

VIRGIN STUDIOS LIMITED

DIRECTORS' REPORT

The Directors present their report and the accounts for the year ended 31 March 2003.

Results and Dividends

The Company did not trade during the year and made neither a profit nor a loss. The Directors do not recommend payment of a dividend (2002 dividend: £nil). There are no plans for the Company to commence trading within the foreseeable future.

Directors and their Interests

The Directors throughout the year and subsequently were as follows:

I Davidson (resigned 30.04.2003)
 I L Hanson
 C J Kennedy
 J French

No Director had any interest in the shares of the Company at any time during the year.

The interests of the Directors in the share capital of EMI Group plc, the ultimate parent undertaking, at the year end were as follows:

| | <u>Ordinary Shares</u> | | <u>Options*</u> | | | |
|-------------|------------------------|---------|-----------------|----------------------------|--------------------------|---------|
| | 1/4/02 | 31/3/03 | 1/4/02 | Granted During the Year | Exercised / Renounced | 31/3/03 |
| I L Hanson | - | - | 18,734 | 232,488 | - | 251,222 |
| C J Kennedy | - | - | 3,888 | - | - | 3,888 |
| J French | - | - | 4,068 | - | - | 4,068 |

* Options over Ordinary Shares are granted under Savings-Related and Executive Share Option Schemes



Directors' Report Continued

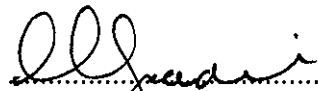
Directors' and Officers' Liability Insurance

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

Auditors

In accordance with Section 388A of the Companies Act 1985 the Company is exempt from the obligation to appoint auditors.

By Order of the Board.


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For and on behalf of
Mawlaw Secretaries Limited
Joint Secretary

Date: 21.1.04.

Registered Office
EMI House
43 Brook Green
London
W6 7EF

VIRGIN STUDIOS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the Directors to prepare accounts for each financial year which 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 accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The Directors confirm that the accounts comply with the above requirements.

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 accounts 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.

BALANCE SHEET - 31 MARCH 2003

- (a) For the year ended 31 March 2003 the Company was entitled to exemption under Section 249A(1) of the Companies Act 1985.
- (b) Members have not required the Company to obtain an audit in accordance with Section 249B(2) of the Companies Act 1985.
- (c) The directors acknowledged their responsibility for:
 - (i) ensuring the Company keeps accounting records which comply with Section 221; and
 - (ii) preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of Section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the Company.

21. 01. 2004.

) Director

VIRGIN STUDIOS LIMITED

NOTES TO THE ACCOUNTS

1. BASIS OF ACCOUNTING

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

| | | |
|--|-------------|-------------|
| 2. SHARE CAPITAL | 2003 | 2002 |
| | £ | £ |
| Authorised, allotted, called up and fully paid 100 ordinary shares of £1 each | 100 | 100 |
| | <hr/> | <hr/> |

3. DIRECTORS' EMOLUMENTS

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

4. 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 plc, which is the ultimate parent undertaking registered in England and Wales. Copies of EMI Group plc's accounts can be obtained from EMI Group plc, 27 Wrights Lane, London W8 5SW, England.