

Motor Music Limited
Financial Statements
31 March 2007

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COMPANIES HOUSE

Motor Music Limited

Officers and Professional Advisers

The board of directors	P J Cox (resigned - 31 March 2007) J C Channon (resigned - 23 November 2007) M N Bandier (resigned - 6 March 2007) C W Booth (resigned - 23 November 2007) A J Mollett (resigned - 31 August 2007) G K Moot (resigned - 23 November 2007) F Malyan (resigned - 23 November 2007) A G Bebawi (resigned - 23 November 2007) C Roling (appointed - 23 November 2007) J C Quillan (appointed - 23 July 2007) (resigned - 23 November 2007) S Alexander (appointed - 23 November 2007) R Punja (appointed - 23 November 2007)
Company secretary	A G Bebawi
Registered office	27 Wrights Lane London W8 5SW
Auditor	Ernst & Young LLP Registered Auditors 1 More London Place London SE1 2AF
Bankers	NatWest Bank Plc PO Box 2162 20 Dean Street London W1A 1SX
Solicitors	Mayer, Brown, Rowe & Maw LLP 11 Pilgrim Street London EC4V 6RW

Motor Music Limited

The Directors' Report

year ended 31 March 2007

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2007

Principal activities and business review

The principal activity of the company continued to be that of music publishing. No material change in the activities of the business is contemplated.

During the financial year, the company performed reasonably, but turnover was down on last year, even though the operating result was higher than last year. Turnover was down 6% on last year and the operating result was up 2% on last year.

The turnover of the company is generated from usage of the songs written by the company's composers and will vary in any given year alongside the market conditions and popularity of various genres of music. Direct costs attributed to the turnover are the writer's shares of the royalties earned on their compositions.

There were no unusual costs incurred during the year. The company employs no staff and has no separate facilities or overheads, except for those recharged for services rendered by other companies in the EMI Music Publishing group.

At the end of the year the company was in a satisfactory position with the accounts indicating a continuing reasonable level of performance in a market which remained fairly static throughout the year.

Key performance indicators are designed to indicate how the company had performed on key ratios, and the company uses NPS margin and operating margin as the key performance indicators which are most appropriate. The NPS margin is higher than last year because this year there is a higher proportion of third party income at a higher margin. The operating margin has increased by a slightly smaller percentage because the audit fee for the year has increased.

There are no KPI's specifically relating to environmental and employee issues as the company has no employees or separate facilities. It is not possible to obtain meaningful market share information for a company of this size, so we do not consider a KPI appropriate.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the company concern the value of the worldwide market for recorded music which has declined by about 20% since 2001 according to data from the IFPI. Whilst we believe that new digital products and services will drive a return to overall industry growth, there are no assurances of the timing or extent of any improvement. This may have a negative impact, as the Company generates a significant portion of its revenues from mechanical royalties, primarily from the sale of Music in CD and other formats. We are dependant on identifying, signing and retaining talented songwriters whose new releases are well received and whose music will continue to generate revenues for years to come. Competition for such talent is intense and our financial results would be adversely affected if we fail to identify, sign and retain songwriters. External bodies such as local third-party collection societies, have a significant influence on some of our revenues. Performance rates are usually set by performing rights societies and may be subject to challenge by licensees. These processes of setting mechanical and performance revenues may result in the setting of rates at levels lower than we would wish and may therefore adversely affect our ability to increase profitability.

Results and dividends

The loss for the year, after taxation, amounted to £46,684 (2006 profit £35,590). The directors have not recommended a dividend (2006 £nil).

Motor Music Limited

The Directors' Report *(continued)*

year ended 31 March 2007

Post balance sheet events

It was announced on 21 May 2007 that the boards of directors of Maltby Limited ("Maltby"), a company formed and registered in England and Wales 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.

Directors

The directors who served the company during the year are listed on page 1

P J Cox resigned as a director on 31 March 2007
M N Bandier resigned as a director on 6 March 2007
C Roling was appointed as a director on 23 November 2007
J C Quillan was appointed as a director on 23 July 2007
S Alexander was appointed as a director on 23 November 2007
R Punja was appointed as a director on 23 November 2007
J C Channon resigned as a director on 23 November 2007
C W Booth resigned as a director on 23 November 2007
A J Mollett resigned as a director on 31 August 2007
G K Moot resigned as a director on 23 November 2007
F Malyan resigned as a director on 23 November 2007
A G Bebawi resigned as a director on 23 November 2007
J C Quillan resigned as a director on 23 November 2007

Completeness of information to auditors

In the case of each of the persons who are directors at the time when the report is approved under Companies Act 1985 section 234A

a) So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

b) he/she has taken all the steps that they ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Qualifying third party indemnity provisions

The parent undertaking, EMI Group Limited, (formerly EMI Group plc) has maintained insurance to cover directors' and officers' liability as defined by section 310(3)(a) of the Companies Act 1985 (as amended)

Motor Music Limited

The Directors' Report *(continued)*

year ended 31 March 2007

Signed on behalf of the directors



Director

Approved by the directors on

30 NOV 2007

Motor Music Limited

Statement of Directors' Responsibilities

year ended 31 March 2007

The directors are responsible for preparing the accounts in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 that 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.

Motor Music Limited

Independent Auditor's Report to the Members of Motor Music Limited

year ended 31 March 2007

We have audited the company's financial statements for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 12. 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 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are 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 judgements 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.

Motor Music Limited

Independent Auditor's Report to the Members of Motor Music Limited *(continued)*

year ended 31 March 2007

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

Ernst & Young LLP
Registered Auditors
1 More London Place
London
SE1 2AF

30 NOV 2007

Motor Music Limited
Profit and Loss Account
year ended 31 March 2007

	Note	2007 £	2006 £
Turnover	2	173,419	184,593
Cost of sales		(116,502)	(129,042)
Gross profit		56,917	55,551
Distribution costs		(5,169)	(6,380)
Administrative expenses		(15,556)	(13,581)
Operating profit, being profit on ordinary activities before taxation	3	36,192	35,590
Tax on profit on ordinary activities	6	(82,876)	—
(Loss)/profit on ordinary activities after taxation, being (loss)/profit for the financial year		<u>(46,684)</u>	<u>35,590</u>

All of the activities of the company are classed as continuing

Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss of £46,684 attributable to the shareholders for the year ended 31 March 2007 (2006 - profit of £35,590)

The notes on pages 10 to 13 form part of these financial statements

Motor Music Limited

Balance Sheet

31 March 2007

	Note	2007 £	2006 £
Current assets			
Debtors	7	471,080	552,005
Creditors. Amounts falling due within one year	8	45,469	79,710
Net current assets		<u>425,611</u>	<u>472,295</u>
Total assets less current liabilities		<u>425,611</u>	<u>472,295</u>
Capital and reserves			
Called-up equity share capital	9	3	3
Profit and loss account	10	425,608	472,292
Shareholders' funds	10	<u>425,611</u>	<u>472,295</u>

These financial statements were approved by the directors on the

30 NOV 2007

and are signed on their behalf by

Director



The notes on pages 10 to 13 form part of these financial statements

Motor Music Limited

Notes to the Financial Statements

year ended 31 March 2007

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention

Cash flow statement

The directors have taken advantage of the exemption in FRS 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and part of EMI Group Limited, (formerly EMI Group plc) whose consolidated financial statements contain a cash flow

Related parties transactions

The company has taken advantage of the exemption from disclosing transactions with other group undertakings and qualifying related parties under FRS 8

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account

2 Turnover

The company's turnover is wholly attributable to its principal activity and the directors do not believe that any part of the company's worldwide market is significantly different from any other

Turnover represents the invoiced value of the contracted amount of services supplied by the company after deducting all commissions and any sales related taxes levied on turnover

In certain countries, the company has assigned its rights to royalty income to other undertakings of the EMI group

All turnover is attributable to music publishing, the analysis by geographical market being as follows

	2007 £	2006 £
United Kingdom	130,717	120,823
Rest of Europe	20,089	23,838
USA	20,994	37,073
Rest of the world	1,619	2,859
	<u>173,419</u>	<u>184,593</u>

3 Operating profit

Operating profit is stated after charging

	2007 £	2006 £
Auditor's remuneration - as auditor	<u>3,000</u>	<u>739</u>

Management charges of £17,724 (2006 - £19,222) have been split between distribution costs and administrative expenses in the profit and loss account

Motor Music Limited

Notes to the Financial Statements

year ended 31 March 2007

4. Directors' emoluments

The directors of the company are also directors of EMI Music Publishing Limited and fellow subsidiaries. The directors received a total remuneration for the year of £2,251,810 (2006 - £4,296,278), all of which was paid by EMI Music Publishing Limited. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of EMI Music Publishing Limited and fellow subsidiary undertakings.

M N Bandier is a director of EMI Group plc, and his interests in the shares of that company as at 6 March 2007 are shown in its annual report.

5. Staff costs

The company had no employees (2006 - none)

6 Tax on profit/(loss) on ordinary activities

	2007 £	2007 £
UK corporation tax		
Payments in respect of group relief - Current year	36,192	
Payments in respect of group relief - Prior year	46,684	
		<u>82,876</u>
Foreign tax		
Current year	-	
Adjustments in respect of previous periods	-	
		<u>-</u>
Total current tax charge		<u>82,876</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>82,876</u>
		2007 £
Factors affecting current tax charge		
Profit/(loss) on ordinary activities before tax		36,192
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 - 30%)		10,858
Effect of		
Group relief received/(surrendered) for payment of greater than 30% - Current year		25,334
Group relief received/(surrendered) for payment of greater than 30% - Prior year		46,684
Total current tax charge		<u>82,876</u>

Motor Music Limited

Notes to the Financial Statements

year ended 31 March 2007

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.

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, (formerly EMI Group plc) 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.

7 Debtors

	2007 £	2006 £
Amounts owed by group undertakings	<u>471,080</u>	<u>552,005</u>

8 Creditors: Amounts falling due within one year

	2007 £	2006 £
Trade creditors	<u>45,469</u>	<u>79,710</u>

9. Share capital

Authorised share capital:

	2007 £	2006 £
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2007 No	£	2006 No	£
Ordinary shares of £1 each	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>

10. Reconciliation of shareholders' funds and movement on reserves

	Share capital	Profit and loss account	Total shareholders' funds
	£	£	£
At 1 April 2006	3	472,292	472,295
Loss for the year	-	(46,684)	(46,684)
At 31 March 2007	<u>3</u>	<u>425,608</u>	<u>425,611</u>

Motor Music Limited

Notes to the Financial Statements

year ended 31 March 2007

11 Post balance sheet events

It was announced on 21 May 2007 that the boards of directors of Maltby Limited ("Maltby"), a company formed and registered in England and Wales 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.

12 Ultimate parent company

The parent undertaking of the smallest and largest group of undertakings for which consolidated financial statements 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 Limited's financial statements can be obtained from EMI Group Limited, 27 Wrights Lane, London W8 5SW, England.