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**Report of the Directors and
Financial Statements
for the Year Ended 30th November 2002
for
SOFT IMAGE SYSTEMS LIMITED**



SOFT IMAGE SYSTEMS LIMITED

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SOFT IMAGE SYSTEMS LIMITED

Company Information
for the Year Ended 30th November 2002

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 2002

The directors present their report with the financial statements of the company for the year ended 30th November 2002.

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 2002 did not hold any beneficial interest in the issued share capital of the company at 1st December 2001 or 30th November 2002.

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: 14-8-2003

SOFT IMAGE SYSTEMS LIMITED

Profit and Loss Account for the Year Ended 30th November 2002

		2002	2001
	Notes	£	£
TURNOVER		14,000	2,959
Administrative expenses		<u>7,114</u>	<u>2,311</u>
OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	6,886	648
Tax on profit on ordinary activities	3	<u>220</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		6,666	648
Deficit brought forward		<u>(240)</u>	<u>(888)</u>
RETAINED PROFIT/(DEFICIT) CARRIED FORWARD		<u><u>£6,426</u></u>	<u><u>£(240)</u></u>

The notes form part of these financial statements

SOFT IMAGE SYSTEMS LIMITED

Balance Sheet 30th November 2002

		2002		2001	
	Notes	£	£	£	£
FIXED ASSETS:					
Intangible assets	4		709		709
CURRENT ASSETS:					
Debtors	5	-		2,459	
Cash at bank		9,130		135	
		9,130		2,594	
CREDITORS: Amounts falling due within one year	6	3,411		3,541	
NET CURRENT ASSETS/(LIABILITIES):			5,719		(947)
TOTAL ASSETS LESS CURRENT LIABILITIES:			£6,428		£(238)
CAPITAL AND RESERVES:					
Called up share capital	7		2		2
Profit and loss account			6,426		(240)
SHAREHOLDERS' FUNDS:			£6,428		£(238)

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 30th November 2002.

The members have not required the company to obtain an audit of its financial statements for the year ended 30th November 2002 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 2002

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 June 2002).

ON BEHALF OF THE BOARD:



.....
David Faraday Reid - DIRECTOR

Approved by the Board on 14-3-2003

SOFT IMAGE SYSTEMS LIMITED

Notes to the Financial Statements for the Year Ended 30th November 2002

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 June 2002).

Turnover

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

2. OPERATING PROFIT

The operating profit is stated after charging:

	2002 £	2001 £
Directors' emoluments and other benefits etc	- ==	- ==

3. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2002 £	2001 £
Current tax:		
UK corporation tax	220 ==	- ==
Tax on profit on ordinary activities	220 ==	- ==

4. INTANGIBLE FIXED ASSETS

	Other intangible assets £
COST:	
At 1st December 2001 and 30th November 2002	709 ==
NET BOOK VALUE:	
At 30th November 2002	709 ==
At 30th November 2001	709 ==

SOFT IMAGE SYSTEMS LIMITED

Notes to the Financial Statements for the Year Ended 30th November 2002

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Trade debtors	-	2,459

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Trade creditors	717	-
Directors current accounts	1,675	1,675
Other creditors	-	709
Taxation	220	-
Accrued expenses	799	1,157
	<u>3,411</u>	<u>3,541</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:	2002 £	2001 £
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2002 £	2001 £
2	Ordinary	£1	<u>2</u>	<u>2</u>

8. ULTIMATE PARENT COMPANY

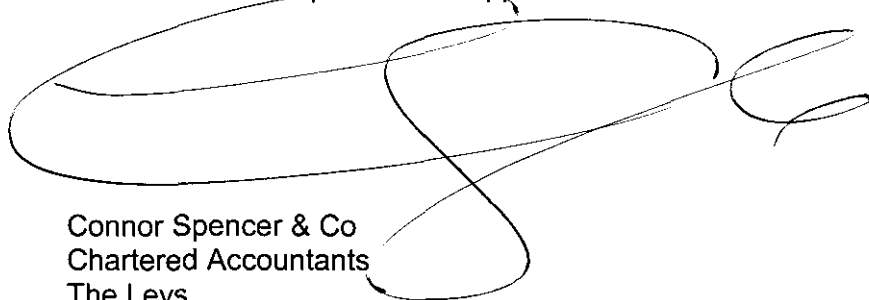
The Company is a wholly owned subsidiary of Spruce Holdings Ltd.

SOFT IMAGE SYSTEMS LIMITED

Report of the Accountants to the Directors of SOFT IMAGE SYSTEMS LIMITED

As described on the balance sheet you are responsible for the preparation of the financial statements for the year ended 30th November 2002 set out on pages three to seven and you consider that the company is exempt from an audit.

In accordance with your instructions, we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and ~~explanations~~ supplied to us.



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

Dated: 14/01/03

SOFT IMAGE SYSTEMS LIMITED

Profit and Loss Account for the Year Ended 30th November 2002

	2002		2001	
	£	£	£	£
Sales		14,000		2,959
Expenditure:				
Accountancy	435		335	
Professional fees	4,322		335	
Management services	2,339		1,559	
Miscellaneous	15		15	
		<u>7,111</u>		<u>2,244</u>
		6,889		715
Finance costs:				
Bank charges		3		67
NET PROFIT		<u>£6,886</u>		<u>£648</u>

