

REVISED

Law 961 Limited

REPORT AND FINANCIAL STATEMENTS

for the year ended

30 September 2007



Company Registration No 03540099

Law 961 Limited

DIRECTORS AND OFFICERS

DIRECTORS

RM Constant
BJ Muir

COMPANY SECRETARY

A Abioye

REGISTERED OFFICE

1 Sussex Place
London W6 9EA

Law 961 Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Law 961 Limited for the year ended 30 September 2007

PRINCIPAL ACTIVITIES

The company is an intermediate holding company The company did not trade in the year

DIRECTORS AND DIRECTORS' INTERESTS

The directors who held office during the period are

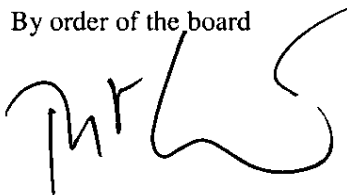
RM Constant	(Appointed 20 March 2008)
BJ Muir	(Appointed 20 March 2008)
PF Wallace	(Appointed 26 September 2007, resigned 20 March 2008)
J Cokell	(Resigned 26 September 2007)
R Semon	(Resigned 1 September 2007)

No director as at 30 September 2007 had an interest in the share capital of the company or the ultimate parent company at the date of appointment or 30 September 2007

AUDITORS

In accordance with Section 250 of the Companies Act 1985, as amended by the Companies Act 1989, the company, has resolved not to appoint auditors

By order of the board



RM Constant
Director
9 June 2008

Law 961 Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Law 961 Limited

BALANCE SHEET

30 September 2007

	<i>Notes</i>	2007 £	2006 £
FIXED ASSETS			
Investments	2	18,450	18,450
CURRENT LIABILITIES			
Creditors	3	(18,450)	(18,450)
NET ASSETS		-	-
CAPITAL AND RESERVES			
Called up share capital – ordinary	4	23,250	23,250
Called up share capital – deferred	4	1	1
Share premium account	5	61,695	33,695
Other reserves	6	-	28,000
Profit and loss account		(84,946)	(84,946)
TOTAL SHAREHOLDERS' FUNDS		-	-

- (a) For the year ended 30 September 2007, the company was entitled to exemption under section 249AA(1) of the Companies Act 1985
- (b) No notice has been deposited with the company under section 242B(2) of that Act requiring an audit to be carried out
- (c) The directors acknowledge their responsibility for

- i Ensuring the company keeps accounting records which comply with section 221, Companies Act 1985, and
- ii Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company

Approved by the board on 9 June 2008 and signed on its behalf by



RM Constant
Director

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

Law 961 Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2007

1 Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

2 INVESTMENTS

	Shares in subsidiaries £'000
Balance as at 30 September 2006	18,450
Additional investment	54,156
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	72,606
Less amount written off	(54,156)
	<hr/>
Balance as at 30 September 2007	18,450
	<hr/>

	Percentage of ordinary share capital held at 30 September 2007	Country of incorporation and principal country in which company operates
AEC Holdings (UK) Limited	100%	Great Britain

The principal subsidiaries of AEC Holdings (UK) Limited are as follows

	Percentage of ordinary share capital held at 30 September 2006	Country of incorporation and principal country in which company operates
Sanctuary Records Group Limited	100%	Great Britain
Sanctuary Copyrights Limited	100%	Great Britain
Castle Music Publishing Limited	100%	Great Britain
Sanctuary Digital Rights Limited	100%	Great Britain
Glassbag Limited	50%	Great Britain

3 CREDITORS

	2007 £'000	2006 £'000
Due within one year		
Amount owed to fellow subsidiaries	18,449	18,449
Other creditors	1	1
	<hr/>	<hr/>
	18,450	18,450
	<hr/>	<hr/>

Law 961 Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2007

4	SHARE CAPITAL	2007 £'000	2006 £'000
	Authorised		
	23,250,233 ordinary shares of £1 each (2006 23,250,233)	23,250	23,250
	19,000,000 20% cumulative redeemable preference shares of £1 each	19,000	19,000
	1,000 deferred shares of £1 each	1	1
		<u>42,251</u>	<u>42,251</u>
	Allotted, issued and fully paid		
	23,250,233 (2006 23,250,231) ordinary shares of £1 each	23,250	23,250
	1,000 deferred shares of £1 each	1	1
		<u>23,251</u>	<u>23,251</u>

On 29 September 2006 the authorised share capital was increased by special resolution to 23,250,231 ordinary shares. On the same day new share capital was issued to Sanctuary Group plc, the 100% shareholder of the company. As a result three new shares were issued to Sanctuary Group plc, whereby one was called up and paid in consideration for £33,545,000 by the cancellation of debt on the same day, while the other two were paid in consideration of £1,545,000 and £26,455,000 respectively, by the cancellation of debt subsequent to the year end. For the share allotted and paid at year end £1 was treated as share capital and £33,544,999 as share premium. The remaining shares paid subsequent to year end were treated as other reserves at year end 30 September 2006. At 30 September 2007 these shares were treated as £2 share capital and £27,999,998 share premium.

The rights attaching to the different charges of share capital are as follows:

Dividends

Deferred shareholders are not entitled to receive or participate in any way in any profits or assets of the Company, other than on a return of capital on winding up, where the deferred shareholders are entitled to the repayment of the amounts paid up or credited as paid up on such shares, after payment in respect of each ordinary share of the amount paid up on such share.

Voting

Ordinary shareholders are entitled to vote at all general meetings of the Company. Deferred shareholders are not entitled to receive notice of or to attend or vote at any general meeting of the Company.

5	SHARE PREMIUM	2007 £'000	2006 £'000
	1 October	33,695	150
	Allotted shares called up	28,000	33,545
	30 September	<u>61,695</u>	<u>33,695</u>

Law 961 Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2007

6	OTHER RESERVES	2007 £'000	2006 £'000
	1 October	28,000	-
	Share capital allotted but not called up (see note 4)	-	28,000
	Allotted capital called up	(28,000)	-
	30 September	<u>-</u>	<u>28,000</u>

7 IMMEDIATE AND ULTIMATE PARENT COMPANY

The immediate parent undertaking is The Sanctuary Group Limited (formerly The Sanctuary Group Plc), a company registered in England and Wales. The ultimate parent undertaking and controlling party is Vivendi SA, a company incorporated in France.

The smallest and largest group in which the results of the company will be consolidated will be that headed by Vivendi SA incorporated in France. Copies of its annual report in English may be obtained from

Vivendi SA
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75380 Paris
Cedex 08
France