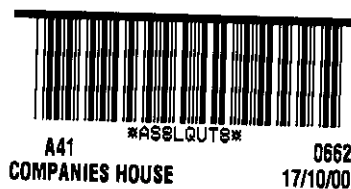


SONY/ATV MUSIC PUBLISHING (UK) LIMITED

DIRECTORS' REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 2000

Registered Number: 3431011



SONY/ATV MUSIC PUBLISHING (UK) LIMITED

YEAR ENDED 31 MARCH 2000

DIRECTORS' REPORT

The directors present herewith the audited accounts for the company for the year ended 31 March 2000.

PRINCIPAL ACTIVITIES

The principal activity is the exploitation of the Sony/ATV Music Publishing catalogue.

RESULTS AND DIVIDENDS

The company's profit for the financial year after taxation is £390,000 (1999: £484,000). The directors do not recommend the payment of a dividend for this year (1999: Nil).

DIRECTORS

The directors of the company who have held office during the period are as follows:

John Branca
Michael Jackson
Kevin Kelleher
Blair McDonald
Bertie Mitchell
Richard Rowe
Gary Kress
Tom Tyrell
Charles Pinder

(Resigned 13 December 1999)

(Appointed 13 December 1999)

In accordance with articles 112, 113 and 117 of the Company's Articles of Association all the directors, save for the Chairman are required to retire at annual general meetings. Notwithstanding this the company has dispensed with the requirements to hold annual general meetings as noted below.

DIRECTORS' INTERESTS IN SHARES

According to the register maintained under Section 325 of the Companies Act 1985, at 31 March 2000 no director has any beneficial interest in shares of the company which is required to be disclosed.

YEAR 2000

The company has fallen under the programme of review of information technology development completed by Sony Music Entertainment Group to ensure that its systems were Year 2000 compliant prior to 31 December 1999.

SONY/ATV MUSIC PUBLISHING (UK) LIMITED

YEAR ENDED 31 MARCH 2000

DIRECTORS' REPORT (CONTINUED)

EUROPEAN MONETARY UNION

The company continues to be involved with the Sony Music Group Programme to review its commercial and financial processes so that its operations can transact in the Euro.

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 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; and
- 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.

AUDITORS

In accordance with Section 386(1) of the Companies Act 1985, the Company has passed a resolution dispensing with the obligation to re-appoint auditors annually.

SONY/ATV MUSIC PUBLISHING (UK) LIMITED

YEAR ENDED 31 MARCH 2000

DIRECTORS' REPORT (CONTINUED)

ANNUAL GENERAL MEETING

In accordance with section 252 (1) of the Companies Act 1985, the Company has passed a resolution electing to dispense with the obligation to lay accounts and reports before the company in a general meeting.

In accordance with section 366A (1) of the Companies Act 1985, the Company has passed a resolution electing to dispense with the obligation to hold annual general meetings.

By Order of the Board

A handwritten signature in black ink, appearing to read 'A. George', with a long horizontal stroke extending to the right.

A George
Secretary

28 September 2000

PricewaterhouseCoopers
10 Bricket Road
St Albans AL1 3JX
Telephone +44 (0) 1727 844155
Facsimile +44 (0) 1727 845039

AUDITORS' REPORT TO THE SHAREHOLDERS OF SONY MUSIC/ATV MUSIC PUBLISHING (UK) LIMITED

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention, and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors are responsible as described on page 2 for preparing the Annual Report. This includes responsibility for preparing the financial statements. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the director's report is not consistent with the financial statements, if 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

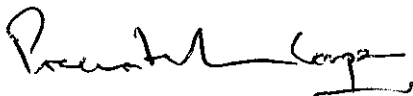
Basis of opinion

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 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2000 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors

28 September 2000

PricewaterhouseCoopers is the successor partnership to the UK firms of Price Waterhouse and Coopers & Lybrand. The principal place of business of PricewaterhouseCoopers and its associate partnerships, and of Coopers & Lybrand, is 1 Embankment Place, London WC2N 6NN. The principal place of business of Price Waterhouse is Southwark Towers, 32 London Bridge Street, London SE1 9SY. Lists of the partners' names are available for inspection at those places.

All partners in the associate partnerships are authorised to conduct business as agents of, and all contracts for services to clients are with, PricewaterhouseCoopers. PricewaterhouseCoopers is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

SONY/ATV MUSIC PUBLISHING (UK) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2000

	Notes	2000 £'000	1999 £'000
TURNOVER	2	10,222	9,702
COST OF SALES		(8,027)	(7,744)
GROSS PROFIT		2,195	1,958
Administrative expenses		(1,770)	(1,356)
OPERATING PROFIT	3	425	602
Interest receivable and similar income	6	132	90
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		557	692
Tax on profit on ordinary activities	7	(167)	(208)
RETAINED PROFIT FOR THE YEAR		390	484
RETAINED PROFIT BROUGHT FORWARD		484	-
RETAINED PROFIT CARRIED FORWARD		874	484

Turnover and profit on ordinary activities before taxation relate to continuing operations.

The company had no recognised gains or losses during the year other than those reflected in the profit and loss account above.

The notes on pages 7 to 11 form part of these financial statements.

SONY/ATV MUSIC PUBLISHING (UK) LIMITED

BALANCE SHEET – AS AT 31 MARCH 2000

	Notes	2000 £'000	1999 £'000
INTANGIBLE FIXED ASSETS	8	2,436	1,857
CURRENT ASSETS			
Debtors	9	6,235	2,938
Cash at bank and in hand		8	2,958
		6,243	5,896
CREDITORS:			
Amounts falling due within one year	10	(7,429)	(7,060)
NET CURRENT LIABILITIES		(1,186)	(1,164)
PROVISION FOR LIABILITIES AND CHARGES	11	(375)	(208)
TOTAL ASSETS LESS CURRENT LIABILITIES		875	485
SHARE CAPITAL AND RESERVES			
Called up share capital	12	1	1
Profit and loss account		874	484
SHAREHOLDERS' FUNDS	13	875	485

Approved by the Board of Directors on 28 September 2000.


Charlie Pinder
Director

The notes on pages 7 to 11 form part of these accounts.

SONY/ATV MUSIC PUBLISHING (UK) LIMITED

NOTES TO THE ACCOUNTS –YEAR ENDED 31 MARCH 2000

1 ACCOUNTING POLICIES

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

The principal accounting policies are set out below:

a) Turnover

Turnover represents amounts; excluding value added tax, received in respect of writers royalties.

b) Deferred taxation

Provision for deferred taxation is only made in respect of those timing differences expected to reverse in the foreseeable future.

c) Cash flow statement

The group have taken advantage of exemptions under Financial Reporting Standard 1 (Revised 1996) not to publish a cash flow statement as its immediate parent company; Sony/ATV Music Publishing LLC has prepared consolidated financial statements which include a consolidated cash flow statement.

d) Song catalogues

Song catalogues are recorded at cost and amortised over 20 years on a straight line basis.

e) Writers advances

The company pays advance royalties to its clients and retains the right to recover these advances from its clients' future royalty earnings. Advance royalties are capitalised when paid. Advances may be expensed when, based upon past experience and current activity, management consider that future royalty earnings will be insufficient to recover writers advances.

SONY/ATV MUSIC PUBLISHING (UK) LIMITED

NOTES TO THE ACCOUNTS – YEAR ENDED 31 MARCH 2000 (Continued)

2 TURNOVER

Turnover is derived from income received from the Sony/ATV Music Publishing catalogues. A geographical analysis is as follows:

	2000 £'000	1999 £'000
United Kingdom	9,457	9,056
Rest of the World	765	646
	10,222	9,702

3 OPERATING PROFIT

Operating profit is stated after charging:

	2000 £'000	1999 £'000
Amortisation of song catalogues	121	97
Auditors' remuneration	10	10

4 DIRECTORS' EMOLUMENTS

During the year none of the directors received any remuneration in respect of their services to the company as directors.

5 EMPLOYEES

During the year the company had no employees. Administrative duties and management functions are primarily performed by staff who are employees of the Sony Music Entertainment (UK) Group Limited and its subsidiary company's. The costs incurred for these duties are recharged to the company as incurred.

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2000 £'000	1999 £'000
Bank interest	132	90

SONY/ATV MUSIC PUBLISHING (UK) LIMITED

NOTES TO THE ACCOUNTS – YEAR ENDED 31 MARCH 2000 (Continued)

7 TAXATION

	2000 £'000	1999 £'000
Deferred tax charge	167	208

8 INTANGIBLE FIXED ASSETS

	Song Catalogues £'000
Cost	
Brought forward	1,954
Additions	700
Carried forward	2,654
Amortisation	
Brought forward	97
Charge for the year	121
Carried forward	218
Net book amount	
Brought forward	1,857
Carried forward	2,436

9 DEBTORS

	2000 £'000	1999 £'000
Capitalised advances	6,144	2,556
Amounts owed from related parties	91	382
	6,235	2,938

SONY/ATV MUSIC PUBLISHING (UK) LIMITED

NOTES TO THE ACCOUNTS – YEAR ENDED 31 MARCH 2000 (Continued)

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £'000	1999 £'000
Accrued royalties	1,667	1,954
Deferred income	587	357
Other taxes	394	104
Amounts due to related parties	4,781	4,645
	7,429	7,060

11 PROVISION FOR LIABILITIES AND CHARGES

DEFERRED TAXATION

	2000 £'000	1999 £'000
Brought forward	208	-
Charge for the year	167	208
	375	208

An analysis of the deferred taxation provision and the full potential liability is as follows:

	2000 £'000	1999 £'000
Corporation tax losses	(1,465)	(559)
Other timing differences	1,840	767
Deferred tax provision	375	208

12 SHARE CAPITAL

	2000 £'000	1999 £'000
Authorised: 1,000,000 Ordinary shares of £1 each	1,000	1,000
Allotted, issued and fully paid: 1,000 Ordinary shares of £1 each	1	1

SONY/ATV MUSIC PUBLISHING (UK) LIMITED

NOTES TO THE ACCOUNTS – YEAR ENDED 31 MARCH 2000 (Continued)

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £'000	1999 £'000
Retained profit for the year	390	484
Opening shareholder's funds	485	1
Closing shareholder's funds	875	485

14 RELATED PARTY TRANSACTIONS

Included within administration expenses are amounts in respect of staff recharges and other administration expenses, that have been re-charged from related parties as follows:

	2000 £'000	1999 £'000
Sony Music Entertainment UK Group Limited and its subsidiaries	875	724

15 IMMEDIATE, ULTIMATE PARENT UNDERTAKINGS AND RELATED PARTIES

The immediate parent undertaking is Sony/ATV Music Publishing LLC which is incorporated in the United States of America.

Sony/ATV Music Publishing LLC is a joint venture company owned 50% by Michael Jackson; 40% by Sony Music Entertainment Inc (incorporated in the United States of America) and 10% by SMEJ (USA) Inc (incorporated in the United States of America). Both of these latter companies are ultimately controlled by Sony Corporation which is incorporated in Japan.