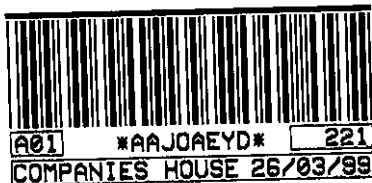


Co's Hse
Company Registration No. 03194214 (England and Wales)

IXION PUBLISHING LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 1998



Berley
Chartered Accountants
76 New Cavendish Street
LONDON W1M 7LB

IXION PUBLISHING LIMITED

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IXION PUBLISHING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1998

The directors present their report and financial statements for the year ended 30 June 1998.

Principal activities

The principal activity of the company during the year was that of music publishing. The company was dormant throughout the last financial year.

Directors

The following directors have held office since 1 July 1997:

K J Kashif
T Kashif
M Oates
T R Oates

Directors' interests

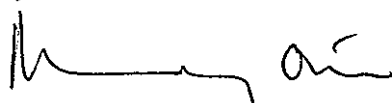
The directors' beneficial interests in the shares of the company were as stated below:

| | Ordinary 'A' shares of £1 each | |
|------------|--------------------------------|-------------|
| | 30 June 1998 | 1 July 1997 |
| K J Kashif | - | - |
| T Kashif | 1 | 1 |
| M Oates | - | - |
| T R Oates | - | - |

| | Ordinary 'B' shares of £1 each | |
|------------|--------------------------------|-------------|
| | 30 June 1998 | 1 July 1997 |
| K J Kashif | - | - |
| T Kashif | - | - |
| M Oates | - | - |
| T R Oates | - | - |

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



M Oates
Director

19 March 1999

IXION PUBLISHING LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1998

| | Notes | 1998 £ | 1997 £ |
|--|-------|--------------|-----------|
| Turnover | | 13,355 | - |
| Administrative expenses | | (14,146) | - |
| Loss on ordinary activities before taxation | | (791) | - |
| Tax on loss on ordinary activities | 2 | - | - |
| Loss on ordinary activities after taxation | 6 | (791) | - |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

IXION PUBLISHING LIMITED

BALANCE SHEET AS AT 30 JUNE 1998

| | Notes | 1998 £ | £ | 1997 £ | £ |
|---|-------|----------------|--------------|-----------|----------|
| Current assets | | | | | |
| Debtors | 3 | 3,223 | | - | |
| Cash at bank and in hand | | 889 | | 2 | |
| | | <u>4,112</u> | | <u>2</u> | |
| Creditors: amounts falling due within one year | 4 | <u>(4,901)</u> | | <u>-</u> | |
| Total assets less current liabilities | | | <u>(789)</u> | | <u>2</u> |
| Capital and reserves | | | | | |
| Called up share capital | 5 | | 2 | | 2 |
| Profit and loss account | 6 | | (791) | | - |
| Shareholders' funds - equity interests | 7 | | <u>(789)</u> | | <u>2</u> |

In preparing these financial statements:

- (a) The directors are of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- (b) No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- (c) The directors acknowledge their responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

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

The financial statements were approved by the Board on 19 March 1999



M Oates
Director



T Kashif
Director

IXION PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

1.2 Turnover

Turnover represents royalty receivable net of VAT.

2 Taxation

There is no corporation tax payable based on these accounts.

3 Debtors

| | 1998 £ | 1997 £ |
|---------------|-----------|-----------|
| Other debtors | 3,223 | - |

4 Creditors: amounts falling due within one year

| | 1998 £ | 1997 £ |
|------------------------------|-----------|-----------|
| Taxation and social security | 471 | - |
| Other creditors | 4,430 | - |
| | 4,901 | - |

5 Share capital

| | 1998 £ | 1997 £ |
|---|-----------|-----------|
| Authorised | | |
| 500 Ordinary 'A' shares of £1 each | 500 | 500 |
| 500 Ordinary 'B' shares of £1 each | 500 | 500 |
| | 1,000 | 1,000 |
| Allotted, called up and fully paid | | |
| 1 Ordinary 'A' shares of £1 each | 1 | 1 |
| 1 Ordinary 'B' shares of £1 each | 1 | 1 |
| | 2 | 2 |

IXION PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998

6 Statement of movements on profit and loss account

| | Profit and loss account £ |
|----------------------------|---------------------------------|
| Retained loss for the year | (791) |

7 Reconciliation of movements in shareholders' funds

| | 1998 £ | 1997 £ |
|--|-----------|-----------|
| Loss for the financial year | (791) | - |
| Proceeds from issue of shares | - | 2 |
| Net (depletion in)/addition to shareholders' funds | (791) | 2 |
| Opening shareholders' funds | 2 | - |
| Closing shareholders' funds | (789) | 2 |

8 Related party transactions

During the year, the company received £13,355 (1997- £nil) as royalty from Eaton Music Limited, which is a holder of 1 Ordinary 'B' share.

The company also paid a royalty of £6,296 (1997- £nil) to T Kashif, a director and a shareholder and paid commissions of £5,310 (1997- £nil) to Eaton Music Limited.

All transactions were carried out on normal commercial terms and on an arm's length basis.