

Artemis Ventures Fund, L.P.

(a California limited partnership)

Financial Statements

For the Year Ended December 31, 2001

Report of Independent Accountants

To the Partners of
Artemis Ventures Fund, L.P.
(a California limited partnership)

In our opinion, the accompanying statement of net assets, including the schedule of portfolio investments, and the related statements of operations, of changes in partners' capital and of cash flows present fairly, in all material respects, the financial position of Artemis Ventures Fund, L.P. (a California limited partnership) at December 31, 2001, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Partnership's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included verification, by physical examination or correspondence with the custodian, of the existence and ownership of investments as of December 31, 2001. We believe that our audit provides a reasonable basis for the opinion expressed above.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The statement of changes in individual partners' capital accounts for the year ended December 31, 2001 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

January 25, 2002

Artemis Ventures Fund, L.P.
(a California limited partnership)
Statement of Net Assets
December 31, 2001

Assets

Investments in securities, at fair value (cost \$15,989,972)	\$15,474,706
Cash and cash equivalents	3,281,020
Prepaid insurance	11,558
Due from related party	<u>3,292</u>
Total assets	<u>18,770,576</u>

Liabilities

Accrued liabilities	26,971
Due to related party	<u>9,819</u>
Net assets (partners' capital)	<u>\$18,733,786</u>

The accompanying notes are an integral part of these financial statements.

Artemis Ventures Fund, L.P.
(a California limited partnership)
Schedule of Portfolio Investments
December 31, 2001

	Shares	Privately Held Preferred Stock		Other		Total		Unrealized Appreciation (Depreciation)
		Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	
High Technology (83% of net assets)								
Ampent Inc. (AccessLease):								
Series A Preferred	2,552,911	\$ 1,674,709	\$ -	\$ -	\$ -	\$ 1,674,709	\$ -	\$ (1,674,709)
Convertible promissory Notes	-	-	-	235,000	100,000	235,000	100,000	(135,000)
Again Technologies, Inc.:								
Series A Preferred	1,211,545	675,000	465,112	-	-	675,000	465,112	(209,888)
Series B Preferred	999,167	1,119,067	383,581	-	-	1,119,067	383,581	(735,486)
Series C Preferred	781,453	300,000	300,000	-	-	300,000	300,000	-
Clairvoyant Software, Inc.:								
Series A Preferred	1,133,333	850,000	2,164,667	-	-	850,000	2,164,667	1,314,667
Series B Preferred	523,560	1,000,000	1,000,000	-	-	1,000,000	1,000,000	-
Taviz Technology Inc.								
Series A Preferred	800,000	400,000	440,000	-	-	400,000	440,000	40,000
Series B Preferred	4,201,818	2,311,000	2,311,000	-	-	2,311,000	2,311,000	-
Convertible Promissory Note	-	-	-	650,000	650,000	650,000	650,000	-
Toolwire, Inc.:								
Series A Preferred	450,000	599,850	1,485,000	-	-	599,850	1,485,000	885,150
Series B Preferred	500,236	1,650,779	1,650,779	-	-	1,650,779	1,650,779	-
ViewCentral, Inc.:								
Series A Preferred	2,062,500	1,650,000	1,650,000	-	-	1,650,000	1,650,000	-
Convertible Promissory note	-	-	-	1,033,394	1,033,394	1,033,394	1,033,394	-
Voice Access Technologies, Inc.:								
Series A Preferred	1,502,999	1,841,173	1,841,173	-	-	1,841,173	1,841,173	-
Total Portfolio Investment		<u>\$ 14,071,578</u>	<u>\$ 13,691,312</u>	<u>\$ 1,918,394</u>	<u>\$ 1,783,394</u>	<u>\$ 15,989,972</u>	<u>\$ 15,474,706</u>	<u>\$ (515,266)</u>
Percentage of net assets (all in the United States of America)			73%		10%		83%	

The accompanying notes are an integral part of these financial statements.

Artemis Ventures Fund, L.P.
(a California limited partnership)
Statement of Operations
For the Year Ended December 31, 2001

Interest income	\$ 315,993
Expenses:	
Management fee	564,824
Professional fees	45,388
Other expenses	56,540
Total expenses	<u>666,752</u>
Net investment loss	<u>(350,759)</u>
Realized loss on investment	<u>(2,557,601)</u>
Unrealized appreciation (depreciation) on investments:	
Beginning of year	5,337,082
End of year	(515,266)
Net change in unrealized appreciation (depreciation)	<u>(5,852,348)</u>
Net decrease in net assets resulting from operations	<u>\$ (8,760,708)</u>

The accompanying notes are an integral part of these financial statements.

Artemis Ventures Fund, L.P.
(a California limited partnership)
Statement of Changes in Partners' Capital
For the Year Ended December 31, 2001

	General Partner	Limited Partners	Total
Balances, January 1, 2001	\$ 1,251,617	\$ 26,242,877	\$ 27,494,494
Net investment loss	(3,508)	(347,251)	(350,759)
Realized loss on investment	(25,576)	(2,532,025)	(2,557,601)
Net change in unrealized depreciation	<u>(1,035,197)</u>	<u>(4,817,151)</u>	<u>(5,852,348)</u>
Balances, December 31, 2001	<u>\$ 187,336</u>	<u>\$ 18,546,450</u>	<u>\$ 18,733,786</u>

The accompanying notes are an integral part of these financial statements.

Artemis Ventures Fund, L.P.
(a California limited partnership)
Statement of Cash Flows
For the Year Ended December 31, 2001

Cash flows from operating activities	
Net decrease in net assets resulting from operations	\$(8,760,708)
Adjustments to reconcile net decrease in net assets resulting from operations to net cash used in operating activities:	
Net change in unrealized depreciation on investments	5,852,348
Interest added to portfolio investments	(135,462)
Realized loss on investment	2,557,601
Changes in assets and liabilities:	
Due from management company	8,247
Prepaid insurance	38,802
Accrued liabilities	9,271
Due to/from related party	6,527
Net cash used in operating activities	<u>(423,374)</u>
Cash flows from investing activities	
Purchase of investments	<u>(3,091,100)</u>
Cash flows from financing activities	
Capital contributions received from limited partners	<u>81,271</u>
Net decrease in cash and cash equivalents	(3,433,203)
Cash and cash equivalents, beginning of year	<u>6,714,223</u>
Cash and cash equivalents, end of year	\$ 3,281,020
Supplemental disclosure of non-cash investing activities	
Conversion of notes receivable into privately held preferred stock	\$ 2,750,000

The accompanying notes are an integral part of these financial statements.

Artemis Ventures Fund, L.P.

(a California limited partnership)

Notes to Financial Statements

1. The Partnership

Artemis Ventures Fund, L.P. (the "Partnership"), was formed on March 12, 1999 for the purpose of investing principally in early stage emerging software and Internet technology-related companies. The Partnership will continue until March 12, 2009, unless terminated sooner or extended in accordance with the Partnership Agreement (the "Agreement"). The general partner of the Partnership is Artemis Management Company LLC.

2. Significant Accounting Policies

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investment valuation

Investments consist of investments in stock and convertible notes. Publicly traded securities, subject to considerable price fluctuations, are valued at the closing market prices on December 31, 2001, less a discount if restricted; there were no such securities in the portfolio as of December 31, 2001. Investments not currently traded in a public market and subject to restriction on resale are carried at estimated fair value as determined by the general partner after giving consideration to operating results, financial conditions, recent sales prices of issuers' securities and other pertinent information. Because of the inherent uncertainty of valuations, however, estimated fair values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. The Partnership may also have risk associated with its concentration of investments in certain geographic areas and certain industries.

Warrants received in connection with investments in portfolio companies are not recognized in the financial statements as management believes the value of these instruments at the time of the receipt is not material.

Cash and cash equivalents

The Partnership considers cash in demand deposit accounts and certificates of deposit purchased with an original maturity of three months or less to be cash equivalents. At December 31, 2001, all cash and cash equivalents were on deposit in demand accounts with one bank. At times, bank deposits may be in excess of federally insured limits.

Artemis Ventures Fund, L.P.
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Notes to Financial Statements

Organization and syndication costs

Organization costs incurred in the formation of the Partnership were charged to expense when incurred. Syndication costs incurred in connection with the offering of limited partnership interests are reflected as a reduction of partners' capital.

Income taxes

There is no provision for income taxes in the financial statements of the Partnership as the Partnership is not subject to income tax. Each partner is individually liable for its own tax payments.

Allocation of profits and losses

Any profit, as defined in the Agreement, is allocated first to the capital accounts of all of the partners based on their respective amounts of their capital commitment (the "Partnership percentages"), until the aggregate profit allocated for the current and all prior accounting periods equals the aggregate loss allocated for the current and all prior accounting periods. Then, the profit is allocated 20% to the capital account of the general partner and 80% to the capital accounts of all the partners in proportion to their respective Partnership percentages.

Any loss, as defined in the Agreement, is allocated first 20% to the capital account of the general partner and 80% to the capital accounts of all partners in proportion of their respective Partnership percentages until the aggregate loss allocated for the current and all prior accounting periods equals the aggregate profit for the current and all prior accounting periods. Any remaining loss is allocated to the capital accounts of all partners in proportion to their respective Partnership percentages.

However, the Agreement specifies that a net loss cannot be allocated to any partner's capital account to the extent that such allocation reduces the capital account below zero. This net loss which cannot be allocated to that partner (contingent loss) is allocated to the capital accounts of the others partners. This contingent loss will be restored from future profits, if any.

Distributions

The Agreement provides for mandatory and discretionary distributions during the term of the Partnership. In general, the Agreement requires an annual distribution in an amount equal to 30% of the aggregate taxable income allocated to such partners. Discretionary distributions are made to all partners in proportion to their respective Partnership percentages until the limited partners have received in the aggregate distributions from the Partnership equal to 100% of the limited partners' aggregate capital commitments. Then, all distributions are made to the partners in proportion of their respective capital account balance, as defined in the Agreement, as of the date of the distribution.

3. Partners' Capital

At December 31, 2001, the Partnership's committed and contributed capital is \$22,592,929. During the prior year, one partner failed to make his capital call and was subsequently called in default by the General Partner. The noncontributing Partner's capital account was then offered to all other

Artemis Ventures Fund, L.P.
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Notes to Financial Statements

limited partners, on a pro-rata basis, in accordance with the Partnership Agreement (§4.5 Noncontributing Partners). The capital accounts of the partners at December 31, 2000, as shown in the accompanying Statement of Changes in Individual Partners' Capital Accounts, reflect the reallocation of the defaulting partner's interest to the accounts of the partners who participated in the purchase.

	General Partner	Limited Partners	Total
Contributed capital	\$ 225,930	\$22,366,999	\$22,592,929
Syndication costs	(311)	(30,816)	(31,127)
Net investment loss	(7,551)	(747,598)	(755,149)
Realized gain (loss) on investments	(25,576)	(2,532,025)	(2,557,601)
Net unrealized depreciation on investments	(5,156)	(510,110)	(515,266)
Balances, December 31, 2001	<u>\$ 187,336</u>	<u>\$18,546,450</u>	<u>\$18,733,786</u>

4. Management Fee and Other Partnership Expenses

As compensation for services rendered, the general partner receives an annual management fee, paid semi-annually in advance, of 2.5% of the total committed capital of the Partnership. The general partner bears all normal operating costs and expenses incurred in connection with the management of the Partnership; the Partnership bears all costs and expenses incurred in the purchase, holding, sale or exchange of securities, as well as interest on indebtedness incurred by the Partnership, certain legal and accounting fees and other expenses which are specifically defined in the Partnership agreement.

5. Financial Highlights

The following financial highlights have been calculated in accordance with the American Institute of Certified Public Accountants Statement of Position 95-2, *Financial Reporting by Nonpublic Investment Partnerships*, for the year ended December 31, 2001:

Net investment loss	(1.9%)
Operating expense	(3.6%)
Incentive allocation	5.5%
Total expenses and incentive allocation	<u>1.9%</u>
Total return before incentive allocation	(36.2%)
Incentive allocation	4.5%
Total return after incentive allocation	<u>(31.7%)</u>

Artemis Ventures Fund, L.P.
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The ratios of net investment loss to average net assets, of operating expenses to average net assets and total return are calculated for the Limited Partners as a class. Total return, which reflects the month-to-month change in net assets, was calculated using returns which have been geometrically linked and utilize the average monthly capital transactions. The total expenses and incentive allocation and the total return after incentive allocation adjust the operating expenses and total return before incentive allocation calculations for the General Partner's carried interest.

Artemis Ventures Fund, L.P.
(a California limited partnership)
Statement of Changes in Individual Partners' Capital Accounts
For the Year Ended December 31, 2001

Name	Capital Commitment	Partnership Percentage	Partner Capital 12/31/00*	Investment Loss	Realized Loss	Unrealized Depreciation	Partner Capital 12/31/01
AB Financial LLC	250,000	1.11%	293,321	(3,881)	(28,301)	\$ (53,842)	207,297
Abbott, Gary Edward	252,000	1.12%	295,668	(3,912)	(28,527)	(54,273)	208,956
Abrams, Alan & Michela O'Connor	250,000	1.11%	293,321	(3,881)	(28,301)	(53,842)	207,297
Andrew S. Grove, Eva Kastan Grove, Co-Trustees	500,000	2.21%	586,643	(7,763)	(56,602)	(107,684)	414,594
Andrews Jr., Neal L.	75,000	0.33%	87,996	(1,164)	(8,490)	(16,153)	62,189
Basker, Nevet	600,000	2.66%	703,971	(9,315)	(67,922)	(129,221)	497,513
Bass, Robert M.	514,438	2.28%	603,582	(7,987)	(58,236)	(110,794)	426,565
Bedrin, Gerald	500,000	2.21%	586,642	(7,763)	(56,602)	(107,684)	414,593
Bertero Living Trust	300,000	1.33%	351,986	(4,658)	(33,961)	(64,611)	248,756
Bowman, Lawrence A.	250,000	1.11%	293,321	(3,881)	(28,301)	(53,842)	207,297
Brandwynne, Jacqueline B.	257,219	1.14%	301,791	(3,993)	(29,118)	(55,397)	213,283
Bricolage Investments	250,000	1.11%	293,321	(3,881)	(28,301)	(53,842)	207,297
Broadview Partners Group	250,000	1.11%	293,321	(3,881)	(28,301)	(53,842)	207,297
Buhari, M.D. Fram	154,331	0.68%	181,075	(2,396)	(17,471)	(33,238)	127,970
Capital Partnership	514,438	2.28%	603,582	(7,987)	(58,236)	(110,794)	426,565
Chern, Eric	514,438	2.28%	603,582	(7,987)	(58,236)	(110,794)	426,565
Conte, Victor Brian	250,000	1.11%	293,321	(3,881)	(28,301)	(53,842)	207,297
Cook, Francis V.	750,000	3.32%	879,964	(11,644)	(84,903)	(161,527)	621,890
Cowen, Gary	77,166	0.34%	90,537	(1,198)	(8,735)	(16,619)	63,985
CVT Management LLC	750,000	3.32%	879,964	(11,644)	(84,903)	(161,527)	621,890
Danielson, Eric L.	250,000	1.11%	293,321	(3,881)	(28,301)	(53,842)	207,297
Ekstract, Richard	250,000	1.11%	293,321	(3,881)	(28,301)	(53,842)	207,297
Emerson, Richard	150,000	0.66%	175,993	(2,329)	(16,981)	(32,305)	124,378
ETF Holding N.V.	300,000	1.33%	351,986	(4,658)	(33,961)	(64,611)	248,756
Farber, Daniel	100,000	0.44%	117,329	(1,553)	(11,320)	(21,537)	82,919
Feeney, Timothy P.	250,000	1.11%	293,322	(3,881)	(28,301)	(53,842)	207,298
GC&H Investments	360,000	1.59%	422,383	(5,589)	(40,753)	(77,533)	298,508
Giangiorgi, Edward Michael	250,000	1.11%	293,322	(3,881)	(28,301)	(53,842)	207,298
Giotes, Artie G.	51,444	0.23%	60,359	(799)	(5,824)	(11,079)	42,657
Goodrich, James & Penelope H.	100,000	0.44%	117,328	(1,553)	(11,320)	(21,537)	82,918
Griggs Jr., Carl L.	52,473	0.23%	61,565	(815)	(5,940)	(11,301)	43,509
Griggs, Glynn J.	51,479	0.23%	59,838	(799)	(5,828)	(11,087)	42,124

Artemis Ventures Fund, L.P.
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Statement of Changes in Individual Partners' Capital Accounts
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Name	Capital Commitment	Partnership Percentage	Partner Capital 12/31/00*	Investment Loss	Realized Loss	Unrealized Depreciation	Partner Capital 12/31/01
Griggs, Mark R.	51,994	0.23%	61,565	(807)	(5,886)	(11,198)	43,674
Grove Investment Partners	308,663	1.37%	362,149	(4,792)	(34,942)	(66,476)	255,939
Grzanowski, Kathleen & Christopher	257,219	1.14%	301,791	(3,993)	(29,118)	(55,397)	213,283
GTO Management	250,000	1.11%	293,321	(3,881)	(28,301)	(53,842)	207,297
Gumbel, Michael	300,000	1.33%	351,986	(4,658)	(33,961)	(64,611)	248,756
Joseph, George A.	400,000	1.77%	469,314	(6,210)	(45,281)	(86,147)	331,676
JRODILI	250,000	1.11%	293,321	(3,881)	(28,301)	(53,842)	207,297
Julian, David	50,000	0.22%	58,665	(776)	(5,660)	(10,768)	41,461
Julian, Robert	51,444	0.23%	60,359	(799)	(5,824)	(11,079)	42,657
Kepes, Paul & Monica	514,438	2.28%	603,583	(7,987)	(58,236)	(110,794)	426,566
King Jr., J Dudley	308,663	1.37%	362,149	(4,792)	(34,942)	(66,476)	255,939
Lawless, John W	257,219	1.14%	301,791	(3,993)	(29,118)	(55,397)	213,283
Lohse, William	30,000	0.13%	35,199	(466)	(3,396)	(6,461)	24,876
Loraine C. Grahm Trust	77,166	0.34%	90,537	(1,198)	(8,735)	(16,619)	63,985
Lynch, Chris	52,473	0.23%	61,568	(815)	(5,940)	(11,301)	43,512
Madyoon, Hooman	150,000	0.66%	175,993	(2,329)	(16,981)	(32,305)	124,378
Mansur, Walid	550,000	2.43%	645,307	(8,539)	(62,262)	(118,453)	456,053
MarinView Capital, L.L.C.	125,000	0.55%	146,660	(1,941)	(14,150)	(26,921)	103,648
Meighan, Torunn K.	102,888	0.46%	120,715	(1,597)	(11,647)	(22,159)	85,312
Melton, William N.	1,028,875	4.55%	1,207,164	(15,973)	(116,472)	(221,588)	853,131
Miller Dorin & Singer, Eliahu	255,000	1.13%	299,188	(3,959)	(28,867)	(54,919)	211,443
Naegele, Richard J.	600,000	2.66%	703,971	(9,315)	(67,922)	(129,221)	497,513
NorthBay Partners, L.L.C.	125,000	0.55%	146,660	(1,941)	(14,150)	(26,921)	103,648
Owens, Michael Brian	154,331	0.68%	181,075	(2,396)	(17,471)	(33,238)	127,970
Owens, Raymond W.	154,331	0.68%	181,075	(2,396)	(17,471)	(33,238)	127,970
Pareek, Purna N	600,000	2.66%	703,971	(9,315)	(67,922)	(129,221)	497,513
Resnikoff Innovations, LLC	250,000	1.11%	293,322	(3,881)	(28,301)	(53,842)	207,298
Roberts, Daniel J.	52,473	0.23%	61,564	(815)	(5,940)	(11,301)	43,508
Santino, George A.	250,000	1.11%	293,321	(3,881)	(28,301)	(53,842)	207,297
Shover, Lawrence M	250,000	1.11%	293,321	(3,881)	(28,301)	(53,842)	207,297
Silicon Valley Bancshares	100,000	0.44%	117,328	(1,553)	(11,320)	(21,537)	82,918

Artemis Ventures Fund, L.P.
(a California limited partnership)
Statement of Changes in Individual Partners' Capital Accounts
For the Year Ended December 31, 2001

Name	Capital Commitment	Partnership Percentage	Partner Capital 12/31/00*	Investment Loss	Realized Loss	Unrealized Depreciation	Partner Capital 12/31/01
Software Venture Partners	20,000	0.09%	23,466	(311)	(2,264)	(4,307)	16,584
Stafford Investments, LLC	250,000	1.11%	293,321	(3,881)	(28,301)	(53,842)	207,297
Stewart, Charles K.	600,000	2.66%	703,971	(9,315)	(67,922)	(129,221)	497,513
Stewart Children's Trust	600,000	2.66%	703,971	(9,315)	(67,922)	(129,221)	497,513
Stokes Lazarus & Carmichael	36,000	0.16%	42,238	(559)	(4,075)	(7,753)	29,851
Tengelsen, Erich	514,438	2.28%	603,582	(7,987)	(58,236)	(110,794)	426,565
Tenzer, Lee E.	600,000	2.66%	703,971	(9,315)	(67,922)	(129,221)	497,513
The Avram Miller Trust	257,219	1.14%	301,791	(3,993)	(29,118)	(55,397)	213,283
The Nachtsheim Family Trust	250,000	1.11%	293,322	(3,881)	(28,301)	(53,842)	207,298
Thompson, John L.	75,000	0.33%	87,996	(1,164)	(8,490)	(16,153)	62,189
TZ Partnership LTD	300,000	1.33%	351,986	(4,658)	(33,961)	(64,611)	248,756
Tzannes, Michael A.	50,000	0.22%	58,665	(776)	(5,660)	(10,768)	41,461
VCFA Holdings III, L.L.C.	100,000	0.44%	117,328	(1,553)	(11,320)	(21,537)	82,918
Wachtel, Kenneth Jack	128,609	0.57%	150,896	(1,997)	(14,559)	(27,698)	106,642
Wachtel, William W	128,609	0.57%	150,896	(1,997)	(14,559)	(27,698)	106,642
Walker, Dwayne	308,663	1.37%	362,149	(4,792)	(34,942)	(66,476)	255,939
Watts, Sam J.	77,166	0.34%	90,537	(1,198)	(8,735)	(16,619)	63,985
Webster Jr., Frederick F.	60,000	0.27%	70,397	(932)	(6,792)	(12,922)	49,751
Woods, Kenneth R.	75,000	0.33%	87,996	(1,164)	(8,490)	(16,153)	62,189
World Venture Partners, Inc.	504,696	2.23%	592,153	(7,835)	(57,133)	(108,696)	418,489
Yoffie, Terry S. & David B.	100,000	0.44%	117,328	(1,553)	(11,320)	(21,537)	82,918
Total Limited Partners	22,366,999	99.00%	26,242,877	(347,251)	(2,532,025)	(4,817,151)	18,546,450
Artemis Management Company LLC	225,930	00%	1,251,617	(3,508)	(25,576)	(1,035,197)	187,336
Total Partnership	\$ 22,592,929	100.00%	\$ 27,494,494	\$ (350,759)	\$ (2,557,601)	\$ (5,852,348)	\$ 18,733,786

* See Note 3 regarding reallocation of defaulting partner's interest.