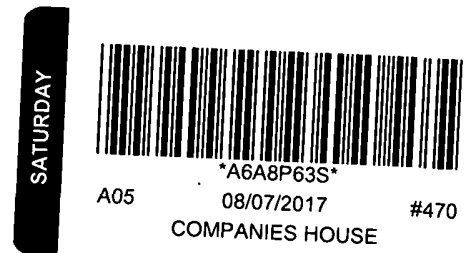


COMPANY REGISTRATION NUMBER 3038275

**UMG SUPPLY CHAIN LIMITED (FORMERLY EMIG 4 LIMITED)**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**



**UMG SUPPLY CHAIN LIMITED (FORMERLY EMIG 4 LIMITED)**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2016**

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# **UMG SUPPLY CHAIN LIMITED (FORMERLY EMIG 4 LIMITED)**

## **OFFICERS AND PROFESSIONAL ADVISERS**

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### **THE BOARD OF DIRECTORS**

RM Constant  
BJ Muir  
SL Carmel  
P Jassal

### **COMPANY SECRETARY**

A Abioye

### **REGISTERED OFFICE**

364-366 Kensington High Street  
London  
W14 8NS

### **AUDITOR**

Ernst & Young LLP  
Statutory Auditor  
1 More London Place  
London  
SE1 2AF

# **UMG SUPPLY CHAIN LIMITED (FORMERLY EMIG 4 LIMITED)**

## **STRATEGIC REPORT**

### **YEAR ENDED 31 DECEMBER 2016**

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The directors present their strategic report for the company for the year ended 31 December 2016.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The company was dormant during the year ended 31 December 2015. On 1 January 2016, UMI BV, a fellow subsidiary undertaking, transferred its physical supply chain operations and related assets and liabilities to the company. The principal activity of the company then became provision of the physical and digital supply chain to Universal Music Group companies. The physical supply chain is responsible for manufacturing and distributing physical product including CD, DVD and Vinyl, the company also distributes physical product on behalf of distribution deal partners. The digital supply chain maintains a number of digital platforms used by Universal Music Group companies. The cost of products and services are recharged to Universal Music Group companies at agreed prices based and based on usage levels.

The result and position of the company for the year ended 31 December 2016 are set out in the statement of comprehensive income, statement of financial position and statement of changes in equity on pages 7, 8 and 9 respectively. The result and position of the company were in line with directors' expectations.

#### **RESULTS AND DIVIDENDS**

The company's loss for the financial year was €13,319,000 (2015 - result €nil). The retained loss for the year has been transferred to reserves.

The directors do not recommend a dividend payment for the year ended 31 December 2016 (2015 - €Nil).

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The company is faced with similar risks and uncertainties as other companies operating in the recorded music business, broadly:


- competition from alternative entertainment products;
- price pressure from the increased presence of supermarkets in the music market and their threat to the survival of independent music retailers;
- the threat of a devalued product due to piracy and the illegal use of music;
- risk associated with holding inventory in multiple third party locations including loss through damage or theft; and
- interest rate fluctuations.

All risks and uncertainties are regularly monitored by the Board of Directors of the company.

#### **FUTURE DEVELOPMENTS**

Notwithstanding the risks and uncertainties outlined above, the directors do not anticipate any significant change in the activities and results of the company in the foreseeable future.

By order of the board



P Jassal  
Director

03 JUL 2017

**UMG SUPPLY CHAIN LIMITED (FORMERLY EMIG 4 LIMITED)**  
**DIRECTORS' REPORT**  
**YEAR ENDED 31 DECEMBER 2016**

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The directors present their report, the strategic report and the financial statements of the company for the year ended 31 December 2016.

**DIRECTORS**

The directors who served the company during the year and subsequently were as follows:

RM Constant  
A Brown  
BJ Muir  
SL Carmel  
P Jassal

A Brown resigned as a director on 31 March 2017.

SL Carmel was appointed as a director on 31 March 2017.

P Jassal was appointed as a director on 18 May 2017.

**DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

A qualifying third party indemnity provision remains in force as at the date of approving the directors' report, subject to the provisions of s236 CA 2006. Vivendi SA, the ultimate parent undertaking, maintains a Directors & Officers Liability Programme which indemnifies directors' personal liabilities resulting from alleged wrongful acts committed in the line of their employment.

**POLICY ON THE PAYMENT OF CREDITORS**

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

**DONATIONS**

The company made no charitable or political donations in either year.

# UMG SUPPLY CHAIN LIMITED (FORMERLY EMIG 4 LIMITED)

## DIRECTORS' REPORT (continued)

YEAR ENDED 31 DECEMBER 2016

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### DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report, the strategic report and financial statements in accordance with applicable law and regulations.

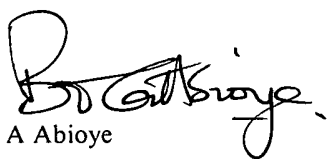
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

In so far as each of the directors at the date of approving this report are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.



A Abioye

Company Secretary

Company Registration Number: 3038275

03 JUL 2017

# **UMG SUPPLY CHAIN LIMITED (FORMERLY EMIG 4 LIMITED)**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UMG SUPPLY CHAIN LIMITED (FORMERLY EMIG 4 LIMITED)**

**YEAR ENDED 31 DECEMBER 2016**

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We have audited the financial statements of UMG Supply Chain Limited (Formerly EMIG 4 Limited) for the year ended 31 December 2016, which comprise the statement of comprehensive income, the statement of financial position and statement of changes in equity and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 AUDITOR**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the give Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

# UMG SUPPLY CHAIN LIMITED (FORMERLY EMIG 4 LIMITED)

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UMG SUPPLY CHAIN LIMITED (FORMERLY EMIG 4 LIMITED) (continued)

**YEAR ENDED 31 DECEMBER 2016**

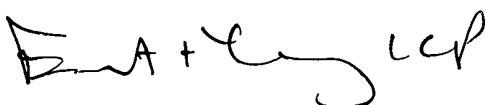
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### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

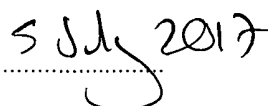
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Paul Gordon (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor

London



Company Registration Number: 3038275



**UMG SUPPLY CHAIN LIMITED (FORMERLY EMIG 4 LIMITED)**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	<b>Note</b>	<b>Total 2016 €'000</b>	<b>Total 2015 €'000</b>
<b>TURNOVER</b>	<b>4</b>	<b>136,109</b>	-
Cost of sales		(134,118)	-
<b>GROSS PROFIT</b>		<b>1,991</b>	-
Administrative expenses		(17,823)	-
<b>OPERATING LOSS</b>	<b>5</b>	<b>(15,832)</b>	-
<b>LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		<b>(15,832)</b>	-
Interest payable and similar charges	<b>8</b>	(810)	-
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(16,642)</b>	-
Tax on loss on ordinary activities	<b>9</b>	3,323	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(13,319)</b>	-
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE FINANCIAL YEAR</b>		<b>(13,319)</b>	-

All of the activities of the company are classed as continuing operations.

The notes on pages 10 to 22 form part of these financial statements

**UMG SUPPLY CHAIN LIMITED (FORMERLY EMIG 4 LIMITED)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

	Note	2016 €'000	2015 €'000
<b>FIXED ASSETS</b>			
Intangible assets	10	724	-
Property, plant & equipment	11	1,134	-
		<u>1,858</u>	<u>-</u>
<b>CURRENT ASSETS</b>			
Inventories	12	14,550	-
Debtors: Amounts falling due within one year	13	48,290	-
		<u>62,840</u>	<u>-</u>
<b>CREDITORS: Amounts falling due within one year</b>	14	<u>(77,604)</u>	<u>(12)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(14,764)</u>	<u>(12)</u>
<b>TOTAL LIABILITIES LESS CURRENT LIABILITIES</b>		<u>(12,906)</u>	<u>(12)</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Provisions for liabilities and charges	16	<u>(425)</u>	<u>-</u>
<b>NET LIABILITIES</b>		<u>(13,331)</u>	<u>(12)</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	19	-	-
Profit and loss account		<u>(13,331)</u>	<u>(12)</u>
<b>EQUITY SHAREHOLDERS' DEFICIT</b>		<u>(13,331)</u>	<u>(12)</u>

These accounts were approved by the board of directors and authorised for issue on and are signed on their behalf by:

03 JUL 2017



P Jassal  
Director

Company Registration Number: 3038275

The notes on pages 10 to 22 form part of these financial statements

**UMG SUPPLY CHAIN LIMITED (FORMERLY EMIG 4 LIMITED)**  
**STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31 DECEMBER 2016**

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	Share capital €'000	Profit & Loss Account €'000	Total share-holders' funds €'000
Balance brought forward at 1 January 2015	-	(12)	(12)
<b>Total comprehensive income for the period</b>			
Balance brought forward at 1 January 2016	-	(12)	(12)
<b>Total comprehensive income for the period</b>			
Loss for the year	-	(13,319)	(13,319)
<b>Balance carried forward at 31 December 2016</b>	-	(13,331)	(13,331)

The notes on pages 10 to 22 form part of these financial statements

# UMG SUPPLY CHAIN LIMITED (FORMERLY EMIG 4 LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2016

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#### 1. STATUTORY INFORMATION

UMG Supply Chain Limited (Formerly EMIG 4 Limited) is a company limited by shares and incorporated and domiciled in the UK. The registered office is 364-366 Kensington High Street, London, W14 8NS.

#### 2. STATEMENT OF COMPLIANCE

The company's financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### 3. ACCOUNTING POLICIES

##### **Basis of preparation of financial statements**

These financial statements have been prepared on a going concern basis, under the historical cost convention.

The financial statements are prepared in Euros, which is the functional currency of the company, and have been rounded to the nearest €000. The prior year financial statements were prepared in £. The directors consider Euros to be the functional currency of the company after the company commenced trading from January 2016.

##### **FRS 102 - Qualifying exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- from preparing a statement of cash flows and related notes;
- from preparing a reconciliation of the number of shares outstanding from the beginning to the end of the financial year;
- from disclosing related party disclosures;
- from disclosing key management personnel compensation;
- from certain financial instrument disclosures required by FRS 102.11 *Basic Financial Instruments* and paragraph 12 *Other Financial Instruments*.

This information is included in the consolidated financial statements of the company's ultimate parent undertaking, Vivendi SA, copies of which can be obtained from 42 Avenue de Friedland, 75380 Paris, Cedex 08, France.

**UMG SUPPLY CHAIN LIMITED (FORMERLY EMIG 4 LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2016**

---

**3. ACCOUNTING POLICIES (continued)**

**Going concern - continued support from parent undertaking**

The financial statements have been prepared on the going concern basis as the company has received confirmation from Societe d'Investissements et de Gestion 104 S.A.S., the company's intermediate parent undertaking, of its intention to continue to provide financial and other support to the extent necessary to enable the company to continue to pay its liabilities as and when they become due for a period not less than one year from the date of approval of these financial statements. Having regard to this intention, the directors believe it is appropriate to prepare these financial statements on a going concern basis, notwithstanding the deficit on net current liabilities at 31 December 2016.

**Revenue recognition**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenues can be reliably measured. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer i.e. on despatch and can be reliably measured. Revenue is measured at fair value after making provision in respect of expected future returns of goods and services supplied by the company prior to the balance sheet date.

**Intangible assets**

***Intangible assets***

Intangibles represent costs of preserving and conversion of analogue tapes into digital format for future use. Intangible assets are stated at cost less accumulated amortisation and less accumulated impairment losses.

***Amortisation***

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets.

Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Other Intangibles	3-5 years
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The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Other intangible assets are tested for impairment in accordance with FRS 102, Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

**UMG SUPPLY CHAIN LIMITED (FORMERLY EMIG 4 LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2016**

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**3. ACCOUNTING POLICIES (continued)**

**Property, plant and equipment**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

***Depreciation***

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold improvements	over life of the lease
Plant & Machinery	5-10 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

**Basic financial instruments**

***Trade and other debtors / creditors***

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

***Interest-bearing loans borrowings classified as basic financial instruments***

All interest-bearing loans and borrowings are initially recognised at net proceeds. Interest bearing debt is increased by the finance cost in respect of the reporting period and reduced by any settlement made. Interest is charged and earned on a fixed element of the debt at an arms length rate.

Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and call deposits.

**UMG SUPPLY CHAIN LIMITED (FORMERLY EMIG 4 LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2016**

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**3. ACCOUNTING POLICIES (continued)**

**Inventories (Stocks)**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is based on the first-in first out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

**Impairment excluding stocks and deferred tax assets**

***Financial assets (including trade and other debtors)***

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

***Non-financial assets***

The carrying amounts of the company's non-financial assets, other than stock and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

**UMG SUPPLY CHAIN LIMITED (FORMERLY EMIG 4 LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2016**

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**3. ACCOUNTING POLICIES (continued)**

**Expenses**

***Interest receivable and Interest payable***

Interest payable and similar charges include interest payable, finance charges, unwinding of the discount on provisions, and net foreign exchange losses that are recognised through profit or loss in the statement of comprehensive income.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue. Dividend income is recognised in the statement of comprehensive income on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

**Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised through profit or loss in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associated and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.



**UMG SUPPLY CHAIN LIMITED (FORMERLY EMIG 4 LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2016**

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**3. ACCOUNTING POLICIES (continued)**

**Foreign currencies**

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised through profit or loss in the statement of comprehensive income except for differences arising on the retranslation of qualifying cash flow hedges and items which are fair valued with changes taken to other comprehensive income.

**4. TURNOVER**

**Turnover by activity is as follows:**

	<b>2016</b> <b>€'000</b>	<b>2015</b> <b>€'000</b>
Product sales	<b>108,451</b>	-
Service income	<b>27,658</b>	-
	<b><u>136,109</u></b>	<b><u>-</u></b>

**Turnover by destination is as follows:**

	<b>2016</b> <b>€'000</b>	<b>2015</b> <b>€'000</b>
United Kingdom	<b>16,910</b>	-
Rest of Europe	<b>78,035</b>	-
United States of America	<b>3,015</b>	-
Rest of World	<b>38,149</b>	-
	<b><u>136,109</u></b>	<b><u>-</u></b>

Turnover by source is exclusively derived in the United Kingdom.

**UMG SUPPLY CHAIN LIMITED (FORMERLY EMIG 4 LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2016**

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**5. OPERATING LOSS EXPENSES**

Operating loss is stated after charging/(crediting):

	2016 €'000	2015 €'000
Amortisation of intangible assets	501	-
Depreciation of owned fixed assets	30	-
Net loss/(gain) on foreign currency translation	(836)	-
Other staff related expenses	9,755	-
	<u>9,755</u>	<u>-</u>

Other staff related expenses represent costs of services provided to the entity by staff employed by Universal Music Operations Limited, a fellow group undertaking. The company did not employ any staff for the year ended 31 December 2016.

**6. AUDITORS' REMUNERATION**

The auditors' remuneration for the year ended 31 December 2016 was €76k (2015 - €Nil) and was borne by another group company in both years.

**7. DIRECTORS' REMUNERATION**

The emoluments of the directors were paid and borne by other fellow group undertakings. Amounts were not recharged to the company on the basis that a recharge could not be accurately apportioned in respect of qualifying services provided by the directors to the entity.

**UMG SUPPLY CHAIN LIMITED (FORMERLY EMIG 4 LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2016**

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	2016 €'000	2015 €'000
Interest payable to group undertakings	810	-
	<u>810</u>	<u>-</u>

**9. TAX ON LOSS ON ORDINARY ACTIVITIES**

**(a) Analysis of tax credit in the year**

	2016 €'000	2015 €'000
<b>Current tax:</b>		
<b>UK Taxation</b>		
In respect of the year		
Group relief receivable for losses surrendered to other group undertakings	(3,307)	-
Total current tax	<u>(3,307)</u>	<u>-</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(16)	-
Total deferred tax	<u>(16)</u>	<u>-</u>
Tax on loss on ordinary activities	<u>(3,323)</u>	<u>-</u>

	2016 €'000	2016 €'000	2016 €'000	2015 €'000	2015 €'000	2015 €'000
	Current Tax	Deferred Tax	Total Tax	Current Tax	Deferred Tax	Total Tax
Recognised in Profit and loss	(3,307)	(16)	(3,323)	-	-	-
<b>Total Tax</b>	<u>(3,307)</u>	<u>(16)</u>	<u>(3,323)</u>	<u>-</u>	<u>-</u>	<u>-</u>

**UMG SUPPLY CHAIN LIMITED (FORMERLY EMIG 4 LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**9. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)**

**(b) Factors affecting tax credit**

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%).

The Finance Act 2013 enacted reductions in the UK corporate tax rate to 21% from 1 April 2015 and 20% from 1 April 2016. As announced in the Budget on 8 July 2015, the Corporation Tax main rate will be reduced to 19% from 1 April 2017 and 18% from 1 April 2020, which were enacted by the Finance (No. 2) Act 2015. Deferred tax assets and liabilities are measured at the rate that is expected to apply to the accounting period when the asset is realised or the liability is settled, based on the above rates.

	<b>2016</b> <b>€'000</b>	2015 €'000
Loss on ordinary activities before taxation	<b>(16,642)</b>	-
Loss on ordinary activities at the standard rate of UK Corporation tax of 20.00%	<b>(3,328)</b>	-
Expenses not deductible for tax purposes	<b>2</b>	-
Impact of statutory rate change	<b>3</b>	-
Current tax credit for the financial year	<b>(3,323)</b>	-

**(c) Factors that may affect future tax charges**

The company has a total unutilised tax losses carried forward estimated at € (2015 - €Nil), which may reduce future tax charges.

**UMG SUPPLY CHAIN LIMITED (FORMERLY EMIG 4 LIMITED)**  
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**10. INTANGIBLE FIXED ASSETS**

	Other Intangible €'000	Total €'000
<b>COST</b>		
At 1 January 2016	-	-
Additions	1,225	1,225
<b>At 31 December 2016</b>	<b>1,225</b>	<b>1,225</b>
<b>AMORTISATION</b>		
At 1 January 2016	-	-
Charge for the year	501	501
<b>At 31 December 2016</b>	<b>501</b>	<b>501</b>
<b>NET BOOK VALUE</b>		
At 31 December 2016	724	724
At 31 December 2015	-	-

**11. PROPERTY, PLANT & MACHINERY (TANGIBLE ASSETS)**

	Leasehold Improvements €'000	Plant & Machinery €'000	Total €'000
<b>COST</b>			
At 1 January 2016	-	-	-
Additions	42	1,122	1,164
<b>At 31 December 2016</b>	<b>42</b>	<b>1,122</b>	<b>1,164</b>
<b>DEPRECIATION</b>			
At 1 January 2016	-	-	-
Charge for the year	3	27	30
<b>At 31 December 2016</b>	<b>3</b>	<b>27</b>	<b>30</b>
<b>NET BOOK VALUE</b>			
At 31 December 2016	39	1,095	1,134
At 31 December 2015	-	-	-

**UMG SUPPLY CHAIN LIMITED (FORMERLY EMIG 4 LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**12. STOCKS**

	2016 €'000	2015 €'000
Finished goods cost	26,347	
Inventory provision	(11,797)	
Finished goods	<u>14,550</u>	<u>-</u>

**13. DEBTORS: Amounts due within one year**

	2016 €'000	2015 €'000
Trade debtors	453	-
Amounts owed by group undertakings	43,739	-
Other taxation and social security	1	-
VAT recoverable	368	-
Prepayments and accrued income	3,713	-
Deferred taxation (note 16)	16	-
	<u>48,290</u>	<u>-</u>

All amounts owed from fellow group undertakings are classified as current as they are repayable on demand. Interest rates on intercompany loans have been agreed between parties on a loan by loan basis.

**14. CREDITORS: Amounts falling due within one year**

	2016 €'000	2015 €'000
Trade creditors	5,921	-
Amounts owed to group undertakings	52,384	12
Accruals and deferred income	19,299	-
	<u>77,604</u>	<u>12</u>

All amounts owed to fellow group undertakings are classified as current as they are repayable on demand. Interest rates on intercompany loans have been agreed between parties on a loan by loan basis.

**UMG SUPPLY CHAIN LIMITED (FORMERLY EMIG 4 LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**15. DEFERRED TAXATION**

The movement for deferred taxation consists of the tax effect of timing differences in respect of:

	2016 €'000	2015 €'000
Excess of depreciation over taxation allowances	16	-
	<u>16</u>	<u>-</u>

**16. PROVISIONS FOR LIABILITIES AND CHARGES**

	Other Provisions €'000	Total €'000
At 1 January 2016	-	-
Additions	425	425
At 31 December 2016	<u>425</u>	<u>425</u>

The other provisions amount represents provisions for dilapidations on properties.

**17. POST BALANCE SHEET EVENT**

No post balance sheet events have been identified by management.

# UMG SUPPLY CHAIN LIMITED (FORMERLY EMIG 4 LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

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### 18. CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2016 or 31 December 2015.

### 19. SHARE CAPITAL

#### Authorised:

	2016			2015	
	No	€'000		No	€'000
Ordinary shares of £1 each	100	-		100	-
	<u>100</u>	<u>-</u>		<u>100</u>	<u>-</u>

#### Allotted, called up and fully paid:

	2016			2015	
	No	€'000		No	€'000
Ordinary shares of £1 each	2	-		2	-
	<u>2</u>	<u>-</u>		<u>2</u>	<u>-</u>

### 20. ULTIMATE PARENT COMPANY

The immediate parent undertaking is EMI Group Limited. The ultimate parent undertaking and controlling party as at 31 December 2016 was Vivendi SA, a company incorporated in France. The smallest and largest group in which the results of the company are consolidated is that headed by Vivendi SA. Copies of its annual report in English may be obtained from:

Vivendi SA  
42 Avenue de Friedland  
75380 Paris  
Cedex 08  
France

On 25 April 2017 Bolloré Group became the ultimate parent undertaking and controlling party.