LFPV Limited

Directors' report and financial statements

Registered number 4138030

For the year ended 31 December 2002

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

Principal activities

The principal activity of the company is the sale and distribution of project vehicles.

Business review and future developments

The company is engaged in the supply of Land Rover and Ford project vehicles to a variety of customers both in the UK and around the world. The results for the year are shown on page 4 and the directors are optimistic about the future trading prospects.

Proposed dividend

The directors do not recommend the payment of a final dividend *(9 months ended 31 December 2001: £Nil).*

Directors and directors' interests

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

Christian Haar	
Peter Barklin	
Jens Terkelsen	
Charles Nickerson	(resigned 11 October 2002)
Hans Bukkehave	
Neil Johnson	(appointed 30 May 2002)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in, or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board

25/9-03

J R Terkel

Jens Terkelsen
Director

1 Lumley Street
Mayfair
London
W1K 6TT

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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 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 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 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 LLP
2 Cornwall Street
Birmingham
B3 2DL

Independent auditors' report to the members of LFPV Limited

We have audited the financial statements on pages 4 to 13.

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 auditor's 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 are responsible for preparing the directors' report and, as described on page 2, 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 1985. 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 audit 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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

25/9/03

Profit and loss account
for the year ended 31 December 2002

	Note	2002 £	9 months ended 31 December 2001 £
Turnover	*1,2*	**14,569,590**	6,407,120
Cost of sales		**(13,489,887)**	(5,909,537)
Gross profit		**1,079,703**	497,583
Distribution costs		**(140,737)**	(225,082)
Administrative expenses		**(903,959)**	(877,438)
Operating profit/(loss)		**35,007**	(604,937)
Interest payable and similar charges	*7*	**(170,879)**	(51,833)
Other interest receivable and similar income	*6*	**17,431**	19,712
Loss on ordinary activities before taxation	*3*	**(118,441)**	(637,058)
Tax on loss on ordinary activities	*8*	-	-
Loss on ordinary activities after taxation and for the financial year	*14*	**(118,441)**	(637,058)

The company had no recognised gains or losses in the current year or preceding period other than those disclosed in the profit and loss account.

In the current year and proceeding period, there was no material difference between the result reported in the profit and loss account and the result on an unmodified historical cost basis.

All amounts are derived from continuing operations.

Balance sheet
at 31 December 2002

	Note	2002		2001	
		£	£	£	£
Fixed assets					
Tangible assets	*9*		**194,720**		168,580
Current assets					
Stocks	*10*	**2,000,163**		3,079,383	
Debtors	*11*	**3,229,681**		2,565,677	
Cash at bank and in hand		**1,610**		2,631	
		5,231,454		5,647,691	
Creditors: Amounts falling due within one year	*12*	**(5,331,673)**		(5,603,329)	
Net current (liabilities)/assets			**(100,219)**		44,362
Net assets			**94,501**		212,942
Capital and reserves					
Called up share capital	*13*		**850,000**		850,000
Profit and loss account	*14*		**(755,499)**		(637,058)
Equity shareholders' funds	*15*		**94,501**		212,942

These financial statements were approved by the board of directors on ......24/9-03...... and were signed on its behalf by:

J. P. Terkel

Jens Terkelsen
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. The company has adopted FRS 18 'Accounting policies' and FRS 19 'Deferred tax' in these financial statements. There has been no impact from this adoption on the comparative balances.

Basis of preparation

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

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Extend Reach Corporation, the company's ultimate parent company. Extend Reach Corporation has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Plant and machinery	-	5 years
Fixtures and fittings	-	3-5 years
Motor vehicles	-	5 years

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of goods purchased for resale, purchase price is used.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes *(continued)*

1 Accounting policies *(continued)*

Turnover

Turnover represents the amounts (excluding value added tax) derived from the despatch and invoicing of goods to customers during the year.

Cash flow statement

Under Financial Reporting Standard 1 (Revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent company includes the company in its own published consolidated financial statements.

Pension costs

The company operates a defined contribution money purchase pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Related party transactions

As the company is a wholly owned subsidiary of Extend Reach Corporation, the company has taken advantage of the exemptions contained in FRS 8 and has not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Extend Reach Corporation, a company registered and incorporated in the United States of America, within which this company is included can be obtained from LFPV Limited, The Coach House, Wellesbourne House, Wellesbourne, Warwick CV35 9JB.

2 Analysis of turnover

	2002	9 month period ended 31 December 2001
By geographical market	**£**	£
United Kingdom	**5,367,201**	5,927,131
Rest of the world	**9,202,389**	479,989
	14,569,590	6,407,120

Notes *(continued)*

3 Loss on ordinary activities before taxation

	2002	9 month period ended 31 December 2001
	£	£
Loss on ordinary activities before taxation is stated		
after charging		
Auditors' remuneration:		
Audit	**10,500**	10,000
Other services – fees paid to the auditor	**2,100**	2,000
Depreciation and other amounts written off tangible fixed assets:		
Owned	**57,096**	38,813
after crediting		
Exchange gains	**43,926**	12,011

4 Remuneration of directors

	2002	9 month period ended 31 December 2001
	£	£
Directors' emoluments	**64,251**	44,695
Company contributions to money purchase pension scheme	**1,620**	810
Amounts paid to third parties in respect of directors' services	**15,585**	-
	81,456	45,505

Retirement benefits are accruing to the following number of directors under:

	2002	9 month period ended 31 December 2001
	Number of directors	
Money purchase scheme	**1**	1

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2002	9 month period ended 31 December 2001
	Number of employees	
Works	3	5
Administration	15	15
	18	20

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	489,044	385,483
Social security costs	47,673	37,211
Other pension costs	16,512	8,979
	553,229	431,673

6 Interest payable and similar charges

	2002	9 month period ended 31 December 2001
	£	£
On bank loans and overdrafts	114,960	50,055
On other loans	16,192	-
Payable to group undertakings	39,727	1,778
	170,879	51,833

7 Other interest receivable and similar income

	2002	9 month period ended 31 December 2001
	£	£
Receivable from group undertakings	149	7,413
Other	17,282	12,299
	17,431	19,712

Notes *(continued)*

8 Taxation

i) Analysis of charge in year

	2002	9 month period ended 31 December 2001
	£	£
UK corporation tax		
Total current tax	-	-
Deferred tax	-	-
Tax on loss on ordinary activities	-	-

ii) Factors affecting the tax charge for the current year

The current tax charge for the year is higher (*9 month period ended 31 December 2001: higher)* than the standard rate of corporation tax in the UK (30% *(2001: 30%)).* The differences are explained below:

	2002	9 month period ended 31 December 2001
	£	£
Current tax reconciliation		
Loss on ordinary activities before tax	**(118,441)**	(637,058)
Current tax at 30% *(2001: 30%)*	**(35,532)**	(191,117)
Effects of:		
Expenses not deductible for tax purposes	**1,007**	2,980
Capital allowances in excess of depreciation	**(918)**	(575)
Group relief surrendered	**22,917**	1,865
Increase in provisions	**12,488**	533
Tax losses carried forward	**38**	186,314
Total current tax charge (see above)	-	-

iii) Factors that may affect future tax charges

The company has corporation tax losses of approximately £621,000 *(9 month ended 31 December 2001: £621,000)* to carry forward and offset against future profits from the same trade. This has not been recognised in the financial statements.

Notes *(continued)*

9 Tangible fixed assets

	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£
Cost				
At beginning of year	71,182	101,343	31,020	203,545
Additions	9,372	1,186	87,844	98,402
Disposals	-	-	(18,199)	(18,199)
At end of year	80,554	102,529	100,665	283,748
Depreciation				
At beginning of year	7,413	22,382	5,170	34,965
Charge for year	15,485	30,157	11,454	57,096
On disposals	-	-	(3,033)	(3,033)
At end of year	22,898	52,539	13,591	89,028
Net book value				
At 31 December 2002	**57,656**	**49,990**	**87,074**	**194,720**
At 31 December 2001	63,769	78,961	25,850	168,580

10 Stocks

	2002	2001
	£	£
Finished goods and goods for resale	**2,000,163**	3,079,383

11 Debtors

	2002	2001
	£	£
Trade debtors	**1,524,315**	1,990,098
Amounts owed by group undertakings	**1,597,074**	7,277
Other debtors	**95,892**	473,475
Prepayments and accrued income	**12,400**	94,827
	3,229,681	2,565,677

Notes *(continued)*

12 Creditors: Amounts falling due within one year

	2002 £	2001 £
Bank loans and overdrafts	**1,847,502**	1,595,133
Other unsecured loans	**1,454,890**	-
Trade creditors	**1,257,040**	3,967,923
Amounts owed to group undertakings	**659,171**	26,483
Taxation and social security	**16,545**	13,790
Other creditors	**2,089**	-
Accruals and deferred income	**94,436**	-
	5,331,673	5,603,329

The bank loans and overdrafts are secured via a first priority pledge over a fleet of cars situated in Denmark, held by Bukkehave A/S, a fellow group company.

13 Called up share capital

	2002 £	2001 £
Authorised:		
Ordinary shares of £1 each	**1,000,000**	1,000,000
Allotted, called up and fully paid:		
Ordinary shares of £1 each	**850,000**	850,000

14 Reserves

	Profit and loss account £
At beginning of year	(637,058)
Retained loss for the year	(118,441)
At end of year	(755,499)

Notes *(continued)*

15 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Loss for the financial year	**(118,441)**	(637,058)
Share capital issued	-	850,000
Net (reduction in)/addition to shareholders' funds	**(118,441)**	212,942
Opening shareholders' funds	**212,942**	-
Closing shareholders' funds	**94,501**	212,942

16 Commitments

There were no capital commitments contracted for at the end of the financial year *(2001: £Nil)*.

There is a guarantee in favour of HSBC Corporate Credit Cards to the value of £10,800 *(2001: £10,800)*.

17 Pension scheme

The company operates a defined contribution money purchase pension scheme. The pension charge for the year represents contributions payable by the company to the scheme and amounted to £16,512 (*9 months ended 31 December 2001: £8,979*). Contributions amounting to £1,901 (*2001: £Nil*) were payable to the scheme and are included within creditors.

18 Ultimate parent company

The company is a subsidiary undertaking of Extend Reach Corporation which is incorporated in the United States of America.

The largest group in which the results of the company are consolidated is that headed by Extend Reach Corporation. The consolidated financial statements of this company are available by request from LFPV Limited, The Coach House, Wellesbourne House, Walton Road, Wellesbourne, Warwick CV35 9JB.