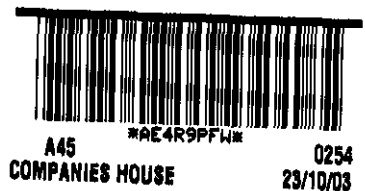


Registered no: 2579692

SoftBrands Europe Limited
(Formerly Fourth Shift Europe Limited)
Annual report
for the year ended 31 December 2001



SoftBrands Europe Limited
(formerly Fourth Shift Europe Limited)

Annual report
for the year ended 31 December 2001

	Pages
Directors and advisers	1
Directors' report	2-4
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8-19

SoftBrands Europe Limited
(formerly Fourth Shift Europe Limited)

Directors and advisers

Directors

B.J. Crowe
R.A. Fisher
P.J.C. Francis
M.J. Knight
D.G. Latzke
P.S. Rudenko

Secretary

P.J.C. Francis

Registered Office

Fourth Shift House
11 Worton House
Reading
Berkshire
RG2 0LX

Auditors

PricewaterhouseCoopers LLP
Harman House
1 George Street
Uxbridge
Middlesex
UB8 1QQ

SoftBrands Europe Limited **(formerly Fourth Shift Europe Limited)**

Directors' report for the year ended 31 December 2001

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

Principal activities

The principal activity of the company continues to be hardware and software distribution and support.

Fourth Shift Europe Limited changed its name to SoftBrands Europe Limited on 1 March 2002

With the purchase of the business and certain of the assets and liabilities of AremisSoft Hospitality (UK) Limited (now known as Meta Systems Hospitality (UK) Limited) and AremisSoft (UK) plc (now known as Meta Systems (Holdings) plc), as at 31 December 2001 the company expanded its activities to include distribution and support of hardware and software to the hospitality sector as well as its traditional manufacturing sector.

Review of business and future developments

On 31 December 2001, the Company purchased the business and certain of the assets and liabilities of AremisSoft Hospitality (UK) Limited (now known as Meta Systems Hospitality (UK) Limited) for a consideration of £15,000 and of AremisSoft (UK) plc (now known as Meta Systems (Holdings) plc) for a consideration of £1. Both the companies were UK subsidiaries of the ultimate parent company.

The directors expect that the present level of activity will be sustained and are currently working to improving the future results.

Results and dividends

The loss for the period is £748,624 (2000: £752,828). The directors do not recommend a payment of a dividend

Directors and their interests

The directors who held office during the period are given below:

P.J.C. Francis	
M.J. Knight	Appointed 11 June 2001
D.G. Latzke	Appointed 13 September 2001
S.P. Philpott	Resigned 8 January 2001
J.H. Wolfenden	Resigned 10 May 2001
M.M. Stuckey	Resigned 28 August 2001
J.H. Caldwell	Resigned 14 September 2001
J.M. Wood	Resigned 20 December 2001

The director has no interests in the shares of the Company and has no rights (granted or exercised) to subscribe for shares and debentures.

Since 31 December 2001, the following directors were appointed

B.J. Crowe	Appointed on 28 February 2002
P.S. Rudenko	Appointed on 21 February 2003
M.J. Preston	Appointed on 28 February 2002 and resigned 12 May 2003
R.A. Fisher	Appointed on 28 February 2002 and resigned 31 July 2003
D.J. Meek (Company Secretary)	Appointed on 28 February 2002 and resigned 3 September 2003

Research and development

£367,000 (2000: £360,000) was spent on the continued development of various core software products.

SoftBrands Europe Limited **(formerly Fourth Shift Europe Limited)**

Directors' report for the year ended 31 December 2001 (continued)

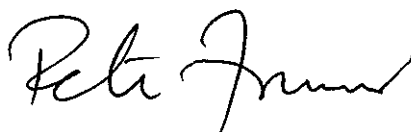
Significant post balance sheet event

In November 2002, the ultimate holding company, SoftBrands Inc, secured \$20 million of long term financing with Capital Resource Partners IV, L.P., a Delaware Limited Partnership. Security for this financing includes a fixed and floating charge on certain assets of SoftBrands Inc group of companies, including all the assets of SoftBrands Europe Limited. In addition the company guarantees payment and fulfillment of all obligations in regard to this financing.

Auditors

Arthur Andersens resigned as auditors and on 18 April 2002, and the board appointed PricewaterhouseCoopers as auditors. Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 28 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board



P.J.C. Francis
Director

22 October 2003

SoftBrands Europe Limited **(formerly Fourth Shift Europe Limited)**

Statement of directors' responsibilities

UK 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 year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make adjustments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group or 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 Group and 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 Group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of SoftBrands Europe Limited (formerly Fourth Shift Europe Limited)

We have audited the financial statements, which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company and group have 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 is not disclosed.

Basis of audit 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 at 31 December 2001 and of its loss for the year then ended have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
West London

22 October 2003

SoftBrands Europe Limited
(formerly Fourth Shift Europe Limited)

Profit and loss account
for the year ended 31 December 2001

	Note	2001 £'000	2000 £'000
Turnover	2	5,667	6,447
Cost of sales		(3,036)	(3,621)
Gross Profit		2,631	2,826
Administrative expenses		(3,402)	(3,618)
Operating loss	3	(771)	(792)
Interest receivable and similar income		35	46
Interest payable and similar income		(13)	(7)
Loss on ordinary activities before taxation		(749)	(753)
Taxation	6	-	-
Loss for the financial year	17	(749)	(753)

All business activities of the company arose from continuing operations.

The company has no recognised gains or losses other than those included in the loss above and therefore no separate statement of total recognised gains and loss has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the period stated above, and their historic cost equivalents.

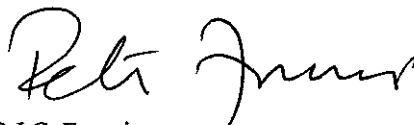
The notes on pages 6 to 19 form part of these financial statements.

SoftBrands Europe Limited
(formerly Fourth Shift Europe Limited)

Balance sheet as at 31 December 2001

	Note	2001 £'000	2000 £'000
Fixed assets			
Intangible assets	7	2,400	-
Tangible assets	8	675	506
Investment	9	400	-
		3,475	506
Current assets			
Stocks	10	149	-
Debtors	11	4,252	2,420
Cash at bank and in hand		1,563	670
		5,964	3,090
Creditors – Amounts falling due within one year	12	(10,156)	(3,894)
Net current liabilities		(4,192)	(804)
Total assets less current liabilities		(717)	(298)
Creditors- Amount falling due after more than one year	13	(10)	(25)
Provision for liabilities and charges	14	(345)	-
Net liabilities		(1,072)	(323)
Capital and reserves			
Called up share capital	15	100	100
Capital redemption reserve	16	25	25
Profit and loss account	16	(1,197)	(448)
Equity shareholders' funds	17	(1,072)	(323)

The financial statements on pages 5 to 18 were approved by the Board of Directors on *22 October* 2003 and were signed on its behalf by:


P.J.C. Francis
Director

The notes on pages 8 to 19 form part of these financial statements.

SoftBrands Europe Limited **(formerly Fourth Shift Europe Limited)**

Notes to the financial statements **for the year ended 31 December 2001**

1 Principal accounting policies

The following accounting policies set out below have been applied consistently through out the year in dealing with items which are considered material in relation to the company's financial statements.

Basis of accounting

The financial statements are prepared under the historic cost convention, in accordance with applicable accounting standards and accounting policies set out below, applied consistently.

Basis of preparation

The directors have received written confirmation from the ultimate parent company, SoftBrands Inc, that it intends to provide such financial support to the Company as is necessary for the foreseeable future and at least for the next 12 months from the approval of the financial statements, to enable it to continue in operation without any significant curtailment and to meet its liabilities as they fall due.

Accordingly they consider it appropriate for the financial statements to be prepared on a going concern basis.

On 31 December 2001, the Company acquired the business and certain assets and liabilities of AremisSoft Hospitality (UK) Limited, (now known as Meta Systems Hospitality (UK) Limited) and AremisSoft (UK) plc (now known as Meta Systems (Holdings) plc) for considerations of £15,000 and £1 respectively. The acquisition has been accounted for adopting acquisition accounting.

Basis of consolidation

The financial statements contain information about SoftBrands Europe Limited as an individual company and do not contain consolidated information as the parent of a group. The Company is exempt from the obligation to prepare and deliver group financial statements under Section 248 of the Companies Act 1985.

Intangible fixed assets

Intangible assets represent purchased goodwill arising on the acquisition of businesses (see note 7). Purchased goodwill is capitalised and amortised on a straight-line basis over its useful economic life of 5 years. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition, and in other periods if event or changes in circumstances indicate that the carrying value may not be recoverable.

Tangible fixed assets

Depreciation is provided so as to write off the cost of fixed assets to their estimated residual value over their expected useful lives. The principal annual depreciation rates and methods of calculation are as follows:

Leasehold Improvements	-over the lease term
Fixtures, fittings and equipment	-20-33% per annum on cost
Computer Equipment	-33-50% per annum on cost

SoftBrands Europe Limited **(formerly Fourth Shift Europe Limited)**

Notes to the financial statements **for the year ended 31 December 2001 (continued)**

1 Principal accounting policies (continued)

Investments

In the company's financial statements, investments in subsidiary undertakings are stated at cost less provision for impairment value, if any.

Stocks

Stocks comprise principally goods held for resale and engineering spares. Goods for resale are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis, and includes all direct costs incurred and attributable production overheads. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal. Engineering spares are valued at cost and are depreciated over a three-year period.

Deferred taxation

Provision is made for deferred tax using the liability method to the extent that it is probable that an asset or liability will crystallise.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account

Turnover

The company recognises revenue from the sale of software and hardware systems at the time of installation of the system, provided no significant obligations remain and collection of the resulting receivable is deemed probable. Revenue from add-on hardware sales is recognised when the hardware is shipped to the customer. Revenue related to service contracts is recognised rateably over the lives of the contracts. Consulting and specialised software development revenue is recognised in accordance with the terms of the contract.

The directors have considered the appropriateness of the company's income recognition policy in light of the consensus within the UK software industry which, they believe, in the absence of any formal UK guidance, has moved towards the adoption of the American Institute of Certified Public Accountants Statement of Position (SOP) 97-2, "Software Revenue Recognition", and accordingly the financial statements have been prepared on this basis.

Operating leases

Rental payable under operating leases are charged against income on a straight-line basis over the lease term.

Leased and hire purchase assets

Assets acquired under finance leases and hire purchase agreements are capitalised and depreciated over the period of the lease. The deemed capital element of future payments is included under creditors. Interest calculated on the straight-line basis is included in interest payable.

SoftBrands Europe Limited (formerly Fourth Shift Europe Limited)

Notes to the financial statements for the year ended 31 December 2001 (continued)

1 Principal accounting policies (continued)

Development expenditure

Expenditure on the development of computer software is written off as it is incurred.

Pension costs

The company contributes to employees' personal pension schemes at a rate of 3% of salary for the qualifying members, rising to 5% based on services and level within the company.

Cash flow statement and related party disclosures

The company is a wholly-owned subsidiary of a group headed by SoftBrands Inc, a company registered in United States of America and is included in the consolidated financial statements of SoftBrands Inc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms FRS1 (revised 1996).

Related party transactions

The company has taken advantage of the exemption under section 3(c) from the provisions of FRS 8, "Related Party Disclosures", which requires the disclosure of the details of material transactions between the reporting entity and any related parties, on the grounds that it is a wholly owned subsidiary of a group headed by SoftBrands Inc, a company registered in United States of America.

2 Turnover

Turnover comprises the value of sales (excluding VAT and similar taxes and trade discounts) of goods and services provided in the normal course of business. An analysis of turnover by geographical market and turnover and profit by activity has been omitted on the grounds that such information would be prejudicial to the company's market position.

3 Operating loss

	2001 £'000	2000 £'000
Operating loss is stated after charging:		
Depreciation of tangible fixed assets:		
- owned assets	154	167
- assets held under finance lease and hire purchase contracts	47	61
Operating lease charges:		
- plant and machinery	94	143
- others	661	253
Research and development expenditure	367	360
Bad debts written off	128	86
Reorganisation charges- severance pay	107	-
Auditors remuneration		
-audit fees	30	20
-other	10	8

SoftBrands Europe Limited (formerly Fourth Shift Europe Limited)

Notes to the financial statements for the year ended 31 December 2001 (continued)

4 Employee costs and numbers information

The average monthly number of employees (including executive directors) during the period was made up as follows:

	2001 Number	2000 Number
By activity		
Consultancy	19	26
Support	10	11
Sales and marketing	13	18
Development	2	4
Administration	13	11
Total	57	70

The costs associated with these employees were as follows:

	2001 £'000	2000 £'000
Wages and salaries	2,583	2,758
Social security costs	295	322
Pension costs	58	56
Total staff costs	2,936	3,136

5 Directors' remuneration, interest and transactions

Remuneration

The remuneration of the directors was as follows:

	2001 £'000	2000 £'000
Directors emoluments	266	285
Company contribution to money purchase pension schemes	8	12
	274	297

	2001 £'000	2000 £'000
Highest paid director:		
Directors emoluments	97	123
Company contribution to money purchase pension schemes	3	6
	100	129

The number of directors who were members of the pension schemes to which the company paid contributions was 4 (2000: 3).

During the year, 2 directors (2000:nil) exercised options over share of SoftBrands Inc.

SoftBrands Europe Limited (formerly Fourth Shift Europe Limited)

Notes to the financial statements for the year ended 31 December 2001 (continued)

6 Taxation on the profit for the year

There is no UK corporation tax charge (2000: nil) in the current year due to tax losses arising in the current period.

The potential deferred tax asset of £1,418,181, not recognised in these financial statements, is made up of:

	2001 £'000	2000 £'000
Capital allowances	106	154
Other timing differences	1,312	-
	1,418	154

7 Intangible assets

	Goodwill £'000
Cost	
As at 1 January 2001	-
Additions	2,400
At 31 December 2001	2,400
Amortisation	
At 1 January and 31 December 2001	-
Net book value	
At 1 January and 31 December 2001	2,400

On 31 December 2001, the company acquired certain assets and liabilities of AremisSoft Hospitality (UK) Limited, (now known as Meta Systems Hospitality (UK) Limited) and AremisSoft (UK) plc (now known as Meta Systems (Holdings) plc), which were previously UK subsidiaries of the ultimate parent company. The acquisitions resulted in a purchased goodwill of £2,402,000. Purchased goodwill is capitalised and amortised on a straight-line basis over its estimated useful life of 5 years. The analysis of the fair values of the assets and liabilities of the companies acquired is as follow:

AremisSoft (UK) plc (now known as Meta Systems (Holdings) plc)

	£'000
Fixed assets	289
Inventory	25
Debtors	2,365
Cash	597
Creditors	(5,410)
Net liabilities acquired	(2,134)
Goodwill	2,134
Cash consideration of £1	-

SoftBrands Europe Limited **(formerly Fourth Shift Europe Limited)**

Notes to the financial statements **for the year ended 31 December 2001 (continued)**

7 Intangible assets (continued)

AremisSoft Hospitality (UK) Limited, (now known as Meta Systems Hospitality (UK) Limited)

	£'000
Fixed assets	27
Inventory	123
Debtors	154
Cash	29
Creditors	(584)
Net liabilities acquired	(251)
Goodwill	266
Cash consideration of £15,000	15

Results prior to acquisition

AremisSoft (UK) plc (now known as Meta Systems (Holdings) plc)

In the year ended 31 December 2001, turnover was £7,506,000 and loss after tax was £2,266,000. There were no minority interests.

The summarised profit and loss account from 1 January 2001 to 31 December 2001 is shown based on the accounting policies of Meta Systems (Holdings) plc prior to the acquisition:

	£'000
Turnover	7,506
Cost of sales	(4,464)
Gross profit	3,042
Administrative expenses	(5,312)
Operating loss before and after taxation	(2,270)

AremisSoft Hospitality (UK) Limited, (now known as Meta Systems Hospitality (UK) Limited)

The summarised profit and loss account for the 18 months ended 31 December 2001 is shown based on the accounting policies of Meta Systems Hospitality (UK) Limited prior to the acquisition:

	£'000
Turnover	836
Cost of sales	(603)
Gross profit	233
Administrative expenses	(448)
Operating loss before and after taxation	(215)

SoftBrands Europe Limited
(formerly Fourth Shift Europe Limited)

Notes to the financial statements
for the year ended 31 December 2001 (continued)

8 Tangible assets

	Leasehold Improvements	Fixtures, fittings and equipment	Computer Equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2001	570	294	1,076	1,940
Arising on acquisition (see note 7)	-	234	830	1,064
Additions	-	-	54	54
Disposals	-	-	(839)	(839)
At 31 December 2001	570	528	1,121	2,219
Depreciation				
At 1 January 2001	297	167	970	1,434
Arising on acquisition (see note 7)	-	183	565	748
Charge for the period	74	34	93	201
Disposals	-	-	(839)	(839)
At 31 December 2001	371	384	789	1,544
Net book amount				
At 31 December 2001	199	144	332	675
At 31 December 2000	273	126	107	506

The net book value of fixed assets includes an amount of £36,208 (2000: £63,744) in respect of assets held under finance lease and hire purchase contracts.

9 Investments in subsidiary company

	2001 £'000
Cost of investment in subsidiary undertakings:	
At 1 January 2001	-
Additions	400
At 31 December 2001	400
Provisions:	
At 1 January 2001 and at 31 December 2001	-
Net book value	
At 31 December 2001	400
At 31 December 2000	-

SoftBrands Europe Limited (formerly Fourth Shift Europe Limited)

Notes to the financial statements for the year ended 31 December 2001 (continued)

9 Investments in subsidiary company (continued)

In August 2001, the company completed the incorporation of Fourth Shift Middle East & North Africa LLC, a company incorporated in Egypt. For a total consideration of £400,000 the company acquired 99% of the capital. The company's principal subsidiary undertaking is as follows:

	Country of incorporation	Principal activity	Class/% of shares held	Capital and reserves as at 31 December 2001 £'000	(Loss) as at 31 December 2001 £'000
Fourth Shift Middle East & North Africa LLC	Egypt	Software distribution and sales.	Ordinary 99%	(254)	(105)

10 Stocks

	2001 £'000	2000 £'000
Goods for resale	93	-
Engineering parts	56	-
	149	-

11 Debtors

	2001 £'000	2000 £'000
Amounts falling due within one year:		
Trade debtors	3,640	2,183
Amounts owed by group undertakings	157	-
Other debtors	-	93
Prepayments and accrued income	455	144
	4,252	2,420

SoftBrands Europe Limited
(formerly Fourth Shift Europe Limited)

Notes to the financial statements

for the year ended 31 December 2001 (continued)

12 Creditor- Amounts falling due within one year

	2001 £'000	2000 £'000
Trade creditors	833	241
Amounts owed to parent undertaking	1,998	1,765
Other taxes and social security	602	149
Accruals	1,158	127
Deferred income	5,529	1,580
Obligations under finance leases	36	32
	10,156	3,894

13 Creditor- Amounts falling due after more than one year

	2001 £'000	2000 £'000
Obligations under finance leases	10	25

The obligations under finance leases are all due within 2 to 5 years

14 Provision for liabilities and charges

	£'000
At 1 January 2001	-
Provision for onerous lease	345
Utilised during the year	-
At 31 December 2001	345

The above relates to the provision for rental and rates for the part of the building that is expected to remain vacant. The provision is expected to be utilised over remaining rental lease of 4.5 years.

SoftBrands Europe Limited
(formerly Fourth Shift Europe Limited)

Notes to the financial statements
for the year ended 31 December 2001 (continued)

15 Called up share capital

	2001 £'000	2000 £'000
Authorised		
75,000 'A' ordinary shares of £1 each	75	75
25,000 'B' ordinary shares of £1 each	25	25
25,000 'C' ordinary shares of £1 each	25	25
14,000 'D' ordinary shares of £1 each	14	14
	139	139
Allotted, called-up and fully-paid		
75,000 'A' ordinary shares of £1 each	75	75
25,000 'B' ordinary shares of £1 each	25	25
	100	100

All shares rank pari passu in all respects as if they constituted one class of share other than in respect of the distribution of intangible assets. On a return of capital on liquidation or otherwise, any intangible assets owned by the company remaining after payment of liabilities are distributed in specie to the holders of the A shares. All other remaining assets are distributed pari passu.

16 Reserves

Of total reserves shown in the company's balance sheet, the following amounts are regarded as distributable or otherwise:

	2001 £'000	2000 £'000
Distributable		
- profit and loss account	(1,197)	(448)
Non-distributable		
- capital redemption reserve	25	25
Total reserves	(1,172)	(423)

	Capital Redemption Reserve £'000	Profit and loss account £'000	Total £'000
As at 1 January 2001	25	(448)	(423)
Loss for the year	-	(749)	(749)
As at 31 December 2001	25	(1,197)	(1,172)

SoftBrands Europe Limited
(formerly Fourth Shift Europe Limited)

Notes to the financial statements
for the year ended 31 December 2001 (continued)

17 Reconciliation of movements in shareholders' deficit

	2001 £'000	2000 £'000
Loss for the period	(749)	(753)
Opening shareholders' funds	(323)	430
Closing shareholders' funds	(1,072)	(323)

18 Guarantees and other financial commitments

a) Lease commitments

The minimum annual rentals under the foregoing leases are as follows:

	Land and building £'000	Motor vehicles £'000	Others £'000
2001			
Operating leases which expire			
- within 1 year	9	64	-
- in 2-5 years	569	136	27
	578	200	27
2000			
Operating leases which expire			
- within 1 year	-	30	-
- in 2-5 years	238	48	-
	238	78	-

b) Guarantees

In late November 2002 the ultimate holding company, SoftBrands Inc, secured \$20 million of long term financing. Security for this financing includes a fixed and floating charge on all the assets of SoftBrands Europe Limited. In addition the company guarantees payment and fulfillment of all obligations in regard to this financing.

19 Pension commitments

The company operate defined contribution schemes. During the year £58,000 (2000; £57,000) was charged to the profit and loss accounts and contributions of £20,000 (2000:nil) were outstanding at the balance sheet date.

SoftBrands Europe Limited
(formerly Fourth Shift Europe Limited)

Notes to the financial statements
for the year ended 31 December 2001 (continued)

20 Ultimate parent undertaking and controlling party

The immediate parent undertaking is SoftBrands International Inc, incorporated in the United States of America. The ultimate parent undertaking and the largest group for which consolidated financial statements are available is SoftBrands Inc, incorporated in the United States of America. Copies of the group financial statements of SoftBrands Inc are available from its registered office at Two Meridian Crossings, Minneapolis, USA, MN 55423-3962.

The ultimate controlling party is SoftBrands Inc.