

EMI OVERSEAS HOLDINGS LIMITED

DIRECTORS' REPORT

The Directors present their report and the accounts for the year ended 31 March 2005.

Results and Dividends

The Company continued to act as an intermediate holding company. The Company made a loss of £nil during the year. (2004 Loss: £3,000). The directors do not recommend payment of a dividend (2004: £nil).

Directors and their Interests

The Directors throughout the year were as follows:

D J T Bratchell
S M Cottis
A S P Slobodzian

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>Senior Executive Incentive Plan/Executive Share Incentive Plan</u>		<u>Options*</u>		
	1/4/04	31/3/05	1/4/04	31/3/05	1/4/04	Granted During the Year	Exercised/ Renounced/ Lapsed 31/3/05
D J T Bratchell	7,623	7,623	85,336	110,866	303,357	83,814	- 387,171
S M Cottis	1,203	1,203	-	-	13,570	3,674	- 17,244
A S P Slobodzian	-	-	-	-	20,597	-	- 20,597

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



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 LLP 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 LLP 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.



For and on behalf of
Mawlaw Secretaries Limited
Secretary

Date: 16/9/5

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; 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EMI OVERSEAS HOLDINGS LIMITED

We have audited the company's financial statements for the year ended 31 March 2005 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, and the related notes 1 to 9. These financial statements have been prepared on the basis of 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 auditors' 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 directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and 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 affairs of the company as at 31 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst Young LLP

Ernst & Young LLP
Registered Auditor
London

20/9/05

EMI OVERSEAS HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005**

	Note	2005 £000	2004 £000
Other Income		-	7
		<hr/>	<hr/>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		-	7
Taxation - overseas	2	-	(10)
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		-	(3)
Dividends		-	-
		<hr/>	<hr/>
TRANSFER TO RESERVES		-	(3)
		<hr/>	<hr/>

All activities are continuing

STATEMENT OF RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses in the year (2004: loss £3,000).

EMI OVERSEAS HOLDINGS LIMITED

BALANCE SHEET - 31 MARCH 2005

	Notes	2005 £000	2004 £000
FIXED ASSETS			
Investments	3	9,180	9,046
CURRENT ASSETS: DEBTORS			
AMOUNTS FALLING DUE WITHIN ONE YEAR			
Amount due from parent undertaking		4,616	4,750
Amount due from fellow subsidiary undertaking		1,622	1,622
Other		504	504
		6,742	6,876
CURRENT LIABILITIES: CREDITORS			
AMOUNTS FALLING DUE WITHIN ONE YEAR			
Amount due to fellow subsidiary undertaking		(17,095)	(17,095)
		(17,095)	(17,095)
NET CURRENT LIABILITIES			
		(10,353)	(10,219)
TOTAL ASSETS LESS CURRENT LIABILITIES			
		(1,173)	(1,173)
CAPITAL AND RESERVES			
Called up share capital	4	-	-
Profit and loss reserve	5	(1,173)	(1,173)
Equity shareholders' funds		(1,173)	(1,173)

)
) Director(s)
)
 Sm Cottis
 16/9/05

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. The accounts are prepared on a going concern basis because the parent undertaking has confirmed that it will provide continuing financial resources to the company to allow it to meet its debts as they fall due, for the foreseeable future.

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 FRS 1 (revised) not to prepare a cashflow statement as its ultimate parent undertaking prepares a consolidated cashflow statement in accordance with FRS 1 (revised).

Related Parties

The Company has taken advantage of the exemption in FRS 8 not to disclose related party transactions with wholly owned fellow subsidiary undertakings.

Investments

Investments in subsidiary and associated undertakings are stated at cost less provision to reflect any impairment.

EMI OVERSEAS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

2. TAXATION

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.

3. INVESTMENTS

	Subsidiary Shares £000	Associated Undertakings £000	Total £000
Cost			
31 March 2004	11,006	77	11,083
Additions	134	-	134
	-----	-----	-----
31 March 2005	11,140	77	11,217
	-----	-----	-----
Provisions			
31 March 2004	(1,960)	(77)	(2,037)
Additions	-	-	-
	-----	-----	-----
31 March 2005	(1,960)	(77)	(2,037)
	-----	-----	-----
Net book value at			
31 March 2004	9,180	-	9,180
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31 March 2005	9,180		9,180
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EMI OVERSEAS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

3. INVESTMENTS (continued)

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	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

Associated Undertakings and Other Investments

Iran Company	Iran	Ordinary	51	Music
EMI (Pakistan) Ltd	Pakistan	Ordinary	25.5	Dormant
Sociedad Chilena de Ediciones Musicales Ltd	Chile	Ordinary	10	Music
EMI Columbia	Columbia	Ordinary	5	Music

4. SHARE CAPITAL

	2005 £	2004 £
Authorised, allotted, called up and fully paid 100 ordinary shares of £1 each	100	100
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EMI OVERSEAS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

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

	<u>Share Capital</u>	<u>Profit & Loss Reserve</u>	<u>Total</u>
	£000	£000	£000
At 1 April 2003	-	(1,170)	(1,170)
Result for the year	-	(3)	(3)
At 31 March 2004	-	(1,173)	(1,173)
Result for the year	-	-	-
At 31 March 2005	-	(1,173)	(1,173)

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 AND STAFF COSTS

No Director received any remuneration during the year in respect of his/her services to the Company. The company had no employees.

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, 27 Wrights Lane, London W8 5SW, England.

9. AUDITORS' REMUNERATION

The auditors' remuneration is borne by the parent undertaking EMI Group plc.