

000979/30

FC 25589.

EMI GROUP HOLDINGS B.V.

Annual Report for the Year ended 31 March 2005



A29
COMPANIES HOUSE

9A9ZR1GPF

489
30/06/2006

CONTENTS

Report

Composition of the Supervisory Board and the Board of Directors	1
Statement of the Supervisory Board	1
Board of Directors' Report	2

Annual Accounts

Balance Sheet	3
Profit and Loss Account	4
Notes to Annual Accounts	5

Other Information

Statutory Arrangements in respect of Appropriation of the Result for the Year	10
Proposed Appropriation of the Result for the Year	10
Auditors' Report	11

The page number of the last page is	11
-------------------------------------	----

COMPOSITION OF THE SUPERVISORY BOARD AND THE BOARD OF DIRECTORS

The board of directors

A. Brouwer (resigned 30 September 2004)

J.F.N. van Luit (resigned 17 June 2004)

A.J. Witte (resigned 30 September 2004)

S.M. Cottis (appointed 30 September 2004)

The supervisory board

D.J.T. Bratchell

STATEMENT OF THE SUPERVISORY BOARD

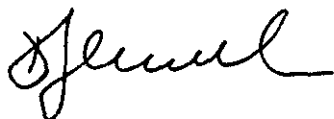
To the general shareholder meeting of EMI Group Holdings B.V.

In accordance with Dutch legislation the annual accounts for the book year ended 31 March 2005 are hereby presented to you.

We recommend that you adopt these annual accounts and the proposed appropriation of the result for the year as mentioned in the other information.

The supervisory board

D.J.T. Bratchell



London, 30 March 2006

BOARD OF DIRECTORS' REPORT

We are pleased to present our report for EMI Group Holdings B.V. (hereinafter referred to as the 'Company') covering the financial year 2004/2005, together with the audited annual accounts for the year ended 31 March 2005.

Principal activities

The Company operates as a finance and intermediate holding company. The ultimate parent company is EMI Group plc.

Result for the year ended 31 March 2005

The profit before taxation for the financial year 2004/2005 amounts to EUR 4.7 million (2003/2004: EUR 23.2 million profit).

Future outlook

The Company is dependent on the results of its subsidiaries with respect to the result for the financial year 2005/2006.

The board of directors

S.M. Cottis



London, 30 March 2006

BALANCE SHEET**31 March 2005**

(After proposed appropriation of the result)

	2005	2004
	<u>EUR'000</u>	<u>EUR'000</u>
Financial fixed assets		
Investments	1,498,844	1,483,411
Total financial fixed assets	<u>1,498,844</u>	<u>1,483,411</u>
Current assets		
Receivables	10,481	36,502
Taxation receivable	13,993	17,384
Total current assets	<u>24,474</u>	<u>53,886</u>
Current liabilities		
Bank overdraft	-	4,262
Amounts due to group companies	-	10,255
Total current liabilities	<u>-</u>	<u>14,517</u>
Net current assets	<u>24,474</u>	<u>39,369</u>
Total assets less current liabilities	<u><u>1,523,318</u></u>	<u><u>1,522,780</u></u>
Shareholder's equity		
Share capital	183,978	183,978
Share premium	1,194,252	1,194,252
Retained earnings	145,088	144,550
Total shareholder's equity	<u><u>1,523,318</u></u>	<u><u>1,522,780</u></u>

See accompanying notes.

PROFIT AND LOSS ACCOUNT**Year ended 31 March 2005**

	<u>2005</u>	<u>2004</u>
	EUR'000	EUR'000
Financial income and expenditure		
Interest income group companies	758	810
Dividend income	4,049	22,281
Net interest income/(expense) third parties	(63)	79
Net financial income and expenditure	<u>4,744</u>	<u>23,170</u>
General and administrative expenses	(7)	(8)
Proceeds from liquidation of investment	-	-
Profit before taxation	<u>4,737</u>	<u>23,162</u>
Taxation		
Current taxation charge	(150)	(757)
Prior year taxation charge	-	930
	<u>(150)</u>	<u>173</u>
Net profit	<u><u>4,587</u></u>	<u><u>23,335</u></u>

See accompanying notes.

NOTES TO ANNUAL ACCOUNTS

31 March 2005

General

EMI Group Holdings B.V., Amsterdam, (the 'Company') operates as a finance and intermediate holding company and is a wholly owned subsidiary of EMI Group International Holdings Limited, England. The Company's address is at 27, Wrights Lane, Kensington, London W8 5SW, United Kingdom.

The ultimate parent company is EMI Group Plc, whose registered office is at the Company's address as well.

With effect from 1 October 2004, the Company and EMI Group International B.V. have become UK tax resident, have traded as English branches at Wrights Lane, London W8 5SW, and are registered as branches with the Registrar of Companies for England and Wales.

Summary of significant accounting policies

Basis of presentation

The accounts have been drawn up in accordance with the provisions of Part 9, Book 2 of the Netherlands Civil Code.

The Company has made use of the exemption option as laid down in Article 408. Under this option a company may attach or separately file the annual report of its ultimate parent company, which includes the accounts of the company and its group companies on a consolidated basis. Consequently, the 31 March 2005 annual accounts of EMI Group Plc are separately filed at the Chamber of Commerce in Amsterdam.

Net result and shareholder's equity are determined by reference to historical cost. Income and expenses are allocated to the reporting year to which they relate. Unless stated otherwise, assets and liabilities are included at face value.

Translation of foreign currencies

Transactions arising in foreign currencies are translated into Euros at the exchange rate prevailing at the transaction date. At the balance sheet date, assets and liabilities denominated in foreign currencies are translated into Euros at the balance sheet date rates of exchange. Resulting gains or losses are recognised in the profit and loss account.

Financial fixed assets

Investments in subsidiary companies are stated at cost or their assigned value at the date of acquisition. Provision against the carrying value of an investment is made only when management believes that there is a permanent diminution in value.

Taxation

Until 30 September 2004 the Company was head of a fiscal unity including certain of its wholly owned Dutch subsidiaries. The Company's policy is to account for taxes arising in respect of the fiscal unity and to charge or credit the companies within the fiscal unity for current taxation on fiscal income or losses arising in the companies. Provisions in respect of deferred taxation are accounted for in the individual companies concerned.

The taxation expense is determined by taking into account the application of the Dutch participation exemption rules which means that certain income is considered non-taxable and certain expenses non-deductible.

The Company became UK Tax resident on 1 October 2004 and is primarily liable for UK corporation tax on its profits. However, no provision has been made in these accounts for either current or deferred taxation, as an undertaking has been received from its ultimate parent undertaking, EMI Group plc, that the latter will assume all liability for any such taxation as long as the Company remains a subsidiary. In view of the undertaking received, no disclosure is made in these accounts for any potential liability to taxation

Dividend income

Dividends are recognised as income on an accrual basis.

Investments

The movement in investments is as follows:

	2005	2004
	EUR'000	EUR'000
Opening balance	1,483,411	1,443,647
Capital increase EMI Group International B.V.	15,907	39,764
Transfer of investments	(474)	-
Closing balance	<u>1,498,844</u>	<u>1,483,411</u>

During the year the Company increased its investment in EMI Group International B.V. to fund that company's recapitalization of EMI Group Norway A/S and EMI Music Spain S.A.

The transfer of investments relates to the sale at net book value of investments in Trident B.V and EMI Group International Finance B.V. These investments were sold to EMI Group Netherlands B.V.

At 31 March 2005 the Company's directly held investments comprise:

Name	Registered office	% owned
Subsidiaries		
EMI Group Netherlands B.V.	Amsterdam, The Netherlands	100
EMI Group International B.V.	Amsterdam, The Netherlands	100

Receivables

These comprise:

	2005	2004
	EUR'000	EUR'000
Short term loans due from group companies	10,458	36,502
Other amounts due from group companies	23	-
	<u>10,481</u>	<u>36,502</u>

Other amounts receivable relate to interest on short term loans.

Bank overdraft

Under group facility arrangements the Company, together with its Dutch subsidiaries, had compensating balance facilities with a bank of EUR 11.3 million. The Company followed the practice of charging or crediting its subsidiaries participating in this facility for interest attributable to them. All Dutch EMI Group companies included in this facility arrangement could be held liable for each group company's bank debt.

This arrangement ceased in October 2004 when the Company became UK tax resident. The Company's bank account was closed in October 2004 and the bank balance was transferred to EMI Group Finance plc.

Amounts due to group companies

The balance in 2004 relates to interest free current account balances and payables in respect of *fiscal unity tax accounting*.

Shareholder's equity

The Company has an authorised share capital of 986,990 common shares and 10 B-shares, each with a nominal value of EUR 453.78. A total of 405,435 common shares have been issued.

During the financial year 2004/2005 there was no movement in share capital or share premium.

During the financial year 2003/2004 the Company issued one share for EUR 28.8 million. Furthermore the shareholder made an additional informal share premium contribution of EUR 11.0 million.

During the financial year 2004/2005 and 2003/2004 there were no movements in authorised capital.

The movements in retained earnings are as follows:

	<u>2005</u>	<u>2004</u>
	EUR'000	EUR'000
Opening balance	144,550	143,496
Net profit	4,587	23,335
Dividends paid	(4,049)	(22,281)
Closing balance	<u>145,088</u>	<u>144,550</u>

Remuneration of the supervisory board and board of directors

The Supervisory Director and the Company's Directors received no remuneration for the financial years 2004/2005 and 2003/2004. The Company employs no other personnel.

Commitments and contingent liabilities

For corporate income tax purposes, the Company and certain of its Dutch subsidiaries form a fiscal unity of which the Company is the head and as a consequence the Company can be held jointly and severally liable for the obligations of the fiscal unity in respect of corporate income tax assessments payable.

The Company has received assessments totalling EUR 7.7 million from the tax authorities in respect of a disputed matter concerning dividend withholding tax covering the period September 1988 to January 1992. The appeal against the assessments was taken to court that ruled in favour of the Company. Following a High Court appeal the court ruled in favour of the tax authorities. Again the Company appealed to a higher court (Supreme Court) of which the outcome is pending. There is uncertainty concerning the eventual outcome of the appeal. No provision has been made since it is not expected that the final outcome will materially affect the Company's overall financial position as shown in these accounts.

* * * * *

The board of directors

S.M. Cottis



Supervisory board

D.J.T. Bratchell



Statutory arrangements in respect of appropriation of the result for the year

In accordance with Article 17 of the Company's Articles of Association, the result for the year ended 31 March 2005 as shown in the profit and loss account is at the disposal of the shareholder in general meeting.

Proposed appropriation of the result for the year

The Board of Directors proposes that the dividends of EUR 4,049,000 paid out of the profit for the year ended 31 March 2005 be declared final and the remaining balance carried forward as retained earnings.

AUDITORS' REPORT

Introduction

We have audited the annual accounts of EMI Group Holdings B.V., Amsterdam, for the year ended 31 March 2005. These annual accounts are the responsibility of the Company's management. Our responsibility is to express an opinion on these annual accounts based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual accounts. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual accounts. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of the Company as at 31 March 2005 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9, Book 2 of the Netherlands Civil Code.

Amsterdam, 30 March 2006

Ernst & Young Accountants
Ernst & Young Accountants