

Group Lotus plc

Directors' report and financial statements
for the year ended 31 March 2011

Registered Number: 00606189

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Group Lotus plc

Directors' report and financial statements for the year ended 31 March 2011

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Group Lotus plc

Directors' report for the year ended 31 March 2011

The directors present their report and the audited financial statements of the company for the year ended 31 March 2011

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 an intermediate holding company and receive royalty income 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

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. 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 financial year after taxation amounted to £445,000 (2010: £729,000). The directors do not recommend the payment of a dividend (2010: £nil), and the profit for the year has been transferred to reserves.

Group Lotus plc

Directors' report for the year ended 31 March 2011 (continued)

Directors

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

Dato' Syed Zainal Abidin Syed Mohamed Tahir

Dato' Mohd Nadzmi Bin Mohd Salleh

Dany Taner Bahar

Azhar bin Othman (appointed 13 December 2010)

Venkata Rama Subbu Behara (appointed 1 February 2011)

Dato' Larry Gan Nyap Liou (resigned 1 August 2010)

Tuan Haji Abdul Kadir bin Md Kassim (resigned 21 May 2010)

Mr Md Ali Md Dewal (resigned 27 May 2010)

Dato' Michael Lim Heen Peek (resigned 1 September 2010)

Tan Sri Rainer Althoff (appointed 1 August 2010, resigned 1 February 2011)

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

The directors are responsible for preparing the Directors' 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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

Directors' report for the year ended 31 March 2011 (continued)

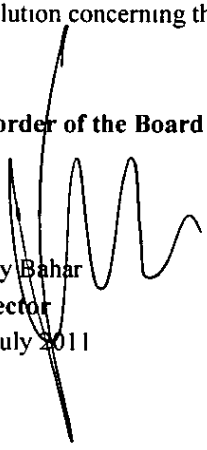
Statement of disclosure of information to auditors

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

Independent 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



Dany Bahar
Director
26 July 2011

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 2011 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities on page 2 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Group Lotus plc

Independent auditors' report to the members of Group Lotus plc (continued)


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit


Christopher Maw (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Norwich

26 July 2011

Group Lotus plc

Profit and loss account for the year ended 31 March 2011

	Note	2011 £'000	2010 £'000 (restated)
Administrative expenses		(563)	-
Other operating income		724	685
Operating profit	2	161	685
Income from fixed asset investments	6	250	-
Profit on ordinary activities before interest and taxation		411	685
Interest receivable and similar income	5	34	44
Profit on ordinary activities before taxation		445	729
Taxation on profit on ordinary activities	7	-	-
Profit for the financial year	14	445	729

The results for the current and prior financial years 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

Statement of total recognised gains and losses for the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Profit for the financial year		445	729
Prior adjustment	1	1,986	
Total recognised gains and losses since last annual report		2,431	

Group Lotus plc

Balance sheet as at 31 March 2011

	Note	2011 £'000	2010 £'000 (restated)
Fixed assets			
Investments	8	116,974	56,554
		116,974	56,554
Current assets			
Debtors			
Amounts falling due within one year	9	13,411	5,480
Amounts falling due after more than one year	9	73,931	13,511
		87,342	18,991
Creditors amounts falling due within one year	10	(84)	(98)
Net current assets		87,258	18,893
Total assets less current liabilities		204,232	75,447
Creditors: amounts falling due after more than one year	11	(67,920)	-
Net assets		136,312	75,447
Capital and reserves			
Called up share capital	13	117,098	56,678
Share premium account	14	8,120	8,120
Merger reserve	14	210	210
Profit and loss account	14	10,884	10,439
Total shareholders' funds	15	136,312	75,447

The financial statements on pages 6 to 18 were approved by the Board of directors on 26 July 2011 and were signed on its behalf by


Dany Bahar
Director

Registered number 00606189

Group Lotus plc

Notes to the financial statements for the year ended 31 March 2011

1. Accounting policies

Basis of preparation

These financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The prior year profit and loss account, balance sheet and related notes have been restated to remove costs in relation to certain loan balances which have been reclassified between group companies. The impact on the net assets and the retained profit for the financial year ended 31 March 2010 is an increase of £1,986,000.

The principal accounting policies, which have been applied consistently

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 100% owned group companies.

Consolidated financial statements

The company is a wholly owned subsidiary undertaking of Lotus Group International Limited, a company incorporated in Great Britain and registered in England and Wales, which prepares consolidated financial statements. Accordingly, the preparation of group financial statements is not required under section 400 of the Companies Act 2006.

Other operating income

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

Group Lotus plc

Notes to the financial statements for the year ended 31 March 2011 (continued)

1. Accounting policies (continued)

Deferred taxation

Provision is made for deferred taxation, using the full provision accounting method, when an event has taken place by the balance sheet date which gives rise to an increased or reduced tax liability in the future. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets and liabilities 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.

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 loans 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 2011 (continued)

2. Operating loss

	2011 £'000	2010 £'000
Operating profit is stated after (crediting)/charging		
Royalties receivable	(674)	(614)
Rent and related services receivable	(50)	(71)
Audit services		
- fees payable to the company's auditors	14	13

3. Directors' emoluments

	2011 £'000	2010 £'000
Aggregate emoluments	-	90
Contributions to personal pension plans	-	14
	-	104

No directors (2010 one) had retirement benefits accruing under a defined benefit scheme No directors (2010 nil) had retirement benefits accruing under a defined contribution scheme

Group Lotus plc

Notes to the financial statements for the year ended 31 March 2011 (continued)

4. Employee and pensions costs

Other than the directors, the company had no employees in the year (2010 nil)

5. Interest

	2011 £'000	2010 £'000 (restated)
Interest receivable and similar income		
Loans to fellow subsidiaries	34	44

6. Income from fixed asset investments

	2011 £'000	2010 £'000
Dividend received from joint venture undertaking	250	-

7. Taxation on loss on ordinary activities

a) Analysis of charge in the year

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

Group Lotus plc

Notes to the financial statements for the year ended 31 March 2011 (continued)

7. Taxation on loss on ordinary activities (continued)

b) Factors affecting taxation charge in the year

The standard rate of UK corporation tax for 2011 was 28%. The tax charge for the year is lower (2010 lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2011	2010
	£'000	£'000
		(restated)
Profit on ordinary activities before taxation	445	729
Profit on ordinary activities at standard rate of corporation tax in the UK of 28% (2010: 28%)	125	204
Effects of		
Capital allowances in excess of depreciation	(8)	(11)
Dividend income from joint venture not subject to tax	(70)	-
Utilisation of group losses	(47)	(193)
Current tax charge for year	-	-

c) Factors affecting the future tax charge

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement. The Finance (No 2) Act 2010, which was substantively enacted on 20 July 2010, included legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011.

Furthermore, a number of changes to the UK Corporation tax system were announced in the March 2011 Budget Statement. The Finance (No 3) Bill 2010-11, which was substantively enacted on 5 July 2011, included legislation to reduce the main rate of corporation tax from 28% to 26% from 1 April 2011 which was enacted under the Provisional Collection of Taxes Act 1968 and passed by government on the 29 March 2011. Deferred tax assets / liabilities that are expected to crystallise after 1 April 2011 have been measured at 26%. The further reduction to 25% from 1 April 2012 was enacted on 5 July 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not reflected in these financial statements.

Details of unprovided deferred tax assets are provided in note 12 to the financial statements.

Group Lotus plc

Notes to the financial statements for the year ended 31 March 2011 (continued)

8. Investments

	Shares in subsidiaries £'000	Joint venture £'000	Total £'000
Cost			
At 1 April 2010	85,310	1	85,311
Additions in year	60,420	-	60,420
At 31 March 2011	145,730	1	145,731
Provision for diminution in value			
At 1 April 2010 and 31 March 2011	(28,756)	(1)	(28,757)
Net book amount at 31 March 2011	116,974	-	116,974
Net book amount at 1 April 2010	56,554	-	56,554

Details of subsidiary and joint venture undertakings are provided in note 16 to the financial statements

9. Debtors

	2011 £'000	2010 £'000 (restated)
Amounts falling due within one year		
Trade debtors	61	25
Prepayments	6,937	-
Amounts owed by fellow group subsidiaries	6,413	5,455
	13,411	5,480
Amounts falling due after more than one year		
Amounts owed by immediate parent undertaking	73,931	13,511
	87,342	18,991

The amounts owed by fellow group subsidiaries are unsecured, repayable in line with the agreed terms and bear interest at a market rate

Group Lotus plc

Notes to the financial statements for the year ended 31 March 2011 (continued)

9. Debtors (continued)

The amounts 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 2011 financial statements. No interest was payable on the loan during the year.

10. Creditors: amounts falling due within one year

	2011 £'000	2010 £'000 (restated)
Trade creditors	6	6
Accruals and deferred income	78	92
	84	98

11. Creditors: amounts falling due after more than one year

	2011 £'000	2010 £'000 (restated)
Amounts owed to fellow group subsidiaries	67,920	-

The amounts owed to fellow group subsidiaries are unsecured, interest free and repayable in line with the agreed terms.

Group Lotus plc

Notes to the financial statements for the year ended 31 March 2011 (continued)

12. Deferred taxation

2011	2010
£'000	£'000

(restated)

Unprovided deferred tax asset is analysed as follows

Depreciation in excess of capital allowances	31	42
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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 2010 (restated)	42
Movement current year	(11)
At 31 March 2011	31

Group Lotus plc

Notes to the financial statements for the year ended 31 March 2011 (continued)

13. Called up share capital

	2011 Number	2011 £'000	2010 Number	2010 £'000
Authorised				
Ordinary shares of 10p each	1,170,975,830	1,170,976	932,360,000	93,236
Allotted called up and fully paid				
At 1 April	566,775,830	56,678	566,775,830	56,678
Issued during the financial year	604,200,000	60,420	-	-
At 31 March	1,170,975,830	117,098	566,775,830	56,678

On 2 February 2011, 604,200,000 shares were issued in exchange for the conversion of amounts due to group companies totalling £60.4m

14. Reserves

	Share premium account £'000	Merger reserve £'000	Profit and loss account £'000
At 1 April 2010 as previously stated	8,120	210	8,453
Prior year adjustment	-	-	1,986
At 1 April 2010 as restated	8,120	210	10,439
Profit for the financial year	-	-	445
At 31 March 2011	8,120	210	10,884

The prior year adjustment removed costs in relation to certain loan balances which have been reclassified between group companies

Group Lotus plc

Notes to the financial statements for the year ended 31 March 2011 (continued)

15. Reconciliation of movements in shareholders' funds

	2011 £'000	2010 £'000 (restated)
Profit for the financial year	445	729
Proceeds of issue of ordinary share capital (note 13)	60,420	-
Net addition to shareholders' funds	60,865	729
Opening shareholders' funds as previously stated	75,447	72,732
Prior year adjustment	-	1,986
Opening shareholders' funds as restated	75,447	74,718
Closing shareholders' funds	136,312	75,447

16. 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 2011 (continued)

17. Ultimate parent undertaking and controlling party

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 financial statements 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 financial statements of Lotus Group International Limited may be obtained from its registered office at Lotus Group International Limited, Potash Lane, Hethel, Norwich, Norfolk NR14 8EZ, United Kingdom.

18. 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 £nil (2010: £231,322) and sold vehicles with a cost of £nil (2010: £115,790) back to the company. At 31 March 2011 the amount outstanding from directors under this scheme was £nil (2010: £nil).

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