EMI (IP) Limited

Directors' report and financial statements

Registered number 3984464

31 March 2010

FRIDAY

LI8TGO2A

LD2 08/10/2010 30

COMPANIES HOUSE

DIRECTORS' REPORT

The dırectors present the Dırectors' Report and financıal statements for the year ended 31 March 2010

Principal Activities and Revıew of the Business

EMI (IP) Lımıted (the "Company") ıs jomtly owned by EMI Group Lımıted and EMI Group Nomınees Limited and ıs part of the Maltby Capıtal Limited Group (the "Group") TFCP Holdıngs Lımıted ıs the ultımate parent undertakıng

The prıncıpal actıvıty of the Company ıs the management of intellectual property There has not been any change to the princıpal actıvıty of the Company during the year ended 31 March 2010 or subsequently The dırectors do not antıcıpate any change to the prıncıpal actıvıty of the Company durıng the next year

The Company operates as part of the Maltby Capıtal Lımıted Group and all of its transactions are wıth fellow Group undertakıngs As such ıts actıvıtıes are dependent on the actıvıtıes of the Group as a whole Therefore, the Company's key financıal and other performance ındicators durıng the year were as follows

	2010 £000	2009 £000	Change %
Profit before tax	392	392	-
Profit after tax	392	392	-
Shareholders' funds	1,176	784	+50

As stated ın the profit and loss account on page 8, the Company made a profit after tax of £392,000 in the financıal year ended 31 March 2010, which ıs consistent wıth the prıor year profit after tax of £392,000

In the balance sheet shown on page 9, the net assets of the Company have increased by £392,000 as intercompany loans have ıncreased. Shareholders' funds have increased by £392,000 as a result of retaıned earnıngs for the year

DIRECTORS' REPORT (continued)

Going Concern

EMI (IP) Limited operates as part of the Maltby Capital Limited group ("the Group") and has provided a guarantee to the Group's lender, as such the Company is affected by the terms of the Group's banking facilities The directors have prepared the financial statements on a going concern basis, which they believe is appropriate as set out in note 1 to these financial statements

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 (2009 £nil)

Directors

The directors throughout the year were as follows:

D N Kassler	(Appointed 19 July 2010)
S P Naughton	(Appointed 16 July 2010)
A P Chadd	(Resigned 19 July 2010)
C J Kennedy	(Resigned 08 July 2009)

Directors' Qualifying Third Party Indemnity Provisions

Certain directors benefit from qualifying third party indemnity provisions during the financial year

Donations

Grants and charitable donations made during the year amounted to £nil (2009. £nil) There were no political contributions made during the year (2009 £nil).

DIRECTORS' REPORT (continued)

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 aware, there is no relevant audit information of which the Company's auditors are unaware, and the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By Order of the Board

S P Naughton
Director
29 September 2010

Registered Office
27 Wrights Lane
London
W8 5SW

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 director 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)

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 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 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 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

KPMG

KPMG LLP
8 Salisbury Square
London
EC4Y 8BB

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EMI (IP) LIMITED

We have audited the financial statements of EMI (IP) Limited for the year ended 31 March 2010 set out on pages 8 to 18 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 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 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

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 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 (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/UKNP.

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 March 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EMI (IP) LIMITED (continued)

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Company's ability to continue as a going concern

The Company has provided a guarantee to the Group's lender and as such is affected by the terms of the Group's banking facilities The continued availability of existing bank facilities requires the Group to comply with the covenants set out in those bank facilities.

Maltby Investments Limited is the principal borrower within the Group The ability of Maltby Investments Limited and the Group to continue as a going concern is dependent upon the continued availability of existing banking facilities, which require the Group to comply with the covenants set out in those facilities. The ability of the Group to comply with its covenants is dependent upon the outcome of the actions described in note 1, in particular the agreement of the Group's shareholders to the provision of equity cure funding on the basis described, as well as the Group's ability to generate earnings and cash flows substantially in line with its forecasts. However, as described in note 1, notwithstanding the conditional commitment received from the Group's shareholders to provide certain equity cure funding relating to the covenant test periods to 31 December 2010, there is no certainty that such funding will be sufficient to effect all the cures required in relating to those test periods Furthermore, current indications are that further funds will be required from the Group's shareholders for cure payments in respect of test periods ending 2011 No agreement has been reached with the Group's shareholders for such further equity injections, nor is there certainty that such an agreement will eventually be reached, or will be reached within the time available under the Group's banking facilities

Furthermore, a satisfactory funding agreement with the Trustees of the EMI Group Pension Fund still has yet to be reached As described in note 1, should contributions to remove any deficit in the Fund be required prior to the expiry of the Group's existing banking facilities, it is expected that, absent agreement from the lender, funding for these contributions, which would be likely to be spread over a number of years, will need to be met by additional funds from the Group's shareholders There is no certainty that such funds will be available

These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EMI (IP) LIMITED (continued)

Matters on which we are required to report by exception

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

Hugh Green (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB

30 September 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2010 £000	2009 £000
Other income		392	392
PROFIT ON ORDINARY ACTIVTIES BEFORE TAXATION		392	392
Taxation	2	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		392	392

All operating profit is from continuing operations

Notes on pages 10 to 18 form part of the financial statements

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2010

There are no recognised gains or losses attributable to the shareholders of the Company other than the profit of £392,000 (2009: profit of £392,000)

BALANCE SHEET AT 31 MARCH 2010

	Notes	2010 £000	2009 £000
DEBTORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Amount due from fellow Group undertakings		1,176	1,960
TOTAL ASSETS LESS CURRENT LIABILITIES		1,176	1,960
CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Amount due to fellow Group undertakings		-	(1,176)
NET ASSETS		1,176	784
CAPITAL AND RESERVES			
Called up share capital	3,4	-	-
Profit and loss account	4	1,176	784
SHAREHOLDERS' FUNDS	4	1,176	784

These financial statements were approved for issue by the Board of Directors on 29 September 2010 and were signed on its behalf by:

S P Naughton
Director

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.

Going Concern

The financial statements are prepared on a going concern basis In preparing the financial statements on this basis the directors have taken account of the following matters.

EMI (IP) Limited operates as part of the Maltby Capital Limited group ("the Group") and has provided a guarantee to the Group's lender, as such the Company is affected by the terms of the Group's banking facilities

The Group's lender has provided the Group with a number of banking facilities which are repayable from 2014 and 2015 The facilities include certain financial covenant tests which are performed quarterly in respect of rolling one year periods ending on 31 March, 30 June, 30 September and 31 December and certain other covenants and events of default The breach of a covenant or occurrence of an event of default renders all of the facilities repayable on demand at the option of the lender.

Maltby Investments Limited ("Maltby Investments"), an indirect parent undertaking of the Company, is the principal borrower within the Group Maltby Investments Limited made the following disclosures within its financial statements for the year ended 31 March 2010, approved 11 August 2010, regarding going concern.

> "The operating performance of EMI has improved markedly over the period since its acquisition by its current shareholders The Group's Profit before impairment and restructuring costs has increased from £143m for the financial year ended March 2009 to £192m for the financial year ended March 2010 The Group's Cash generated from operations has increased from £192m for the financial year ended March 2009 to £273m for the financial year ended March 2010. This represents a 34% increase in Profit before impairment and restructuring costs and a 42% increase in Cash generated from operations over the last financial year
>
> This enhanced operational performance, together with equity injections provided to date by the shareholders of Maltby Capital Limited (the "ultimate shareholders"), means the Group is able to meet its ongoing working capital needs and its current debt service obligations under the facilities agreements to which the Company and a number of its subsidiaries are party However, the banking facilities contain a financial covenant for each division based on Debt/EBITDA which has been tightening over the same period to a greater extent than can be covered by the improvement in the Group's performance (especially in the EMI

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 ACCOUNTING POLICIES (continued)

Music division) The covenant steps down significantly each March year end making it progressively harder to achieve the required ratio

The covenants are tested quarterly in respect of rolling one year periods ending on 31 March, 30 June, 30 September and 31 December. The breach of a financial covenant (or any other covenant or the occurrence of an event of default) renders all of the facilities repayable on demand at the option of the lender As the financial covenant ratios have tightened over this period, shortfalls to the financial covenant have occurred and (due to the continued tightening of the financial covenants in future periods) are anticipated to occur going forward, notwithstanding the operational improvements. The requirement for further equity cures is discussed in more detail below.

The principal uncertainty for the Group is whether additional equity funding will be available in future periods to enable it to comply with the financial covenant under the banking facilities. Due to the sound operating performance of the business, the directors believe that it would be in the interests of the Group's lender to maintain the Group's business as a going concern and to minimise any disruption to its ongoing operations if the covenant were breached

In order to meet financial covenant tests in respect of several quarterly periods ended since 30 September 2008 the Group applied funds originally provided by the ultimate shareholders under equity cure provisions within the banking facilities as follows

	2008	2009	2010
Quarter ended	£m	£m	£m
31 March		39.25	87 5
30 June		37.0	
30 September	16 0	nil	
31 December	12 75	nil	

The equity cure in relation to the quarter ended 31 March 2010 was effected on 10 June 2010 out of new equity raised from the ultimate shareholders of £78 1m together with £9.4m already held by Maltby Capital Limited ("Maltby Capital") These equity cures were made to ensure that the EMI Music division remained compliant with the covenants relating to its financing facilities No cure was required for the EMI Music Publishing division.

The financial statements are prepared on a going concern basis. In preparing the financial statements on this basis the directors have taken account of the following matters

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 ACCOUNTING POLICIES (continued)

1 The Group meets its day to day working capital requirements and medium term funding requirements through its banking facilities which are repayable from 2014 and 2015

The directors have prepared base case trading and cash flow forecasts for a period in excess of one year from the date of approval of these financial statements which project that the total amount of each of the facilities is not exceeded. However, there are a number of risks attached to these projections including the current general economic climate, inherent risks that exist in the music market of market growth or decline varying from the rates expected and the nature of the Group's business is such that there can be considerable unpredictable variation in the timing of earnings and cash inflows if there is a change in the forecast release date for key projects.

2 The latest projections for the Group indicate that funds of up to £26.9m in aggregate will be required for cure purposes in respect of the 12 month test periods ending on 30 June 2010, 30 September 2010 and 31 December 2010. Maltby Capital has received a commitment from the ultimate shareholders to provide it with further injections up to this amount provided that (i) no "Default" under the Group's banking facilities is continuing at the time of injection and (ii) at least 3 business days' notice of the cure amount required is given by Maltby Capital to the ultimate shareholders In turn, the Maltby Capital will make funds of up to £26 9m in aggregate available to the Company in relation to the test periods remaining in 2010, provided that (i) no "Default" under the Group's banking facilities is continuing at the time of injection; (ii) the provision of such funds would result in the financial covenants being complied with; and (iii) at least 5 business days' notice of the cure amount required is given by the Company to Maltby Capital In agreeing the amount of funds to be committed, no headroom in excess of the expected level of further cure requirements for the three 12 month periods referred to above has been included and there are uncertainties associated with the forecasts and projections for the business which could result in earnings and cash flows being below their forecast levels without mitigating factors occurring The Group has already factored into its projections assumptions around tight cash management over this period so as to minimise the quantum of cure payments it is required to make, so efforts to mitigate the impact of any trading shortfall by further cash conservation measures is likely to be challenging There is therefore no certainty that the committed funds will be sufficient to effect any cures which are required in relation to periods ended up to 31 December 2010.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 ACCOUNTING POLICIES (continued)

3 The directors continue to engage with Maltby Capital, the ultimate shareholders and debt provider to ensure continued operations The current forecasts for the Group indicate that it is likely there will be a further significant shortfall when the covenants under its banking facilities are tested as at 31 March 2011. Current indications are that in the absence of other initiatives additional funds in an amount that could be substantially in excess of the total amount of equity cure payments provided by the ultimate shareholders to cure covenant breaches for test periods ended during the financial year to 31 March 2010 would be required from shareholders to fund the cure payment for the test period ending 31 March 2011 The directors have been exploring various strategic options which may be available to the Group but, even though the strategic options are expected to reduce the quantum of the further equity injection, they consider that it is unlikely that the financial covenants tested as at 31 March 2011 will be met without a further substantial equity injection In addition further smaller cures may also be required in relation to the other test periods ending in 2011

Accordingly the directors will need to engage, together with Maltby Capital, in discussions with the ultimate shareholders for additional funding in respect of the above as they did for the additional equity raised to cure the covenant for the test period ended 31 March 2010 However, there is no certainty that an agreement for further equity injections will be reached, or will be reached within the time available under the Group's banking facilities.

Consequently, should the conditions attached to the additional funding which the ultimate shareholders and Maltby Capital have undertaken to provide in relation to the June, September and December 2010 test periods not be met or should the consent of the ultimate shareholders to the provision of further equity cure funding required in respect of the test period ending 31 March 2011 not be forthcoming, or not be forthcoming within the applicable period, the outcome for the Group of a breach of financial covenants in respect of these periods would be dependent upon discussions with the Group's lender This would also be the case if any equity cure funding provided by the ultimate shareholders was insufficient to prevent breaches of financial covenants in relation to subsequent test periods, and consent of the ultimate shareholders to any subsequent request for the provision of further equity cure funding was not forthcoming, or not forthcoming within the applicable period

In these circumstances, the directors consider that it would be in the interests of the Group's lender to maintain the Group's business as a going concern and to minimise any disruption to its ongoing operations In coming to this view, the directors have taken account of the improvement in the Group's operating cashflow, which means that based on current forecasts the Group has sufficient cash flow to meet its current debt service obligations under its banking facilities absent any breach of covenants which would render all facilities repayable on demand at the option of the lender.

The directors also recognise that existing forecasts indicate further significant shortfalls in respect of the covenant test periods to the end of March in each year until the facilities expire in 2014 and 2015

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 ACCOUNTING POLICIES (continued)

The directors are aware of the ongoing litigation in respect of certain matters relating to the acquisition of the Company's subsidiary, EMI Group Limited (formerly EMI Group plc) between, amongst others, shareholders of Maltby Capital and the Group's lender Neither Maltby Capital, the Company nor any other members of the Group is party to these proceedings.

EMI Group Limited has been in discussions with the Trustee of the EMI Group Pension Fund regarding the cash contributions under the scheme funding regime Agreement has not been able to be reached regarding a long-term funding policy for the Fund and absent such agreement the Pensions Regulator has referred the matter to the Determinations Panel for resolution The Group's current lending arrangements require the deficit existing at the date of acquisition of EMI Group Limited to be met by additional equity investment Under proposals put forward to the Determinations Panel, the scheme funding deficit could fall somewhere in a range between £115 million and £217 million based on a valuation at 31 March 2008 Absent any prior agreement with the Trustees, the size of this deficit and the number of years over which the deficit is removed will be resolved by the Determinations Panel "

The directors have concluded that the combination of these circumstances represents a material uncertainty that may cast significant doubt upon the ability of the Company to continue as a going concern The Company may therefore be unable to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result if the Company were unable to continue as a going concern due to a withdrawal of the Group's banking facilities by the Group's lender.

Nevertheless, after making enquiries and considering the uncertainty described above, the directors have concluded that they have a reasonable expectation that the Company has adequate resources to continue as a going concern for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the financial statements.

Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

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)

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 ACCOUNTING POLICIES (continued)

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 are 100% subsidiaries 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 6

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 TAX

Tax on profit on ordinary activities	2010 £000	2009 £000
UK corporation tax		
Payments in respect of group relief - Current year	-	-
Payments in respect of group relief - Prior year	-	-
	-	-
Foreign tax		
Current year	-	-
Adjustments in respect of previous year	-	-
	-	-
Total current tax charge	-	-
Deferred tax		
Originating and reversal of timing differences	-	-
Changes in recoverable amounts of deferred tax assets	-	-
	-	-
Tax on profit on ordinary activities	-	-

Factors affecting current tax charge

	2010	2009
Profit on ordinary activities before tax	392	392
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009– 28%)	110	110
Effect of		
Group relief received for nil payment – Current year	(110)	(110)
Total current tax charge	-	-

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 (2009 £nil) available for offset against future profits

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 SHARE CAPITAL

	2010	2009
	£	£
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2

4. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share Capital	Profit & Loss Account	Total
	£000	£000	£000
At 1 April 2009	-	784	784
Profit for the year	-	392	392
At 31 March 2010	-	1,176	1,176

5 DIRECTORS' EMOLUMENTS AND STAFF COSTS

The directors received no remuneration during the year in respect of his services to the Company (2009. £nil). The Company had no employees during either the current or prior year

6 PARENT UNDERTAKING

The immediate parent of the Company is EMI Group Limited 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 year ended 31 March 2010 can be obtained from the Company's registered address, 27 Wrights Lane, London W8 5SW

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 AUDITORS' REMUNERATION

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

	2010	2009
	£	£
Audit of these financial statements	5,000	5,000

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

8 TERMS OF INTERCOMPANY BALANCES

Amount to and from fellow Group undertakings and parent undertakings are interest free and are repayable after more than one year.

9 CONTINGENT LIABILITIES

EMI (IP) 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