

**Hyundai Finance Holdings (UK) Limited**

Directors' report and financial  
statements

Registered number 1212279

31 December 1999



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

### Principal activities

The principal activity of the company is to act as a holding and management company for its investment in Hyundai Car Finance Limited.

### Business review

The profit on ordinary activities before taxation was £559,880 (1998: £5,000).

During the year a tax rebate of £Nil was received (1998: £152,506).

During the year an interim dividend was received from Hyundai Car Finance Limited of £599,880. This was then submitted to Lex Service PLC of which the company is a wholly owned subsidiary. The directors do not recommend the payment of a final dividend.

### Directors and directors' interests

The directors who held office during the year were as follows:

ML Young	
BP Hancock	
PW Hewitt	(appointed 14 May 1999)
PR Harris	(resigned 14 May 1999)

None of the persons who were directors at 31 December 1999 had any interest in the shares of the company.

PW Hewitt is also a director of Lex Service PLC of which the company is a wholly owned subsidiary and his interests in the shares of Lex Service PLC are stated in the directors' report of that company.

Otherwise, the directors who held office at the end of the financial year had the following interests in the ordinary shares of Lex Service PLC, as recorded in the register of directors' share and debenture interests:

	Ordinary shares of 25p each	
	31 December 1999	31 December 1998
BP Hancock	50	50
ML Young	50	50

## Directors' report *(continued)*

### Directors and directors' interests *(continued)*

The following directors held options at the beginning and end of the year to subscribe for ordinary shares of 25p each in Lex Service PLC as follows:-

Lex Executive Share Option Scheme	1 January 1999	Granted	Lapsed	Exercised during year	31 December 1999*	Date of grant	Date from which exercisable	Expiry date	Exercise price £
BP Hancock	18,269	-	-	18,269	-	31.3.93	31.3.96	31.3.03	3.19
Lex Executive Share Option Scheme (1994)									
BP Hancock	13,498	-	-	-	13,498	29.3.96	29.3.99	29.3.03	3.13
ML Young	15,060	-	-	-	15,060	7.4.95	7.4.98	7.4.05	3.22
	23,961	-	-	-	23,961	29.3.96	29.3.99	29.3.03	3.13
PR Harris	45,180	-	-	-	45,180	7.4.95	7.4.98	7.4.05	3.22
	51,118	-	-	-	51,118	29.3.96	29.3.99	29.3.03	3.13

\*or at date of resignation

The options under the Lex Executive Share Option Scheme were granted for a consideration of £1 for each option.

The options under the Lex Executive Share Option Scheme (1994) were granted for nil consideration.

The market price at date of exercise of BP Hancock's options which was 14 June 1999, was 616p per share. As a result of the exercise, BP Hancock made an aggregate gain of £54,258.93.

The outstanding options are potentially exercisable, between various future points in time at between 313p per share and 322p per share.

Options are granted at an aggregate value not exceeding an agreed multiple of the employee's earnings. This multiple, which is approved by the Remuneration Committee of Lex Service PLC, varies for each participant and ranges from two to four.

Under the 1984 scheme, no performance criteria were required to be met for the exercise of an option after three years.

Under the 1994 scheme the exercise of options will normally be conditional on the achievement of a specified performance target determined by the Remuneration Committee of Lex Service PLC, where options are granted. The Remuneration Committee has indicated that it will have regard to guidelines for share option schemes issued by institutional investors. No options were granted under this scheme during 1999 and it is not intended that any further options will be granted in the foreseeable future.

Under certain conditions, where the employment of persons holding share options under the 1984 Scheme ceases, the rules of the scheme state that their options will remain exercisable for a six month period commencing on either the date of cessation of employment, or for a six month period commencing on the third anniversary of their grant, whichever is the later date. In the case of the 1994 scheme, options will remain exercisable for a twelve month period commencing on the date of cessation of employment, or for a six month period commencing on the third anniversary of their grant, whichever is the later date.

## Directors' report (continued)

### Directors and directors' interests (continued)

#### Lex Sharesave Scheme

Under the terms of the Scheme, introduced in 1997, the Board of Lex Service PLC, the company's ultimate parent company, may offer options to purchase ordinary shares in Lex Service PLC, to those eligible employees who enter into an Inland Revenue approved Save As You Earn (SAYE) savings contract. The price at which options may be offered is up to a maximum discount of 20% of the market price for three consecutive dealing days preceding the date of offer. The options may normally be exercised during the period of six months after the completion of the SAYE contract, whether three or five years after entering the Scheme.

Options held under the Scheme by the following directors who served during the year are as follows:

Name	Number of shares under option at 1 January 1999	Number of shares under option at 31 December 1999*	Exercise price  £	Date of grant	Date from which normally exercisable	Expiry date
BP Hancock	1,089	1,089	3.58	22.10.97	1.12.2000	1.6.2001
	1,015	1,015	3.84	7.9.98	1.12.2001	1.6.2002
MLYoung	1,927	1,927	3.58	22.10.97	1.12.2002	1.6.2003
	1,796	1,796	3.84	7.9.98	1.12.2003	1.6.2004
PR Harris	4,818	4,818	3.58	22.10.97	1.12.2002	1.6.2003

\*or at date of resignation

The outstanding options under the 1997 Lex Sharesave Scheme are exercisable for up to six months commencing on either 1 December 2000 or 1 December 2002 at 358p per share. The outstanding options under the 1998 Lex Sharesave Scheme are exercisable for up to six months commencing on either 1 December 2001 or 1 December 2003 at 384p per share.

The middle market price of the shares at 30 December 1999 was 377p and the range during 1999 was 319p-667.5p per share.

## Directors' report (continued)

### Directors and directors' interests (continued)

#### Long Term Incentive Plan

The Long Term Incentive Plan was approved by shareholders at the Lex Service PLC 1998 Annual General Meeting. It is designed to align the interests of executive directors and the other senior executives with those of shareholders, to encourage increased shareholding to assist with the attraction and retention of individuals who will be crucial to the Group's success in the coming years and to reward sustained good performance over a period of time.

Details of the Lex Service PLC ordinary shares provisionally awarded to each director as a participant under the Long Term Incentive Plan, are as follows:

Name	1 January 1999	Grants/awards during 1999	31 December 1999*
BP Hancock	7,249	8,130	15,379
ML Young	6,051	6,899	12,950
PR Harris	28,062	31,833	59,895

\*or at date of resignation

Full details of the Long Term Incentive Plan are disclosed in the directors' report of Lex Service PLC.

### Millennium

All critical work for the millennium date change was completed during the year and regular progress reports were made to the company and the Lex Service PLC board, supported by independent external reviews. No material problems were identified in either the group, its customers or suppliers over the millennium rollover period. The cost of ensuring compliance is expected to be £Nil of which £Nil is revenue expenditure and £Nil will be capitalised. During 1999 revenue expenditure was £Nil and £Nil was capitalised within fixed assets.

Contingency plans are in place for millennium failures which may still occur affecting business critical systems. Given the complexity of the millennium problem it is not possible for any organisation to guarantee that there will not be any future problems. However, based on the experience to date, the Lex Service PLC board believes that the group is at an acceptable state of readiness.

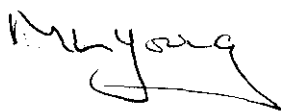
### Auditor

A resolution for the re-appointment of KPMG Audit Plc as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

ML Young

Secretary



Lex House  
17 Connaught Place  
London  
W2 2EL

18 February 2000



## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.





KPMG Audit Plc

PO Box 695  
8 Salisbury Square  
London  
EC4Y 8BB

## **Auditor's report to the members of Hyundai Finance Holdings (UK) Limited**

We have audited the financial statements on pages 7 to 11.

### *Respective responsibilities of directors and auditors*

The directors are responsible for preparing the directors' report and, as described on page 5, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

### *Basis of opinion*

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

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

### *Opinion*

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1999 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

*KPMG Audit Plc*

*24 February 2000*

## Profit and loss account

for the year ended 31 December 1999

	Note	1999 £	1998 £
Income from other fixed asset investments	4	599,880	-
Other interest receivable	5	-	5,000
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>599,880</b>	<b>5,000</b>
Taxation on ordinary activities	6	-	152,506
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<b>599,880</b>	<b>157,506</b>
Dividend paid	7	(599,880)	-
		<hr/>	<hr/>
<b>Retained profit for the financial year</b>		<b>-</b>	<b>157,506</b>
Retained surplus brought forward		377,090	219,584
		<hr/>	<hr/>
Retained profit carried forward		377,090	377,090
		<hr/>	<hr/>

The company had no recognised gains other than those shown in the profit and loss account.

All the activities of the company in the current and prior year are of a continuing nature, and have been stated on an historical basis. There have been no other movements in reserves.

## Balance sheet

at 31 December 1999

	Note	1999	1998
		£	£
<b>Fixed assets</b>			
Investments	8	4,999	4,999
<b>Current assets</b>			
Debtors	9	572,091	572,091
<b>Net assets</b>		<u>577,090</u>	<u>577,090</u>
<b>Capital and reserves</b>			
Called up share capital	10	200,000	200,000
Profit and loss account		<u>377,090</u>	<u>377,090</u>
<b>Equity shareholders' funds</b>	11	<u>577,090</u>	<u>577,090</u>

These financial statements were approved by the board of directors on 18 February 2000 and were signed on its behalf by:



**PW Hewitt**  
 Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

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

The company is exempt by virtue of S228 of the Companies Act 1985 from the requirement to prepare group accounts and to deliver them to the Registrar of Companies.

#### *Cash flow statement*

The company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Lex Service PLC, and its cash flows are included within the consolidated cash flow statement of that group.

#### *Related party transactions*

The company is ultimately controlled by Lex Service PLC and is exempt from disclosing transactions with it and other group undertakings under Financial Reporting Standard 8 as it is a wholly owned subsidiary undertaking included within the consolidated financial statements which are publicly available.

### 2 Remuneration of directors

None of the directors received any remuneration during the year (1998: £Nil).

### 3 Staff numbers and costs

The company had no employees other than the directors. Aggregate payroll costs were £Nil (1998: £Nil). The directors' remuneration is paid by a fellow subsidiary undertaking of Lex Service PLC and is disclosed in that company's financial statements.

### 4 Income from other fixed assets investments

	1999 £	1998 £
Dividend from associated undertakings	599,880	-

**Notes (continued)**

**5 Interest**

	1999 £	1998 £
Interest received on tax rebate	-	5,000

**6 Taxation**

	1999 £	1998 £
Charge/(rebate) for the year	-	(39,506)
Overprovision in prior year	-	(113,000)
	-	(152,506)

**7 Dividends**

	1999 £	1998 £
Dividend paid to group company	599,880	-

**8 Investments**

	1999 £	1998 £
<b>Unquoted associated undertakings</b>		
Cost	4,999	4,999

The value of this investment on an equity valuation basis is £4,860,000 (1998: £4,396,000).

The company has an investment in the following associated undertaking:

<i>Name of company</i>	<i>Country of incorporation</i>	<i>Holding</i>	<i>Proportion held</i>	<i>Principal activity</i>
Hyundai Car Finance Limited	England & Wales	Ordinary shares	49.99%	Finance for retail customers and motor dealers

**Notes (continued)**

**9 Debtors**

	1999 £	1998 £
Amounts owed by group undertakings	572,091	572,091

**10 Called up share capital**

	1999 £	1998 £
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	200,000	200,000

**11 Reconciliation of movement in shareholders' funds**

	1999 £	1998 £
Shareholders' funds at beginning of year	577,090	419,584
Profit for the year	-	157,506
Shareholders' funds at end of year	577,090	577,090

**12 Ultimate parent company and parent undertaking of larger group of which the company is a member**

The ultimate parent company and the only group in which the results of the company are consolidated is that headed by Lex Service PLC registered in England and Wales.

The consolidated accounts of this group are available to the public and may be obtained from Lex House, 17 Connaught Place, London W2 2EL.