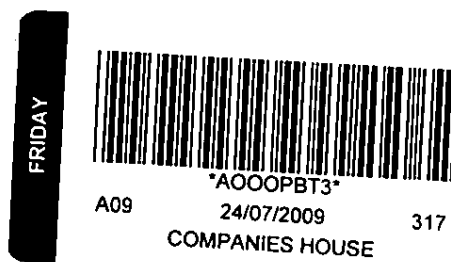


**PIAS/WALL OF SOUND LIMITED
ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2008**



Company Registration Number: 4217683

PIAS/WALL OF SOUND LIMITED
YEAR ENDED 30 SEPTEMBER 2008

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Independent auditors' report to the shareholders	4
Profit and loss account	5
Balance sheet	6
Notes to the accounts	7
 The following pages do not form part of the accounts	
Detailed profit and loss account	16

PIAS/WALL OF SOUND LIMITED

YEAR ENDED 30 SEPTEMBER 2008

OFFICERS AND PROFESSIONAL ADVISERS

BOARD OF DIRECTORS

M Lambot
N Hartley

COMPANY SECRETARY

N Hartley

REGISTERED OFFICE

Unit 24
Farm Lane Trading Estate
101 Farm Lane
Fulham
London
SW6 1QJ

AUDITORS

Nexia Smith & Williamson LLP
Chartered Accountants
Registered Auditors
Portwall Place
Portwall Lane
Bristol
BS1 6NA

BANKERS

Coutts & Co
Media Banking Office
440 Strand
London
WC2R 0QS

DIRECTORS' REPORT

The directors present their report and the accounts of the company for the year ended 30 September 2008.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is that of a record company.

FINANCIAL RISK MANAGEMENT

PIAS/Wall of Sound Limited is part of the PIAS UK group. The Group finances its operations through the generation of cash from operating activities of the Group and has no interest rate exposure on financial liabilities. Liquidity risk is managed through forecasting the Group's future cash flow requirements and maintaining sufficient cash at bank balances at group level.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached accounts.

The directors have not recommended a dividend (2007: £nil).

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year were as follows:

M Lambot
N Hartley

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year 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 the year then ended. In preparing those accounts, the directors are required to:

- Select suitable accounting policies and then apply them on a consistent basis;
- 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; and
- Prepare the accounts 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 accounts comply with the Companies Act 1985. The directors 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.

In so far as the directors are aware:

- There is no relevant audit information of which the company's auditors are unaware; and
- The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

PIAS/WALL OF SOUND LIMITED

YEAR ENDED 30 SEPTEMBER 2008

DIRECTORS' REPORT *(continued)*

AUDITORS

A resolution to reappoint Nexia Smith & Williamson LLP as company's auditor will be put to the Annual General Meeting in accordance with Section 385 of the Companies Act 1985.

Signed on behalf of the directors



N Hartley
Director

Approved by the directors on.....21/7/09.....

PIAS/WALL OF SOUND LIMITED

YEAR ENDED 30 SEPTEMBER 2008

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PIAS/WALL OF SOUND LIMITED

We have audited the accounts of PIAS/Wall of Sound Limited for the year ended 30 September 2008 which consist of the profit and loss account, balance sheet and the related notes. These accounts have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the accounts. We also report to you if, in our opinion, 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 with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion:

- the accounts give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2008 and of its loss for the period then ended; and
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the accounts.



Nexia Smith & Williamson LLP

Chartered Accountants

Registered Auditors

Portwall Place

Portwall Lane

BRISTOL

BS1 6NA

Dated: 21/7/09

PIAS/WALL OF SOUND LIMITED
YEAR ENDED 30 SEPTEMBER 2008

PROFIT AND LOSS ACCOUNT

		2008	2007
	Note	£	£
Turnover	2	1,810,098	2,013,701
Cost of sales		(999,672)	(897,648)
Gross profit		810,426	1,116,053
Administrative expenses		(1,357,870)	(1,417,654)
Operating loss	3	(547,444)	(301,601)
Interest payable	5	(401)	(248)
Interest receivable	6	3,364	-
Loss on ordinary activities before taxation		(544,481)	(301,849)
Tax on loss on ordinary activities	7	-	-
Loss for the financial year		(544,481)	(301,849)

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 7 to 14 form part of these accounts.

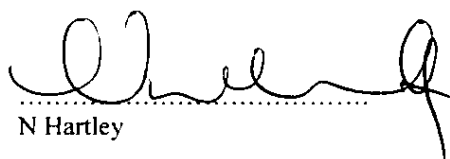
PIAS/WALL OF SOUND LIMITED

YEAR ENDED 30 SEPTEMBER 2008

BALANCE SHEET

	Note	2008		2007	
		£	£	£	£
Fixed assets					
Intangible assets	8		125,760		138,042
Tangible assets	9		4,769		19,243
			<u>130,529</u>		<u>157,285</u>
Current assets					
Stocks	10	40,597		48,517	
Debtors	11	1,654,753		1,440,117	
Cash at bank and in hand		<u>1,617</u>		<u>49,174</u>	
		1,696,967		1,537,808	
Creditors: Amounts falling due within one year	12	<u>(3,118,575)</u>		<u>(2,441,691)</u>	
Net current liabilities			<u>(1,421,608)</u>		<u>(903,883)</u>
Net liabilities			<u>(1,291,079)</u>		<u>(746,598)</u>
Capital and reserves					
Called-up equity share capital	15		1		1
Profit and loss account	16		<u>(1,291,080)</u>		<u>(746,599)</u>
Shareholders' funds	17		<u>(1,291,079)</u>		<u>(746,598)</u>

These accounts were approved by the directors on 21/7/09, and are signed on their behalf by:


N Hartley

The notes on pages 7 to 14 form part of these accounts.

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

The accounts have been prepared on the going concern basis, which assumes the continued support of fellow group companies PIAS UK Limited, PIAS SPRL and PIAS Holding (UK) Limited. In the opinion of the directors this support will not be withdrawn in the foreseeable future.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the accounts on the grounds that the company is small.

Turnover

Turnover represents sales of goods and services rendered during the year, net of returns and Value Added Tax.

Turnover from royalties is recognised on the receivable basis. Royalty advances are recognised in the period in which they are received.

Intangible assets

Costs incurred that can be attributable to goodwill is capitalised and amortised over their expected useful life of ten years, in accordance with FRS10 – Goodwill and Intangible Assets. They are reviewed for impairment at the end of the first full financial year following acquisition and in other periods, if events, or changes in circumstances indicate that the carrying value may not be recoverable.

Recorded catalogue intangibles acquired are capitalised and amortised over their expected useful life of twenty years.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Improvements	-	25% on cost
Equipment	-	10 - 33% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress represents direct costs of recordings incurred during the accounting period in respect of music to be released after the end of the period. Work in progress is only recognised to the extent that the directors believe it is recoupable against future income.

Pension costs

The company makes payments into a defined contribution scheme operated by PIAS UK Limited, a fellow subsidiary. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge in note 4 represents contributions payable by the company during the year. There were no contributions outstanding at the year end.

NOTES TO THE ACCOUNTS (continued)

1 ACCOUNTING POLICIES (continued)

Deferred taxation

Deferred tax liabilities are recognised on a full provision basis in respect of all timing differences which have originated, but not reversed at the balance sheet date. Deferred tax assets are recognised to the extent that the directors consider it more likely than not that the asset is recoverable. The deferred tax balance is not discounted.

Foreign currencies

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 translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating loss.

Artists advances

Artists advances are written off in the accounting year in which the advance is made unless it is considered by the directors that part or all of the advance unrecovered at the year end will be recovered from royalties arising from future sales.

Royalties payable

Royalties payable are recognised in the same period as the income to which they relate.

2 TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2008	2007
	£	£
United Kingdom	1,121,656	1,671,372
Europe	106,396	161,096
Rest of the world	582,046	181,233
	<u>1,810,098</u>	<u>2,013,701</u>

3 OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2008	2007
	£	£
Amortisation	16,282	14,046
Depreciation	5,459	10,675
Loss on disposal of fixed assets	9,780	261
Auditors' remuneration		
- as auditors	7,700	4,000
Net loss/(profit) on foreign currency translation	<u>2,048</u>	<u>(780)</u>

PIAS/WALL OF SOUND LIMITED
YEAR ENDED 30 SEPTEMBER 2008

NOTES TO THE ACCOUNTS (continued)

4 PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial period amounted to:

	2008	2007
	No.	No.
Number of administrative staff	7	7

The aggregate payroll costs of the above were:

	2008	2007
	£	£
Wages and salaries	253,936	251,141
Social security costs	27,270	26,150
Pension costs	900	995
	<u>282,106</u>	<u>278,286</u>

The directors are not remunerated through this company and there are no directors to whom retirement benefits are accruing during the period (2007: none).

5 INTEREST PAYABLE

	2008	2007
	£	£
Bank interest	401	248

6 INTEREST RECEIVABLE

	2008	2007
	£	£
Bank interest	3,364	-

PIAS/WALL OF SOUND LIMITED
YEAR ENDED 30 SEPTEMBER 2008

7 TAX ON LOSS ON ORDINARY ACTIVITIES

	2008	2007
	£	£
UK corporation tax on loss of period at 29% (2007: 30%)	-	-

The tax charge for the period differs from the standard rate of corporation tax as follows:

	2008	2007
	%	%
Standard rate of corporation tax	29	30
Expenditure disallowed	(2)	(3)
Tax losses carried forward	(27)	(27)
	-	-

Tax losses carried forward at 30 September 2008 are approximately £1,195,000 (2007 : £689,000).

8 INTANGIBLE ASSETS

	Goodwill	Catalogue Rights	Total
	£	£	£
Cost			
At 1 October 2007	125,135	34,350	159,485
Additions	4,000	-	4,000
At 30 September 2008	129,135	34,350	163,485
Amortisation			
At 1 October 2007	19,028	2,415	21,443
Charge in the year	12,847	3,435	16,282
At 30 September 2008	31,875	5,850	37,725
Net Book Value			
At 30 September 2008	97,260	28,500	125,760
At 1 October 2007	106,107	31,935	138,042

PIAS/WALL OF SOUND LIMITED
YEAR ENDED 30 SEPTEMBER 2008

NOTES TO THE ACCOUNTS (continued)

9 TANGIBLE FIXED ASSETS

	Leasehold improvements	Equipment	Total
	£	£	£
Cost			
At 1 October 2007	13,200	19,658	32,858
Additions	-	765	765
Disposals	(13,200)	(3,919)	(17,119)
At 30 September 2008	<u>-</u>	<u>16,504</u>	<u>16,504</u>
Depreciation			
At 1 October 2007	5,500	8,115	13,615
Charge for the year	-	5,459	5,459
Disposals	(5,500)	(1,839)	(7,339)
At 30 September 2008	<u>-</u>	<u>11,735</u>	<u>11,735</u>
Net book value			
At 30 September 2008	<u>-</u>	<u>4,769</u>	<u>4,769</u>
At 1 October 2007	<u>7,700</u>	<u>11,543</u>	<u>19,243</u>

10 STOCKS

	2008	2007
	£	£
Work in progress	7,265	7,985
Finished goods	33,332	40,532
	<u>40,597</u>	<u>48,517</u>

11 DEBTORS

	2008	2007
	£	£
Trade debtors	52,764	19,898
Amounts owed by group undertakings	525,513	259,556
VAT recoverable	3,999	39,064
Other debtors	750,247	663,625
Prepayments and accrued income	322,230	457,974
	<u>1,654,753</u>	<u>1,440,117</u>

PIAS/WALL OF SOUND LIMITED
YEAR ENDED 30 SEPTEMBER 2008

NOTES TO THE ACCOUNTS *(continued)*

12 CREDITORS: Amounts falling due within one year

	2008	2007
	£	£
Bank overdraft	33,311	-
Trade creditors	306,659	367,615
Amounts owed to group undertakings	2,624,902	1,742,928
Other taxes and social security	7,268	8,197
Accruals and deferred income	146,435	322,951
	<u>3,118,575</u>	<u>2,441,691</u>

Amounts owed to group undertakings have no fixed repayment terms.

13 DEFERRED TAXATION

No provision has been made in the accounts and the amounts unprovided at the end of the year are as follows:

	2008	2007
	£	£
Accelerated Capital Allowances	4,411	1,026
Tax losses	334,747	193,157
	<u>339,158</u>	<u>194,183</u>

PIAS/WALL OF SOUND LIMITED

YEAR ENDED 30 SEPTEMBER 2008

NOTES TO THE ACCOUNTS (continued)

14 RELATED PARTY TRANSACTIONS

		Sub- Note	Balance due to/(from) the company 2008 £	Balance due to/(from) the company 2007 £	Value of transactions income/ (expenses) 2008 £	Value of transactions income/ (expenses) 2007 £
PIAS UK Limited	Sale of compact discs and records	1	301,690	259,556	864,986	1,222,505
PIAS UK Limited	Purchase of compact discs and records	1	(802,703)	(324,356)	(109,271)	(144,462)
PIAS UK Limited	Provision of management services and interest payable	1	(311,759)	(197,360)	(57,227)	(16,825)
PIAS Holding (UK) Limited	Management charge	1	(293,750)	(146,875)	(100,000)	(125,000)
PIAS Holding (UK) Limited	Inter-company loan account	1	(235,347)	(379,392)	78,021	-
PIAS Holdings (UK) Limited		1	74,951	-	-	-
PIAS Holdings (UK) Limited		1	(587,222)	-	-	-
PIAS Recordings UK Limited	Inter company current account	1	-	(303,701)	-	-
PIAS Recordings UK Limited	Royalties	1	(239,609)	-	(208,043)	(204,372)
PIAS Recordings UK Limited	Management charge	1	-	-	(27,000)	(91,500)
Wall of Sound (Nordic) Limited	Inter-company current account	1	(64,452)	(131,319)	18,728	(84,043)
Wall of Sound (Nordic) Limited	Management charge	1	18,498	-	57,500	-
Fat Cat Records Limited	Sale of compact discs and records	1	40,881	-	-	-
Fat Cat Records Limited	Purchase of compact discs and records	1	(4,515)	-	-	-
PIAS SPRL	Sale of compact discs and records	2	-	(259,925)	139,327	136,135
PIAS SPRL	Royalties	2	-	-	(145,500)	-
PIAS Spain	Inter-company current account	2	1,193	-	1,193	-
PIAS France	Inter-company current account	2	2,755	-	2,755	-

Sub notes:

1. PIAS UK Limited, PIAS Holding (UK) Limited, PIAS Recordings UK Limited, Fat Cat Records Limited and Wall of Sound (Nordic) Limited are fellow group companies in the UK.
2. PIAS SPRL is a fellow group company operating in Belgium. PIAS Spain and PIAS France are fellow group companies operating overseas.

PIAS/WALL OF SOUND LIMITED
YEAR ENDED 30 SEPTEMBER 2008

NOTES TO THE ACCOUNTS *(continued)*

15 SHARE CAPITAL

	2008	2007
	£	£
Authorised share capital:		
100 Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Allotted, called up and fully paid:		
Ordinary share capital	1	1
	<hr/>	<hr/>

16 PROFIT AND LOSS ACCOUNT

	2008	2007
	£	£
At 1 October 2007	(746,599)	(444,750)
Loss for the year	(544,481)	(301,849)
	<hr/>	<hr/>
At 30 September 2008	(1,291,080)	(746,599)
	<hr/>	<hr/>

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008	2007
	£	£
Loss for the financial year	(544,481)	(301,849)
Opening shareholders' funds	(746,598)	(444,749)
	<hr/>	<hr/>
Closing shareholders' funds	(1,291,079)	(746,598)
	<hr/>	<hr/>

18 ULTIMATE PARENT COMPANY

PIAS Holding (UK) Limited, a company registered in England, was the immediate parent company throughout the year.

LGS 2 SPRL is the ultimate parent company and controlling party. Copies of the group accounts of LGS 2 SPRL are available from 90 Rue de Veeweyde, 1070 Bruxelles, Belgium.