

EUROPEAN MOTOR HOLDINGS plc

Company number 122207

Report and Financial Statements 2003



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CONTENTS

2	Group operations
3	Financial highlights
4	Chairman's statement
5	Chief Executive's operating review
8	Finance Director's report
10	Directors and advisers
11	Report of the Directors
14	Directors' remuneration report
17	Corporate governance
19	Report of the independent Auditors
20	Accounting policies
22	Consolidated profit and loss account
23	Balance sheets
24	Consolidated cash flow statement
25	Notes to the financial statements
42	Principal subsidiary undertakings
43	Notice of meeting
45	Form of proxy
47	Business directory
50	Five year summary

GROUP OPERATIONS

The European Motor Holdings group comprises a head office based in Henley-on-Thames and the three operating divisions as set out below.

Motor Retail Division

The Division comprises 41 motor vehicle franchises operating from 35 sites in the United Kingdom as listed below.

Audi	Chester, Sunderland, Tetbury
BMW	Malton, Stockton, Sunderland, York
BMW Motorcycles	Sunderland
DAF	Taunton
Jaguar	Doncaster, Harrogate, Leeds, York
Land Rover	Chester
LDV	Taunton
MG	Chester, Sunderland
MINI	Malton, Stockton, Sunderland, York
Rover	Chester, Sunderland
Vauxhall	Heathrow
Volkswagen	Bebington, Chester, Cirencester, Chiswick, Darlington, Heathrow, Sunderland, Twickenham, Walton-on-Thames, Wrexham
Volvo	Durham, Harrogate, Hexham, Leeds, Newcastle, Stockton, Sunderland

This Division also holds the United Kingdom import and distribution franchise for the Perodua range of cars manufactured in Malaysia and operates motor auctions in Telford and Queensferry.

Motor Services Division

The Division is engaged in the sale, servicing and operation of vehicle washing equipment in the United Kingdom. The principal trading company is Wilcomatic, which is based in Croydon and has a service control centre in Warrington.

Other Businesses

Other businesses comprise J & S Component Engineering based in Rainham and Glasgow, and Packaging Industries in Newton Aycliffe.

FINANCIAL HIGHLIGHTS

	2003	2002
Turnover	£430.0m	£441.1m
Profit after interest but before exceptional items	£11.2m	£10.4m
Profit before taxation	£13.2m	£10.4m
	<hr/>	<hr/>
Earnings per share	18.2p	13.1p
Dividends per share	7.5p	7.0p
	<hr/>	<hr/>
Net assets	£56.8m	£48.5m
Net cash	£5.6m	£8.2m
	<hr/>	<hr/>
Divisional analysis	£m	£m
Motor Retail Division	11.5	10.5
Motor Services Division	1.2	1.0
Other Businesses	0.1	0.1
Head Office	(1.6)	(1.2)
Exceptional items	2.0	-
	<hr/>	<hr/>
Profit before taxation	13.2	10.4
	<hr/>	<hr/>

Financial calendar

17 June 2003
Annual General Meeting

4 September 2003
Payment date of final
dividend

6 August 2003
Ex dividend date for final
dividend

October 2003
Announcement of half year
results

8 August 2003
Record date for final
dividend

December 2003
Payment of interim
dividend

CHAIRMAN'S STATEMENT

The period on which we are reporting has been another record year in terms of the Group's financial performance. It was also significant for the changes in the Group's franchise portfolio.

The Group's profit before tax for the year ended 28 February 2003 was £13.2 million on turnover of £430 million. This compares with profit before tax of £10.4 million and turnover of £441 million in the previous year. Earnings per share were 18.2 pence compared to 13.1 pence. When the exceptional profits on the disposal of businesses and properties are excluded, the Group's profit was £11.2 million, compared to £10.4 million in the previous year and earnings per share were 14.3 pence.

The Group's trading results for the financial year are examined in more detail in the Chief Executive's operating review and the Finance Director's report on pages 5 to 9.

The calendar year 2002 was another excellent trading period for the UK motor retail industry with sales of new cars at an all time high. At the same time, UK interest rates were at their lowest level for many years. These strong trading conditions were beneficial for the Group, enabling us to exceed last year's record trading profits.

The Group's dealership portfolio has changed quite significantly since this time last year. We disposed of all of our Mercedes-Benz car and truck businesses and our Vauxhall dealership in Dartford, and closed our Peugeot dealership in Heswall. Against this we have purchased a BMW dealership in Stockton and Volkswagen dealerships in Bebington and Walton-on-Thames, and have opened a new Volkswagen dealership in Twickenham and a new Volkswagen service facility in Chiswick. As a result of these changes, the Group now operates 41 franchises from 35 sites, compared to 42 franchises from 37 sites at the end of the previous financial year. The Mercedes-Benz dealerships have contributed substantially to the Group's profits in recent years and their disposal means that the year under review includes only four months of trading from those businesses. With the exception of Twickenham Volkswagen, the new dealerships were only acquired in February and March this year. Taking all of this into account, the Group's performance in exceeding last year's trading results is outstanding.

Each of our new dealerships extends an existing territory with one of our chosen core manufacturer partners. This follows the strategy adopted by these manufacturers, which I referred to last year, of developing larger market areas for dealers as the new Block Exemption regulations come into force. We have continued to gain from this strategy as we concentrate on expanding our franchise territories with these manufacturers.

The Group's Motor Services Division also had a good year, with a significant increase in profits due in large part to a very good sales performance and the addition of new service contracts.

In each of the last three years, the Group's profit after interest but before exceptional items has increased, rising from £7.7 million in the year ended 29 February 2000 to £11.2 million in the year under review. This has underpinned our cash generation during that period, resulting in net cash of £5.6 million at the latest year end and continued strengthening of the Group's balance sheet. The Group is therefore well placed to fund future growth.

Your Directors are continuing their practice of increasing the dividend year on year, and are recommending a final dividend of 4.3 pence per share, making a total for the year of 7.5 pence per share, compared with 7.0 pence per share last year, an increase of 7.1%. The final dividend is expected to be paid on 4 September 2003 to shareholders on the register at 8 August 2003.

On behalf of the Board, I would like to thank all of our staff for their continued commitment and hard work during the past year.

Roger Smith
Chairman

29 April 2003

CHIEF EXECUTIVE'S OPERATING REVIEW

Introduction

In the calendar year 2002, the UK's motor retail industry had a record year, with more new cars sold than ever before. Our performance during the financial year ended 28 February 2003 was also a record for the Group.

Our profit before tax increased by 28% to £13.2 million, earnings per share increased by 39% to 18.2p, and our net assets per share rose from 91.1p at the beginning of the period to 107.4p at 28 February 2003. Profit before tax and exceptional items increased from £10.4 million to £11.2 million.

These results are all the more remarkable following the disposal of our Mercedes-Benz car businesses in London in early July 2002 and our Mercedes-Benz truck business in August 2002. The new businesses that we opened and acquired did not make a contribution in the period, but they have already made a profit in the new financial year and we believe that they will make a significant contribution in years to come.

Our exceptional performance over the last five years is detailed below:

	1999	Year ended 28 February			2003
	(11 months)	2000	2001	2002	
Profit before tax	£6.0m	£7.7m	£8.5m	£10.4m	£13.2m
Profit before tax and exceptional items	£5.3m	£7.7m	£8.5m	£10.4m	£11.2m
Earnings per share	7.7p	9.6p	10.5p	13.1p	18.2p
Dividend per share	6.1p	6.1p	6.5p	7.0p	7.5p
Net assets	£41.7m	£43.6m	£45.7m	£48.5m	£56.8m

We are, once again, the most profitable UK quoted motor retail group using return on sales as a benchmark. We believe that this excellent performance has been achieved as a result of our emphasis on strong management, customer service and premium products and we intend to continue with this strategy in the future.

Wilcomatic, our vehicle wash equipment operation, has also performed well and real progress has been achieved in sales, service and retail washing.

Trading

Motor Retail Division

Over the last two years new car sales in the UK have risen by 15%. Sales for the key manufacturer partners that we represent, namely Audi, BMW, Jaguar, Land Rover, Mini, Volkswagen and Volvo, have risen by 35% over the same period. These statistics confirm not only the wisdom of our decision to concentrate on these brands, but also the continuing upward migration of customers into the premium sectors of the market in which we operate. This has been aided by more competitive pricing by motor manufacturers and also by continuing low interest rates.

Our Audi businesses moved forward in profitability terms by 36% with an excellent contribution from our maturing aftersales operations. Audi registrations rose by 16% nationally, whilst sales at our Audi centres rose by 19%. These factors, together with a good customer service performance, ensured a very satisfactory outcome for these businesses for the year. We look forward to the introduction of the new A8 and A3 models in the first half of the current financial year.

Our BMW and Mini businesses had an outstanding year, with operating profits on existing businesses increasing by 38%. In March 2003, our Malton dealership achieved the third best BMW customer service score in the UK. The further development of our motor cycle business in Sunderland and our finance operations aided outstanding sales and after sales performances. BMW sales increased nationally by 2%, whilst registrations within our BMW businesses increased by 4%.

Our three existing Mini businesses sold 735 new Minis in the year, which was the first full year of sales for this exciting new brand, an increase in volume of 136% over last year, which was slightly ahead of the national increase in registrations.

CHIEF EXECUTIVE'S OPERATING REVIEW

(Continued)

Our increase in Jaguar registrations of 20% was slightly behind the national figure of 23%. However, our Jaguar businesses moved forward considerably in the year, with profitability increasing by 42%. Our customer service scores continued to rise and we were the joint top performing group in Jaguar's most recent survey with one of our dealerships, York, being the second best performing Jaguar dealer in the UK. These businesses are well set to continue with sales and profit growth, particularly following the recent launch of the new XJ saloon.

Whilst we currently have only one Land Rover dealership, this business, based in Chester, was the third largest Land Rover business in the UK in terms of new vehicle sales for the year ended 31 December 2002. Our registrations increased by 7% compared to a national rise of 3% and profitability improved by 29% during the year under review.

Overall the profitability of our Volkswagen businesses fell in the year as a result of the opening and acquisition of new branches. These new businesses further extend two market areas, in South West London and the North West, and will assist us in future years in achieving profitable growth with this franchise. Our established businesses performed well, with profitability increasing by 28% and registrations increasing by 3% in line with the national increase in registrations for Volkswagen. The first half of this financial year sees the arrival of the new Volkswagen luxury products, the Phaeton and the Touareg, which we believe will have an important impact on the market in the months to come.

Our like for like Volvo registrations were marginally down on last year in a period when national registrations increased by 1%. Our profitability increased by 4%, reflecting an improvement in our new areas of operation, where start up costs continue to affect our performance. We continue to maintain our excellent customer service programme with Volvo. The new financial year has started well, with exceptional demand for the XC90 off road vehicle which is already creating a 'halo' effect for the rest of the Volvo range.

Our auction business performed very well, increasing its profits by 40%. This business is an extremely valuable part of the Division, not only generating healthy profits, but providing all our motor retail businesses with valuable intelligence which helps us to trade more profitably and effectively.

Perodua, our vehicle import operation, had its first full year of the Kelisa model. Wholesales for the year were 5% higher than last year, but margins were reduced as a result of strong competition in the segment. The Kelisa is judged by CAP Monitor to be the most cost effective new car in the UK to run and is also one of the most environmentally friendly. Whilst legislation concerning End of Life Vehicles has yet to be concluded, in anticipation of future scrapping requirements, we have made provision to cover potential costs on past sales and will continue to do this on all future sales.

Motor Services Division

Wilcomatic had a good year, with operating profits rising by 24% to £1.0 million. We have increased the number of service contracts in place in the year and, following investment in new technology, have become even more efficient in the way we carry out our service work. Additionally, we have sold more high value wash systems than ever before. Success in these areas has more than offset the results of the retail washing operation.

The market for vehicle washing in the UK is changing. Whilst a robust market for conventional 'rollover' car washes will remain, large conveyor systems, which have dominated the market for many years in the USA, are starting to become established in the UK. These systems can wash cars more quickly and, in the case of the systems we supply, use cloth rather than brushes to clean cars. The Division has been pioneering this change with its investment in the 'Ocean' wash systems that we operate on five Asda superstore sites. Whilst we believe that these sites will take at least two years to reach maturity, substantial progress has been made in increasing wash volumes, particularly in the second half of the year under review, and four of the sites had achieved above break even monthly results by the year end. We therefore expect a significant turnaround in the results of this operation in the next year.

CHIEF EXECUTIVE'S OPERATING REVIEW

(Continued)

Business development

The changes in the 'Block Exemption' regulations within the European Union that I referred to in my statement last year have prompted extensive actions from our motor manufacturer partners. Partly as a result of these changes, we have so far benefited by increasing our representation with BMW/Mini and Volkswagen and expect that we will further benefit in the coming year with additions to our Premier Automotive Group businesses.

In February 2003, we acquired for £7.5 million a BMW and Mini dealership in Stockton. This business fits perfectly with our BMW businesses in North Yorkshire and Sunderland, forming a contiguous territory with existing operations. Included within the consideration was a goodwill payment of £2.0 million, representing less than two years' historical profits based on statutory accounts for the year ended 31 December 2002. We anticipate a strong performance from this business following the introduction of the standards and controls currently operating so effectively in our existing BMW businesses. We are also currently finalising our plans for a new operation with BMW and Mini which we hope will be trading within the next 12 to 18 months. We continue to be extremely optimistic about both the BMW and Mini brands going forward, particularly when their product plans over the next three years are taken into consideration. In the current financial year, we have the launch of the new '5' series, the Z4, the new '6' series, very important additions to the '7' series range, plus upgrades to other models.

We have completed a market area for Volkswagen in the North West with the addition of Dane Wirral in Bebington to our established operations in Chester and Wrexham. In the South, we have added businesses in Chiswick, Twickenham and, more recently, Walton-on-Thames to our South West London territory. In the years ahead, we have significant potential to exploit this market area, which also includes a sales operation in Chiswick and a dealership in Heathrow which was acquired last year. Further growth is anticipated in the current financial year to complete this key strategic territory. The new luxury products that I referred to earlier will be sold through both our Chester and Twickenham operations. I am sure that those cars, together with the Touran, the new people carrier, will help us towards further progress with Volkswagen in the new financial year.

Our future representation position with Audi is still not finally resolved; however, we remain hopeful, as strong performers in all three of our Audi centres, that we will move forward with the brand in the coming year.

We have been in talks with Premier Automotive Group for some time about expanding our representation with their franchises and we hope to be able to announce a major new area of operation for those franchises during the first half of this financial year. The new Jaguar and Land Rover products that have been launched in the last year continue to capture market share and additions to their established ranges of cars will continue to help to consolidate Premier Automotive Group's market position.

Conclusion

We have had an outstanding year, with all parts of our core businesses moving forward. The new year has started well, interest rates look set to remain at low levels and, as demand for the brands that we represent continues to grow, we remain confident of further progress this year.

Richard Palmer
Chief Executive

29 April 2003

FINANCE DIRECTOR'S REPORT

Financial review

As stated in the Chief Executive's operating review, the Group's profit on ordinary activities before tax for the year ended 28 February 2003 was £13.2 million compared to £10.4 million in the previous year. This year's result includes exceptional profits of £0.3 million relating to the disposal of a number of businesses, principally those operating Mercedes-Benz franchises following Mercedes-Benz's decision to acquire all retail operations in London. As reported in the Interim Statement, this figure comprises profits on disposal of businesses of £4.0 million (the main element of which was the Territory Release Payment received in respect of the termination of our Mercedes-Benz passenger car franchises), less goodwill of £3.7 million originally written off to reserves on the acquisition of the dealerships now sold. The goodwill write off is matched by a corresponding release from reserves, so there is no effect on shareholders' funds in the period, and the disposals have therefore made a significant contribution to our £8.3 million increase in net assets.

The Group's profit before tax also includes exceptional net profits of £1.7 million arising on the disposal of a leasehold property in Newcastle-upon-Tyne and a freehold property in Gateshead for a combined consideration of £2.6 million. Whilst the latter of these two properties was surplus to Group requirements, we intend to replace the former in order to improve our Volvo representation by consolidating our two former operations onto one site. We are well advanced in securing a property for this purpose.

Excluding all of these exceptional items, the Group's underlying trading profit was £11.2 million, compared to £10.4 million last year. Thus, notwithstanding the reduction in contribution from our Mercedes-Benz operations following disposal of the businesses, we have not only succeeded in replacing those earnings but have also achieved an 8% increase in underlying profits in the period. This is particularly gratifying in a period when we have also made substantial investments in new businesses which will only make a contribution in years to come.

The Group's effective tax rate in the year ended 28 February 2003 was 28%. However, this is distorted by the tax treatment of the exceptional profits, for which rollover relief is available. When these items are excluded, the effective tax rate for the year is 33%, slightly higher than last year's rate of 32%.

Earnings per share for the year were 18.2p compared to 13.1p last year. Excluding exceptional items, the figure for this year is 14.3p, an increase of 9.2%. The Board is recommending a final dividend of 4.3p per share, bringing the full year's dividend to 7.5p. This represents a 7.1% increase on last year's total dividend of 7.0p per share. Dividend cover, excluding exceptional items, for the year is 1.9 times, the same as last year.

The net effect on turnover of branches opened and closed in the year is a reduction of £43 million. Against this, higher new and used car volumes and increases in the average prices of cars sold within our continuing businesses, together with a higher turnover on machine sales within the Motor Services Division, have resulted in increased turnover for those businesses of £32 million. The net result of all of the above is a decrease in Group turnover of £11 million.

Operating profit has increased to 2.5% of turnover, compared to 2.4% last year and the Group continues to be one of the most profitable in the industry.

Increased profits and higher average net cash balances, offset by lower interest rates, have resulted in net interest receivable (excluding new vehicle stocking interest) for the year of £0.3 million, compared with a small interest charge last year.

As evidenced by the balance sheet, the Group continues to be in a very strong financial position. Shareholders' funds have increased by £8.3 million to £56.8 million at 28 February 2003. During the year, we have invested £6.8 million in capital expenditure, principally represented by new sites for our Volkswagen franchises in Chiswick and Twickenham and our Volvo franchise in Harrogate, the purchase of the freehold of our Jaguar site in Doncaster, further investment in the retail washing sites at Asda supermarkets and the relocation of the Group's head office following the disposal of our Mercedes-Benz businesses. The proceeds of the disposal of fixed assets amounted to £2.8 million, relating primarily to the property disposals referred to above. The net proceeds of the businesses disposed of during the year amounted to £6.8 million and we have invested £7.8 million in the acquisition of new businesses in the same period.

During the year, the Company purchased 1,365,000 of its own shares in the market for cancellation, whilst 959,000 shares were issued in respect of the exercise of options. The net cash outflow from these transactions amounted to £1.1 million.

FINANCE DIRECTOR'S REPORT

(Continued)

The growth of our existing businesses required an increase of £2.9 million in working capital during the period. Payments in respect of taxation and dividends in the year amounted to £7.5 million and there has been a net repayment of £1.1 million in respect of finance leases and letters of credit during the year. The net effect of these cash flows and of the £13.6 million operating profit (after adding back depreciation and amortisation) in the year is a net cash outflow of £3.7 million. This leaves the Group with a healthy net cash balance of £5.6 million at 28 February 2003, compared with £8.2 million at the previous year end.

The Group's net cash position at the year end is not representative of the year as a whole because, immediately prior to a month with a registration plate change, used vehicle stocks and vehicle debtors are lower than at other times of the year and we are in receipt of deposits on cars being prepared for sale in March. Nevertheless, we remain extremely well placed to expand the Group whilst retaining low borrowing levels.

The principal elements of our borrowings are a loan from a finance house and leasing obligations in respect of demonstrator vehicles and certain dealership refurbishments. Most utilised borrowings are repayable either on demand or within the current calendar year, although some leases in respect of fixed assets have five or ten year terms. In addition, the Group has substantial banking facilities which were unutilised at the balance sheet date.

The transitional arrangements for FRS 17: Retirement Benefits continue to apply and full implementation will not be mandatory in the Group's financial statements until the year ending 28 February 2006. However, FRS 17 requires certain disclosures in respect of pension schemes to be made in a note to the financial statements. Pension schemes are designed to operate over a long period, but the valuation rules of FRS 17 mean that short term fluctuations in the stock market will have significant effects on the valuation of pension schemes for the purposes of these disclosures. The next actuarial valuation of the Group's defined benefit scheme (which was closed to new members many years ago) is due as at 5 April 2003 and is currently being progressed. In view of the FRS 17 valuation of the scheme, there is a likelihood that the Group will have to recommence contributions to the scheme. Provision is being made for this with effect from 1 March 2003 pending finalisation of the actuarial valuation.

Financial instruments

Where considered appropriate, the Group uses financial instruments, including derivatives (forward foreign exchange currency contracts), to raise finance for the Group's operations. The purpose of these transactions is to manage the currency risks arising from the Group's operations and its sources of finance. It is the Group's policy that no trading in financial instruments is undertaken.

The main financial risks faced by the Group relate to interest and exchange rates and liquidity. The Board reviews and agrees policies for managing these risks and they are summarised below. These policies have remained in place throughout the period under review.

The Group finances its operations through a mixture of equity, retained profits and borrowings from banks and finance houses. The Group borrows at floating rates of interest, which are negotiated at advantageous rates. There are no fixed rate borrowings and no derivatives in place in respect of interest rates. Given the relatively benign outlook for UK interest rates and the Group's ability to generate interest on its cash balances, the Board considers that the Group's exposure to adverse movements in base rates is a low risk position.

The Motor Services Division purchases car wash machinery and associated supplies from Germany and the United States of America, which are invoiced and paid for in Euros and US dollars respectively. The Group's policy is to manage currency exposures on purchases through forward currency contracts when market conditions permit. All purchases of motor vehicles and spare parts, including those from Malaysia, are denominated in sterling.

As regards liquidity, the Group's policy is to maintain a balance between committed and uncommitted facilities and between term loans and overdrafts.

Ann Wilson
Finance Director

29 April 2003

DIRECTORS AND ADVISERS

Directors	Non executive Chairman Chief Executive Finance Director Non executive Director	Roger Smith Richard Palmer Ann Wilson ACA Roger Abrahams
Secretary	Mark Beacham FCA	
Registered office	Craigmore House Remenham Hill Henley-on-Thames Oxon RG9 3EP	
Registered number	122207	
Auditors	Grant Thornton Grant Thornton House Melton Street Euston Square London NW1 2EP	
Solicitors	Norton Rose Kempson House Camomile Street London EC3A 7AN	
Stockbrokers	Investec 2 Gresham Street London EC2V 7QP Brewin Dolphin Securities Limited PO Box 512 National House 36 St Ann Street Manchester M60 2EP	
Principal bankers	Svenska Handelsbanken AB (publ) Trinity Tower 9 Thomas More Street London E1W 1GE Bank of Scotland West End Business Centre St James's Gate 14-16 Cockspur Street London SW1Y 5BL	
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	

REPORT OF THE DIRECTORS

The Directors present their report together with the audited financial statements for the year ended 28 February 2003.

Activities

The Group's principal activities are the operation of motor retail franchises and the sale, servicing and operation of vehicle washing equipment.

The Group's business, its position at the balance sheet date and future developments are reviewed in the Chairman's statement, the Chief Executive's operating review and the Finance Director's report on pages 4 to 9.

Results and dividends

The profit on ordinary activities before taxation for the period amounted to £13,231,000 (2002, £10,368,000).

The Directors recommend a final dividend in respect of the year ended 28 February 2003 of 4.3 pence per share (2002, 4.0 pence). An interim dividend of 3.2 pence per share (2002, 3.0 pence) was paid during the year, making a total of 7.5 pence per share (£3,965,000) for the year (2002, 7.0 pence per share, £3,745,000).

Directors

- (a) The Directors in office at the date of this report are set out on page 10. All served on the Board throughout the year.

Miss A C Wilson and Mr R G Abrahams retire by rotation and, being eligible, offer themselves for re-election.

Miss Wilson sits on the Remuneration Committee when the Chief Executive's remuneration is being discussed. She has a service contract with the Company with a notice period and an unexpired period of two years. Miss Wilson, 47, joined the Board as Finance Director in January 1991. Prior to joining the Company, she was a partner in Grant Thornton, Chartered Accountants.

Mr Abrahams is a member of the Audit Committee and the Remuneration Committee. He does not have a service contract with the Company. Mr Abrahams, 54, is managing partner of Salans, an international law firm, and has extensive experience in property, commercial, finance and franchise law. Mr Abrahams was appointed to the Board in June 1999.

- (b) The interests of the Directors in the ordinary shares of the Company are shown below:

	Beneficial			
	28 February 2003		1 March 2002	
	Shares	Options	Shares	Options
R J Smith	400,000	—	300,000	—
R T Palmer	500,000	865,000	455,843	965,000
A C Wilson	356,606	865,000	332,606	965,000
R G Abrahams	—	—	—	—

At the date of this report, the Directors' interests were as follows:

	Shares	Options
R J Smith	400,000	—
R T Palmer	500,000	865,000
A C Wilson	356,606	865,000
R G Abrahams	—	—

Details relating to Directors' share options are set out in the Directors' remuneration report on pages 14 to 16.

REPORT OF THE DIRECTORS

(Continued)

Directors' responsibilities for the financial statements

Company law in the United Kingdom 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 the Group and of the profit or loss of the Group 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.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Personnel

The Group endeavours to keep its employees as fully informed as practicable about the Group's affairs. Employees are made aware of the Group's financial performance and are encouraged to contribute to the development of the business.

The Group gives full consideration to the employment of disabled persons, having regard to the respective abilities and skills of the applicant concerned, and whenever possible the Group continues to retain employees who become disabled whilst employed by the Group. The Group's policy is that the training, career development and promotion of disabled persons should, as far as possible, be the same as for all other employees.

Policy on the payment of creditors

It is the Group's policy to settle the terms of payment with all its suppliers when agreeing the terms of transactions, to ensure that suppliers are aware of the terms of payment, and to abide by the agreed terms of payment. At 28 February 2003 the Group's outstanding purchase ledger balances represented 38 days' purchases (2002, 41 days).

Donations

The Group made no charitable or political donations during the year.

Substantial shareholdings

At the date of this report, the Directors had been notified of the following disclosable interests of 3 per cent or more in the issued share capital of the Company:

	Number of shares held	%
Jupiter Asset Management Limited	6,799,688	12.9
Standard Life Investments Limited	3,799,708	7.2
UBS Global Asset Management Holding (No 2) Limited and UBS Global Asset Management Life Limited	3,713,914	7.0
Trefick Limited	2,775,118	5.2
Fidelity International Limited	2,680,400	5.1
Artemis Smaller Companies Fund	2,550,000	4.8

REPORT OF THE DIRECTORS

(Continued)

Purchase of own shares

During the year the Company purchased in the market for cancellation 1,365,000 ordinary shares with a nominal value of 40p each, representing 2.6% of the Company's called up share capital at 1 March 2002, at a cost of £1,986,000 as part of a programme for returning excess capital to shareholders. At 28 February 2003 the Company had an unexpired authority to repurchase further shares up to a maximum of 7,459,859 ordinary shares.

Annual General Meeting

A resolution will be put to the Annual General Meeting to renew the authority for the Company to purchase up to a maximum of 14% of the issued share capital of its ordinary shares. The price offered for the shares will not be more than 105% of the average of the market values for the ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the five business days before the day on which the purchase is made, nor less than 40p (the nominal value of the share). The authority will expire at the conclusion of the Annual General Meeting of the Company to be held in 2004. The authority will only be exercised if to do so would be in the best interests of shareholders generally. At the date of this report, there are outstanding 1,225,000 share options under the Company's 1990 Share Option Scheme and 1,360,000 share options under the Company's 2001 Unapproved Share Option Scheme, which together represent 4.9% of the Company's existing issued share capital and would represent 5.7% of the Company's issued share capital if the full proposed authority to purchase the Company's own shares were used.

Resolutions will also be put to the Annual General Meeting to renew the Directors' authority to allot 17,449,974 ordinary shares, representing 33% of the issued share capital as at the date of this report, and to allot the ordinary shares covered by such authority pursuant to rights issues (or similar issues) or otherwise for cash, other than to existing shareholders by way of rights, up to a maximum of 2,643,935 ordinary shares, being 5% of the issued share capital as at the date of this report. These authorities will expire at the conclusion of the Annual General Meeting of the Company in 2004 and in any event no later than 15 months after the passing of the resolutions. These resolutions will continue to give the Directors flexibility to make use of the Company's unissued share capital in connection with future funding requirements. However, the Directors have no present intention of exercising these authorities, except pursuant to any exercise of share options, and no issue of shares will be made which will effectively alter control of the Company without the approval of shareholders in General Meeting. It is intended to renew such powers at successive Annual General Meetings.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution to re-appoint Grant Thornton will be put to the members at the Annual General Meeting.

By order of the Board



Mark Beacham FCA
Secretary

29 April 2003

DIRECTORS' REMUNERATION REPORT

UNAUDITED INFORMATION

Consideration of matters relating to Directors' remuneration

The Remuneration Committee determines, on behalf of the Board, the Company's policy on executive Directors' remuneration and the individual remuneration packages of executive Directors within the framework of this policy. The Committee comprises the Company's two non executive Directors (Mr Smith and Mr Abrahams) and the Chief Executive (Mr Palmer). When the Chief Executive's own remuneration is being discussed, his place on the Committee is taken by the Finance Director (Miss Wilson). As explained in the Board's statement on corporate governance on page 17, the Board considers this to be the most appropriate way of dealing with the matter of Directors' remuneration in light of the Board's structure. The Remuneration Committee has access to independent advice where it considers it appropriate. No such advice was sought during the year.

Remuneration policy

In framing its policy, the Committee has given full consideration to the Combined Code annexed to the Listing Rules. The policy is to ensure that the Directors are fairly rewarded for their individual performance to the Group's overall performance. Executive Directors' remuneration packages are designed to attract, motivate and retain directors of the calibre necessary to achieve the Group's objectives and to ensure that the Group is managed successfully in the interests of shareholders. There are four main elements to the executive Directors' remuneration packages:

(a) *Basic annual salary and benefits in kind*

Each executive Director's basic salary is reviewed annually by the Committee with effect from 1 April in each year. In deciding upon appropriate levels of remuneration, the Committee has regard to rates of pay for similar jobs in comparable companies in the sector as well as internal factors such as performance.

(b) *Annual bonus payments*

The Committee awards discretionary annual bonuses to executive Directors based on their performance and that of the Group in the financial year.

(c) *Pension arrangements*

Executive Directors have individual pension arrangements to which the Company contributes a fixed percentage of basic salary on a defined contribution basis.

(d) *Share option incentives*

The Company considers that share ownership by executive Directors strengthens the link between their personal interest and those of the shareholders. The Committee grants options at market value in increments to executive Directors and senior management according to their position in the Group. The value of options granted in any year is limited to 100% of the individual's emoluments. Options granted under the Company's 1990 scheme are not subject to performance criteria. However, options granted under the Company's 2001 scheme are subject to the criterion that, over the period of three consecutive financial years commencing with the financial year in which the options were granted, the Group's earnings per share increase by at least 9% more than the increase in the Retail Prices Index for that same period. This criterion is considered to be in line with current best practice for option grants.

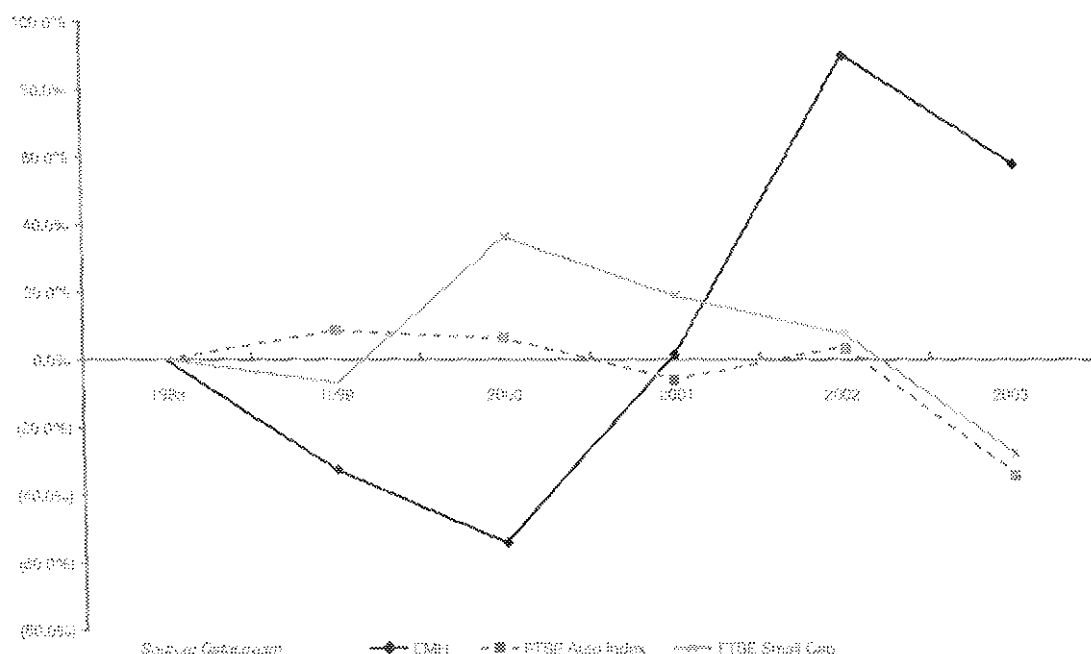
The remuneration of the non executive Directors is determined by the Board as a whole within the limits set out in the Articles of Association. Non executive Directors cannot participate in the Company's share option schemes, do not have contracts of service and are not eligible for pension arrangements.

Service contracts

Each of the executive Directors has a service contract which has a rolling notice period of two years. The Remuneration Committee has considered whether this policy is appropriate and notes the availability of such notice periods to directors in similar positions in comparator companies. Having regard to these market conditions, the Committee considers it both appropriate and reasonable to have a two year notice period in the cases of Mr Palmer and Miss Wilson and that it is in neither the Company's nor shareholders' interests to reduce this. Compensation for early termination is based on liquidated damages equivalent to the emoluments for the unexpired period of notice.

DIRECTORS' REMUNERATION REPORT*(Continued)***Performance graph**

The following graph shows the Company's performance, measured by Total Shareholder Return ("TSR"), in comparison to the FTSE Small Cap Index and also the FTSE Auto Index for the past five years. TSR represents share value growth, assuming that dividends paid are reinvested. The two indices have been selected to represent a fair benchmark in terms of both the nature of the Group's business and the Group's size.

**AUDITED INFORMATION****Individual aspects of Directors' remuneration**

	Basic salary £'000	Benefits in kind £'000	Annual bonus £'000	Fees £'000	Total 2003 £'000	Total 2002 £'000	Pensions 2003 £'000	Pensions 2002 £'000
<i>Executive Directors</i>								
R T Palmer (highest paid Director)	324	22	200	—	546	499	29	29
A C Wilson	324	20	200	—	544	490	29	29
<i>Non executive Directors</i>								
R J Smith (Chairman)	—	—	—	35	35	30	—	—
R G Abrahams	—	—	—	25	25	20	—	—
Total	648	42	400	60	1,150	1,039	58	58

Pension contributions are paid to personal pension arrangements on a defined contribution basis.

DIRECTORS' REMUNERATION REPORT*(Continued)***Share options**

Details of share options of the executive Directors are as follows:

Director	At 1.3.02	Number of options		At 28.2.03	Exercise price	Date from which exercisable	Expiry date
		Granted	Exercised				
R T Palmer	100,000	—	(100,000)	—	112p	13.7.98	12.7.02
	150,000	—	—	150,000	100p	22.6.99	21.6.03
	100,000	—	—	100,000	89.5p	31.7.00	30.7.04
	75,000	—	—	75,000	94.5p	18.7.01	17.7.05
	150,000	—	(150,000)	—	55p	19.10.02	18.10.06
	140,000	—	—	140,000	70p	10.11.03	9.11.07
	250,000	—	—	250,000*	93.5p	3.8.04	2.8.11
	—	150,000	—	150,000*	138p	31.5.05	30.5.12
A C Wilson	100,000	—	(100,000)	—	112p	13.7.98	12.7.02
	150,000	—	(150,000)	—	100p	22.6.99	21.6.03
	100,000	—	—	100,000	89.5p	31.7.00	30.7.04
	75,000	—	—	75,000	94.5p	18.7.01	17.7.05
	150,000	—	—	150,000	55p	19.10.02	18.10.06
	140,000	—	—	140,000	70p	10.11.03	9.11.07
	250,000	—	—	250,000*	93.5p	3.8.04	2.8.11
	—	150,000	—	150,000*	138p	31.5.05	30.5.12

* These options are subject to the performance criterion that, over a period of three consecutive financial years commencing with the financial year in which the options were granted, the Group's earnings per share increase by at least 9% more than the increase in the Retail Prices Index for that same period.

No options lapsed during the year.

The market price of the Company's ordinary shares at 28 February 2003 was 120p and the range during the year was 113.5p to 149.5p.

Options granted during the year were granted at market value at the date of grant.

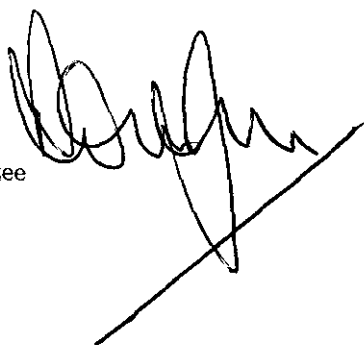
The following share options were exercised by Directors during the year:

Director	Date	Number exercised	Exercise price	Market price	Gain
R T Palmer	5.7.02	100,000	112p	131.5p	£19,500
	27.11.02	150,000	55p	133.5p	£117,750
A C Wilson	5.7.02	100,000	112p	131.5p	£19,500
	27.11.02	150,000	100p	133.5p	£50,250

On behalf of the Board

Roger Smith
Chairman of Remuneration Committee

29 April 2003



CORPORATE GOVERNANCE

Statement of compliance

The Company has complied throughout the year with the code provisions set out in Section 1 of the Combined Code ("the Code") appended to the Listing Rules, except for provisions A3.2, B1.7, B2.2 and D3.1 as noted below. The Company's arrangements with regard to provisions B1.7, B2.2 and D3.1 are, however, in line with the Quoted Companies Alliance's guidance for smaller quoted companies.

The Board notes that there are proposals to amend the Code following the publication of the Higgs report concerning the role and effectiveness of non executive directors and the Smith report giving guidance on the subject of audit committees. The Board will be reviewing the Group's corporate governance procedures in the light of these reports and will make such changes as are considered appropriate to the circumstances of the Company.

The Board of Directors

The Board meets regularly and a formal schedule of matters reserved for decision by the Board has been adopted. All Directors have access to the advice and services of the Company Secretary and there is an agreed procedure whereby they can seek independent professional advice at the Company's expense. The Board is supplied with information on a regular basis, both at Board meetings and otherwise.

The roles of Chairman and Chief Executive are separate. The Board comprises two executive and two non executive Directors. Mr Abrahams cannot be considered fully independent as he is a partner in a firm which supplies certain legal services to the Group. Although this does not comply with Best Practice, the Board considers that the non executive Directors bring an independent judgement to the management of the Group. Given its size and composition, the Board considers that it is not necessary to appoint a senior non executive Director as required by the Code. Similarly, there is no Nomination Committee; appointments to the Board are dealt with by the Board as a whole.

The Company's Articles of Association require Directors to retire and stand for re-election by shareholders at the first General Meeting after their appointment. The Articles also require that Directors retire by rotation at least every three years.

Directors' remuneration

The Board has a formally constituted Remuneration Committee. The Committee comprises the Company's two non executive Directors (Mr Smith and Mr Abrahams) and the Chief Executive (Mr Palmer). When the Chief Executive's own remuneration is being discussed, his place on the Committee is taken by the Finance Director (Miss Wilson). Although the Code requires that the Remuneration Committee should consist entirely of independent non executive Directors, the Board considers this to be the most appropriate way of dealing with the matter of Directors' remuneration in light of the Board's structure. This arrangement also accords with the guidance of the Quoted Companies Alliance. The Committee is chaired by Mr Smith.

The Remuneration Committee determines, within its agreed terms of reference, the Company's policy on executive Directors' remuneration and the specific remuneration packages of the individual executive Directors, giving due regard to the Company's position relative to other companies. Annual bonuses to executive Directors are based on the discretionary recommendations of the Committee.

The Company's report to shareholders on Directors' remuneration is set out on pages 14 to 16.

Relations with shareholders

The Board values its dialogue with both institutional and private shareholders. Formal presentations are made to institutional investors, fund managers and analysts after the release of the interim and final results, and individual meetings by request are held during the year.

The principal methods of communication with private investors are the Interim Statement, the Report and Financial Statements and the Annual General Meeting.

Additional information about the Group's history and operations and significant announcements are available on the Company's website.

Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

CORPORATE GOVERNANCE

(Continued)

Accountability and audit

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

There is an ongoing process for identifying, evaluating and managing the Group's significant risks, which has been in place for the year ended 28 February 2003 and up to the date of approval of the annual report and financial statements, and which accords with the internal control guidance for directors on the Combined Code.

The Group has a risk management process which identifies the key risks facing each business unit. These processes are designed to support the Group's strategic direction and business objectives. Implementation of this approach is based on the premise that responsibility for risk management rests with line management and the Board endeavours to ensure that the appropriate infrastructure, controls systems, staff, training and processes are in place. Financial control is exercised through an organisation structure which has clear management responsibilities with segregation of duties, authorisation procedures and information systems appropriate to the diverse activities of the Group. The system of annual budgeting with monthly reporting and comparisons to budget and forecasts is a key control over the business. There is an ongoing programme of internal audit visits to monitor financial and operational controls, and an Audit Committee which reports directly to the Board. The Audit Committee is formally constituted with written terms of reference. It comprises the Company's two non executive Directors and is chaired by Mr Smith. The Code recommends that the Audit Committee should comprise at least three non executive Directors. The Board considers that its current composition is suitable for the size of the Company and is in line with the guidance of the Quoted Companies Alliance for companies of similar size.

The executive Directors receive reports setting out key performance and risk indicators and consider possible control issues brought to their attention by early warning mechanisms which are embedded within the business units. The executive Directors also receive regular reports from the internal audit and health and safety monitoring functions which include recommendations for improvement. The Board's agenda includes a regular item for consideration of risk and control and the Board receives reports thereon from senior management. This deals with obtaining the relevant degree of assurance and not merely reporting by exception. At its April 2003 meeting, the Board carried out the annual assessment for the year ended 28 February 2003 by considering documentation from senior management and taking account of events since 28 February 2003.

REPORT OF THE INDEPENDENT AUDITORS

Report of the independent Auditors to the members of European Motor Holdings plc

We have audited the financial statements of European Motor Holdings plc for the year ended 28 February 2003 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, the accounting policies and notes 1 to 34. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' remuneration report that is described as having been audited.

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 Directors and Auditors

The Directors' responsibilities for preparing the annual report, the Directors' remuneration 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 and the part of the Directors' remuneration report to be audited 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 whether the financial statements and the part of the Directors' remuneration report to be audited have been 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 Group is not disclosed.

We review whether the corporate governance statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the financial highlights, the report of the Directors, the Chairman's statement, the Chief Executive's operating review, the Finance Director's report, the unaudited part of the Directors' remuneration report, the corporate governance statement and the five year summary. 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 and the part of the Directors' remuneration report to be audited. 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 Group'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 and the part of the Directors' remuneration report to be audited 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 and the part of the Directors' remuneration report to be audited.

Opinion

In our opinion: the financial statements give a true and fair view of the state of affairs of the Company and the Group at 28 February 2003 and of the profit of the Group for the year then ended; and the financial statements and the part of the Directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton

Registered Auditors
Chartered Accountants

London

29 April 2003

ACCOUNTING POLICIES

The Group's principal accounting policies are set out below. They have been applied consistently throughout the year and remain unchanged from the previous year.

Basis of accounting

The financial statements are prepared under the historical cost convention and in compliance with all applicable UK accounting standards.

Consolidation and goodwill

The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings made up to 28 February 2003.

Acquisitions are consolidated from the effective date of acquisition. The purchase consideration is allocated to each class of asset on the basis of fair value at the date of acquisition. Goodwill on consolidation, representing the excess of the fair value of consideration over the fair value of the net assets of subsidiary undertakings at the date of acquisition, and purchased goodwill have been written off against reserves where the acquisition or purchase occurred prior to the adoption of FRS 10 (Intangible Fixed Assets). On the disposal of such subsidiary undertakings or businesses, goodwill previously written off is included in the calculation of the profit or loss on disposal. Goodwill arising on acquisitions occurring after the adoption of FRS 10 is capitalised and amortised over its estimated useful life, subject to a maximum of 20 years.

The results of subsidiary undertakings and businesses disposed of during the year are included up to the date of disposal.

Where appropriate, advantage is taken of the merger relief provisions of Section 131 of the Companies Act 1985 in respect of shares issued to acquire subsidiary undertakings.

Sales, profits and balances arising between Group companies are eliminated in the consolidated financial statements.

Turnover

Turnover represents amounts receivable in respect of goods sold and services provided to customers outside the Group, excluding Value Added Tax.

Foreign currency

Transactions denominated in foreign currencies are recorded in sterling at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates is dealt with in the profit and loss account.

Pension costs

The financial statements have, as last year, been prepared in accordance with SSAP 24. However, following the introduction of FRS 17 (Retirement Benefits), additional disclosures are provided in respect of defined benefit schemes under the transitional arrangements established by FRS 17. The full disclosures and accounting treatment required under FRS 17 will be mandatory for the Group's financial statements for the year ending 28 February 2006.

The expected cost to the Group of pensions in respect of defined benefit schemes is charged to the profit and loss account so as to spread the cost as a level percentage of payroll over the service lives of the employees in the scheme.

Contributions to individual pension arrangements on a defined contribution basis are charged to the profit and loss account as they are incurred.

Financial instruments

The Group uses financial instruments to manage exposure to fluctuations in foreign currency rates.

Forward exchange contracts used to manage currency fluctuations on purchases denominated in foreign currency are not accounted for until they mature.

Financial assets are recognised in the balance sheet at the lower of cost and net realisable value. Provision is made for diminution in value where appropriate.

ACCOUNTING POLICIES

(Continued)

Depreciation

Depreciation is provided to write off the cost or valuation, less any residual value, of tangible fixed assets other than freehold land, by equal annual instalments over their estimated useful economic lives. The periods generally applicable are:

Freehold buildings	—	50 years
Leasehold properties	—	the lease term
Plant and machinery	—	3 to 10 years
Motor vehicles	—	4 years

Grants and deferred income

Grants in respect of capital expenditure are credited to the profit and loss account over the estimated useful economic life of the relevant fixed assets. Grants receivable of a revenue nature are matched with the expenditure to which they relate.

Deferred income shown in the balance sheet represents total grants and advances under long term supply agreements receivable to date less the amounts so far credited to the profit and loss account.

Leases and hire purchase contracts

Assets financed by leasing arrangements which substantially transfer all risks and rewards approximating to ownership ("finance leases") or by hire purchase contracts are stated at their fair value at the date of acquisition, with an equivalent liability being included in creditors as the net obligation due under finance leases and hire purchase contracts. Such assets are depreciated over their estimated useful economic lives. Finance charges are allocated to accounting periods over the primary period of the lease or hire purchase contract to produce a constant rate of interest on the outstanding liability to the finance companies.

All other leases are regarded as operating leases and the total payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Investments

Investments are stated at cost, less any provision where, in the opinion of the Directors, there has been a diminution in value.

Stocks and work in progress

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

In circumstances where the substance of a consignment stocking agreement is such that the stock is deemed to be an asset of the Group, the stock is recognised as such on the balance sheet, and the corresponding liability to the manufacturer is included within creditors. In all other circumstances, consignment stocking arrangements are disclosed as a contingent liability.

Vehicle stocking interest incurred under consignment stocking agreements is charged to cost of sales.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the Group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Warranty provisions

Certain of the Group's products carry formal warranties following purchase by customers. Provision is made for the estimated cost of fulfilling unexpired warranties on products sold before the balance sheet date.

CONSOLIDATED PROFIT AND LOSS ACCOUNT*for the year ended 28 February 2003*

	Notes	Year ended 28 February 2003 £'000	Year ended 28 February 2002 £'000
Turnover	1, 2	430,005	441,081
Cost of sales		(365,934)	(376,745)
Gross profit		64,071	64,336
Distribution costs		(29,315)	(29,362)
Administrative expenses		(23,857)	(24,541)
Operating profit	1	10,899	10,433
Profit/(loss) on disposal of businesses	3	298	(36)
Profit on disposal of properties	4	1,746	-
Interest receivable	5	516	467
Interest payable	6	(228)	(496)
Profit on ordinary activities before taxation	1, 7	13,231	10,368
Tax on profit on ordinary activities	9	(3,689)	(3,320)
Profit for the financial year	23	9,542	7,048
Dividends	10	(3,965)	(3,745)
Retained profit for the financial year	22	5,577	3,303
Earnings per share (basic)	12	18.2p	13.1p
Earnings per share (diluted)	12	17.9p	13.1p


There are no recognised gains or losses other than the profit for the financial year as reported above.

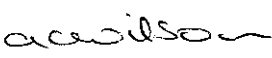
The accompanying accounting policies and notes form part of these financial statements.

BALANCE SHEETS*as at 28 February 2003*

		Group		Company	
		28 February	28 February	28 February	28 February
		2003	2002	2003	2002
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	13	35,178	29,701	1,699	116
Intangible assets	14	2,332	140	—	—
Investments	15	—	—	56,970	55,627
		<u>37,510</u>	<u>29,841</u>	<u>58,669</u>	<u>55,743</u>
Current assets					
Stocks	16	78,379	68,408	—	—
Debtors	17	17,657	15,774	3,052	1,940
Cash at bank and in hand		13,543	17,261	14,481	11,895
		<u>109,579</u>	<u>101,443</u>	<u>17,533</u>	<u>13,835</u>
Creditors: amounts falling due within one year	18	<u>(89,029)</u>	<u>(81,336)</u>	<u>(7,837)</u>	<u>(6,821)</u>
Net current assets		<u>20,550</u>	<u>20,107</u>	<u>9,696</u>	<u>7,014</u>
Total assets less current liabilities		58,060	49,948	68,365	62,757
Creditors: amounts falling due after more than one year	18	(273)	(338)	(8,310)	(8,057)
Provisions for liabilities and charges	19	(969)	(774)	(2)	(1)
Deferred income	20	<u>—</u>	<u>(294)</u>	<u>—</u>	<u>(294)</u>
		<u>56,818</u>	<u>48,542</u>	<u>60,053</u>	<u>54,405</u>
Capital and reserves					
Called up share capital	21	21,151	21,313	21,151	21,313
Share premium account	22	27,001	26,476	27,001	26,476
Capital redemption reserve	22	746	200	746	200
Other reserves	22	—	—	1,834	1,834
Profit and loss account	22	<u>7,920</u>	<u>553</u>	<u>9,321</u>	<u>4,582</u>
Equity shareholders' funds	23	<u>56,818</u>	<u>48,542</u>	<u>60,053</u>	<u>54,405</u>

The financial statements were approved by the Board of Directors on 29 April 2003 and signed on its behalf by:

R T Palmer 
Chief Executive

A C Wilson 
Finance Director

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

CONSOLIDATED CASH FLOW STATEMENT*for the year ended 28 February 2003*

		Year ended 28 February 2003		Year ended 28 February 2002	
	Notes	£'000	£'000	£'000	£'000
Net cash inflow from operating activities	28		9,967		16,483
Returns on investments and servicing of finance					
Interest received		516		467	
Interest paid		(106)		(276)	
Finance lease interest paid		(122)		(220)	
			288		(29)
Taxation					
UK corporation tax paid			(3,717)		(3,352)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(6,794)		(3,705)	
Sale of tangible fixed assets		2,786		1,617	
			(4,008)		(2,088)
Acquisitions and disposals					
Acquisition of businesses	32	(7,788)		(223)	
Disposal of businesses	32	6,785		683	
			(1,003)		460
Equity dividends paid			(3,767)		(3,631)
Net cash (outflow)/inflow before financing			(2,240)		7,843
Financing					
Issue of shares		909		—	
Purchase of own shares		(1,986)		(490)	
Receipts from borrowing		—		480	
Repayment of borrowing		(275)		(3,939)	
Capital element of finance lease rentals		(126)		(168)	
Net cash (outflow) from financing			(1,478)		(4,117)
(Decrease)/increase in cash in the year	30		(3,718)		3,726

NOTES TO THE FINANCIAL STATEMENTS

1. Segmental analyses

	Turnover		Operating profit and profit before taxation		Net assets	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Motor Retail Division	410,566	424,107	11,879	11,332	49,795	41,859
Motor Services Division	15,494	12,872	1,034	836	4,923	2,934
Other Businesses	3,945	4,102	90	130	1,697	1,874
Central costs/net liabilities	—	—	(2,104)	(1,865)	(308)	(1,619)
	<u>430,005</u>	<u>441,081</u>			<u>56,107</u>	<u>45,048</u>
Operating profit			10,899	10,433		
Profit/(loss) on disposal of businesses			298	(36)		
Profit on disposal of properties			1,746	—		
Net interest receivable/(payable)			288	(29)		
Profit before taxation			<u>13,231</u>	<u>10,368</u>		
Interest bearing operating net assets					5,562	8,230
Tax and dividends					(4,851)	(4,736)
					<u>56,818</u>	<u>48,542</u>

2. Turnover

	2003 £'000	2002 £'000
Analysis of turnover by destination:		
United Kingdom	430,005	441,070
Rest of Europe	—	11
	<u>430,005</u>	<u>441,081</u>

All Group sales originated in the United Kingdom.

3. Profit/(loss) on disposal of businesses

	2003 £'000	2002 £'000
Disposal of businesses (see note 32)	4,019	(20)
Attributable goodwill originally written off to reserves	(3,721)	(16)
	<u>298</u>	<u>(36)</u>

During the year the Group disposed of its Mercedes-Benz car and truck businesses and its Vauxhall dealership in Dartford.

4. Profit on disposal of properties

Profit on disposal of properties relates to the surrender of a leasehold site in Newcastle-upon-Tyne and the sale of a freehold site in Gateshead.

5. Interest receivable

	2003 £'000	2002 £'000
Bank interest	441	434
Other interest	75	33
	<u>516</u>	<u>467</u>

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***6. Interest payable**

	2003 £'000	2002 £'000
Interest on bank overdrafts and loans	—	—
Interest on other loans	106	276
Finance lease and hire purchase interest	122	220
	<u>228</u>	<u>496</u>

Vehicles stocking interest amounting to £871,000 (2002, £751,000) has been charged to cost of sales.

7. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging the following:

	2003 £'000	2002 £'000
Depreciation – owned assets	2,634	2,553
– assets held under finance leases and hire purchase arrangements	140	168
Amortisation of goodwill	28	10
Operating lease charges – plant and machinery	419	424
– land and buildings	3,494	3,181
Auditors' remuneration – audit	140	135
– non audit (tax advice)	6	—

8. Employee information

Total employment costs (including Directors' remuneration) were as follows:

	2003 £'000	2002 £'000
Wages and salaries	31,350	31,674
Social security costs	3,148	3,236
Pension costs (see note 27)	341	307
Other redundancy costs and termination payments	76	5
	<u>34,915</u>	<u>35,222</u>

The number of employees of the Group, including Directors, was as follows:

	Monthly average		Year end	
	2003 Number	2002 Number	2003 Number	2002 Number
Motor Retail Division	1,381	1,454	1,410	1,447
Motor Services Division	119	113	123	120
Other Businesses	78	82	77	81
Head Office	9	8	10	8
	<u>1,587</u>	<u>1,657</u>	<u>1,620</u>	<u>1,656</u>

9. Tax on profit on ordinary activities

	2003 £'000	2002 £'000
(a) Analysis of charge for year		
Current tax:		
UK Corporation tax at 30% (2002, 30%)	3,613	3,282
Adjustments in respect of previous years	(18)	(38)
	<u>3,595</u>	<u>3,244</u>
Deferred tax:		
Origination and reversal of timing differences	88	34
Adjustments in respect of previous years	6	42
Tax on profit on ordinary activities	<u>3,689</u>	<u>3,320</u>

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***9. Tax on profit on ordinary activities (continued)**

	2003 £'000	2002 £'000
(b) Reconciliation of charge for year		
Profit on ordinary activities before taxation	<u>13,231</u>	<u>10,368</u>
Tax thereon at standard rate of 30% (2002, 30%)	3,969	3,110
<i>Effects of:</i>		
Expenses not deductible for tax purposes	384	279
Capital allowances in excess of depreciation in year	(77)	(13)
Utilisation of tax losses	—	(86)
Rollover relief on capital asset disposals	(1,781)	—
Goodwill realised on disposal	1,116	—
Profits taxed at small companies rate	(5)	(8)
Other tax rate differences	7	—
Adjustments in respect of previous years	(18)	(38)
Current tax charge for year (see (a) above)	<u>3,595</u>	<u>3,244</u>

(c) Factors that may affect future tax charges

As is common in the motor retail industry, the Group incurs a significant level of expenses which are not deductible for tax purposes (mainly depreciation on showrooms and other non qualifying capital expenditure). As a result, it is expected that the effective rate of tax on the Group's trading profits will continue to be higher than the standard rate of corporation tax.

Full provision has not been made for deferred tax on gains recognised on property revalued in the books of certain subsidiary undertakings on acquisition or on the sale of properties and goodwill where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided is £3,099,000 (2002, £1,449,000). At present, it is not envisaged that any of this tax will become payable in the foreseeable future.

10. Dividends

	2003 £'000	2002 £'000
Interim dividend of 3.2p per share (2002, 3.0p) paid in the year	1,675	1,614
Proposed final dividend of 4.3p per share (2002, 4.0p)	2,274	2,131
Adjustment in respect of options exercised in the year	16	—
	<u>3,965</u>	<u>3,745</u>

11. Profit for the financial year

The Company has taken advantage of Section 230(2) of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The profit of the Company was £10,635,000 (2002, £3,505,000).

12. Earnings per share

The calculation of the earnings per ordinary share is based on the profit for the financial year of £9,542,000 (2002, £7,048,000) and on 52,533,688 (2002, 53,621,696) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

The number of dilutive potential ordinary shares arising from existing share options, as calculated in accordance with FRS 14 (Earnings per Share), is 875,340 (2002, 321,541). Therefore, diluted earnings per ordinary share are based on the profit for the financial year of £9,542,000 (2002, £7,048,000) and on 53,409,028 (2002, 53,943,237) ordinary shares.

Earnings per share excluding exceptional items have been calculated by subtracting the profit on disposal of businesses of £298,000 and the profit on disposal of properties of £1,746,000 from the profit for the financial year of £9,542,000 to give a profit figure of £7,498,000 and using the weighted average number of shares of 52,533,688.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

13. Tangible fixed assets

(a) Group

	Freehold property £'000	Leasehold property and improvements £'000	Plant, machinery & vehicles £'000	Total £'000
Cost				
At 1 March 2002	22,560	6,314	15,276	44,150
Reclassification	217	(217)	-	-
Acquisition of businesses	3,121	-	177	3,298
Disposal of businesses	-	(788)	(1,142)	(1,930)
Additions	3,938	521	2,415	6,874
Disposals	(1,300)	(55)	(1,486)	(2,841)
At 28 February 2003	28,536	5,775	15,240	49,551
Accumulated depreciation				
At 1 March 2002	2,376	1,785	10,288	14,449
Reclassification	71	(71)	-	-
Disposal of businesses	-	(279)	(707)	(986)
Charge for the year	389	468	1,917	2,774
Eliminated on disposals	(429)	(43)	(1,392)	(1,864)
At 28 February 2003	2,407	1,860	10,106	14,373
Net book amount				
At 28 February 2003	26,129	3,915	5,134	35,178
At 28 February 2002	20,184	4,529	4,988	29,701

Included above are non depreciable assets comprising freehold land of £10,024,000 (2002, £8,720,000).

Leasehold property and improvements relate to properties held under short leases.

(b) Company

	Freehold property £'000	Leasehold property and improvements £'000	Plant, machinery & vehicles £'000	Total £'000
Cost				
At 1 March 2002	131	74	133	338
Additions	1,601	-	87	1,688
Disposals	(2)	-	(24)	(26)
Intra group transfers	(129)	(13)	(4)	(146)
At 28 February 2003	1,601	61	192	1,854
Accumulated depreciation				
At 1 March 2002	88	30	104	222
Charge for the year	31	3	23	57
Eliminated on disposals	(2)	-	(21)	(23)
Intra group transfers	(93)	(4)	(4)	(101)
At 28 February 2003	24	29	102	155
Net book amount				
At 28 February 2003	1,577	32	90	1,699
At 28 February 2002	43	44	29	116

Included above are non depreciable assets comprising freehold land of £400,000 (2002, £nil). Leasehold property and improvements relate to properties held under short leases.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***13. Tangible fixed assets (continued)**

- (c) Included in the net book amount of tangible fixed assets are the following assets held under finance leases and hire purchase arrangements:

	Group		Company	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
Leasehold property and improvements	121	77	11	11
Plant, machinery & vehicles	254	365	—	—

The total depreciation charge for the Company for the period includes £nil (2002, £1,000) in respect of these assets.

14. Intangible fixed assets**Group: Goodwill**

	£'000
Cost	
At 1 March 2002	153
Additions	2,220
At 28 February 2003	2,373
Accumulated amortisation	
At 1 March 2002	13
Charge for the year	28
At 28 February 2003	41
Net book amount	
At 28 February 2003	2,332
At 28 February 2002	140

Goodwill purchased in the year relates to the acquisitions of a BMW dealership in Stockton and a Volkswagen dealership in Bebington. Further details of these transactions are set out in note 32. The estimated useful economic life of the goodwill purchased in the year is twenty years in respect of the BMW dealership and five years in respect of the Volkswagen dealership.

15. Investments**Company: Investments in subsidiary undertakings**

	Loans	Shares	Total
	£'000	£'000	£'000
Cost			
At 1 March 2002	14,717	48,805	63,522
Additions	1,408	—	1,408
Repayments	(65)	—	(65)
At 28 February 2003	16,060	48,805	64,865
Provisions			
At 1 March 2002	4,094	3,801	7,895
Charge for the year	—	—	—
At 28 February 2003	4,094	3,801	7,895
Net book amount			
At 28 February 2003	11,966	45,004	56,970
At 28 February 2002	10,623	45,004	55,627

Details of principal subsidiary undertakings are set out on page 42.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***16. Stocks**

	Group	
	2003	2002
	£'000	£'000
Raw materials and consumables	275	284
Work in progress	248	239
Finished goods and goods for resale	52,410	39,638
Vehicle consignment stocks	25,446	28,247
	<u>78,379</u>	<u>68,408</u>

All vehicle stocks held under consignment stocking agreements are deemed to be assets of the Group under the provisions of FRS 5 and are included on the balance sheet from the point of consignment. The corresponding liabilities to the manufacturers are included within creditors. Stocks are held on consignment until adopted, subject to a maximum consignment period of 365 days. Interest is payable in certain cases for part of the consignment period, at various rates linked to Finance House Base Rate. Certain manufacturers sell vehicles to the Group not on consignment terms, but via conditional sale agreements under which the Group has no right to return vehicles to the manufacturer. These vehicles are included within finished goods and goods for resale, and the corresponding liability is included within trade creditors.

17. Debtors

	Group		Company	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
Trade debtors	13,681	11,775	—	—
Amounts owed by subsidiary undertakings	—	—	2,791	1,777
Other debtors	487	419	91	33
Prepayments and accrued income	3,489	3,580	170	130
	<u>17,657</u>	<u>15,774</u>	<u>3,052</u>	<u>1,940</u>

Included within the Group's totals for other debtors and prepayments and accrued income are amounts of £20,000 and £238,000 (2002, £3,000 and £248,000) respectively which are due after more than one year. Included within the Company's totals for other debtors and prepayments and accrued income are amounts of £20,000 and £43,000 (2002, £nil and £101,000) respectively which are due after more than one year.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***18. Creditors**

	Group		Company	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
(a) Amounts falling due within one year:				
Bank loans and overdrafts	—	—	—	—
Other loans	3,000	3,000	3,000	3,000
Letters of credit	205	480	—	—
Trade creditors	34,452	26,529	133	33
Liabilities in respect of vehicle consignment stocks	25,446	28,247	—	—
Bills of exchange payable	—	15	—	—
Amounts owed to subsidiary undertakings	—	—	436	45
Corporation tax payable	1,772	1,894	261	81
Other taxation and social security	1,351	892	24	42
Hire purchase and finance lease liabilities	4,514	5,236	—	—
Other creditors	1,099	957	559	507
Accruals and deferred income	14,916	11,955	1,150	982
Dividends payable	2,274	2,131	2,274	2,131
	<u>89,029</u>	<u>81,336</u>	<u>7,837</u>	<u>6,821</u>

Hire purchase and finance lease liabilities are secured on the assets to which they relate.

	Group		Company	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
(b) Amounts falling due after more than one year:				
Hire purchase and finance lease liabilities	262	326	—	—
Amounts owed to subsidiary undertakings	—	—	8,310	8,057
Other creditors	11	12	—	—
	<u>273</u>	<u>338</u>	<u>8,310</u>	<u>8,057</u>
(c) Companies within the Group have granted fixed and floating charges and have given cross guarantees to secure bank borrowings of £nil (2002, £nil), other loans of £3,000,000 (2002, £3,000,000) and deferred income of £nil (2002, £294,000).				

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***19. Provisions for liabilities and charges**

(a) The movements on provisions for liabilities and charges were as follows:

	Deferred taxation £'000	Group Warranty costs £'000	Total £'000	Company Deferred taxation £'000
At 1 March 2002	711	63	774	1
Provided during the year	94	212	306	1
Utilised during the year	-	(111)	(111)	-
At 28 February 2003	<u>805</u>	<u>164</u>	<u>969</u>	<u>2</u>

(b) Deferred taxation comprises:

	Group Amount provided		Group Amount unprovided	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Accelerated capital allowances	559	473	-	-
Other short term timing differences	(1)	(9)	-	-
Revaluation of property	-	-	901	909
Rollover of chargeable gains	247	247	2,198	540
	<u>805</u>	<u>711</u>	<u>3,099</u>	<u>1,449</u>

Deferred taxation provided in the Company relates to accelerated capital allowances. There was no amount unprovided in respect of deferred taxation in the Company.

20. Deferred income

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
At beginning of year	294	598	294	598
Amounts released in the year	(294)	(304)	(294)	(304)
At end of year	<u>-</u>	<u>294</u>	<u>-</u>	<u>294</u>

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***21. Called up share capital**

	Group & Company	
	2003	2002
	£'000	£'000
Authorised:		
72,400,000 (2001, 72,400,000) ordinary shares of 40p each	<u>28,960</u>	<u>28,960</u>
Allotted, called up and fully paid:		
52,878,710 (2002, 53,284,710) ordinary shares of 40p each	<u>21,151</u>	<u>21,313</u>

During the year, 1,365,000 ordinary shares were repurchased for cancellation as detailed in the report of the Directors on page 13, and a total of 959,000 ordinary shares were allotted on the exercise of share options as detailed below. The difference between the total consideration for the allotment of shares of £909,000 and the total nominal value of £384,000 has been credited to the share premium account.

Total options outstanding under the Company's share option schemes are as follows:

At 1.3.02	Number of options		At 28.2.03	Exercise price	Date from which exercisable	Expiry date
	Granted	Exercised	Lapsed			
325,000	—	(325,000)	—	112p	13.7.98	12.7.02
570,000	—	(365,000)	(20,000)	100p	22.6.99	21.6.03
300,000	—	(70,000)	—	89.5p	31.7.00	30.7.04
230,000	—	(20,000)	(15,000)	94.5p	18.7.01	17.7.05
499,000	—	(179,000)	(30,000)	55p	19.10.02	18.10.06
325,000	—	—	—	70p	10.11.03	9.11.07
860,000	—	—	(40,000)	93.5p	3.8.04	2.8.11
—	540,000	—	—	138p	31.5.05	30.5.12
<u>3,109,000</u>	<u>540,000</u>	<u>(959,000)</u>	<u>(105,000)</u>			<u>2,585,000</u>

*These options are subject to the performance criterion that, over the period of three consecutive financial years commencing with the financial year in which the options were granted, the Group's earnings per share increase by at least 9% more than the increase in the Retail Prices Index for that same period.

The market price of the Company's ordinary shares at 28 February 2003 was 120p and the range during the year was 113.5p to 149.5p.

Options granted during the year were granted at market value at the date of grant.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***22. Reserves****(a) Group**

	Share premium account £'000	Capital redemption reserve £'000	
At 1 March 2002	26,476	200	
Purchase of own shares	-	546	
Issue of shares	525	-	
At 28 February 2003	<u>27,001</u>	<u>746</u>	
			Profit & loss account total £'000
	Accumulated profits £'000	Goodwill written off £'000	
At 1 March 2002	25,786	(25,233)	553
Retained profit for the financial year	5,577	-	5,577
Goodwill realised on disposal	-	3,721	3,721
Purchase of own shares	(1,931)	-	(1,931)
At 28 February 2003	<u>29,432</u>	<u>(21,512)</u>	<u>7,920</u>

The cumulative amount of goodwill arising from acquisitions which has been written off directly to reserves, net of goodwill since realised on disposal, is £25,991,000 (2002, £29,712,000).

(b) Company

	Share premium account £'000	Capital redemption reserve £'000	Other reserves £'000	Profit & loss account £'000
At 1 March 2002	26,476	200	1,834	4,582
Retained profit for the financial year	-	-	-	6,670
Purchase of own shares	-	546	-	(1,931)
Issue of shares	525	-	-	-
At 28 February 2003	<u>27,001</u>	<u>746</u>	<u>1,834</u>	<u>9,321</u>

The Company's other reserves comprise a special reserve created in March 1992 following a capital reorganisation approved by the High Court. The special reserve is not distributable, but is available, and has been used, for the partial elimination of goodwill arising on consolidation in the Group balance sheet.

23. Reconciliation of movements in shareholders' funds

	Group	
	2003 £'000	2002 £'000
Profit for the financial year	9,542	7,048
Dividends	(3,965)	(3,745)
Purchase of own shares	(1,931)	(490)
Issue of shares	909	-
Goodwill realised on disposal	3,721	16
Net addition to shareholders' funds	<u>8,276</u>	<u>2,829</u>
At beginning of year	48,542	45,713
At end of year	<u>56,818</u>	<u>48,542</u>

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***24. Financial instruments***(a) Short term debtors and creditors*

Short term debtors and creditors (other than loans and overdrafts) have been excluded from all the following disclosures, other than currency risk disclosure.

(b) Narrative disclosures

Narrative disclosures in respect of financial instruments are given within the Finance Director's report on page 9.

(c) Currency and interest rate risk profile

The currency and interest rate profile of the Group's financial assets at the balance sheet date was:

At 28 February 2003				
	Fixed rate financial assets £'000	Floating rate financial assets £'000	Financial assets on which no interest is received £'000	Total £'000
Sterling	—	13,483	256	13,739
US dollars	—	42	—	42
Total	—	13,525	256	13,781

At 28 February 2002				
	Fixed rate financial assets £'000	Floating rate financial assets £'000	Financial assets on which no interest is received £'000	Total £'000
Sterling	3	17,236	273	17,512

The weighted average interest rate of the fixed rate financial assets in 2002 was 10.0% and the weighted average period for which the rate was fixed was 1.7 years. The floating rate financial assets comprised bank balances which attract interest at rates linked to Bank Base Rate. The financial assets on which no interest is received represented cash in hand and prepayments and accrued income. The weighted average period until maturity of the financial assets on which no interest is received was 15.4 years (2002, 16.0 years).

The currency and interest rate profile of the Group's financial liabilities at the balance sheet date was:

		Sterling	
		2003 £'000	2002 £'000
Fixed rate financial liabilities		262	326
Floating rate financial liabilities		3,000	3,000
Financial liabilities on which no interest is paid		11	12
Total		3,273	3,338

The weighted average interest rate of the fixed rate financial liabilities was 4.3% (2002, 4.3%) and the weighted average period for which the rate is fixed was 5.5 years (2002, 5.4 years). The floating rate financial liabilities comprised loans which bear interest at rates linked to Finance House Base Rate. The weighted average period until maturity of the financial liabilities on which no interest is paid was 12.0 years (2002, 13.0 years).

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

24. Financial instruments (continued)

(d) *Currency exposure*

The operational (or "functional") currency of all Group businesses is sterling. The Group's currency exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in its functional currency. At the balance sheet date the exposures were represented by net assets and liabilities denominated as follows:

	2003 £'000	2002 £'000
Euros	(61)	(38)
US dollars	93	59
Total	<u>32</u>	<u>21</u>

(e) *Maturity of financial liabilities*

The maturity profile of the Group's financial liabilities was as follows:

	2003 £'000	2002 £'000
In one year or less, or on demand		
Bank and other borrowings	3,205	3,480
Hire purchase and finance lease liabilities	4,514	5,236
In more than one year but not more than two years		
Hire purchase and finance lease liabilities	79	84
Other liabilities	1	1
In more than two years but not more than five years		
Hire purchase and finance lease liabilities	133	170
Other liabilities	3	3
After five years		
Hire purchase and finance lease liabilities	50	72
Other liabilities	7	8
	<u>7,992</u>	<u>9,054</u>

(f) *Borrowing facilities*

At 28 February 2003 and 28 February 2002 the Group had undrawn committed borrowing facilities of £4 million, due for renewal in December 2003.

(g) *Fair values of financial liabilities*

There were no forward currency contracts at 28 February 2003 or 28 February 2002.

(h) *Gains and losses on hedges*

From time to time the Group enters into forward foreign currency contracts to reduce the currency exposures that arise on purchases denominated in foreign currencies. Changes in the fair value of instruments used as hedges are not recognised in the financial statements until the hedge matures. There were no unrecognised gains and losses arising in the year or the previous year.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

25. Financial commitments

(a) Capital commitments

Capital commitments contracted for but not provided at the balance sheet date amounted to £462,000 (2002, £200,000) for the Group and £nil (2002, £nil) for the Company.

(b) Other financial commitments

Annual commitments under operating leases, analysed by expiry of lease:

	Land and buildings	Group Other	Total	Company Land and buildings
	2003	2003	2003	2003
	£'000	£'000	£'000	£'000
Within one year	3	28	31	-
Between one and five years	791	398	1,189	-
After five years	2,490	-	2,490	468
	<u>3,284</u>	<u>426</u>	<u>3,710</u>	<u>468</u>
	2002	2002	2002	2002
	£'000	£'000	£'000	£'000
Within one year	24	115	139	22
Between one and five years	825	35	860	-
After five years	2,370	-	2,370	468
	<u>3,219</u>	<u>150</u>	<u>3,369</u>	<u>490</u>

26. Contingent liabilities

Deferred taxation not provided at the balance sheet date amounted to £nil (2002, £nil) for the Company and £3,099,000 (2002, £1,449,000) for the Group (see note 19(b)).

The Company has given cross guarantees in respect of the bank borrowings of its subsidiary undertakings. The total liability under these guarantees at the balance sheet date was £205,000 (2002, £480,000).

27. Pension commitments

The pension charge for the year was:

	2003 £'000	2002 £'000
Defined benefit scheme	-	-
Individual pension arrangements	341	307
	<u>341</u>	<u>307</u>

Defined Benefit Scheme

The Group operates a funded defined benefit scheme which is set up under trust and the assets of which are therefore held separately from the Group's resources. The Group's contributions to this scheme are made in accordance with the advice of qualified actuaries.

The defined benefit scheme is The Normand Motor Group Limited Pension Scheme, which has three sections representing the employees of Normand Motor Group Limited and its subsidiaries, of Mill Garages Limited and of Wilcomatic Limited. An actuarial valuation of the scheme was carried out as at 5 April 2000 using the Attained Age Method.

The principal long term economic assumptions underlying the valuation were as follows:

Price inflation	3.0% per annum
Interest rate	7.0% per annum
Earnings increases	5.0% per annum
LPI pension increases	3.0% per annum

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***27. Pension commitments (continued)**

The funding ratio of the scheme was 127%. The market value of the scheme's assets (excluding AVCs) at the valuation date was £27,723,000. The actuary confirmed that the regular future company cost was 12.5% of pensionable earnings. Spreading the past service surplus over the future expected working lifetimes of the current active membership reduces the future contribution rate to 0% with a pension cost charge of £nil (2002, £nil). Based on the calculations for the FRS 17 disclosures set out below, the next actuarial valuation of the scheme as at 5 April 2003 is expected to show a deficit. Accordingly, there is a likelihood that the Group will have to recommence contributions following the results of that actuarial valuation.

SSAP 24 and FRS 17

The financial statements have, as last year, been prepared in accordance with SSAP 24. However, following the introduction of FRS 17, this note now also includes the additional disclosures required in respect of defined benefit schemes under the transitional arrangements established by FRS 17. The full disclosures and accounting treatment required under FRS 17 will be mandatory for the Group's financial statements for the year ending 28 February 2006.

Whereas the asset valuation under SSAP 24 is at actuarial values based upon estimated future returns, the FRS 17 asset values reflect market value at the balance sheet date. In valuing liabilities, SSAP 24 discounts the estimated liabilities to present value using a long term actuarial estimate of scheme investment returns, whereas FRS 17 uses the yield on AA rated corporate bonds.

The Normand Motor Group Limited Pension Scheme is closed to new members as a consequence of which, under the projected unit method of measuring scheme liabilities, the current service cost will increase as the scheme members approach retirement.

FRS 17 disclosures

The information required in connection with FRS 17 and the defined benefit scheme is as follows:

(a) The financial assumptions used to calculate scheme liabilities include:

	28 February 2003	28 February 2002
Rate of increase in salaries	3.0% per annum	3.5% per annum
Rate of LPI increases for pensions in payment	3.0% per annum	2.5% per annum
Discount rate	5.75% per annum	5.75% per annum
Inflation	2.3% per annum	2.5% per annum

The assets in the scheme and the expected rates of return at 28 February 2003 and 28 February 2002 were:

	2003	Expected	2002	Expected
	£'000	return	£'000	return
Equities	17,126	7%	20,039	7%
Bonds	3,603	5%	5,561	5%
Cash	400	3%	921	3%
Total market value of assets	21,129		26,521	
Present value of scheme liabilities	(26,450)		(25,300)	
(Deficit)/surplus in the scheme	(5,321)		1,221	
Related deferred tax asset/(liability)	1,596		(366)	
	<u>(3,725)</u>		<u>855</u>	

(b) The effect on the Group net assets at 28 February 2003 and 28 February 2002 is shown below:

	2003	2002
	£'000	£'000
Consolidated net assets before pension (liability)/asset	56,818	48,542
Net pension (deficit)/surplus as above	(3,725)	855
Consolidated net assets after pension (liability)/asset	<u>53,093</u>	<u>49,397</u>

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***27. Pension commitments (continued)**

- (c) On full compliance with FRS 17, on the basis of the above assumptions, the amounts that would have been charged to the consolidated profit and loss account and consolidated statement of total recognised gains and losses ("STRGL") for the year ended 28 February 2003 are set out below.

Analysis of the amount charged to operating profit:

	2003 £'000
Current service cost	302
Past service cost	—
Total operating charge	<u>302</u>

Analysis of the amount credited to other finance income:

	2003 £'000
Expected return on assets	1,689
Interest on scheme liabilities	<u>(1,465)</u>
Net return	<u>224</u>

Analysis of amount recognised in statement of total recognised gains and losses (STRGL):

	2003 £'000
Actual return less expected return on pension scheme assets	(6,518)
Experience gains and losses arising on the scheme liabilities	(516)
Changes in assumptions underlying the present value of the scheme liabilities	<u>570</u>
Actuarial loss recognised in STRGL	<u>(6,464)</u>

Movement in (deficit)/surplus during year:

	2003 £'000
Surplus in scheme at beginning of year	1,221
Current service cost	(302)
Employer contributions	—
Past service costs	—
Other finance income	224
Actuarial loss	<u>(6,464)</u>
(Deficit) in scheme at end of year	<u>(5,321)</u>

Experience gains and losses:

	2003
Difference between expected and actual return on scheme assets:	
Amount (£'000)	(6,518)
As a percentage of scheme assets	31%

Experience gains and losses arising on the scheme liabilities:

Amount (£'000)	(516)
As a percentage of the present value of the scheme liabilities	2%

Total amount recognised in the STRGL:

Amount (£'000)	(6,464)
As a percentage of the present value of the scheme liabilities	24%

Other pension arrangements

The Group also contributes to individual pension arrangements for certain executives and staff on a defined contribution basis. Such contributions are charged against profits as they are incurred.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***28. Reconciliation of operating profit to net cash flow from operating activities**

	2003 £'000	2002 £'000
Operating profit	10,899	10,433
Depreciation and amortisation	2,802	2,731
(Profit) on sale of tangible fixed assets	(63)	(51)
(Increase) in stocks	(9,698)	(2,900)
(Increase)/decrease in debtors	(1,908)	2,252
Increase in creditors	8,675	2,471
Net movement in demonstrator funding	(740)	1,547
Net cash inflow from operating activities	<u>9,967</u>	<u>16,483</u>

29. Analysis of changes in net cash

	At 1 March 2002 £'000	Cash flow £'000	Other non cash changes £'000	At 28 February 2003 £'000
Cash at bank and in hand	17,261	(3,718)	-	13,543
Bank overdraft	-	-	-	-
	<u>17,261</u>	<u>(3,718)</u>		<u>13,543</u>
Debt due within one year	(3,480)	275	-	(3,205)
Finance leases (demonstrators)	(5,094)	14,974	(14,234)	(4,354)
Finance leases (other)	(468)	126	(80)	(422)
		<u>15,375</u>		
Total	<u>8,219</u>	<u>11,657</u>	<u>(14,314)</u>	<u>5,562</u>

30. Reconciliation of net cash flow to movement in net cash

	2003 £'000	2002 £'000
(Decrease)/increase in cash in the year	(3,718)	3,726
Cash outflow from financing	1,478	4,117
Cash outflow from finance leases (demonstrators)	14,974	12,723
Issue of shares	909	-
Purchase of own shares	(1,986)	(490)
Change in net cash resulting from cash flows	<u>11,657</u>	<u>20,076</u>
New finance leases in respect of demonstrators	(14,234)	(14,270)
New finance leases in respect of tangible fixed assets	(80)	(106)
Movement in net cash in the year	<u>(2,657)</u>	<u>5,700</u>
Net cash at beginning of year	<u>8,219</u>	<u>2,519</u>
Net cash at end of year	<u>5,562</u>	<u>8,219</u>

31. Major non cash transactions

During the year, the Group entered into finance lease arrangements with a total capital value at the inception of the leases of £14,234,000 (2002, £14,270,000) in respect of demonstrator vehicle stocks on short term leasing arrangements and £80,000 (2002, £106,000) in respect of tangible fixed assets. Total capital repayments under all finance leases amounted to £15,100,000 (2002, £12,891,000). The net movement in finance lease obligations in respect of demonstrator vehicles is included within the figure for net cash flow from operating activities in the cash flow statement.

Movements in finance leases relating to demonstrator vehicle stocks and cash paid in respect of these short term leases are included within the reconciliation of operating profit to operating cash flow as they are considered to be a source of operating funds rather than a longer term financing arrangement.

NOTES TO THE FINANCIAL STATEMENTS*(Continued)***32. Acquisitions and disposals**

On 7 May 2002, the Group disposed of the assets and business of its Vauxhall dealership in Dartford. With effect from 1 July 2002, the Group disposed of the assets and business of its Mercedes-Benz passenger car dealerships. On 12 August 2002, the Group disposed of the assets and business of its Mercedes-Benz truck business.

On 4 February 2003, the Group acquired the assets and business of the Stockton BMW dealership of the Arriva group. On 7 February 2003, the Group acquired the assets and business of the Bebington Volkswagen business of Smith Knight Fay Limited. Both acquisitions have been accounted for using the acquisition method of accounting. No adjustments were necessary to the book values of the assets acquired.

The assets acquired/disposed of were:

	Acquisitions		Disposals	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Tangible fixed assets	3,298	80	944	453
Stocks	2,388	68	2,115	250
Debtors	11	-	36	-
Creditors	(129)	-	(329)	-
	<u>5,568</u>	<u>148</u>	<u>2,766</u>	<u>703</u>
Goodwill	2,220	75	-	-
Profit/(loss) on disposal before goodwill previously written off	-	-	4,019	(20)
	<u>7,788</u>	<u>223</u>	<u>6,785</u>	<u>683</u>
Satisfied by cash	<u>7,788</u>	<u>223</u>	<u>6,785</u>	<u>683</u>

The businesses acquired and disposed of during the year made the following contributions to and utilisations of Group cash flow:

	Acquisitions £'000	Disposals £'000
Net cash flow from operating activities	161	1,578
Returns on investments and servicing of finance	(25)	(21)
Taxation	-	(262)
Capital expenditure and financial investment	(49)	-
Financing	152	(112)
Increase in cash	<u>239</u>	<u>1,183</u>

33. Related party transactions

Mr R G Abrahams is a partner in Salans. During the year, Salans charged the Group for legal services on normal commercial terms to the value of £101,000 (2002, £67,000). At the balance sheet date, amounts due by the Group to Salans totalled £23,000 (2002, £16,000).

There were no other material related party transactions during the year that have not been eliminated on consolidation.

34. Post balance sheet events

On 7 March 2003, the Group acquired the assets and business of the Walton-on-Thames Volkswagen dealership of Intercontinental Cars Limited for a consideration of £496,000.

PRINCIPAL SUBSIDIARY UNDERTAKINGS

Name of company	Proportion held	Class of shareholding	Nature of business
<i>Motor Retail Division</i>			
Dane Motor Company (Chester) Limited	100%	Ordinary	Motor retail
Dane Motor Company (Malton) Limited	100%	Ordinary	Motor retail
*† James Edwards (Chester) Limited	100%	Ordinary	Motor retail
Malton Motors Limited	100%	Ordinary	Motor retail
Mill Garages Limited	100%	Ordinary	Motor retail
*† Normand Heathrow Limited	100%	Ordinary	Motor retail
Normand Motor Group Limited	100%	Ordinary	Motor retail
Northfield Garage (Tetbury) Limited	100%	Ordinary	Motor retail
* Perodua UK Limited	100%	Ordinary	Import of motor vehicles
*† Taunton Trucks Limited	100%	Ordinary	Motor retail
Telford Motor Auctions Limited	100%	Ordinary	Motor auctions
<i>Motor Services Division</i>			
Casemount Holdings Limited	100%	Ordinary	Sale and leasing of vehicle washing equipment
European Motor Services Limited	100%	Ordinary	Sale of vehicle washing equipment and consumables
* Wilcomatic Conveyor Wash Systems Limited	100%	Ordinary	Operation of vehicle washing equipment
* Wilcomatic Limited	100%	Ordinary	Sale and servicing of vehicle washing equipment
<i>Other Businesses</i>			
J & S Component Engineering Limited	100%	Ordinary	Refurbishment and distribution of components for public service vehicles
Packaging Industries Limited	100%	Ordinary	Manufacture of wooden cargo containers

With the exception of those holdings marked with an asterisk, all shareholdings are held directly by the Company.

All of the above subsidiary undertakings are incorporated in Great Britain and registered in England and Wales. Their principal country of operation is England. Non trading subsidiary undertakings are not included in the above list. Companies marked † do not trade on their own account, but operate as disclosed agents of Normand Motor Group Limited.

The results of all the above subsidiary undertakings are consolidated in the Group financial statements.

NOTICE OF MEETING

Notice is hereby given that the ninetieth Annual General Meeting of the members of European Motor Holdings plc will be held at the Company's registered office on 17 June 2003 at 12.00 noon to transact the following business, of which resolutions 1 to 7 will be proposed as ordinary resolutions and resolutions 8 and 9 will be proposed as special resolutions.

Ordinary business

1. That the Report of the Directors, the Report of the Independent Auditors and the audited financial statements for the year ended 28 February 2003 be received and adopted.
2. That the Directors' Remuneration Report for the year ended 28 February 2003 be received and adopted.
3. That a final dividend of 4.3 pence per share be declared in respect of the year ended 28 February 2003, payable on 4 September 2003 to members on the register on 8 August 2003.
4. That Grant Thornton be re-appointed as auditors and that the Directors be authorised to agree their remuneration.
5. That Miss A C Wilson, having retired in accordance with the Company's Articles of Association and having consented to offer herself for re-election to the Board, be re-elected as a Director of the Company.*
6. That Mr R G Abrahams, having retired in accordance with the Company's Articles of Association and having consented to offer himself for re-election to the Board, be re-elected as a Director of the Company.*†

Special business

7. That the Directors be and they are hereby generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 and in substitution for any existing power to allot relevant securities to exercise all the powers of the Company to allot relevant securities (within the meaning of the said section 80) up to an aggregate nominal amount of £6,979,989 provided that this authority shall expire on 17 September 2004 or, if earlier, at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require relevant securities to be allotted after such expiry and notwithstanding such expiry the Directors may allot relevant securities in pursuance of such offers or agreements.
8. That authority be given for the market purchase by the Company on the London Stock Exchange of not more than 14 per cent of the issued share capital of Ordinary Shares of 40p each of the Company (being a purchase of shares which is subject to a marketing arrangement as defined in section 163(2) of the Companies Act 1985) at not more than 105 per cent of the average of the market values for the Ordinary Shares (as derived from the Daily Official List of the London Stock Exchange) for the five business days before the day on which the purchase is made, nor less than 40p. The authority conferred hereby shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2004 save that the Company may before such expiry enter into a contract to purchase the Ordinary Shares under which such purchase may be completed or executed wholly or partly after the expiration of this authority.
9. That the Directors be and they are hereby empowered pursuant to section 95 of the Companies Act 1985 to allot equity securities (within the meaning of section 94 of the Companies Act 1985) pursuant to the authority conferred on them by Resolution 7 set out in the Notice of this Meeting as if section 89(1) of the Companies Act 1985 did not apply to such allotment, provided that this power shall be limited to:
 - 9.1 the allotment of equity securities in connection with or the subject of an offer or invitation, open for acceptance for a period fixed by the Directors, to holders of Ordinary Shares and such other equity securities of the Company as the Directors may determine on the register on a fixed record date in proportion (as nearly as may be) to their respective holdings of such securities or in accordance with the rights attached thereto (including equity securities which, in connection with such offer or invitation, are the subject of such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements that would otherwise arise or with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or otherwise howsoever); and

NOTICE OF MEETING

(Continued)

9.2 the allotment (otherwise than pursuant to paragraph 9.1 above) of equity securities of a nominal amount not exceeding in aggregate £1,057,574;

and shall expire on the earlier of the revocation of such authority and 17 September 2004 or, if earlier, at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted in pursuance of such offers or agreements as if the power conferred hereby had not expired.

By order of the Board

M D Beacham FCA
Secretary

Dated 29 April 2003

Registered Office: Craigmere House, Remenham Hill, Henley-on-Thames, Oxon RG9 3EP

Notes:

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his place. A proxy need not be a member of the Company. A form of proxy is enclosed which shareholders are invited to complete and return to the Company's Registrars not later than 48 hours before the time fixed for the meeting.

The Company, pursuant to regulation 41 of the Uncertified Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 12.00 noon on 15 June 2003 shall be entitled to attend and vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after that time will be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

Copies of the Directors' service contracts are available for inspection during normal business hours on any weekday (Saturdays and public holidays excluded) at the registered office of the Company. Copies of such service contracts and the register of Directors' interests will also be available for inspection at the Annual General Meeting from 11.45 am until the conclusion of the meeting.

*Member of Remuneration Committee. Note: Miss Wilson only sits on the committee when the Chief Executive's remuneration is being discussed.

†Member of Audit Committee.

FORM OF PROXY

I/We

of.....

a member/members of the above named Company, hereby appoint the Chairman of the meeting or

as my/our proxy to vote on my/our behalf at the Annual General Meeting of the Company to be held at the Company's registered office, Craigmere House, Remenham Hill, Henley-on-Thames, Oxon RG9 3EP, at 12.00 noon on 17 June 2003 and at any adjournment thereof.

Signature: Date:

Name(s) of other joint holder(s): (2)

(3) (4)

Please indicate with an X in the boxes below how you wish your votes to be cast in respect of each Resolution:

1. To receive and adopt the Report of the Directors, the Report of the Independent Auditors and the audited financial statements for the year ended 28 February 2003
2. To receive and adopt the Directors' Remuneration Report for the year ended 28 February 2003
3. To declare a final dividend of 4.3p per share
4. To re-appoint Grant Thornton as auditors and to authorise the Directors to agree their remuneration
5. To re-elect Miss A C Wilson as a Director†
6. To re-elect Mr R G Abrahams as a Director†‡
7. To authorise the Directors to allot ordinary shares
- *8. To authorise the Company to purchase its own shares
- *9. To authorise the Directors to allot equity securities within the meaning of Section 95 of the Companies Act 1985

FOR	AGAINST

† Member of Remuneration Committee. Note: Miss Wilson only sits on the committee when the Chief Executive's remuneration is being discussed.

‡ Member of Audit Committee.

* Special Resolution

NOTES:

1. To be valid, this Form of Proxy must be deposited at the Company's Registrars (Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU) not less than 48 hours before the time fixed for the meeting, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority.
2. A member may appoint a proxy of his or her choice. If such an appointment is made, please delete the words "the Chairman of the meeting or" and insert the proxy's name in the space provided. A proxy need not be a member of the Company.
3. The completion and return of a form of proxy will not prevent a member from attending and voting at the meeting if so desired.
4. If the member is a corporation, the form must be under its common seal or be signed by a duly authorised officer or attorney.
5. In the case of joint holders, any holder may sign but the name(s) of the other joint holder(s) must be stated to enable the holding to be identified.
6. If this form is returned without any indication as to how the member wishes to vote, the proxy will exercise his discretion as to how he votes or whether he abstains from voting.
7. On a show of hands every member present in person shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder.

FOLD 2

BUSINESS REPLY SERVICE
Licence No: MB 122



Capita Registrars (Proxies)
PO Box 25
Beckenham
Kent
BR3 4BR

FOLD 1

FOLD 3 AND TUCK IN

BUSINESS DIRECTORY

European Motor Holdings plc

Group Head Office

Craigmore House, Remenham Hill,
Henley-on-Thames, Oxon RG9 3EP
Tel: 01491 413399
Fax: 01491 413455

Castle Motors

BMW, Mini

Clifton Moorgate, Clifton Moor, York
North Yorkshire YO30 4WR
Tel: 01904 693313
Fax: 01904 693724

Car Clinic

Bodyshop

Unit C, Brooklands Way, Boldon Business Park
West Boldon, Tyne & Wear NE35 9LU
Tel: 0191 519 2145
Fax: 0191 519 4270

Chiswick Volkswagen

Volkswagen (Sales)

405 King Street, Hammersmith,
London W6 9NQ
Tel: 020 8996 6600
Fax: 020 8996 6606

Chiswick Volkswagen

Volkswagen (Service & Parts)

110 Power Road, Chiswick, London W4 5PY
Tel: 020 8996 6600
Fax: 020 8996 6606

Dane Audi

Audi

Sealand Road, Chester, Cheshire CH1 4LS
Tel: 01244 391800
Fax: 01244 391801

Dane Motor Company Chester

Volkswagen

Sealand Road, Chester, Cheshire CH1 4LD
Tel: 01244 390033
Fax: 01244 390781

Dane Wirral

Volkswagen

129 Mount Road, Higher Bebington,
Wirral CH63 8PU
Tel: 0151 608 6466
Fax: 0151 608 1239

Dane Wrexham

Volkswagen

Rhosddu Industrial Estate, Main Road
Rhosrobin, Wrexham LL11 4YL
Tel: 01978 291177
Fax: 01978 290392

Heathrow Volkswagen

Volkswagen

554 London Road, Ashford, Middlesex TW15 3AE
Tel: 01784 250051
Fax: 01784 253471

James Edwards Chester Land Rover

Land Rover

Sealand Road, Chester, Cheshire CH1 4LD
Tel: 01244 373333
Fax: 01244 375555

James Edwards Chester Rover

MG, Rover

Stadium Way, Chester, Cheshire CH1 4PZ
Tel: 01244 651000
Fax: 01244 379124

Malton Motors

BMW, Mini

York Road, Malton, North Yorkshire YO17 6TB
Tel: 01653 600700
Fax: 01653 693010

Mill Audi

Audi

Stadium Way, Sunderland,
Tyne & Wear SR5 1AT
Tel: 0191 564 5600
Fax: 0191 564 5601

Mill BMW

BMW, BMW Motorcycles, Mini

Boldon Business Park, West Boldon,
Tyne & Wear NE36 0BQ
Tel: 0191 519 4455
Fax: 0191 519 1021

Mill Garages Durham

Volvo

Alma Place, Sunderland Road, Gilesgate,
Durham DH1 2HN
Tel: 0191 375 3900
Fax: 0191 386 2888

Mill Garages Faverdale

Volkswagen

West Auckland Road, Faverdale, Darlington,
Co Durham DL3 0UX
Tel: 01325 353737
Fax: 01325 384030

Mill Garages Harrogate

Volvo

Grimbald Crag Road, St James Retail Park,
Knaresborough, North Yorkshire HG5 8PY
Tel: 01423 798600
Fax: 01423 862595

BUSINESS DIRECTORY

(Continued)

Mill Garages Hexham

Volvo

Anick Grange Road, Hexham
Northumberland NE46 4JH
Tel: 01434 605303
Fax: 01434 605139

Mill Garages MG Rover

MG, Rover

Ryhope Road, Toll Bar, Sunderland SR2 0SL
Tel: 0191 523 9094
Fax: 0191 523 9098

Mill Garages Leeds

Volvo

Project House, Armley Road, Leeds LS12 2EA
Tel: 0113 242 1224
Fax: 0113 242 1233

Mill Garages Northeast

Volkswagen

Newcastle Road, Sunderland SR5 1QE
Tel: 0191 548 0235
Fax: 0191 548 2617

Mill Garages Silverlink

Volvo

Elliot House, The Silverlink,
Wallsend NE28 9ND
Tel: 0191 263 2442
Fax: 0191 263 2501

Mill Garages Stockton

Volvo

Avro Close, Preston Farm Business Park
Stockton on Tees TS18 3SG
Tel: 01642 673251
Fax: 01642 614284

Mill Garages Sunderland Volvo

Volvo

Hylton Grange, Wessington Way, Sunderland
SR5 3HR
Tel: 0191 516 8778
Fax: 0191 516 8456

Minster Jaguar Doncaster

Jaguar

Wheatley Hall Road, Doncaster
South Yorkshire DN2 4NU
Tel: 01302 554050
Fax: 01302 554080

Minster Jaguar Harrogate

Jaguar

Grimbald Crag Road, St James Retail Park
Knaresborough, North Yorkshire HG5 8PY
Tel: 01423 799300
Fax: 01423 869666

Minster Jaguar Leeds

Jaguar

39-41 Barrack Road, Leeds
West Yorkshire LS7 4AB
Tel: 0113 237 9800
Fax: 0113 239 2050

Minster Jaguar York

Jaguar

Clifton Moorgate, Clifton Moor, York
North Yorkshire YO30 4WR
Tel: 01904 691144
Fax: 01904 693222

Normand Heathrow

Vauxhall

The Roundabout, Staines Road, Bedfont
Feltham, Middlesex TW14 8RY
Tel: 01784 241901
Fax: 01784 259177

Northfield Audi

Audi

London Road, Tetbury, Gloucestershire
GL8 8HN
Tel: 01666 505155
Fax: 01666 504441

Northfield Volkswagen

Volkswagen

Kingsmeadow, Cricklade Road, Cirencester
Gloucestershire GL7 1NP
Tel: 01285 650222
Fax: 01285 885100

Preston Hall

BMW, Mini

Concorde Way, Preston Farm Business Park,
Stockton-on-Tees TS18 3RB
Tel: 01642 618618
Fax: 01642 608613

Walton Volkswagen

Volkswagen (Sales)

New Zealand Avenue, Walton-on-Thames,
Surrey KT12 1AT
Tel: 01932 220404
Fax: 01932 242844

Walton Volkswagen

Volkswagen (Service & Parts)

Unit 21, Lyon Road, Hersham,
Surrey KT12 3PU
Tel: 01932 224266
Fax: 01932 242373

BUSINESS DIRECTORY

(Continued)

Taunton Trucks

DAF, LDV

148 Priorswood Road, Taunton,
Somerset TA2 8DW
Tel: 01823 331275
Fax: 01823 334493

Twickenham Volkswagen

Volkswagen

40 South Road, Fulwell, Twickenham
Middlesex TW2 5NT
Tel: 020 8977 0071
Fax: 020 8977 0031

Queensferry Motor Auctions

Motor vehicle auctions

Station Road, Queensferry, Clywd CH5 2TD
Tel: 01244 812811
Fax: 01244 812578

Telford Motor Auctions

Motor vehicle auctions

Trench Lock 2, Telford, Shropshire TF1 4SW
Tel: 01952 257751
Fax: 01952 257755

Perodua UK

Motor vehicle imports

Craigmore House, Remenham Hill,
Henley-on-Thames, Oxon RG9 3EP
Tel: 01491 415230
Fax: 01491 415233

European Motor Services

Vehicle washing consumables

123 Beddington Lane, Croydon,
Surrey CR9 4NX
Tel: 020 8684 9900
Fax: 020 8683 2070

Wilcomatic Conveyor Wash Systems

Operation of vehicle washing equipment

123 Beddington Lane, Croydon,
Surrey CR9 4NX
Tel: 020 8684 9900
Fax: 020 8683 2070

Wilcomatic

Vehicle washing equipment

123 Beddington Lane, Croydon,
Surrey CR9 4NX
Tel: 020 8684 9900
Fax: 020 8683 2070

Wilcomatic

Vehicle washing equipment

(Service control centre)

21 Rufford Court, Hardwick Grange, Warrington
Cheshire WA1 4RF
Tel: 01925 826800
Fax: 01925 828115

J & S Component Engineering

Automotive components

179 New Road, Rainham, Essex RM13 8SH
Tel: 01708 550359
Fax: 01708 552710

Packaging Industries

Wooden packing containers

Unit G655, Beaumont Way
Aycliffe Industrial Estate, Newton Aycliffe
Co Durham DL5 6SN
Tel: 01325 313444
Fax: 01325 300246

European Motor Holdings plc

FIVE YEAR SUMMARY

	2003	2002	2001	2000	1999 (11 months)
Turnover	£430.0m	£441.1m	£399.7m	£421.8m	£376.8m
Profit after interest but before exceptional items	£11.2m	£10.4m	£8.5m	£7.7m	£5.3m
Profit before taxation	£13.2m	£10.4m	£8.5m	£7.7m	£6.0m
Earnings per share	18.2p	13.1p	10.5p	9.6p	7.7p
Dividends per share	7.5p	7.0p	6.5p	6.1p	6.1p
Net assets	£56.8m	£48.5m	£45.7m	£43.6m	£41.7m
Net cash/(debt)	£5.6m	£8.2m	£2.5m	£(7.1)m	£(9.6)m
Net gearing	nil	nil	nil	16%	23%
Net assets per share	107.4p	91.1p	85.0p	81.0p	77.5p
Divisional analysis	£m	£m	£m	£m	£m
Motor Retail Division	11.5	10.5	8.6	8.0	5.6
Motor Services Division	1.2	1.0	0.8	0.6	0.5
Other Businesses	0.1	0.1	0.1	0.1	—
Head Office	(1.6)	(1.2)	(1.0)	(1.0)	(0.8)
Profit after interest but before exceptional items	11.2	10.4	8.5	7.7	5.3

EUROPEAN MOTOR HOLDINGS plc

Craigmore House, Remenham Hill, Henley-on-Thames, Oxon RG9 3EP

Tel: 01491 413399 Fax: 01491 413455

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