

**Universal Music Publishing
International Limited**

Registered Number: 2050403

**Annual report for the eighteen month period
ended 31 December 2000**



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Universal Music Publishing International Limited

Directors' report for the eighteen month period ended 31 December 2000

The directors present their annual report and the audited financial statements for the eighteen month period ended 31 December 2000.

Principal activities

The company's principal activity during the period was to provide management services to Universal music publishing companies within the United Kingdom and overseas. In addition the company is engaged in the exploitation of its own music publishing rights. The directors do not anticipate any change in these activities in the foreseeable future.

Review of business and future developments

The results for the eighteen month period ended 31 December 2000 are given in the profit and loss account on page 5. Trading was in line with the directors' expectations.

On 8 December 2000, The Seagram Company Ltd. ("Seagram"), the company's ultimate parent undertaking, Vivendi S.A. ("Vivendi") and Canal Plus S.A. ("Canal"), an entity which was approximately 49% owned by Vivendi, completed a merger of the three companies, to become Vivendi Universal S.A.. As a result of that transaction, Vivendi Universal S.A. became the company's ultimate parent undertaking.

Results and dividends

The company's profit after taxation for the period was £524,000 (eighteen month period ended 30 June 1999: loss of £613,000). The directors do not recommend the payment of a dividend (eighteen month period ended 30 June 1999: Nil). The retained profit for the period has been transferred to reserves

Change of accounting reference date

On 19 February 2001, the company changed its accounting reference date from 30 June to 29 December.

Directors and their interests

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

JMC Evans
D Renzer
MJ Sammis

The directors who held office during the period had no interests in the ordinary share capital of the company. Disclosures in relation to share options held by the directors in fellow group undertakings are disclosed in the financial statements of the group undertakings to which they relate.

At no time during the eighteen month period ended 31 December 2000 did the directors have any other interests which are required to be disclosed under Section 324 of the Companies Act 1985.

Universal Music Publishing International Limited

Directors' report for the eighteen month period ended 31 December 2000

(continued)

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.

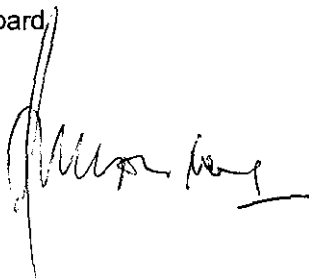
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

Auditors

PricewaterhouseCoopers have expressed their willingness to continue in office. A resolution concerning their reappointment will be proposed at the next Annual General Meeting.

By order of the Board

JMC Evans
Director



8 St James's Square
London
SW1Y 4JU

23 May 2002

Auditors' report to the members of Universal Music Publishing International Limited

We have audited the financial statements on pages 5 to 15.

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 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
Universal Music Publishing International Limited** (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2000 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

23 May 2002

Universal Music Publishing International Limited

Profit and loss account for the eighteen month period ended 31 December 2000

	<i>Note</i>	Eighteen month period ended 31 December 2000 £'000	Eighteen month period ended 30 June 1999 £'000
Turnover	3	11,250	8,041
Cost of sales		(7,008)	(1,753)
Gross profit		4,242	6,288
Administrative expenses		(3,589)	(7,283)
Operating profit/(loss)	4	653	(995)
Interest receivable and similar income	7	6	319
Profit/(loss) on ordinary activities before taxation		659	(676)
Tax on profit/(loss) on ordinary activities	8	(135)	63
Retained profit/(loss) for the financial period	16	524	(613)

The results are derived entirely from continuing operations.

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

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

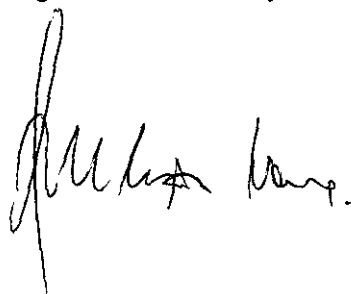
Universal Music Publishing International Limited

Balance sheet as at 31 December 2000

	Note	31 December 2000 £'000	30 June 1999 £'000
Fixed assets			
Tangible fixed assets	9	230	-
Investments	10	1,498	1,884
		1,728	1,884
Current assets			
Debtors	11	1,566	1,993
Cash at bank and in hand		5	4
		1,571	1,997
Creditors: amounts falling due within one year	12	(3,859)	(5,016)
Net current liabilities		(2,288)	(3,019)
Total assets less current liabilities		(560)	(1,135)
Creditors: amounts falling due after more than one year	13	(332)	(281)
Net liabilities	16	(892)	(1,416)
Capital and reserves			
Called up share capital	15	-	-
Profit and loss account	16	(892)	(1,416)
Equity shareholders' deficit	16	(892)	(1,416)

23 The financial statements on pages 5 to 15 were approved by the board of directors on May 2002 and were signed on its behalf by:

JMC Evans
Director



Universal Music Publishing International Limited

Notes to the financial statements for the eighteen month period ended 31 December 2000 (continued)

1 Accounting policies

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

a) Basis of preparation

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

The financial statements have been prepared on the going concern basis as the company has received confirmation from Vivendi Universal S.A., 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 fall due for a period of not less than one year from the date of approval of these financial statements.

b) Turnover

Turnover represents management charges and royalties received from fellow subsidiary undertakings worldwide, excluding value added tax. Royalties received are accounted for on an accruals basis.

c) Investments

Investments in music catalogues are stated at cost. The catalogues are amortised over their expected useful lives of 7 years, on a straight line basis.

Investments in subsidiary undertakings are stated at cost less provision for impairment, where appropriate, to arrive at a value equating to estimated recoverable amounts.

d) Tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost over their estimated useful lives as follows:

Leasehold improvements	20% per annum
Fixtures and fittings	20% per annum
Other office equipment	25% per annum

e) Royalties advances

Royalty advances paid for licensing rights are classified as debtors and expensed to the profit and loss account at the contractual rate as cost of sales, based on revenues earned. Management evaluates the future realisation of royalty advances regularly and provides against amounts unlikely to be recovered.

f) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated at the rate of exchange ruling at that date. All differences are recorded in the profit and loss account.

Universal Music Publishing International Limited

Notes to the financial statements for the eighteen month period ended 31 December 2000 (continued)

1 Accounting policies (Continued)

f) Taxation

The charge for taxation is based on the result for the period 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 taxation 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.

g) Pensions and other post retirement benefits

The expected cost of the pension scheme (see note 18) is charged to the profit and loss account in order to apportion the cost of pensions over the service lives of employees in the scheme. The effects of variations from regular costs are spread over the expected remaining working lifetime of members of the scheme after making suitable allowances for future withdrawals.

h) Operating leases

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

2 Cash flow statement and related party disclosures

At 31 December 2000, the company was a subsidiary undertaking where 90% or more of the voting rights were controlled within the Vivendi Universal group and it is included in the consolidated financial statements of the group, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No. 1 (revised 1996).

The company was also exempt under the terms of Financial Reporting Standard No. 8 from disclosing related party transactions with entities that are part of the Vivendi Universal group or investees of that group, and it has taken advantage of that exemption.

Universal Music Publishing International Limited

Notes to the financial statements for the eighteen month period ended 31 December 2000 (continued)

3 Segmental reporting

Turnover is derived from two continuing activities, the exploitation of music publishing rights and the provision of management services to fellow group undertakings. Income from the latter activity for the eighteen month period ended 31 December 2000 was £3,195,000 (eighteen month period ended 30 June 1999: £1,704,000). The geographical area to which turnover relates is as follows:

	Eighteen month period ended 31 December 2000 £'000	Eighteen month period ended 30 June 1999 £'000
United Kingdom	7,254	4,763
Rest of Europe	1,081	835
United States of America	2,442	1,437
Rest of the World	473	1,006
	11,250	8,041

4 Operating profit/(loss)

	Eighteen month period ended 31 December 2000 £'000	Eighteen month period ended 30 June 1999 £'000
Operating profit/(loss) is stated after charging/(crediting):		
Wages and salaries	1,339	3,553
Social security costs	142	218
Other pension costs	50	75
Staff costs	1,531	3,846
Depreciation of tangible fixed assets	63	-
Provisioning against royalty advances	681	(256)
Foreign exchange gains	(572)	-
Operating lease rentals		
- plant and machinery	3	83
Amortisation of investment in music catalogue	386	386
Auditors' remuneration		
- audit services	27	9

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Notes to the financial statements for the eighteen month period ended 31 December 2000 (continued)

5 Directors' emoluments

	Eighteen month period ended 31 December 2000 £'000	Eighteen month period ended 30 June 1999 £'000
Directors' emoluments (including pension contributions)	217	1,027
Performance related bonuses	114	785
Compensation for loss of office	-	807
	331	2,619

The emoluments of the highest paid director in the eighteen month period ended 31 December 2000 were £331,000 (eighteen month period ended 30 June 1999: £2,260,000, including £665,000 relating to performance related bonuses and £807,000 compensation for loss of office).

The director was a member of a defined contribution pension scheme, under which the company contributed £17,000 (eighteen month period ended 30 June 1999: £2,000).

Retirement benefits are accruing to 2 directors (eighteen month period ended 30 June 1999: 2).

No directors exercised share options in the ultimate parent undertaking during the eighteen month period ended 31 December 2000 (eighteen month period ended 30 June 1999: 2), and no directors became entitled to receive shares under a long-term incentive scheme (eighteen month period ended 30 June 1999: 2).

6 Employee information

The average number of persons, including directors, employed by the company during the period was as follows:

	Eighteen month period ended 31 December 2000 No	Eighteen month period ended 30 June 1999 No
Commercial and administration	21	28

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Notes to the financial statements for the eighteen month period ended 31 December 2000 (continued)

7 Interest receivable and similar income

	Eighteen month period ended 31 December 2000 £'000	Eighteen month period ended 30 June 1999 £'000
Interest receivable from group undertakings	6	319

8 Tax on profit/(loss) on ordinary activities

	Eighteen month period ended 31 December 2000 £'000	Eighteen month period ended 30 June 1999 £'000
Taxation on the profit/(loss) for the period:		
UK Corporation tax at 30% (1999: 30.83%)	248	53
Withholding tax	162	-
Double tax relief	(162)	-
Prior period adjustment	(113)	10
	135	63

9 Tangible fixed assets

	Leasehold improvements £'000	Plant and equipment	Fixtures and Fittings £'000	Total £'000
Cost				
At 1 July 1999	-	-	-	-
Group transfers	145	80	68	293
At 31 December 2000	145	80	68	293
Depreciation				
At 1 July 1999	-	-	-	-
Charge for the period	29	20	14	63
At 31 December 2000	29	20	14	63
Net book value				
31 December 2000	116	60	54	230
At 30 June 1999	-	-	-	-

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Notes to the financial statements for the eighteen month period ended 31 December 2000 (continued)

10 Investments

	Music catalogue £'000	Subsidiary undertaking £'000	Total £'000
Cost			
At 1 July 1999 and 31 December 2000	4,467	545	5,012
Amounts provided			
At 1 July 1999	(3,128)	-	(3,128)
Provided during the period	(386)	-	(386)
At 31 December 2000	3,514	-	3,514
Net book value			
At 31 December 2000	953	545	1,498
At 30 June 1999	1,339	545	1,884

Subsidiary undertaking

Name	Proportion of ordinary share capital held	Country of Incorporation	Nature of Business
Universal/Empire Music Limited	100%	United Kingdom	Music publishing

Consolidated accounts have not been prepared as the company is a wholly owned subsidiary of Vivendi Universal S.A., a company incorporated in the European Community, and is therefore exempt under Section 228 of the Companies Act 1985 from the obligation to prepare and deliver group accounts.

The directors have considered the carrying value of the investment and are of the opinion that the value of the company's investment in Universal/Empire Music Limited, including amounts owed by the subsidiary undertaking, is not less than the amount at which it is stated in the accounts.

11 Debtors

	31 December 2000 £'000	30 June 1999 £'000
Trade debtors	772	1,505
Amounts owed by group undertakings	162	9
Other debtors	478	444
Prepayments and accrued income	154	35
	1,566	1,993

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

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Notes to the financial statements for the eighteen month period ended 31 December 2000 (continued)

12 Creditors: amounts falling due within one year

	31 December 2000 £'000	30 June 1999 £'000
Trade creditors	-	245
Amounts owed to group undertakings	2,822	4,213
Accruals and deferred income	1,037	558
	3,859	5,016

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

13 Creditors: amounts falling due after more than one year

	31 Dec 2000 £'000	30 June 1999 £'000
Accruals and deferred income	332	281

14 Deferred tax

No deferred tax has been provided for in the accounts. Future tax relief not taken up in the accounts should be available on the following:

	31 Dec 2000 £'000	30 June 1999 £'000
Short term timing differences	369	382

15 Called up share capital

	31 December 2000 £	30 June 1999 £
Authorised, allotted and fully paid 100 ordinary shares of £1 each	100	100

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Notes to the financial statements for the eighteen month period ended 31 December 2000 (continued)

16 Reconciliation of movements in equity shareholders' deficit

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 July 1999	-	(1,416)	(1,416)
Profit for the period	-	524	524
At 31 December 2000	-	(892)	(892)

17 Operating lease commitments

	31 December 2000 £'000	30 June 1999 £'000
Annual commitments under plant and machinery operating leases which expire:		
Within one year	-	58
In two to five years	-	29
	-	87

All operating leases were transferred to fellow UK group undertakings in the period.

18 Pension costs

The Company is a member of the Seagram Distillers Plc Pension Scheme ("the Scheme"), which is a combination of both funded defined benefit and defined contribution schemes. Details of the Scheme, including particulars of the most recent valuation performed by independent qualified actuaries as at 6 April 1999 can be found in the Annual report of Universal Music Leisure Limited (the company's intermediate parent undertaking) for the eighteen month period ended 31 December 2000. The pension costs relating to the Scheme are assessed in accordance with the advice of an independent qualified actuary.

For the eighteen month period ended 31 December 2000, the total pension cost for the company was £50,000.

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Notes to the financial statements for the eighteen month period ended 31 December 2000 (continued)

19 Ultimate parent undertaking

On 8 December 2000, Seagram, Vivendi and Canal, an entity which was approximately 49% owned by Vivendi, completed a merger of the three companies to become Vivendi Universal S.A.. As a result of that transaction, Vivendi Universal S.A. became the company's ultimate parent undertaking.

The smallest and largest group in which the results of the company will be consolidated will be that headed by Vivendi Universal S.A., incorporated in France. Copies of its annual report in English may be obtained from the Company Secretary at 42 Avenue de Friedland, 75380, Paris, Cedex 08, France.