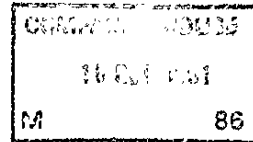


Company registered number: 1517478



McLAREN INTERNATIONAL LIMITED

REPORT AND FINANCIAL STATEMENTS

31 October 1990

Touche Ross & Co.
Hill House
1 Little New Street
London
EC4A 3TR.

McLAREN INTERNATIONAL LIMITED

REPORT AND FINANCIAL STATEMENTS 1980

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MCLAREN INTERNATIONAL LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M.A. Ojje (Saudi Arabian) (Chairman)
R. Dennis (Managing)
R.J. Illman
A. Ojje (Saudi Arabian)
D.P. Trezise (USA)
S.C. Brown
I.G. Murray

SECRETARY

R.J. Illman

REGISTERED OFFICE

Woking Business Park
Albert Drive
Woking
Surrey
GU21 5JY

AUDITORS

Toucha Ross & Co.
Chartered Accountants
Hill House
1 Little New Street
London
EC4A 3TR

DIRECTORS' REPORT

The directors submit their report and audited financial statements for the year ended 31 October 1990.

1. PRINCIPAL ACTIVITY

The company's principal activity during the year was that of participating in motor racing events throughout the world.

2. REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The success of the company's racing activities are now reflected in the financial profit shown in these accounts. It is to be hoped that this trend will continue in the future.

3. RESULTS

The profit for the year after taxation amounted to £1,115,953.

4. DIVIDENDS

The directors do not recommend the payment of a dividend. Accordingly the profit for the year of £1,115,953 has been transferred to reserves.

5. DIRECTORS

None of the directors had any interest in the shares of the company during the year. Their interests in the holding company, TAG McLaren Holdings Limited, are shown in the accounts of that company. The directors had no interest in any other group company incorporated in Great Britain.

6. AUDITORS

Touche Ross & Co. have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be put to the members at the Annual General Meeting.

By Order of the Board



Secretary

30.9 1991

**Touche
Ross**



Chartered Accountants

Touche Ross & Co.
Hill House
1 Little New Street
London EC4A 3TR

Telephone: National 071 936 3000
International +44 71 936 3000
Telex. 884739 TRLNDN G
Fax (Gp. 3): 071 583 8517
LDE: DX 699

McLAREN INTERNATIONAL LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 4 to 13 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 October 1990 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Touche Ross & Co.

Chartered Accountants
London

30 Sept 1990

Member
ICAEW International

Aberdeen, Belfast, Birmingham, Bolton, Bournemouth, Bracknell, Bristol, Cambridge, Cardiff, Chester, Coleraine, Crawley, Croydon, Dartford, Dudley, Edinburgh, Glasgow, Hull, Leeds, Leicester, Liverpool, London, Manchester, Milton Keynes, Newark, Newcastle upon Tyne, Newport, Nowry, Nottingham, Peterborough, Southampton, Swansea and Uxbridge.

Principal place of business at which a list of partners' names is available:
Hill House, 1 Little New Street, London EC4A 3TR.

McLAREN INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 October 1990

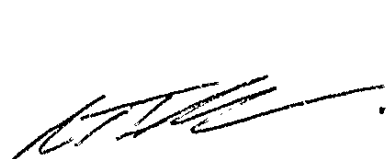
	Note	1990 £	1989 £
Turnover	1(e)	22,417,112	13,820,613
Cost of sales		<u>(14,350,286)</u>	<u>(11,423,797)</u>
Gross profit		8,066,826	7,396,816
Administrative expenses		<u>(6,387,240)</u>	<u>(4,413,554)</u>
Operating profit		1,679,586	2,983,262
Other interest receivable and similar income		120,400	117,266
Interest payable and similar charges	3	(352,028)	(503,799)
Provision release/(charge) against inter-company loans and investments in subsidiaries		<u>227,374</u>	<u>(1,253,564)</u>
Profit on ordinary activities before taxation	4	1,675,332	1,343,165
Tax on profit on ordinary activities	5	<u>(559,379)</u>	<u>(127,501)</u>
Profit on ordinary activities after taxation		1,115,953	1,215,614
Profit and loss account brought forward		<u>(2,663,735)</u>	<u>(3,879,349)</u>
Profit and loss account carried forward		<u>£(1,547,782)</u> =====	<u>£(2,663,735)</u> =====

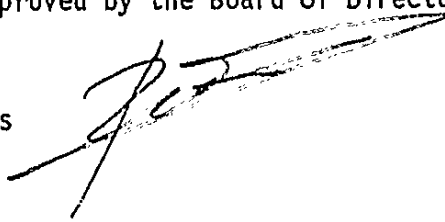
McLAREN INTERNATIONAL LIMITED

BALANCE SHEET 31 October 1990

	Note	£	1990	£	£	1989	£
FIXED ASSETS							
Tangible assets	6		5,484,685			5,215,571	
Investments	7		<u>94,710</u>			<u>94,710</u>	
			5,579,395			5,310,281	
CURRENT ASSETS							
Stocks	8	123,700			111,300		
Debtors	9	9,283,542			3,953,291		
Cash at bank and in hand		<u>898,841</u>			<u>133,794</u>		
		<u>10,306,083</u>			<u>4,198,385</u>		
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR							
Bank loans and overdrafts		193,145			464,293		
Trade creditors		896,350			3,705,845		
Amounts owed to group companies	10	244,224			299,414		
Other creditors including taxation and social security	11	1,395,174			699,766		
Accruals and deferred income		<u>11,177,855</u>			<u>2,477,386</u>		
		<u>13,906,748</u>			<u>7,646,704</u>		
NET CURRENT LIABILITIES			(3,600,665)			(3,448,319)	
TOTAL ASSETS LESS CURRENT LIABILITIES			1,978,730			1,861,962	
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR							
	12		(3,031,362)			(4,388,047)	
PROVISIONS FOR LIABILITIES AND CHARGES							
	13		<u>(445,000)</u>			<u>(87,500)</u>	
			£(1,497,632)			£(2,613,585)	
CAPITAL AND RESERVES							
Called up share capital	14		50,150			50,150	
Profit and loss account			<u>(1,547,782)</u>			<u>(2,663,735)</u>	
			£(1,497,632)			£(2,613,585)	

These financial statements were approved by the Board of Directors on 30/10/1991.

 } Directors



McLAREN INTERNATIONAL LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS Year ended 31 October 1990

	1990 £	1989 £
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	1,675,332	1,343,165
Adjustments for items not involving the movement of funds:		
Depreciation	984,498	1,051,858
Profit on sale of tangible fixed assets	<u>(10,630)</u>	<u>(40,388)</u>
Total generated by operations	2,649,200	2,354,635
Proceeds on sale of tangible fixed assets	75,645	154,488
Increase in trade and other creditors	<u>6,384,503</u>	<u>766,107</u>
	<u>9,109,348</u>	<u>3,275,230</u>
APPLICATION OF FUNDS		
Increase in stock	12,400	12,200
Increase in amounts owed by group companies	2,640,333	1,967,694
Increase in debtors	2,689,918	531,029
Purchase of tangible fixed assets	1,318,627	1,085,791
Decrease in amounts owed to group companies	55,190	18,968
Decrease in long term loans	<u>1,356,685</u>	<u>205,677</u>
	<u>8,073,153</u>	<u>3,821,359</u>
INCREASE/(DECREASE) IN NET LIQUID FUNDS	£1,036,195 =====	£ (546,129) =====

(Net liquid funds comprises cash at bank and in hand less bank overdrafts).

McLAREN INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 October 1990

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with statements of standard accounting practice issued by UK accountancy bodies. The particular accounting policies adopted are described below.

(a) Accounting convention

The financial statements are prepared under the historical cost convention.

(b) Depreciation

Depreciation is provided in equal instalments over the estimated useful lives of the assets at the following rates:

Fixtures, fittings, tools and equipment	- 20% of reducing balance
Plant and machinery	- 20% of reducing balance
Motor vehicles and aircraft	- 25% of reducing balance
Leasehold premises and improvements	- Written off over the life of the lease

Historic cars are not depreciated. No depreciation is provided until the assets are brought into use.

(c) Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability will crystallise in the future.

(d) Stocks

Stocks are valued at the lower of invoiced cost and net realisable value.

(e) Turnover

Turnover represents sponsorship fees, other motor racing revenue receivable and sales by the company to outside customers excluding value added tax.

(f) Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling at the end of the month in which the transaction took place. Foreign currency assets and liabilities are translated into sterling at the year end rate. All foreign currency differences are dealt with through the profit and loss account.

MCLAREN INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 October 1990

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1990 £	1989 £
Directors' emoluments:		
Fees	-	-
Other emoluments	<u>1,805,123</u>	<u>923,156</u>
	£1,805,123	£923,156
	=====	=====
Remuneration of the chairman	£ 575,000	£200,000
	=====	=====
Remuneration of the highest paid director	£ 686,759	£310,973
	=====	=====
	No.	No.
Scale of other directors' remuneration:		
£ 0 - £ 5,000	2	2
£ 10,001 - £ 15,000	1	1
£ 70,001 - £ 75,000	-	1
£110,001 - £115,000	1	-
£165,001 - £170,000	-	1
£400,001 - £405,000	1	-
	===	===
	£	£
Employee costs during the year:		
Wages and salaries	3,461,440	3,172,778
Social security costs	360,261	304,604
	=====	=====
	No.	No.
Remuneration of senior employees which fall within the following range:		
£ 30,001 - £ 35,000	5	3
£ 35,001 - £ 40,000	1	2
£ 40,001 - £ 45,000	-	2
£ 45,001 - £ 50,000	2	-
£ 55,001 - £ 60,000	2	1
£ 65,001 - £ 70,000	1	-
£ 75,001 - £ 80,000	1	-
£ 90,001 - £ 95,000	-	1
£105,001 - £110,000	-	1
£125,001 - £130,000	1	-
	===	===
	No.	No.
Average number of persons employed:		
Production	138	127
Administration	41	40
	=====	=====

McLAREN INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 October 1990

3. INTEREST PAYABLE AND SIMILAR CHARGES

	1990	1989
Bank loans, overdrafts and other loans repayable within five years	£352,028 =====	£503,799 =====

4. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	1990 £	1989 £
Profit/(loss) on ordinary activities before taxation is after charging:		
Depreciation	984,490	1,051,858
Auditors' remuneration	7,952	18,000
Exchange translation loss/(gain)	27,006 =====	(110,695) =====

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1990 £	1989 £
Tax on profit on ordinary activity at 35%	201,879	40,051
Deferred tax	<u>357,500</u>	<u>87,500</u>
	£559,379 =====	£127,551 =====

McLAREN INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 October 1990

6. TANGIBLE FIXED ASSETS

	Leasehold premises and improvements £	Plant and machinery £	Motor vehicles, historic cars and aircraft £	Fixtures, fittings, tools and equipment £	Total £
Cost:					
At 1 November 1989	1,055,715	1,248,822	2,686,533	2,800,271	7,791,341
Additions	268,829	119,983	522,378	407,437	1,318,627
Disposals	-	-	(135,180)	-	(135,180)
At 1 November 1990	1,324,544	1,368,805	3,073,731	3,207,708	8,974,788
Depreciation:					
At 31 October 1989	120,701	542,963	812,317	1,099,789	2,575,770
Charge for the year	47,484	159,922	399,371	377,721	984,498
Disposals	-	-	(70,165)	-	(70,165)
At 31 October 1990	168,185	702,885	1,141,523	1,477,510	3,490,103
Net book value:					
At 31 October 1990	£1,156,359	£ 665,920	£1,932,208	£1,730,198	£5,484,685
At 31 October 1989	£ 935,014	£ 705,859	£1,874,216	£ 700,482	£5,215,571

7. INVESTMENTS HELD AS FIXED ASSETS

	1990 £	1989 £
Shares in group companies:		
Cost	1,478,023	1,478,023
Less provisions	(1,383,313)	(1,383,313)
	£ 94,710	£ 94,710

The company owns 100% of the issued share capital of Team McLaren Limited, a non-trading company registered in England and Wales. The goodwill portion of the cost of shares has been written off in prior years.

Team McLaren Limited owns 100% of the issued share capital of Woodhurst Equipments Limited, a non-trading company registered in England and Wales.

The company owns 55% of Grand Prix Engineering Services Limited, a company engaged in the restoration of historic racing cars, which is registered in England and Wales.

Consolidated accounts have not been prepared as the company is a wholly owned subsidiary of a company registered in England and Wales.

McLAREN INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 October 1990

8. STOCKS

	1990	1989
Raw materials and consumables	£ 123,700 =====	£ 111,300 =====
The replacement cost of stocks	£1,314,000 =====	£2,189,000 =====

9. DEBTORS

	1990 £	1989 £
Trade debtors	1,068,652	555,067
Amounts owed by immediate holding company	43,700	34,100
Amounts owed by subsidiaries	142,958	18,018
Amounts owed by fellow subsidiaries	4,714,743	2,208,950
Other debtors	594,003	1,053,238
Prepayments and accrued income	<u>2,719,486</u>	<u>83,918</u>
	£9,283,542 =====	£3,953,291 =====

10. AMOUNTS OWED TO GROUP COMPANIES

	1990 £	1989 £
Owed to subsidiaries	93,560	93,071
Owed to fellow subsidiaries	<u>150,664</u>	<u>206,343</u>
	£244,224 =====	£299,414 =====

11. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	1990	1989
This heading includes:		
Taxation and social security	£1,269,253 =====	£699,766 =====

McLAREN INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 October 1990

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1990 £	1989 £
Bank loan	385,604	582,070
Amount owed to fellow subsidiary	<u>2,800,000</u>	<u>4,000,000</u>
	3,185,604	4,582,070
Amounts falling due within one year	<u>154,242</u>	<u>194,023</u>
Amounts falling due after more than one year	<u>£3,031,362</u>	<u>£4,388,047</u>
	=====	=====

The bank loan is repayable in ten six monthly instalments starting in February 1988 and bears interest at the rate of 1.5% per annum above LIBOR plus additional cost, if any, to the lender of maintaining the loan. The bank loan is secured by a mortgage of an aircraft owned by the company in favour of the lender.

Amount due to a fellow subsidiary is repayable on 30 September 1992 and bears interest at the rate of 10% per annum and is unsecured.

13. PROVISIONS FOR LIABILITIES AND CHARGES

The amounts of deferred tax provided in the accounts are:

	1990 £	1989 £
Deferred taxation:		
Capital allowances in excess of depreciation	453,000	468,200
Other timing differences	(8,000)	(45,400)
Losses	<u>-</u>	<u>(335,300)</u>
	<u>£ 445,000</u>	<u>£ 87,500</u>
	=====	=====

There are no unprovided tax liabilities.

14. CALLED UP SHARE CAPITAL

	1990 £	1989 £
Authorised, allotted and fully paid ordinary shares of £1 each:		
30,090 'A' shares	30,090	30,090
20,060 'B' shares	<u>20,060</u>	<u>20,060</u>
	<u>£50,150</u>	<u>£50,150</u>
	=====	=====

McLAREN INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 October 1990

15. OPERATING LEASE COMMITMENTS

At 31 October 1990 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings £
Leases which expire:	
Within one year	-
Within two to five years	13,000
After 5 years	370,000
	=====

16. ULTIMATE HOLDING COMPANY

TAG McLaren Holdings Limited, which is registered in England and Wales, is the immediate parent company. The ultimate holding company is TAG Group SA which owns 60% of the issued share capital of TAG McLaren Holdings Limited. TAG Group SA is incorporated in Luxembourg.