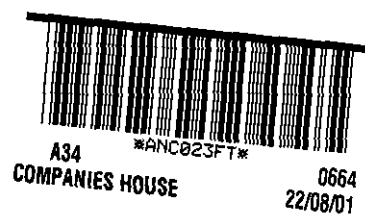


Company Registration No. 3231905 (England and Wales)

BROADVISION (UK) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999



BROADVISION (UK) LIMITED

COMPANY INFORMATION

Directors	D G Clarke M V Hughes K Wedderburn
Secretary	K Wedderburn
Company number	3231905
Registered office	100 Longwater Avenue Reading Berkshire RG2 6GP
Auditors	Saffery Champness Fairfax House Fulwood Place Gray's Inn London WC1V 6UB
Bankers	Barclays Bank Plc Slough Corporate Banking Centre P O Box 23 258 Bath Road Slough SL1 4NX

BROADVISION (UK) LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 9

BROADVISION (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999

The directors present their report and financial statements for the year ended 31 December 1999.

Principal activities

The principal activity of the company continued to be that of the provision of software applications for use on the World Wide Web.

Directors

The following directors have held office since 1 January 1999:

D G Clarke	(Appointed 2 May 2001)
F Stieger	(Resigned 1 May 2001)
R Bolleter	(Resigned 1 May 2001)
M V Hughes	
K Wedderburn	(Appointed 2 May 2001)

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 December 1999	1 January 1999
F Stieger	-	-
R Bolleter	-	-
M V Hughes	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Saffery Champness be reappointed as auditors of the company will be put to the Annual General Meeting.

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 of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

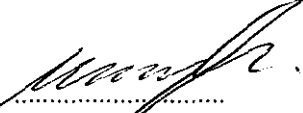
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BROADVISION (UK) LIMITED

**DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 1999**

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


.....
M V Hughes

Director

..... 17 August 2001

BROADVISION (UK) LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF BROADVISION (UK) LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of 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 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

 
Saffery Champness

Chartered Accountants
Registered Auditors

21 August 2001

Fairfax House
Fulwood Place
Gray's Inn
London
WC1V 6UB

BROADVISION (UK) LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1999**

	Notes	1999 £	1998 £
Turnover		3,713,264	1,037,900
Administrative expenses		<u>(3,527,077)</u>	<u>(1,396,926)</u>
Operating profit/(loss)	2	186,187	(359,026)
Other interest receivable and similar income		8,117	2,551
Interest payable and similar charges		<u>(2,425)</u>	<u>-</u>
Profit/(loss) on ordinary activities before taxation		191,879	(356,475)
Tax on profit/(loss) on ordinary activities	3	<u>-</u>	<u>-</u>
Profit/(loss) on ordinary activities after taxation	9	<u>191,879</u>	<u>(356,475)</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 6 to 9 form part of these financial statements.

BROADVISION (UK) LIMITED**BALANCE SHEET
AS AT 31 DECEMBER 1999**

	Notes	1999 £	£	1998 £	£
Fixed assets					
Tangible assets	4		144,796		75,668
Current assets					
Debtors	5	528,504		117,635	
Cash at bank and in hand		271,584		6,864	
		<u>800,088</u>		<u>124,499</u>	
Creditors: amounts falling due within one year	6	<u>(1,516,431)</u>		<u>(963,593)</u>	
Net current liabilities			<u>(716,343)</u>		<u>(839,094)</u>
Total assets less current liabilities			<u>(571,547)</u>		<u>(763,426)</u>
Capital and reserves					
Called up share capital	8		20,000		20,000
Profit and loss account	9		<u>(591,547)</u>		<u>(783,426)</u>
Shareholders' funds - equity interests	10		<u>(571,547)</u>		<u>(763,426)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The notes on pages 6 to 9 form part of these financial statements.

The financial statements were approved by the Board on 17 May 01.....


M V Hughes
Director

BROADVISION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and on a going concern basis, which assumes the continued financial support of the company's ultimate parent undertaking.

1.2 Turnover

Turnover represents amounts receivable for services net of VAT.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment and software	over 3 years
Office equipment, furniture and fittings	over 5 years

1.4 Leasing

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

1.5 Pensions

The company makes contributions to staff personal pension plans on a defined contribution basis. The company also makes contributions to an executive pension plan on behalf of a director. The pension costs charged in the financial statements represent the contributions paid by the company during the year in accordance with SSAP 24.

1.6 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.7 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates 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 profit and loss account.

2 Operating profit/(loss)	1999 £	1998 £
Operating profit/(loss) is stated after charging:		
Depreciation of tangible assets	39,663	16,899
Operating lease rentals	146,182	87,198
Auditors' remuneration	3,500	2,000
Directors' emoluments	217,863	172,213

BROADVISION (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 1999****3 Taxation**

No corporation tax liability arises on the profit disclosed in these financial statements due to the availability of tax losses brought forward from previous periods. At 31 December 1999 there are tax losses available to carry forward against future trading profits of approximately £555,000.

The company is at present in discussion with the Inland Revenue regarding various transfer pricing issues, and as a result there has been no formal agreement of the quantum of the tax losses to carry forward.

4 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 January 1999	97,955
Additions	112,147
Disposals	(4,178)
	<u>205,924</u>
At 31 December 1999	
Depreciation	
At 1 January 1999	22,287
On disposals	(822)
Charge for the year	39,663
	<u>61,128</u>
At 31 December 1999	
Net book value	
At 31 December 1999	<u>144,796</u>
At 31 December 1998	<u>75,668</u>

5 Debtors

	1999 £	1998 £
Trade debtors	264,815	61,121
Other debtors	263,689	56,514
	<u>528,504</u>	<u>117,635</u>

BROADVISION (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 1999**

6 Creditors: amounts falling due within one year	1999	1998
	£	£
Trade creditors	83,922	46,936
Amounts owed to group undertakings and undertakings in which the company has a participating interest	953,808	767,087
Taxation and social security	15,918	40,202
Other creditors	462,783	109,368
	<u>1,516,431</u>	<u>963,593</u>

The parent company, BroadVision Inc., has agreed not to seek repayment of the balance due from the company if this would jeopardise the going concern status of the company.

7 Pension costs

The company has made contributions of £30,368 (1999 - £11,184) to staff personal pension plans on a defined contribution basis.

The company has also made contributions of £4,620 (1999 - £4,620) to an executive pension plan on behalf of a director.

8 Share capital	1999	1998
	£	£
Authorised		
20,000 Ordinary shares of £ 1 each	<u>20,000</u>	<u>20,000</u>
Allotted, called up and fully paid		
20,000 Ordinary shares of £ 1 each	<u>20,000</u>	<u>20,000</u>

9 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 1999	(783,426)
Retained profit for the year	<u>191,879</u>
Balance at 31 December 1999	<u>(591,547)</u>

BROADVISION (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 1999**

10 Reconciliation of movements in shareholders' funds	1999	1998
	£	£
Profit/(loss) for the financial year	191,879	(356,475)
Opening shareholders' funds	<u>(763,426)</u>	<u>(406,951)</u>
Closing shareholders' funds	<u><u>(571,547)</u></u>	<u><u>(763,426)</u></u>

11 Financial commitments

At 31 December 1999 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	1999	1998	1999	1998
	£	£	£	£
Expiry date:				
Within one year	-	-	43,169	-
Between two and five years	<u>64,892</u>	<u>64,892</u>	<u>33,499</u>	<u>34,715</u>
	<u><u>64,892</u></u>	<u><u>64,892</u></u>	<u><u>76,668</u></u>	<u><u>34,715</u></u>

12 Control

The company's ultimate parent company and controlling party is BroadVision Inc., a company incorporated in the USA.