

EMI OVERSEAS HOLDINGS LIMITED

DIRECTORS' REPORT

The Directors present their report and the accounts for the year ended 31 March 1996.

Results and Dividends

The Company continued to act as an intermediate holding company and made a profit during the year of £2,169,000 (1995:£2,100,000). The Directors do not recommend payment of a dividend.

Directors and their Interests

The Directors throughout the year and subsequently were as follows:

I L Emberey	(resigned 18.07.95)
I Hanson	(appointed 07.08.95)
G J Hopkins	(resigned 07.08.95)
J A King	
W MacMillan	(appointed 28.09.95)

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 THORN EMI plc, the ultimate parent undertaking, at the year end were as follows:

	<u>Ordinary Shares</u>			<u>Options*</u>		
	1/4/95#	31/3/96	1/4/95	Granted During the Year	Exercised	31/3/96
I Hanson	974	1,683	2,164	-	-	2,164
J A King	-	-	7,298	6,800	-	14,098
W MacMillan	-	-	525	1,241	-	1,766

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

or at subsequent date of appointment (see above)



Directors' Report Continued

Directors' and Officers' Liability Insurance

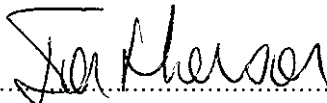
The ultimate parent undertaking, THORN EMI plc, has maintained insurance to cover Directors' and Officers' liability as permitted by Section 310(3) of the Companies Act 1985.

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:

15/8/96

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 9 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.

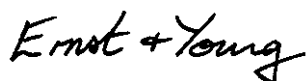
BASIS OF OPINION

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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
London

Date : **20 SEP 1996**

EMI OVERSEAS HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1996**

	Note	1996 £000	1995 £000
Revaluation of provisions against loans		(135)	319
Release of provision		614	1,968
Dividend income		1,642	26
Exchange gain/(loss) on foreign currency loans		34	(211)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		2,155	2,102
Interest		20	-
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,175	2,102
Taxation	2	(6)	(2)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,169	2,100
Dividends		-	-
		<hr/>	<hr/>
TRANSFER TO RESERVES		2,169	2,100
		<hr/>	<hr/>


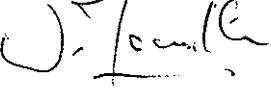
STATEMENT OF RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses in the year other than the retained profit of £2,169,000. (1995: £2,100,000).

EMI OVERSEAS HOLDINGS LIMITED

BALANCE SHEET - 31 MARCH 1996

	Notes	1996 £000	1995 £000
FIXED ASSETS			
Investments	3	546	546
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CURRENT ASSETS: DEBTORS			
AMOUNTS FALLING DUE WITHIN			
ONE YEAR			
Amount due from parent undertaking		6,030	3,871
Amount due from fellow subsidiary undertaking		1,622	1,622
Taxation		21	25
Dividend income		14	-
<hr/>			
NET CURRENT ASSETS		7,687	5,518
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TOTAL ASSETS LESS CURRENT LIABILITIES		8,233	6,064
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CAPITAL AND RESERVES			
Called up share capital	4	-	-
Profit and loss reserve	5	8,233	6,064
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		8,233	6,064
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)
) Director(s)
 15/8/96

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

In accordance with FRS1, a cashflow statement is not required because the parent undertaking has included a consolidated cashflow statement in its group accounts.

2. TAXATION

	1996 £000	1995 £000
Corporation tax at 33%	(6)	(2)
Double taxation relief	6	2
	—	—
	-	-
Overseas withholding tax	(6)	(2)
	—	—
	(6)	(2)
	—	—

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, THORN EMI 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		Associated	
	Shares	Loans	Undertakings	Total
	£000	£000	£000	£000
Cost				
31 March 1995	2,476	2,930	918	6,324
Revaluation	-	135	-	135
Transfer to parent	(1,680)	(614)	(820)	(3,114)
Disposal	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
31 March 1996	796	2,451	98	3,345
	<hr/>	<hr/>	<hr/>	<hr/>
Provisions				
31 March 1995	(1,930)	(2,930)	(918)	(5,778)
Revaluation	-	(135)	-	(135)
Transfer to parent	1,680	614	820	3,114
	<hr/>	<hr/>	<hr/>	<hr/>
31 March 1996	(250)	(2,451)	(98)	(2,799)
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at				
31 March 1995	546	-	-	546
	<hr/>	<hr/>	<hr/>	<hr/>
31 March 1996	546	-	-	546
	<hr/>	<hr/>	<hr/>	<hr/>

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 OVERSEAS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

3. INVESTMENTS (continued)

	Country of Incorporation	Class of share held	% of class held	Nature of Business
Associated Undertaking Unlisted:				
EMI (Pakistan) Ltd	Pakistan	Ordinary	25.5	Dormant
Sociedad Chilena de Ediciones Musicales Ltd	Chile	Ordinary	10	Music
EMI Rodven SA	Venezuela	Ordinary	45	Music
Iran Company	Iran	Ordinary	51	Music

4. SHARE CAPITAL	1996 £	1995 £
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 & Loss Reserve</u>	<u>Total</u>
	£000	£000	£000
At 1 April 1995	-	6,064	6,064
Retained profit for the year	-	2,169	2,169
	—	—	—
At 31 March 1996	-	8,233	8,233
	—	—	—

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

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 THORN EMI plc, which is the ultimate parent undertaking registered in England and Wales. Copies of THORN EMI plc's accounts can be obtained from THORN EMI plc, 4 Tenterden Street, Hanover Square, London W1A 2AY, England.