

Registered in England and Wales  
Number 3532544

**APD INDUSTRIES PLC**  
(Consolidated)

**REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 1999**



A22	*AHAGLSP9*	0031
COMPANIES HOUSE		02/08/00
A19	*HPLPSETH*	0407
COMPANIES HOUSE		22/07/00

**APD INDUSTRIES PLC (Consolidated)****DIRECTORS**

Dr. J. Reul  
Dr. H. Grebenc

**REPORT OF THE DIRECTORS**

The directors present the Annual Report of the Company and its subsidiaries, together with the Financial Statements for the period ended 31 December 1999.

**Review of Activities**

The Company acts as a holding company and does not trade.

During the year the Company acquired an additional 41,500,000 shares in its subsidiary Hireus Limited at a price of £1 per share

**Share Capital**

During the year an additional 41,500,000 ordinary shares of £1 each were issued at par.

**Directors**

The directors who are listed above all served 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 Group and the profit or loss 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 Group 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 Group and to prevent and detect fraud and other irregularities.

**APD INDUSTRIES PLC (Consolidated)****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

**APD INDUSTRIES PLC (Consolidated)****REPORT OF THE AUDITORS KPMG TO THE MEMBERS  
OF APD INDUSTRIES PLC**

We have audited the financial statements on pages 5 to 12.

**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 and the Group as at 31 December 1999 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



.....  
Chartered Accountants  
Registered Auditors  
Birmingham

9 May 2000

**APD INDUSTRIES PLC (Consolidated)****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 1999**

	<u>Notes</u>	1999 £	1998 £
Interest receivable	2	<u>16,261</u>	<u>-</u>
<b>Profit for financial year</b>		<u>16,261</u>	<u>-</u>

**Movements on reserves**

At beginning of year	-	-
Profit for financial year	<u>16,261</u>	<u>-</u>
<b>At end of year</b>	<u>16,261</u>	<u>-</u>

**CONTINUING OPERATIONS**

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

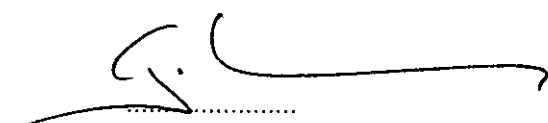
**TOTAL RECOGNISED GAINS AND LOSSES**

The Group has no recognised gains or losses other than the result for the above two financial years.

**APD INDUSTRIES PLC (Consolidated)****CONSOLIDATED BALANCE SHEET  
AT 31 DECEMBER 1999**

	Notes	1999 £	1998 £
<b>Fixed assets</b>			
Intangible	3	<u>40,600,613</u>	<u>40,000,000</u>
<b>Current assets</b>			
Debtors	5	965,648	7,050,000
<b>Creditors – amounts falling due within one year</b>	6	<u>-</u>	<u>(47,000,000)</u>
<b>Net current assets/(liabilities)</b>		<u>965,648</u>	<u>(39,950,000)</u>
<b>Total assets less current liabilities</b>		<u>41,566,261</u>	<u>50,000</u>
 <b>Capital and reserves</b>			
Called up share capital	7	41,550,000	50,000
Profit and loss account		<u>16,261</u>	<u>-</u>
<b>Shareholders' funds</b>	8	<u>41,566,261</u>	<u>50,000</u>

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

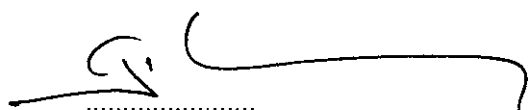


.....  
Dr. H. Grebenc

**APD INDUSTRIES PLC (Consolidated)****PARENT COMPANY BALANCE SHEET  
AT 31 DECEMBER 1999**

	Notes	1999 £	1998 £
<b>Fixed assets</b>			
Investments	4	<u>41,500,006</u>	<u>6</u>
<b>Current assets</b>			
Debtors	5	50,000	50,000
<b>Creditors - amounts falling due within one year</b>	6	<u>(6)</u>	<u>(6)</u>
<b>Net current assets</b>		<u>49,994</u>	<u>49,994</u>
<b>Total assets less current liabilities</b>		<u>41,550,000</u>	<u>50,000</u>
 <b>Capital and reserves</b>			
Called up share capital	7	<u>41,550,000</u>	<u>50,000</u>
<b>Shareholders' funds</b>	8	<u>41,550,000</u>	<u>50,000</u>

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



.....  
Dr. H. Grebenc

## APD INDUSTRIES PLC (Consolidated)

## GROUP CASH FLOW STATEMENT

	Notes	1999 £	1998 £
Cash (outflow)/inflow from operating activities	1	(40,899,387)	39,950,000
Acquisition of brand name		<u>(600,613)</u>	<u>(40,000,000)</u>
Cash outflow before use of liquid resources			
And financing		(41,500,000)	(50,000)
Financing: issue of shares		<u>41,500,000</u>	<u>50,000</u>
(Increase)/decrease in cash in the period		<u>-</u>	<u>-</u>
<b>Reconciliation of net cash flow to movement in Net debt</b>			
Movement in net debt in the period		-	-
Net debt at beginning of period		<u>-</u>	<u>-</u>
Net debt at end of period		<u>-</u>	<u>-</u>

## Notes to the Cash Flow Statement

## Note 1: Reconciliation of operating profit to operating cash flow

	£	£
Operating profit	16,261	-
Decrease/(increase) in debtors	6,084,352	(7,050,000)
(Decrease)/increase in creditors	<u>(47,000,000)</u>	<u>47,000,000</u>
Net cash (outflow)/inflow from continuing Operating activities	<u>(40,899,387)</u>	<u>39,950,000</u>



**APD INDUSTRIES PLC (Consolidated)****ACCOUNTING POLICIES****Accounting convention**

These financial statements are prepared in accordance with applicable accounting standards under the historical cost convention.

**Basis of consolidation**

The Group financial statements consolidate the financial statements of APD Industries Plc and all of its subsidiary undertakings. The financial statements are all made up to 31 December each year. The results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

**Investments in subsidiary undertakings**

The investments in subsidiary undertakings are valued at original cost.

**Fixed asset**

The intangible fixed asset is stated at cost. The Rolls Royce name is not intended to be used by the Company until 2003 and the directors have, therefore, made the decision not to amortise the asset during the intervening period, subject to regular impairment reviews.

**APD INDUSTRIES PLC (Consolidated)****NOTES TO THE ACCOUNTS****1 Auditors' remuneration and directors' remuneration**

Auditors remuneration is borne by another Group undertaking.

The directors receive no remuneration for their services to this Company.

**2 Interest receivable**

	1999 £	1998 £
On loans to Group undertakings	<u>16,261</u>	<u>-</u>

**3 Intangible fixed asset (Consolidated)**

	1999 £	1998 £
Cost		
At beginning of year	40,000,000	-
Addition	<u>600,613</u>	<u>40,000,000</u>
At end of year	<u>40,600,613</u>	<u>40,000,000</u>

**4 Investments (Company)**

	1999 £	1998 £
Cost		
At beginning of year	6	-
Addition	<u>41,500,000</u>	<u>6</u>
At end of year	<u>41,500,006</u>	<u>6</u>

The following were the subsidiary companies of APD Industries Plc at 31 December 1999.  
Each of the subsidiaries is wholly owned and was incorporated in England and Wales.

Hireus Limited  
Metalake Limited  
Excelport Limited

**APD INDUSTRIES PLC (Consolidated)****NOTES TO THE ACCOUNTS – continued****5 Debtors - amounts falling due within one year**

Consolidated	1999 £	1998 £
Amounts owed by group undertakings	965,648	50,000
VAT recoverable	-	7,000,000
	<u>965,648</u>	<u>7,050,000</u>
Company	1999 £	1998 £
Amount owed by group undertaking	<u>50,000</u>	<u>50,000</u>

**6 Creditors - amounts falling due within one year**

Consolidated	1999 £	1998 £
Amount due to group undertaking	<u>-</u>	<u>47,000,000</u>
Company	1999 £	1998 £
Amounts due to group undertakings	<u>6</u>	<u>6</u>

**7 Share capital**

	Ordinary shares of £1 each	
	1999 £	1998 £
Authorised	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Allotted, called up and fully paid	<u>41,550,000</u>	<u>50,000</u>

During the year 41,500,000 ordinary shares of £1 each were issued at par to the Company's holding company BMW (UK) Holdings Ltd.

**APD INDUSTRIES PLC (Consolidated)****NOTES TO THE ACCOUNTS – continued****8 Reconciliation of movements in shareholders' funds**

Consolidated	1999 £	1998 £
Issue of share capital	41,500,000	50,000
Profit for financial year	16,261	-
Net increase in shareholders' funds	41,516,261	50,000
Opening shareholders' funds	50,000	-
Closing shareholders' funds	41,566,261	50,000
Company	1999 £	1998 £
Issue of share capital	41,500,000	50,000
Profit for financial year	-	-
Net increase in shareholders' funds	41,500,000	50,000
Opening shareholders' funds	50,000	-
Closing shareholders' funds	41,550,000	50,000

**9 Related parties**

During the year the 41,500,000 shares in APD Industries plc were issued at par to its holding company BMW (UK) Holdings Limited. The consideration was paid in cash.

Also during the year, BMW (UK) Holdings Limited incurred costs relating to the acquisition of all rights to the brand name Rolls Royce on behalf of a subsidiary of APD Industries Plc. The consideration of £600,613 (excluding VAT) has been deducted from debtors in these accounts.

**10 Ultimate parent company**

The Company is a holding company and claims exemption under section 230 of the Companies Act 1985 from producing an individual profit and loss account.

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.