

EMI GROUP FINANCE LIMITED
(formerly EMI GROUP FINANCE PLC)

DIRECTORS' REPORT

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

Principal Activities and Review of the Business

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

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

	2007	2006	Change
	£000	£000	%
(Loss)/profit after tax	(13,259)	19,155	n/a
Shareholders' funds	84,033	177,562	-52.67
Current assets as % of current liabilities	112.04%	107.71%	+4.02

The Company made a loss of £13,259,000 in the current year compared with a profit of £19,155,000 in the previous year. This was as a result of the payment for group tax relief received from fellow group undertakings, partially offset by higher exchange gains in the current year.

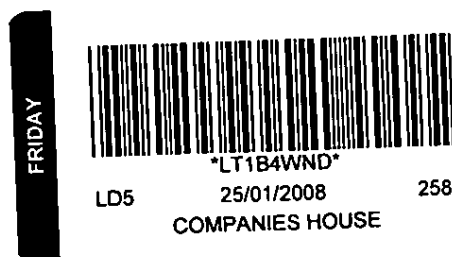
Shareholders' funds have reduced by 52.67% as a result of retained losses.

The ratio of current assets to current liabilities has increased by 4.02% due mainly to increased amounts of cash on deposit.

Financial Review

As stated in the profit and loss account on page 6 the Company made a profit before tax of £117,607,000 in the year to 31 March 2007 compared with the previous year's profit before tax of £19,162,000.

In the balance sheet shown on page 7, the net assets of the Company have decreased by £93,529,000 due to higher dividend payments and the transfer of group tax relief amounts from fellow group undertakings, partly offset by higher exchange gains in the current year.



Directors' Report Continued

Principal Risks and Uncertainties

The Company operates as part of the EMI Group and transacts business with fellow Group undertakings and with external banks. The Company's activities are dependent on the activities of the EMI Group as a whole. The risks and uncertainties facing the Company are linked to those of the Group. A detailed discussion of the Group risks and uncertainties is contained in the Group's annual report.

Dividends

An interim dividend of £80,000,000 has been paid (2006 dividend £32,000,000). The Directors do not recommend the payment of a final dividend.

Directors

The Directors during the year were as follows:

C P Ashcroft	(resigned 31 August 2007)
D J T Bratchell	(resigned 23 November 2007)
M D Stewart	(resigned 28 August 2007)
C J Roling	(appointed 31 August 2007)
C J Ancliff	(appointed 31 August 2007) (resigned 23 November 2007)
S Alexander	(appointed 23 November 2007)
R Punja	(appointed 23 November 2007)

Supplier Payment Policy

As part of its principal activity as a finance company within the EMI Group, the Company enters into financial instruments and payments relating to these are made as required on a transaction by transaction basis. The administration costs of the Company are settled by EMI Group Limited and then recharged to the Company. EMI Group Limited negotiates payment terms with its suppliers on an individual basis, with the normal spread being payment at the end of the month following delivery plus 30 or 60 days. It is the policy of EMI Group Limited to settle the terms of payment when agreeing the terms of each transaction, to ensure that the suppliers are made aware of the terms, and to abide by them. EMI Group Limited makes payments to its suppliers through its subsidiary, EMI Records Ltd. The number of days' purchases outstanding at 31 March 2007 is calculated at 55 days (2006 74 days).

Directors' Qualifying Third Party Indemnity Provisions

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

Directors' Report Continued

Disclosure of information to the auditor

So far as each Director is aware, there is no relevant audit information (as defined in S234ZA (3) of the Companies Act 1985) of which the Company's auditors are unaware, and each Director has taken all steps that he or she ought to have taken as a Director in order to make himself or herself aware of, and to establish that the auditors are aware of, any relevant audit information

Events since the balance sheet date

It was announced on 21 May 2007 that the boards of directors of Maltby Limited ("Maltby"), a company formed at the direction of Terra Firma, and EMI Group plc, the parent undertaking, had reached agreement on the terms of a recommended cash offer by Maltby to acquire the whole of the issued and to be issued share capital of EMI Group plc (the "Offer") The Offer Document was posted to EMI Shareholders on 30 May 2007 On 1 August 2007, the board of directors of Maltby announced that the Offer had become unconditional as to acceptances and would remain open until further notice, and that the Conditions set out in paragraphs 1(b) and 1(d) of Part A of Appendix I to the Offer Document (being the conditions relating to the EC Merger Regulation and the US Hart-Scott-Rodino Antitrust Improvements Act of 1976) had already been satisfied The Offer remained subject to the further Conditions set out in paragraphs 1(c) and 1(e) to 1(i) of Part A of Appendix I to the Offer Document On 17 August 2007 the board of directors of Maltby announced that the Offer had become unconditional in all respects On 18th September 2007, following applications to the Financial Services Authority for cancellation of the listing of EMI Group plc shares on the Official List and to the London Stock Exchange for the cancellation of the admission of EMI Group plc shares to trading on the London Stock Exchange's market for listed securities, the cancellations took effect On 4 October 2007 EMI Group plc reregistered as a private limited company and changed its name to EMI Group Limited On 29 October 2007 EMI Group Finance plc reregistered as a private company and changed its name to EMI Group Finance Limited

By Order of the Board



C L Christian
Secretary

Date 30 11 07

Registered Office
27 Wrights Lane
London
W8 5SW

EMI GROUP FINANCE LIMITED
(formerly EMI GROUP FINANCE PLC)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EMI GROUP FINANCE LIMITED (FORMERLY EMI GROUP FINANCE PLC)

We have audited the Company's financial statements for the year ended 31 March 2007 which comprise the Profit and Loss Account, Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 16. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

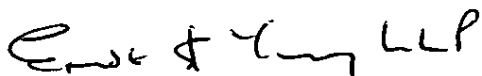
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' report is consistent with the financial statements.



Ernst & Young LLP
Registered Auditor
London
Date

30 NOV 2007

EMI GROUP FINANCE LIMITED
 (formerly EMI GROUP FINANCE PLC)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

	Notes	2007 £000	2006 £000
Administration expenses		(230)	(257)
Other operating income	2	59,727	-
Other operating expenses	3	(1,679)	(31,666)
		<hr/>	<hr/>
OPERATING PROFIT		57,818	(31,923)
		<hr/>	<hr/>
Interest receivable	4	334,924	310,538
Interest payable	5	(275,135)	(259,453)
		<hr/>	<hr/>
		59,789	51,085
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		117,607	19,162
Taxation	6	(131,136)	(7)
		<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(13,529)	19,155
		<hr/>	<hr/>

All activities are continuing

STATEMENT OF RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses in the year other than the loss of £13,529,000
 (2006 profit £19,155,000)

EMI GROUP FINANCE LIMITED
(formerly EMI GROUP FINANCE PLC)

BALANCE SHEET - 31 MARCH 2007

	Notes	2007 £000	2006 £000
CURRENT ASSETS			
Debtors	8		
Amounts falling due after one year		32,724	32,218
Amounts falling due within one year		5,716,980	5,726,364
Cash at bank and in hand and cash deposits		196,983	40,632
		<hr/>	<hr/>
		5,946,687	5,799,214
		<hr/>	<hr/>
CREDITORS			
AMOUNTS FALLING DUE WITHIN ONE YEAR			
Bank loans and overdrafts		(15,183)	(14,150)
Creditors and accruals	9	(5,292,535)	(5,369,932)
		<hr/>	<hr/>
		(5,307,718)	(5,384,082)
		<hr/>	<hr/>
NET CURRENT ASSETS		638,969	415,132
		<hr/>	<hr/>
CREDITORS			
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Amounts owed to parent undertaking		(255,570)	(189,376)
Amounts owed to fellow subsidiary undertakings		(39,366)	(48,194)
Borrowings	10	(260,000)	-
		<hr/>	<hr/>
		(554,936)	(237,570)
		<hr/>	<hr/>
		84,033	177,562
		<hr/>	<hr/>
CAPITAL AND RESERVES EQUITY			
Called up share capital	11	83,936	83,936
Profit and loss account	12	97	93,626
		<hr/>	<hr/>
		84,033	177,562
		<hr/>	<hr/>



)
) Director

30/11/07

EMI GROUP FINANCE LIMITED
(formerly EMI GROUP FINANCE PLC)

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

Basis of Preparation

The financial statements of EMI Group Finance plc were approved for issue by the Board of Directors on 30/11/07.

The financial statements are prepared under the historical cost convention

The financial statements are prepared in accordance with applicable accounting standards

Foreign Currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves together with the exchange difference on the carrying amount of the related investments. Tax charges and credits attributable to exchange differences on these borrowings are also dealt with in reserves.

Cashflow

The Company has taken advantage of the exemption in FRS1 (revised) not to prepare a cashflow statement as its ultimate parent undertaking prepares a consolidated cashflow statement in accordance with FRS1 (revised).

Related Parties

The Company has taken advantage of the exemption in FRS8 not to disclose related party transactions with wholly owned fellow subsidiary undertakings.

EMI GROUP FINANCE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 OTHER OPERATING INCOME

	2007 £000	2006 £000
Exchange gain on foreign currency balances	59,727	-
	<u> </u>	<u> </u>

3 OTHER OPERATING EXPENSES

	2007 £000	2006 £000
Exchange loss on foreign currency balances	1,679	31,666
	<u> </u>	<u> </u>

Audit fees are paid by the parent undertaking, EMI Group plc

4 INTEREST RECEIVABLE

	2007 £000	2006 £000
Interest receivable on		
Bank deposits	743	674
Loans to fellow subsidiary undertakings	331,301	309,115
Loans to parent undertaking	-	3
Exceptional finance income *	2,880	746
	<u> </u>	<u> </u>
	334,924	310,538
	<u> </u>	<u> </u>

* Exceptional finance income relates to exchange gains on unhedged foreign currency borrowings

5 INTEREST PAYABLE

	2007 £000	2006 £000
Interest payable on		
Bank loans and overdrafts repayable within five years	9,121	9,196
Loans from fellow subsidiary undertakings	166,918	153,907
Loans from parent undertaking	99,096	95,918
Exceptional finance charge *	-	432
Other	-	-
	<u> </u>	<u> </u>
	275,135	259,453
	<u> </u>	<u> </u>

* Exceptional finance charge relates to exchange losses on unhedged foreign currency borrowings

EMI GROUP FINANCE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

Tax on profit/(loss) on ordinary activities	2007 £000	2007 £000
UK corporation tax		
UK corporation tax on profits of the period	6	
Payments in respect of group relief - Current year	117,504	
Payments in respect of group relief - Prior year	13,626	
Double taxation relief	<u>(6)</u>	
		131,130
Foreign tax		
Current year	6	
Adjustments in respect of previous periods	<u>-</u>	
		6
Total current tax charge		<u>131,136</u>
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	<u>-</u>	
		-
Tax on profit/loss on ordinary activities		<u>131,136</u>
Factors affecting current tax charge		2007 £000
Profit/(loss) on ordinary activities before tax		<u>117,607</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30.0% (2006 – 30.0%)		35,282
<i>Effect of</i>		
Group relief (surrendered)/received for payment of greater than 30% - Current year		82,228
Group relief (surrendered)/received for payment of greater than 30% - Prior year		13,626
Total current tax charge		<u>131,136</u>
Factors affecting future tax charge		

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

Deferred tax

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

EMI GROUP FINANCE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

6 TAX ON PROFIT ON ORDINARY ACTIVITIES (Continued)

Prior year taxation

The Company is primarily liable for UK corporation tax on its profits. However, no provision has been made in prior years for either current or deferred taxation as an undertaking had been received from its ultimate parent undertaking, EMI Group Limited, that the latter entity assumed all liability for any taxation for accounting periods ending up to 31 March 2006 so long as the Company remained a subsidiary. This undertaking was withdrawn in respect of periods beginning on or after 1 April 2006 although it remains effective for previous periods. Consequently, current and deferred taxation have been provided in the Company for year to 31 March 2007. The tax charge of £7,000 in the prior year relates to withholding tax.

7 DIRECTORS' EMOLUMENTS AND STAFF COSTS

No Director received any remuneration during the year in respect of his/her services to the Company. The Company had no employees.

8 DEBTORS

	2007 £000	2006 £000
Amounts falling due within one year		
Amounts due from fellow subsidiary undertakings	5,685,880	5,699,839
Interest receivable from fellow subsidiary undertakings	31,043	26,517
Other debtors	57	8
	<hr/>	<hr/>
	5,716,980	5,726,364
Amounts falling due after more than one year		
Amounts due from parent undertaking	31,429	31,429
Amounts due from fellow subsidiary undertakings	1,295	789
	<hr/>	<hr/>
	32,724	32,218
	<hr/>	<hr/>
	5,749,704	5,758,582
	<hr/>	<hr/>

EMI GROUP FINANCE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 CREDITORS AND ACCRUALS

	2007 £000	2006 £000
Amounts due to parent undertaking	1,500,308	1,599,473
Amounts due to fellow subsidiary undertakings	3,773,650	3,753,838
Interest payable to fellow subsidiary undertakings	18,354	16,584
Other creditors and accruals	223	37
	<u>5,292,535</u>	<u>5,369,932</u>

10 BORROWINGS

In March 2007, the parent undertaking EMI Group Limited took out a new £700m credit facility due 29 May 2009. This credit facility consists of a £400m term loan facility and a £300m revolving credit facility. At March 2007, the Company drew £260.0m under the revolving credit facility (2006 borrowings £nil).

11 SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	2007 No	2006 No	2007 £000	2006 £000
Ordinary shares of £1 each	85,000,000	85,000,000	83,936	83,936
	<u>85,000,000</u>	<u>85,000,000</u>	<u>83,936</u>	<u>83,936</u>

EMI GROUP FINANCE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<u>Share Capital</u>	<u>Profit & Loss Account</u>	<u>Total</u>
	£000	£000	£000
At 1 April 2006	83,936	93,626	177,562
Loss for the year	-	(13,529)	(13,529)
Dividends paid	-	(80,000)	(80,000)
	<hr/>	<hr/>	<hr/>
At 31 March 2007	83,936	97	84,033
	<hr/>	<hr/>	<hr/>

13 PARENT UNDERTAKING

The parent undertaking of the group of undertakings for which group accounts are drawn up and of which the company is a member is EMI Group Limited (formerly EMI Group plc), which is the ultimate parent undertaking registered in England and Wales. Copies of EMI Group plc's accounts for the year ended 31 March 2007 can be obtained from EMI Group Limited, 27 Wrights Lane, London W8 5SW, England

14 CONTINGENT LIABILITIES

The Company has provided a guarantee to its clearing banks in respect of borrowings of other EMI Group Limited UK Group companies. Such guarantee is limited to the amount of cash deposited by the Company with the banks. At 31 March 2007, £983,000 (2006 £632,000) was guaranteed

EMI GROUP FINANCE LIMITED
(formerly EMI GROUP FINANCE PLC)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15 DIVIDENDS

	2007 £000	2006 £000
Equity dividends on ordinary shares		
Interim paid	80,000	32,000
Final paid	-	-
	<hr/>	<hr/>
	80,000	32,000
	<hr/>	<hr/>

16 POST BALANCE SHEET EVENT

It was announced on 21 May 2007 that the boards of directors of Maltby Limited ("Maltby"), a company formed at the direction of Terra Firma, and EMI Group plc, the parent undertaking, had reached agreement on the terms of a recommended cash offer by Maltby to acquire the whole of the issued and to be issued share capital of EMI Group plc (the "Offer"). The Offer Document was posted to EMI Shareholders on 30 May 2007. On 1 August 2007, the board of directors of Maltby announced that the Offer had become unconditional as to acceptances and would remain open until further notice, and that the Conditions set out in paragraphs 1(b) and 1(d) of Part A of Appendix I to the Offer Document (being the conditions relating to the EC Merger Regulation and the US Hart-Scott-Rodino Antitrust Improvements Act of 1976) had already been satisfied. The Offer remained subject to the further Conditions set out in paragraphs 1(c) and 1(e) to 1(i) of Part A of Appendix I to the Offer Document. On 17 August 2007 the board of directors of Maltby announced that the Offer had become unconditional in all respects. On 18th September 2007, following applications to the Financial Services Authority for cancellation of the listing of EMI Group plc shares on the Official List and to the London Stock Exchange for the cancellation of the admission of EMI Group plc shares to trading on the London Stock Exchange's market for listed securities, the cancellations took effect. On 4 October 2007 EMI Group plc reregistered as a private limited company and changed its name to EMI Group Limited. On 29 October 2007 EMI Group Finance plc reregistered as a private company and changed its name to EMI Group Finance Limited.