixed assets held under finance leases and hire purchase contracts	14,643	23,201
Hire of motor vehicles	144,802	179,290
Other operating lease rentals	123,312	96,147
Loss/(profit) on disposal of fixed assets	29,039	(24,758)

2 NET INTEREST

	2000 £	1999 £
On bank loans and overdrafts	21,935	18,511
Finance charges in respect of finance leases	3,467	5,434
	25,402	23,945
Other interest receivable and similar income	(2,006)	-
	23,396	23,945

3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2000 £	1999 £
Wages and salaries	1,231,736	1,342,888
Social security costs	148,790	148,355
Pension costs	80,640	79,680
	1,461,166	1,570,923

The average number of employees during the year was:

	2000 Number	1999 Number
Sales	9	8
Support	23	26
Administration	5	6
	37	40

DIGITAL TECHNOLOGY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2000

DIRECTORS AND EMPLOYEES (CONTINUED)

Remuneration in respect of directors was as follows:

	2000 £	1999 £
Emoluments	76,847	138,136
Contributions to money purchase pension schemes	7,030	10,957
	<u>83,877</u>	<u>149,093</u>
Compensation for loss of office	30,000	-
	<u>113,877</u>	<u>149,093</u>

During the year 1 director (1999: 4) participated in a defined contribution pension scheme.

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge represents:

	2000 £	1999 £
Corporation tax (1999 at 26.3%)	-	41,169
Under provision in prior period	-	(281)
	<u>-</u>	<u>40,951</u>

DIGITAL TECHNOLOGY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2000

5 TANGIBLE FIXED ASSETS

	Motor vehicles £	Computer equipment and software £	Fixtures and fittings £	Total £
Cost				
At 1 January 2000	95,531	552,641	124,890	773,062
Additions	-	35,151	3,550	38,701
Disposals	(53,624)	(8,446)	(22,611)	(84,681)
Transfer to stock for resale	-	(114,555)	-	(114,555)
At 31 December 2000	<u>41,907</u>	<u>464,791</u>	<u>105,829</u>	<u>612,527</u>
Accumulated depreciation				
At 1 January 2000	47,081	364,478	54,888	466,447
Charge for year	14,643	84,892	17,370	116,905
Eliminated on disposals	(30,294)	(4,808)	(14,980)	(50,082)
Transfer to stock for resale	-	(106,381)	-	(106,381)
At 31 December 2000	<u>31,430</u>	<u>338,181</u>	<u>57,278</u>	<u>426,889</u>
Net book amount at 31 December 2000	<u>10,477</u>	<u>126,610</u>	<u>48,551</u>	<u>185,638</u>
Net book amount at 31 December 1999	<u>48,450</u>	<u>188,163</u>	<u>70,002</u>	<u>306,615</u>

The figures stated above include assets held under hire purchase contracts as follows:

	Motor vehicles £
Net book value at 31 December 2000	<u>10,477</u>
Net book value at 31 December 1999	<u>48,450</u>

6 FIXED ASSETS INVESTMENTS

	£
At 1 January 2000	41,157
Impairment losses	<u>(41,157)</u>
At 31 December 2000	<u>-</u>

During the year two dormant subsidiary undertakings, Digital Technology Europe Limited and Digital Technology Limited, were dissolved. Since the year end the remaining two dormant subsidiaries, DPS Computers Limited and DPS Typecraft (Scanners) Limited have also been dissolved. The cost of investment in DPS Computers Limited has therefore been written off.

DIGITAL TECHNOLOGY INTERNATIONAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 DECEMBER 2000

7 STOCKS

	2000 £	1999 £
Finished goods and goods for resale	<u>110,308</u>	<u>176,563</u>

8 DEBTORS

	2000 £	1999 £
Trade debtors	1,769,102	187,375
Amounts owed by ultimate parent undertaking	921,724	744,555
Amounts owed by other group undertakings	111,635	94,724
Other debtors	850	3,300
Prepayments and accrued income	<u>133,043</u>	<u>402,358</u>
	<u>2,936,354</u>	<u>1,432,312</u>

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Bank overdraft	71,386	71,165
Trade creditors	1,604,891	205,291
Corporation tax	86,784	86,784
Social security and other taxes	179,846	83,408
Amounts due under finance leases and hire purchase	1,649	16,362
Accruals and deferred income	<u>853,587</u>	<u>434,853</u>
	<u>2,798,143</u>	<u>897,863</u>

The bank overdraft is secured by a fixed and floating charge over all the assets of the company and its fellow group undertakings.

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000 £	1999 £
Amount owed to ultimate parent undertaking	-	956
Amount owed to other group undertakings	-	41,157
Amount due under finance leases and hire purchase	-	16,006
	<u>-</u>	<u>58,119</u>

DIGITAL TECHNOLOGY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2000

11 BORROWINGS

Borrowings are repayable as follows:

	2000 £	1999 £
Within one year:		
Finance leases and hire purchase	1,649	16,362
After one and within two years:		
Finance leases and hire purchase	-	16,006
	<u>1,649</u>	<u>32,368</u>

12 SHARE CAPITAL

	2000 £	1999 £
Authorised		
2,000,000 ordinary shares of 20p each	<u>400,000</u>	<u>400,000</u>
Allotted, called up and fully paid		
1,620,798 ordinary shares of 20p each	<u>324,160</u>	<u>324,160</u>

13 RESERVES

	Share premium account £	Profit and loss account £
At 1 January 2000	491,837	185,754
Loss for the year	-	(509,501)
At 31 December 2000	<u>491,837</u>	<u>(323,747)</u>

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Retained loss for the year	(509,501)	(169,718)
Shareholders' funds at 1 January 2000	<u>1,001,751</u>	<u>1,171,469</u>
Shareholders' funds at 31 December 2000	<u>492,250</u>	<u>1,001,751</u>

DIGITAL TECHNOLOGY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2000

15 NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2000 £	1999 £
Operating loss	(486,105)	(186,724)
Depreciation	116,905	150,129
Loss/(profit) on sale of tangible fixed assets	10,973	(24,758)
Write off of investment	41,157	-
Disposal of vehicle not for cash	18,066	-
Decrease in stocks	74,429	302,866
(Increase)/decrease in debtors	(1,504,042)	853,734
Increase/(decrease) in creditors	1,872,659	(912,329)
Net cash inflow from operating activities	<u>144,042</u>	<u>182,918</u>

16 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2000 £	1999 £
Increase in cash in the year	56,786	41,001
Cash outflow from finance leases	30,719	14,615
Movement in net debt in the period	<u>87,505</u>	<u>55,616</u>
Net debt at 1 January 2000	<u>(102,447)</u>	<u>(158,063)</u>
Net debt at 31 December 2000	<u>(14,942)</u>	<u>(102,447)</u>

17 ANALYSIS OF CHANGES IN NET DEBT

	At 31 Dec 1999 £	Cashflow £	At 31 Dec 2000 £
Cash in hand and at bank	1,086	57,007	58,093
Overdraft	(71,165)	(221)	(71,386)
	<u>(70,079)</u>	<u>56,786</u>	<u>(13,293)</u>
Hire purchase	(32,368)	30,719	(1,649)
	<u>(102,447)</u>	<u>87,505</u>	<u>(14,942)</u>

18 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2000 and 31 December 1999.

DIGITAL TECHNOLOGY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2000

19 CONTINGENT ASSETS/LIABILITIES

The company has joined with its subsidiaries in granting a cross guarantee in favour of its bankers. The guarantee is secured by a fixed and floating charge over the assets of the company. The total of these borrowings at 31 December 2000 is £1,215,611 (31 December 1999 £1,215,611).

20 LEASING COMMITMENTS

Operating lease payments amounting to £238,264 (31 December 1999: £164,558) are due within one year. The leases to which these amounts relate expire as follows:

	2000		1999	
	Land and buildings £	Other £	Land and buildings £	Other £
In one year or less	-	24,020	-	42,290
Between one and five years	-	100,379	-	48,288
In five years or more	113,865	-	73,980	-
	113,865	124,399	73,980	90,578

21 RELATED PARTY TRANSACTIONS

As a wholly-owned subsidiary of Digital Technology International (Holdings) Limited, the company is exempt from the requirements of Financial Reporting Standard No 8 to disclose transactions with other members of the group headed by that company.

22 CONTROLLING RELATED PARTIES

Oldham Associates LLC is the company's ultimate parent undertaking and ultimate controlling related party by virtue of its 100% holding via the issued share capital of Digital Technology International (Holdings) Limited.

Oldham Associates LLC, incorporated in the United States, is not required to prepare consolidated financial statements. The largest and smallest group for which group accounts are drawn up is that headed by Digital Technology International (Holdings) Limited. Latest financial statements are available from Companies House.