

# EMI OVERSEAS HOLDINGS LIMITED

## DIRECTORS' REPORT

The Directors present their report and the accounts for the year ended 31 March 1997.

### Results and Dividends

The Company continued to act as an intermediate holding company and made a profit during the year of £7,162,000 (1996:£2,169,000). The Directors do not recommend payment of a dividend.

### Directors and their Interests

The Directors throughout the year and subsequently were as follows:

S Bennett (appointed 27.03.1997)  
 I Hanson  
 J A King  
 W MacMillan (resigned 27.03.1997)

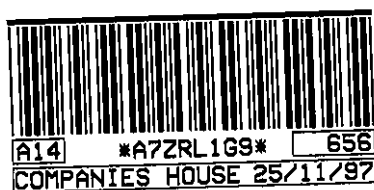
No Director had any interest in the shares of the Company at any time during the year.

The interests of the Directors in the share capital of EMI Group plc, the ultimate parent undertaking, at the year end were as follows:

	<u>Ordinary Shares</u>		<u>Options*</u>			
	31/3/96	31/3/97	31/3/96	Granted # During the Year	Exercised / Renounced	31/3/97
S Bennett	-	-	-	1,046	-	1,046
I Hanson	1,683	-	2,164	-	1,224	940
J A King	-	1,389	14,098	14,922	12,248	16,772

\* Options over Ordinary Shares are granted under Savings-Related and Executive Share Option Schemes

# Includes adjustments on demerger.



Directors' Report Continued

Directors' and Officers' Liability Insurance

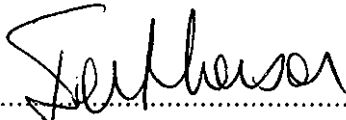
The ultimate parent undertaking, EMI Group plc, has maintained insurance to cover Directors' and Officers' liability as permitted by Section 310(3) of the Companies Act 1985.

Auditors

Ernst & Young have expressed their willingness to continue in office as auditors.

The company having passed an Elective Resolution at a duly convened General Meeting of the Members, is exempt from the need to re-appoint auditors annually. Ernst & Young will therefore continue in office for the forthcoming year in accordance with Section 385(A) of the Companies Act 1985.

By Order of the Board.



I Hanson  
Secretary

Date: 11-11-77

Registered Office  
EMI House  
43 Brook Green  
London  
W6 7EF

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

Company law requires the Directors to prepare accounts 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 accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that the accounts comply with the above requirements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts 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.

## **EMI OVERSEAS HOLDINGS LIMITED**

### **REPORT OF THE AUDITORS TO THE MEMBERS OF EMI OVERSEAS HOLDINGS LIMITED**

We have audited the accounts on pages 5 to 10 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described on page 3, the Company's Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. 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, other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

### **OPINION**

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 31 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young*

Ernst & Young  
Chartered Accountants  
Registered Auditor  
London

Date : 18 November 1997

**EMI OVERSEAS HOLDINGS LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1997**

	Note	1997 £000	1996 £000
Revaluation of provisions against loans		(7)	(135)
Release of provision		2,458	614
Dividend income		5,108	1,642
Exchange gain/(loss) on foreign currency loans		7	34
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		7,566	2,155
Interest		-	20
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		7,566	2,175
Taxation	2	(404)	(6)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		7,162	2,169
Dividends		-	-
		<hr/>	<hr/>
TRANSFER TO RESERVES		7,162	2,169
		<hr/>	<hr/>


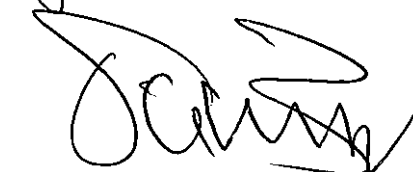
**STATEMENT OF RECOGNISED GAINS AND LOSSES**

There are no recognised gains or losses in the year other than the retained profit of £7,162,000. (1996: £2,169,000).

**EMI OVERSEAS HOLDINGS LIMITED**

**BALANCE SHEET - 31 MARCH 1997**

	Notes	1997 £000	1996 £000
<b>FIXED ASSETS</b>			
Investments	3	598	546
		<hr/>	<hr/>
<b>CURRENT ASSETS: DEBTORS</b>			
<b>AMOUNTS FALLING DUE WITHIN</b>			
<b>ONE YEAR</b>			
Amount due from parent undertaking		13,158	6,030
Amount due from fellow subsidiary undertaking		1,622	1,622
Taxation		17	21
Dividend income		11	14
		<hr/>	<hr/>
		14,808	7,687
<b>CURRENT LIABILITIES: CREDITORS</b>			
<b>AMOUNTS FALLING DUE WITHIN</b>			
<b>ONE YEAR</b>		(11)	-
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		14,797	7,687
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		15,395	8,233
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	4	-	-
Profit and loss reserve	5	15,395	8,233
		<hr/>	<hr/>
		15,395	8,233
		<hr/>	<hr/>

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 ) Director(s)  
 )

11 November 1997

# EMI OVERSEAS HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

### 1. ACCOUNTING POLICIES

#### Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards. The accounts present information about the Company as an individual undertaking and not about its group, because the Company is exempt from preparing group accounts as it is itself a subsidiary undertaking.

#### Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates. The resulting exchange differences are dealt with in the determination of profit for the financial year.

#### Cashflow

The Company has taken advantage of the exemption in FRS1 (revised) not to prepare a cashflow statement as its ultimate parent undertaking prepares a consolidated cashflow statement in accordance with FRS1 (revised).

#### Related Parties

The Company has taken advantage of the exemption in FRS8 not to disclose related party transactions with wholly owned fellow subsidiary undertakings.

### 2. TAXATION

	1997 £000	1996 £000
Corporation tax at 33%	(404)	(6)
Double taxation relief	404	6
	—	—
	-	-
Overseas withholding tax	(404)	(6)
	—	—
	(404)	(6)
	—	—

The Company is primarily liable for any UK Corporation Tax on its profits. However, no provision has been made in these accounts for either current or deferred taxation, as an undertaking has been received from its ultimate parent undertaking, EMI Group plc, that the latter will assume all liability for any such taxation, so long as the Company remains a subsidiary. In view of the undertaking received, no disclosure is made in these accounts of any potential liability to UK taxation.

# EMI OVERSEAS HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

### 3. INVESTMENTS

	Subsidiary Undertakings Shares £000	Loans £000	Associated Undertakings £000	Total £000
Cost				
31 March 1996	796	2,451	98	3,345
Revaluation	-	7	-	7
Transfer to Subsidiary	21	-	(21)	-
Acquisition	52	-	-	52
Loan repaid	-	(2,458)	-	(2,458)
31 March 1997	869	-	77	946
Provisions				
31 March 1996	(250)	(2,451)	(98)	(2,799)
Revaluation	-	(7)	-	(7)
Transfer to Subsidiary	(21)	-	21	-
Loan repaid	-	2,458	-	2,458
31 March 1997	(271)	-	(77)	(348)
Net book value at				
31 March 1996	546	-	-	546
31 March 1997	598	-	-	598

In the opinion of the Directors, the aggregate value of the investment in the subsidiary undertakings is not less than the amount shown above.

The Company holds investments in the following subsidiary undertakings:

Subsidiary Undertaking Listed:	Country of Incorporation	Class of share held	% of class held	Nature of Business
EMI Odeon S.A.I.C.	Argentina	Ordinary	100	Music
MAI (Musica Argentina e International) S.A. Editorial	Argentina	Ordinary	100	Music
EMI - Odeon Fonografica Industrial e Electronica Ltda	Brazil	Ordinary	100	Music
EMI Odeon Chilena S.A.	Chile	Ordinary	100	Music
EMI (Malaysia) Sdn Bhd	Malaysia	Ordinary	100	Music
Beechwood de Mexico SA de CV	Mexico	Common Stock	100	Music
EMI (Singapore) Pte Ltd	Singapore	Ordinary	100	Music
The Columbia Graphophone Co (Thailand) Ltd	Thailand	Ordinary	100	Music
EMI (Thailand) Ltd	Thailand	Ordinary	100	Music
EMI Rodven SA	Venezuela	Ordinary	100	Music
Iran Company	Iran	Ordinary	51	Music

# EMI OVERSEAS HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

### 3. INVESTMENTS (continued)

	Country of Incorporation	Class of share held	% of class held	Nature of Business
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Associated Undertaking  
Unlisted:

EMI (Pakistan) Ltd	Pakistan	Ordinary	25.5	Dormant
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Other Investments:

Sociedad Chilena de Ediciones Musicales Ltd	Chile	Ordinary	10	Music
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### 4. SHARE CAPITAL

	1997 £	1996 £
Authorised, allotted, called up and fully paid 100 ordinary shares of £1 each	100	100
	—	—

### 5. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<u>Share Capital</u>	<u>Profit &amp; Loss Reserve</u>	<u>Total</u>
	£000	£000	£000
At 1 April 1996	-	8,233	8,233
Retained profit for the year	-	7,162	7,162
	—	—	—
At 31 March 1997	-	15,395	15,395
	—	—	—

## **EMI OVERSEAS HOLDINGS LIMITED**

### **NOTES TO THE ACCOUNTS**

#### **6. GROUP INDEBTEDNESS**

The amount owed to/due from a group undertaking has no fixed date for repayment, nor is there any intention by the group undertaking to demand payment.

#### **7. DIRECTORS' EMOLUMENTS**

There are no employees of the company other than directors. No Director received any remuneration during the year in respect of his/her services to the Company.

#### **8. PARENT UNDERTAKING**

The parent undertaking of the group of undertakings for which group accounts are drawn up and of which the Company is a member is EMI Group plc, which is the ultimate parent undertaking registered in England and Wales. Copies of EMI Group plc's accounts can be obtained from EMI Group plc, 4 Tenterden Street, Hanover Square, London W1A 2AY, England.

#### **9. AUDITORS' REMUNERATION**

The auditors remuneration is borne by the parent undertaking.