

LINDGATE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2005



LINDGATE LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2005

Company no: 2727708

Registered office: Forest Way
Dereham Road
Costessey
Norwich
Norfolk
NR5 0JH

Directors: G M Dacre
B K Fawcett

Secretary: G M Dacre

Bankers: Bank of Scotland
Third Floor
24 Hills Road
Cambridge
CB2 1JW

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

LINDGATE LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2005

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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 2005.

Principal activity

The principal activity of the company continued to be that of operating a motor dealership.

Business review

The company operates a Porsche dealership in Tonbridge, Kent.

The results for the year are set out on page 6.

The profit for the year of £679,486 (2004: £327,417) has been taken to reserves. The directors do not recommend the payment of a dividend.

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 2005	1 January 2005
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.

Statement of directors' responsibilities

The directors are responsible for preparing the report of the directors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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
- 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 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.

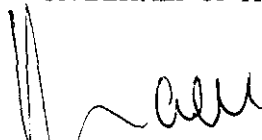
LINDGATE LIMITED

REPORT OF THE DIRECTORS

Auditor

The company has, by elective resolution, dispensed with the obligation to appoint an auditor annually in accordance with Section 386(1) of the Companies Act 1985. Therefore the auditor, Grant Thornton UK LLP, will be deemed to be re-appointed for each succeeding financial year.

ON BEHALF OF THE BOARD



G.M Dacre
Director

28 April 2006

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBER OF LINDGATE LIMITED

We have audited the financial statements of Lindgate Limited for the year ended 31 December 2005 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditor

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with 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 if, in our opinion, the report of the directors 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 the report of the directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.


GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

NORWICH
28 April 2006

LINDGATE LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) 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.

CHANGES IN ACCOUNTING POLICIES

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standards:

- FRS 21 (IAS 10) 'Events after the Balance Sheet date'; and
- FRS 25 (IAS 32) 'Financial Instruments: Disclosure and Presentation'.

FRS 21 (IAS 10) 'Events after the Balance Sheet date'

The adoption of FRS 21 has resulted in a change in accounting policy in respect of proposed equity dividends. If the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognise those dividends as a liability at the balance sheet date. The aggregate amount of equity dividends proposed before approval of the financial statements, which have not been shown as liabilities at the balance sheet date, are disclosed in the notes to the financial statements. Previously, proposed equity dividends were recorded as liabilities at the balance sheet date.

This change in accounting policy has had no impact on the company results for the current year and has not resulted in a prior year adjustment for the company as no dividends were paid or proposed in either the current or preceding year.

FRS 25 (IAS 32) 'Financial Instruments: Disclosure and Presentation'

The adoption of FRS 25 has resulted in a change of accounting policy in respect of the disclosure and presentation of financial instruments. The details of the new accounting policies are given in the section entitled 'Financial instruments' below.

This change in accounting policy has had no impact on the company results for the current year and has not resulted in a prior year adjustment for the company as all financial instruments held remain equity in nature in the current and preceding years.

TURNOVER

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

DEPRECIATION

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset, on a straight line basis over their expected useful lives. The expected useful lives generally applicable are:

Plant and machinery	5-10 years
Fixtures, fittings and equipment	3-5 years
Motor vehicles	3-5 years

LINDGATE LIMITED

PRINCIPAL ACCOUNTING POLICIES

LEASED ASSETS

Payments made under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

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.

FINANCIAL INSTRUMENTS

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Trade and other debtors

Trade and other debtors are recognised and carried forward at invoiced amounts less provisions for any doubtful debts. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand.

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.

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 TRANSACTIONS

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 2005*

	Note	2005 £	2004 £
Turnover	1	31,950,243	21,985,280
Cost of sales		(28,138,573)	(19,338,816)
Gross profit		3,811,670	2,646,464
Administrative expenses		(2,752,716)	(2,076,665)
Operating profit	2	1,058,954	569,799
Interest payable and similar charges	3	(66,470)	(58,825)
Profit on ordinary activity before taxation		992,484	510,974
Tax on profit on ordinary activity	5	(312,998)	(183,557)
Profit for the financial year	13	679,486	327,417

The profit and loss account has 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 account.

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

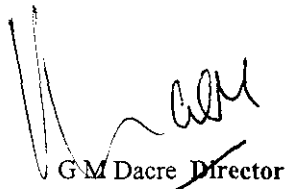
LINDGATE LIMITED

BALANCE SHEET AT 31 DECEMBER 2005

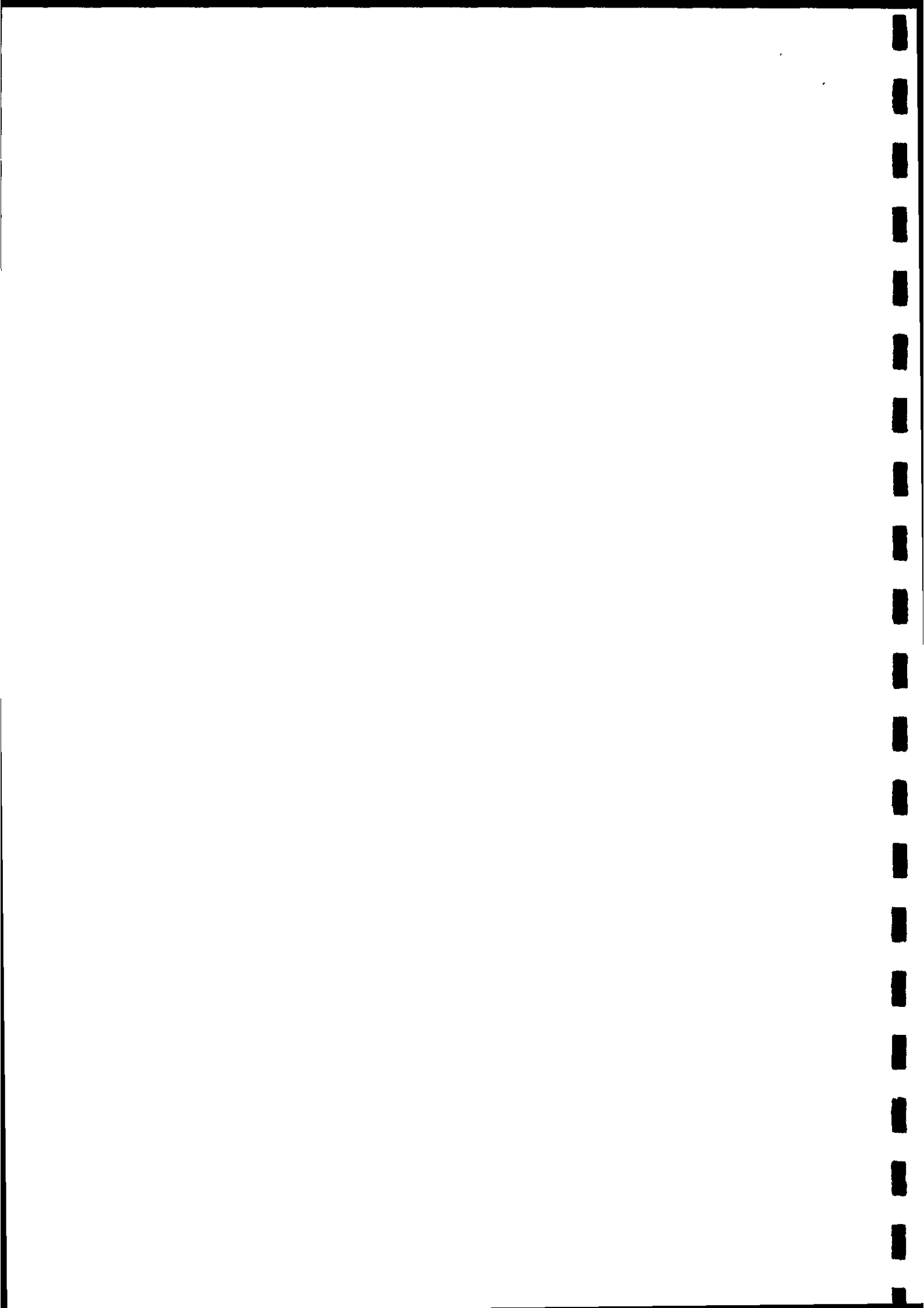
	Note	2005	2004
		£	£
Fixed assets			
Tangible assets	6	404,260	349,339
Current assets			
Stocks	7	3,019,955	3,729,306
Debtors	8	1,203,875	515,237
Cash at bank and in hand		850	650
		<u>4,224,680</u>	<u>4,245,193</u>
Creditors: amounts falling due within one year	9	<u>(2,163,921)</u>	<u>(3,013,303)</u>
Net current assets		<u>2,060,759</u>	<u>1,231,890</u>
Total assets less current liabilities		<u>2,465,019</u>	<u>1,581,229</u>
Creditors: amounts falling due after more than one year	10	<u>(1,083,800)</u>	<u>(890,111)</u>
Provisions for liabilities and charges	11	<u>(16,181)</u>	<u>(5,566)</u>
Net assets		<u>1,365,038</u>	<u>685,552</u>
Capital and reserves			
Called up equity share capital	12	2	2
Profit and loss account	13	1,365,036	685,550
Equity shareholder's funds	14	<u>1,365,038</u>	<u>685,552</u>

Debtors include £149,819 (2004: £121,818) falling due after more than one year.

The financial statements were approved by the board of directors on 28 April 2006.


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 2005

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:

	2005 £	2004 £
Auditor's remuneration - audit services	4,000	4,250
- non audit services	1,000	850
Depreciation	107,238	38,679
Operating lease rentals - land and buildings	186,600	126,786

3 INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £	2004 £
Other charges	66,470	58,825

4 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2005 £	2004 £
Wages and salaries	982,122	976,379
Social security costs	132,964	111,224
Pension costs (note 15)	21,566	23,579
	1,136,652	1,111,182

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

	2005 Number	2004 Number
Mechanical	8	9
Sales and distribution	16	9
Administration	25	19
	49	37

The directors received no emoluments from the company during the year (2004: £Nil).

LINDGATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2005

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

	2005 £	2004 £
Corporation tax		
UK corporation tax (at 30%)	297,782	168,707
Under/(over) provision in previous year	4,601	(1,436)
Current tax charge (note 5(b))	302,383	167,271
 Deferred tax (note 11)		
Current year	15,853	15,386
(Over)/under provision in previous year	(5,238)	900
	312,998	183,557

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

	2005 £	2004 £
Profit on ordinary activity before tax	992,484	510,974
Profit on ordinary activity multiplied by standard rate of corporation tax in the UK of 30% - expected charge	297,745	153,292
Effects of:		
Expenses not deductible for tax purposes	15,889	30,801
Differences between capital allowances and depreciation	(608)	(16,576)
Other timing differences	(15,244)	1,190
Adjustment to tax charge in respect of previous year	4,601	(1,436)
Current tax charge for year (note 5(a))	302,383	167,271

LINDGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

6 TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2005	169,345	207,173	11,500	388,018
Additions	22,809	119,776	19,574	162,159
At 31 December 2005	192,154	326,949	31,074	550,177
Depreciation				
At 1 January 2005	12,247	25,476	956	38,679
Charge for the year	24,273	78,570	4,395	107,238
At 31 December 2005	36,520	104,046	5,351	145,917
Net book value at 31 December 2005	155,634	222,903	25,723	404,260
Net book value at 31 December 2004	157,098	181,697	10,544	349,339

7 STOCKS

	2005 £	2004 £
Raw materials and consumables	9,066	12,232
Finished goods and goods for resale	3,010,889	3,717,074
	3,019,955	3,729,306

£928,873 (2004: £1,620,796) of consignment stock has been included in the total stock figure.

LINDGATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2005

8 DEBTORS

	2005 £	2004 £
Trade debtors	868,266	248,874
Amount owed by group undertakings	149,819	121,818
Prepayments and accrued income	185,790	144,545
	<u>1,203,875</u>	<u>515,237</u>

The amount owed by group undertakings falls due for repayment after more than one year.

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Bank overdraft	8,108	21,032
Payments received on account	399,956	508,900
Trade creditors	172,523	470,108
Consignment stock	928,873	1,620,796
Corporation tax	297,782	63,707
Other taxes and social security costs	110,043	102,868
Other creditors	2,588	2,516
Accruals and deferred income	244,048	223,376
	<u>2,163,921</u>	<u>3,013,303</u>

The bank overdraft is secured by a charge over various property and assets within the overall Bank of Scotland group facility.

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

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2005 £	2004 £
Amounts owed to group undertakings	<u>1,083,800</u>	<u>890,111</u>

LINDGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

11 DEFERRED TAXATION

	£
Balance at 1 January 2005 - deferred tax liability (at 30%)	5,566
Profit and loss account charge	10,615
Balance at 31 December 2005 - deferred tax liability (at 30%)	16,181

The deferred tax balance in the financial statements consists of:

	Provided		Not provided	
	2005	2004	2005	2004
	£	£	£	£
Capital allowances in excess of depreciation	16,957	16,349	-	-
Other timing differences	(776)	(10,783)	-	-
	16,181	5,566	-	-

12 CALLED UP EQUITY SHARE CAPITAL

	2005	2004
	£	£
Authorised 2 ordinary shares of £1 each	2	2
Allotted, called up and fully paid 2 ordinary shares of £1 each	2	2

13 RESERVES

	Profit and loss account £
Balance at 1 January 2005	685,550
Profit for the financial year	679,486
Balance at 31 December 2005	1,365,036

LINDGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

14 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS

	2005 £	2004 £
Profit for the financial year	679,486	327,417
Opening equity shareholder's funds	685,552	358,135
Closing equity shareholder's funds	1,365,038	685,552

15 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 £21,566 (2004: £23,579). At 31 December 2005 the company had outstanding pension contributions of £2,588 (2004: £2,516).

16 LEASING COMMITMENTS

The annual commitments under non-cancellable operating leases comprise liabilities in respect of leasing expiring:

	2005 £	2004 £
Land and buildings		
Within one year	180,000	180,000

Lease commitments payable within one year include payments to be made under informal tenancies notwithstanding the fact that there are no formal lease agreements in place. In previous years these payments were not included, and the comparative figures have been adjusted to incorporate them.

17 CONTINGENT LIABILITY

There is a joint and several liability under a group VAT registration. The total liability at 31 December 2005 was £1,680,812 (2004: £1,289,578).

Under a corporate cross guarantee between Lind Automotive Group Holdings Limited and each of the subsidiary companies in the group, the company has guaranteed total bank borrowings at 31 December 2005 of £26,164,040 (2004: £28,782,292).

18 CAPITAL COMMITMENTS

At 31 December 2005 the company had capital commitments authorised but not contracted amounting to £120,000 (2004: £Nil).

LINDGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

19 ULTIMATE PARENT UNDERTAKING

The ultimate 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.

20 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:

	2005		2004	
	Sales £	Purchases £	Sales £	Purchases £
G M Dacre	175,196	168,818	63,241	86,799
B K Fawcett	43,143	43,143	-	-