

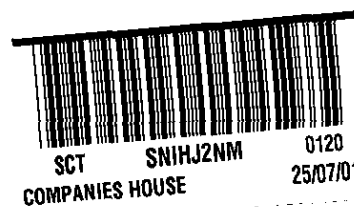
ORIGO SERVICES LIMITED

REGISTERED NUMBER 115061

**MOYEN HOUSE
HERIOT-WATT RESEARCH PARK
EDINBURGH, EH14 4AP**

**ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2000**

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ORIGO SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2000

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ORIGO SERVICES LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2000**

CURRENT DIRECTORS AND OFFICERS

DIRECTORS

I.D. Duffin	(Chairman)
A.W. Neilson	(Managing Director)
A.R. Borthwick	
B.M.H. Bussell	
D.R. Carrie	
S.E. Doherty	
J.S. Edwards	
P.D. Pettitt	
M.A. Smith	
O. Thoresen	

SECRETARY

D.W. Company Services Ltd

REGISTERED OFFICE

c/o Dundas & Wilson C.S.
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EN

BANKERS

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

AUDITORS

KPMG
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

ORIGO SERVICES LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2000**

SHAREHOLDERS

Axa Sun Life
Clerical Medical
CGU Life
Eagle Star
Friends Provident
Guardian Financial Services
Legal & General
National Mutual Life
N P I
Norwich Union
Permanent
Prudential
Royal & SunAlliance
Scottish Amicable
Scottish Equitable
Scottish Life
Scottish Mutual
Scottish Provident
Scottish Widows
Skandia Life
Standard Life
Zurich Life

ORIGO SERVICES LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2000

The Directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31st December 2000.

Statement of 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 and of the profit or loss for that year. In preparing those financial statements, the Directors are required to:

- select suitable 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 departure 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 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors confirm that they have fulfilled these responsibilities.

Last year the Directors instituted a review of risk management policy within the company based upon the guidance of the Turnbull Report. This now forms the basis of a policy of continuous review of controls and procedures within the company.

Results and dividends

The result before taxation for the year was £ 0 (1999: £616,153 loss). A refund of taxation paid in respect of 1998 results led to an after tax profit of £4,541, which has been transferred to reserves.

The Directors recommend that no dividend be declared or paid for the year.

Extraordinary General Meetings

The Company held the following Extraordinary meetings:

Date	Resolution
6 th December, 2000	1. That the Company's Business Plan and Budget for the year ended 31 December 2001, entitled "2001 Business Plan and Budget" be approved.

The members agreed the resolution put before the meeting.

Review of business

The Company's principal activities during the year centred around encouraging the use of technology providers and improving electronic communication between intermediaries and insurance companies.

Turnover for the year was £233,977 (1999: £223,485)

ORIGO SERVICES LIMITED**DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 31ST DECEMBER 2000****Directors and their interests**

The Directors serving during the year were as follows:

I.D. Duffin	(Chairman, Co-opted 29/03)
A.W. Neilson	(Managing Director)
A.R. Barnes	(Resigned 29/03)
A.R. Borthwick	
B.M.H. Bussell	
D.R. Carrie	
S.E. Doherty	
J.S. Edwards	
P.B. Harris	(Resigned 29/03)
N.B. Hopwood	(Resigned 06/10)
P.D. Pettitt	
M.A. Smith	(Co-opted 29/03)
G.M. Stewart	(Resigned 23/11)
R.B. Suttie	(Resigned 26/07)
O. Thoresen	

No Director had any interest in the share capital of the Company.

Fixed Assets

The movement in fixed assets during the year are summarised in the notes to the financial statements.

Investment in subsidiary companies

Origo Systems Limited ceased trading on 18th October 1998.

Origo Secure Internet Services Limited was incorporated on 10th November 1999.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the Company is proposed at the forthcoming Annual General Meeting.

By order of the Board

D.I. C...

Director,

D.W. Company Services Ltd
Secretary

Date: 24 July 2001

**AUDITORS' REPORT TO THE MEMBERS OF
ORIGO SERVICES LIMITED**

We have audited the financial statements on pages 7 to 15.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has 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 with the company 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 as at 31 December 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG

Chartered Accountants
Registered Auditors
Saltire Court
20 Castle Terrace
Edinburgh, EH1 2EG

Date:

23 July 2001

ORIGO SERVICES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2000

	Note	2000 £	1999 £
Turnover	2	233,977	223,485
Cost of sales		0	(1,325)
Gross profit		233,977	222,160
Administrative expenses		(2,604,419)	(3,624,530)
		(2,370,442)	(3,402,370)
Other operating income	3	2,176,044	2,574,172
Operating loss	4	(194,398)	(828,198)
Other interest receivable	5	194,524	212,117
Interest payable	6	(126)	(72)
		194,398	212,045
Profit/(Loss) on ordinary activities before taxation		0	(616,153)
Taxation	8	4,541	0
Retained profit/(loss) carried forward		4,541	(616,153)

Other than the result for the year there have been no other recognised gains or losses.

Notes to the financial statements are detailed on pages 10 to 15

ORIGO SERVICES LIMITED
**BALANCE SHEET
AS AT 31ST DECEMBER 2000**

	Note	£	2000 £	1999 £
Fixed assets				
Tangible assets	10		82,543	54,374
Investments	11	2,301,002		2,300,002
Less: loan note funding	11	(2,300,000)		(2,300,000)
			1,002	2
			83,545	54,376
Current assets				
Debtors	12	898,761		217,085
Cash at bank		3,046,024		3,799,631
		3,944,785		4,016,716
Creditors				
Amounts falling due within one year	13	(669,309)		(727,046)
Net current assets			3,275,476	3,289,670
Net assets			3,359,021	3,344,046
Capital and reserves				
Called up share capital	15		130,434	120,000
Profit and loss account	16		3,228,587	3,224,046
Equity shareholders' funds			3,359,021	3,344,046

Approved by the Board and signed on its behalf by:

Paulo Pethitt
Director

Alexander M. Johnson
Director

Date: 12th July 2001

Notes to the financial statements are detailed on pages 10 to 15

ORIGO SERVICES LIMITED

**RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING
ACTIVITIES
FOR THE YEAR ENDED 31ST DECEMBER 2000**

	2000	1999
	£	£
Operating loss - before exceptional profits	(194,398)	(828,198)
Taxation	4,541	0
Depreciation	51,209	17,543
Profit on sale of fixed assets	196	(11)
(Increase)/decrease in debtors	(681,676)	(33,645)
Decrease in creditors	(57,737)	(21,264)
Net cash (outflow)/inflow from operating activities	<u>(877,865)</u>	<u>(865,575)</u>

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2000**

	2000	1999
	£	£
Net cash (outflow)/inflow from operating activities	(877,865)	(865,575)
Returns on investments and servicing of finance		
Interest received	194,524	212,116
Interest paid	<u>(126)</u>	<u>(72)</u>
	194,398	212,044
Capital expenditure and financial investments		
Sale of shares	10,434	0
Investments	(1000)	0
Purchase of fixed assets	(79,378)	(24,490)
Sale of fixed assets	<u>(196)</u>	<u>256</u>
	(70,140)	(24,234)
(Decrease)/increase in cash	<u>(753,607)</u>	<u>(677,765)</u>

**RECONCILIATION OF NET CASH FLOW TO NET DEBT
FOR THE YEAR ENDED 31ST DECEMBER 2000**

	2000	1999
	£	£
(Decrease)/increase in cash	(753,607)	(677,765)
Cash at bank at beginning of period	3,799,631	4,477,396
Cash at bank at end of period	<u>3,046,024</u>	<u>3,799,631</u>

Notes to the financial statements are detailed on pages 10 to 15



ORIGO

ORIGO SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2000

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are material in relation to the Company's financial statements.

Accounting convention

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

Going concern

Under the terms of the shareholders' agreement, the shareholders have agreed to the necessary funding for the Company's continuing operations, and therefore the accounts have been prepared on a going concern basis.

Investments are valued at the lower of cost or Directors valuation.

Depreciation is provided at rates calculated to write-off the cost of each asset over its expected life on a straight-line basis as follows:

Fittings and equipment	20%
Computer server equipment	33.3%
Computer equipment	50%
Copyright	100%
Intellectual Property Rights	100%

Deferred taxation

Deferred taxation is provided on the liability method on all short and long term timing differences except those which are not expected to reverse in the future.

Sponsorship income

Sponsorship income received from shareholders is accounted for by reference to the period to which it relates. In cases where amounts have been requested and have not been paid at the period end, these sums are included in debtors. Where amounts have been received in respect of subsequent periods, they are included in creditors.

Operating leases

Rentals paid under operating leases are charged against profit on a straight line basis over the term of the lease.

Pension

As the Company does not offer a pension scheme, the Company contributes towards employee personal pension schemes on a monthly basis.

2 TURNOVER AND PROFITS

Turnover represents the amounts derived from the provision of goods and services which fall within the Company's ordinary activities, and is stated net of Value Added Tax.

The turnover and profit figure is entirely attributable to the principal activity and has been wholly generated within the United Kingdom.

3 OTHER OPERATING INCOME

	2000	1999
	£	£
Sponsorship receivable	2,176,044	2,574,172



ORIGO

ORIGO SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2000**

4 OPERATING LOSS

This is stated after charging:

	2000 £	1999 £
Depreciation – owned fixed assets	51,209	17,543
Auditors remuneration - audit fee	12,500	12,000
- non-audit fees	338,440	835,939
Operating lease rentals – plant and machinery	23,877	27,263
Other leases – land and buildings	111,360	111,360
Development & Deployment Fees	0	791,935

Audit fee includes a charge of £500 for Origo Systems Limited.

5 OTHER INTEREST RECEIVABLE

	2000 £	1999 £
Bank interest	194,439	212,116
Other interest	85	0
	<u>194,524</u>	<u>212,116</u>

6 INTEREST PAYABLE

	2000 £	1999 £
Bank interest	126	72
	<u>126</u>	<u>72</u>

7 STAFF COSTS AND NUMBERS

	2000 £	1999 £
Wages and salaries	491,910	476,466
Social security costs	63,187	51,859
Other pension costs	92,930	85,638
	<u>648,027</u>	<u>613,963</u>

The average number of employees during the year was as follows:

	2000 £	1999 £
Management and administration	7	7
Systems development and support	6	4
	<u>13</u>	<u>11</u>



ORIGO

ORIGO SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2000

Directors' emoluments and pension scheme contributions were as follows:

	2000	1999
	£	£
Directors' emoluments paid by the Company	234,088	217,066
Pension scheme contributions	67,645	59,181

8 TAXATION

	2000	1999
	£	£
Corporation tax (charge)/refund for the year	4,541	0

9 INTANGIBLE ASSETS

As part of the sale of The Exchange, the right, title and interest, which The Exchange owned in the Standards Intellectual Property Rights, was acquired in 1998. The cost of £100,000 has been fully written down to a net book value of nil.

10 TANGIBLE ASSETS

	Fittings/ Equipment	Computer Equipment	Total
	£	£	£
Cost			
As at 31 st December 1999	90,732	179,932	270,664
Additions	5,603	73,775	79,378
Disposals	(9,599)	(53,599)	(63,198)
As at 31st December 2000	86,736	200,108	286,844
Depreciation			
As at 31 st December 1999	82,247	134,043	216,290
Additions	6,218	44,991	51,209
Disposals	(9,599)	(53,599)	(63,198)
As at 31st December 2000	78,866	125,435	204,301
Net Book Value			
As at 31 st December 2000	7,870	74,673	82,543
As at 31 st December 1999	8,485	45,889	54,374

ORIGO SERVICES LIMITED
**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2000**
11 INVESTMENTS: Shares in subsidiary undertakings

	Origo Systems Ltd	Origo Secure Internet Services Ltd
	£	£
Cost		
As at 31 st December 1999	2,300,002	0
Additions	0	1,000
As at 31 st December 2000	<u>2,300,002</u>	<u>1,000</u>
Loan note funding		
As at 31 st December 1999 and 2000	<u>2,300,000</u>	<u>0</u>
Net Book Value		
As at 31 st December 2000	<u>2</u>	<u>1,000</u>
As at 31 st December 1999	<u>2</u>	<u>0</u>

Subsidiary undertakings

Subsidiary undertaking	Principal activity	Country of Registration	Ordinary Shares
Origo Systems Limited	Development of the Common Trading Platform	Scotland	100%
Origo Secure Internet Services Limited	Development of a secure internet trading service	Scotland	100%

At 31st December 2000 the aggregate capital and reserves of Origo Systems Limited amounted to (£98,241). The result for the year of Origo Systems Limited was £Nil.

The aggregate capital and reserves of Origo Secure Internet Services Limited amounted to (£1,021,838). The result for the previous 14 month trading period was (£1,022,838). The Group will continue to provide such funds as are necessary for the company to continue trading in 2001.

12 DEBTORS

	2000 £	1999 £
Trade debtors	31,194	12,338
Amount owed by subsidiary undertakings	789,917	99,239
Other debtors	44,690	41,792
Prepayments and accrued income	32,960	63,716
	<u>898,761</u>	<u>217,085</u>

ORIGO SERVICES LIMITED
**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2000**
13 CREDITORS

	2000 £	1999 £
Trade creditors	179,918	291,354
Other creditors (inc. social security)	48,051	37,584
Accruals and deferred income	132,320	213,046
Sponsorship in advance	309,020	185,062
	<u>669,309</u>	<u>727,046</u>

14 DEFERRED TAXATION

No provision for deferred taxation is required since the amounts provided for depreciation are in advance of capital allowances.

15 SHARE CAPITAL

	2000 £	1999 £
Authorised Share Capital		
199,900 Ordinary Shares of £1 each	199,900	199,900
100 Associated Shares of £1 each	100	100
	<u>200,000</u>	<u>200,000</u>
Allotted called up and fully paid:		
Ordinary Shares of £1 each	<u>130,434</u>	<u>120,000</u>

At the Annual General Meeting held on 31st May 2000, the Directors of the Company were generally and unconditionally authorised, with effect from that day, to exercise all the powers of the Company to allot relevant securities up to an aggregate nominal amount of eighty thousand pounds, provided that this authority should expire on 30th May 2005. During 2000 the Directors of the Company allotted shares to Skandia Life Assurance Company Limited and Permanent Insurance Company Limited.

16 RECONCILIATION IN MOVEMENTS OF SHAREHOLDERS' FUNDS

	2000 £	1999 £
(Loss)/Profit for the financial year	4,541	(616,153)
Opening shareholders' funds	3,344,046	3,960,199
Equity Issued and Paid	10,434	0
Closing Shareholders' funds	<u>3,359,021</u>	<u>3,344,046</u>

ORIGO SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2000**

17 OTHER FINANCIAL COMMITMENTS

The Company had annual commitments under non-cancellable leases as set out below:

	2000	1999
	£	£
Operating leases of plant & machinery which expire:		
Within one year	12,524	3,008
In two to five years	401	20,309
	<u>12,925</u>	<u>23,317</u>
Leases of land & buildings which expire:		
Over five years	<u>111,360</u>	<u>111,360</u>

**THE
ORIGO GROUP
OF COMPANIES**

**ANNUAL REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS OF
ORIGO SERVICES LIMITED
FOR THE YEAR ENDED 31ST DECEMBER 2000**

REGISTERED NUMBER 115061

**MOYEN HOUSE
HERIOT-WATT RESEARCH PARK
EDINBURGH, EH14 4AP**

THE ORIGO GROUP OF COMPANIES
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2000

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THE ORIGO GROUP OF COMPANIES
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2000

CURRENT DIRECTORS AND OFFICERS

DIRECTORS

I.D. Duffin	(Chairman)
A.W. Neilson	(Managing Director)
A.R. Borthwick	
B.M.H. Bussell	
D.R. Carrie	
S.E. Doherty	
J.S. Edwards	
P.D. Pettitt	
M.A. Smith	
O. Thoresen	

SECRETARY

D.W. Company Services Ltd

REGISTERED OFFICE

c/o Dundas & Wilson C.S.
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EN

BANKERS

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

AUDITORS

KPMG
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

THE ORIGO GROUP OF COMPANIES

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2000

SHAREHOLDERS

Axa Sun Life
Clerical Medical
CGU Life
Eagle Star
Friends Provident
Guardian Financial Services
Legal & General
National Mutual Life
N P I
Norwich Union
Permanent
Prudential
Royal & SunAlliance
Scottish Amicable
Scottish Equitable
Scottish Life
Scottish Mutual
Scottish Provident
Scottish Widows
Skandia Life
Standard Life
Zurich Life

THE ORIGO GROUP OF COMPANIES
DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2000

The Directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31st December 2000. This report consolidates the financial statements of Origo Services Limited, Origo Secure Internet Services Limited and Origo Systems Limited.

Statement of 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 and of the Group and of the profit or loss for that year. In preparing those financial statements, the Directors are required to:

- select suitable 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 departure 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 and the Group 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

The Directors confirm that they have fulfilled these responsibilities.

This year the Directors have instituted a review of risk management policy within the Company and the Group based upon the guidance of the Turnbull Report. This will form the basis of a policy of continuous review of controls and procedures within the company.

Results and dividends

Losses for the year before taxation were £1,022,838 (Loss 1999: £616,153). This resulted from work done by Origo Secure Internet Services to develop a secure internet trading environment. It is expected that this service will be launched in 2001.

The Directors recommend that no dividend be declared or paid for the year.

Extraordinary General Meeting

The Company held the following Extraordinary meeting:

Date	Resolution
6 th December, 2000	1. That the Company's Business Plan and Budget for the year ended 31 December 2001, entitled "2001 Business Plan and Budget" be approved.

The members agreed the resolution put before the meeting.

Funding

The Group has a bank overdraft facility of up to £0.5 million. This facility was not used during 2000.

THE ORIGO GROUP OF COMPANIES

**DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 31ST DECEMBER 2000**

Review of business

The Company's principal activities during the year centred around encouraging the use of technology providers and improving electronic communication between intermediaries and insurance companies.

Turnover for the year was £233,977 (1999: £223,485)

Directors and their interests

The Directors serving during the year were as follows:

I.D. Duffin	(Chairman, Co-opted 29/03)
A.W. Neilson	(Managing Director)
A.R. Barnes	(Resigned 29/03)
A.R. Borthwick	
B.M.H. Bussell	
D.R. Carrie	
S.E. Doherty	
J.S. Edwards	
P.B. Harris	(Resigned 29/03)
N.B. Hopwood	(Resigned 06/10)
P.D. Pettitt	
M.A. Smith	(Co-opted 29/03)
G.M. Stewart	(Resigned 23/11)
R.B. Suttie	(Resigned 26/07)
O. Thoresen	

No Director had any interest in the share capital of the Company.


Fixed Assets

The movement in fixed assets during the year are summarised in the notes to the financial statements.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the Company is proposed at the forthcoming Annual General Meeting.

By order of the Board



D. W. Company

D.W. Company Services Ltd
Secretary

Date: 24 July 2001

AUDITORS' REPORT TO THE MEMBERS OF ORIGO SERVICES LIMITED

We have audited the financial statements on pages 7 to 16.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has 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 with the group 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 group'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 affairs of the company and the group as at 31 December 2000 and of their results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG
Chartered Accountants
Registered Auditors
Saltire Court
20 Castle Terrace
Edinburgh, EH1 2EG

Date: 23 July 2001



ORIGO

THE ORIGO GROUP OF COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2000

	Note	2000 £	1999 £
Turnover - Continuing operations	2	233,977	223,485
Cost of sales		0	(1,325)
Gross profit		233,977	222,160
Administrative expenses		(3,627,257)	(3,624,530)
		(3,393,280)	(3,402,370)
Other operating income	3	2,176,044	2,574,172
Operating loss	4	(1,217,236)	(828,198)
Other interest receivable	5	194,524	212,116
Interest payable	6	(126)	(72)
		194,398	212,045
(Loss) on ordinary activities before taxation		(1,022,838)	(616,153)
Taxation	8	4,541	0
(Loss) on ordinary activities after taxation		(1,018,297)	(616,153)
(Loss) for the financial year		(1,018,297)	(616,153)
Retained profit brought forward		825,803	1,441,956
Retained (loss) / profit carried forward		(192,494)	825,803

Other than the result for the year there have been no other recognised gains or losses.
The results for the year relate wholly to continuing operations.

Notes to the financial statements are detailed on pages 11 to 16

THE ORIGO GROUP OF COMPANIES
**CONSOLIDATED BALANCE SHEET
AS AT 31ST DECEMBER 2000**

	Note	£	2000 £	1999 £
Fixed assets				
Tangible assets	10		82,543	54,374
Current assets				
Debtors: amounts falling due within one year	12	108,844		117,846
		108,844		117,846
Cash at bank		3,048,022		3,800,629
		3,156,866		3,918,475
Creditors				
Amounts falling due within one year	13	(1,001,469)		(727,046)
Net current assets			2,155,397	3,191,429
Total assets less current liabilities			2,237,940	3,245,803
Creditors				
Amounts falling due after more than one year	14		(2,300,000)	(2,300,000)
Net assets			(62,060)	945,803
Capital and reserves				
Called up share capital	16		130,434	120,000
Profit and loss account	17		(192,494)	825,803
Equity shareholders' funds			(62,060)	945,803

Approved by the Board and signed on its behalf by:

Pamela Pettit
Director

Alexander W. Wilson
Director

Date: 12th July 2001

Notes to the financial statements are detailed on pages 11 to 16



ORIGO

ORIGO SERVICES LIMITED

BALANCE SHEET
AS AT 31ST DECEMBER 2000

	Note	£	2000 £	1999 £
Fixed assets				
Tangible assets	10		82,543	54,374
Investments	11	2,301,002		2,300,002
Less: loan note funding	11	(2,300,000)		(2,300,000)
			1,002	2
			83,545	54,376
Current assets				
Debtors	12	898,761		217,085
Cash at bank		3,046,024		3,799,631
		3,944,785		4,016,716
Creditors				
Amounts falling due within one year	13	(669,309)		(727,046)
Net current assets			3,275,476	3,289,670
Net assets			3,359,021	3,344,046
Capital and reserves				
Called up share capital	16		130,434	120,000
Profit and loss account	17		3,228,587	3,224,046
Equity shareholders' funds			3,359,021	3,344,046

Approved by the Board and signed on its behalf by:

Director

Date: 12th July 2001

Director

Notes to the financial statements are detailed on pages 11 to 16

THE ORIGO GROUP OF COMPANIES
**RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING
ACTIVITIES
FOR THE YEAR ENDED 31ST DECEMBER 2000**

	2000	1999
£	£	£
Operating (loss) - before exceptional profits	(1,217,236)	(828,198)
Taxation	4,541	0
Depreciation	51,209	17,543
Profit/(loss) on sale of fixed assets	196	(11)
Decrease in debtors	9,002	8,175
Increase/(Decrease) in creditors	274,423	(22,264)
Net cash (outflow) from operating activities	<u>(877,865)</u>	<u>(824,755)</u>

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2000**

	2000	1999
£	£	£
Net cash (outflow) from operating activities	(877,865)	(824,755)
Returns on investments and servicing of finance		
Interest received	194,524	171,296
Interest paid	<u>(126)</u>	<u>(72)</u>
	194,398	171,224
Capital expenditure and financial investments		
Purchase of fixed assets	(79,378)	(24,490)
Sale of Shares	10,434	
Sale of fixed assets	<u>(196)</u>	<u>256</u>
	(69,140)	(24,234)
(Decrease) in cash	<u>(752,607)</u>	<u>(677,765)</u>

**RECONCILIATION OF NET CASH FLOW TO NET DEBT
FOR THE YEAR ENDED 31ST DECEMBER 2000**

	2000	1999
	£	£
(Decrease) in cash	(752,607)	(677,765)
Cash at bank at beginning of period	3,800,629	4,478,394
Cash at bank at end of period	<u>3,048,022</u>	<u>3,800,629</u>

Notes to the financial statements are detailed on pages 11 to 16

THE ORIGO GROUP OF COMPANIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2000**

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are material in relation to the Company's financial statements.

Accounting convention

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

Basis of consolidation

The consolidated accounts comprise the results of the Company and its subsidiary undertakings.

Going concern

Under the terms of the shareholders' agreement, the shareholders have agreed to the necessary funding for the Company's continuing operations, and therefore the accounts have been prepared on a going concern basis.

Investments

These are valued at the lower of cost or Directors valuation.

Depreciation

Depreciation is provided at rates calculated to write-off the cost of each asset over its expected life on a straight-line basis as follows:

Fittings and equipment	20%
Computer server equipment	33.3%
Computer equipment	50%
Copyright	100%
Intellectual Property Rights	100%

Deferred taxation

Deferred taxation is provided on the liability method on all short and long term timing differences except those which are not expected to reverse in the future.

Sponsorship income

Sponsorship income received from shareholders is accounted for by reference to the period to which it relates. In cases where amounts have been requested and have not been paid at the period end, these sums are included in debtors. Where amounts have been received in respect of subsequent periods, they are included in creditors.

Leases

Rentals paid under operating leases are charged against profit on a straight line basis over the term of the lease.

2 TURNOVER AND PROFITS

Turnover represents the amounts derived from the provision of goods and services which fall within the Company's ordinary activities, and is stated net of Value Added Tax.

The turnover and profit figure is entirely attributable to the principal activity and has been wholly generated within the United Kingdom.

THE ORIGO GROUP OF COMPANIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2000**
3 OTHER OPERATING INCOME

	2000	1999
	£	£
Sponsorship receivable	2,176,044	2,574,172

4 OPERATING LOSS

This is stated after charging:

	2000	1999
	£	£
Depreciation - owned fixed assets	51,209	17,543
Auditors remuneration - audit fee	13,000	12,000
- non-audit fees	1,008,973	835,939
Operating lease rentals - plant and machinery	23,877	27,263
Other leases - land and buildings	111,360	111,360
Research and development	0	791,935

5 OTHER INTEREST RECEIVABLE

	2000	1999
	£	£
Bank interest	194,439	212,116
Other interest	85	0
	194,524	212,116

6 INTEREST PAYABLE

	2000	1999
	£	£
Bank interest	126	72
	126	72

7 STAFF COSTS AND NUMBERS

	2000	1999
	£	£
Wages and salaries	491,910	476,466
Social security costs	63,187	51,859
Other pension costs	92,930	85,638
	648,027	613,963

THE ORIGO GROUP OF COMPANIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2000**

The average number of employees during the year was as follows:

	2000	1999
	£	£
Management and administration	7	7
Systems development and support	6	4
	<u>13</u>	<u>11</u>

Directors' emoluments and pension scheme contributions were as follows:

	2000	1999
	£	£
Directors' emoluments paid by the Company	234,088	217,066
Pension scheme contributions	<u>67,645</u>	<u>59,181</u>

8 TAXATION

	2000	1999
	£	£
Corporation tax charge for the year	4,541	0
	<u>4,541</u>	<u>0</u>

9 INTANGIBLE ASSETS

The right, title and interest, which The Exchange owned in the Standards Intellectual Property Rights, was acquired in 1998. The cost of £100,000 has been fully written down to a net book value of nil.

10 TANGIBLE ASSETS
Group & Company

	Fittings/ Equipment	Computer equipment	Total
	£	£	£
Cost			
As at 31 st December 1999	90,732	179,932	270,664
Additions	5,603	73,775	79,378
Disposals	(9,599)	(53,599)	(63,198)
As at 31st December 2000	<u>86,736</u>	<u>200,108</u>	<u>286,844</u>
Depreciation			
As at 31 st December 1999	82,247	134,043	216,290
Additions	6,218	44,991	51,209
Disposals	(9,599)	(53,599)	(63,198)
As at 31st December 2000	<u>78,866</u>	<u>125,435</u>	<u>204,301</u>
Net Book Value			
As at 31st December 2000	<u>7,870</u>	<u>74,673</u>	<u>82,543</u>
As at 31st December 1999	<u>8,485</u>	<u>45,889</u>	<u>54,374</u>

THE ORIGO GROUP OF COMPANIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2000**
11 INVESTMENTS: Shares in subsidiary undertakings

	Origo Systems Ltd	Origo Secure Internet Services Ltd
	£	£
Cost		
As at 31 st December 1999	2,300,002	0
Additions		1,000
Disposals	0	0
As at 31 st December 2000	<u>2,300,002</u>	<u>1,000</u>
Loan note funding		
As at 31 st December 2000 and 1999	<u>2,300,000</u>	<u>0</u>
Net Book Value		
As at 31 st December 2000	<u>2</u>	<u>1,000</u>
As at 31 st December 1999	<u>2</u>	<u>0</u>

Subsidiary undertaking

Subsidiary undertaking	Principal activity	Country of Registration	Ordinary Shares
Origo Systems Limited	Development of the Common Trading Platform	Scotland	100%
Origo Secure Internet Services Limited	Development of a secure internet trading service	Scotland	100%

At 31st December 2000 the aggregate capital and reserves of Origo Systems Limited amounted to (£98,241). The result for the year of Origo Systems Limited was £Nil.

The aggregate capital and reserves of Origo Secure Internet Services Limited amounted to (£1,021,838). The result for the previous 14 month trading period was (£1,022,838). The Group will continue to provide such funds as are necessary for the company to continue trading in 2001.

12 DEBTORS: Amounts falling due within one year

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Trade debtors	31,194	12,338	31,194	12,338
Amount owed by subsidiary undertakings	0	0	789,917	99,239
Other debtors	44,690	41,792	44,690	41,792
Prepayments and accrued income	32,960	63,716	32,960	63,716
	<u>108,844</u>	<u>117,846</u>	<u>898,761</u>	<u>217,085</u>

THE ORIGO GROUP OF COMPANIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2000**

13 CREDITORS: Amounts falling due within one year

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Trade creditors	179,918	291,354	179,918	291,354
Other creditors (inc. social security)	48,051	37,584	48,051	37,584
Taxation	0	0	0	0
Accruals and deferred income	464,480	213,046	132,320	213,046
Sponsorship in advance	309,020	185,062	309,020	185,062
	<u>1,001,469</u>	<u>727,046</u>	<u>669,309</u>	<u>727,046</u>

14 CREDITORS: Amounts falling due after more than one year

	2000	1999
	£	£
Loan notes to fund the investment in Origo Systems Limited	<u>2,300,000</u>	<u>2,300,000</u>

The Loan Notes to fund the written down value of tangible assets do not bear interest and have no fixed terms of repayment.

15 DEFERRED TAXATION

No provision for deferred taxation is required since the amounts provided for depreciation are in advance of capital allowances.

16 SHARE CAPITAL

	2000	1999
	£	£
Authorised Share Capital		
199,900 Ordinary Shares of £1 each	199,900	199,900
100 Associated Shares of £1 each	<u>100</u>	<u>100</u>
	<u>200,000</u>	<u>200,000</u>
Allotted called up and fully paid		
Ordinary Shares of £1 each	<u>130,434</u>	<u>120,000</u>

At the Annual General Meeting held on 31st May 2000, the Directors of the Company were generally and unconditionally authorised, with effect from that day, to exercise all the powers of the Company to allot relevant securities up to an aggregate nominal amount of eighty thousand pounds, provided that this authority should expire on 30th May 2005. During 2000 the Directors of the Company allotted shares to Skandia Life Assurance Company Limited and Permanent Insurance Company Limited.

THE ORIGO GROUP OF COMPANIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2000**

17 RECONCILIATION IN MOVEMENTS OF SHAREHOLDERS' FUNDS

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Profit for the financial year	(1,018,297)	(616,153)	4,540	(616,153)
Opening shareholders' funds	945,803	1,561,956	3,344,046	3,960,199
Equity Issued and Paid	10,434	0	10,434	0
Closing shareholders' funds	<u>(62,060)</u>	<u>945,803</u>	<u>3,359,021</u>	<u>3,344,046</u>

18 OTHER FINANCIAL COMMITMENTS

The Company had annual commitments under non-cancellable leases as set out below:

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Operating leases of plant & machinery which expire:				
Within one year	12,524	3,008	12,524	3,008
In two to five years	401	20,309	401	20,309
	<u>12,925</u>	<u>23,317</u>	<u>12,925</u>	<u>23,317</u>
Leases of land and buildings which expire:				
In two to five years	0	0	0	0
In over five years	111,360	111,360	111,360	111,360
	<u>111,360</u>	<u>111,360</u>	<u>111,360</u>	<u>111,360</u>