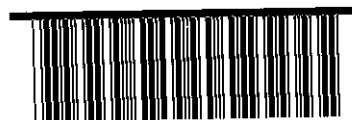


**Report of the Directors and
Financial Statements
for the Year Ended 30th November 2000
for
SOFT IMAGE SYSTEMS LIMITED**



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SOFT IMAGE SYSTEMS LIMITED

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SOFT IMAGE SYSTEMS LIMITED

Company Information
for the Year Ended 30th November 2000

DIRECTORS: Clive Morel Fourman
David Faraday Reid

SECRETARY: John Mawhood

REGISTERED OFFICE: 6th Floor
137 Euston Road
London
NW1 2AA

REGISTERED NUMBER: 2268614 (England and Wales)

ACCOUNTANTS: Connor Spencer & Co
Chartered Accountants
The Leys
2c Leyton Road
Harpenden
Herts AL5 2TL

SOFT IMAGE SYSTEMS LIMITED

Report of the Directors for the Year Ended 30th November 2000

The directors present their report with the financial statements of the company for the year ended 30th November 2000.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of income from certain intellectual rights.

DIRECTORS

The directors during the year under review were:

Clive Morel Fourman
David Faraday Reid

The directors holding office at 30th November 2000 did not hold any beneficial interest in the issued share capital of the company at 1st December 1999 or 30th November 2000.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:



.....
David Faraday Reid - DIRECTOR

Dated: 5-9-2001

SOFT IMAGE SYSTEMS LIMITED

Profit and Loss Account for the Year Ended 30th November 2000

		2000	1999
	Notes	£	£
TURNOVER		7,500	1,400
Administrative expenses		<u>7,180</u>	<u>1,510</u>
OPERATING PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2	320	(110)
Tax on profit/(loss) on ordinary activities	3	<u>-</u>	<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		320	(110)
Deficit brought forward		<u>(1,208)</u>	<u>(1,098)</u>
DEFICIT CARRIED FORWARD		<u><u>£(888)</u></u>	<u><u>£(1,208)</u></u>

The notes form part of these financial statements

SOFT IMAGE SYSTEMS LIMITED

Balance Sheet 30th November 2000

		2000		1999	
	Notes	£	£	£	£
FIXED ASSETS:					
Intangible assets	4		709		709
CURRENT ASSETS:					
Debtors	5	5,600		600	
Cash at bank		1,298		163	
		6,898		763	
CREDITORS: Amounts falling due within one year	6	8,493		2,678	
NET CURRENT LIABILITIES:			(1,595)		(1,915)
TOTAL ASSETS LESS CURRENT LIABILITIES:			£(886)		£(1,206)
CAPITAL AND RESERVES:					
Called up share capital	7		2		2
Profit and loss account			(888)		(1,208)
SHAREHOLDERS' FUNDS:			£(886)		£(1,206)

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 30th November 2000.

The members have not required the company to obtain an audit of its financial statements for the year ended 30th November 2000 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

SOFT IMAGE SYSTEMS LIMITED

Balance Sheet 30th November 2000

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

ON BEHALF OF THE BOARD:


.....
David Faraday Reid - DIRECTOR

Approved by the Board on 5-3-2001

SOFT IMAGE SYSTEMS LIMITED

Notes to the Financial Statements for the Year Ended 30th November 2000

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

2. OPERATING PROFIT/(LOSS)

The operating profit (1999 - operating loss) is stated after charging:

	2000 £	1999 £
Directors' emoluments and other benefits etc	- ==	- ==

3. TAXATION

No liability to UK corporation tax arose on ordinary activities for the year ended 30th November 2000 nor for the year ended 30th November 1999.

4. INTANGIBLE FIXED ASSETS

	Other intangible assets £
COST:	
At 1st December 1999 and 30th November 2000	709 —
NET BOOK VALUE:	
At 30th November 2000	709 ==
At 30th November 1999	709 ==

SOFT IMAGE SYSTEMS LIMITED

Notes to the Financial Statements for the Year Ended 30th November 2000

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Trade debtors	5,000	-
Prepayments & accrued income	600	600
	<u>5,600</u>	<u>600</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Trade creditors	5,524	-
Directors current accounts	1,675	1,675
Other creditors	709	709
Accrued expenses	585	294
	<u>8,493</u>	<u>2,678</u>

The directors have signed undertakings not to seek repayment of their current accounts in any way that would adversely affect the liquidity of the Company and jeopardise payment to the other creditors.

7. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2000 £	1999 £
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2000 £	1999 £
2	Ordinary	£1	<u>2</u>	<u>2</u>

8. ULTIMATE PARENT COMPANY

The Company is a wholly owned subsidiary of Spruce Holdings Ltd.