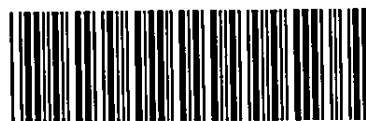


D.J.M. Records Limited

(Registered Number: 947866)

**Directors' Report and Financial Statements
for the year ended 31 December 2008**

MONDAY



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D.J.M. Records Limited

Directors' report for the year ended 31 December 2008

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

Principal activity

The company's principal activity during the year was the receipt of royalty income.

Business Review

The result and position of the company as at and for the year ended 31 December 2008 are set out in the profit and loss account and balance sheet on pages 4 and 5 respectively. The result and position of the company were in line with directors' expectations.

Turnover and operating profit decreased by £34,040 during the year due to royalty income receipts for associated artists.

Results and dividends

The company's profit after taxation for the year was £45,416 (2007 £53,835). The retained profit for the year has been transferred to reserves.

The directors do not recommend the payment of a dividend (2007 £nil).

Principal risks and uncertainties

The company is faced with similar risks and uncertainties as other companies operating in the recorded music business, broadly;

- competition from other major and independent record companies that market and distribute recorded music and video;
- competition from alternative entertainment products;
- price pressure from the increased presence of supermarkets in the music market and their threat to survival of independent music retailers;
- the threat of a devalued product due to piracy and the illegal use of music;
- uncertainty as to whether the growth of the digital market can replace the decline in the physical market; and
- interest rate fluctuations

All risks and uncertainties are regularly monitored by the Board of Directors of the company.

Future developments

Notwithstanding the risks and uncertainties outlined above, the directors do not anticipate any significant change in the activities and results of the company in the foreseeable future.

Directors and their interests

The directors who held office during the year and subsequently were as follows:

| | |
|----------------------------|-------------------------------|
| K J Andrew | (resigned 18 September 2008) |
| E J Sutcliffe | (appointed 18 September 2008) |
| Universal Music UK Limited | |

D.J.M. Records Limited

Directors' report for the year ended 31 December 2008

Directors' qualifying third party indemnity provisions

A qualifying third party indemnity provision remains in force as at the date of approving the directors' report, subject to the provisions of s236 CA 2006. Vivendi SA, the ultimate parent undertaking, maintains a Directors & Officers Liability Programme which indemnifies directors' personal liabilities resulting from alleged wrongful acts committed in the line of their employment.

Elective resolutions

On 29 November 1990, an elective resolution under Section 379A of the Companies Act 1985 was passed in respect of dispensing with the following provisions:

- the laying of the annual report and financial statements before the company in general meeting;
- the holding of an annual general meeting; and
- the requirement to reappoint annually the registered auditors of the company in general meeting.

The provisions of this elective resolution will apply for subsequent years until the election is revoked.

Re-appointment of auditors

The auditors, Ernst & Young LLP, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members.

Statement of directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with the applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2008 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

At the date of approving this report, so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. The directors confirm that they have taken all necessary steps, as directors, to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of this information.

By order of the Board



A Abioye

Company Secretary

364-366 Kensington High Street

London

W14 8NS

26 March 2009

Independent auditors' report to the members of D.J.M. Records Limited

We have audited the company's financial statements for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

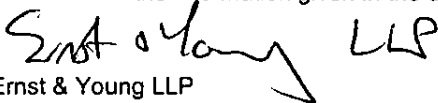
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.


Ernst & Young LLP

Registered auditor
London
26 March 2009

D.J.M. Records Limited

Profit and loss account for the year ended 31 December 2008

| | <i>Note</i> | Year ended 31 December 2008 £ | Year ended 31 December 2007 £ |
|--|-------------|--|--|
| Turnover | 2 | 33,746 | 67,786 |
| Operating profit | 4 | 33,746 | 67,786 |
| Interest receivable | 3 | 11,760 | 9,121 |
| Profit on ordinary activities before taxation | | 45,506 | 76,907 |
| Tax on profit on ordinary activities | 6 | (90) | (23,072) |
| Profit on ordinary activities after taxation and retained profit for the financial year | 10 | 45,416 | 53,835 |

The results were entirely from continuing operations.

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The company has no recognised gains or losses, in either period, other than the profit reported above and therefore no separate statement of total recognised gains and losses has been presented.

D.J.M. Records Limited

Balance sheet as at 31 December 2008

| | Note | 31 December 2008 £ | 31 December 2007 £ |
|---|------|--------------------------|--------------------------|
| Current assets | | | |
| Debtors | 7 | 250,857 | 298,041 |
| Creditors: amounts falling due within one year | 8 | (12,989) | (105,589) |
| Net assets | | 237,868 | 192,452 |
| Capital and reserves | | | |
| Called up share capital | 9 | 100 | 100 |
| Profit and loss account | 10 | 237,768 | 192,352 |
| Equity shareholders' funds | 10 | 237,868 | 192,452 |

The financial statements on pages 4 to 9 were approved and authorised for issue by the board of directors on 26 March 2009:



E J Sutcliffe
Director

D.J.M. Records Limited

Notes to the financial statements for the year ended 31 December 2008

1 Accounting Policies

a) Basis of preparation

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

Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of Vivendi S.A. which controls 90% or more of the voting rights, and is included in the consolidated financial statements of the group, which are publicly available. Consequently, the company has taken advantage of the exemption in Financial Reporting Standard ("FRS") 1 from preparing a cash flow statement and the exemption in FRS 8 from disclosing transactions with entities that are part of the Vivendi S.A. group or investees of that group.

b) Royalty income

United Kingdom royalty income is recognised in the profit and loss account in the period to which it relates, or if it cannot be reliably estimated, on a receipts basis. Overseas royalty income, which is all collected on behalf of the company by other group undertakings, is credited to the profit and loss account in the period overseas sales are reported to the company. Royalties payable are charged against the relevant income of the same period.

c) Interest bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at net proceeds. Interest bearing debt is increased by the finance cost in respect of the reporting period and reduced by any settlement made. Interest is charged and earned on a fixed element of the debt at an arms length rate.

Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

2 Turnover

Turnover is derived from one continuing activity, royalty income and excludes VAT. Turnover by source is exclusively derived in the United Kingdom.

D.J.M. Records Limited

Notes to the financial statements for the year ended 31 December 2008

3 Interest receivable

| | Year ended 31 December 2008 £ | Year ended 31 December 2007 £ |
|--|--|--|
| Interest receivable from group companies | 11,760 | 9,121 |

4 Operating profit

Operating profit is stated after charging auditors' remuneration of £4,000 (2007: £4,000) and certain administrative costs are borne by other United Kingdom group undertakings. No amounts were paid to the auditors in respect of non-audit services (2007: £nil).

5 Directors' emoluments and employee information

The directors received no remuneration in respect of their services to the company (2007: £nil).
The company has no employees (2007: nil).

6 Tax on profit on ordinary activities

(a) Analysis of taxation charge for the year:

| | Year ended 31 December 2008 £ | Year ended 31 December 2007 £ |
|--|--|--|
| Current tax: | | |
| Group relief payable for losses surrendered by other group companies | 12,969 | 23,072 |
| Adjustments in respect of previous periods | (12,879) | - |
| Total Current Tax (see (b) below) | 90 | 23,072 |
| Total taxation charge for the year | 90 | 23,072 |

There is no deferred taxation balance in either year.

D.J.M. Records Limited

Notes to the financial statements for the year ended 31 December 2008

6 Tax on profit on ordinary activities (continued)

(b) Factors affecting tax charge for the year

| | Year ended 31 December 2008 £ | Year ended 31 December 2007 £ |
|---|--|--|
| Profit on ordinary activities before tax | 45,506 | 76,907 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2007: 30%) | 12,742 | 23,072 |
| Effects of: | | |
| Adjustments to tax charge / credit in respect of prior periods | (12,879) | - |
| Impact of statutory effective tax rate difference of 0.5% | 227 | - |
| Total current tax charge (see (a) above) | 90 | 23,072 |

(c) Factors that may affect future tax changes: None (2007 : none).

7 Debtors

| | 31 December 2008 £ | 31 December 2007 £ |
|------------------------------------|--------------------------|--------------------------|
| Amounts due from group undertaking | 250,857 | 298,041 |

All amounts due from United Kingdom group undertakings are unsecured and repayable on demand. Interest accrues on these amounts excluding group relief at rates 1 month LIBOR plus 1%.

8 Creditors: amounts falling due within one year

| | 31 December 2008 £ | 31 December 2007 £ |
|------------------------------------|--------------------------|--------------------------|
| Amounts owed to group undertakings | 12,989 | 92,710 |
| Corporation tax | - | 12,879 |
| | 12,989 | 105,589 |

D.J.M. Records Limited

Notes to the financial statements for the year ended 31 December 2008

9 Called-up share capital

| | 31 December 2008 £ | 31 December 2007 £ |
|---|--------------------------|--------------------------|
| Authorised, allotted, called up and fully paid: | | |
| 100 ordinary shares of £1 each | 100 | 100 |

10 Reconciliation of movements in shareholders' funds

| | Share capital £ | Profit and loss account £ | Total shareholders' funds £ |
|---------------------|--------------------|---------------------------------|--------------------------------------|
| At 1 January 2008 | 100 | 192,352 | 192,452 |
| Profit for the year | | 45,416 | 45,416 |
| At 31 December 2008 | 100 | 237,768 | 237,868 |

11 Ultimate parent undertaking and controlling party

The immediate parent undertaking is This Record Co. Limited. The ultimate parent undertaking is Vivendi S.A., a company incorporated in France. The smallest and largest group in which the results of the company are consolidated will be that headed by Vivendi S.A. incorporated in France. Copies of its annual report in English may be obtained from:

Vivendi S.A.
42 Avenue de Friedland
75380 Paris
Cedex 08
France