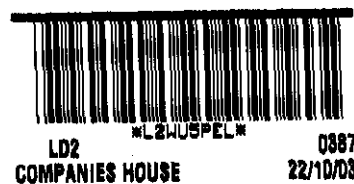




MEAN FIDDLER HOLDINGS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002



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MEAN FIDDLER HOLDINGS LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3
Profit and loss account	4
Statement of total recognised gains and losses	5
Balance sheet	6
Notes to the financial statements	7 - 16

MEAN FIDDLER HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

The directors present their report and financial statements for the year ended 31 December 2002.

Principal activities and review of the business

The principal activity of the company continued to be that of night club entertainment and production and promotion of concerts.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 1 January 2002:

J V Power
M J Benn

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of 1p each	
	31 December 2002	1 January 2002
J V Power	-	-
M J Benn	-	-

	of each	
	31 December 2002	1 January 2002
J V Power	-	-
M J Benn	-	-

J V Power and M J Benn are both directors of the parent company, Mean Fiddler Music Group Plc, and their interests in the shares of that company are disclosed in its own financial statements.

Charitable donations	2002 £	2001 £
During the year the company made the following payments:		
Charitable donations	-	13,170

Auditors

Gerald Edelman were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

MEAN FIDDLER HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

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;
- 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.

On behalf of the board



J V Power

Director

30 June 2003

MEAN FIDDLER HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MEAN FIDDLER HOLDINGS LIMITED

We have audited the financial statements of Mean Fiddler Holdings Limited on pages 4 to 16 for the year ended 31 December 2002. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Companies Act 1985. We also report to you if, in our opinion, the directors' 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 with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 as at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Gerald Edelman

Chartered Accountants
Registered Auditor

30 June 2003

25 Harley Street
London
W1G 9BR

MEAN FIDDLER HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

		Year ended 31 December 2002 £	Period ended 31 December 2001 as restated £
	Notes		
Turnover	2	11,153,247	1,835,584
Cost of sales		(6,995,043)	-
Gross profit		4,158,204	1,835,584
Distribution costs		(1,426,226)	(211,132)
Administrative expenses		(6,445,947)	(1,802,355)
Other operating income		13,930	128,088
Damages received following the settlement of litigation		162,500	-
Operating loss	3	(3,537,539)	(49,815)
Loss on disposal of investments		-	(1,734,649)
Other interest receivable and similar income		-	9,390
Interest payable and similar charges	4	(225,718)	(494,720)
Loss on ordinary activities before taxation		(3,763,257)	(2,269,794)
Tax on loss on ordinary activities	5	553,551	892,558
Loss on ordinary activities after taxation	14	(3,209,706)	(1,377,236)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

MEAN FIDDLER HOLDINGS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2002

	Year ended 31 December 2002 £	Period ended 31 December 2001 £
Loss for the financial year	(3,209,706)	(1,377,236)
Unrealised deficit on revaluation of properties	(353,713)	-
Total recognised gains and losses relating to the year	(3,563,419)	(1,377,236)
Prior year adjustment	892,558	-
Total gains and losses recognised since last financial statements	<u>(2,670,861)</u>	<u>(1,377,236)</u>

MEAN FIDDLER HOLDINGS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2002

		2002		2001	
	Notes	£	£	as restated £	£
Fixed assets					
Tangible assets	6	4,566,651		4,964,268	
Investments	7	339,792		11,194	
		<u>4,906,443</u>		<u>4,975,462</u>	
Current assets					
Stocks	8	206,182		-	
Debtors	9	16,017,474		7,953,170	
Cash at bank and in hand		19,711		990,717	
		<u>16,243,367</u>		<u>8,943,887</u>	
Creditors: amounts falling due within one year	10	(17,808,289)		(7,990,970)	
Net current (liabilities)/assets		<u>(1,564,922)</u>		<u>952,917</u>	
Total assets less current liabilities		<u>3,341,521</u>		<u>5,928,379</u>	
Creditors: amounts falling due after more than one year	11	(1,946,150)		(2,754,705)	
		<u>1,395,371</u>		<u>4,958,790</u>	
Capital and reserves					
Called up share capital	13	1,297		1,297	
Share premium account	14	4,815,208		4,815,208	
Revaluation reserve	14	2,648,260		3,001,973	
Profit and loss account	14	(6,069,394)		(2,859,688)	
Shareholders' funds - equity interests	15	<u>1,395,371</u>		<u>4,958,790</u>	

The financial statements were approved by the Board on 30 June 2003


J V Power
Director

MEAN FIDDLER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	over the term of lease
Computer equipment	25% Reducing balance basis
Fixtures, fittings & equipment	25% Reducing balance basis
Motor vehicles	25% Reducing balance basis

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Stock

Stock is valued at the lower of cost and net realisable value.

1.8 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

MEAN FIDDLER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

1 Accounting policies

(continued)

1.9 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted. Recognition of deferred tax asset is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets. If the properties were sold for the values shown in the accounts then a maximum tax liability of approximately £795,000 would arise.

The adoption of the standard requires a prior period adjustment to be made to recognise the asset which existed at the start of the financial year and which was not recognised under the old accounting policy. This has increased the debtors and reduced the retained loss by £892,558.

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.11 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Mean Fiddler Music Group Plc, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating loss

	2002	2001
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	377,627	477,981
Loss on foreign exchange transactions	3,391	-
Operating lease rentals		
- Plant and machinery	211,517	-
- Other assets	-	5,534
Auditors' remuneration	35,000	35,949

MEAN FIDDLER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

4	Interest payable	2002	2001
		£	£
	On bank loans and overdrafts	148,217	3,690
	Hire purchase interest	14,077	22,177
	Other interest	63,424	468,853
		<u>225,718</u>	<u>494,720</u>
5	Taxation	2002	2001
		£	£
			as restated
	Domestic current year tax		
	U.K. corporation tax	-	-
		<u>-</u>	<u>-</u>
	Current tax charge	-	-
		<u>-</u>	<u>-</u>
	Deferred tax		
	Deferred tax charge/credit current year	(553,551)	(892,558)
		<u>(553,551)</u>	<u>(892,558)</u>
		<u>(553,551)</u>	<u>(892,558)</u>

There is no provision for UK Corporation tax due to tax losses incurred subject to agreement with Inland Revenue. The company has estimated losses of £7,611,100 (2001:£4,462,790) to carry forward against future taxable profits.

MEAN FIDDLER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

6 Tangible fixed assets

	Land and buildings Leasehold	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2002	4,844,208	314,758	1,456,491	16,390	6,631,847
Additions	80,995	157,704	89,526	5,501	333,726
Revaluation	(353,713)	-	-	-	(353,713)
At 31 December 2002	4,571,490	472,462	1,546,017	21,891	6,611,860
Depreciation					
At 1 January 2002	605,656	183,253	868,084	10,586	1,667,579
Charge for the year	189,738	10,436	176,610	846	377,630
At 31 December 2002	795,394	193,689	1,044,694	11,432	2,045,209
Net book value					
At 31 December 2002	3,776,096	278,773	501,323	10,459	4,566,651
At 31 December 2001	4,238,552	131,505	588,407	5,804	4,964,268

Included above are assets held under finance leases or hire purchase contracts as follows:

	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£
Net book values			
At 31 December 2002	31,309	4,353	35,662
At 31 December 2001	41,744	5,804	47,548
Depreciation charge for the year			
31 December 2002	10,436	1,451	11,887
31 December 2001	3,163	197	3,360

MEAN FIDDLER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

7 Fixed asset investments

	Shares in participating interests £	Shares in group undertakings £	Total £
Cost or valuation			
At 1 January 2002	10,178	1,016,935	1,027,113
Additions	328,594	4	328,598
	<u>338,772</u>	<u>1,016,939</u>	<u>1,355,711</u>
At 31 December 2002			
	<u>338,772</u>	<u>1,016,939</u>	<u>1,355,711</u>
Provisions for diminution in value			
At 1 January 2002 & at 31 December 2002	50	1,015,869	1,015,919
	<u>50</u>	<u>1,015,869</u>	<u>1,015,919</u>
Net book value			
At 31 December 2002	338,722	1,070	339,792
	<u>338,722</u>	<u>1,070</u>	<u>339,792</u>
At 31 December 2001	10,128	1,066	11,194
	<u>10,128</u>	<u>1,066</u>	<u>11,194</u>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Astoria Venues Limited	England and Wales	Ordinary shares	100
MF Clubs and Live Limited	England and Wales	Ordinary shares	100
MF Management Limited	England and Wales	Ordinary shares	100
Reading Festival Limited	England and Wales	Ordinary shares	100
Isisplan Limited	England and Wales	Ordinary shares	100
Mean Fiddler Events Limited	England and Wales	Ordinary shares	100
Mean Fiddler Concerts Limited (D)	England and Wales	Ordinary shares	100
Subterania Limited (D)	England and Wales	Ordinary shares	100
The Forum Club Limited (D)	England and Wales	Ordinary shares	100
Meanfiddler.com Limited (D)	England and Wales	Ordinary shares	100
Sidezone Limited (D)	England and Wales	Ordinary shares	100
Rangepost Limited (D)	England and Wales	Ordinary shares	100
Homeland Festival Limited	England and Wales	Ordinary shares	55
Windfield Promotions Limited	England and Wales	Ordinary shares	50
Adventure Sports Events Limited	England and Wales	Ordinary shares	50
Manto Soho Limited	England and Wales	Ordinary shares	100
Union-Undeb Limited	England and Wales	Ordinary shares	60
Mean Fiddler Leisure Group Limited (D)	England and Wales	Ordinary shares	100
Mean Fiddler Live Limited (D)	England and Wales	Ordinary shares	100

MEAN FIDDLER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

7 Fixed asset investments

(continued)

Participating interests

Ibiza Live Limited (D)	England and Wales	Ordinary shares	50
Finlaw 271 Limited (D)	England and Wales	Ordinary shares	50
Homelands Concert Limited (D)	England and Wales	Ordinary shares	50
Too Tribe Limited (D)	England and Wales	Ordinary shares	50
On The Green Limited (D)	England and Wales	Ordinary shares	50

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
Astoria Venues Limited	(2,151,525)	(1,896,802)
MF Clubs and Live Limited	(3,697,914)	(179,854)
MF Management Limited	(372,094)	(1,243,010)
Reading Festival Limited	1,883,296	2,088,914
Isisplan Limited	(328,760)	-
Mean Fiddler Events Limited	(1,170,977)	441,376
Mean Fiddler Concerts Limited (D)	(17,918)	-
Subterania Limited (D)	-	-
The Forum Club Limited (D)	-	-
Meanfiddler.com Limited (D)	228	-
Sidezone Limited (D)	270	-
Rangepost Limited (D)	(46,195)	-
Homeland Festival Limited	(86,198)	(94,552)
Windfield Promotions Limited	(507,222)	(336,753)
Adventure Sports Events Limited	(106,452)	(107,376)
Manto Soho Limited	31,732	31,730
Union-Undeb Limited	(13,758)	(13,760)
Mean Fiddler Leisure Group Limited (D)	100	-
Mean Fiddler Live Limited (D)	27,841	-
Ibiza Live Limited (D)	100	-
Finlaw 271 Limited (D)	100	-
Homelands Concert Limited (D)	100	-
Too Tribe Limited (D)	100	-
On The Green Limited (D)	100	-

All the group entities are involved with the production and promotion of live music and concerts, radio stations and broadcasting and live music venues, except where indicated as dormant (D).

8 Stocks

	2002 £	2001 £
Finished goods and goods for resale	206,182	-

MEAN FIDDLER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

9 Debtors	2002	2001
	£	£ as restated
Trade debtors	264,976	236,216
Amounts owed by group undertakings	12,449,529	7,205,271
Amounts owed by participating interests	78,236	-
Other debtors	1,419,479	1,373,146
Prepayments and accrued income	359,145	31,095
Deferred tax asset	1,446,109	892,558
	<u>16,017,474</u>	<u>9,738,286</u>
Deferred tax		
	2002	
	£	
Balance at 1 January 2002	892,558	
Profit and loss account	553,551	
	<u>1,446,109</u>	
Balance at 31 December 2002		
	2002	2001
	£	£
Tax losses available	<u>1,446,109</u>	<u>892,558</u>
10 Creditors: amounts falling due within one year		
	2002	2001
	£	£
Bank loans and overdrafts	1,487,695	50,157
Net obligations under hire purchase contracts	18,735	28,885
Trade creditors	1,931,377	1,060,155
Amounts owed to group undertakings	9,262,240	5,071,028
Amounts owed to participating interests	-	101,803
Taxes and social security costs	2,633,709	1,035,449
Directors' current accounts	477,623	137,329
Other creditors	1,066,648	255,402
Accruals and deferred income	930,262	250,762
	<u>17,808,289</u>	<u>7,990,970</u>

MEAN FIDDLER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

11 Creditors: amounts falling due after more than one year	2002 £	2001 £
Other loans	1,946,150	2,739,741
Net obligations under hire purchase contracts	-	14,964
	<u>1,946,150</u>	<u>2,754,705</u>

Loan maturity analysis

In more than one year but not more than two years	252,720	820,156
In more than two years but not more than five years	757,280	1,038,735
In more than five years	<u>936,150</u>	<u>880,850</u>

The loans are secured on certain fixed assets of the company and those of its subsidiaries. Interest is charged prevailing market rates.

12 Pension costs

Defined contribution

	2002 £	2001 £
Contributions payable by the company for the year	<u>193,206</u>	<u>180,143</u>

13 Share capital

	2002 £	2001 £
Authorised		
100,000,000 Ordinary shares of 1p each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
129,700 Ordinary shares of 1p each	<u>1,297</u>	<u>1,297</u>

MEAN FIDDLER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

14 Statement of movements on reserves

	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance at 1 January 2002 as previously reported	4,815,208	3,001,973	(3,752,246)
Prior year adjustment	-	-	892,558
Balance at 1 January 2002 as restated	4,815,208	3,001,973	(2,859,688)
Retained loss for the period	-	-	(3,209,706)
Revaluation during the period	-	(353,713)	-
Balance at 31 December 2002	4,815,208	2,648,260	(6,069,394)

15 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Loss for the financial year	(3,209,706)	(1,377,236)
Other recognised gains and losses	(353,713)	(984,857)
Proceeds from issue of shares	-	4,815,505
Net (depletion in)/addition to shareholders' funds	(3,563,419)	2,453,412
Opening shareholders' funds	4,958,790	2,505,378
Closing shareholders' funds	1,395,371	4,958,790

16 Financial commitments

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as follows:

Expiry date:

17 Directors' emoluments

	2002 £	2001 £
Company pension contributions to money purchase schemes	137,409	136,372

MEAN FIDDLER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

18 Employees

Number of employees

There were no employees during the year apart from the directors.

Employment costs	2002 £	2001 £
Wages and salaries	2,256,502	-
Social security costs	74,522	-
Other pension costs	193,206	180,143
	<u>2,524,230</u>	<u>180,143</u>

19 Control

The parent company is Mean Fiddler Music Group Plc, a company registered in England and Wales.

Mean Fiddler Music Group Plc prepares consolidated financial statements and copies can be obtained from its registered office at 22 Melton Street, London NW1 2BW.

20 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

21 Comparative figures

The comparatives are in respect of the period from 1 October 2000 to 31 December 2001.