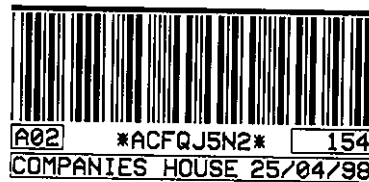


Earache Records Limited
Report and Unaudited Accounts
30 June 1997



MARTIN GREENE RAVDEN
Chartered Accountants
55 Loudoun Road
St John's Wood
London NW8 0DL

Company No. 2781569

Earache Records Limited

REPORT AND UNAUDITED ACCOUNTS **For the year ended 30 June 1997**

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Earache Records Limited

DIRECTOR'S REPORT

For the year ended 30 June 1997

The director presents his report and the unaudited accounts for the year ended 30 June 1997.

Statement of director's responsibilities

A statement of the director's responsibilities in relation to the accounts is set out on page 2.

Business review

During the year the company did not trade, receive any income or incur any expenditure and therefore no change has arisen in its financial position. Any expenses have been met by the director personally. Accordingly, no profit and loss account has been prepared.

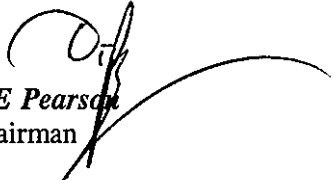
The company commenced trading on 1 August 1997.

Director and his interest

The director who held office during the year and his beneficial interest in the company's share capital was as follows:

	Number of £1 Ordinary Shares at	
	1 July 1996	30 June 1997
 D E Pearson	2	2

On behalf of the Board


D E Pearson
Chairman

· 6 APR 1998 ·

STATEMENT OF DIRECTOR'S RESPONSIBILITIES
in relation to the accounts

Company law requires the director to prepare accounts for each financial year which give a true and fair view of the company's state of affairs at the end of the year and of the profit or loss for that period. In preparing those accounts, the director is 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 accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the accounts comply with the Companies Act 1985. The director is 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.

Earache Records Limited

BALANCE SHEET at 30 June 1997

	1997 £	1996 £
Current assets		
Sundry debtors	2	2
	<u>2</u>	<u>2</u>
 Called up share capital		
Authorised		
50,000 Ordinary shares of £1 each	50,000	50,000
	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

The company was dormant within the meaning of Section 250 of the Companies Act 1985, throughout the financial year.

The accounts were approved by the Board
on . - 6 APR 1998 . and signed on its behalf by


D E Pearson - Director

Note

Profit and loss account

During the year ended 30 June 1997, the company did not trade, receive any income or incur any expenditure and therefore no change has arisen in its financial position. Any expenses have been met by the director personally. Accordingly, no profit and loss account has been prepared.