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FOSTER FINDLAY ASSOCIATES LIMITED
FINANCIAL STATEMENTS
30th SEPTEMBER 2000

Company registration number 02182421



JOSEPH MILLER & CO
Chartered Accountants
Newcastle upon Tyne

FOSTER FINDLAY ASSOCIATES LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30TH SEPTEMBER 2000

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FOSTER FINDLAY ASSOCIATES LIMITED

COMPANY INFORMATION

Directors	T C Fox - Executive Chairman J Carney - Deputy Chairman G Telfer - Non-executive
Company secretary	D Newman
Registered office	Newcastle Technopole Kings Manor Newcastle upon Tyne NE1 6PA
Auditors	Joseph Miller & Co Chartered Accountants Scottish Provident House 31 Mosley Street Newcastle upon Tyne NE1 1HX
Bankers	Lloyds TSB plc 102 Grey Street Newcastle upon Tyne NE99 1SL
Solicitors	Salans Hertzfeld & Heilbronn HRK Clements House 14-18 Gresham Street London EC2V 7NN
Web site	http://www.ffa.co.uk

FOSTER FINDLAY ASSOCIATES LIMITED

DIRECTORS' REPORT

YEAR ENDED 30TH SEPTEMBER 2000

The Directors present their report and the financial statements of the Company for the year ended 30th September 2000.

Principal activities and business review

The Company develops, markets, sells and supports specialised Image Processing and Analysis ("IPA") software.

During the period, the Company continued to implement an intensive research and development programme to create 3D IPA software for seismic interpretation in the oil and gas industry. In addition, the Company sold software products ('FFApplets') resulting from the programme and concluded an agreement with Landmark Graphics Corporation Inc ('Landmark') to supply Landmark with an Advanced Volume Interpretation product, the FFA Module, which was delivered in the period.

The Company's customers in the oil and gas industry are multinational corporations, independent producers and national enterprises.

Results and dividends

The trading results for the year, and the Company's financial position at the end of the year are shown in the attached financial statements.

The Directors have not recommended a dividend.

The Directors and their interests in shares of the Company

The Directors who served the company during the year together with their beneficial interests in the shares of the Company were as follows:

	Ordinary 1p shares At 30 September 2000	Shares of £0.01 each At 1 October 1999 or later date of appointment
T C Fox	5,000	5,000
S J Findlay	46,000	46,000
E Menton	5,000	5,000
Dr J P McKinnell	-	-
J Carney (Appointed 27th June 2000)	-	-

FOSTER FINDLAY ASSOCIATES LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 30TH SEPTEMBER 2000

After the year end, there were the following changes in the Directors of the Company; S J Findlay, E Menton and Dr J P McKinnell resigned on 9th November 2000. Mr G Telfer was appointed as a Non-executive Director on 9th November 2000. S J Findlay also resigned as a Company Secretary on 9th November 2000 and Mr D Newman was appointed Company Secretary on 9th November 2000.

The Company has resolved to establish a Company Share Option Scheme and reserve a total of 15,000 Ordinary Shares of 1p each for the scheme.

It was further resolved to award options to acquire ordinary shares as follows:-

Awardee	Number of ordinary shares
D Bissessur	5,000
Dr J P McKinnell	1,062
E Menton	1,500
Entermedia Ltd	750
Telfer Technology Ltd	500
Total	8,812

The aforesaid options may be exercised within 5 years from 24th September 1999.

Year 2000

The 1st January 2000 has now passed and the Company has experienced no problems either with its own systems and equipment or in connection with third parties. Potential areas of risk will be monitored for the foreseeable future. Costs of compliance were not material.

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the Directors are required to select suitable accounting policies, as described on pages 8 to 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The Directors must also 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. The Directors 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.

FOSTER FINDLAY ASSOCIATES LIMITED

DIRECTORS' REPORT *(continued)*

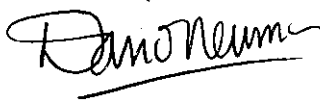
YEAR ENDED 30TH SEPTEMBER 2000

Auditors

A resolution to re-appoint Joseph Miller & Co as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed by order of the Directors

D NEWMAN
Company Secretary

A handwritten signature in dark ink, appearing to read 'D Newman', written over a horizontal line.

Approved by the Directors on 4th December 2000

FOSTER FINDLAY ASSOCIATES LIMITED
AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 30TH SEPTEMBER 2000

We have audited the financial statements on pages 6 to 17 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

Respective responsibilities of the Directors and the Auditors

As described on page 3, the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

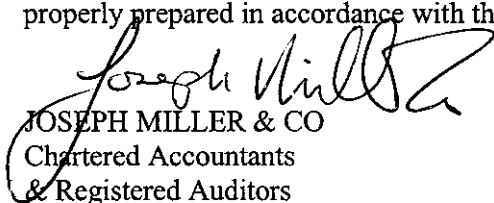
Basis of opinion

We conducted our audit in accordance with 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 30th September 2000 and of the profit of the Company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.


JOSEPH MILLER & CO
Chartered Accountants
& Registered Auditors
Newcastle upon Tyne
4th December 2000

FOSTER FINDLAY ASSOCIATES LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30TH SEPTEMBER 2000

	Note	Year to 30 Sep 00 £	Period from 1 May 98 to 30 Sep 99 £
Turnover	2	477,038	347,964
Cost of sales		(5,829)	(17,994)
Gross profit		471,209	329,970
Administrative expenses		(414,347)	(301,197)
Other operating income	3	33,679	25,047
Operating profit	4	90,541	53,820
Interest receivable		1,504	3
Interest payable	7	(7,763)	(14,322)
Profit on ordinary activities before taxation		84,282	39,501
Tax on profit on ordinary activities	8	(4,155)	-
Retained profit for the financial year		80,127	39,501

The Company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the Company are classed as continuing.

The notes on pages 8 to 17 form part of these financial statements.

FOSTER FINDLAY ASSOCIATES LIMITED

BALANCE SHEET

30TH SEPTEMBER 2000

	Note	2000 £	£	1999 £	£
Fixed assets					
Intangible assets	9		165,789		161,834
Tangible assets	10		45,295		32,963
			<u>211,084</u>		<u>194,797</u>
Current assets					
Stocks	11	1,025		781	
Debtors	12	22,801		27,898	
Cash at bank and in hand		127,031		295	
		<u>150,857</u>		<u>28,974</u>	
Creditors: Amounts falling due within one year	13	(149,837)		(125,518)	
Net current assets/(liabilities)			<u>1,020</u>		<u>(96,544)</u>
Total assets less current liabilities			<u>212,104</u>		<u>98,253</u>
Creditors: Amounts falling due after more than one year	14		(18,750)		(31,250)
			<u>193,354</u>		<u>67,003</u>
Provisions for liabilities and charges					
Deferred taxation	15		(4,155)		-
Accruals and deferred income	16		(14,443)		(22,373)
			<u>174,756</u>		<u>44,630</u>
Capital and reserves					
Called-up equity share capital	19		2,217		2,155
Share premium account	20		190,588		140,651
Profit and loss account	20		(18,049)		(98,176)
Shareholders' funds	21		<u>174,756</u>		<u>44,630</u>

These financial statements were approved by the Directors on the 4th December 2000 and are signed on their behalf by:

T C FOX



The notes on pages 8 to 17 form part of these financial statements.

FOSTER FINDLAY ASSOCIATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH SEPTEMBER 2000

1. Accounting policies

Basis of accounting

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

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Intangible assets

Intangible assets relates to research and development expenditure. Research and development expenditure is written off in the profit and loss account in the year in which it is incurred except development prototype software costs on defined commercial projects which are included within intangible assets. These are amortised over a period of five years commencing with the commercial application of the project.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Intangible assets - 5 years straight line

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Equipment - 25% reducing balance basis

Fixtures & Fittings - 15% reducing balance basis

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less estimated cost of disposal.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

FOSTER FINDLAY ASSOCIATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH SEPTEMBER 2000

1. Accounting policies *(continued)*

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Government grants and contributions from other sources

Government grants on capital expenditure are credited to a deferral account and are released to revenue over the expected useful life of the relevant asset by equal annual instalments. Grants of a revenue nature are credited to income in the period to which they relate. Contributions from other sources towards capital expenditure are treated similarly.

Research income

Funding received in respect of revenue costs is credited to revenue in the period to which it relates. Funding received in respect of capital costs is credited to revenue over the expected useful life of the asset.

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the Company.

An analysis of turnover is given below:

	Year to 30 Sep 00 £	Period from 1 May 98 to 30 Sep 99 £
United Kingdom	49,486	76,351
Overseas	427,552	271,613
	<u>477,038</u>	<u>347,964</u>

FOSTER FINDLAY ASSOCIATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH SEPTEMBER 2000

3. Other operating income

	Year to 30 Sep 00 £	Period from 1 May 98 to 30 Sep 99 £
Grant income	25,749	1,724
Shell equipment income release	723	1,586
Research project funding	7,207	21,737
	<u>33,679</u>	<u>25,047</u>

4. Operating profit

Operating profit is stated after charging/(crediting):

	Year to 30 Sep 00 £	Period from 1 May 98 to 30 Sep 99 £
Amortisation of government grants	-	(1724)
Amortisation	56,513	31,428
Depreciation	7,714	15,988
Loss on disposal of fixed assets	4,692	1,002
Auditors' remuneration		
- as auditors	2,000	4,200
Operating lease costs:		
Vehicles	-	5,240
Net (profit)/loss on foreign currency translation	(5,649)	487
Industrial sponsorship costs	-	12,500
	<u>-</u>	<u>12,500</u>

5. Particulars of employees

The average number of staff employed by the Company during the financial year amounted to:

	Year to 30 Sep 00 No.	Period from 1 May 98 to 30 Sep 99 No.
Number of production staff	4	3
Number of administrative staff	2	2
Number of management staff	4	4
	<u>10</u>	<u>9</u>

FOSTER FINDLAY ASSOCIATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH SEPTEMBER 2000

5. Particulars of employees (continued)

The aggregate payroll costs of the above were:

	Year to 30 Sep 00 £	Period from 1 May 98 to 30 Sep 99 £
Wages and salaries	178,113	178,601
Social security costs	18,287	16,473
	<u>196,400</u>	<u>195,074</u>

6. Directors' emoluments

The Directors' aggregate emoluments in respect of qualifying services were:

	Year to 30 Sep 00 £	Period from 1 May 98 to 30 Sep 99 £
Emoluments receivable	<u>60,199</u>	<u>62,641</u>

7. Interest payable

	Year to 30 Sep 00 £	Period from 1 May 98 to 30 Sep 99 £
Interest payable on bank borrowing	2,940	7,197
Other similar charges payable	4,823	7,125
	<u>7,763</u>	<u>14,322</u>

8. Tax on profit on ordinary activities

	Year to 30 Sep 00 £	Period from 1 May 98 to 30 Sep 99 £
Corporation tax	-	-
Increase in deferred tax provision (Note 15):		
Capital allowances	4,155	-
	<u>4,155</u>	<u>-</u>

FOSTER FINDLAY ASSOCIATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH SEPTEMBER 2000

9. Intangible fixed assets

	£
Cost	
At 1st October 1999	233,066
Additions	60,468
At 30th September 2000	<u>293,534</u>
Amortisation	
At 1st October 1999	71,232
Charge for the year	56,513
At 30th September 2000	<u>127,745</u>
Net book value	
At 30th September 2000	<u>165,789</u>
At 30th September 1999	<u>161,834</u>

Intangible fixed assets are development costs.

Development costs represent expenditure on individual projects which is carried forward when its future recoverability can be foreseen with reasonable assurance and is amortised in line with sales from the related projects.

10. Tangible fixed assets

	Plant & equipment £	Fixtures & Fittings £	Total £
Cost			
At 1st October 1999	82,334	8,601	90,935
Additions	12,885	11,852	24,737
Disposals	(28,562)	(2,089)	(30,651)
At 30th September 2000	<u>66,657</u>	<u>18,364</u>	<u>85,021</u>
Depreciation			
At 1st October 1999	52,327	5,645	57,972
Charge for the year	7,379	335	7,714
On disposals	(24,595)	(1,365)	(25,960)
At 30th September 2000	<u>35,111</u>	<u>4,615</u>	<u>39,726</u>
Net book value			
At 30th September 2000	<u>31,546</u>	<u>13,749</u>	<u>45,295</u>
At 30th September 1999	<u>30,007</u>	<u>2,956</u>	<u>32,963</u>

FOSTER FINDLAY ASSOCIATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH SEPTEMBER 2000

11. Stocks

	2000	1999
	£	£
Stock	1,025	781

12. Debtors

	2000	1999
	£	£
Trade debtors	4,482	22,379
Value added tax	8,961	1,170
Other debtors	5,002	2
Prepayments and accrued income	4,356	4,347
	<u>22,801</u>	<u>27,898</u>

13. Creditors: Amounts falling due within one year

	2000	1999
	£	£
Bank loans and overdrafts	-	44,597
Trade creditors	45,855	15,173
Other taxation and social security	8,094	3,747
Other creditors	25,000	18,750
Accruals and deferred income	70,888	43,251
	<u>149,837</u>	<u>125,518</u>

The following liabilities disclosed under creditors falling due within one year are secured by the Company:

	2000	1999
	£	£
Bank loans and overdrafts	-	44,597
Other loans	25,000	18,750
	<u>25,000</u>	<u>63,347</u>

The loan is secured by a second charge over the assets of the Company.

14. Creditors: Amounts falling due after more than one year

	2000	1999
	£	£
Other creditors:		
Other loans	18,750	31,250

FOSTER FINDLAY ASSOCIATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH SEPTEMBER 2000

14. Creditors: Amounts falling due after more than one year *(continued)*

The following liabilities disclosed under creditors falling due after more than one year are secured by the Company:

	2000	1999
	£	£
Other loans	18,750	31,250
	<u> </u>	<u> </u>

The loan is secured by a second charge over the assets of the Company.

15. Deferred taxation

The movement in the deferred taxation provision during the year was:

	Year to 30 Sep 00	Period from 1 May 98 to 30 Sep 99
	£	£
Provision for year	4,155	-
Provision carried forward	<u>4,155</u>	<u>-</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	Year to 30 Sep 00	Period from 1 May 98 to 30 Sep 99
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>4,155</u>	<u>-</u>

FOSTER FINDLAY ASSOCIATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH SEPTEMBER 2000

16. Accruals and deferred income

	2000 £	1999 £
Received and receivable:		
At 1st October 1999	95,287	77,589
Receivable during year	-	17,698
At 30th September 2000	<u>95,287</u>	<u>95,287</u>
Amortisation:		
At 1st October 1999	72,914	47,867
Credit to profit and loss account	7,930	25,047
At 30th September 2000	<u>80,844</u>	<u>72,914</u>
Net balance at 30th September 2000	<u>14,443</u>	<u>22,373</u>

The balance carried forward represents research funding of £12,275 and Shell equipment funding of £2,168.

17. Commitments under operating leases

At 30th September 2000 the Company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings 2000 £	1999 £
Operating leases which expire:		
Within 2 to 5 years	<u>17,803</u>	<u>16,875</u>

FOSTER FINDLAY ASSOCIATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH SEPTEMBER 2000

18. Related party transactions

The Company was under the control of Entermedia Limited throughout the current and previous year.

The Company provided a loan to Entermedia Limited during the year of £5,000. At the end of the year the amount owed by Entermedia Limited was £5002. Entermedia Limited has lodged funds of £25,000 with the bank as support for the company's overdraft facility. The loan is interest free and will be repaid on release of the £25,000 by the bank.

During the year the Company traded under the same terms as those available to other non-related parties with Campbell Fox & Associates, a business of which T C Fox is the proprietor, and Farnham Associates, a business in which J Carney is a partner.

	Transaction values £	Balance at 30th September 2000 £
Campbell Fox & Associates	42,000	-
Farnham Associates	31,750	20,739

19. Share capital

Authorised share capital:

	2000 £	1999 £
1,000,000 Ordinary 1p shares shares of £0.01 each	10,000	10,000

Allotted, called up and fully paid:

	2000 £	1999 £
Ordinary share capital brought forward	2,155	204
Issue of ordinary shares	62	115
Scrip/rights issues of ordinary shares at par	-	1,836
	<u>2,217</u>	<u>2,155</u>

During the year the Company issued 6,250 shares for cash at a premium of £7.99 per share.

20. Reserves

	Share premium account £	Profit and loss account £
Opening balance	140,651	(98,176)
Premium on new issue	49,937	
Profit for the year		80,127
Balance carried forward	<u>190,588</u>	<u>(18,049)</u>

FOSTER FINDLAY ASSOCIATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH SEPTEMBER 2000

21. Reconciliation of movements in shareholders' funds

	Year to 30 Sep 00		Period from 1 May 98 to 30 Sep 99	
	£	£	£	£
Profit for the financial year		80,127		39,501
New equity share capital subscribed	62		1,951	
Premium on new share capital subscribed	49,937		89,753	
	<u>49,999</u>		<u>91,704</u>	
Net addition to funds		130,126		131,205
Opening shareholders' equity funds		44,630		(86,575)
Closing shareholders' equity funds		<u>174,756</u>		<u>44,630</u>

22. Ultimate parent company

The ultimate parent Company is Entermedia Limited.