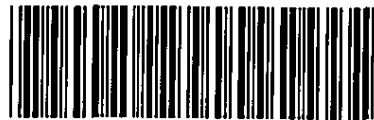


RENAULT F1 TEAM LIMITED

Report and Financial Statements

31 December 2006

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RENAULT F1 TEAM LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

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RENAULT F1 TEAM LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2006

PRINCIPAL ACTIVITY, REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The principal activity of the Company is the running of a Formula One racing team. Turnover during the year, comprising principally sponsorship income and prize money, amounted to £132,018,284 (2005 - £120,302,288) and the loss after taxation for the financial year was £2,091,895 (2005 - Profit £3,594,082)

In 2006 the Team achieved ultimate success on the track by winning both the Constructors' and Drivers' Championships, having led the way from the start of the season

The Directors commend the excellent performance of the staff throughout the year, and also acknowledge the valuable support and contribution of Sponsors and Partners in attaining this result

The Turnover of the company has increased significantly in the year. The majority of the additional income deriving from TV prize money, enhanced existing sponsorship and new official IS partnerships

Operating costs rose by 12% due to increased staff numbers and driver remuneration, as well as generally, the costs of race and test attendance

The Directors consider that presentation of key financial and performance indicators, as determined by CA1985 s234ZZB, would not enhance the disclosures already contained in this report

The Team has faced a challenging year in 2007, with the withdrawal of its tyre supplier Michelin, and disappointing performance on the track

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors are of the opinion that a thorough risk management process is adopted through regular financial review and reporting structures enforced through the Renault Group. The risks and uncertainties facing the Company might be broadly grouped as Competitive, Legislative, and Financial

- **Competitive Risks**

The Company's financial performance is subject to significant variation where its principal sponsors pay bonuses in respect to results achieved on track. Such results also combine to affect a proportion of the Company's income from TV prize money in the following season, as well as generally impacting on the Company's ability to generate sponsorships in the future

- **Legislative Risks**

As a competitor in the FIA Formula One World Championship, the Team is subject to the International Sporting Code, the current F1 Technical and Sporting Regulations, and the provisions laid out in the 1998 Concorde Agreement. The Company works with its employees, agents and advisors, and also the governing body to ensure its compliance

- **Financial Risks**

The Company uses overdraft facilities, loans, cash, and trade payables and receivables directly in the course of its ongoing operations. The Renault Group retains overall control of treasury functions. Accordingly the Company adheres to certain Group policies restricting derivative or currency hedging, and seeks to minimise exposure to exchange risk through matching currency assets and expenditure to income and borrowings through the Group

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend (2005 - £nil). The loss for the year of £2,091,895 (2005 - Profit £3,594,082) has been added to the deficit on the profit and loss account

RESEARCH AND DEVELOPMENT

Information relating to research and development expenditure on racing cars is given in note 1 to the financial statements

RENAULT F1 TEAM LIMITED

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS

The following served as directors during the year

P Faure (resigned 3 April 2006)

A Dassas (appointed 3 April 2006 , resigned 25 September 2007)

B Rey (appointed 24 September 2007)

F Briatore

L Chedorge (appointed 1 July 2007)

S Hanks (resigned Company Secretary 16 February 2007)

P Thompson (appointed Company Secretary 1 July 2007)

No directors held any beneficial interest in the shares of the company during the year which is required to be disclosed by Schedule 7(2) of the Companies Act 1985

EMPLOYEES

Applications for employment of disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of a person who does not suffer from a disability.

The company has arrangements for providing information to employees, involving employees in the company's performance and achieving awareness amongst employees of the factors affecting the company's performance.

POST BALANCE SHEET EVENT

The Team has been requested to appear before the World Motor Sport Council (WMSC) on 6th December 2007 to answer charges that it has been in breach of the International Sporting Code through unauthorised possession of documents and confidential information belonging to its competitor McLaren. Whilst speculation exists that the consequences to the Team might be judged by precedence to the recent case between McLaren and Ferrari, the Directors are of the opinion that this case is neither similar nor an appropriate base to measure reasonably any financial impact to the Company in the event that the ruling of the WMSC is not favourable.

DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the group's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to have made himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

Ernst and Young have expressed a willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board on *21 NOVEMBER 2007*



P Thompson (Joint Secretary)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice

United Kingdom company law requires the directors to prepare financial statements and notes to the accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year 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
- 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 keeping 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 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

RENAULT F1 TEAM LIMITED

PROFIT AND LOSS ACCOUNT For the year ended 31 December 2006

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RENAULT F1 TEAM LIMITED

We have audited the company's financial statements for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

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 and the financial statements in accordance with applicable United Kingdom law and 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).

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.

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 December 2006 and of its loss for the year 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.

Ernst & Young LLP 21 November 2007

Ernst & Young

LLP Registered Auditor

Luton

RENAULT F1 TEAM LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2006

	Note	2006 £	2005 £
TURNOVER	1	132,018,284	120,302,288
Operating expenses	2	<u>(134,299,161)</u>	<u>(118,514,606)</u>
OPERATING LOSS BEING PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		(2,280,877)	1,787,682
Other interest receivable and similar income	4	97,065	95,776
Interest payable and similar charges	5	<u>(1,405,125)</u>	<u>(340,118)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	6	(3,588,937)	1,543,340
Tax on profit on ordinary activities	7	<u>1,497,042</u>	<u>2,050,742</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED FOR THE FINANCIAL YEAR	15	<u>(2,091,895)</u>	<u>3,594,082</u>

All activities derive from continuing operations

There are no recognised gains and losses other than the results for the current financial year and preceding financial year. Accordingly, no statement of total recognised gains and losses is given.

RENAULT F1 TEAM LIMITED

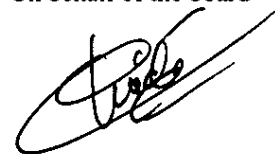
BALANCE SHEET

Year ended 31 December 2006

	Note	£	2006 £	£	2005 £
FIXED ASSETS					
Tangible assets	8	26,483,896		26,093,808	
			26,483,896		26,093,808
CURRENT ASSETS					
Stocks	9	14,301,182		11,454,137	
Debtors	10	24,294,998		16,937,819	
Cash at bank and in hand		1,199,096		378,377	
		39,795,276		28,770,333	
CREDITORS: amounts falling due Within one year	11	(50,292,989)		(36,786,063)	
NET CURRENT LIABILITIES			(10,497,713)		(8,015,730)
TOTAL ASSETS LESS CURRENT LIABILITIES			15,986,183		18,078,078
CAPITAL AND RESERVES					
Called up share capital	13		26,400,000		26,400,000
Profit and loss account	14		(10,413,817)		(8,321,922)
EQUITY SHAREHOLDERS' FUNDS	15		15,986,183		18,078,078

These financial statements were approved by the Board of Directors on **21 NOVEMBER 2007**

On behalf of the board



L Chedorge

Chief Financial Officer

NOTES TO THE ACCOUNTS
Year ended 31 December 2006

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention and on a going concern basis.

Turnover

Turnover principally comprises sponsorship income and prize money. Sponsorship receipts are credited to the profit and loss account over the period of the sponsorship agreements. Prize money is credited to the profit and loss account as it is won.

The company uses engines from Renault Group SA. Due to the developmental nature of engines the directors do not believe that it is possible to provide a reliable estimate of their cost. Accordingly, turnover and cost of sales do not include any amounts in respect of these engines.

Tangible fixed assets

Fixed assets are stated at historical cost. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Freehold Land and Buildings	10 – 22.5 years
Motor vehicles	4 years
Plant, machinery, furniture and fittings	2 – 8 years

Assets under construction are held separately within fixed assets and are not subject to depreciation until they are brought into use. When the asset is brought into use it is transferred to the relevant fixed asset category.

Foreign currency translation

Transactions in foreign currencies are translated at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Foreign exchange gains and losses are reflected in the profit and loss account.

Expenditure on racing cars

The racing cars have an expected life of one year and all expenditure on the production and maintenance of such cars is charged to the profit and loss account during the racing season in which the car is used.

The Board considers that research continues to play a vital role in the company's success. Certain development costs are carried forward to the following year.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or to pay less tax, at a future date at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in period different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of those assets. Deferred tax assets and liabilities are not discounted.

RENAULT F1 TEAM LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

1. ACCOUNTING POLICIES (continued)

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term

Stocks and work in progress

The company has carried forward to the following year certain development costs relating to the production of next season's racing cars

2. OPERATING EXPENSES

Due to the nature of the business the directors are of the opinion that analysis of expenditure between costs of sales, administration costs and distribution costs would be meaningless and hence no analysis is given

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2006 £	2005 £
Directors' emoluments		
Remuneration	874,102	873,831
Remuneration of the highest paid director	874,102	873,831

No pension contributions were paid in respect of any director (2005 - £Nil) None of the other Directors received remuneration for their services as Directors of the Company (2005 - £Nil)

	2006 No	2005 No
Average number of persons employed		
Engineering	282	269
Production	164	157
Administration	80	82
	526	508

	2006 £	2005 £
Staff costs during the year (including directors)		
Wages and salaries	33,226,803	30,640,566
Social security costs	3,850,626	3,598,097
	37,107,429	34,238,663

4. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2006 £	2005 £
Interest receivable on bank deposits	56,137	40,532
On inter company loans, repayable within five years	32,767	54,010
Other interest received	8,161	1,234
	97,065	95,776

RENAULT F1 TEAM LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £	2005 £
On bank loans and overdrafts, and other loans, repayable within five years	2,773	3,511
On inter company loans, repayable within five years	1,402,352	336,607
	<u>1,405,125</u>	<u>340,118</u>

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

(Loss)/Profit on ordinary activities before taxation is stated after charging:	2006 £	2005 £
Depreciation	7,378,231	6,251,468
Amortisation of goodwill and intellectual property	-	1,066,663
Rentals under operating leases		
Land and buildings	40,386	25,792
Plant and machinery	927,117	1,164,614
Motor Vehicles	24,166	3,604
Loss on sale of assets	168	43,886
Auditors' remuneration		
Audit of the financial statements	25,098	22,992
	<u>25,098</u>	<u>22,992</u>

7. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2006 £	2005 £
Corporation tax		
Group relief receivable for prior year	1,497,042	2,050,742
	<u>1,497,042</u>	<u>2,050,742</u>

The tax credit for the year is lower than that from applying the standard rate of corporation tax in the UK 30% (2005 30%)

	2006 £	2005 £
(Loss)/Profit on ordinary activities before tax	<u>(3,588,937)</u>	<u>1,543,340</u>
Tax at 30% thereon	(1,076,681)	463,002
Effects of		
Expenses not deductible for tax purposes	339,983	463,411
Capital allowances in excess of depreciation	(167,038)	238,911
Movement in tax losses not recognised	4,050,961	1,087,602
Movement in short term timing differences	-	(29,881)
Prior period adjustments	(1,497,042)	(2,050,742)
Additional relief for research and development expenditure	(3,147,225)	(2,223,075)
Current tax credit for the year	<u>(1,497,042)</u>	<u>(2,050,742)</u>

RENAULT F1 TEAM LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2006

8. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant, machinery, furniture and fittings £	Motor vehicles £	Assets under construction £	Total £
Cost					
At 1 January 2006	14,396,789	32,982,886	1,699,838	2,508,847	51,588,360
Additions	823,460	4,101,292	550,000	2,349,370	7,824,122
Transfers	(9,445)	2,352,302	165,990	(2,508,847)	-
Disposals	(9,300)	(725,624)	-		(734,924)
At 31 December 2006	15,201,504	38,710,856	2,415,828	2,349,370	58,677,558
Accumulated depreciation					
At 1 January 2006	3,909,077	20,203,736	1,381,739	-	25,494,552
Charge for the year	747,427	6,399,257	231,547	-	7,378,231
Disposals	(6,898)	(672,223)	-	-	(679,121)
At 31 December 2006	4,649,606	25,930,770	1,613,286	-	32,193,662
Net book value					
At 31 December 2006	10,551,898	12,780,086	802,542	2,349,370	26,483,896
At 31 December 2005	10,487,712	12,779,150	318,099	2,508,847	26,093,808

Included in the total for freehold land and buildings is land of £1,220,000 which is not depreciated

9. STOCKS

	2006 £	2005 £
Work in progress	14,301,182	11,454,137

10. DEBTORS

	2006 £	2005 £
Amounts falling due within one year		
Trade debtors	3,180,956	3,351,380
Amounts due from group undertakings	6,068,203	4,850,806
Value added tax	-	1,198,138
Other debtors	677,819	607,608
Prepayments and accrued income	14,368,020	6,929,887
	24,294,998	16,937,819

RENAULT F1 TEAM LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2006

11. CREDITORS

	2006 £	2005 £
Amounts falling due within one year		
Bank overdrafts	-	270,936
Trade creditors	3,442,508	2,212,830
Amounts owed to group undertakings	22,735,377	4,511,796
Value added tax	763,953	-
Other taxation and social security	1,807,970	1,553,410
Accruals and deferred income	21,543,181	28,237,091
	<u>50,292,989</u>	<u>36,786,063</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

The amounts provided in the accounts and the amounts not provided are as follows

	Provided 2006 £	Provided 2005 £	Not provided 2006 £	Not provided 2005 £
Difference arising between accumulated depreciation & Capital allowances	3,317,222	324,432	-	-
Short term timing differences	(14,399)	(36,911)	-	-
Losses	(3,302,823)	(287,521)	(4,235,431)	(2,009,381)
	<u>-</u>	<u>-</u>	<u>(4,235,431)</u>	<u>(2,009,381)</u>

A deferred tax asset has not been recognised in respect of timing differences relating to estimated excess tax losses arising as there is insufficient certainty that sufficient profit will be realised to utilise the losses arising

13. CALLED UP SHARE CAPITAL

	2006 £	2005 £
Authorised		
26,400,000 Ordinary shares of £1 each (2005 – 26,400,000)	26,400,000	26,400,000
Called up, allotted and fully paid		
26,400,000 Ordinary shares of £1 each (2005 – 26,400,000)	26,400,000	26,400,000

RENAULT F1 TEAM LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2006

14. PROFIT AND LOSS ACCOUNT

	2006 £
Balance at 1 January 2006	(8,321,922)
Loss for the financial year	(2,091,895)
	<u> </u>
Balance at 31 December 2006	(10,413,817)
	<u> </u>

15. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2006 £	2005 £
(Loss)/profit for the financial year	(2,091,895)	3,594,082
Net addition to shareholders' funds	(2,091,895)	3,594,082
Opening shareholders' funds	18,078,078	14,483,996
Closing shareholders' funds	15,986,183	18,078,078
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

16. FINANCIAL COMMITMENTS

	2006 £	2005 £
Capital commitments		
Contracted for but not provided	3,946,861	2,686,102
	<u> </u>	<u> </u>

Lease commitments

At 31 December 2006, the company was committed to making the following payments during the next year in respect of

	2006		2005	
Operating Leases	Land and Buildings £	Other £	Land and Buildings £	Other £
Leases which expire				
Within one year	8,550	336,852	2,339	79,388
Within two to five years	39,061	531,349	30,569	859,580
	<u>47,611</u>	<u>868,201</u>	<u>32,908</u>	<u>938,968</u>

RENAULT F1 TEAM LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

17. RELATED PARTY TRANSACTIONS

In accordance with Financial Reporting Standard 8, the company has not disclosed transactions with other investee companies in the group as the results are consolidated into the financial statements of the Renault Group SA, which are publicly available

18. ULTIMATE PARENT COMPANY

The largest group of which Renault F1 Team Limited is a member and for which group accounts are drawn up is that headed by Renault Group SA, incorporated in France. The consolidated accounts of this group are available from 13-15 Quai Le Gallo, 92100 Boulogne – Billancourt, France. Renault Group SA is also considered the company's ultimate controlling party.

The company's immediate parent company is Grigny (UK) Limited, a company incorporated in England and Wales.