

MP Granite Ltd
Directors' Report and Financial Statements
For the Period Ended 31 March 2013

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MP Granite Ltd

Directors' Report and Financial Statements

Period ended 31 March 2013

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Officers and Professional Advisers

The board of directors F Crimmins
 D Johnson

Company secretary F Crimmins & TMF Corporate Administration Services Limited (Appointed 13 March 2013)

Registered office 30 Golden Square
 London
 United Kingdom
 W1F 9LD

Independent auditors PricewaterhouseCoopers LLP
 Chartered Accountants and Statutory Auditors
 10 Bricket Road
 St Albans
 Herts
 AL1 3JX

MP Granite Ltd

The Directors' Report

Period ended 31 March 2013

The directors present their report and the audited financial statements of the Company for the period from incorporation on 31 May 2012 until 31 March 2013 (referred to as 2013 and "period" throughout the financial statements)

Principal activities and business review

The Company was incorporated on 31 May 2012. The Company is part of the DH Publishing L.P. group (the "Group"). DH Publishing L.P. is the ultimate parent undertaking.

The principal activity of the Company is that of a holding company. The Company was established for the purpose of acquiring a number of international companies.

The Company employs no staff and has no separate facilities or overheads, except for those recharged for services rendered by other companies in the Group.

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.

There are no KPIs 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.

Going concern

The directors of the group have prepared consolidated Group financial projections for a period of more than twelve months from the date of approval of these financial statements. After considering these financial projections, the directors have concluded that they have a reasonable expectation that the Company has adequate resources to continue as a going concern for the foreseeable future and as a result have prepared these financial statements on a going concern basis.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company concern the value of the worldwide market for recorded music which despite a 0.3% increase this period, has in recent years declined by about 9% year on year 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 dependent 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. Mechanical and Performance rates as well as distribution rules are usually set by performing rights societies through board approval and as such 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 profit for the financial period amounted to €3,497,139. The directors have not recommended a dividend.

MP Granite Ltd

The Directors' Report (continued)

Period ended 31 March 2013

Directors

The directors who served the Company during the period and up to the date of signing the financial statements are listed on page 2.

Qualifying third party indemnity provisions

Certain directors benefited from the qualifying third party indemnity provisions in place during the financial period and at the date of approval of the financial statements.

Donations

Grants and charitable donations made during the period amounted to £nil. There were no political contributions made during the period.

Disclosure of information to the auditors

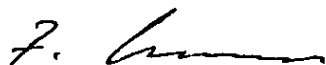
The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP were appointed as auditors in July 2012.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Signed on behalf of the directors



F Crimmins
Director

30 Golden Square
London
United Kingdom
W1F 9LD

Approved by the directors on 25/03/2014

MP Granite Ltd

Statement of Directors' Responsibilities

Period ended 31 March 2013

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 accounting 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,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

MP Granite Ltd

Independent Auditors' Report to the Members of MP Granite Ltd

We have audited the financial statements of MP Granite Ltd for the period ended 31 March 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2013 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

MP Granite Ltd

Independent Auditors' Report to the Members of MP Granite Ltd (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report



Matthew Mullins (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

26 March 2014

MP Granite Ltd**Profit and Loss Account****for the period ended 31 March 2013**

		31 May 2012 to 31 March 2013 €
Turnover		-
Cost of sales		(7,508)
Gross loss		(7,508)
Distribution costs		-
Administrative expenses		-
Operating loss	2	(7,508)
Interest receivable and similar income		3,505,113
Interest payable and similar charges		(466)
Profit on ordinary activities before taxation		3,497,139
Tax on profit on ordinary activities	5	-
Profit for the financial period		<u>3,497,139</u>

The notes on pages 10 to 14 form part of these financial statements.

All of the activities of the Company are classed as continuing.

The Company has no recognised gains and losses for the period

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial period stated above and their historical costs equivalents.

MP Granite Ltd**Balance Sheet****At 31 March 2013**

	<i>Note</i>	2013 €
Fixed assets		
Investments	6	106,207,311
Current assets		
Debtors	7	67,954,992
Creditors: amounts falling due within one year	8	(7,974)
Net current assets		<u>67,947,018</u>
Total assets less current liabilities		<u><u>174,154,329</u></u>
Capital and reserves		
Called up share capital	9	1
Share premium account	10	170,657,189
Profit and loss account	10	<u>3,497,139</u>
Total shareholders' funds	10	<u><u>174,154,329</u></u>

The notes on pages 10 to 14 form part of these financial statements.

The financial statements on pages 8 to 14 were approved by the Board of Directors on 25/03/2014 and signed on its behalf by:



F Cummins
Director

Company Registration Number: 08090852

MP Granite Ltd**Notes to the Financial Statements****Period ended 31 March 2013**

1. Accounting policies**Basis of preparation**

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The accounting policies have been applied consistently, other than where new policies have been adopted.

The Company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare group financial statements. The parent undertaking of the smallest group for which group financial statements are prepared, and of which the Company is a member, is DH Publishing L.P. registered in the Cayman Islands.

Going concern

MP Granite Ltd was incorporated on 31 May 2012. MP Granite Ltd has made a profit for the financial period of €3,497,139 and has net current assets of €67,947,018 and total assets less current liabilities of €174,154,329 at the reporting date.

The Company operates as part of DH Publishing L.P. group ("the Group") and has provided a guarantee to the Group's lender; as such the Company is affected by the terms of the Group's banking facilities. The continued availability of existing bank facilities requires the Group to comply with the covenants set out in those bank facilities.

The strong group balance sheet combined with continued strong operating performance means that the Group is able to meet its ongoing working capital needs and its current debt service obligations under the finance facility agreements for a period of more than twelve months from the date of approval of these financial statements.

The directors of the group have prepared consolidated Group financial projections for a period of more than twelve months from the date of approval of these financial statements.

After considering the financial projections, the directors have concluded that they have a reasonable expectation that the Company has adequate resources to continue as a going concern for the foreseeable future and as a result have prepared these financial statements on a going concern basis.

Cash flow statement and related party disclosures

At the balance sheet date the Company was a wholly owned subsidiary of DH Publishing L.P. and is included in the consolidated financial statements of DH Publishing L.P. which can be requested from 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands. Consequently the Company has taken exemption from preparing the cash flow statement under the terms of FRS 1 (revised 1996). The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the DH Publishing L.P. group or investees of the DH Publishing L.P. group.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Investments

Fixed asset investments are shown at cost less amounts written off for impairment.

MP Granite Ltd

Notes to the Financial Statements (continued)

Period ended 31 March 2013

2. Profit on ordinary activities before taxation

**31 May 2012 to
31 March 2013
€**

Profit on ordinary activities before taxation is stated after charging.

Auditors' remuneration - audit of these financial statements

-

Amounts receivable by the Company's auditors and their associates have been borne by EMI Music Publishing Limited.

3. Directors' emoluments

The newly appointed directors were remunerated by a member of the US Group for their services to the Group as a whole

4. Staff costs

The Company had no employees.

MP Granite Ltd**Notes to the Financial Statements (continued)****Period ended 31 March 2013****5. Tax on profit on ordinary activities****Analysis of charge in the period**

	2013 €
Current tax:	
UK Corporation tax based on the results for the period at 24%	839,313
Group relief received	(839,313)
	<hr/>
Total current tax	-
	<hr/>

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 24%.

	2013 €
Profit on ordinary activities before taxation	3,497,139
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Current tax at 24%	839,313
Group relief received	(839,313)
	<hr/>
Total current tax	-
	<hr/>

Factors that may affect future tax charges

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.

On 3 July 2012, the legislation of the reduction of UK corporation tax rate to 23 per cent from 1 April 2013 was substantially enacted.

On 20 March 2013, a resolution was passed by Parliament to reduce the main UK corporation tax rate to 20 per cent from 1 April 2015.

On 17 July 2013, the legislation of the reduction of UK corporation tax rate to 21 per cent from 1 April 2014 was substantially enacted. None of the above changes are reflected in the above calculation.

MP Granite Ltd**Notes to the Financial Statements (continued)****Period ended 31 March 2013****6. Fixed asset investments**

	Shares in group undertakings €
Cost	
At 31 May 2012	-
Additions	106,207,311
At 31 March 2013	106,207,311
Net book value	
At 31 March 2013	106,207,311
At 31 May 2012	-

Shares in group companies as listed above relate to 100% of the ordinary shares of EMI MP Italy, EMI MP Malaysia and EMI MP Netherlands. EMI MP Italy, EMI MP Malaysia and EMI MP Netherlands are registered and operate in Italy, Malaysia and the Netherlands, respectively, and their activities are that of music publishing.

In the opinion of the directors, the aggregate value of interests consisting of shares in the balances with subsidiary undertakings is not less than the amounts at which those investments are stated in the balance sheet.

7. Debtors

	2013 €
Amounts owed by group undertakings	67,954,992

Amounts owed by group undertakings are unsecured, subject to interest and either are repayable on demand or payable on 29 June 2014

8. Creditors: amounts falling due within one year

	2013 €
Amounts owed to group undertakings	7,974

Amounts owed to group undertakings are unsecured, subject to interest, have no fixed date of repayment and are repayable on demand.

MP Granite Ltd**Notes to the Financial Statements (continued)****Period ended 31 March 2013****9. Called up share capital****Allotted and fully paid:**

	2013 Number	€
1 Ordinary share of €1 each	<u>1</u>	<u>1</u>

10. Reconciliation of movements in shareholders' funds and reserves

	Called up share capital €	Share premium account €	Profit and loss account €	Total shareholders' funds €
At 31 May 2012	1	-	-	1
Profit for the financial period	-	-	3,497,139	3,497,139
Premium on share issues, less expenses	-	170,657,189	-	170,657,189
At 31 March 2013	<u>1</u>	<u>170,657,189</u>	<u>3,497,139</u>	<u>174,154,329</u>

11. Ultimate parent company

The ultimate parent undertaking and controlling party of the Group is DH Publishing L.P., a partnership registered in the Cayman Islands.

The Company's immediate parent undertaking is BW Publishing Limited, a company registered in England and Wales

The parent undertaking of the largest and smallest group to consolidate these financial statements is DH Publishing L.P

The address from which the financial statements can be requested is DH Publishing L.P., 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands