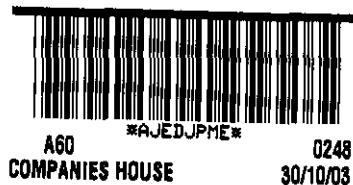


Registered in England and Wales
Number 1663911

BMW (UK) INVESTMENTS LIMITED
(formerly Rover Investments Limited)

REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2002



BMW (UK) INVESTMENTS LIMITED (formerly Rover Investments Limited)

DIRECTORS N C Wharton
G M Woolley

REPORT OF THE DIRECTORS

The directors present the Annual Report of the Company, together with the Financial Statements for the year ended 31 December 2002.

Review of activities

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

The Company operates as a holding company for certain BMW Group companies and as a property investment company.

Change of Name

On 1 October 2002 the Company changed its name to BMW (UK) Investments Limited.

Directors

The names of the present directors of the Company are listed above.

Mr M C Kreeft resigned on 9 January 2003. Mr N C Wharton was appointed as a director on 9 January 2003. Mrs G M Woolley served throughout the year.

The directors have no disclosable interests in shares or rights to subscribe for shares in any group BMW AG company.

Dividends

The directors recommend that no dividend should be paid for the year ended 31 December 2002 (2001: £nil).

Directors' responsibilities

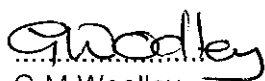
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- 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.

BMW (UK) INVESTMENTS LIMITED (formerly Rover Investments Limited)**REPORT OF THE DIRECTORS - continued**

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.

On behalf of the Board:



G M Woolley

SECRETARY

20 October 2003

BMW (UK) INVESTMENTS LIMITED (formerly Rover Investments Limited)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BMW (UK) INVESTMENTS LIMITED (formerly Rover Investments Limited)**

We have audited the financial statements on pages 5 to 14.

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.

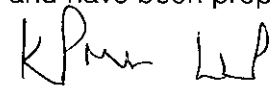
Basis of audit opinion

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 profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



.....
KPMG LLP
Chartered Accountants
Registered Auditor

20 October 2003

BMW (UK) INVESTMENTS LIMITED (formerly Rover Investments Limited)
**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2002**

	<u>Notes</u>	2002 £000	2001 £000
Operating (loss) / profit	1	(10,912)	8,842
Loss on sale of subsidiary undertaking		-	(246)
Income from shares in associate undertakings		<u>65,369</u>	<u>-</u>
Profit on ordinary activities before interest and taxation	3	54,457	8,596
Net Interest payable	4	<u>(465)</u>	<u>(3,065)</u>
Profit on ordinary activities before taxation		53,992	5,531
Tax on Profit on ordinary activities	5	<u>-</u>	<u>-</u>
Profit for financial year	12	<u>53,992</u>	<u>5,531</u>

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 other than the results for the above two financial years.

BMW (UK) INVESTMENTS LIMITED (formerly Rover Investments Limited)**BALANCE SHEET
AT 31 DECEMBER 2002**

	Notes	2002 £000	2001 £000
Fixed assets			
Tangible assets	6	1,996	2,041
Investments	7	<u>22,663</u>	<u>30,147</u>
		<u>24,659</u>	<u>32,188</u>
Current assets			
Debtors	8	26,202	1,125
Cash at bank and in hand		<u>-</u>	<u>3</u>
		26,202	1,128
Current liabilities			
Creditors – amounts falling due within one year	9	<u>(76)</u>	<u>(40,087)</u>
Net current assets/(liabilities)		<u>26,126</u>	<u>(38,959)</u>
Total assets less current liabilities		50,785	(6,771)
Provisions for liabilities and charges	10	<u>(3,564)</u>	<u>-</u>
Net assets/(liabilities)		<u>47,221</u>	<u>(6,771)</u>
Capital and reserves			
Called up share capital	11	1,000	1,000
Profit and loss account	12	<u>46,221</u>	<u>(7,771)</u>
Equity shareholders' funds	12	<u>47,221</u>	<u>(6,771)</u>

These Financial Statements were approved by the Board of Directors on 20 October 2003 and were signed on its behalf by:



.....
N C Wharton

BMW (UK) INVESTMENTS LIMITED (formerly Rover Investments Limited)

ACCOUNTING POLICIES

Accounting convention

These financial statements are prepared in accordance with applicable accounting standards and under the historical cost convention as modified by the revaluation of certain fixed assets.

These financial statements are prepared on a going concern basis. The company has adopted FRS19 'Deferred Tax' in these financial statements. This has had no effect on the current or preceding years results.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred (or accelerated) 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, (see note 5).

Investments

Investments in subsidiary undertakings and in associated undertakings are stated at the lower of cost or net asset value, less provisions for impairment.

Depreciation

Depreciation of tangible fixed assets is provided on a straight-line basis at the following annual rates so as to write off their cost or valuation less estimated residual value over their estimated useful economic lives:

Freehold land	- nil
Freehold buildings	- 2.5%
Plant and machinery	- 10% to 25%

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 and the ultimate parent undertaking includes the company's cashflow in its own consolidated financial statements which are publically available (see note 14).

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.

BMW (UK) INVESTMENTS LIMITED (formerly Rover Investments Limited)**NOTES TO THE ACCOUNTS****1. Operating (loss) / profit**

	2002 £000	2001 £000
Operating (loss) / profit is calculated as follows:		
Administrative expenses	45	(310)
Other income	91	9,152
Exceptional operating costs (see note 2)	<u>(11,048)</u>	<u>-</u>
	<u>(10,912)</u>	<u>8,842</u>

Operating profit is stated after charging:

Auditors' remuneration	6	7
Depreciation of tangible assets	<u>45</u>	<u>100</u>

2. Exceptional operating costs

	2002 £000	2001 £000
Contaminated land charges	3,564	-
Provision for impairment of investments	<u>7,484</u>	<u>-</u>
	<u>11,048</u>	<u>-</u>

The contaminated land charges of £3,564,000 relate to estimated future rectification costs in respect of certain owned land.

The provision for impairment of investments relates to an assessment made by the directors of the carrying value of the investment in Rover Finance Holdings Limited by comparing the higher of value in use and net realisable value. A provision of £7,483,986 has been made.

BMW (UK) INVESTMENTS LIMITED (formerly Rover Investments Limited)**NOTES TO THE ACCOUNTS - continued****3. Profit on ordinary activities before interest and taxation**

The directors receive no remuneration for their services to this Company
(2001: £ nil).

4. Net Interest payable and similar charges

	2002 £000	2001 £000
Interest Payable		
Interest on loans from Group undertakings	<u>916</u>	<u>4,907</u>
	<u>916</u>	<u>4,907</u>
Interest receivable		
On loans to Group undertakings	<u>(451)</u>	<u>(1,842)</u>
	<u>(451)</u>	<u>(1,842)</u>
Net interest payable	<u>465</u>	<u>3,065</u>

BMW (UK) INVESTMENTS LIMITED (formerly Rover Investments Limited)**NOTES TO THE ACCOUNTS - continued****5. Tax on profit on ordinary activities**

Based on the results for the year no provision for UK Corporation Tax or deferred taxation is required in either 2002 or 2001.

The current tax charge is lower (2001: lower) than the standard rate of corporation tax in the UK of 30% (2001: 30%). The differences are explained below:

	2002 £000	2001 £000
Current Tax reconciliation		
Profit on ordinary activities before tax	53,992	5,531
Current tax at 30% (2001: 30%)	<u>16,198</u>	<u>1,659</u>
Effects of:		
Capital allowances for the period in excess of depreciation	(68)	3
Income not taxable for tax purposes	(19,612)	(2,672)
Group relief surrendered for no payment	213	950
Expenses not deductible for tax purposes	2,260	-
Other timing differences	1,009	60
Total current tax charge	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

A deferred tax asset of £1.3m (2001: £0.3m) in respect of accelerated depreciation and other timing differences has not been recognised on the basis that it is more likely that there will be insufficient taxable profits arising in the future from which the reversal of the underlying asset could be deducted.

Future tax charges are likely to be affected by the availability of tax relief on qualifying land rectification expenditure at the rate of 150%.

BMW (UK) INVESTMENTS LIMITED (formerly Rover Investments Limited)**NOTES TO THE ACCOUNTS - continued****6. Tangible assets**

	Freehold land and buildings	Plant and Machinery	Total
	£000	£000	£000
Cost or valuation			
At 1 January 2002	1,983	385	2,368
Re-classification	142	(142)	-
	<hr/>	<hr/>	<hr/>
At 31 December 2002	<u>2,125</u>	<u>243</u>	<u>2,368</u>
Accumulated depreciation			
At 1 January 2002	(125)	(202)	(327)
Charge for year	(30)	(15)	(45)
Re-classification	<u>(75)</u>	<u>75</u>	<u>-</u>
	<hr/>	<hr/>	<hr/>
At 31 December 2002	<u>(230)</u>	<u>(142)</u>	<u>(372)</u>
Net book value at			
31 December 2002	1,895	101	1,996
31 December 2001	1,858	183	2,041

Tangible assets include Freehold Land and Buildings £1,037,815 (2001: £1,037,815) in respect of Land on which no depreciation is charged.

BMW (UK) INVESTMENTS LIMITED (formerly Rover Investments Limited)**NOTES TO THE ACCOUNTS - continued****7. Investments**

	Subsidiary Undertakings £000	Associated Undertakings £000	Total £000
Cost			
At beginning of year	57	30,147	30,204
Disposals	(57)	-	(57)
At end of year	-	30,147	30,147
Provision			
At beginning of year	(57)	-	(57)
Disposals	57	-	57
Provision for impairment (see note 2)	-	7,484	7,484
At end of year	-	7,484	7,484
Net book value at			
31 December 2002	-	22,663	22,663
31 December 2001	-	30,147	30,147

The investment in associated undertakings is:

Rover Finance Holdings Limited - a holding of 20,007,904 'A' ordinary shares of £1 each (49.9%). This company, which is also registered in England and Wales, is engaged in financing the sale of new and used vehicles. As at 30 September 2002 (being the latest financial year of Rover Finance Holdings Limited for which draft accounts are available) the Company's share of the aggregate amount of the capital and reserves of that company was £22.6 million.

BMW (UK) INVESTMENTS LIMITED (formerly Rover Investments Limited)**NOTES TO THE ACCOUNTS - continued****8. Debtors - amounts falling due within one year**

	2002 £000	2001 £000
Interest bearing deposit from Group undertakings	26,201	-
Amount owed by group undertakings	-	1,101
VAT recoverable	1	-
Other debtors	-	24
	<u>26,202</u>	<u>1,125</u>

9. Creditors - amounts falling due within one year

	2002 £000	2001 £000
Interest bearing loans from group undertakings	-	39,590
Amounts owed to group undertakings	2	41
Other creditors	74	456
	<u>76</u>	<u>40,087</u>

10. Provisions for liabilities and charges

	2002 £000	2001 £000
Contaminated land charges (note 2)	<u>3,564</u>	<u>-</u>
	<u>3,564</u>	<u>-</u>

Deferred taxation

There is no potential liability for deferred taxation arising from accelerated capital allowances or other short term timing differences. Details of the unprovided tax asset are set out in note 5.

BMW (UK) INVESTMENTS LIMITED (formerly Rover Investments Limited)**NOTES TO THE ACCOUNTS – continued****11. Share capital**

	Ordinary shares of £1 each	
	2002 £000	2001 £000
Authorised	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid	<u>1,000</u>	<u>1,000</u>

12. Reconciliation of movements in shareholders' funds

	Called-up Share capital	Profit and Loss account	Total
	£000	£000	£000
Opening shareholders' funds	1,000	(7,771)	(6,771)
Profit for financial year	<u>-</u>	<u>53,992</u>	<u>53,992</u>
Closing shareholders' funds	<u>1,000</u>	<u>46,221</u>	<u>47,221</u>

13. Post balance sheet event

Since the year end the company has disposed of its investment in Rover Finance (Holdings) Limited. It received consideration and dividends of £22.7m.

14. Ultimate parent company

The company is a wholly owned subsidiary of BMW (UK) Holdings Limited which is registered in England and Wales.

The ultimate parent company is Bayerische Motoren Werke Aktiengesellschaft, which is incorporated in Germany.

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

15. Group accounts

The Company being a subsidiary undertaking of another company which draws up group accounts is not required to present group accounts. These accounts represent the results of the Company as an individual entity.

The group in which the results of the Company are consolidated is that headed by the ultimate parent company.