

Know Existence Limited
(Registered Number: 2038004)

Directors' Report and Financial Statements
for the Eighteen Month Period Ended 30 June 1999



Know Existence Limited

Directors' report for the eighteen month period ended 30 June 1999

The directors present their annual report and the audited financial statements of the company for the eighteen month period ended 30 June 1999.

Principal activity and future developments

The company has not traded during the eighteen month period ended 30 June 1999. The company expects this situation to continue in the coming year.

On 10 December 1998, the Seagram Company Ltd. ("Seagram") acquired 99.5% of the outstanding shares of Polygram N.V., the company's former parent. As a result of this transaction, the company's ultimate parent undertaking is now Seagram.

On 20 June 2000, the company's ultimate parent undertaking, Seagram, Vivendi S.A. ("Vivendi") and Canal Plus S.A., an entity which is approximately 49% owned by Vivendi ("Canal"), announced that they had entered into a Merger Agreement, dated as of 19 June 2000 which sets forth the terms and conditions of the proposed business combination among Seagram, Vivendi and Canal.

Business Review

The results for the eighteen month period ended 30 June 1999 are given in the profit and loss account in page 6. Results were in line with the expectations of the director.

Change of accounting reference date

On 23 December 1998 the company changed its accounting reference date from 31 December to 30 June.

Results and dividends

The company's profit for the financial period was £161 (1997: £360 loss).

The directors do not recommend payment of a dividend (1997: £nil). The profit for the period has been transferred to reserves.

Directors and their interests

The directors who held office during the period were as follows:

TC Fisher
AG Pye (resigned 5 February 1999)

At no time during the eighteen month period ended 30 June 1999 did any director have any interest which is required to be notified to the company under s.324 of the Companies Act 1985.

Know Existence Limited

Directors' report for the eighteen month period ended 30 June 1999 (continued)

Year 2000

The company experienced little disruption or malfunctions since the turn of the year arising from its own computer systems or equipment with embedded date-reliant computer chips.

The lack of disruption from the company's own systems and equipment is attributed to:

- (i) the analysis of risks carried out in 1998 to determine the impact of the year 2000 problem on its activities and;
- (ii) the consequential modifications to, or replacement of, hardware and software, suspected of harbouring the faulty date-reliant software or computer chips that were carried out during 1998 and the first half of 1999.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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;
- state whether applicable accounting standards have been followed, subject to any material departures 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 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.

Elective Resolutions

On 14 April 1998, 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.

Know Existence Limited

Directors' report for the eighteen month period ended 30 June 1999 (Continued)

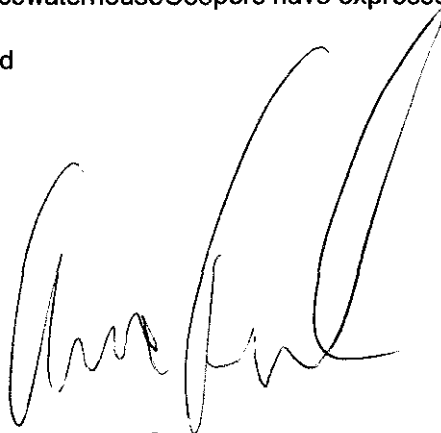
Auditors

On 11 January 1999, KPMG resigned as the company's auditors and PricewaterhouseCoopers were appointed. PricewaterhouseCoopers have expressed their willingness to continue in office.

By order of the Board



MA Howle
Secretary



TC FISHER
DIRECTOR.

1 Sussex Place
London
W6 9XS

8 December 2000

Auditors' Report to the members of Know Existence Limited

We have audited the financial statements on pages 6 to 11.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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.

**Auditors' Report to the members of
Know Existence Limited** (Continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 June 1999 and of its profit for the eighteen month period then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers ✓

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
London

8 December 2000

Know Existence Limited

Profit and loss account for the eighteen month period ended 30 June 1999

	<i>Note</i>	18 month period ended 30 June 1999 £	12 month period ended 31 December 1997 £
Interest receivable and similar income	5	263	436
Interest payable and similar charges	6	(102)	(796)
Profit/(loss) on ordinary activities before taxation		161	(360)
Tax on profit/(loss) on ordinary activities		-	-
Retained profit/(loss) for the financial period	<i>10</i>	161	(360)

The above results were derived from discontinued activities.

There is no difference between the results as reported and their historical cost equivalents.

Statement of total recognised gains and losses for the eighteen month period ended 30 June 1999

	<i>Note</i>	18 month period ended 30 June 1999 £	12 month period ended 31 December 1997 £
Profit/(loss) for financial period		161	(360)
Total recognised gains and losses for the financial period		161	(360)
Prior year adjustment	<i>1 (b)</i>	44,184	-
Total gains and losses recognised since last annual report		44,345	-

Know Existence Limited

Balance sheet as at 30 June 1999

	<i>Note</i>	30 June 1999	Restated 31 December 1997
		£	£
Current assets			
Debtors: within one year	7	115,715	107,200
Cash at bank and in hand		-	8,354
		115,715	115,554
Creditors: amounts falling due within one year	8	(2,930,712)	(2,930,712)
Net liabilities		(2,814,997)	(2,815,158)
Capital and reserves			
Called up share capital	9	100	100
Profit and loss account	10	(2,815,097)	(2,815,258)
Equity shareholders' deficit	10	(2,814,997)	(2,815,158)

The financial statements on pages 6 to 11 were approved by the director on 8 December 2000.

TC Fisher
Director

Know Existence Limited

Notes to the financial statements for the eighteen month period ended 30 June 1999

1 Accounting policies

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

a) Basis of preparation

These financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements have been prepared on a going concern basis as the company has received confirmation from Seagram, the company's ultimate parent undertaking, that it will continue to provide financial and other support to the extent necessary to enable the company to continue to pay its liabilities as and when they become due for a period not less than one year from the date of approval of these financial statements.

b) Implementation of FRS12 'Provisions, Contingent Liabilities and Contingent Assets'

The implementation of FRS12 'Provisions, Contingent Liabilities and Contingent Assets' has required a release of amounts previously created which would not have been recognised under FRS12 and a prior period adjustment has, therefore, been made. The effect on the balance sheet at 31 December 1997 is to reduce creditors falling due within one year by £154,455.

Following a detailed balance sheet review, debit balances totalling £466,700 and credit balances totalling £356,429 were identified for revision. These adjustments included prior period group taxation relief of £20,700 identified for write-off. The effect on the balance sheet as at 31 December 1997 is to reduce debtors and creditors falling due within one year.

Reserves for the company are increased by £44,184. There is no impact on the profit and loss account for either the current period or the year ended 31 December 1997 because the amounts adjusted were provided prior to 1997. Details of the impacts on opening shareholders' reserves are shown in note 10 to the financial statements.

c) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise, calculated at a rate at which it is estimated that taxation will be payable.

2 Cash flow statement

The company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996), as it qualified as a small entity throughout the financial period ended 30 June 1999 under the meaning of section 247 of the Companies Act 1985.

Know Existence Limited

Notes to the financial statements for the eighteen month period ended 30 June 1999 (Continued)

3 Profit on ordinary activities before taxation

Auditors remuneration and certain administrative costs are borne by other UK group undertakings.

4 Directors' emoluments

The directors received no fees or emoluments during the eighteen month period ended 30 June 1999 (12 month period ended 31 December 1997: £nil).

The company had no employees during the eighteen month period ended 30 June 1999 (12 month period ended 31 December 1997: nil).

5 Interest receivable and similar income

	18 month period ended 30 June 1999 £	12 month period ended 31 December 1997 £
Interest receivable on bank deposits	263	436

6 Interest payable and similar charges

	18 month period ended 30 June 1999 £	12 month period ended 31 December 1997 £
Other charges	102	796

7 Debtors

	30 June 1999 £	Restated 31 December 1997 £
Amounts owed by group undertakings	115,715	107,200

Know Existence Limited

Notes to the financial statements for the eighteen month period ended 30 June 1999 (Continued)

8 Creditors: amounts falling due within one year

	30 June 1999	Restated 31 December 1997
	£	£
Trade creditors	57,474	57,474
Amounts due to group undertakings	2,769,238	2,769,238
Other creditors	102,000	102,000
Accruals and deferred income	2,000	2,000
	2,930,712	2,930,712

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

9 Called up share capital

	30 June 1999	31 December 1997
	£	£
Authorised		
10,000 ordinary shares of £1 each	10,000	10,000
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100

10 Reconciliation of movement in shareholders' deficit and reserves

	Share Capital £	Profit And Loss Account £	Total Equity Shareholders' Deficit £
At 1 January 1998			
As previously reported	100	(2,859,442)	(2,859,342)
Prior year adjustment	-	44,184	44,184
As restated at 1 January 1998	100	(2,815,258)	(2,815,158)
Profit for the eighteen month period	-	161	161
At 30 June 1999	100	(2,815,097)	(2,814,997)

Know Existence Limited

Notes to the financial statements for the eighteen month period ended 30 June 1999 (Continued)

11 Ultimate parent undertaking

Following the sale of Philips Electronics N.V.'s holding in PolyGram N.V. (effective date 10 December 1998) the company's ultimate parent undertaking became Seagram, incorporated in Canada.

The smallest group to consolidate these financial statements is headed by Centenary Holdings N.V., incorporated in The Netherlands. The consolidated accounts of Centenary N.V. are available to the public and may be obtained from the Company Secretary at Drentestraat 24, 1083 HV, Amsterdam, The Netherlands.

The largest group to consolidate these financial statements is headed by Seagram. The consolidated accounts are available to the public and may be obtained from the Company Secretary at 1430 Peel Street, Montreal, Quebec, H3A 1S9, Canada.

12 Post balance sheet event

On 20 June 2000, Seagram, Vivendi S.A. ("Vivendi") and Canal Plus S.A. ("Canal"), an entity which is approximately 49% owned by Vivendi, announced that they had entered into a Merger Agreement, dated as of 19 June 2000, which sets forth the terms and conditions of the proposed business combination between Seagram, Vivendi and Canal.