

Company Registration No. 4018752 (England and Wales)

REGISTRAR'S COPY

KOBALT MUSIC GROUP LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2002



KOBALT MUSIC GROUP LIMITED

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KOBALT MUSIC GROUP LIMITED

AUDITORS' REPORT TO KOBALT MUSIC GROUP LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 2 to 6, together with the financial statements of the company for the year ended 31 March 2002 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors


The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 2 to 6 are properly prepared in accordance with those provisions.



Griffin Stone, Moscrop & Co.

Chartered Accountants
Registered Auditor

18th February 2003

41 Welbeck Street
London
W1G 8EA

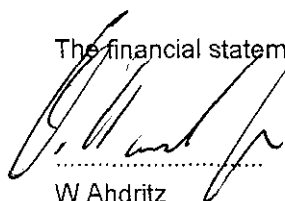
KOBALT MUSIC GROUP LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 MARCH 2002

	Notes	2002 £	£	2001 £	£
Fixed assets					
Intangible assets	2	175,036		-	
Tangible assets	2	4,283		4,357	
Investments	2	6,853		3	
		<u>186,172</u>		<u>4,360</u>	
Current assets					
Debtors		1,451,113		173,890	
Cash at bank and in hand		192,154		8,591	
		<u>1,643,267</u>		<u>182,481</u>	
Creditors: amounts falling due within one year		<u>(738,845)</u>		<u>(447,638)</u>	
Net current assets/(liabilities)		<u>904,422</u>		<u>(265,157)</u>	
Total assets less current liabilities		<u>1,090,594</u>		<u>(260,797)</u>	
Capital and reserves					
Called up share capital	3	114,573		2	
Share premium account		2,317,315		-	
Profit and loss account		(1,341,294)		(260,799)	
Shareholders' funds - equity interests		<u>1,090,594</u>		<u>(260,797)</u>	

These abbreviated accounts 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 11 FEB 03...



W Ahdriz
Director

KOBALT MUSIC GROUP LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2002

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 cash flow statement on the grounds that it is a small company.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents management charges received from the company's subsidiaries, in respect of management services provided.

1.4 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	33% of cost per annum
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1.6 Leasing

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

1.7 Investments

Fixed asset investments are stated at cost.

1.8 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

KOBALT MUSIC GROUP LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

1 Accounting policies

(continued)

1.10 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

KOBALT MUSIC GROUP LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

2 Fixed assets

	Intangible assets £	Tangible assets £	Investments £	Total £
Cost				
At 1 April 2001	-	4,980	3	4,983
Additions	262,554	1,586	6,850	270,990
At 31 March 2002	262,554	6,566	6,853	275,973
Depreciation				
At 1 April 2001	-	623	-	623
Charge for the year	87,518	1,660	-	89,178
At 31 March 2002	87,518	2,283	-	89,801
Net book value				
At 31 March 2002	175,036	4,283	6,853	186,172
At 31 March 2001	-	4,357	3	4,360

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Diesel 2 Publishing & Management AB	Sweden	Ordinary	100
Kobalt Music Publishing Limited	England & Wales	Ordinary	100
Kobalt Music Services Limited	England & Wales	Ordinary	100
Kojam Music AB	Sweden	Ordinary	100
Kojam Music Limited	England & Wales	Ordinary	100
Kollector Limited	England & Wales	Ordinary	100
Monumental Songs AB	Sweden	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

KOBALT MUSIC GROUP LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

2 Fixed assets

(continued)

	Capital and reserves	Profit for the year
Diesel 2 Publishing & Management AB	306,901	(49,076)
Kobalt Music Publishing Limited	(3,595)	(3,596)
Kobalt Music Services Limited	(121,422)	(121,423)
Kojam Music AB	-	-
Kojam Music Limited	(302,697)	(265,750)
Kollector Limited	1	-
Monumental Songs AB	5,804	(1,045)

3 Share capital

	2002 £	2001 £
Authorised		
3,000,000 Ordinary shares of 5p each	150,000	100,000
Allotted, called up and fully paid		
2,291,463 Ordinary shares of 5p each	114,573	2

On the 24th April 2001 1,199,970 ordinary shares of 5p each were issued with an aggregate nominal value of £59,998. The consideration received by the company for these shares was £541,176.

On the 22nd February 2002 1,091,463 ordinary shares of 5p each were issued with an aggregate nominal value of £54,573. The consideration received by the company for these shares was £2,001,562.

All shares were issued to raise working capital for the company.