

LINDGATE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2003



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Company no 2727708

LINDGATE LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2003

Company no: 2727708

Registered office: 120 Ber Street
Norwich
Norfolk
NR1 3ES

Directors: G M Dacre
B K Fawcett

Secretary: G M Dacre

Bankers: Bank of Scotland
3 Queen Street
Norwich
Norfolk
NR2 4SG

Solicitors: Mills and Reeve
1 St James Court
Whitefriars
Norwich
Norfolk
NR3 1RU

Auditors: Grant Thornton
Registered Auditors
Chartered Accountants
Holland Court
The Close
Norwich
Norfolk
NR1 4DY

LINDGATE LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2003

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LINDGATE LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 December 2003.

Directors

The directors who served during the year and their interests in the issued share capital of the company at the beginning and end of year were as follows:

	Ordinary shares of £1 each	
	31 December 2003	1 January 2003
G M Dacre	-	-
B K Fawcett	-	-

The interests of the directors in the shares of the ultimate parent undertaking are shown in the financial statements of that company.

Principal activity

The company commenced trading as a Porsche motor dealership on 1 May 2003 as a result of the transfer of trade from a fellow subsidiary, Lindbrook Limited. This transfer was made to consolidate the Porsche dealership business in one company. The company undertakes the purchase, sale and repair of motor vehicles and other ancillary services.

Change of parent undertaking

The 100% shareholding in Lindgate Limited was transferred from Lind Limited to Lind Automotive Group Holdings Limited on 6 March 2003.

Business review

The company commenced trade on 1 May 2003 as a Porsche dealership in Kent.

The dealership will relocate to a new purpose built site during 2004 to enhance its long term performance and profitability.

The results for the year are set out on page 5.

The retained profit for the year of £358,133 (2002: £Nil) has been taken to reserves. The directors do not recommend the payment of a dividend.

Directors' responsibilities for the financial statements

United Kingdom company law requires the directors to prepare financial statements 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 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
- state whether applicable 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

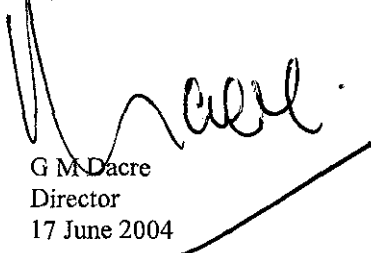
LINDGATE LIMITED

REPORT OF THE DIRECTORS

Auditors

The company has, by elective resolution, dispensed with the obligation to appoint auditors annually in accordance with Section 386(1) of the Companies Act 1985. Therefore the auditors, Grant Thornton, will be deemed to be re-appointed for each succeeding financial year. On 1 July 2004, the Grant Thornton partnership will convert to a limited liability partnership called Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the directors intend to consent to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

ON BEHALF OF THE BOARD



G M Dacre
Director
17 June 2004

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LINDGATE LIMITED

We have audited the financial statements of Lindgate Limited for the year ended 31 December 2003 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 17. 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 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 the directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards 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 United Kingdom auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

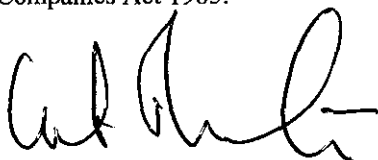
Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

NORWICH
17 June 2004

LINDGATE LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

There is no requirement under Financial Reporting Standard 1 to prepare a cash flow statement on the basis that the company is a wholly owned subsidiary of Lind Automotive Group Holdings Limited and the group's consolidated financial statements include a cash flow statement.

TURNOVER

The turnover for the year is attributable to the purchasing, selling and repairing of motor vehicles and other ancillary services, excluding VAT and trade discounts.

STOCKS

Stocks are valued at the lower of cost and net realisable value.

Under supply agreements with Porsche, the company has access to "consignment stock". Where the nature of these supply agreements transfer the risks and rewards to the company, which in substance gives the company control over the stock during the consignment period and liabilities in respect of holding costs, the company recognises these stocks in the balance sheet together with the equivalent liability.

PENSIONS

The company contributes to a group personal pension plan for individuals and the contributions are accounted for in the period to which they relate.

DEFERRED TAXATION

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. In accordance with Financial Reporting Standard 19, provision is made for deferred tax in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised when it is more likely than not that the deferred tax asset will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. Deferred tax balances are not discounted.

RELATED PARTY TRANSACTION

The company has taken advantage of the exemptions available under Financial Reporting Standard 8 whereby subsidiary undertakings do not have to disclose intra group transactions if 90% or more of their shares are controlled within the group.

LINDGATE LIMITED**PROFIT AND LOSS ACCOUNT**For the year ended 31 December 2003

	Note	2003 £	2002 £
Turnover	1	13,177,366	-
Cost of sales		(11,584,289)	-
Gross profit		1,593,077	-
Administrative expenses		(1,025,309)	-
Operating profit	2	567,768	-
Interest payable and similar charges	3	(41,067)	-
Profit on ordinary activity before taxation		526,701	-
Tax on profit on ordinary activity	5	(168,568)	-
Retained profit for the financial year	12	358,133	-

The profit and loss accounts have been prepared on the basis that all operations are continuing.

There are no recognised gains and losses other than those passing through the profit and loss accounts.

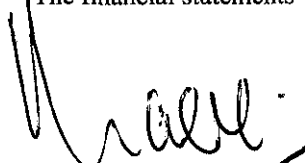
The accompanying accounting policies and notes form an integral part of these financial statements.

LINDGATE LIMITED

BALANCE SHEET AT 31 DECEMBER 2003

	Note	£	2003 £	£	2002 £
Fixed assets					
Tangible assets	6		16,654		-
Current assets					
Stocks	7	2,386,823		-	
Debtors	8	524,460		2	
Cash at bank and in hand		96,728		-	
			3,008,011	2	
Creditors: amounts falling due within one year	9	(2,666,530)		-	
Net current assets			341,481		2
Net assets			358,135		2
Capital and reserves					
Called up share capital	11		2		2
Profit and loss account	12		358,133		-
Equity shareholder's funds	13		358,135		2

The financial statements were approved by the board of directors on 17 June 2004


G M Dacre Director

The accompanying accounting policies and notes form an integral part of these financial statements.

LINDGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

1 TURNOVER

The turnover for the year is attributable to the purchasing, selling and repairing of motor vehicles and other ancillary services wholly undertaken in the United Kingdom.

2 OPERATING PROFIT

Operating profit is stated after charging:

	2003 £	2002 £
Auditors' remuneration - audit services	3,900	-
- non audit services	800	-
Operating lease rentals - other	6,768	-
	<u> </u>	<u> </u>

3 INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
Bank charges	437	-
Other charges	40,630	-
	<u> </u>	<u> </u>
	41,067	-
	<u> </u>	<u> </u>

4 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2003 £	2002 £
Wages and salaries	467,517	-
Social security costs	73,819	-
Other pension costs (note 14)	20,869	-
	<u> </u>	<u> </u>
	562,205	-
	<u> </u>	<u> </u>

LINDGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

DIRECTORS AND EMPLOYEES (CONTINUED)

The average number of employees (including directors) during the year was:

	2003 Number	2002 Number
Mechanical	6	-
Sales and distribution	7	-
Administration	17	-
	<u>30</u>	<u>-</u>

The directors received no emoluments from the company during the year (2002: £Nil).

5 TAXATION

(a) The taxation charge for the year is made up as follows:

	2003 £	2002 £
Corporation tax		
UK corporation tax (at 30%)	179,288	-
	<u>179,288</u>	<u>-</u>
Deferred tax		
Current year (note 10)	(10,720)	-
	<u>168,568</u>	<u>-</u>

(b) Factors affecting the tax charge for the year:

	2003 £	2002 £
Profit on ordinary activity before tax	526,701	-
	<u>526,701</u>	<u>-</u>
Profit on ordinary activity multiplied by standard rate of corporation tax in the UK of 30%	158,010	-
Effects of:		
Expenses not deductible for tax purposes	10,558	-
Differences between capital allowances and depreciation	227	-
Other timing differences	10,493	-
	<u>179,288</u>	<u>-</u>
Current tax charge for year (note 5(a))	179,288	-

LINDGATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2003

6 TANGIBLE FIXED ASSETS

	Asset in the course of construction £
Cost	
At 1 January 2003	-
Additions	16,654
At 31 December 2003	16,654
Depreciation	
At 1 January 2003	-
Charge for the year	-
At 31 December 2003	-
Net book value at 31 December 2003	16,654
Net book value at 31 December 2002	-

7 STOCKS

	2003 £	2002 £
Raw materials and consumables	4,529	-
Finished goods and goods for resale	2,382,294	-
	2,386,823	-

£948,045 (2002: £Nil) of consignment stock has been included in the total stock figure.

LINDGATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2003

8 DEBTORS

	2003 £	2002 £
Trade debtors	140,965	-
Amount owed by group undertakings	14,093	2
Deferred tax asset (note 10)	10,720	-
Other debtors	68,131	-
Prepayments and accrued income	290,551	-
	<u>524,460</u>	<u>2</u>

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Payments received on account	432,694	-
Trade creditors	285,675	-
Consignment stock	948,045	-
Amounts owed to group undertakings	615,359	-
Corporation tax	137,888	-
Other taxes and social security costs	90,335	-
Other creditors	2,774	-
Accruals and deferred income	153,760	-
	<u>2,666,530</u>	<u>-</u>

The consignment stock finance creditor is secured against the relevant vehicle stocks.

LINDGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

10 DEFERRED TAXATION

	£
Balance at 1 January 2003	-
Credit for the year (note 5(a))	10,720
Balance at 31 December 2003 - deferred tax asset (at 30%)	10,720

The deferred tax asset in the financial statements consists of:

	Provided		Not provided	
	2003	2002	2003	2002
	£	£	£	£
Depreciation in excess of capital allowances	227	-	-	-
Other timing differences	10,493	-	-	-
	10,720	-	-	-

11 CALLED UP SHARE CAPITAL

	2003	2002
	£	£
Authorised 2 ordinary shares of £1 each	2	2
Allotted, called up and fully paid 2 ordinary shares of £1 each	2	2

12 STATEMENT OF MOVEMENTS ON RESERVES

	Profit and loss account £
Balance at 1 January 2003	-
Retained profit for the year	358,133
Balance at 31 December 2003	358,133

LINDGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2003 £	2002 £
Profit for the financial year	358,133	-
Opening equity shareholder's funds	2	2
Closing equity shareholder's funds	358,135	2

14 PENSION COSTS

The company contributes to a group personal pension plan for individuals. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge for the year was £20,869 (2002: £Nil). At 31 December 2003 the company had outstanding pension contributions of £2,771 (2002: £Nil).

15 CONTINGENT LIABILITY

There is a joint and several liability under a group VAT registration. The total liability at 31 December 2003 was £699,738 (2002: £698,754).

Under a corporate cross guarantee between Lind Automotive Group Holdings Limited and each of the subsidiary companies in the group, the company has guaranteed a bank loan at 31 December 2003 of £14,500,000 (2002: £15,000,000).

16 TRANSACTIONS WITH RELATED PARTIES

The company is controlled by G M Dacre, who has a controlling interest in the share capital of the parent undertaking, Lind Automotive Group Holdings Limited.

During the year the company purchased from or sold vehicles to the following directors:

	2003		2002	
	Sales £	Purchases £	Sales £	Purchases £
G M Dacre	150,555	63,756	-	-
B K Fawcett	69,805	69,805	-	-

17 PARENT UNDERTAKING

The parent undertaking is Lind Automotive Group Holdings Limited, a company registered in England and Wales.

Lind Automotive Group Holdings Limited prepares financial statements in which the results of Lindgate Limited are consolidated.