McLaren Racing Limited

Directors' report and financial statements

Registered number 01517478

31 December 2006

Contents

Officers and professional advisers

Directors	R Dennis J Cooper T Murnane J Neale A Ojjeh (Saudi Arabian) MA Ojjeh (Saudi Arabian) M Whitmarsh N Haug
Secretary	T Murnane
Registered office	McLaren Technology Centre Chertsey Road Woking Surrey GU21 4YH
Auditors	KPMG LLP 1 Forest Gate Brighton Road Crawley RH11 9PT

Directors' report

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

Principal activity

The company's principal activity during the year was that of participating in Formula One motor racing events throughout the world

Business review and future prospects
The principal activity of the company is the design, development, manufacture and racing of F1 cars

The directors consider race performance, championship performance, turnover, cost base, profit before tax and cashflow to be the principal Key Performance Indicators to assess progress towards their strategic goals

Turnover has fallen from £113m to £110m This level of income for 2006 was a considerable achievement in a transitional year for title sponsorship where many sponsors were given additional emphasis but there was no official title sponsor An increase in 2006 prize money from Formula One Management, as a result of the on-track performance (in 2005), has been offset by minor falls in other forms of income

The cost base of the company is firmly under control whilst primary focus is given to spending on the race car In the year the company's cost base excluding interest was £119m (2005 cost base was £122m)

In the year, the company has made a loss after tax of £3,434,000 (2005 profit of £4 893,000)

In 2006 the company was successful in signing Vodafone as the team's title sponsor for the 2007 season This combined with the addition of several other new sponsors will result in an increase in turnover in 2007

In 2007 the company expects revenues to grow, as a result of increased sponsorship levels, and the cost base to remain under firm control This should result in the business returning to profit in 2007

The company operates in an international environment with sales denominated in Sterling, Dollars and Euro Purchases are transacted primarily in Sterling and Dollars All treasury operations are carried out by McLaren Group Limited with whom the company annually contracts at a fixed Dollar and Euro exchange rate

Going forward the business' primary aim is to win every F1 race and both world championships

The significant events since the balance sheet date are disclosed in note 27 These are a change in share ownership of the holding company and the World Motor Sports Council ruling of 13 September 2007

Principal risks and uncertainties

The key risks and uncertainties faced by the business are, continuing to be competitive in F1, ability to gain and retain sponsorship, control of the cost base of developing F1 cars and staff recruitment and retention All of these are obviously linked

McLaren has remained competitive over many years and continues to win races as evidenced by our start to the 2007 season Although the company drives itself to achieve efficiencies in developing and manufacturing cars and components, costs remain a key challenge As FIA technical regulations change these generally place new pressures on the cost base of the business

The company remains committed to reducing the risk of increased cost base by supplementing its current supply chain with new suppliers and developing increased internal capacity and capability

Results

The loss on ordinary activities for the year after taxation amounted to £3,434,211 *(2005 profit of £4,893,109)*

Directors' report *(continued)*

Dividends

The directors do not propose a dividend for the year ended 31 December 2006 *(2005 £nil)*

Directors

The directors who served during the period are as reported on page 2 The directors served throughout the period unless otherwise stated

None of the directors held any interests in the shares of the company during the year The interests of the directors in the shares of the United Kingdom parent company are disclosed in the financial statements of that company The directors had no interests in any other group company incorporated in Great Britain

Employment of disabled persons

The policy of the company and its subsidiaries is to give full and fair consideration to employment applications by disabled persons and to ensure that disabled employees receive appropriate training and career development opportunities

Employment policies

The maintenance of a highly skilled and stable workforce is key to the success of the company Health, safety and welfare matters are given special attention

The company is committed to ensuring that its people are actively engaged in the ongoing management and future direction of the business Regular formal, and informal, briefings are held with all sections of the workforce

The company takes reasonable steps to ensure that all employees, existing and prospective, are given fair and equal opportunity regardless of sex, race, ethnicity, religion or disability

Employee numbers increased from 538 in 2005 to 547 in 2006

Employee involvement

Employees are provided with information on matters concerning them as employees When decisions are taken which are likely to effect employees' interests, their involvement in encouraged

Disclosure of information

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board

T N Mu

T Murnane
Secretary

Date 29 October 2007

Statement of directors' responsibilities in respect of the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 judgments and 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, 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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

Independent auditors' report to the members of McLaren Racing Limited.

We have audited the financial statements of McLaren Racing Limited for the year ended 31 December 2006 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

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' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5

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 UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then 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

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

1 Forest Gate
Brighton Road
Crawley
RH11 9PT

29/10/07

Profit and loss account
for the year ended 31 December 2006

	Note	2006	2005
		£000	£000
Turnover		**109,834**	113,285
Cost of sales		**(79,168)**	(83,773)
Gross profit		**30,666**	29,512
Administrative expenses		**(39,955)**	(37,859)
Other operating income	3	**-**	10,000
Operating (loss)/ profit		**(9,289)**	1,653
Interest receivable and similar income	4	**459**	1,665
Interest payable and similar charges	5	**(36)**	(63)
(Loss)/ profit on ordinary activities before taxation	6	**(8,866)**	3,255
Tax on (loss)/ profit on ordinary activities	7	**5,432**	1,638
(Loss)/ profit on ordinary activities	17	**(3,434)**	4,893

In both the current year and preceding period, the company made no material acquisitions and had no discontinued operations

There is no material difference between the result reported in the profit and loss account and the result on an unmodified historical cost basis

There are no other gains and losses other than those reported in the profit and loss accounts above

Balance sheet
as at 31 December 2006

	Note		2006		2005
		£000	£000	£000	£000
Fixed assets					
Tangible assets	8		**24,842**		25,643
Investments	9		**3,153**		3,153
			27,995		28,796
Current assets					
Stocks	10	**18,456**		18,982	
Debtors	11	**32,811**		62,856	
Cash at bank and in hand		**11,336**		370	
		62,603		82,208	
Creditors amounts falling due within one year	13	**(74,085)**		(91,057)	
Net current liabilities			**(11,482)**		(8,849)
Total assets less current liabilities			**16,513**		19,947
Creditors amounts falling due after more than one year	14		**-**		-
Net assets			**16,513**		19,947
Capital and reserves					
Called up share capital	16		**50**		50
Profit and loss account	17		**16,463**		19,897
Equity shareholders' funds	18		**16,513**		19,947

These financial statements were approved by the board of directors on 29 October 2007 and were signed on their behalf by

R Dennis
Director

Notes

(Forming part of the financial statements)

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, and under the historical cost accounting rules The particular accounting policies adopted are described below, and have been applied consistently throughout the current and preceding period

Consolidation

Consolidated financial statements have not been prepared as the company is a wholly owned subsidiary of a company registered in England and Wales Accordingly, these financial statements present information about the company as an individual undertaking and not as a group

Joint arrangements

Where the Company is party to a joint arrangement which is not an entity, its part of the income and expenditure, assets and liabilities have been included in these financial statements

Cash flow statement

The company is a wholly owned subsidiary of McLaren Group Limited and is included in the consolidated financial statements of McLaren Group Limited, which are publicly available Consequently, the company has taken exemption from preparing a cash flow statement as permitted under FRS 1 (revised 1996)

Turnover

Turnover represents sponsorship income and other motor racing related revenue receivables, excluding value added tax Turnover relating to sponsorship contracts are recognised over the term of that agreement

In certain cases, the company enters into agreements with suppliers whereby goods and services are received in exchange for various sponsorship and marketing activities In such cases turnover is recorded at the fair value of the goods or services rendered

All turnover originates in the United Kingdom An analysis of turnover, operating profit and net assets by geographical destination has not been included as the directors believe that the group operates in a single global market, and that the allocation to geographical destination segments would be seriously prejudicial to the company

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment Depreciation is provided over the estimated useful lives of the assets at the following rates

Fixtures, fittings and office equipment	- 20% of reducing balance
Plant, machinery, tools and equipment	- 20% of reducing balance
Motor vehicles	- 25% of reducing balance
Leasehold premises and improvements	- written off over the life of the lease

No depreciation is provided until the assets are brought into use

Due to the move to new premises certain assets are subject to accelerated depreciation

Fixed assets – motor vehicles

Motor vehicles include £5,221,787 *(2005 £5,221,787)* of historic racing cars These cars are carried at their historic cost plus costs of refurbishment They are not depreciated on the basis that estimated residual values exceed their historic cost Maintenance costs are expensed as incurred

Notes *(continued)*

Fixed asset investments

Investments are unlisted and are stated at cost less any provision for any impairment

Stocks, work in progress and expenditure on racing cars

Stocks are valued at the lower of cost and net realisable value

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 racing car is used The board considers that research and development continues to play a vital role in the group's success The group carries forward to the following year certain development costs incurred in the current year which relate to the production of next season's car

Taxation

Current taxation, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right 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 periods different from those in which they are included in the 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 assets and liabilities are not discounted

Foreign currencies and financial instruments

Transactions denominated in foreign currencies are recorded at the rate ruling on the date of the transaction, unless matching forward foreign exchange contracts have been entered into, in which case the rate specified in the relevant contract is used At the balance sheet date unhedged monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at that date All foreign currency differences are dealt with through the profit and loss account

Derivative instruments utilised by the company are forward exchange contracts The company does not enter into speculative derivate contracts All such instruments are used for hedging purposes to alter the risk profile of an existing underlying exposure of the company in line with the company's risk management policies

Leases

Assets held under finance leases are initially reported at the fair value of the asset with equivalent liability categorised as appropriate under creditors due within or after one year The assets are depreciated over the shorter of the lease term and their useful economic lives Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of charge on the outstanding balance Rentals are apportioned between finance charges and reduction of the liability, and allocated to cost of sales and other operating expenses as appropriate Hire purchase transactions are dealt with similarly except that assets are depreciated over their useful economic lives

Rental costs under operating leases are charged on a straight-line basis over the lease term

Pensions

The company participates in a defined contribution pension scheme operated by McLaren Group Limited and also pays contributions to personal pension schemes of certain employees The amounts payable to these schemes during the period are charged to the profit and loss account

Notes *(continued)*

2 Information regarding directors and employees

	2006 £000	2005 £000
Directors' emoluments		
Emoluments (excluding pension contributions)	**135**	524
Highest paid director s emoluments	**440**	4,445
Aggregate of emoluments (excluding pension contributions)	**575**	4,969
Pension contributions	**6**	13
Highest paid director s contributions	**21**	15
	27	28

	Number	Number
Number of directors who are members of a defined contribution scheme	**2**	3

R Dennis, MR Whitmarsh and T Murnane are also directors of other group companies and their remuneration for services to the group have been borne by another group company The share of the total emoluments of these directors allocated in respect of services to this company is £1,558,990 *(2005 £1,460,124)*

	2006 £000	2005 £000
Employees costs during the period (including directors)		
Wages and salaries	**27,761**	32,168
Social security costs	**3,229**	3,880
Other pension costs	**678**	509
	31,668	36,557

	Number	Number
Average number of persons employed		
Production	**337**	320
Engineering	**145**	155
Administration	**65**	63
	547	538

Notes *(continued)*

3 Other operating income

In 2005 the company received £10,000,000 in settlement of a dispute with a supplier

4 Interest receivable and similar income

	2006 £000	2005 £000
On group company loans	453	1,351
Other interest receivable	1	6
Net exchange gains	5	308
	459	1,665

5 Interest payable and similar charges

	2006 £000	2005 £000
Bank loans and overdrafts	28	51
Other interest payable and finance charges	8	12
	36	63

6 (Loss)/ profit on ordinary activities before taxation

		2006 £000	2005 £000
Profit on ordinary activities before taxation is stated after charging			
Depreciation	- owned	4,400	5,080
Operating lease rentals	- other	5,921	5,759
Auditors remuneration	- audit of company	22	21
	- tax services	13	40
Loss on disposal of fixed assets		1	12

Notes *(continued)*

7 Tax on (loss)/ profit on ordinary activities

	2006 £000	2005 £000
United Kingdom corporation tax at 30% *(2005 30%)*	**1,701**	1,205
Adjustments in respect of prior years	**(356)**	(140)
Total current tax	**1,345**	1,065
Deferred taxation		
Origination and reversal of timing differences	**1,097**	1,503
Adjustments in respect of prior years	**2,990**	(930)
	5,432	1,638

Factors affecting tax charge for the current year

The current tax charge for the year is lower *(2005 lower)* than the standard rate of corporation tax in the UK of 30% *(2005 30%)* The differences are explained below

	2006 £000	2005 £000
(Loss)/ profit on ordinary activities before taxation	**(8,866)**	3,255
Tax at 30% thereon	**2,660**	(977)
Effects of		
Expenses not deductible for tax purposes	**(34)**	(71)
Depreciation in excess of capital allowances	**(1,314)**	(1,509)
Movement in short term timing differences	**(10)**	17
Tax Losses carried forward	**(2,976)**	-
Utilisation of tax losses	**-**	49
Tax incentives	**3,375**	3,696
Prior period adjustments	**(356)**	(140)
Total actual amount of current tax	**1,345**	1,065

Notes *(continued)*

8 Tangible fixed assets

	Leasehold premises and improvements £000	Assets in the course of construction £000	Plant and machinery, tools and equipment £000	Motor vehicles and historic cars £000	Fixtures, Fittings and office Equipment £000	Total £000
Cost						
At 1 January 2006	20	-	21,022	12,297	16,598	49,937
Additions	42	1,725	645	51	1,175	3,638
Disposals	-	-	-	(239)	-	(239)
At 31 December 2006	62	1,725	21,667	12,109	17,773	53,336
Accumulated depreciation						
At 1 January 2006	1	-	7,403	4,908	11,982	24,294
Charge for the year	4	-	2,787	541	1,068	4,400
Disposals	-	-	-	(200)	-	(200)
At 31 December 2006	5	-	10,190	5,249	13,050	28,494
Net book value **At 31 December 2006**	57	1,725	11,477	6,860	4,723	24,842
At 31 December 2005	19	-	13,619	7,389	4,616	25,643

Included in the above are assets held under finance leases with net book values of £nil *(2005 £134,104)* The depreciation charge in the year was £134,104 *(2005 £178,805)*

9 Investments held as fixed assets

	Shares in group Companies £000
Cost	
At 31 December 2005 and 31 December 2006	3,153
Provisions	
At 31 December 2005 and 31 December 2006	-
Net book value	
At 31 December 2005 and 31 December 2006	**3,153**

Notes *(continued)*

9 Investments held as fixed assets *(continued)*

The subsidiaries are

Name	Activity	Holding	Country of Incorporation
Lydden Circuit Limited	Race track	100%	Great Britain
Absolute Taste Limited	Catering services	55%	Great Britain

Consolidated financial statements have not been prepared as the company is a wholly owned subsidiary of a company registered in England and Wales Accordingly, these financial statements present information about the company as an individual undertaking and not as a group

10 Stocks

	2006	2005
	£000	£000
Racing car development costs	**17,458**	18,200
Raw materials and consumables	**752**	554
Finished goods	**246**	228
	18,456	18,982

11 Debtors

	2006	2005
	£000	£000
Trade debtors	**3,187**	21,749
Amounts owed by group undertakings	**2,732**	9,572
Amounts owed by related parties	**16,332**	14,725
Other debtors	**1,394**	13,371
Prepayments and accrued income	**4,439**	2,799
Deferred tax assets (note 12)	**4,727**	640
	32,811	62,856

Notes *(continued)*

12 Deferred Tax

	Deferred tax £000
At 1 January 2006	640
Credited during the year	4,087
At 31 December 2006	**4,727**

	2006 £000	2005 £000
The deferred tax asset consists of the following amounts		
Capital allowances lower than depreciation	**4,631**	618
Short term timing differences	**96**	22
	4,727	640

There are tax losses available for offset against future profits arising from the same trade, subject to the approval of the Inland Revenue of £14,178,479 *(2005 £10,081,109)* The total deferred tax asset that is not recognised in the financial statements in relation to losses carried forward and other timing differences is £4,253,544 *(2005 £3,024,332)* The deferred tax asset has not been recognised as there is insufficient evidence that the asset will be recovered The deferred tax asset will be realised when suitable taxable profits are generated by the company

It has been announced that the corporation tax rate applicable to the company is expected to change from 30% to 28% from 1 April 2008 The deferred tax asset recognised above has been calculated at 30% in accordance with FRS 19 Any timing differences which reverse before 1 April 2008 will be relieved at 30%, any timing differences which exist at 1 April 2008 will reverse at 28% The group expects that there will be a charge to the profit and loss account in the region of £315,000

13 **Creditors:** amounts falling due within one year

	2006 £000	2005 £000
Obligations under finance leases and hire purchase contracts	**-**	44
Trade creditors	**4,826**	5,452
Amounts owed to group companies	**25,916**	48,677
Amounts owed to related parties	**1,310**	94
Taxation and social security	**1,296**	1,940
Other creditors	**633**	307
Accruals and deferred income	**40,104**	34,543
	74,085	91,057

Notes *(continued)*

14 Creditors: amounts falling due after more than one year

	2006 £000	2005 £000
Amounts owed to group companies	-	-
Obligations under finance leases and hire purchase contracts	-	-
	-	-

	2006 £000	2005 £000
Finance lease are repayable as follows		
In less than one year	-	44
Between one and two years	-	-
	-	44

Obligations under finance leases are secured on the related assets

15 Operating Lease Commitments

Annual commitments under non-cancellable operating leases are as follows

	2006 Land & Buildings £000	2005 Land & Buildings £000
Within one year	-	-
In the second to fifth years inclusive	-	-
Over five years	2,986	2,986
	2,986	2,986

Notes *(continued)*

16 Called up share capital

	2006	2005
	£000	£000
Authorised, allotted, called up and fully paid		
50,150 ordinary shares of £1 each	**50**	50

17 Profit and loss account

	£000
At 1 January 2006	19,897
Loss retained for the year	(3,434)
At 31 December 2006	**16,463**

18 Reconciliation of movement in shareholders' funds

	2006	2005
	£000	£000
(Loss)/Profit for the year	**(3,434)**	4,893
Dividends	**-**	-
Net change in shareholders funds	**(3,434)**	4,893
Opening shareholders funds	**19,947**	15,054
Closing shareholders funds	**16,513**	19,947

19 Contingent liability

Team McLaren Limited is party to an unlimited cross company guarantee securing all monies due, or to become due, in respect of the overdraft and loan facility provided to the McLaren Group by its bankers As at 31 December 2006 the balance guaranteed was £nil *(2005 £69,200,069)*

Notes *(continued)*

20 Related party transactions

Transactions with related companies during the period were as follows

	Year to 31 December 2006 £000	Year to 31 December 2005 £000	**Balance outstanding at 31 December 2006 £000**	Balance outstanding at 31 December 2005 £000
Related party sales				
DaimlerChrysler AG and related companies	**42,495**	40,567	**16,032**	14,712
TAG Group (Holdings) SA and its subsidiaries	**9**	16	**274**	5
TAG McLaren Audio Limited	-	-	-	-
L Escargot Creations Limited	-	-	-	-
Greyscape Limited	**6**	2	-	-
Absolute Taste Limited	**354**	280	**25**	8
R Dennis	**190**	26	-	-
J Neale	-	-	-	-
J Cooper	-	-	-	-
M Whitmarsh	**3**	8	-	-
Related party purchases				
DaimlerChrysler AG and related companies	**506**	896	**214**	79
TAG Group (Holdings) SA and its subsidiaries	**45**	60	**964**	15
Absolute Taste Limited	**1,878**	2,135	**6**	-

The balance outstanding is included within creditors due within one year

	Year to 31 December 2006 £000	Year to 31 December 2005 £000
Other related party transactions		
DaimlerChrysler AG	**15,692**	14,266

Pursuant to the exemptions granted by FRS 8 'Related Party Disclosures', transactions with other undertakings within the McLaren Group have not been disclosed within these financial statements

21 Events after the balances sheet date

<u>Change in Share Ownership</u> - Post year end the ownership of McLaren Group Limited changed to 40% DaimlerChrysler AG (incorporated in Germany), 30% Bahrain Mumtalakat Holding Company, 15% Mr R Dennis and 15% TAG Group (Holdings) SA (incorporated in Luxembourg)

<u>World Motor Sport Council Ruling</u> - The World Motor Sports Council, at a meeting on 13 September 2007, imposed sanctions on the McLaren Racing Team These sanctions will result in lower prize money being received in 2008 and first quarter 2009 They will also result in a payment being made to the FIA on 13 December 2007 The calculation of this payment has not been clearly defined and as such its quantum is not as yet known, but is estimated at £25m to £30m

Notes *(continued)*

22 Ultimate parent company

In the opinion of the directors, the company's controlling entity is McLaren Group Limited, a company registered in England and Wales This is also the parent undertaking of the largest and only group which includes the company and for which group financial statements are prepared

Copies of the group financial statements of McLaren Group Limited are available from Companies House, Crown Way, Cardiff CF14 3UZ

Ownership of McLaren Group Limited at 31 December 2006 was as follows 40% DaimlerChrysler AG (incorporated in Germany), 30% Mr R Dennis and 30% TAG Group (Holdings) SA (incorporated in Luxembourg)