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EMI GROUP HOLDINGS B V

Report on the annual accounts for the Year ended 31 March 2009

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S.M Cottis

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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 2009 are hereby presented to you

We recommend that you adopt these annual accounts

The supervisory board

D.J T Bratchell

London, 31 March 2010

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 2008/2009, together with the audited annual accounts for the year ended 31 March 2009

Principal activities

The Company operates as a finance and intermediate holding company Until 17 August 2007 the ultimate parent company was EMI Group plc On 17 August 2007, EMI Group plc was acquired by Maltby Acquisitions Limited, formerly Maltby Limited, (a wholly owned subsidiary of Maltby Capital Limited) and on 18 September 2007 delisted from trading on the London Stock Exchange plc's main market for listed securities EMI Group plc changed its name to EMI Group Limited on 4 October 2007. TFCP Holdings Limited became the ultimate parent undertaking on 17 August 2007

Investments

The Company partially disposed of EMI Holdings Netherlands BV The disposal related to the repayment of the share premium amounting to EUR 4 8 million to EMI Group Holdings BV by its subsidiary EMI Holdings Netherlands BV

Result for the year ended 31 March 2009

The result before taxation for the financial year 2008/2009 amounts to EUR 44,345 thousand loss (2007/2008 EUR 967 thousand profit)

Capital expenditure

There was no capital expenditure in the financial year 2008/2009

Research and development information

There were no activities on research and development in the financial year 2008/2009

Information regarding financial instruments

The principal financial instruments used to fund the Company's operations are intercompany funding and cash.

Environmental information

The Company is not aware of any environmental liability that the Company believes would have a material effect on the Company's business or financial statements

Future Outlook

The Company will continue its activities as a finance and holding company for other EMI Group companies. The Company is dependent on the results of its subsidiaries with respect to the result for the financial year 2009/2010.

Maltby and going concern

The current economic environment is challenging and Maltby Capital Limited ("Maltby") as the holding company of the EMI Group of companies ("the EMI Group") has reported an operating loss for the financial year The financial statements of Maltby as per 31 March 2009 and dated 28 January 2010 are prepared on a going concern basis which the directors of Maltby still believe to be appropriate

The EMI Group meets its day to day working capital requirements and medium term funding requirements through a number of banking facilities (the "Facilities Agreements") entered into by Maltby Investments Limited ("MIL") and various of its subsidiaries and which are repayable from 2014 and 2015. The Company and its subsidiaries have provided guarantees to Maltby Acquisitions Limited ("MAL") and so as such are affected by the terms of the Facilities Agreements In addition the Company and its subsidiaries have granted security over their assets for the benefit of EMI Group's lender The Facilities Agreements 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.

The directors of Maltby have prepared base case trading and cash flow forecasts for a period in excess of one year from the date of approval of the financial statements of Maltby which project that the total amount of the facilities is not exceeded. However, the current general economic climate has impacted the the EMI Group and the EMI Group is susceptible to the inherent risks that exist in the music market of market growth or decline varying from the rates expected The nature of the EMI 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 of key projects

The current forecast for the EMI Group prepared by the directors of Maltby indicate that, absent any equity cure, it is likely there will be a significant shortfall when the financial covenants under its banking facilities are tested as at 31 March 2010. The directors of Maltby consider that it is unlikely that the financial covenants tested as at 31 March 2010 will be met without equity cure and accordingly are engaged in discussions with the ultimate shareholders for additional funding for this purpose The directors of Maltby and MIL have received information from the ultimate shareholders that they intend to recommend to their investors that the investors should provide certain additional funds to be available for equity cure purposes for the covenant test penods as at 31 March 2010 through to the end of March 2011, subject to the followmg condıtıons

i the provısıon by MIL to and approval by the shareholders of a revısed strategıc busıness plan for certaın sectors of the EMI Group's busıness, including an analysıs of how MIL would ıntend such addıtıonal equıty fundıng to be applıed towards the strategıc objectıve,

ii that the revısed strategıc business plan ıs ın form and substance satısfactory to the shareholders, and theır determınatıon (entırely at theır dıscretıon), that an addıtıonal ınvestment ın MIL ıs economically justıfiable to the ınvestors on the basıs of such strategıc plan, and

iii No "Default" ıs contınuıng under the Facılıtıes Agreements

However no agreement has yet been reached wıth the ultımate shareholders and there ıs no certainty that such an agreement wıll eventually be reached, or wıll be reached wıthın the tıme avaılable under the Facılıtıes Agreements for addıtıonal equıty to be ınjected

In order to meet financıal covenant tests ın respect of periods endıng 30 September 2008, 31 December 2008, 31 March 2009, 30 June 2009 and 30 September 2009 Maltby applıed funds orıgınally provıded by the ultimate shareholder of £16 mıllıon, £12 75 mıllıon, £39 25 mıllıon, £37 mıllıon and £nıl, respectıvely under equıty cure provısıons wıthın the facılıtıes Followıng the 30 September 2009 financıal covenant test, £23 3 mıllıon of funds remaıned or could be made avaılable for further cures up to 31 December 2009, of thıs amount, £9 5 mıllıon remains avaılable for applıcation after 31 December 2009 However, beyond the £9 5 mıllıon referred to above, any further equıty cure or other ınjectıon of further funds would have to be made usıng addıtıonal funds provıded by the ultimate shareholders There ıs no certaınty that such funds wıll be avaılable

Consequently, should consent of the ultımate shareholders to the provısıon of certaın equıty cure fundıng not be forthcomıng, the outcome for MIL of a breach of financıal covenants ın respect to the test period to end March 2010 would be dependent upon dıscussıons wıth MIL's lender. Thıs would also be the case ıf any equıty cure fundıng provıded was ınsufficıent to prevent breaches of financial covenants ın relatıon to subsequent test penods, and consent of Maltby's shareholders to any subsequent request for the provısıon of further equity cure fundıng was not forthcoming In these cırcumstances, the dırectors of MIL consıder that ıt would be ın the ınterest of MIL's lender to maıntaın the EMI Group's busıness as a goıng concern and to mınımise any dısruptıon to ıts ongoıng operatıons.

The dırectors of MIL recognıse that exıstıng forecasts ındıcate a sıgnıficant shortfall ın respect of the covenant test penod to end March 2011 and that, notwıthstandıng the provısıon (ıf agreed) of equıty cure fundıng as currently under dıscussıon wıth ultımate shareholders, ıf the posıtıon remaıns unchanged over the next twelve months, the same ıssues would be faced as are descrıbed above ın respect of the financıal covenants to be tested as at that tıme

The dırectors of MIL have concluded that these cırcumstances represent a materıal uncertaınty that may cast sıgnıficant doubt upon the abılıty of the EMI Group to contınue as a goıng concern As the Company ıs affected by the terms of the Facılıtıes Agreements, the Company's dırectors have concluded that these circumstances also represent a material uncertainty that may cast significant doubt upon the Company's ability 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 banking facilities

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

The board of directors

S.M Cottis

Sm Cottis

London, 31 March 2010

BALANCE SHEET
31 March 2009
(After proposed appropriation of the result)

	Note	2009	2008
		EUR'000	EUR'000
Non current assets			
Financial fixed assets	3	1,929,799	1,979,354
Total non current assets		1,929,799	1,979,354
Current assets			
Amounts due from group companies	4	30,631	21,430
Taxation receivable		-	4,651
Bank funds		20	2
Total current assets		30,651	26,083
Current liabilities			
Amounts due to group companies		(4,667)	(657)
Taxation payable	5	(5,800)	(9,636)
Total current liabilities		(10,467)	(10,293)
Total current assets less current liabilities		20,184	15,790
Total assets less current liabilities		1,949,983	1,995,144
Shareholder's equity			
Share capital paid up and called up	7	183,978	183,978
Share premium reserve	7	1,674,743	1,674,743
Retained earnings	7	91,262	136,422
Total shareholder's equity		1,949,983	1,995,144

See accompanying notes

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2009

	Note	**2009**	2008
		EUR'000	EUR'000
Interest income from group companies		954	1,007
Total income		954	1,007
Amounts written off investments	3	(44,715)	-
General and administrative expenses		(584)	(40)
Profit before taxation		(44,345)	967
Taxation	6	(815)	-
Net profit/(loss)		(45,160)	967

See accompanying notes

NOTES TO ANNUAL ACCOUNTS
31 March 2009

1. 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 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 period ended 31 March 2008 can be obtained from the Company's registered address, 27 Wrights Lane, London W8 5SW.

With effect from 1 October 2004, the Company and EMI Group International B V became UK tax residents, 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

2. Summary of significant accounting policies

Basis of presentation

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

The Company has made use of the exemption option as laid down in Article 408, Book 2 of the Netherlands Civil Code. Under this option a company does not consolidate the financial statements of its group companies as a company attaches or separately files 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 2009 annual accounts of Maltby Capital Limited 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 nominal value

The functional currency of the Company is the Euro

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure The actual results may differ from these estimates The estimates and the underlying assumptions are constantly assessed Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences

Maltby and going concern

The current economic environment is challenging and Maltby Capital Limited ("Maltby") as the holding company of the EMI Group of companies ("the EMI Group") has reported an operating loss for the financial year The financial statements of Maltby as per 31 March 2009 and dated 28 January 2010 are prepared on a going concern basis which the directors of Maltby still believe to be appropriate

The EMI Group meets its day to day working capital requirements and medium term funding requirements through a number of banking facilities (the "Facilities Agreements") entered into by Maltby Investments Limited ("MIL") and various of its subsidiaries and which are repayable from 2014 and 2015 The Company and its subsidiaries have provided guarantees to Maltby Acquisitions Limited ("MAL") and so as such are affected by the terms of the Facilities Agreements In addition the Company and its subsidiaries have granted security over their assets for the benefit of EMI Group's lender The Facilities Agreements 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

The directors of Maltby have prepared base case trading and cash flow forecasts for a period in excess of one year from the date of approval of the financial statements of Maltby which project that the total amount of the facilities is not exceeded However, the current general economic climate has impacted the the EMI Group and the EMI Group is susceptible to the inherent risks that exist in the music market of market growth or decline varying from the rates expected The nature of the EMI 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 of key projects

The current forecast for the EMI Group prepared by the directors of Maltby indicate that, absent any equity cure, it is likely there will be a significant shortfall when the financial covenants under its banking facilities are tested as at 31 March 2010 The directors of Maltby consider that it is unlikely that the financial covenants tested as at 31 March 2010 will be met without equity cure and accordingly are engaged in discussions with the ultimate shareholders for additional funding for this purpose The directors of Maltby and MIL have received information from the ultimate shareholders that they intend to recommend to their investors that the investors should provide certain additional funds to be available for equity cure purposes for the covenant test periods as at 31 March 2010 through to the end of March 2011, subject to the following conditions

i the provision by MIL to and approval by the shareholders of a revised strategic business plan for certain sectors of the EMI Group's business, including an analysis of how MIL would intend such additional equity funding to be applied towards the strategic objective, ii that the revised strategic business plan is in form and substance satisfactory to the shareholders, and their determination (entirely at their discretion), that an additional investment in MIL is economically justifiable to the investors on the basis of such strategic plan, and

iii No "Default" is continuing under the Facilities Agreements

However no agreement has yet been reached with the ultimate shareholders and there is no certainty that such an agreement will eventually be reached, or will be reached within the time available under the Facilities Agreements for additional equity to be injected

In order to meet financial covenant tests in respect of periods ending 30 September 2008, 31 December 2008, 31 March 2009, 30 June 2009 and 30 September 2009 Maltby applied funds originally provided by the ultimate shareholder of £16 million, £12.75 million, £39 25 million, £37 million and £nil, respectively under equity cure provisions within the facilities Following the 30 September 2009 financial covenant test, £23 3 million of funds remained or could be made available for further cures up to 31 December 2009, of this amount, £9.5 million remains available for application after 31 December 2009 However, beyond the £9 5 million referred to above, any further equity cure or other injection of further funds would have to be made using additional funds provided by the ultimate shareholders There is no certainty that such funds will be available

Consequently, should consent of the ultimate shareholders to the provision of certain equity cure funding not be forthcoming, the outcome for MIL of a breach of financial covenants in respect to the test period to end March 2010 would be dependent upon discussions with MIL's lender This would also be the case if any equity cure funding provided was insufficient to prevent breaches of financial covenants in relation to subsequent test periods, and consent of Maltby's shareholders to any subsequent request for the provision of further equity cure funding was not forthcoming In these circumstances, the directors of MIL consider that it would be in the interest of MIL's lender to maintain the EMI Group's business as a going concern and to minimise any disruption to its ongoing operations

The directors of MIL recognise that existing forecasts indicate a significant shortfall in respect of the covenant test period to end March 2011 and that, notwithstanding the provision (if agreed) of equity cure funding as currently under discussion with ultimate shareholders, if the position remains unchanged over the next twelve months, the same issues would be faced as are described above in respect of the financial covenants to be tested as at that time

The directors of MIL have concluded that these circumstances represent a material uncertainty that may cast significant doubt upon the ability of the EMI Group to continue as a going concern. As the Company is affected by the terms of the Facilities Agreements, the Company's directors have concluded that these circumstances also represent a material uncertainty that may cast significant doubt upon the Company's ability 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 banking facilities

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

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

As the Company has made use of the exemption option as laid down in Article 408, Book 2 of the Netherlands Civil Code, the investments in subsidiaries are valued at cost 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

Shareholder's equity

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholders' equity Payments to holders of these instruments are deducted from the shareholders' equity as part of the profit distribution, after deducting any income tax benefit associated

Financial instruments that are designated as a financial liability by virtue of the economic reality are presented under liabilities Interest, dividends, income and expenditure with respect to these financial instruments are recognised in the profit and loss as financial income or expense

Interest income

Interest income arises on funds provided to other group companies and is recognised on an accruals basis

Taxation

Tax on the profit for the year comprises current and deferred tax Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years

3. Financial fixed assets

Financial fixed assets relate to investments in subsidiary companies The movement in investments is as follows·

	2009	2008
	EUR'000	EUR'000
Opening balance	1,979,354	1,498,844
Additions	-	480,510
Disposals	(4,840)	-
Write-off	(44,715)	-
Closing balance	1,929,799	1,979,354

The Company partially disposed of EMI Holdings Netherlands BV. The current year disposals relate to the repayment of share premium amounting to EUR 4,840,000 to EMI Group Holdings BV by one of its subsidiaries, EMI Holdings Netherlands BV

The write-off relates to a historical cost investment balance which has been written off as there is no supporting documentation relating to this amount

The carrying values of the assets have been compared to their recoverable amounts, represented by their value in use to the Group The value in use has been derived from discounted cash flow projections using a nominal discount rate of 14 3% for the recorded music segment in the United Kingdom on a post-tax basis. For the Company's investments in the music publishing segment (in the United Kingdom) a nominal discount rate of 9 1% was used on a post-tax basis For the recorded music segment annual growth rates between 1% to 6% have been assumed over five years plus a terminal value to determine the net present value of the cash flows into perpetuity at the end of the five year period based on a growth rate of 0%, reflecting the Company's view of the outlook for the business For the music publishing segment annual growth rates between 3% and 5 4% have been assumed over a 5 year period, whilst a terminal growth rate of 1 6% was applied

The additions during the prior year related to the set up of a new intermediate holding company EMI Holdings Netherlands BV (to which the Company transferred its investment in EMI Group Netherlands BV in exchange for shares in that new company), a capital contribution in EMI Group International BV in relation to that company's subsidiary Insight Music Ltd and the purchase of the preference shares of EMI Group North America Holdings Inc which it then transferred to its subsidiary EMI Group International BV in exchange for shares in that company

At 31 March 2009 the Company's directly held investments comprise

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

4. Receivables

These comprise	**2009**	2008
	EUR'000	EUR'000
Short term loans due from group companies	23,734	21,379
Other amounts due from group companies	6,897	51
	30,631	21,430

Other amounts receivable relate to interest on short term loans

5. Taxation payable

These comprise	2009	2008
	EUR'000	EUR'000
Taxation payable	(5,800)	(9,363)
	(5,800)	(9,363)

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 ruled not necessarily in favour of the Company or the tax authorities in December 2007 The Supreme Court referred the matter to another High Court to reconsider a decision on the disputed matter. The High Court must investigate whether or not tax credit relief for Dutch dividend withholding tax could be available in the UK

Separately, the ECJ has taken a decision in the Franked Investment Income GLO [2008] EWHC 2893 (Ch) case From this case it may be argued that dividends received from the Company should be exempted in the UK If this argument would hold and imply that no credit relief would be available for Dutch dividend withholding tax, Dutch dividend withholding tax should not be imposed because this contradicts EU law

In 2009, the Company and the Dutch tax authorities reached a conditional agreement to settle an amount of EUR 5.8 million in respect of the assessments, including interest As this is considered a likely outcome, the full EUR 5 8 million has been provided for above

6. Taxation

Tax on profit on ordinary activities	**2009** EUR'000	2008 EUR'000
UK corporation tax		
Payments in respect of group relief	-	-
Adjustment in respect of previous years	-	-
	-	-
Foreign tax		
Current year	-	-
Adjustments in respect of previous year	815	-
	-	-
	-	
Total current tax charge	815	-
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	815	-

Factors affecting current tax charge	**2009** EUR'000	2008 EUR'000
Profit / (Loss) on ordinary activities before tax	(44,345)	967
Profit / (Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 – 30%)	(12,417)	290
Effect of		
Group relief received	(103)	(290)
Prior year adjustments (release of tax payable and tax settlement)	815	-
Permanent difference	12,520	-
Total current tax charge	815	-

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 EUR nil available for offset against future profits.

7. 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 450. A total of 408,842 common shares and 1 B shares have been issued

During the financial year 2007/2008 3 ordinary shares were issued for a total nominal value of EUR 1,350 and a premium of EUR 480,491,000 During 2008/2009 there was no movement in share capital or share premium During the financial year 2008/2009 and 2007/2008 there were no movements in authorised capital

The movements in retained earnings are as follows

	2009	2008
	EUR'000	EUR'000
Opening balance	136,422	135,455
Net profit/(loss)	(45,160)	967
Closing balance	91,262	136,422

8. Remuneration of the supervisory board and board of directors

The Supervisory Director and the Company's Directors received no remuneration for the financial years 2008/2009 and 2007/2008 The Company employs no other personnel

9. Commitments and contingent liabilities

For corporate income tax purposes, the Company and certain of its Dutch subsidiaries formed a fiscal unity until 30 September 2004, of which the Company was 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

EMI Group Holdings B.V 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

Cıtıbank, N A , London Branch as Securıty Agent, pursuant to whıch the company charged, by way of mortgage or fixed charge or assıgn by way of securıty (as approprıate) all of theır rıght, tıtle and ınterest in certaın assets, charge all or substantıally all of theır 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 Lıabılıtıes (as defined thereın) and covenant that they wıll, on demand, pay and dıscharge the Secured Lıabilıties

10. Transactions with related parties

Transactıons wıth related partıes ınclude relatıonships between the Company, the Company's partıcıpatıng ınterests and the Company's dırectors
As at 31 March 2009, the accounts receıvable from related partıes amounted to EUR 31 mıllıon and the account payable to EUR 5 million
No divıdend was receıved from partıcipatıng ınterests ın FY08/09 as well as FY07/08

The remuneratıon of dırectors and supervısory dırectors ıs ıncluded ın note 8

OTHER INFORMATION

Events after the balance sheet date

Refer to note on going concern on page 8

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 2009 as shown in the profit and loss account has been deducted from retained earnings in the balance sheet following a decision of the shareholder

Proposed appropriation of the result for the year

The Board of Directors do not propose a dividend for the year ended 31 March 2009 (2008 EUR nil)

* * * * *

The board of directors

S M Cottis

Supervisory board

D J T Bratchell

London, 31 March 2010

To The Board of Dırectors of EMI Group Holdıngs B.V

AUDITOR'S REPORT

Report on the annual accounts

We have audıted the accompanyıng annual accounts for the year ended 31 March 2009 of EMI Group Holdıngs B V., Amsterdam, The Netherlands, whıch comprise the balance sheet as at 31 March 2009, the profit and loss account for the year then ended and the notes

Management's responsibility

Management ıs responsıble for the preparatıon and faır presentation of the annual accounts and for the preparatıon of the Board of Dırectors' Report, both ın accordance wıth Part 9 of Book 2 of the Netherlands Cıvıl Code. Thıs responsibılıty ıncludes desıgnıng, ımplementing and maıntaınıng ınternal control relevant to the preparation and faır presentatıon of the annual accounts that are free from materıal misstatement, whether due to fraud or error, selecting and applyıng appropriate accountıng polıcıes, and makıng accountıng estimates that are reasonable ın the cırcumstances

Auditor's responsibility

Our responsibılıty ıs to express an opınıon on the annual accounts based on our audıt We conducted our audıt ın accordance wıth Dutch law This law requires that we comply wıth ethical requırements and plan and perform the audit to obtaın reasonable assurance whether the annual accounts are free from materıal mısstatement
An audıt ınvolves performıng procedures to obtaın audit evıdence about the amounts and dısclosures ın the annual accounts. The procedures selected depend on the auditor's judgment, ıncludıng the assessment of the risks of materıal mısstatement of the annual accounts, whether due to fraud or error In makıng those rısk assessments, the audıtor consıders ınternal control relevant to the entıty's preparatıon and faır presentatıon of the annual accounts in order to desıgn audıt procedures that are appropriate in the circumstances, but not for the purpose of expressing an opınıon on the effectıveness of the entıty's ınternal control An audit also ıncludes evaluating the appropriateness of accounting polıcıes used and the reasonableness of accounting estımates made by management, as well as evaluatıng the overall presentatıon of the annual accounts.
We belıeve that the audıt evıdence we have obtaıned ıs sufficient and appropriate to provıde a basis for our audıt opınıon

Opinion

In our opınıon, the annual accounts gıve a true and faır view of the financıal posıtıon of EMI Group Holdıngs B V as at 31 March 2009, and of ıts result for the year then ended ın accordance wıth Part 9 of Book 2 of the Netherlands Cıvıl Code

Emphasis of Matter

We draw attention to the note on page 8 of the annual accounts on going concern, which indicates that the ability of 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 the note on page 8, 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 the note on page 8, notwithstanding the current discussions no agreement has yet been reached with the Group's shareholders and there is no certainty that such an agreement will eventually be reached, or will be reached within the time available under the Group's banking facilities for additional equity to be injected This condition indicates the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern Our opinion is not qualified in respect of this matter

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the Board of Directors' Report is consistent with the annual accounts as required by 2 391 sub 4 of the Netherlands Civil Code

Amstelveen, 31 March 2010

KPMG Accountants N V

R P van der Brugge