

Mar Parts Limited

(Company Number: 827692)

Annual report and accounts

for the year ended 31 December 2005



Mar Parts Limited

Directors' Report

The Directors submit their report and the financial statements for the year ended 31 December 2005.

Principal activities and business review

The principal activity of the Company is the supply of components for classic vehicles. There were no discontinued activities during the year. Both the level of business and the year end position were satisfactory and the Directors expect that the present level of activity will be sustained for the foreseeable future.

Results and dividends

The results are disclosed in the profit and loss account on page 6. During the year the company paid no dividends (2004: £nil).

Directors and their interests

The Directors who held office during the year and up to the date of the directors' report were as follows:

| | |
|--------------|-------------------------------|
| G J Potts | (resigned 17 September 2006) |
| P A Roberts | (resigned 11 March 2005) |
| M P Wheatley | |
| C McCormack | (appointed 25 October 2005) |
| S Lock | (appointed 18 September 2006) |

No Director had any interest in the shares of the Company (or any of its subsidiary undertakings) at either 1 January 2005 or 31 December 2005.

Mr G J Potts was a Director of the ultimate parent undertaking, Inchcape plc, his interests in the ordinary shares of 150p each of Inchcape plc are disclosed in the accounts of that company.

The table below shows the beneficial interests, other than share options, including family interests, on the dates indicated, in the ordinary shares of 150.0p each of Inchcape plc, the ultimate parent undertaking, of the other persons who were Directors at 31 December 2005.

| | Ordinary shares of 150.0p each | |
|--------------|--------------------------------|---|
| | 31 December 2005 | 1 January 2005 (or date of appointment, if later) |
| M P Wheatley | 668 | 1,528 |

Directors' share options

Details of share options held by Directors, including under the Inchcape 1999 Share Option Plan and the Inchcape SAYE Share Option Scheme, are shown on Page 2.

Mar Parts Limited

Directors' Report (Continued)

| | Held At 31.12.05 | Granted during the year | Exercised/ lapsed during the year | Held at 1.1.05 (or, date of appointment, if later) | Exercise Price (c) | Exercisable Between |
|--------------|------------------------|-------------------------------|---|---|--------------------------|------------------------|
| M P Wheatley | - | - | 2,919 (a) | 2,919 (a) | 685.0p | Mar 2005 - Mar 2012 |
| | - | - | 1,371 (b) | 1,371 (b) | 554.0p | Jun 2005 - Nov 2005 |
| | 2,099 (a) | - | - | 2,099 (a) | 762.0p | Mar 2006 - Mar 2013 |
| | 309 (b) | - | - | 309 (b) | 610.0p | Jun 2006 - Nov 2006 |
| | 2,862 (a) | - | - | 2,862 (a) | 1572.0p | May 2007 - May 2014 |
| | 2,188(a) | 2,188(a) | - | - | 2056.0p | Mar 2008 - Mar 2015 |
| | 460(b) | 460(b) | - | - | 1645.0p | Jun 2008 - Nov 2008 |
| C McCormack | 6,517 (a) | - | - | 6,517 (a) | 2148.0p | Sep 2008 - Sep 2015 |

(a) Under the Inchcape 1999 Share Option Plan

(b) Under the Inchcape SAYE Share Option Scheme

(c) Exercise prices are determined in accordance with the Rules of the relevant share option scheme

Notes on share options

- (i) All options were granted for nil consideration
- (ii) The table shows Directors' options over ordinary shares of 150.0p of Inchcape plc at 1 January 2005 (or date of appointment if later) and 31 December 2005. The mid-market price of the shares at the close of business on 31 December 2005 was 2281.0p. The price range during 2005 was 1759.0p to 2442.0p.
- (iii) Options under the Inchcape 1999 Share Option Plan are granted on a discretionary basis to full time certain other senior executives based within and outside the UK including the Executive Directors of Inchcape plc. Such options are normally exercisable between three and ten years of grant.
- (iv) Options may normally be exercised only if the performance target has been met. For all options granted in 1999 to 2003 inclusive under the Inchcape 1999 Share Option Plan, growth in Inchcape plc's, the ultimate parent undertaking, earnings per share over a three year period must exceed the increase on the UK Retail Prices Index ("RPI") over the same period by 3% per annum. Options granted after Inchcape plc's 2004 AGM, when the performance criteria was changed, vest according to a sliding scale: 25.0% of the award will vest if EPS growth of RPI +3.0% per annum is achieved over the initial three year period, with all of the award vesting if EPS growth is RPI +8.0% per annum. Awards will vest on a stepped line basis between these points and there is no opportunity to re-test.
- (v) The Inchcape SAYE Share Option Scheme is open to employees in the UK with at least three months service. Participants make monthly savings for a three-year period. At the end of the savings period options become exercisable within a six-month period
- (vi) No options were cancelled or waived during the year
- (vii) On 15 May 2006 Inchcape Plc effected a six for one share split reducing the nominal value of its ordinary share capital from 150.0p per share to 25.0p per share.

Mar Parts Limited

Directors' Report (Continued)

Transaction with directors

No transaction, arrangement or agreement required to be disclosed in terms of the Companies Act 1985 was outstanding at 31 December 2005, or occurred during the year for any director or connected person (2004: None).

Employee involvement

Arrangements exist to keep all employees informed on matters of concern to them and, following publication of the results of Inchcape plc, information is disseminated widely. This includes performance statistics for both the Inchcape Group and individual business streams. Employee bulletins, the Group Intranet "the Pulse" and UK in-house magazine "Ignition" facilitate communication with employees throughout the world. Employees are regularly consulted upon matters concerning their employment.

Information is given on the performance of the pension fund. Company employees are eligible to participate in the Inchcape plc savings share option scheme, subject to the rules of that scheme. Employees are also offered Inchcape Colleague Advantages to promote their well-being.

Employment and training policy

The Company is an equal opportunities employer and is committed where it is practicable and safe to do so to the employment of disabled staff. The Company is committed to the training and development of its staff. In the event of members of staff becoming disabled, every effort is made to ensure that their employment continues and that appropriate training is arranged.

Creditor Payment Policy

The company is responsible for agreeing the terms and conditions including terms of payment under which business transactions with the company's suppliers are conducted. While the company does not follow any single external code or standard, in line with Inchcape Group policy, payments to suppliers are made in accordance with the agreed terms, provided that the supplier is also complying with all relevant terms and conditions.

The number of days' purchases outstanding as at 31 December 2005, calculated by reference to the amount owed to trade creditors at the year end as a proportion of the amounts invoiced by suppliers during the year, was 25.2 days (2004 – 18.1 days).

Auditors

Pursuant to Section 386 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint Auditors annually. Accordingly PricewaterhouseCoopers LLP have indicated their willingness to remain in office.

Elective Resolutions

In addition to the aforementioned election to dispense with the obligation to appoint Auditors annually further Elective Resolutions, passed by the members, remain in force. These resolutions remove the requirement for the Company to: -

- i. Hold Annual General Meetings; and
- ii. Lay Report and Accounts before a General Meeting

By Order of the Board



For Inchcape UK Corporate Management Limited

Secretary

31 October 2006

Mar Parts Limited

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 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; and
- 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.

Mar Parts Limited

Independent auditors' report to the members of Mar Parts Limited

We have audited the financial statements of Mar Parts Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 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

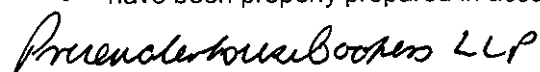
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2005 and of its result for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

31 DECEMBER 2006

Mar Parts Limited

Profit and Loss Account for the Year Ended 31 December 2005

| | <i>Note</i> | 2005 £'000 | 2004 £'000 |
|---|-------------|-----------------------------|-----------------------------|
| Turnover – continuing activities | 2 | 231 | 206 |
| Cost of sales | | (188) | (161) |
| Gross profit | | 43 | 45 |
| Administrative expenses | | (42) | (44) |
| Operating profit – continuing activities | 3 | 1 | 1 |
| Interest payable | | (1) | (1) |
| Profit on ordinary activities before taxation | | - | - |
| Taxation | | - | - |
| Profit on ordinary activities after taxation | | - | - |
| Balance brought forward at 1 January | | 1 | 1 |
| Balance carried forward at 31 December | | 1 | 1 |

The Company has no recognised gains or losses other than as presented in the Profit and Loss Account and thus a Statement of Total Recognised Gains and Losses is not required.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents.


The notes on pages 8 to 11 form part of these financial statements.

Mar Parts Limited

Balance Sheet as at 31 December 2005

| | Note | 2005 £'000 | 2004 £'000 |
|--|------|---------------|---------------|
| Fixed assets | | | |
| Investments | 5 | 9 | 9 |
| Current assets | | | |
| Stock | 6 | 34 | 29 |
| Debtors | 7 | 9 | 2 |
| | | 43 | 31 |
| Creditors - amounts falling due within one year | 8 | (46) | (34) |
| Net current liabilities | | (3) | (3) |
| Total assets less current liabilities | | 6 | 6 |
| Net assets | | 6 | 6 |
| Capital and reserves | | | |
| Called up share capital | 9 | 5 | 5 |
| Profit and loss account | | 1 | 1 |
| Equity shareholders' funds | 10 | 6 | 6 |

The financial statements on pages 6 to 11 were approved by the Board on 31 October 2006 and were signed on its behalf by:



C McCormack
Director

Mar Parts Limited

Notes to the Accounts – 31 December 2005

1 Accounting policies

The financial statements have been prepared on a going concern basis, and in accordance with applicable United Kingdom Accounting Standards. The principal accounting policies of the company are described below.

The principal accounting policies of the company have been reviewed in accordance with Financial Reporting Standard 18 'Accounting Policies'.

The company has adopted FRS 21 'Events after the balance sheet date', the parts of FRS 25 'Financial instruments: disclosure and presentation' applicable for companies with year ends of 31 December 2005, and FRS 28 'Corresponding amounts' during the year.

FRS 21, FRS 25, and FRS 28 have not resulted in the restatement of retained earnings and have had no impact on the results or net assets for the current or prior year

(1) Accounting convention

The Company prepares its financial statements under the historical cost basis in accordance with the Companies Act 1985.

(2) Turnover

Turnover represents the amount receivable in the ordinary course of business for goods sold and services provided after deducting trade discounts and value added tax.

(3) Fixed asset investments

Fixed asset investments are stated at historical cost less any provision for impairment.

(4) Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value, due allowance being made for obsolete and slow moving stocks. Cost in the case of work in progress includes raw materials, labour and overhead recovery.

(5) Overseas currencies

Assets and liabilities in overseas currencies are translated into sterling at the rates ruling at 31 December. Exchange differences arising are taken to the profit and loss account.

2 Turnover

Turnover represents net invoiced sales of goods and supply of services excluding value added tax.

| | 2005 £'000 | 2004 £'000 |
|---|---------------|---------------|
| Automotive and related services in the United Kingdom | 231 | 206 |

Mar Parts Limited

Notes to the Accounts – 31 December 2005

3 Operating Profit

All audit fees have been borne by a fellow subsidiary. (2004: £nil)

4 Directors emoluments

No directors' emoluments were paid during the year (2004: £nil).

5 Fixed asset investments

| | Investment in subsidiary £'000 |
|---|--------------------------------------|
| Cost of investment at beginning and end of year | 9 |
| Net book value at beginning and end of year | 9 |

In the opinion of the Directors, the value of the Company's interests in its subsidiaries is not less than the amount at which they are included in the balance sheet.

The Company's wholly owned subsidiary undertaking at 31 December 2005 was Mar Parts S.r.l., a company incorporated in Italy and engaged in the sourcing and distribution of components for classic vehicles.

6 Stocks

| | 2005 £'000 | 2004 £'000 |
|------------------|---------------|---------------|
| Work in progress | 9 | 10 |
| Finished goods | 25 | 19 |
| | 34 | 29 |

7 Debtors – amounts falling due within one year

| | 2005 £'000 | 2004 £'000 |
|--|---------------|---------------|
| Other debtors including taxation and social security | 9 | 2 |

Mar Parts Limited

Notes to the Accounts – 31 December 2005

8 Creditors – amounts falling due within one year

| | 2005 £'000 | 2004 £'000 |
|------------------------------------|---------------|---------------|
| Bank loans and overdrafts | 33 | 16 |
| Trade creditors | 13 | 8 |
| Amounts due to fellow subsidiaries | - | 10 |
| | <u>46</u> | <u>34</u> |

9 Called up share capital

| | Authorised | | Allotted and fully paid | |
|----------------------------|------------|-------|-------------------------|-------|
| | 2005 | 2004 | 2005 | 2004 |
| | £ | £ | £ | £ |
| Ordinary shares of £1 each | 5,000 | 5,000 | 5,000 | 5,000 |

10 Reconciliation of movements in shareholders' funds

| | 2005 £'000 | 2004 £'000 |
|--|---------------|---------------|
| Profit on ordinary activities after taxation | - | - |
| Net increase in shareholders' funds | - | - |
| Opening shareholders' funds | 6 | 6 |
| Closing shareholders' funds | <u>6</u> | <u>6</u> |

11 Contingent liability

The company is party to composite cross guarantees between banks, its ultimate parent undertaking and fellow subsidiaries. The Company's contingent liability under these guarantees at the year end was £22,227 (2004: £8,273).

12 Cash flow statement

A cash flow statement is not required as Inchcape plc, the Company's ultimate parent undertaking, has complied with Financial Reporting Standard 1 (Revised) by including a consolidated cash flow statement in its Report and Accounts for the year ended 31 December 2005.

Mar Parts Limited

Notes to the Accounts – 31 December 2005

13 Ultimate parent undertaking

The immediate parent undertaking is Maranello Holdings Limited.

The ultimate parent undertaking is Inchcape plc which is incorporated in Great Britain.

The largest group of which the Company is a member and for which consolidated financial statements are drawn up is that of Inchcape plc which is registered in England. Copies of the Report and Financial Statements are available from:

The Company Secretary
Inchcape plc
22A St. James's Square
London
SW1Y 5LP

The Company is a wholly-owned subsidiary of Inchcape plc and as such, the Company is not required to disclose details of transactions and balances with other 90 percent owned subsidiaries of the Inchcape plc group. The Directors consider that there are no other relationships, transactions or balances which are required to be disclosed by Financial Reporting Standard 8.