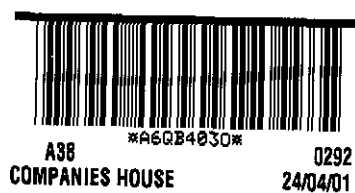


Company Registration Number: 3810665
(ENGLAND AND WALES)

DEVOLUTION RECORDINGS LIMITED

ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2000



DEVOLUTION RECORDINGS LIMITED

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DEVOLUTION RECORDINGS LIMITED

COMPANY INFORMATION

DIRECTORS:

Mr Jeremy William O'MAHONY
Mr Terence John O'MAHONY

SECRETARY:

Mr Terence John O'MAHONY

REGISTERED OFFICE:

25 Pinehurst Court
Colville Gardens
Notting Hill
LONDON. W11 2BH

COMPANY NUMBER:

3810665

ACCOUNTANTS:

K D PEN
Accountants
183 Old Oak Common Lane
East Acton
London
W3 7DW

BANKERS:

Barclays Bank Plc
P O Box 738
75 King Street
Hammersmith
LONDON. W6 9HY.

DEVOLUTION RECORDINGS LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST JULY 2000

The Directors present their report with the Financial Statements of the company for the year ended 31st July 2000.

PRINCIPAL ACTIVITY

The principal activity of the Company in the year under review was that of music licensing and distribution.

RESULTS & DIVIDEND

The Company made trading loss of £826 for the financial year ended 31st July 2000 .

No dividend was proposed and paid during the financial year ended.

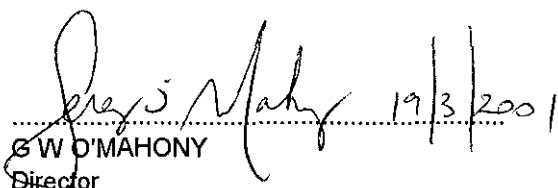
DIRECTORS

The Company's Directors beneficial interests in the issued share capital for the year ended 31st July 2000 were:

Name	Class of Capital	31-Jul-00	31-Jul-99
G W O'MAHONY	Ordinary Shares £1	100	0
T J 'OMAHONY	Ordinary Shares £1	1	0

In preparing the above Report, the Directors have taken advantage of special exemptions applicable to Small Companies conferred by Part II of Schedule 8 to the Companies Act 1997.

This report was approved by the Board on 19/3/2001 and signed on their behalf.


G W O'MAHONY
Director

DEVOLUTION RECORDINGS LIMITED

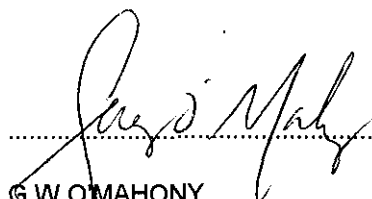
STATEMENT OF DIRECTORS RESPONSIBILITIES
FOR THE YEAR ENDED 31ST JULY 2000

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

- a) select suitable accounting policies and apply them consistently;
- b) make judgement and estimate that are reasonable and prudent;
- c) follow applicable accounting standards, subject to any material departure disclosed and explained in the financial statements;
- d) prepare the financial statements on the going concern basis unless it is appropriate to presume 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.

BY THE ORDER OF THE BOARD


.....
G W O'MAHONY
Director

Date: 19/march..... 2001

DEVOLUTION RECORDINGS LIMITED

ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS
FOR THE YEAR ENDED 31ST JULY 2000

We report on the Financial Statements of the company for the year ended 31st July 2000 as set out on pages five to six.

Respective responsibilities of the directors and reporting accountants

As described on pages three and five, the company's directors are responsible for the preparation of the financial statements, and they consider the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

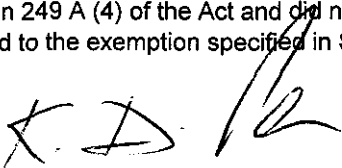
Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the financial statements with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purpose of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

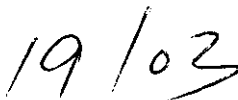
In our opinion:

- a) The Financial Statements are in agreement with accounting records kept by the company under Section 221 of the Company Act 1985.
- b) Having regard only to, and on the basis of, the information contained in those accounting records:
 - (i) the Financial Statements have been drawn up in then manner consistent with the accounting requirements specified in Section 249c (6) of the Act, and
 - (ii) the company satisfied the conditions for exemption from an audit of the financial statements for the year specified in Section 249 A (4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in Section 249B (1)



K.D.PEN
Accountants,
183 Old Oak Common Lane
East Acton
LONDON.
W3 7Dw

Dated:



2001

DEVOLUTION RECORDINGS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JULY 2000

	Notes	<u>2000</u> £	<u>1999</u> £
TURNOVER	1	66,817	0
Cost of Sales		<u>50393</u>	<u>0</u>
GROSS PROFIT/(LOSS)		16424	0
Interest Receivable and Similar income		<u>0</u>	<u>0</u>
		16,424	0
Selling and Marketing Costs		420	0
Administration Expenses		16,197	0
Depreciation and Amortisation		<u>634</u>	<u>0</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE DIVIDEND AND TAXATION	4	(826)	0
Taxation	5	<u>21</u>	<u>0</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER DIVIDEND AND TAXATION		(847)	0
Retained Profit/(Loss) Brought Forward		<u>0</u>	<u>0</u>
RETAINED PROFIT/(LOSS) CARRIED FORWARD		<u>(847)</u>	<u>0</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits or losses for the current year.

The Notes on Pages 7 to 9 form part of these financial statements

DEVOLUTION RECORDINGS LIMITED**ABBREVIATED BALANCE SHEET
FOR THE YEAR ENDED 31ST JULY 2000**

	Notes	2000	1999
FIXED ASSETS			
Tangible Fixed Assets	7	1902	0
		<u>1902</u>	<u>0</u>
CURRENT ASSETS			
Debtors	8	8,038	0
Bank & Cash in hand		<u>17,511</u>	<u>0</u>
		25,550	0
CREDITORS: Amounts falling due within one year	9	<u>28,178</u>	<u>0</u>
NET CURRENT(LIABILITIES)/ASSETS		<u>(2,628)</u>	<u>0</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(725)</u>	<u>0</u>
CREDITORS: Amounts falling due after one year	10	<u>0</u>	<u>0</u>
NET(LIABILITIES)/ASSETS		<u><u>(725)</u></u>	<u><u>0</u></u>
CAPITAL AND RESERVES			
Called up Shares Capital	11	101	0
Profit and Loss Account	12	<u>(826)</u>	<u>0</u>
SHAREHOLDERS' FUNDS		<u><u>(725)</u></u>	<u><u>0</u></u>

The company is entitled to exemption from audit under Section 249A (1) of the Companies Act 1995 for the year ended 31st July, 2000.

No notice has been deposited under Section 249B(2) of the Companies Act 1985 in relation to its financial statements for the financial year.

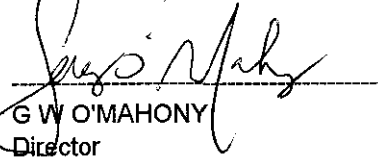
The directors acknowledge responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss account for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements so far as applicable to the company.

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

ON BEHALF OF THE BOARD

DATE 19/MARCH 2001


G W O'MAHONY
Director

The Notes on Pages 7 to 8 form part of these financial statements
Page 5

DEVOLUTION RECORDINGS LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST JULY 2000

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Company's Financial Statements.

a) BASIS OF PREPARATION

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

b) TURNOVER

Turnover represents the amount receivable for services provided in the ordinary course of business excluding Value Added Tax.

c) TANGIBLE FIXED ASSETS

Fixed assets are shown at historical cost.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

- | | |
|--------------------------|---------------|
| - Office Equipment | - 33% on cost |
| - Furniture and Fixtures | - 20% on cost |
| - Motor Vehicles | - 25% on cost |

d) CASH FLOW STATEMENT

The company has taken advantage of the exemption provided by Financial Reporting Standard 1 and has not prepared a cash flow statement for the year ended 31st July 2000.

**2. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE
DIVIDEND AND TAXATION**

Profit/(loss) on ordinary activities before dividend and taxation is stated after charging:

	<u>2000</u>	<u>1999</u>
Depreciation	634	0
Accountants' Fee	1458	0
Directors' emoluments including benefits and pension contributions	3432	0
	<u>5524</u>	<u>0</u>

3. DIVIDEND PAYABLE

No dividend was payable during the year.

4. TAXATION

Corporation tax is charged at the small company rate.

5. TANGIBLE FIXED ASSETS

	TOTAL	Plant & Machinery	Fixtures & Fittings	Motor Vehicles
COST				
At 31st July 1999	0	0	0	0
Additions	2536	0	2536	0
Disposals	0	0	0	0
At 31st July 2000	2536	0	2536	0
DEPRECIATION				
At 31st July 1999	0	0	0	0
Disposals	0	0	0	0
Charge for the period	634	0	634	0
At 31st July 2000	634	0	634	0
NET BOOK VALUE				
At 31st July 2000	1902	0	1902	0
At 31st July 1999	0	0	0	0

	<u>2000</u>	<u>1999</u>
6. DEBTORS		
Trade Debtors	5973	0
Prepayments	0	0
Social Security and other Taxes	2065	0
	<u>8038</u>	<u>0</u>

	<u>2000</u>	<u>1999</u>
7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade Creditors	12344	0
Recoupable Advance	15000	
Social Security and other Taxes	0	0
Corporation Tax	0	0
Directors Current Account	0	0
Accruals	834	0
	<u>28178</u>	<u>0</u>

	<u>2000</u>	<u>1999</u>
8. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR		
Directors' Loans	0	0
	<u>0</u>	<u>0</u>

	<u>2000</u>	<u>1999</u>
9. CALLED UP SHARE CAPITAL		
Authorised: 1000 Ordinary shares of £1 each	1000	0
Issued : 101 Ordinary Shares of £1 each	101	0

**10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS
FOR THE YEAR ENDED 31ST JULY 2000**

	2000	1999
	£	£
(Loss)/Profit for the Financial Year	(826)	0
	<u>(826)</u>	<u>0</u>
Net (Reduction in) / addition to shareholders' Funds	(826)	0
Opening Shareholders' Funds	<u>0</u>	<u>0</u>
Closing Shareholders' Funds	<u>(826)</u>	<u>0</u>

11. RESERVES

	Profit and Loss Account
At 31st July 1999	0
Profit/(Loss) for the year	<u>(826)</u>
At 31st July 2000	<u><u>(826)</u></u>

12. GOING CONCERN

The financial statements have been prepared on a going concern basis as the shareholders have agreed to provide adequate funds to meet the Company's liabilities as and when they fall due.