

Group Lotus plc  
Annual report  
for the year ended 31 March 2009

Registered Number 00606189

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# **Group Lotus plc**

## **Annual report for the year ended 31 March 2009**

Directors' report .....	1
Independent auditors' report to the members of Group Lotus plc.....	4
Profit and loss account .....	6
Balance sheet .....	7
Notes to the financial statements .....	8

# **Group Lotus plc**

## **Directors' report for the year ended 31 March 2009**

The directors present their report and the audited financial statements of the company for the year ended 31 March 2009.

### **Principal activities**

The principal activity of the company is to act as a holding company for the Lotus group of companies.

### **Review of business and future developments**

The company continued throughout the year to act as the intermediate holding company for the Lotus group of companies.

### **Key performance indicators ("KPIs")**

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

### **Principal risks and uncertainties**

Given the status of the company is that of a holding company, management do not consider the company is exposed to any key risks and uncertainties.

### **Financial risk management**

The company's operations expose it to a variety of financial risks, the most important of which is liquidity risk. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

#### *Liquidity risk*

The company has access to inter-company finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.

### **Results and dividends**

The company's profit for the year after taxation amounted to £388,000 (2008: profit of £1,552,000), after crediting exceptional items of £nil (2008: credit of £nil). The directors do not recommend the payment of a dividend (2008: £nil), and the profit for the year has been transferred to reserves.

# Group Lotus plc

## Directors

The following directors served during the year and to the date of signing these financial statements, except where otherwise stated:

Michael J Kimberley	
Simon Patrick Wood	
James Barker Robertson Stronach	(Resigned 15 August 2008)
Dato' Syed Zainal Abidin Syed Mohamed Tahir	(Resigned 3 October 2008, reappointed 1 April 2009)
Dato' Mohammed Azlan bin Hashim	(Resigned 1 January 2009)
Dato' Mohd Nadzmi Bin Mohd Salleh	(Appointed 21 May 2009)
Dato' Larry Gan Nyap Liou	(Appointed 1 April 2009)
Tuan Haji Abdul Kadir bin Md Kassim	(Appointed 1 April 2009)
Mr Md Ali Md Dewal	(Appointed 1 April 2009)
Luke Bennett	(Appointed 3 October 2008)
Roger Becker	(Appointed 3 October 2008)
Dato' Michael Lim Heen Peek	
Paul David Newsome	

## Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Group Lotus plc**

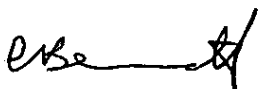
### **Statement of disclosure of information to auditors**

So far as each of the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and they 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.

### **Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

**By order of the Board**

A handwritten signature in black ink, appearing to be 'E. Be...' followed by a stylized flourish.

**Director**

# **Group Lotus plc**

## **Independent auditors' report to the members of Group Lotus plc**

We have audited the financial statements of Group Lotus plc for the year ended 31 March 2009 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Group Lotus plc

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

  
PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Norwich

22 July 2009

## Group Lotus plc

### Profit and loss account for the year ended 31 March 2009

	Note	2009 £'000	2008 £'000
Administrative (expenses)/income		(389)	627
Other operating income		565	616
<b>Operating profit</b>	2	176	1,243
Interest receivable and similar income	5	37	109
Income from fixed asset investments	6	175	200
<b>Profit on ordinary activities before taxation</b>		388	1,552
Taxation	7	-	-
<b>Profit for the financial year</b>	15	388	1,552

The results for the current and prior year relate entirely to continuing operations.

The company had no other gains or losses in the year other than those included in the profit and loss account above.

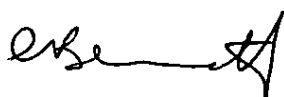


# Group Lotus plc

## Balance sheet as at 31 March 2009

	Note	2009 £'000	2008 £'000
<b>Fixed assets</b>			
Tangible assets	8	-	1,065
Investments	9	56,554	50,800
		<b>56,554</b>	<b>51,865</b>
<b>Current assets</b>			
Debtors			
Falling due within one year	10	5,423	7,238
Falling due after more than one year	10	23,511	13,511
		<b>28,934</b>	<b>20,749</b>
<b>Creditors: amounts falling due within one year</b>	<b>11</b>	<b>(622)</b>	<b>(1,717)</b>
<b>Net current assets</b>		<b>28,312</b>	<b>19,032</b>
<b>Total assets less current liabilities</b>		<b>84,866</b>	<b>70,897</b>
<b>Creditors: amounts falling due after more than one year</b>	<b>12</b>	<b>(10,148)</b>	<b>-</b>
<b>Net assets</b>		<b>74,718</b>	<b>70,897</b>
<b>Capital and reserves</b>			
Called up share capital	14	56,678	53,244
Share premium account	15	8,120	8,120
Merger reserve	15	210	210
Profit and loss account	15	9,711	9,323
<b>Total shareholders' funds</b>	<b>16</b>	<b>74,719</b>	<b>70,897</b>

The financial statements on pages 6 to 19 were approved by the board of directors on 15 July 2009 and were signed on its behalf by:



Director

# Group Lotus plc

## Notes to the financial statements for the year ended 31 March 2009

### 1. Accounting policies

#### **Basis of preparation**

These financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below:

#### **Going concern**

The financial statements have been prepared on a going concern basis, which assumes that the company will continue in operational existence for the foreseeable future.

Perusahaan Otomobil Nasional Berhad ("PONSBB"), a fellow subsidiary of Proton Holdings Berhad (the ultimate parent company), has confirmed that it will provide financial support to Lotus Group International Limited, the immediate parent undertaking of Group Lotus plc, and its subsidiaries in order for it to meet its commitments as they fall due for a period of at least 12 months from the date of approval of these financial statements.

Taking the foregoing into account the directors consider it appropriate to prepare the financial statements on the going concern basis.

#### **Cash flow statement and related party disclosures**

The company is a wholly-owned subsidiary and is included in the consolidated financial statements of Proton Holdings Berhad, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (Revised 1996), 'Cash Flow Statements'. The company is also exempt under the terms of FRS 8, 'Related Party Disclosures' from disclosing related party transactions with Proton Holdings Berhad and other group companies.

#### **Consolidated financial statements**

The company is a wholly owned subsidiary undertaking of a company incorporated in Great Britain and registered in England and Wales. Accordingly, the preparation of group financial statements is not required under section 228 of the Companies Act 1985.

#### **Other operating income**

Other operating income comprises royalty revenue and is recognised in the period to which it relates.

#### **Tangible fixed assets**

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, over their estimated useful economic lives at the following principal rates:

Freehold buildings	40 years
Fixtures, fittings and equipment	2 to 10 years

Freehold land is not depreciated.

# Group Lotus plc

## 1. Accounting policies (continued)

### **Impairment of assets**

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the profit and loss account for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate based upon the company's weighted average cost of capital that reflects current market assessments of the time value of money and the risks specific to the company.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **Deferred taxation**

In accordance with FRS 19, 'Deferred tax', deferred taxation is recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities recognised are not discounted.

### **Foreign currency translation**

Assets and liabilities denominated in foreign currencies are translated into Sterling at the rates ruling at the balance sheet date. Transactions denominated in foreign currencies are translated into Sterling at the rates ruling at the date of the transaction. All exchange differences arising therefrom are included in the profit and loss account.

### **Investments in subsidiary undertakings**

Investments in subsidiary undertakings are stated at cost in the financial statements of the company. Provision against the cost of investments is made, where in the opinion of the directors, there is an impairment in the value of the investments held.

### **Investments in joint ventures**

Joint ventures are arrangements in which the company has a long term interest and shares control under a written contractual agreement. Investments in joint ventures are stated at cost in the financial statements of the company.

### **Provisions**

In accordance with FRS 12, 'Provisions, contingent liabilities and contingent assets', the company provides in full for liabilities when it has a legal or constructive obligation arising from a past event.

# **Group Lotus plc**

## **1. Accounting policies (continued)**

### **Financial instruments**

Financial assets and financial liabilities are recognised upon becoming a party to the contractual provisions of the instrument.

#### **(a) Financial liabilities and equity**

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

#### **(b) Interest-bearing borrowings**

Interest-bearing bank loans and overdrafts are initially recorded at the proceeds received, net of associated transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings.

#### **(c) Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

## Group Lotus plc

### Notes to the financial statements for the year ended 31 March 2009 (continued)

#### 2. Operating profit

	2009 £'000	2008 £'000
<b>Operating profit is stated after charging/(crediting):</b>		
Depreciation	-	127
Royalties receivable	(276)	(332)
Rent & related services receivable	(289)	(284)
Audit services:		
- fees payable to the company's auditors	13	13
<b>Exceptional item:</b>		
Release of provision against amounts owed by other group companies	-	(794)

#### 3. Directors' emoluments

The directors were not remunerated for their services to Group Lotus plc in either the current or prior year.

#### 4. Employee and pensions costs

Other than the directors, the company had no employees in the year (2008: nil).

#### 5. Interest

	2009 £'000	2008 £'000
<b>Interest receivable and similar income</b>		
Loans to fellow subsidiaries	37	109
	37	109

## Group Lotus plc

### Notes to the financial statements for the year ended 31 March 2009 (continued)

#### 6. Income from fixed asset investment

	2009	2008
	£'000	£'000
Dividend received from joint venture undertaking	175	200

#### 7. Taxation

##### a) Analysis of charge in the year

The current and deferred tax charge in the year was £nil.

##### b) Factors affecting taxation charge in the year

The above charge reconciles with the standard rate of corporation tax in the UK as follows:

	2009	2008
	£'000	£'000
Profit on ordinary activities before taxation	388	1,552
Profit on ordinary activities at standard rate of corporation tax in the UK of 28% (2008: 30%)	109	466
Capital allowances in excess of depreciation	(13)	(29)
Income not taxable	(49)	(93)
Expenses not deductible for tax purposes	69	-
Utilisation of brought forward losses	(116)	(344)
Current tax charge for year	-	-

##### c) Factors affecting the future tax charge

Details of unprovided deferred tax assets are provided in note 13 to the financial statements.

The standard rate of corporation tax in UK changed to 28% with effect from 1 April 2008.

## Group Lotus plc

### Notes to the financial statements for the year ended 31 March 2009 (continued)

#### 8. Tangible fixed assets

	Freehold land and buildings £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>Cost</b>			
At 1 April 2008	4,311	1,282	5,593
Transfer	(4,311)	(1,282)	(5,593)
<b>At 31 March 2009</b>	-	-	-
<b>Depreciation</b>			
At 1 April 2008	3,286	1,242	4,528
Transfer	(3,286)	(1,242)	(4,528)
<b>At 31 March 2008</b>	-	-	-
<b>Net book amount</b>			
<b>At 31 March 2009</b>	-	-	-
At 31 March 2008	1,025	40	1,065

## Group Lotus plc

### Notes to the financial statements for the year ended 31 March 2009 (continued)

#### 9. Investments

	Shares in subsidiaries £'000	Joint venture £'000	Total £'000
<b>Cost</b>			
At 1 April 2008	79,306	1	79,307
Transfer of Marco Acquisition Corporation from Lotus Group International Limited	3,434	-	3,434
Capitalisation of debt owed by Marco to Group Lotus plc	2,570	-	2,570
Additional investment in Lotus Holdings Inc	5,754	-	5,754
Transfer of Marco Acquisition Corporation to Lotus Holdings Inc.	(5,754)	-	(5,754)
<b>At 31 March 2009</b>	<b>85,310</b>	<b>1</b>	<b>85,311</b>
<b>Provision for diminution in value</b>			
At 1 April 2008	(28,506)	(1)	(28,507)
Impairment charge for the year	(250)	-	(250)
<b>At 31 March 2009</b>	<b>(28,756)</b>	<b>(1)</b>	<b>(28,757)</b>
<b>Net book amount</b>			
<b>At 31 March 2009</b>	<b>56,554</b>	<b>-</b>	<b>56,554</b>
<b>At 31 March 2008</b>	<b>50,800</b>	<b>-</b>	<b>50,800</b>

Details of subsidiary and joint venture undertakings are provided in note 17 to the financial statements.



## Group Lotus plc

### Notes to the financial statements for the year ended 31 March 2009 (continued)

#### 10. Debtors

	2009	2008
	£'000	£'000
<b>Amounts falling due within one year</b>		
Trade debtors	559	88
Other debtors	-	-
Amounts owed by subsidiaries	28	4,533
Amounts owed by fellow group subsidiaries	4,836	2,617
	5,423	7,238
<b>Amounts falling due after more than one year</b>		
Amounts owed by subsidiaries	10,000	-
Amount owed by immediate parent undertaking	13,511	13,511
	28,934	20,749

The amount owed by the immediate parent undertaking, Lotus Group International Limited ("LGIL"), comprises a loan. The company has provided a letter of undertaking to LGIL indicating that it will not seek repayment of the loan for a period of at least one year from the date of signing the LGIL 2008 financial statements. No interest was payable on the loan during the year.

#### 11. Creditors – amounts falling due within one year

	2009	2008
	£'000	£'000
Trade creditors	224	22
Amounts owed to fellow group subsidiaries	221	1,664
Accruals and deferred income	177	31
	622	1,717

## Group Lotus plc

### Notes to the financial statements for the year ended 31 March 2009 (continued)

#### 12. Creditors – amounts falling due after more than one year

	2009 £'000	2008 £'000
Amounts owed to parent undertaking	10,148	-

The amount owed to parent undertaking comprises a loan from Proton Holdings Berhad ("Proton"). Proton have confirmed in writing that they will not seek repayment of the loan for a period of at least one year from the date of signing the financial statements.

#### 13. Deferred taxation

	2009 £'000	2008 £'000
Unprovided deferred asset tax is analysed as follows:		
Depreciation in excess of capital allowances	53	390
Losses available for future relief	1,002	1,149
	1,055	1,539

No deferred tax asset has been recognised in relation to these timing differences due to uncertainty over future recoverability.

#### Reconciliation of movement in unprovided deferred tax

	£'000
At 1 April 2008	1,539
Movement: - Prior period	(2)
- Current year	(482)
At 31 March 2009	1,055

## Group Lotus plc

### Notes to the financial statements for the year ended 31 March 2009 (continued)

#### 14. Called up share capital

	2009 Number	2009 £'000	2008 Number	2008 £'000
<b>Authorised</b>				
Ordinary shares of 10p each	932,360,000	932,360	932,360,000	932,360
<b>Allotted called up and fully paid</b>				
At beginning of year	532,436,000	53,244	532,436,000	53,244
Issue of new ordinary shares	34,339,830	3,434	-	-
<b>At end of the year</b>	<b>566,775,830</b>	<b>56,678</b>	<b>532,436,000</b>	<b>53,244</b>

#### 15. Reserves

	Share premium account £'000	Merger reserve £'000	Profit and loss account £'000
At 1 April 2008	8,120	210	9,323
Profit for the financial year	-	-	388
<b>At 31 March 2009</b>	<b>8,120</b>	<b>210</b>	<b>9,711</b>

## Group Lotus plc

### Notes to the financial statements for the year ended 31 March 2009 (continued)

#### 16. Reconciliation of movements in shareholders' funds

	2009	2008
	£'000	£'000
Profit for the financial year	388	1,552
Proceeds of issue of ordinary share capital (note 14)	3,434	-
Net movement in shareholders' funds	3,822	1,552
Opening shareholders' funds	70,897	69,345
Closing shareholders' funds	74,719	70,897

#### 17. Subsidiary undertakings and joint ventures

The following companies are the principal subsidiaries of Group Lotus plc, all of which are 100% owned.

	Country of incorporation	Nature of business
Lotus Cars Limited	England	Car manufacture and engineering consultancy
Lotus Body Engineering Limited	England	Dormant
Lotus Motorsport Limited	England	Dormant
Lotus Holdings Inc	USA	Holding company

The company has a joint venture arrangement, Lotus Finance Limited, a company incorporated in England and Wales in which it has a 49.9% interest. The entity's financial year end is 31 December and its principal activity is the provision of finance to dealers for the acquisition of Lotus cars.

## **Group Lotus plc**

### **Notes to the financial statements for the year ended 31 March 2009 (continued)**

#### **18. Ultimate parent undertaking**

The ultimate parent undertaking of Group Lotus plc is Proton Holdings Berhad ("Proton"), a company incorporated in Malaysia. The consolidated financial statements of Proton comprise the group accounts of the largest group which includes the company. Copies of Proton's group financial statements are available from its registered office at Kawasan Perindustrian Hicom, Batu Tiga, 40000 Shah Alam, Selangor Darul Ehsan, Malaysia.

Lotus Group International Limited, a company registered in England, is the parent undertaking of the smallest group for which group accounts are prepared and of which the company is a member. Copies of the accounts of Lotus Group International Limited may be obtained at its registered office at Lotus Group International Limited, Potash Lane, Hethel, Norwich, Norfolk NR14 8EZ, United Kingdom.

#### **19. Related party transactions**

The group of which this company is a member operates an Executive Car purchase scheme which allows directors to purchase company products at marginal cost or above. During the year directors purchased vehicles with a cost of £204,338 (2008: £133,500) and sold vehicles with a cost of £222,587.50 back to the company. At 31 March 2009 the amount outstanding from directors under this scheme was £nil (2008: £nil).

At 31 March 2009, the balance outstanding on loans to directors was £nil (2008: £22,750).

The company is exempt under the terms of FRS 8, 'Related Party Disclosures' from disclosing related party transactions with Proton Holdings Berhad and other group companies.