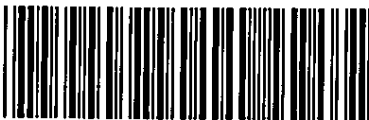


SEPARATOR SHEET

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EMI GROUP INTERNATIONAL HOLDINGS LIMITED

DIRECTORS' REPORT

The Directors present their report and the financial statements for the year ended 31 March 2007

Principal Activities and Review of the Business

The Company is a wholly owned subsidiary of EMI Group Limited. The principal activity of the Company is that of an investment company within the EMI Group. There has not been any change to the principal activity of the Company during the year ended 31 March 2007. The directors do not anticipate any change to the principal activity of the company during the next year.

The Company's key financial and other performance indicators during the year were as follows

	2007	2006	Change
	£000	£000	%
Loss after tax	(26,999)	(28,228)	-4.35
Shareholders' funds	(103,259)	(76,260)	+35.4
Current assets as % of current liabilities	52.59%	80.27%	-34.48

Loss after tax decreased by 4.35% compared with the previous year due to the payments for group tax relief amounts surrendered to fellow group undertakings.

Shareholders' funds (net liabilities) have increased by 35.4% as a result of retained losses.

The ratio of current assets to current liabilities has decreased by 34.48% due to new loans from the parent undertaking in the current year.

Financial Review

As stated in the profit and loss account on page 6 the Company made a loss before tax of £47,339,000 in the year to 31 March 2007 which represents an increase of 67.7% compared with the previous year's loss before tax of £28,228,000.

In the balance sheet shown on page 7 the net liabilities of the Company have increased compared with the prior year. This is due to higher interest payable in the current year, partially offset by the transfer of group tax relief amounts to fellow group undertakings.

Principal Risks and Uncertainties

The Company operates as part of the EMI Group and all of its transactions are with fellow group undertakings. As such its activities are dependent on the activities of the EMI 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 the Group's annual report.

Directors' Report Continued

Dividends

The Directors do not recommend payment of a final dividend (2006 dividend £nil) No dividends were paid during the year (2006 £nil)

Directors and their Interests

The Directors during the year were as follows:

D J T Bratchell	(resigned 23 11 2007)
S M Cottis	(resigned 23 11 2007)
C J Anchiff [#]	(resigned 23 11 2007)
C L Christian [#]	(resigned 23 11 2007)
S Alexander	(appointed 23 11 2007)
R Punja	(appointed 23 11 2007)
C Roling	(appointed 23 11 2007)

Alternate directors to S M Cottis

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

Directors' Qualifying Third Party Indemnity Provisions

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

Overseas Branches

The company's branch based in the Netherlands was closed on 30 September 2004

Directors' Report Continued

Disclosure of information to the auditor

So far as each Director is aware, there is no relevant audit information (as defined in S234ZA (3) of the Companies Act 1985) 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, and to establish that the auditors are aware of, any relevant audit information

Events since the balance sheet date

It was announced on 21 May 2007 that the boards of directors of Maltby Limited ("Maltby"), a company formed at the direction of Terra Firma, and EMI Group plc, the parent undertaking, had reached agreement on the terms of a recommended cash offer by Maltby to acquire the whole of the issued and to be issued share capital of EMI Group plc (the "Offer") The Offer Document was posted to EMI Shareholders on 30 May 2007 On 1 August 2007, the board of directors of Maltby announced that the Offer had become unconditional as to acceptances and would remain open until further notice, and that the Conditions set out in paragraphs 1(b) and 1(d) of Part A of Appendix I to the Offer Document (being the conditions relating to the EC Merger Regulation and the US Hart-Scott-Rodino Antitrust Improvements Act of 1976) had already been satisfied The Offer remained subject to the further Conditions set out in paragraphs 1(c) and 1(e) to 1(i) of Part A of Appendix I to the Offer Document On 17 August 2007 the board of directors of Maltby announced that the Offer had become unconditional in all respects On 18th September 2007, following applications to the Financial Services Authority for cancellation of the listing of EMI Group plc shares on the Official List and to the London Stock Exchange for the cancellation of the admission of EMI Group plc shares to trading on the London Stock Exchange's market for listed securities, the cancellations took effect On 4 October 2007 EMI Group plc reregistered as a private limited company and changed its name to EMI Group Limited

On 27 November 2007 the Company issued 152,136,000 ordinary shares of £1 nominal value for a consideration of £152,136,000

By Order of the Board

Director

Date

30/11/07

Registered Office
27 Wrights Lane
London
W8 5SW

EMI GROUP INTERNATIONAL HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The Directors are responsible for preparing the financial statements in accordance with applicable laws and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law). 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 those 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 which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements 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 GROUP INTERNATIONAL HOLDINGS LIMITED

We have audited the Company's financial statements for the year ended 31 March 2007 which comprise the Profit and Loss Account, Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 14. 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

The Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

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

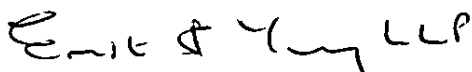
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2007 and of its loss 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.



Ernst & Young LLP
Registered Auditor
London

Date 30 NOV 2007

EMI GROUP INTERNATIONAL HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007**

	Notes	2007 £000	2006 £000
Administration expenses		40	8
		<hr/>	<hr/>
OPERATING PROFIT BEFORE TAXATION		40	8
Interest receivable	2	1,428	1,312
Interest payable	3	(48,807)	(29,548)
		<hr/>	<hr/>
		(47,379)	(28,236)
		<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(47,339)	(28,228)
Taxation	4	20,340	-
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(26,999)	(28,228)
		<hr/>	<hr/>

All operating profit is from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses attributable to the shareholders of the Company other than the loss of £26,999,000 (2006 loss £28,228,000)

EMI GROUP INTERNATIONAL HOLDINGS LIMITED

BALANCE SHEET AT 31 MARCH 2007

		2007	2006
	Notes	£000	£000
FIXED ASSETS			
Tangible assets	9	1	1
Investments	8	1,690,150	1,690,150
		<u>1,690,151</u>	<u>1,690,151</u>
CURRENT ASSETS			
DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR			
Amount due from fellow subsidiary undertaking		25,531	24,105
Cash at bank and in hand and cash deposits		-	11
DEBTORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Amount due from parent undertaking		382,226	382,226
Amount due from fellow subsidiary undertaking		50,771	31,293
		<u>458,528</u>	<u>437,635</u>
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR			
Amount due to parent undertaking		(528,687)	(499,936)
Amount due to fellow subsidiary undertaking		(343,190)	(45,229)
Other creditors and accruals		(14)	(34)
		<u>(871,891)</u>	<u>(545,199)</u>
NET CURRENT LIABILITIES		<u>(413,363)</u>	<u>(107,564)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,276,788</u>	<u>1,582,587</u>
CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Amount due to parent undertaking		(44,047)	(44,047)
Amount due to fellow subsidiary undertaking		-	(278,800)
Redeemable shares	12	(1,336,000)	(1,336,000)
		<u>(103,259)</u>	<u>(76,260)</u>
CAPITAL AND RESERVES			
Called up share capital	11	-	-
Profit and loss reserve	10	(103,259)	(76,260)
Equity shareholders' funds		<u>(103,259)</u>	<u>(76,260)</u>



)
) Director
)

30/4/07

EMI GROUP INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

Basis of Preparation

The financial statements of EMI Group International Holdings Limited were approved for issue by the Board of Directors on 30/4/07.

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.

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).

EMI GROUP INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 ACCOUNTING POLICIES (continued)

Related Parties

The Company has taken advantage of the exemption in FRS8 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

2 INTEREST RECEIVABLE

	2007 £000	2006 £000
Interest receivable on		
Loans to Group undertakings	1,428	1,306
Bank deposits	-	6
	<hr/>	<hr/>
	1,428	1,312
	<hr/>	<hr/>

3 INTEREST PAYABLE

	2007 £000	2006 £000
Interest payable on		
Loans from parent undertaking	29,614	-
Loans from Group undertakings	19,193	29,548
	<hr/>	<hr/>
	48,807	29,548
	<hr/>	<hr/>

EMI GROUP INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4 TAX

Tax on profit/(loss) on ordinary activities	2007 £000	2007 £000
UK corporation tax		
Payments in respect of group relief - Current year	(20,340)	(20,340)
Foreign tax		
Current year	-	-
Adjustments in respect of previous periods	-	-
Total current tax charge		(20,340)
Deferred tax		
Originating and reversal of timing differences	-	-
Effect of changes in tax rate on opening liability	-	-
Changes in recoverable amounts of deferred tax assets	-	-
Tax on profit/loss on ordinary activities		(20,340)
Factors affecting current tax charge		2007 £000
Profit/(loss) on ordinary activities before tax		(47,339)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30.0% (2006 – 30.0%)		(14,202)
<i>Effect of</i>		
Group relief (surrendered)/received for payment of greater than 30% - Current year		(6,138)
Total current tax credit		(20,340)

Factors affecting future tax charge

As part of the EMI Group, the company may receive or surrender losses by way of group relief. This receipt or surrender may be made with or without charge, although group policy is currently to charge £1 for every £1 of group relief received.

Deferred tax

At the balance sheet date the company had unused tax losses of £nil available for offset against future profits.

Prior year taxation

The company is primarily liable for UK corporation tax on its profits. However, no provision has been made in prior years for either current or deferred taxation as an undertaking had been received from its ultimate parent undertaking, EMI Group Limited, that the latter entity assumed all liability for any taxation for accounting periods ending up to 31 March 2006 so long as the company remained a subsidiary. This undertaking was withdrawn in respect of periods beginning on or after 1 April 2006 although it remains effective for previous periods. Consequently current and deferred taxation have been provided in the Company for year to 31 March 2007.

EMI GROUP INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5 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 2007, £nil (2006 £11,000) was guaranteed.

6 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.

7 AUDITORS' REMUNERATION

The Auditors remuneration is borne by the ultimate parent undertaking.

8 INVESTMENTS

a) SHARES IN GROUP UNDERTAKINGS

	<u>Cost</u> £000	<u>Provisions</u> £000	<u>Net Book Value</u> £000
At 31 March 2006	1,690,250	(100)	1,690,150
Additions and transfers	-	-	-
At 31 March 2007	1,690,250	(100)	1,690,150

In the opinion of the Directors the value of the investments is at least equal to their carrying value.

EMI GROUP INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8 INVESTMENTS (continued)

b) PRINCIPAL SUBSIDIARY UNDERTAKINGS

The following were the principal subsidiary undertakings of EMI Group International Holdings Limited at 31 March 2007

Subsidiary undertakings	Country of Incorporation	Proportion held	Nature of business
Virgin Australia Pty Ltd	Australia	100%	Records
Virgin Australia Music Pty Ltd	Australia	100%	Music Publishing
Virgin Belgium Publishing SA	Belgium	100%	Music Publishing
Virgin Benelux Publishing SA	Netherlands	100%	Music Publishing
Virgin Records Canada Inc	Canada	100%	Records
Virgin Vision Canada Inc	Canada	100%	Video
Virgin Records Denmark Aps	Denmark	100%	Marketing & Promotion
Ediciones Musicales Virgin SA	Spain	100%	Music Publishing
Diski Virgin EPE	Greece	100%	Records
Virgin Music EPE	Greece	100%	Music Publishing
Virgin Japan Ltd	Japan	100%	Records
Virgin Records (NZ) Ltd	New Zealand	100%	Marketing & Promotion
Virgin Music AB	Sweden	100%	Music Publishing
Virgin Music Publishers	Germany	100%	Music Publishing
Virgin Records America Inc	USA	100%	Records
Virgin Music America Inc	USA	100%	Holding Company
Cardiac Records Inc	USA	100%	Records
Caroline Records Calif Inc	USA	100%	Records
Charisma Records America Inc	USA	100%	Records
Caroline Records Inc	USA	100%	Records
EMI Recorded Music Holdings Inc	USA	100%	Holding Company
Virgin Music Inc	USA	100%	Music Publishing
Virgin Songs Inc	USA	100%	Music Publishing
Virgin Records Inc	USA	100%	Records
Virgin Records (Hong Kong) Ltd	Hong Kong	100%	Records
Virgin Music Publishers (HK) Ltd	Hong Kong	100%	Music Publishing
Virgin Music Japan Ltd	Japan	100%	Music Publishing
EMI Overseas Holdings Ltd	UK	100%	Holding Company
EMI Group Holdings BV	Netherlands	100%	Holding Company

The Company directly holds shares in EMI Group Holdings BV and EMI Overseas Holdings Ltd. The other subsidiary undertakings are held indirectly.

EMI GROUP INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 TANGIBLE FIXED ASSETS

Plant and Equipment

	Cost £000	Depreciation £000	Net Book Value £000
At 31 March 2006	4	(3)	1
Additions	-	-	-
Charge for period	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2007	4	(3)	1
	<hr/>	<hr/>	<hr/>

Depreciation of plant and equipment is calculated on cost at rates estimated to write off the cost of the relevant asset by equal annual amounts over their expected useful lives. The annual rate used was 20%.

10 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share Capital £000	Profit & Loss Reserve £000	Total £000
At 31 March 2005	-	(48,032)	(48,032)
Loss for the year	-	(28,228)	(28,228)
	<hr/>	<hr/>	<hr/>
At 31 March 2006	-	(76,260)	(76,260)
Loss for the year	-	(26,999)	(26,999)
	<hr/>	<hr/>	<hr/>
At 31 March 2007	-	(103,259)	(103,259)
	<hr/>	<hr/>	<hr/>

EMI GROUP INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11 SHARE CAPITAL

	2007	2006
	£	£
Authorised Ordinary shares of £1 each	64,000,100	64,000,100
Allotted, called up and fully paid Ordinary shares of £1 each	100	100

12 REDEEMABLE SHARES

	2007	2006
	£000	£000
<u>Authorised</u>		
1,399,999,900 redeemable ordinary shares of £1 each	1,400,000	1,400,000
<u>Issued</u>		
1,335,999,900 redeemable ordinary shares of £1 each	1,336,000	1,336,000
	_____	_____

The redeemable ordinary shares were issued at par No premium is payable on redemption

Rights of redeemable shares

Each of the redeemable ordinary shares ranks pari passu in all respects with the Ordinary shares except in respect of redemption rights

EMI GROUP INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12 REDEEMABLE SHARES (continued)

Redemption

With the prior approval of members by ordinary resolution in general meeting, the Company shall have the right at any time to redeem all or any of the Redeemable Ordinary Shares for the time being outstanding and fully paid upon giving to the holders of such of the Redeemable Ordinary Shares as are to be redeemed not less than three months previous notice in writing of its intention to do so

With the prior approval of members by ordinary resolution in general meeting, the holders of the Redeemable Ordinary Shares shall have the right at any time to require all or any of the Redeemable Ordinary Shares held by them which are fully paid or credited as fully paid to be redeemed by the Company by giving to the Company not less than three months previous notice in writing

13 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 Limited (formerly EMI Group plc), which is the ultimate parent undertaking registered in England and Wales. Copies of EMI Group plc's accounts for the year ended 31 March 2007 can be obtained from EMI Group Limited, 27 Wrights Lane, London W8 5SW, England. The intermediate parent undertaking of the Company is EMI Group Worldwide (formerly EMI Group Worldwide Limited)

14 POST BALANCE SHEET EVENT

It was announced on 21 May 2007 that the boards of directors of Maltby Limited ("Maltby"), a company formed at the direction of Terra Firma, and EMI Group plc, the parent undertaking, had reached agreement on the terms of a recommended cash offer by Maltby to acquire the whole of the issued and to be issued share capital of EMI Group plc (the "Offer"). The Offer Document was posted to EMI Shareholders on 30 May 2007. On 1 August 2007, the board of directors of Maltby announced that the Offer had become unconditional as to acceptances and would remain open until further notice, and that the Conditions set out in paragraphs 1(b) and 1(d) of Part A of Appendix I to the Offer Document (being the conditions relating to the EC Merger Regulation and the US Hart-Scott-Rodino Antitrust Improvements Act of 1976) had already been satisfied. The Offer remained subject to the further Conditions set out in paragraphs 1(c) and 1(e) to 1(i) of Part A of Appendix I to the Offer Document. On 17 August 2007 the board of directors of Maltby announced that the Offer had become unconditional in all respects. On 18th September 2007, following applications to the Financial Services Authority for cancellation of the listing of EMI Group plc shares on the Official List and to the London Stock Exchange for the cancellation of the admission of EMI Group plc shares to trading on the London Stock Exchange's market for listed securities, the cancellations took effect. On 4 October 2007 EMI Group plc reregistered as a private limited company and changed its name to EMI Group Limited.

On 27 November 2007 the Company issued 152,136,000 ordinary shares of £1 nominal value for a consideration of £152,136,000