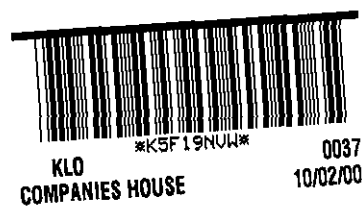


Good Music Limited

(Registered Number : 406595)

Directors' Report And Financial Statements

30 June 1999



Good Music Limited

Directors' Report

The directors present their report and unaudited balance sheet and notes of the company for the year ended 30 June 1999

Activities

The principal activity of the company is that of music publishing.

Review Of Business

The company did not trade during the year and consequently made neither a profit nor a loss.

Future Developments

The company is not expected to trade in the foreseeable future.

Directors

The directors who held office during the year are:

P Curran
W Downs

None of the directors holds any shares in the company and there are no arrangements whereby any director is able to acquire shares in the company (1998: Nil).

Statement Of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that year. 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.

Good Music Limited

Directors' Report (Continued)

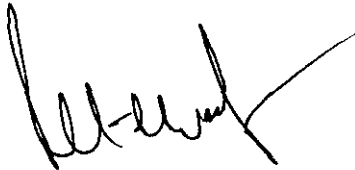
Statement Of Directors' Responsibilities (Continued)

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

Under the exemption for qualifying dormant companies in Section 250 of the Companies Act 1985, the company has not appointed auditors.

By order of the board



EJP Wareham
Secretary

2nd February 2000

Good Music Limited

Balance Sheet - 30 June 1999

	Note	1999 £	1998 £
Current Assets			
Debtors	4	1,089	1,089
Creditors: Amounts falling due within one year	5	(3,327)	(3,327)
Net Current Liabilities		(2,238)	(2,238)
Equity Capital And Reserves			
Called up share capital	6	3,000	3,000
Profit and loss account		(5,238)	(5,238)
Total Shareholders' Funds	7	(2,238)	(2,238)

The Company was dormant within the meaning of Section 250 of the Companies Act 1985 throughout the year to 30 June 1999.

Approved by the Board on 2nd February 2000.

P Curran
Director

Good Music Limited

Notes To The Financial Statements - 30 June 1999

1 Accounting Policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

2 Activity

During the year the Company did not trade and did not incur any liabilities. Consequently, it made neither a profit nor a loss.

3 Directors And Employees

The average number of employees during the year was nil. (1998: Nil).

None of the directors received any emoluments in respect of their services to the company during the year (1998: £Nil).

4 Debtors

	1999 £	1998 £
Amounts due from group undertakings	966	966
Corporation tax receivable	123	123
	<hr/> 1,089	<hr/> 1,089

5 Creditors: (Amounts falling due within one year)

	1999 £	1998 £
Amounts due to group undertakings	3,327	3327
	<hr/> 3,327	<hr/> 3,327

Good Music Limited

Notes To The Financial Statements - 30 June 1999

6 Called Up Share Capital

	1999 £	1998 £
Authorised, allotted and fully paid: 3,000 ordinary shares of £1 each (1998: 3,000)	3,000	3,000

7 Reconciliation Of Movement In Shareholders' Funds

	1999 £	1998 £
Profit for the financial year	-	-
Net addition to shareholders' funds	-	-
Total shareholders' funds at 1 July	(2,238)	(2,238)
Total shareholders' funds at 30 June	(2,238)	(2,238)

8 Ultimate Parent Undertaking

The ultimate parent undertaking of Gravity Records Limited is Bertelsmann AG, a company incorporated in Germany.

The largest and smallest group for which consolidated financial statements are prepared, and of which the company is a member, is as follows:

Name	Bertelsmann AG
Country of incorporation	Germany
Address from where copies of the consolidated financial statements can be obtained	Carl Bertelsmann Strasse 270 4830 Gütersloh 1 Germany

9 Financial Position

The ultimate parent company has confirmed that it is its present intention to finance the company so as to enable it to meet its liabilities as they fall due and carry on its business for the foreseeable future without significant curtailment of operations.

10 Related Party Transactions

The company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Bertelsmann AG group of companies. There are no other related party transactions.