

**EMI GROUP FINANCE LIMITED**  
(formerly EMI GROUP FINANCE PLC)

**DIRECTORS' REPORT**

The Directors present their report and the financial statements for the year ended 31 March 2008.

**Principal Activities and Review of the Business**

The Company is a wholly owned subsidiary of EMI Group Limited. On 17 August 2007, EMI Group plc was acquired by Maltby Acquisitions Limited, formerly Maltby Limited, (a wholly owned subsidiary of Maltby Capital Limited) and on 18 September 2007 delisted from trading on the London Stock Exchange plc's main market for listed securities. EMI Group plc changed its name to EMI Group Limited on 4 October 2007. TFCP Holdings Limited became the ultimate parent undertaking on 17 August 2007. On 29 October 2007 the Company reregistered as a private company and changed its name to EMI Group Finance Limited.

The principal activity of the Company is that of a finance company. There has not been any change to the principal activity of the Company during the year ended 31 March 2008 or subsequently. The directors do not anticipate any change to the principal activity of the Company during the next year.

The Company operates as part of the Maltby Capital Limited Group (the "Group") and all of its transactions are with fellow Group undertakings. As such its activities are dependent on the activities of the Group as a whole. Therefore, the Company's key financial and other performance indicators during the year were as follows:

	2008	2007	Change
	£000	£000	%
Profit before tax	48,757	117,607	-58.54
Profit/(loss) after tax	48,752	(13,259)	n/a
Shareholders' funds	132,785	84,033	+58.02
Current assets as % of current liabilities	108.11%	112.04%	-3.51

As stated in the profit and loss account on page 7 the Company made a profit before tax of £48,757,000 in the year to 31 March 2008 compared with the previous year's profit before tax of £117,607,000. This represents a decrease of 58.54% and is mainly due to the higher exchange gains in the prior year compared with exchange losses in the current year.

In the balance sheet shown on page 8, the net assets of the Company have increased by 58.02% primarily as a result of the repayment of borrowings. Shareholders' funds have increased by 58.02% as a result of retained earnings for the year.

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## **DIRECTORS' REPORT (continued)**

### **Principal Risks and Uncertainties**

The Company operates as part of the Group and all of its transactions are with fellow Group undertakings. As such its activities are dependent on the activities of the Group as a whole. The risks and uncertainties facing the Company are linked to those of the Group. A detailed discussion of the Group risks and uncertainties is contained in Maltby Capital Limited's annual report.

### **Dividends**

The Directors do not recommend payment of a dividend (2007: £80,000,000).

### **Directors**

The Directors during the year were as follows:

C P Ashcroft	(resigned 31 August 2007)
D J T Bratchell	(resigned 23 November 2007)
M D Stewart	(resigned 28 August 2007)
C J Roling	(appointed 31 August 2007) (resigned 22 September 2008)
C J Ancliff	(appointed 31 August 2007) (resigned 23 November 2007)
S Alexander	(appointed 23 November 2007) (resigned 17 December 2008)
R Punja	(appointed 23 November 2007) (resigned 17 December 2008)
A P Chadd	(appointed 22 September 2008)
C J Kennedy	(appointed 17 December 2008)

### **Directors' Qualifying Third Party Indemnity Provisions**

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

### **Donations**

Grants and charitable donations made during the year amounted to £nil (2007: £nil). There were no political contributions made during the year (2007: £nil).

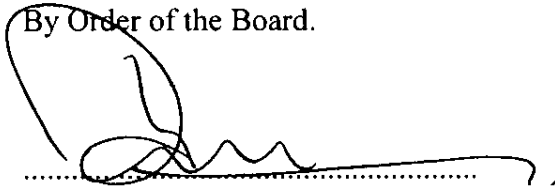
### **Disclosure of information to the auditor**

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

During the year, following the resignation of Ernst & Young LLP, KPMG LLP were appointed as auditors to the Company.

**DIRECTORS' REPORT (continued)**

By Order of the Board.

A handwritten signature in black ink, consisting of a large loop followed by a series of smaller, connected loops and a long horizontal stroke.

.....  
For and on behalf of  
Mawlaw Secretaries Limited  
Secretary

Date: 29 January 2009

Registered Office  
27 Wrights Lane  
London  
W8 5SW

**EMI GROUP FINANCE LIMITED**  
(formerly EMI GROUP FINANCE PLC)

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EMI GROUP FINANCE LIMITED (FORMERLY EMI GROUP FINANCE PLC)**

We have audited the financial statements of EMI Group Finance Limited for the year ended 31 March 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under 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 directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EMI GROUP FINANCE LIMITED (FORMERLY EMI GROUP FINANCE PLC) (continued)**

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

A handwritten signature in black ink, appearing to read 'KPMG LLP', is written above the printed name of the firm.

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*  
29 January 2009

8 Salisbury Square  
London  
EC4Y 8BB

**EMI GROUP FINANCE LIMITED**  
(formerly EMI GROUP FINANCE PLC)

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2008**

	Notes	2008 £000	2007 £000
Administration expenses		(228)	(230)
Other operating income	2	-	59,727
Other operating expenses	3	(8,833)	(1,679)
		<hr/>	<hr/>
OPERATING PROFIT		(9,061)	57,818
		<hr/>	<hr/>
Interest receivable	4	373,409	334,924
Interest payable	5	(315,591)	(275,135)
		<hr/>	<hr/>
		57,818	59,789
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		48,757	117,607
Taxation	6	(5)	(131,136)
		<hr/>	<hr/>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		48,752	(13,529)
		<hr/>	<hr/>

All activities are continuing.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

There are no recognised gains or losses attributable to the shareholders of the Company other than the profit of £48,752,000 (2007: loss of £13,529,000).

**EMI GROUP FINANCE LIMITED**  
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**BALANCE SHEET - 31 MARCH 2008**

	Notes	2008 £000	2007 £000
<b>CURRENT ASSETS</b>			
Debtors:	8		
Amounts falling due after one year		33,415	32,724
Amounts falling due within one year		5,578,973	5,716,980
Cash at bank and in hand and cash deposits		100,802	196,983
		<hr/>	<hr/>
		5,713,190	5,946,687
		<hr/>	<hr/>
<b>CREDITORS:</b>			
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Bank loans and overdrafts		(5,825)	(15,183)
Creditors and accruals	9	(5,278,718)	(5,292,535)
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		(5,284,543)	(5,307,718)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		428,647	638,969
		<hr/>	<hr/>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>			
Amounts owed to parent undertaking		-	(255,570)
Amounts owed to fellow subsidiary undertakings		(295,862)	(39,366)
Borrowings	10	-	(260,000)
		<hr/>	<hr/>
		(295,862)	(554,936)
		<hr/>	<hr/>
<b>NET ASSETS</b>		132,785	84,033
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES: EQUITY</b>			
Called up share capital	11	83,936	83,936
Profit and loss account	12	48,849	97
		<hr/>	<hr/>
<b>SHAREHOLDERS' FUNDS</b>		132,785	84,033
		<hr/>	<hr/>

These financial statements were approved for issue by the Board of Directors on 29 January 2009 and were signed on its behalf by:

Andrew Chadd  
Director





**EMI GROUP FINANCE LIMITED**  
(formerly EMI GROUP FINANCE PLC)

**NOTES TO THE FINANCIAL STATEMENTS**

**1. ACCOUNTING POLICIES**

**Basis of Preparation**

The financial statements are prepared under the historical cost convention.

The financial statements are prepared in accordance with applicable accounting standards.

**Foreign Currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves together with the exchange difference on the carrying amount of the related investments. Tax charges and credits attributable to exchange differences on these borrowings are also dealt with in reserves.

**Cash Flow Statement**

The Company has taken advantage of the exemption in FRS 1 (revised) not to prepare a cash flow statement as a parent undertaking prepares a consolidated cash flow statement, which includes the Company, in accordance with FRS 1 (revised).

**Related Parties**

As the Company is a wholly owned subsidiary of Maltby Capital Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the Group qualifying as related parties). The consolidated financial statements of Maltby Capital Limited, within which this Company is included, can be obtained from the address given in note 13.

**EMI GROUP FINANCE LIMITED**  
(formerly EMI GROUP FINANCE PLC)

**NOTES TO THE FINANCIAL STATEMENTS CONTINUED**

**1. ACCOUNTING POLICIES CONTINUED**

**Taxation**

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

**2. OTHER OPERATING INCOME**

	2008 £000	2007 £000
Exchange gain on foreign currency balances	-	59,727
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**3. OTHER OPERATING EXPENSES**

	2008 £000	2007 £000
Exchange loss on foreign currency balances	8,833	1,679
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**EMI GROUP FINANCE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS CONTINUED**

**4. INTEREST RECEIVABLE**

	2008 £000	2007 £000
Interest receivable on:		
Bank deposits	3,311	743
Loans to fellow subsidiary undertakings	370,098	331,301
Exceptional finance income *	-	2,880
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	373,409	334,924
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\* Exceptional finance income relates to exchange gains on unhedged foreign currency borrowings.

**5. INTEREST PAYABLE**

	2008 £000	2007 £000
Interest payable on:		
Bank loans and overdrafts repayable within five years	12,666	9,121
Loans from fellow Group undertakings	302,925	166,918
Loans from parent undertaking	-	99,096
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	315,591	275,135
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**EMI GROUP FINANCE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS CONTINUED**

**6. TAX**

<b>Tax on profit/(loss) on ordinary activities</b>	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
<b>UK corporation tax</b>		
UK corporation tax on profits of the year	5	6
Payments in respect of group relief - Current year	-	117,504
Payments in respect of group relief - Prior year	-	13,626
Double Taxation Relief	(5)	(6)
<b>Foreign tax</b>		
Current year	5	6
Adjustments in respect of previous year	-	-
	<hr/> -	<hr/> 131,136
<b>Total current tax charge</b>	<hr/> 5	<hr/> 131,136
<b>Deferred tax</b>		
Originating and reversal of timing differences	-	-
Effect of changes in tax rate on opening liability	-	-
Changes in recoverable amounts of deferred tax assets	-	-
	<hr/> -	<hr/> -
<b>Tax on profit/loss on ordinary activities</b>	<hr/> 5	<hr/> 131,136

**Factors affecting current tax charge**

Profit on ordinary activities before tax	<hr/> 48,757	<hr/> 117,607
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2007 – 30%)	14,627	35,282
<i>Effect of:</i>		
Group relief received	(14,622)	-
Group relief received for payment of greater than 30%	-	82,228
Adjustments in respect of previous year	-	13,626
<b>Total current tax charge</b>	<hr/> 5	<hr/> 131,136

**Factors affecting future tax charge**

As part of the Group, the Company may receive or surrender losses by way of group relief. This receipt or surrender may be made with or without charge.

**Deferred tax**

At the balance sheet date the Company had unused tax losses of £nil (2007: £nil) available for offset against future profits.

**EMI GROUP FINANCE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS CONTINUED**

**7. DIRECTORS' EMOLUMENTS AND STAFF COSTS**

No Director received any remuneration during the year in respect of his/her services to the Company (2007: £nil). The Company had no employees during either the current or prior year.

**8. DEBTORS**

	2008	2007
	£000	£000
Amounts falling due within one year:		
Amounts due from fellow Group undertakings	5,549,158	5,685,880
Interest receivable from fellow Group undertakings	29,491	31,043
Other debtors	324	57
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	5,578,973	5,716,980
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Amounts falling due after more than one year:		
Amounts due from parent undertaking	-	31,429
Amounts due from fellow Group undertakings	33,415	1,295
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	33,415	32,724
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Total debtors	5,612,388	5,749,704
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**EMI GROUP FINANCE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS CONTINUED**

**9. CREDITORS AND ACCRUALS**

	2008 £000	2007 £000
Amounts due to parent undertaking	-	1,500,308
Amounts due to fellow Group undertakings	5,224,912	3,773,650
Interest payable to fellow Group undertakings	53,732	18,354
Other creditors and accruals	74	223
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	5,278,718	5,292,535
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**10. BORROWINGS**

In March 2007 the immediate parent undertaking EMI Group Limited took out a new £700m credit facility due 29 May 2009. This credit facility consisted of a £400m term loan facility and a £300m revolving credit facility. At March 2007 the Company drew £260m under the revolving credit facility. In August 2007 this facility was replaced by three new facility agreements held by other Group companies.

**11. SHARE CAPITAL**

	Authorised		Allotted, called up and fully paid	
	2008	2007	2008	2007
	£	£	£000	£000
Ordinary shares of £1 each	85,000,000	85,000,000	83,936	83,936
	<hr/>	<hr/>	<hr/>	<hr/>

**EMI GROUP FINANCE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS CONTINUED**

**12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES**

	<u>Share Capital</u>	<u>Profit &amp; Loss Account</u>	<u>Total</u>
	£000	£000	£000
At 1 April 2007	83,936	97	84,033
Profit for the year	-	48,752	48,752
Dividends paid	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2008	83,936	48,849	132,785
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**13. PARENT UNDERTAKING**

The immediate parent undertaking of the Company is EMI Group Limited (formerly EMI Group plc). The ultimate parent undertaking and controlling party is TFCP Holdings Limited, a company registered in Guernsey.

The parent undertaking of the largest group to consolidate these financial statements is Maltby Capital Limited and the parent undertaking of the smallest group to consolidate these financial statements is Maltby Investments Limited. Copies of the consolidated financial statements of both Maltby Capital Limited and Maltby Investments Limited for the period ended 31 March 2008 can be obtained from the Company's registered address, 27 Wrights Lane, London W8 5SW.

**14. AUDITORS' REMUNERATION**

The Auditors' remuneration is borne by the immediate parent undertaking EMI Group Ltd and is as follows:

	2008	2007
	£	£
Audit of these financial statements	20,000	20,000

Amounts receivable by the Company's auditors and their associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required, instead, to be disclosed on a consolidated basis in the consolidated financial statements of Maltby Capital Limited, the Company's parent.

**EMI GROUP FINANCE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS CONTINUED**

**15. TERMS OF INTERCOMPANY BALANCES**

Amounts to and from fellow Group undertakings and parent undertakings are repayable on demand, some attract interest at market rates and some are interest free.

**16. CONTINGENT LIABILITIES**

The Company has provided a guarantee to its clearing banks in respect of borrowings of other EMI Group Limited UK Group companies. Such guarantee is limited to the amount of cash deposited by the Company with the banks. At 31 March 2008 £303,000 (2007: £983,000) was guaranteed. This guarantee ended on 7 August 2008.

EMI Group Finance Limited acceded, on 28 January 2008, to a debenture dated 30 August 2007 (as amended, supplemented, novated, extended, restated or varied from time to time) and made between, amongst others, Maltby Acquisitions Limited (formerly known as Maltby Limited) and Citibank, N.A., London Branch as Security Agent, pursuant to which the company charged, by way of mortgage or fixed charge or assign by way of security (as appropriate) all of their right, title and interest in certain assets, charge all or substantially all of their present and future assets and undertaking by way of first floating charge in favour of the Security Agent to secure the repayment of the Secured Liabilities (as defined therein) and covenant that they will, on demand, pay and discharge the Secured Liabilities.

**17. DIVIDENDS**

	2008 £000	2007 £000
Equity dividends on ordinary shares:		
Interim paid	-	80,000
Final paid	-	-
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	-	80,000
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