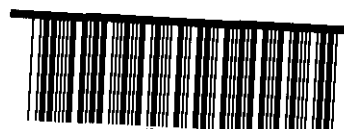


Registered in England and Wales
Number 48324

THE ROVER COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 1999



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THE ROVER COMPANY LIMITED**DIRECTORS**

A T Armitage
A L Burns
C John von Freyend

REPORT OF THE DIRECTORS

The directors present the Annual Report of the Company, together with the Financial Statements for the year ended 31 December 1999.

Review of Activities

The profit and loss account for the year is set out on page 5.

The Company did not trade during the year.

On 11 March 1999 a reduction in the company's capital was registered with Companies House, details of which are set out on page 8.

Directors

Mr H A Rose resigned as a director on 31 March 1999 and Mr A E Rowe resigned as a director on 30 April 1999. Mr A L Burns and Mr C John von Freyend were both appointed as directors on 23 April 1999. Mr A T Armitage held office throughout the year.

The directors have no interests in shares or rights to subscribe for shares which require disclosure under companies legislation.

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 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company 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.

THE ROVER COMPANY LIMITED**REPORT OF THE DIRECTORS - continued****Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution to reappoint KPMG as auditors and to authorise the directors to fix their remuneration will be proposed at the Annual General Meeting.

On behalf of the Board:

A handwritten signature in black ink, appearing to be 'A T Armitage', written over a dotted line.

A T Armitage
SECRETARY
28 April 2000

THE ROVER COMPANY LIMITED**REPORT OF THE AUDITORS KPMG TO THE MEMBERS
OF THE ROVER COMPANY LIMITED**

We have audited the financial statements on pages 5 to 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the director's 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. 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 of 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 affairs of the Company as at 31 December 1999 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


.....
Chartered Accountants
Registered Auditors
Birmingham

9 May 2000

THE ROVER COMPANY LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1999**

Movements on reserves

	1999 £	1998 £
At beginning of year	-	-
Result for financial year	-	-
At end of year	-	-

CONTINUING OPERATIONS

None of the Company's operations were acquired or discontinued during the above two financial years.

TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses for the above two financial years.

THE ROVER COMPANY LIMITED

**BALANCE SHEET
AT 31 DECEMBER 1999**

	Notes	1999 £	1998 £
Current assets			
Amount owed by parent company		<u>1,000</u>	<u>60,288,000</u>
		<u>1,000</u>	<u>60,288,000</u>
Capital and reserves			
Called up share capital	2	1,000	58,000,000
Share premium account	3	<u>-</u>	<u>2,288,000</u>
Shareholders' funds	4	<u>1,000</u>	<u>60,288,000</u>

These Financial Statements were approved by the Board of Directors on 28 April 2000 and were signed on its behalf by:



.....
A T Armitage

THE ROVER COMPANY LIMITED**ACCOUNTING POLICIES****Accounting convention**

These Financial Statements are prepared in accordance with applicable accounting standards under the historical cost convention and they are prepared on a going concern basis.

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 it is a wholly-owned subsidiary undertaking.

Related party disclosures

Under Financial Reporting Standard 8, the Company is exempt from the requirement to disclose transactions with entities that are part of the Group on the grounds that it is wholly owned by a parent undertaking which includes the Company in its own published consolidated financial statements.

THE ROVER COMPANY LIMITED

NOTES TO THE ACCOUNTS

1. Result on ordinary activities after taxation

Auditors' remuneration is borne by another Group undertaking.

The directors receive no remuneration for their services to this Company (1998: £nil).

2. Share capital

	Ordinary shares of 25 pence each	
	1999	1998
	£	£
Authorised	<u>1,000</u>	<u>58,000,000</u>
Allotted, called up and fully paid	<u>1,000</u>	<u>58,000,000</u>

During the year, the share capital of the Company was reduced from £58,000,000 to £1,000 by:

- (a) cancelling 231,996,000 ordinary shares of 25 pence and repaying the sole shareholder, BLMC Limited, the amount paid up;
- (b) cancelling the share premium account by repaying the amount standing to its credit to BLMC Limited.

3. Share premium account

	1999
	£
At beginning of year	2,288,000
Capital reduction	<u>(2,288,000)</u>
At end of year	<u>-</u>

4. Reconciliation of movements in shareholders' funds

	1999	1998
	£	£
Result for financial year	-	-
Capital reduction	(60,287,000)	-
Opening shareholders' funds	<u>60,288,000</u>	<u>60,288,000</u>
Closing shareholders' funds	<u>1,000</u>	<u>60,288,000</u>

THE ROVER COMPANY LIMITED**NOTES TO THE ACCOUNTS - continued****5. Ultimate parent company**

At 31 December 1999 the Company was a wholly owned subsidiary of BLMC Limited which is registered in England and Wales.

The ultimate parent company at 31 December 1999 was Bayerische Motoren Werke Aktiengesellschaft, which is incorporated in Germany.

The group in which the results of the Company are consolidated is that headed by Bayerische Motoren Werke Aktiengesellschaft.

The address where Bayerische Motoren Werke Aktiengesellschaft's accounts can be obtained is Petuelring 130, D-80809 Munich, Germany.

6. Post balance sheet events

On 28 April 2000 Rover Group Limited agreed to acquire the entire share capital of the Company from BLMC Limited.