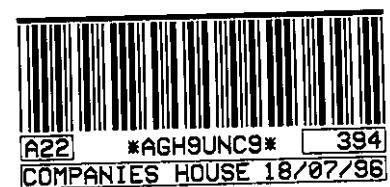


**COOMBE MUSIC INTERNATIONAL
LIMITED**

Report and Financial Statements

31 December 1995

**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**





DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1995. The financial statements have been prepared on a going concern basis and applicable accounting standards followed.

The directors are required by company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing the financial statements, suitable accounting policies must be used and applied consistently, and such judgements and estimates as are made must be reasonable and prudent. The auditors are required to form an independent opinion on the financial statements prepared by the directors and report that independent opinion to the members.

The directors are also responsible for keeping proper accounting records, safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES AND BUSINESS DEVELOPMENTS

The company is principally engaged in the business of running a cover version music catalogue. The directors intend to take every opportunity to expand and develop the business.

RESULTS AND TRANSFERS FROM RESERVES

The loss after taxation for the year amounted to £19,592 (1994 - £7,804) and has been transferred from reserves. The financial position of the company at the end of the year is set out in the balance sheet on page 5.

DIVIDENDS

The directors do not propose the payment of a dividend (1994 - £nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

C.I. Calder

J.R. Fruin (resigned 15 September 1995)

D.N. Howe

S. Jenkins

J.L. Dobinson (appointed 15 September 1995)

No director has any beneficial interests in the ordinary shares of the company or its parent company Zomba Records Limited. D.N. Howe holds one share in both companies as a nominee.

FIXED ASSETS

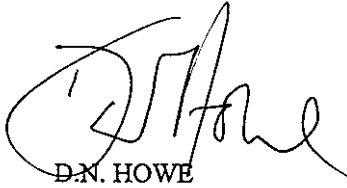
Changes in the fixed assets of the company are shown in note 5 to the accounts.

DIRECTORS' REPORT

AUDITORS

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name. A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



D.N. HOWE

Secretary

17 May 1996



Chartered Accountants

Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR

Telephone: National 0171 936 3000
International + 44 171 936 3000
Telex: 884739 TRLNDN G
Fax (Gp. 3): 0171 583 8517
LDE: DX 599

COOMBE MUSIC INTERNATIONAL LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 4 to 9 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described in the directors' report, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and
Registered Auditors

17 May 1996


PROFIT AND LOSS ACCOUNT
Year ended 31 December 1995

	Note	1995 £	1994 £
TURNOVER	1(b)	58,529	98,945
Cost of sales		(2,408)	(5,735)
Gross profit		56,121	93,210
Administrative expenses		(85,164)	(104,857)
OPERATING LOSS/LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(29,043)	(11,647)
Tax credit on loss on ordinary activities	4	9,451	3,843
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(19,592)	(7,804)
Profit and loss account brought forward		(207,254)	(199,450)
Profit and loss account carried forward		(226,846)	(207,254)

A statement of total recognised gains and losses is not included in these accounts as there are no recognised gains or losses in either the current financial year or the previous financial year other than the losses reported above.

Further, there has been no movement in shareholders' funds in either the current financial year or the previous financial year other than the losses reported above. Accordingly, no reconciliation of movement in shareholders' funds is included in these accounts.

The turnover and operating loss for the year derive from continuing operations.



BALANCE SHEET
31 December 1995

	Note	£	1995 £	£	1994 £
FIXED ASSETS					
Tangible assets	5		138,663		166,800
CURRENT ASSETS					
Debtors	6	13,567		38,211	
Cash at bank and in hand		44,910		29,933	
		58,477		68,144	
CREDITORS: amounts falling due within one year	7	(11,851)		(21,248)	
NET CURRENT ASSETS			46,626		46,896
TOTAL ASSETS LESS CURRENT LIABILITIES			185,289		213,696
CREDITORS: amounts falling due after more than one year	8		(400,000)		(400,000)
PROVISIONS FOR LIABILITIES AND CHARGES	9		(12,035)		(20,850)
			(226,746)		(207,154)
CAPITAL RESERVES					
Called up share capital	10		100		100
Profit and loss account			(226,846)		(207,254)
EQUITY SHAREHOLDERS' FUNDS			(226,746)		(207,154)

These financial statements were approved by the Board of Directors on 17 May 1996.

Signed on behalf of the Board of Directors

J. L. DOBINSON

D. N. HOWE

Directors



NOTES TO THE ACCOUNTS
Year ended 31 December 1995

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

(a) Accounting convention

The financial statements are prepared under the historical cost convention.

(b) Turnover

Turnover consists of royalties receivable and licensing fees exclusive of value added tax. Royalties receivable are recognised on notification to the company in respect of royalty accounting periods ending within the financial year.

(c) Fixed assets

Depreciation is provided on the cost of fixed assets in equal annual instalments over their estimated lives. The estimated lives are as follows:

Catalogue masters	7 years
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(d) Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

(e) Leases

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to profit and loss account in equal annual amounts over the periods of the leases.

2. DIRECTORS AND EMPLOYEES

No directors received any remuneration in either year. The directors were the only employees of the company.

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	1995 £	1994 £
The loss on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets		
- owned assets	48,059	48,560
Auditors' remuneration	2,200	2,400
	<u> </u>	<u> </u>


NOTES TO THE ACCOUNTS
Year ended 31 December 1995
4. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

	1995 £	1994 £
Group relief receivable/(payable) at 33% (1994 - 33%) based on the loss for the year	835	(6,329)
Deferred taxation	8,815	10,172
	<hr/>	<hr/>
Overseas tax	9,650	3,843
	(199)	-
	<hr/>	<hr/>
	9,451	3,843
	<hr/>	<hr/>

5. TANGIBLE FIXED ASSETS

	Catalogue masters £
Cost	
At 1 January 1995	736,646
Additions	19,922
	<hr/>
At 31 December 1995	756,568
	<hr/>
Depreciation	
At 1 January 1995	569,846
Charge for the year	48,059
	<hr/>
At 31 December 1995	617,905
	<hr/>
Net book value	
At 31 December 1995	138,663
	<hr/>
At 31 December 1994	166,800
	<hr/>

6. DEBTORS

	1995 £	1994 £
Due within one year:		
Trade debtors	-	13,657
Other debtors	1,020	780
Prepayments and accrued income	11,712	7,775
Group relief receivable	835	15,999
	<hr/>	<hr/>
	13,567	38,211
	<hr/>	<hr/>


NOTES TO THE ACCOUNTS
Year ended 31 December 1995
7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1995 £	1994 £
Trade creditors	9,411	11,648
Taxation and social security	-	7,800
Accruals	2,440	1,800
	<u>11,851</u>	<u>21,248</u>

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1995 £	1994 £
Amounts owed to parent company	400,000	400,000
	<u>400,000</u>	<u>400,000</u>

9. PROVISIONS FOR LIABILITIES AND CHARGES
Deferred taxation

The amount of deferred taxation provided in the accounts which is also the full potential amount is:

	1995 £	1994 £
Accelerated capital allowances	12,035	20,850
	<u>12,035</u>	<u>20,850</u>

Deferred taxation movement for the year:

	£
At 1 January 1994	20,850
Current year	(8,815)
	<u>12,035</u>
At 31 December 1994	<u>12,035</u>

10. CALLED UP SHARE CAPITAL

	1995 £	1994 £
Authorised, allotted and fully paid: 100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

11. CONTINGENT LIABILITIES

The company is party to a cross-guarantee structure with the group's bankers. At 31 December 1995 the net borrowings under this arrangement were £nil.



NOTES TO THE ACCOUNTS
Year ended 31 December 1995

12. ULTIMATE PARENT COMPANY

The directors regard Summer Shore NV, a company incorporated in the Netherlands Antilles, as the ultimate parent company.

The company is a subsidiary of Zomba Records Limited, a company registered in England and Wales. Copies of the group financial statements of Zomba Records Limited are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.