

European Motor Holdings Limited
(Registered number 122207)

Directors' Report and Financial Statements

For the year ended 31 December 2011

Inchcape House
Langford Lane
Kidlington
Oxford
OX5 1HT

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European Motor Holdings Limited

Directors' Report

The Directors submit their report together with the audited financial statements for the year ended 31 December 2011

Business review and principal activities

The principal activity of the Company is that of a holding company

The Company did not trade during the year

The Company undertook a capital reduction during the year decreasing its allotted share capital value to £1

The Company waived its intercompany balance due from its fellow Group Company Inchcape Retail Limited resulting in a loss of £12,610,000 (2010 £nil)

As part of the capital reduction process across the Group, the Company's investments were impaired to a net book value of £nil resulting in a loss of £15,500,000. In 2010 the Company impaired its investments as part of the group re-organisation, resulting in an impairment loss of £37,704,000

The Company received a dividend payment of £3,508,000 from its subsidiary undertaking Casemount Holdings Limited (2010 £nil)

The results for the Company show a loss for the financial year of £24,610,000 (2010 £37,443,000)

The Directors do not recommend the payment of a final dividend (2010 £nil)

Future developments

The Directors do not foresee any significant changes in the Company or its activities during 2012

Principal risks and uncertainties

The Directors of Inchcape plc manage the Group's risks at a group level rather than at an individual business unit level. For this reason, the Company's Directors believe that a disclosure of the Group's risk would not be appropriate for an understanding of the development, performance or position of European Motor Holdings Limited

Directors

The directors who held office during the year and up to the date of signing the financial statements were as follows

Martin Wheatley

Connor McCormack

Marc Ronchetti (Resigned 22 September 2011)

Ross McCluskey (Appointed 20 December 2011)

Company secretary

Inchcape UK Corporate Management Limited

European Motor Holdings Limited

Directors' Report

..... continued

Transactions with Directors

No transaction, arrangement or agreement required to be disclosed under the terms of the Companies Act 2006 was outstanding at 31 December 2011, or occurred during the financial year for any Director or connected person (2010 none)

Directors' indemnity

A Qualifying Third Party Indemnity (QTPI), as permitted by the Company's Articles of Association and section 234 of the Companies Act 2006, has been granted by the Company to each of the Directors of the Company. Under the provisions of the QTPI, the Company undertakes to indemnify each director against liability to third parties (excluding criminal and regulatory penalties) and to pay the Director's costs as incurred, provided that they are reimbursed to the Company if the Director is found guilty or, in an action brought by the Company, judgement is given against the Director. A QTPI was in force throughout the financial year and also at the date of approval of these financial statements.

Going concern

The Directors have a reasonable expectation that the Company has 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.

Statement of directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware.

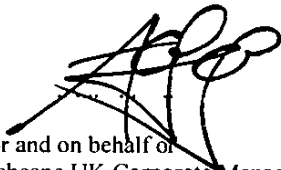
The Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

European Motor Holdings Limited

Directors' Report

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By Order of the Board

A handwritten signature in black ink, appearing to be 'A. P.', written over a horizontal line.

For and on behalf of
Inchcape UK Corporate Management Limited
Company secretary

Date 12 September 2012

European Motor Holdings Limited

Independent auditors' report to the members of European Motor Holdings Limited

We have audited the financial statements of European Motor Holdings Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 2 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

European Motor Holdings Limited

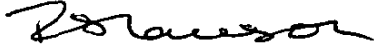
Independent auditors' report to the members of European Motor Holdings Limited

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Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Richard Lawson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date

17/9/2012

European Motor Holdings Limited

Profit and loss account

For the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Turnover		-	-
Cost of sales		-	-
Gross profit/(loss)		-	-
Administrative expenses		-	362
Administrative exceptional items	5	(28,110)	(37,704)
Net operating expenses		(28,110)	(37,342)
Operating loss	2	(28,110)	(37,342)
Income from participating interests		3,508	-
Loss on ordinary activities before tax		(24,602)	(37,342)
Tax on profit or loss on ordinary activities	6	(8)	(101)
Loss for the financial year		(24,610)	(37,443)

The operating loss is derived wholly from continuing operations for the year ended 31 December 2011

There are no recognised gains or losses for the current and preceding financial years other than the loss of £24,610,000 (2010 £37,443,000) shown above. There is no material difference between the loss on ordinary activities before tax and the retained loss for the year stated above and their historical cost equivalents and therefore no separate statement of total recognised gains and losses has been presented.

European Motor Holdings Limited

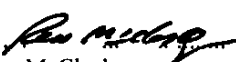
Balance sheet

As at 31 December 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Investments	8	-	15,500
Current assets			
Debtors amounts falling due within one year	9	-	19,209
Current liabilities			
Creditors amounts falling due within one year	10	-	(10,099)
Net current assets		-	9,110
Total assets less current liabilities		-	24,610
Net assets		-	24,610
Capital and reserves			
Called up share capital	12	-	22,911
Share premium account	13	-	33,259
Capital redemption reserve	13	-	926
Other reserve	13	-	1,834
Profit and loss account	13	-	(34,320)
Total shareholders' funds		-	24,610

The financial statements on pages 6 to 16 were approved by the Board of Directors on 12 September 2012

Signed on behalf of the Board of Directors by


Ross McCluskey
Director

Registered no 122207

European Motor Holdings Limited

Notes to the financial statements

For the year ended 31 December 2011

1 Accounting policies

Basis of accounting

The financial statements have been prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. The principal accounting policies of the Company have been applied consistently and are set out below.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue as a going concern for the foreseeable future. As such, the Company continues to adopt the going concern basis in preparing the financial statements.

Group financial statements

The Company is a wholly-owned subsidiary of Inchcape plc and is included in the consolidated financial statements of Inchcape plc which are publicly available. Consequently, in accordance with the exemption permitted by Section 400 of the Companies Act 2006 no Group financial statements have been prepared.

Cash flow statement and related party disclosures

The Company is a wholly owned subsidiary of Inchcape plc, a company registered in England and Wales, and is included in the consolidated financial statements of Inchcape plc which are publicly available. Consequently, the Company has taken advantage of the exemption in paragraph 5(a) of FRS 1 (Revised), 'Cash Flow Statements', and not published its own cash flow statement. The Company is also exempt under the terms of paragraph 3 of FRS 8, 'Related Party Disclosures', from disclosing related party transactions with entities that are part of the Inchcape plc Group or investees of the Inchcape plc Group.

Investments

Fixed asset investments are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value. Net realisable value is that price at which the investments can be sold in the normal course of business after allowing for the costs of realisation.

Fixed asset investments are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount and is charged to the profit and loss account.

Financial assets and liabilities

The Company classifies its financial instruments in the following categories: loans and receivables, and amortised cost. The classification is determined at initial recognition and depends on the purpose for which the financial instruments are required.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except where the maturity date is more than twelve months after the end of the reporting period. They are initially recorded at fair value and subsequently recorded at net realisable value.

Amortised cost includes non-derivative financial assets and liabilities which are held at original cost, less amortisation.

European Motor Holdings Limited

Notes to the financial statements

For the year ended 31 December 2011

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Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is provided in full (without discounting) based on current tax rates and law, on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax in future except as otherwise required by FRS 19, 'Deferred Tax' Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding commitment to sell the asset

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

2 Operating profit / (loss)

The audit fee for the years ended 31 December 2011 and 31 December 2010 has been borne by a fellow subsidiary of Inchcape plc on behalf of the Company, for which no recharge has been made

3 Employees

The Company has no employees except the Directors, and hence has no associated salary, social security or pension costs

4 Directors' emoluments

No emoluments (2010 £nil) were paid to the Directors of the Company whose services are provided to a number of Group companies The proportion of their emoluments attributable to the Company can not be reasonably estimated and these costs are borne entirely within the Inchcape Group

European Motor Holdings Limited

Notes to the financial statements

For the year ended 31 December 2011

..... continued

5 Administrative exceptional items

	2011 £'000	2010 £'000
Intercompany waiver	12,610	-
Impairment of investments (note 8)	15,500	37,704
	<u>28,110</u>	<u>37,704</u>

The Company waived its intercompany balance due from its fellow group company Inchcape Retail Limited resulting in a loss of £12,610,000 (2010 £nil)

The Company impaired its investments during the year as part of a group reorganisation, resulting in an impairment loss of £15,500,000

In 2010 the Company impaired its investments as part of the group re-organisation, resulting in an impairment loss of £37,704,000

European Motor Holdings Limited

Notes to the financial statements

For the year ended 31 December 2011

..... continued

6 Tax on the profit/(loss) on ordinary activities

a) Tax charge/(credit) on loss on ordinary activities

The tax charge/(credit) based on the results for the year is made up as follows

	2011 £'000	2010 £'000
Current tax:		
UK corporation tax on profits / (losses) for the year	8	101
UK corporation tax adjustments in respect of previous years	(8)	(2)
Total current tax	-	99
Deferred tax:		
Adjustments in respect of previous years	7	2
Effect of changes in tax rates	1	-
Total deferred tax	8	2
Tax charge / (credit) for the year	8	101

b) Factors affecting tax charge for the year

The tax assessed for the year is higher than (2010 - higher than) the standard rate of corporation tax in the UK of 26.5% (2010 - 28%). The differences are explained below

	2011 £'000	2010 £'000
Loss on ordinary activities before taxation	(24,602)	(37,342)
Corporation tax at standard rate	(6,520)	(10,456)
Non-tax deductible expenses/(non taxable income)	-	10,557
Prior year adjustments	-	(2)
Dividend income (UK)	(930)	-
Write off fixed asset investments	4,108	-
Write off inter-company balance	3,342	-
Total current tax	-	99

c) Factors that may affect future tax charges

The anticipated future effective rate of tax for the Company will be slightly above or below the UK nominal rate of 26.5% (2010 - 28%) representing a current year tax charge calculated as the UK nominal rate of tax multiplied by the accounting profit or loss for the year plus or minus ordinary permanently disallowed items of income and expense

European Motor Holdings Limited

Notes to the financial statements

For the year ended 31 December 2011

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7 Dividends

No dividends were paid in 2011 (2010 £nil)

8 Fixed asset investments

	Shares in subsidiary undertakings £'000	Total £'000
Cost		
At 1 January 2011	76,690	76,690
At 31 December 2011	76,690	76,690
Provisions		
At 1 January 2011	(61,190)	(61,190)
Impairment of investments (note 5)	(15,500)	(15,500)
At 31 December 2011	(76,690)	(76,690)
Net book value		
At 31 December 2011	-	-
At 31 December 2010	15,500	15,500

The Company impaired its investments during the year as part of a group reorganisation resulting in an impairment loss of £15,500,000

European Motor Holdings Limited

Notes to the financial statements

For the year ended 31 December 2011

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Principal subsidiaries and other investments

The Company has investments in the following undertakings

Company	Country of incorporation or registration	Proportion of nominal value of share held	Principal activity
Subsidiary undertakings			
Dane Motor Company (Chester) Limited	England & Wales	100%	Non-trading
Malton Motors Limited	England & Wales	100%	Non-trading
Malton Motors Fleet Limited	England & Wales	100%	Non-trading
Mill Garages Limited	England & Wales	100%	Non-trading
Normand Motor Group Limited	England & Wales	100%	Non-trading
Northfield Garage (Tetbury) Limited	England & Wales	100%	Holding company
Smith Knight Fay (Holdings) Limited	England & Wales	100%	Holding company
Packaging Industries Limited	England & Wales	100%	Non-trading
Casemount Holdings Limited	England & Wales	100%	Non trading

On 30 May 2012 ownership of Casemount Holdings Limited was transferred to Inchcape Transition Limited

European Motor Holdings Limited

Notes to the financial statements

For the year ended 31 December 2011

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9 Debtors

	2011 £'000	2010 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	-	19,201
Deferred tax asset	-	8
	<u>-</u>	<u>19,209</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

10 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Amounts owed to group undertakings	<u>-</u>	<u>10,099</u>

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

11 Deferred tax

	£'000
At 1 January 2011	8
Tax charge / (credit) to profit and loss	(8)

At 31 December 2011	<u>-</u>
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	2011 £'000	2010 £'000
Difference between accumulated depreciation and amortisation and capital allowances	<u>-</u>	<u>8</u>
	<u>-</u>	<u>8</u>

European Motor Holdings Limited

Notes to the financial statements

For the year ended 31 December 2011

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12 Called up share capital

Authorised

	No	2011 £'000	No	2010 £'000
Ordinary shares of £0.40 each	3	-	72,400,000	28,960

Allotted, called up and fully paid

	No.	2011 £'000	No	2010 £'000
Ordinary of £0.40 each	3	-	57,277,088	22,911

On 27 September 2011, the shareholders passed a special resolution, supported by a solvency statement under Section 641 of the Companies Act 2006, to reduce the Company's issued and authorised share capital to 3 shares of £0.40 each. The resolution, together with the solvency statement, was registered by Companies House on 30 September 2011 and therefore the reduction in share capital became effective as of that date.

European Motor Holdings Limited

Notes to the financial statements

For the year ended 31 December 2011

..... *continued*

13 Other reserves

	Share premium account £'000	Capital redemption reserve £'000	Other reserve £'000	Profit and loss account £'000
At 1 January 2011	33,259	926	1,834	(34,320)
Loss for the financial year	-	-	-	(24,610)
Capital reduction	(33,259)	(926)	(1,834)	58,930
At 31 December 2011	-	-	-	-

The Company's other reserves comprise a special reserve created in March 1992 following a capital reorganisation approved by the High Court

14 Reconciliation of movement in shareholders' funds

	2011 £'000	2010 £'000
Loss attributable to shareholders	(24,610)	(37,443)
Net reduction to shareholders' funds	(24,610)	(37,443)
Shareholders' funds at 1 January	24,610	62,053
Shareholders' funds at 31 December	-	24,610

15 Parent undertaking and controlling party

The Company's immediate parent is Inchcape International Holdings Limited, a company registered in England and Wales

The Directors regard the ultimate parent undertaking and controlling party to be Inchcape plc, a company registered in England and Wales

Both the smallest and the largest group of which the Company is a member and for which Group financial statements are drawn up is that of Inchcape plc. Copies of the Annual Report and Accounts for that company are available from

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