

COMPANY NUMBER: 02816864

RADIOHEAD LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MAY 1998



RADIOHEAD LIMITED

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FOR THE YEAR ENDED 31ST MAY 1998

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RADIOHEAD LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MAY 1998

The directors present herewith their annual report together with the audited financial statements of the company for the year ended 31st May 1998.

PRINCIPAL ACTIVITY

The company's principal activity during the year was the provision of live performances.

DIRECTORS' AND THEIR INTERESTS

The directors of the company during the year and their interest in the share capital of the company at the beginning and end of the year are as follows:-

	<u>Ordinary Shares of £1 each</u>	
	<u>1st June 1997</u>	<u>31st May 1998</u>
Mr C Greenwood	1	1
Mr P Selway	1	1
Mr E O'Brien	1	1
Mr T Yorke	1	1
Mr J Greenwood	1	1

DIRECTORS' RESPONSIBILITIES

Company law requires the directors 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 of the company for that period. 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.

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.

BASIS OF PREPARATION

The above 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 of Directors



Mr E O'Brien
Director

Approved by the Board 19th and 1999

AUDITORS' REPORT TO THE SHAREHOLDERS OF
RADIOHEAD LIMITED

We have audited the financial statements on pages 3 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1 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.

In forming our opinion, we have given consideration to the assumption made in preparing these accounts that the company is a going concern. The details of this fundamental uncertainty are described in note 6.1 to the financial statements. The assumption is valid due to the continuing support of the company's shareholders and our audit opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st May 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.

O. J. Kilkeny & Co. Limited
O J Kilkeny & Co. Limited
Registered Auditors
Chartered Accountants
6 Lansdowne Mews
London W11 3BH

Dated: 22 March 1999

RADIOHEAD LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MAY 1998

	<u>Notes</u>	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
TURNOVER	2	2,113,443	653,557
COST OF SALES		-	(56,619)
GROSS PROFIT		2,113,443	596,938
Administrative expenses		(1,516,117)	(908,847)
OPERATING PROFIT/(LOSS)	3	597,326	(311,909)
Interest receivable		7,963	3,312
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		605,289	(308,597)
Tax on ordinary activities		(54,411)	-
RETAINED PROFIT/(LOSS) FOR THE YEAR		550,878	(308,597)
Retained (deficit) brought forward		(604,692)	(296,095)
RETAINED (DEFICIT) CARRIED FORWARD		(53,814)	(604,692)

The notes on pages 5 to 7 form part of these financial statements.

RADIOHEAD LIMITED


BALANCE SHEET
AS AT 31ST MAY 1998

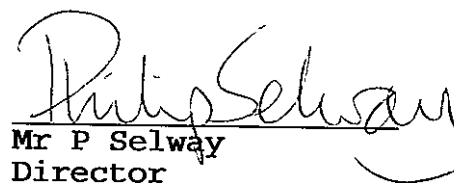
	<u>Notes</u>	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
FIXED ASSETS			
Tangible assets	4	-	-
CURRENT ASSETS			
Debtors	5	465,320	320,271
Cash at bank and in hand		2,156	85,770
		<u>467,476</u>	<u>406,041</u>
CREDITORS - amounts falling due within one year	6	<u>(521,285)</u>	<u>(1,010,728)</u>
NET CURRENT LIABILITIES		(53,809)	(604,687)
NET (LIABILITIES)		<u>(53,809)</u>	<u>(604,687)</u>
Represented by:			
CAPITAL AND RESERVES			
Called up share capital	7	5	5
Profit and loss account		(53,814)	(604,692)
		<u>(53,809)</u>	<u>(604,687)</u>

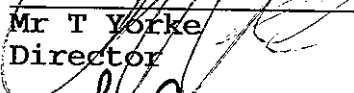
REDUCED DISCLOSURE ALLOWED FOR SMALL COMPANIES

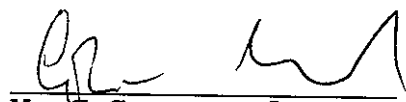
The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities.

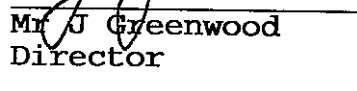
Signed on behalf of the Board of Directors


Mr E O'Brien
Director


Mr P Selway
Director


Mr T Yorke
Director


Mr C Greenwood
Director


Mr J Greenwood
Director

Approved by the Board 19 March 1999

The notes on pages 5 to 7 form part of these financial statements.

RADIOHEAD LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MAY 1998

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's financial statements.

1.1 Basis of accounting

These financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standards for Smaller Entities.

1.2 Turnover

This represents the total amount earned by the company in respect of touring, live performances, and other related activities excluding value added tax, which are accounted for on the basis of the earlier of the due date and the date of receipt.

2. TURNOVER

An analysis of the company's turnover by geographic markets other than the U.K. was:

	<u>1998</u> %	<u>1997</u> %
EC	37.98	7.34
Rest of the World	21.93	21.06

3. OPERATING PROFIT/ (LOSS)

This is stated after charging:

Auditors' remuneration

<u>1998</u> £	<u>1997</u> £
1,500	1,000

4. TANGIBLE FIXED ASSETS

Cost:

At 1st June 1997

Additions

Disposals

At 31st May 1998

Equipment

£

-
20,075
(20,075)

RADIOHEAD LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MAY 1998

5. DEBTORS

	<u>1998</u> £	<u>1997</u> £
Trade debtors	33,912	29,713
Other debtors	431,408	290,558
	<u>465,320</u>	<u>320,271</u>

6. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1998</u> £	<u>1997</u> £
Trade creditors	8,057	7,313
Other creditors	513,228	1,003,415
	<u>521,285</u>	<u>1,010,728</u>

- 6.1 The company incurred a profit after taxation of £550,878 during the year and at that date the company had net current liabilities of £53,809. Included in current liabilities is an amount due to Radiohead partnership which exceeds the net current liabilities.

The financial statements have been prepared on a going concern basis. This basis has been used on the grounds that the directors (who are also the partners of Radiohead) have given their assurance that they will continue to support the company and that the debt to Radiohead Ltd will not be called upon until such time as the company has adequate funds.

7. SHARE CAPITAL

	<u>Authorised</u>	<u>Allotted, Issued and fully paid</u>	
		<u>1998</u> £	<u>1997</u> £
5 Ordinary shares of £1 each	100	5	5

RADIOHEAD LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MAY 1998

8. RELATED PARTY TRANSACTIONS

The company is indebted to Radiohead Partnership to the sum of £198,088 in respect of monies paid out on behalf of Radiohead Ltd together with an amount in respect of services provided by Radiohead Partnership, which has been charged at commercial rates. The amount due to Radiohead Partnership is interest free and repayable on demand.

The company is indebted to w.a.s.t.e. products limited, a company under the control of the directors of this company, to the sum of £71,062 in respect of monies received by Radiohead Limited on w.a.s.t.e. products behalf.

An amount is due from Radiohead Inc of £239,801, a company incorporated in the United States and under the control of the directors of this company. The amount is due on demand and relates to expenses paid on their behalf.