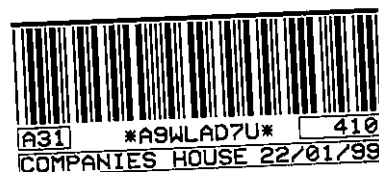


107 0953

Report and Accounts
Virgin Records Limited

31 March 1998



Virgin Records Limited

Registered No. 1070953

DIRECTORS

P S Robinson
P A Kernick
D J T Bratchell

SECRETARY

P S Robinson

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

BANKERS

Barclays Bank PLC
Hayes Station Road
Hayes, Middlesex

SOLICITORS

Rowe & Maw
20 Black Friars Lane
London EC4V 6HD

REGISTERED OFFICE

EMI Group plc
4 Tenterden Street
Hanover Square
London W1A 2AY

Virgin Records Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 March 1998.

RESULTS AND DIVIDENDS

The results for the year are set out on page 6.

The directors recommended and paid a dividend amounting to £77,585,265 (1997 – £78,074,000).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company is engaged in the production of popular music by exploiting the copyright of recordings and videos relating to rights obtained through contracts made with artistes.

Both the level of business and the year end financial position were satisfactory and the directors expect that the present level of activity will be sustained in the foreseeable future.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year ended 31 March 1998 are shown on page 1.

The only interest held by the directors in the share capital and loan stocks of the company's ultimate parent undertaking at that date, EMI Group plc, or any subsidiary undertakings thereof, were ordinary shares and options to purchase ordinary shares of EMI Group plc, granted in accordance with the provisions of that company's share option schemes, as follows:

	<i>At 31 March 1998</i>		<i>At 31 March 1997</i>	
	<i>Options over Ordinary shares</i>	<i>Options over Ordinary shares</i>	<i>Options over Ordinary shares</i>	<i>Options over Ordinary shares</i>
P S Robinson	3,040	1,110	3,040	1,110
P A Kernick	—	—	—	—
D J T Bratchell (appointed 30 September 1997)	17,781	49,252	—	—

Under the demerger arrangements, each ordinary share in THORN EMI plc converted into one ordinary share in Thorn plc and one ordinary share in EMI Group plc on 19 August 1996.

Following the demerger, options under the Executive Option Scheme remain over only EMI Group plc shares. Therefore, the number of shares under option was adjusted to reflect the demerger, either by way of adjustment or by way of a grant of additional options, by reference to the prices of EMI Group plc and Thorn plc shares averaged over the first five dealing days following the demerger.

Virgin Records Limited

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS (continued)

Prior to the demerger, SAYE option holders were offered an alternative award of shares, on condition they renounce their options, equal in value to the aggregate gain on their option, based on the total number of shares under option and calculated on the difference between the relevant option exercise price and the price of THORN EMI shares on the day the EGM to approve the demerger was held. The shares were awarded by the THORN EMI Group General Employee Benefit Trust immediately prior to the demerger, thereby being entitled to the demerger dividend of Thorn plc shares. All option holders of the company accepted the offer and renounced all their options.

The directors of the company are not subject to retirement by rotation or otherwise.

AUDITORS

An elective resolution was passed in 1993 to dispense with the need to reappoint auditors annually.

On behalf of the board

Director



7/1/99

Virgin Records Limited

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 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 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.

REPORT OF THE AUDITORS
to the members of Virgin Records Limited

We have audited the accounts on pages 6 to 17, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 4 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.

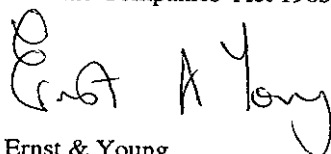
Basis of opinion

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 or 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 1998 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'Ernst & Young', is written over the printed name.

Ernst & Young
Registered Auditor
London

07 JAN 1999

Virgin Records Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 March 1998

	Notes	1998 £	1997 £
TURNOVER	2	243,894,255	219,561,642
Cost of sales		(138,571,985)	(131,929,451)
GROSS PROFIT		105,322,270	87,632,191
Prime costs		(46,650,935)	(41,682,530)
Administrative expenses		(19,443,481)	(31,367,270)
Other operating income		26,190,000	28,038,727
		(39,904,416)	(45,011,073)
Operating profit before exceptional items	3	65,417,854	42,621,118
Profit on disposal of investment	4	—	163,748,000
Operating profit after exceptional items		65,417,854	206,369,118
Interest receivable and similar income	7	10,640,316	9,623,248
Interest payable and similar charges	8	(1,633)	(6,418)
		10,638,683	9,616,830
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		76,056,537	215,985,948
Tax on profit on ordinary activities	9	(3,707,732)	(2,567,743)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		72,348,805	213,418,205
Dividends paid		(77,585,265)	(78,074,000)
(LOSS)/PROFIT RETAINED FOR THE FINANCIAL YEAR		(5,236,460)	135,344,205
RETAINED PROFIT BROUGHT FORWARD		153,186,770	17,842,565
		147,950,310	153,186,770

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses attributable to the shareholders of the company in the year ended 31 March 1998 other than the profit of £72,348,805 (1997 – £213,418,205).

Virgin Records Limited

BALANCE SHEET at 31 March 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Tangible assets	10	9,463,518	9,703,690
Investments	11	837,892,000	401,600,000
		<u>847,355,518</u>	<u>411,303,690</u>
CURRENT ASSETS			
Stock	12	1,224,286	925,484
Debtors	13	436,440,978	420,090,230
Cash at bank and in hand		10,864,508	8,474,121
		<u>448,529,772</u>	<u>429,489,835</u>
CREDITORS: amounts falling due within one year	14	(251,999,536)	(203,152,311)
NET CURRENT ASSETS		<u>196,530,236</u>	<u>226,337,524</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,043,885,754</u>	<u>637,641,214</u>
PROVISIONS FOR LIABILITIES AND CHARGES	15	—	—
		<u>1,043,885,754</u>	<u>637,641,214</u>
CAPITAL AND RESERVES			
Called up share capital	16	895,935,444	484,454,444
Profit and loss account	17	147,950,310	153,186,770
Equity shareholders' funds		<u>1,043,885,754</u>	<u>637,641,214</u>

Director



7/1/99

Virgin Records Limited

NOTES TO THE ACCOUNTS

at 31 March 1998

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Group accounts

The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare group accounts.

Cash flow statements

A cash flow statement is not prepared as the company is exempt by virtue of paragraph 8 of FRS 1 being a subsidiary undertaking of a parent undertaking registered in England and Wales which prepares a group cash flow statement.

Depreciation

Depreciation of fixed assets is provided on a straight line basis applied to original cost at rates estimated to write off each asset over its remaining useful life. For the purposes of calculating depreciation, the effective useful lives of the classes of assets currently held by the company are as follows:

Freehold property	–	50 years
Motor vehicles	–	4 years
Plant and fixtures	–	4 years

Stocks

Stocks are valued at the lower of cost and net realisable value.

Foreign exchange

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

Advances to artistes

Advances to artistes and repertoire owners are assessed and the value of the unrecouped portion to be included in the debtors is determined by the prospects of future recoupment, based on past sales performance, current popularity and projected sales.

Recording, production and development costs

Recording, production and development costs in addition to the catalogue of recorded music are written off as incurred.

Leased plant and equipment

Where plant and equipment is acquired by leasing arrangements and hire purchase agreements which give rights approximating to ownership, the assets are capitalised at an amount representing the equivalent outright purchase price of such assets and included in tangible assets. The capital element of future rentals is treated as a liability and the interest element is charged to the profit and loss account over the period of the leases in proportion to the balances outstanding.

Operating leases and rentals due are charged to the profit and loss account on a straight line basis over the lease term.

Virgin Records Limited

NOTES TO THE ACCOUNTS

at 31 March 1998

1. ACCOUNTING POLICIES (continued)

Pensions

The company operates defined contribution pension schemes for its employees and executives. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds.

2. TURNOVER

Turnover is stated net of value added tax and represents amounts invoiced to third parties. Turnover is attributable to one activity, the exploitation of contracts made with artistes.

Analysis of turnover by geographical area:

	1998 £	1997 £
United Kingdom	154,582,278	160,220,903
Rest of the World	89,311,977	59,340,739
	<u>243,894,255</u>	<u>219,561,642</u>

3. OPERATING PROFIT

This is stated after charging/(crediting):

	1998 £	1997 £
Depreciation of tangible fixed assets	843,636	609,838
Hire of plant and machinery	454,328	426,343
Auditors' remuneration – audit services	51,500	51,500
Rental of land and buildings	21,308	229,467
Profit on disposal of fixed assets	–	(5,643)
Foreign exchange adjustments	(472,828)	12,475,827
	<u>(472,828)</u>	<u>12,475,827</u>

The 1997 foreign exchange adjustment includes a loss of £13,575,000 on the retranslation of the Virgin Corporate foreign currency balance. There was no such gain or loss in 1998.

4. EXCEPTIONAL ITEM

	1998 £	1997 £
Profit on disposal of investment	–	163,748,000
	<u>–</u>	<u>163,748,000</u>

This represents the profit made on the sale of Virgin Holdings BV to EMI Group plc.

Virgin Records Limited

NOTES TO THE ACCOUNTS

at 31 March 1998

5. DIRECTORS' EMOLUMENTS

The emoluments of the directors of the company, including amounts paid to them as directors of subsidiary undertakings, were as follows:

	1998 £	1997 £
For management services	205,174	155,918
Pension contributions	—	188
	<u>205,174</u>	<u>156,106</u>

The amounts in respect of the highest paid director are as follows:

	1998 £	1997 £
Emoluments	120,050	90,229
Company contributions paid to pension scheme	—	—
	<u>120,050</u>	<u>90,229</u>

DJT Bratchell is paid by EMI Group plc.

6. STAFF COSTS

	1998 £	1997 £
Wages and salaries	8,516,632	7,005,196
Social security costs	730,827	659,132
Other pension costs	236,957	263,734
	<u>9,484,416</u>	<u>7,928,062</u>

The average number of employees during the year was made up as follows:

	1998 No.	1997 No.
Selling	35	36
Marketing and production	81	67
Administration	58	58
	<u>174</u>	<u>161</u>

Virgin Records Limited

NOTES TO THE ACCOUNTS

at 31 March 1998

7. INTEREST RECEIVABLE AND SIMILAR INCOME

Interest receivable comprises the following:

	1998 £	1997 £
Bank deposit interest	29,374	82,067
Interest on group loans	10,037,300	7,875,534
Bank interest	573,642	1,646,982
Other	—	18,665
	<u>10,640,316</u>	<u>9,623,248</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	1998 £	1997 £
Other	1,633	6,418
	<u>1,633</u>	<u>6,418</u>

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
Overseas taxation	3,707,732	2,567,743
	<u>3,707,732</u>	<u>2,567,743</u>

The company is primarily liable for 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 responsibility for any such taxation as long as the company remains a subsidiary undertaking. In view of the undertaking received, no disclosure is made in these accounts of any potential liability to taxation.

Virgin Records Limited

NOTES TO THE ACCOUNTS at 31 March 1998

10. TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings</i>	<i>Motor vehicles</i>	<i>Plant and fixtures</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 1 April 1997	8,570,388	99,598	5,590,961	14,260,947
Additions	64,249	—	539,215	603,464
At 31 March 1998	8,634,637	99,598	6,130,176	14,864,411
Depreciation:				
At 1 April 1997	1,003,692	31,337	3,522,228	4,557,257
Provided during the year	171,104	18,649	653,883	843,636
At 31 March 1998	1,174,796	49,986	4,176,111	5,400,893
Net book value:				
At 31 March 1998	7,459,841	49,612	1,954,065	9,463,518
At 1 April 1997	7,566,696	68,261	2,068,733	9,703,690

11. INVESTMENTS

Shares in group undertakings

	£
Cost:	
At 1 April 1997	422,546,911
Additions	436,292,000
At 31 March 1998	858,838,911
Provisions:	
At 1 April 1997	20,946,911
Charged during the year	—
At 31 March 1998	20,946,911
Net book value:	
At 31 March 1998	837,892,000
At 1 April 1997	401,600,000

On 22 May 1997, Virgin Records Limited acquired 854,935,045 ordinary shares of 50p each, at par, in the capital of EMI UK Holdings Limited. The amount paid of £427,467,552.50 was then lent by EMI UK Holdings Limited to Virgin Records Limited's ultimate parent undertaking, EMI Group plc.

Virgin Records Limited

NOTES TO THE ACCOUNTS at 31 March 1998

11. INVESTMENTS (continued)

Principal subsidiary undertakings

In the opinion of the directors the value of the investments is at least equal to their carrying value:

The principal subsidiary undertakings of Virgin Records Limited are as follows:

<i>Subsidiary undertakings</i>	<i>Interest % (ordinary shares)</i>	<i>Nature of business</i>
Ten Records Limited	100	Non-trading
Charisma Records Limited	100	Non-trading
Circa Records Limited	100	Non-trading
Siren Records Limited	100	Non-trading
Associated Virgin Record Labels Limited	100	Non-trading
Leisure and Entertainment Limited	100	Holding company
Virgin EG Limited (held by subsidiary undertaking)	100	Non-trading
Sacred Heart Records Limited	100	Non-trading
EMI UK Holdings Limited	100	Holding company
EMI Records Limited	100	Record company
EMI Music Publishing Limited	100	Music publishing company

All of the above companies are registered in England and Wales.

12. STOCK

	<i>1998</i> <i>£</i>	<i>1997</i> <i>£</i>
Finished goods and goods for resale	1,224,286	925,484

13. DEBTORS

	<i>1998</i> <i>£</i>	<i>1997</i> <i>£</i>
Trade debtors	2,993,877	4,861,992
Amounts owed by group undertakings	429,011,484	410,222,245
Other debtors	4,421,141	5,005,993
Prepayments and accrued income	14,476	—
	<u>436,440,978</u>	<u>420,090,230</u>

Trade debtors include amounts relating to artiste advances which may not be fully recoverable within one year. It is not possible to quantify accurately such amounts.

Virgin Records Limited

NOTES TO THE ACCOUNTS

at 31 March 1998

14. CREDITORS: amounts falling due within one year

	1998 £	1997 £
Bank loans and overdrafts	1,845,426	1,358
Trade creditors	47,069,682	41,387,481
Amounts owed to group undertakings	185,043,660	143,211,209
Amounts owed to subsidiary undertakings	10,184,463	10,184,463
Taxation and social security	243,375	231,814
Other creditors	1,345,287	1,485,030
Accruals and deferred income	6,267,643	6,650,956
	<u>251,999,536</u>	<u>203,152,311</u>

15. PROVISIONS FOR LIABILITIES AND CHARGES

	1998 £	1997 £
Provision for rationalisation and restructuring costs:		
Opening balance	—	526,751
Amounts charged against the provision	—	(526,751)
At 31 March 1998	<u>—</u>	<u>—</u>

16. SHARE CAPITAL

	1998 £	1997 £
Authorised:		
Ordinary shares of £1 each	<u>1,200,000,000</u>	<u>600,000,000</u>
	<i>DM</i>	<i>DM</i>
'A' Fixed Rate Cumulative Redeemable Preference Shares of DM1 each	<u>500,000,000</u>	<u>500,000,000</u>
'B' Fixed Rate Cumulative Redeemable Preference Shares of DM1 each	<u>150,000,000</u>	<u>150,000,000</u>
	<u>650,000,000</u>	<u>650,000,000</u>
	<i>FFr</i>	<i>FFr</i>
'C' Cumulative Convertible Participating Preference Shares of FFr 10 each	<u>5,000,000,000</u>	<u>—</u>
'D' Participating Preference Shares of FFr 10 each	<u>1,500,000,000</u>	<u>—</u>
	<u>6,500,000,000</u>	<u>—</u>

Virgin Records Limited

NOTES TO THE ACCOUNTS

at 31 March 1998

16. SHARE CAPITAL (continued)

The authorised share capital was increased as above on 22 May 1997.

The A preference shares carry a fixed cumulative preferential dividend of 6% per annum on each fully paid up share, payable annually on 1 June each year and rank for dividend in priority to any other class of share.

The B preference shares carry a fixed cumulative preferential dividend of 6% per annum on each fully paid up share, payable annually on 1 June each year and rank for dividend after A preference shares but in priority to any other class of share.

The C preference shares carry a cumulative preferential participating dividend of between 4 – 6.5% (depending on net profit for the relevant year) on the nominal value of each share. This is payable annually, 14 days after the approval of the annual accounts by the members of the company and the dividend ranks after A and B preference shares but in priority to any other class of share.

The D preference shares carry a non-cumulative preferential participating dividend of between 4–6.5% (depending on net profit for the relevant year) on the nominal value of each share. This is payable annually, 14 days after approval of the annual accounts by the members of the company and the dividend ranks after A, B and C preference shares but in priority to any other class of share.

On a winding up of the company, firstly A and C preference shareholders have the right to receive in preference to any other class of shareholder, amounts equal to the nominal value of each share and, in the case of A preference shares, any unpaid or accrued dividends whether declared or not and, in the case of C preference shareholders, any declared but unpaid dividends. Secondly, B and D preference shareholders rank after A and C preference shareholders but have the right to receive, in preference to any other class of shareholder, amounts equal to the nominal value of each share and, in the case of B preference shares, any unpaid or accrued dividends whether declared or not and, in the case of D preference shares, any declared but unpaid dividends. Thirdly, in repaying *pari passu* to holders of ordinary shares they have the right to the nominal value of each share plus any unpaid dividends. Fourthly, in paying to the holders of C and D preference shares they have the right to a further amount of 4% of the nominal value of each share. Any residual balance is to be paid to ordinary shareholders.

Each member holding one or more ordinary share, A, B, C and/or D preference shares is entitled to one vote on a show of hands, or in the case of a poll, shall have one vote for each ordinary share, one vote for every two A preference shares, one vote for every two B preference shares, one vote for every C preference share and one vote for every D preference share.

The company shall have the right at any time after 22 March 2001 to redeem all or any of the A and B preference shares. On giving not less than three months notice to the company, in writing, the holders of A and B preference shares have the right to require all or any of the shares to be redeemed by the company. Shares are redeemable at par plus all arrears and accruals of dividends payable thereon.

In the event of a sale or failure of the company to pay dividends for two consecutive financial periods, holders of C and D shares can request conversion of their shares to ordinary shares of FFr 10 each.

Virgin Records Limited

NOTES TO THE ACCOUNTS at 31 March 1998

16. SHARE CAPITAL (continued)

	1998 £	1997 £
Allotted, called up and fully paid:		
Ordinary shares of £1 each	700,010,000	400,010,000
Preference 'A' shares of DM 1 each	84,444,444	84,444,444
Preference 'B' shares of DM 1 each	4,882,000	—
Preference 'C' shares of FFf 10 each	106,599,000	—
	<u>895,935,444</u>	<u>484,454,444</u>

Following the increase in authorised share capital, 300,000,000 ordinary shares of £1 each were issued to EMI Group plc at par and 100,000,000 'C' Preference Shares of FFf10 each were issued to EMI Group Participations SA at par. In March 1998 the Preference 'A' shares of DM 1 each were re-nominated into Sterling at their 31 March 1997 value. This leads to no exchange gain or loss being recorded in the profit and loss account during the year (1997 – loss of £13,575,000).

The value of the DM 1 Preference 'B' shares represents the entitlement to bonus shares on the existing DM 1 Preference 'A' covering the period 22 March 1996 to 31 May 1997. These were issued to EMI Group Germany GmbH.

17. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total shareholders' funds £
At 1 April 1996	484,454,444	17,842,565	502,297,009
Profit for the year	—	213,418,205	213,418,205
Dividend paid	—	(78,074,000)	(78,074,000)
At 1 April 1997	484,454,444	153,186,770	637,641,214
Share capital issued during the year	411,481,000	—	411,481,000
Profit for the year	—	72,348,805	72,348,805
Dividend paid	—	(77,585,265)	(77,585,265)
At 31 March 1998	<u>895,935,444</u>	<u>147,950,310</u>	<u>1,043,885,754</u>

Virgin Records Limited

NOTES TO THE ACCOUNTS

at 31 March 1998

18. FINANCIAL COMMITMENTS

No capital expenditure had been contracted for or approved by the directors for the company (1997 – £nil). The group has commitments, which are largely performance related, to pay advances to artistes and repertoire owners amounting to approximately £70,455,000 at 31 March 1998 (1997 – £62,126,000).

Annual commitments under operating leases at 31 March were as follows:

	1998 £	1997 £
Plant, equipment and vehicles:		
Expiring in the first year	136,373	44,563
Expiring in the second to fifth years inclusive	278,688	342,582
	<u>415,061</u>	<u>387,145</u>

19. CAPITAL EXPENDITURE

No capital expenditure has been contracted for or approved by the directors for the company at 31 March 1998 (1997 – £nil).

20. CONTINGENT LIABILITY

Based on the 1998 result, a dividend of £5,298,651 will be declared and paid to the C preference shareholders in the year ended 31 March 1999.

The company has undertaken, together with certain other UK undertakings within the EMI Group plc group, to give joint and several guarantees to the bank in respect of amounts due to the bank from the company and other group undertakings.

21. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under Financial Reporting Standard 8 – Related Party Disclosures (FRS 8) not to disclose related party transactions between wholly owned group undertakings.

22. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking of the group of undertakings for which group accounts were drawn up for the year ended 31 March 1998 and of which the company was a member was EMI Group plc, 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