THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to what action you should take you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

This document, which comprises an AIM admission document drawn up in accordance with the AIM Rules has been issued in connection with the application for Admission. This document does not comprise a prospectus under the Prospectus Rules and has not been approved by or filed with the Financial Services Authority.

Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority.

A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. London Stock Exchange plc has not itself examined or approved the contents of this document.

The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the New Ordinary Shares to the Official List. The New Ordinary Shares are not dealt in on any other recognised investment exchange and, apart from the application for admission to AIM, no other such applications have been or will be made.

Application will be made for the New Ordinary Shares to be admitted and for the Existing Ordinary Shares to be readmitted to trading on AIM, a market operated by London Stock Exchange plc. It is expected that such admissions will be effective and dealings in the New Ordinary Shares will commence and in the Existing Ordinary Shares will recommence on AIM on 27 March 2007.

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vertumotors.com

VERTU

Motors plc

(Incorporated and registered in England and Wales under the Companies Act 1985 with Registered Number 5984855)

Proposed acquisition of Bristol Street Group Limited
Placing of 34,935,400 New Ordinary Shares at 75p per share
Notice of Extraordinary General Meeting
Admission of the Enlarged Group to trading on AIM

Nominated Adviser and Broker

Brewin Dolphin Securities

Corporate Finance

The Directors and Proposed Director of Vertu Motors plc, whose names appear on page 3 of this document, accept responsibility both individually and collectively for the information contained in this document. To the best of the knowledge and belief of the Directors and Proposed Director (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. Under no circumstances should the information contained in this document be relied upon as being accurate at any time after Admission.

Brewin Dolphin, which is a member of the London Stock Exchange and is authorised and regulated by the Financial Services Authority, is acting only for Vertu Motors plc in connection with the Placing and the Admission and is not acting for any other person and will not be responsible to any person other than Vertu Motors plc for providing the protections afforded to customers of Brewin Dolphin. In particular, the information contained in this document has been prepared solely for the purposes of the Placing and Admission and it is not intended to be relied on by any subsequent purchasers of New Ordinary Shares (whether on or off exchange) and accordingly no duty of care is owed to them.

Notice of an EGM of Vertu Motors plc to be held at the offices of Brewin Dolphin at Commercial Union House, 39 Pilgrim Street, Newcastle upon Tyne NE1 6RQ on 26 March 2007 is set out at the end of this document. Shareholders will also find enclosed a Form of Proxy for use at the EGM which, to be valid, must be completed and returned so as to arrive with Capita Registrars as soon as possible and, in any event, no later than 10.00 a.m. on 24 March 2007. Completion and return of the Form of Proxy will not preclude Shareholders from attending the meeting and voting in person should they subsequently wish to do so. The Directors' recommendation is set out on page 14 of this document.

This document does not constitute an offer to sell or the solicitation of an offer to buy New Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this document is not for distribution in or into the United States of America, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan. The New Ordinary Shares have not been and will not be registered under the United States Securities Act 1933 (as amended) nor under the applicable securities legislation of the United States of America or any province or territory of Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or in any country, territory or possession where to do so may contravene local securities laws or regulations. Accordingly, the New Ordinary Shares may not, subject to certain exemptions, be offered or sold directly or indirectly in or into the United States of America, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or to, or from the account or benefit of, US persons or any national, resident or citizen of the United States of America, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

CONTENTS

DIRECTORS, PROPOSED DIRECTOR, SECRETARY AND ADVISERS

Directors	William Moore Teasdale, Non-Executive Chairman Robert Thomas Forrester, Chief Executive Officer Karen Anderson, Finance Director
Proposed Director	Paul Raymond Williams, Proposed Non-Executive Chairman
Company Secretary	Andrew John Davison
Registered Office	Rotterdam House 116 Quayside Newcastle upon Tyne NE1 3DY
Nominated Adviser and Broker	Brewin Dolphin Securities Limited Commercial Union House 39 Pilgrim Street Newcastle upon Tyne NE1 6RQ
Joint Reporting Accountants and Auditors	PricewaterhouseCoopers LLP 89 Sandyford Road Newcastle upon Tyne NE1 8HW
Solicitors to the Company	Robert Muckle LLP Norham House 12 New Bridge Street West Newcastle upon Tyne NE1 8AS
Joint Reporting Accountants	KPMG LLP 2 Cornwall Street Birmingham B3 2DL
Tax Advisers to the Company	Deloitte & Touche LLP Gainsborough House 34-40 Grey Street Newcastle upon Tyne NE1 6AE
Solicitors to the Placing	Dickinson Dees LLP St. Ann's Wharf 112 Quayside Newcastle upon Tyne NE99 1SB
Valuation Advisers to the Company	Knight Frank Quayside House Quayside Newcastle upon Tyne NE1 3DX
Registrars	Capita IRG Plc The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Financial PR Advisers	Financial Dynamics Holborn Gate 26 Southampton Buildings London WC2A 1PB
Bankers to the Company	Barclays Bank PLC 71 Grey Street Newcastle upon Tyne NE99 1JP

KEY INFORMATION

Introduction

- Vertu Motors (Property) Limited, a wholly owned subsidiary of Vertu Motors, has conditionally agreed to acquire the entire issued share capital of Bristol Street Group Limited for a total consideration estimated at £40.2 million and made up of £31.2 million in cash, £9 million in loan notes (subject to options for their exchange into New Ordinary Shares) and certain additional conditional payments.
- Bristol Street Group was the 13th largest motor dealer group in the UK in 2005*, operating a chain of franchised dealerships and used car hypermarkets across England offering new and used car sales, commercial vehicle sales and aftersales services.
- The Directors believe that the acquisition of Bristol Street Group fits with the original Vertu Motors strategy in terms of the business opportunities and the potential for performance improvement it presents.

The Opportunity

- The acquisition of Bristol Street Group represents a significant step in the Vertu Motors strategy of acquiring and consolidating UK motor retail businesses.
- The Board intends to pursue a strategy of organic growth within the existing Bristol Street Group, which will give focus to identifying and capitalising upon performance improvement opportunities. Such opportunities include increasing used car sales and sales via the internet, fleet and sub-prime channels and increasing the efficiency of procurement, business processes and customer service.
- The Board will continue to be focused on identifying and acquiring additional UK motor retail businesses in order to benefit from additional economies of scale and to achieve further geographical concentration.

The Placing

- Vertu Motors is seeking to raise £26.2 million before expenses through the Placing of 34,935,400 New Ordinary Shares at a price of 75 pence each.
- It is anticipated that Completion of the Acquisition and Admission of the Enlarged Group will occur on 27 March 2007.

* *Source: AM100, 2006*

ACQUISITION AND PLACING STATISTICS

Issue Price	75p
Total number of New Ordinary Shares being issued pursuant to the Placing	34,935,400
Total number of New Ordinary Shares being issued pursuant to the Acquisition	9,142,854
Percentage of enlarged issued share capital being issued immediately pursuant to the Proposals	48.5 per cent.
Number of Ordinary Shares in issue immediately following completion of the Proposals	90,828,254
Gross proceeds of the Placing receivable by the Company	£26.2 million
Net proceeds of the Placing receivable by the Company	£22.8 million
Market capitalisation on Admission at the Issue Price	£68.1 million
EPIC Code	''VTU''

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2007
Date of publication of this AIM Admission Document	1 March
Admission and dealings in the Existing Ordinary Shares and New Ordinary Shares expected to commence on	27 March
Deadline for receipt of Forms of Proxy in respect of the EGM	24 March
EGM of the Company	26 March
Date of completion of the Acquisition	27 March
CREST accounts (where relevant) expected to be credited for the New Ordinary Shares on	27 March
Share certificates (where relevant) expected to be despatched for the New Ordinary Shares no later than	10 April

PART 1

LETTER FROM THE CHAIRMAN OF VERTU MOTORS

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VERTU
Motors plc

(Incorporated and registered in England and Wales under the Companies Act 1985 with Registered Number 5984855)

Directors:	*Registered Office:*
William Moore Teasdale, Non-Executive Chairman	Rotterdam House
Robert Thomas Forrester, Chief Executive Officer	116 Quayside
Karen Anderson, Finance Director	Newcastle upon Tyne
	NE1 3DY

Proposed Director:
Paul Raymond Williams, Proposed Non-Executive Chairman

1 March 2007

To the holders of Existing Ordinary Shares

Dear Shareholder

**PROPOSED ACQUISITION OF BRISTOL STREET GROUP LIMITED
PLACING OF 34,935,400 NEW ORDINARY SHARES AT 75P PER SHARE
NOTICE OF EXTRAORDINARY GENERAL MEETING
ADMISSION OF THE ENLARGED GROUP TO TRADING ON AIM**

INTRODUCTION

I am pleased to announce that on 26 February 2007, Vertu Motors (Property) Limited, a wholly owned subsidiary of Vertu Motors, agreed conditionally to acquire the entire issued share capital of Bristol Street Group Limited for a total consideration estimated at £40.2 million. In order to fund the consideration for the Acquisition which is payable as to up to £9 million in Loan Notes and the balance in cash on and after Completion, the Company is seeking to raise £26.2 million by way of a Placing of New Ordinary Shares by Brewin Dolphin at an Issue Price of 75p per share. The remainder of the cash consideration will be funded from the Company's other cash resources. Up to £9 million of the Loan Notes payable as part of the consideration for Bristol Street Group are subject to options to be acquired by Vertu Motors on and after Completion in consideration for the issue of New Ordinary Shares at 87.5p per share.

In accordance with the AIM Rules, trading in the Existing Ordinary Shares of the Company on AIM remained suspended pending publication of this document to Shareholders.

In view of the size of the Acquisition, which is classified as a reverse takeover under the AIM Rules, approval of Shareholders is needed and so an EGM of the Company is being convened for this purpose to be held on 26 March 2007. Shareholders will also be asked at the EGM, *inter alia*, to grant the appropriate authorities required to effect the Placing and to grant share issue authorisation to the Directors to enable them to react to further market opportunities. If the Resolution is passed by Shareholders, it is expected that Completion of the Acquisition and Admission of the Enlarged Group will take place and that trading in the New Ordinary Shares will commence and in the Existing Ordinary Shares will recommence on AIM on 27 March 2007.

Further details of the agreements relating to the Acquisition are set out in this letter and in paragraph 10.1 of Part 5 of this document.

The purpose of this document is to provide you with information on the Proposals, give notice of the EGM, to recommend that you vote in favour of the Resolution (which is necessary to give effect to the Proposals) at the EGM and to explain why the Directors believe that the Proposals are in the best interests of the Company and its Shareholders as a whole.

BACKGROUND TO AND REASONS FOR THE ACQUISITION AND PLACING

Vertu Motors was admitted to AIM in December 2006 with the objective of acquiring and consolidating UK motor retail businesses with the potential for performance improvement and which may also contain freehold property portfolios. It was envisaged by the Directors that performance improvement opportunities would arise in acquired dealerships from increasing sales in new and used cars, improving aftersales services, through improving the efficiency of the business processes, introducing economies of scale and providing exceptional customer service.

In seeking out opportunities to build shareholder value, the Directors entered into discussions with the management team of Bristol Street Group. Bristol Street Group was the 13th largest dealer group in the UK in 2005 (*Source: AM100, 2006*) with a nationwide network of branded franchised dealerships and car hypermarkets across England, offering new and used car sales, commercial vehicle sales and aftersales services.

The Directors believe that the acquisition of Bristol Street Group fits well with the original Vertu Motors strategy in terms of the business opportunities, the potential for performance improvement it represents, the property portfolio and the platform it provides from which Vertu Motors can pursue further acquisitions.

KEY TERMS OF THE ACQUISITION

The consideration payable to the Vendors comprises an amount which is:

- an amount equal to the adjusted consolidated net asset value of Bristol Street Group as at 28 February 2007, estimated at £36.2 million and capped at £38.2 million;
- up to £4 million in respect of goodwill; and
- further payments in certain circumstances following release of provisions and/or receipt of funds by the Bristol Street Group.

The initial consideration will be satisfied by up to £9 million in Loan Notes (which are subject to options for their exchange for New Ordinary Shares) and as to the balance of £31.2 to £33.2 million (depending on the adjusted net asset value at 28 February 2007) in cash. £8 million of the Loan Notes will be acquired by Vertu Motors immediately after Completion in consideration for the issue of 9,142,854 New Ordinary Shares at 87.5 per share. Up to £1 million of the remaining Loan Notes will be acquired by Vertu Motors after determination of the net assets as at Completion, in consideration of the issue of up to 1,142,857 New Ordinary Shares at 87.5p per share. Any conditional further payments due will be satisfied by way of Loan Notes redeemable for cash.

The existing debt of Bristol Street Group of £26.9 million will remain in place, refinanced by a new group facility with Barclays Bank PLC.

The Acquisition is conditional, *inter alia*, upon Shareholder approval at the EGM and upon the Placing. Subject to those conditions being satisfied, Completion will take effect on the Admission of the Enlarged Group to AIM, which is expected to take place on 27 March 2007.

Please see paragraph 10.1 of Part 5 of this document for further details of the Acquisition.

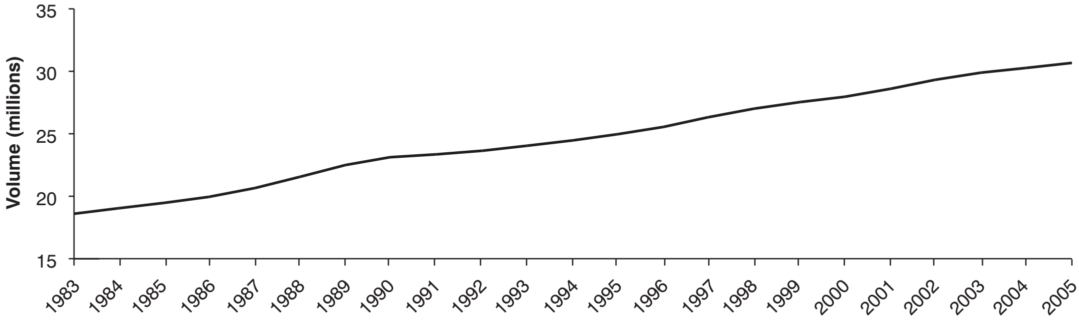
MARKET OVERVIEW

The UK market for motor vehicles

The motor retail sector comprises mainly franchised and non-franchised dealerships selling new and used vehicles through retail and corporate fleet channels. In addition, aftersales services are also provided in the form of mechanical and body repairs through service outlets and bodyshops respectively and also the supply of parts to retail and trade customers.

The UK market for cars in 2005 was estimated to be worth £40.3 billion. The performance of the UK motor retail sector is heavily dependent on the health of the UK economy. Key economic measures such as gross domestic product, inflation and employment all have an effect on the market, influencing consumer demand for vehicles. *(Source: Key Note Limited)*

Annual total of cars on UK roads 1983-2005



Source: SMMT

New car market

The 2003 new car market was the highest in the last ten years with 2.6 million new car registrations. *(Source: SMMT)* Since then, the market has declined, in part due to growing pressure on consumer spending.

Annual new car registrations 2001-2006

	2001	*2002*	*2003*	*2004*	*2005*	*2006*
Private	1,212,964	1,236,766	1,254,927	1,200,066	1,076,513	1,033,722
Fleet	1,031,429	1,090,448	1,068,174	1,093,494	1,184,874	1,156,274
Business	214,376	236,417	255,949	273,709	178,330	154,868
Total	2,458,769	2,563,631	2,579,050	2,567,269	2,439,717	2,344,864
Growth	11%	4%	1%	0%	−5%	−4%

Source: SMMT

Annual new car registrations for 2007 are forecast to be around 2.3 million, representing a year on year decline of 1.3 per cent. However, the rate of decline is forecast to reduce to 0.0 per cent. in 2008. *(Source: SMMT)*

The new car market can broadly be split into the 'volume' brands market (e.g. Ford, Vauxhall, Renault, Peugeot, Citroen and Volkswagen) and the 'prestige' brands market (e.g. BMW, Audi and Mercedes-Benz). Volume brands dominate new car sales with Ford, Vauxhall, Volkswagen and Peugeot together representing 42 per cent. of new car sales in 2006. The Ford Focus represented the most popular new car registration in 2006, with 6 per cent. of the market. *(Source: SMMT)*

Used car market

The UK volume of used car sales is substantially higher than the new car market, representing 7.6 million vehicle sales in 2005, accounting for 76 per cent. of all cars sold. Used car sales to the end of September 2006 are in-line with the same period in 2005. *(Source: SMMT)*

Annual total of used car sales 2001-2005

	2001	*2002*	*2003*	*2004*	*2005*
Used car sales	6,747,419	7,142,779	7,527,176	7,731,609	7,576,724
Growth		6%	5%	3%	−2%

Source: SMMT

There has been a modest rise in rates of used car depreciation in 2005 and 2006, although at a reducing rate in 2006. This has partly arisen from a slowdown in sales of new and used cars, coupled with an increase in the supply of 'nearly new' vehicles entering the used market. The reduced supply of one to four year old used cars could reduce in-line with the fall in demand, making significant increases in rates of used car depreciation less likely. *(Source: Glass)*

The decline in sales of new cars shown in 2006 and forecast for 2007, although slowing, is expected to have a negative impact on used car prices. Price falls are also expected as a result of the growing supply of nearly-new cars. *(Source: Glass)* This oversupply results in excess unsold stock being registered and then retailed as 'used' after three/six months, having been held in the interim by short cycle users, such as daily rental or credit hire operators.

Aftersales and servicing market

The UK aftersales and servicing market provides significant revenue to the motor retail industry. The market is fragmented with provision through franchised and non-franchised dealerships and specialist service centres.

The market for servicing has remained relatively stable with increased vehicle service intervals being offset by an increase in the number of vehicles in use. The core market for franchised dealerships is for the servicing of vehicles under three years old which are still under manufacturer warranties. The Directors believe that opportunities exist to focus on the retention of customers after expiration of their warranty and to increase the penetration of the used vehicle market.

Market opportunities

The UK motor retail sector is fragmented; in 2005 there were over 5,400 motor dealerships in the UK *(Source: Glass)*, of which the ten largest motor retail groups represented less than 19 per cent. *(Source: AM100, 2006)*

The period since 2000 has witnessed a series of acquisitions within the car dealership sector. *(Source: Key Note Limited)* Despite the consolidation in the market to date, the Directors are confident that there remain a significant number of attractive acquisition opportunities within the motor dealership network (both franchised and unfranchised).

INFORMATION ON BRISTOL STREET GROUP

History and background

Bristol Street Group has its origins in the early 1920s as a single Ford dealership located on Bristol Street in central Birmingham. Bristol Street Group was acquired through a management buy-out in 1997, which was led by Paul Williams, the chief executive officer of Bristol Street Group, amongst others. Bristol Street Group was the 13th largest dealer group in the UK in 2005 *(Source: AM100, 2006)* with a network of dealerships around England offering new and used car and commercial vehicle sales and aftersales services. In addition, Bristol Street Group operates three used car hypermarkets under the Motor Nation brand and a Ford parts wholesale business.

Bristol Street Group operates franchises from 32 sites under the Bristol Street Motors brand, currently representing seven marques: Ford, Vauxhall, Citroen, Hyundai, Iveco, Peugeot and Renault. The Bristol Street Group has also agreed recently to enter into a new franchise for Fiat Van sales. In addition there are three Motor Nation used car hypermarkets located in Widnes, Birmingham and Coventry.

Operationally, each market area is headed by a market area managing director, with an operational board. The market area managing directors report to two group managing directors who, in turn, report to the chief executive officer of Bristol Street Group, Paul Williams who also has the Commercial and Motor Nation divisions reporting to him directly. Certain functions are centralised in the Bristol Street Group head office in Droitwich, Worcestershire.

Summary financial information

The financial track record of Bristol Street Group is included in Part 4 of this document and summarised below:

	Year ended 31 December		
	2004 £m (UK GAAP)	*2005 £m (UK GAAP)*	*2006 £m (IFRS)*
Turnover	554.2	574.5	576.7
Operating profit	5.9	4.9	5.1
Operating profit margin	1.1%	0.9%	0.9%
Earnings before interest, taxation, depreciation and amortisation (EBITDA) before property disposals	7.6	6.5	6.7
Earnings before interest, taxation, depreciation and amortisation (EBITDA) after property disposals	9.2	6.5	6.9

Overview of operations

In 2006 Bristol Street Group sold 62,437 vehicles excluding trade vehicles. These sales were generated through sales of new, used and commercial vehicles and aftersales as follows:

	Number of units		*Turnover £m*
New cars	22,825		234
Retail	9,906		
Motability	2,553		
Fleet and other	10,366		
Used cars	31,487		169
Retail	17,082		
Other	14,405		
Commercial	8,125		112
Aftersales			68
Service		33.5	
Bodyshop		9.6	
Parts		24.5	
Total*	62,437		583

* includes inter-site trading

The average used to new retail car ratio of the Bristol Street Group in 2006 was 1.38 by units and 0.7 by turnover.

In 2006, turnover was generated through sales of new, used and commercial vehicles and aftersales by the following market areas:

Market area	*Marque*	*Turnover £m*	*Percentage of total %*
Birmingham CMA	Ford	204	35.0
Gloucester CMA	Ford, Hyundai, Iveco	70	12.0
Stafford CMA	Ford	59	10.1
Bromley CMA	Ford	30	5.1
Vauxhall CMA	Vauxhall	39	6.7
Peugeot South Midlands CMA	Peugeot, Hyundai	32	5.5
Peugeot Harlow CMA	Peugeot	14	2.4
Citroen CMA	Citroen	41	7.0
Exeter CMA	Renault	28	4.8
Commercial	Iveco	12	2.1
Fleet		3	0.5
Motor Nation	—	43	7.4
Parts	—	8	1.4
Total*		583	100.0

* includes inter-site trading

The Directors have received written confirmation from the relevant vehicle manufacturers that the Enlarged Group will retain the necessary franchise contracts on completion of the Acquisition.

STRATEGY OF THE ENLARGED GROUP

Vertu Motors was admitted to AIM with the objective of acquiring and consolidating UK motor retail businesses. The acquisition of Bristol Street Group represents a significant step in the Vertu Motors strategy.

The Directors and Proposed Director believe that the culture of Bristol Street Group fits closely with that of Vertu Motors and will seek to motivate and fully utilise the knowledge and experience of the employees within the Enlarged Group.

The Board intends to pursue a strategy of organic growth of Bristol Street Group and other businesses acquired in the future and will give focus, post-Completion, to identifying and capitalising upon:

- improvement of used car sales to improve the new to used car ratio
- development of fleet and contract hire opportunities
- further development of the internet retail presence
- centralisation of procurement and marketing
- improvement in customer retention through centralised contact centres.

In addition, the Board will continue to focus on identifying and acquiring additional UK motor retail businesses in appropriate franchises and locations to complement the operations of the Enlarged Group and benefit from further cost synergies.

Vertu Motors has negotiated banking facilities totalling up to £41.9 million which, together with the funds raised in December last year and the proceeds of the Placing will be utilised to fund the Acquisition and to provide additional resources to enable further acquisitions. The Company is also negotiating appropriate hedging arrangements in order to minimise interest rate risk going forward.

The Directors are currently in discussions with the owners of a number of motor retail businesses and are hopeful that this will lead to further acquisitions.

The Board intends that, following Completion the Bristol Street Group will continue to trade under its existing names ''Bristol Street Motors'' and ''Motor Nation''.

DIRECTORS AND PROPOSED DIRECTOR

It is intended that, following Completion, the Board of the Enlarged Group will comprise the Directors and Proposed Director as outlined below.

William Teasdale, Non-Executive Chairman, proposed Non-Executive Director

William (64) was appointed Non-Executive Chairman of Vertu Motors plc in December 2006. Prior to this he was non-executive director and chairman of the audit committee at Reg Vardy plc between 2002 and 2006. Prior to this he was the senior partner at the Newcastle upon Tyne office of PricewaterhouseCoopers. William has substantial experience of corporate transactions and within the quoted company environment. It is anticipated that upon Completion William will stand down as Chairman, remaining as a Non-Executive Director.

Robert Forrester, Chief Executive Officer

Robert (37) was appointed Chief Executive Officer of Vertu Motors plc in December 2006. Prior to this he was a director of Reg Vardy plc between 2001 and 2006, appointed as finance director in 2001 and managing director in 2005, until the sale of Reg Vardy plc to Pendragon plc in February 2006. During this time Reg Vardy plc moved from 65 to 100 car dealerships and provided a significant return to shareholders from the sale. Prior to this he was a director of Brookhouse Group Limited, a substantial private property investment company in the North West of England, where he was responsible for development, investment and financing of the portfolio. Robert qualified as a chartered accountant with Arthur Andersen. He is also a member of the Economic Affairs Committee of the Confederation of British Industry.

Karen Anderson, Finance Director

Karen (35) was appointed Finance Director of Vertu Motors plc in January 2007. Prior to this she joined Reg Vardy plc in 2002 and was appointed group financial controller in 2004. Karen was responsible for financial management issues and acquisition due diligence over this period. Following the sale of Reg Vardy plc to Pendragon plc, Karen was involved in forming the financial management structure of the enlarged group. Karen qualified as a chartered accountant with Arthur Andersen.

Paul Williams, proposed Non-Executive Chairman

It is intended that Paul (60) will become a Director and Non-Executive Chairman of Vertu Motors plc on Completion. Paul joined Bristol Street Group in 1970. In 1997 he led the successful management buy-out of Bristol Street Group from BSG Holdings Limited as joint chief executive officer, assuming the position of sole chief executive officer in 2005. During 2006, Paul accepted the position of chairman of the National Franchised Dealer Association and became a board member of the Retail Motor Industry Federation.

The Board will look to appoint a further independent Non-Executive Director following Completion to strengthen the Board and to ensure sufficient corporate governance measures are in place. The Board is actively seeking to identify appropriate candidates with a view to making an appointment in due course.

SENIOR MANAGEMENT

The strategy of the Board is to attract high quality, experienced directors and senior managers. To date the Board has appointed the following to the Vertu Motors' operational board.

Tom Fairgrieve, Operations Director

Tom (54) was appointed operations director of Vertu Motors (Retail) Limited in February 2007. He has over 30 years industry experience and was regional operations director of Reg Vardy plc between 2004 and June 2006, responsible for over 20 dealer operations in the West of Scotland covering Ford, Vauxhall, Mercedes-Benz, Fiat and Alfa Romeo. Prior to this he was a franchise director at CD Bramall plc and Quicks plc with responsibility for the group's Ford dealerships in Scotland, the North West of England and the South East of England.

David Crane, Commercial Director

David (39) was appointed commercial director of Vertu Motors (Retail) Limited in February 2007. He joined Reg Vardy plc in 1999 and was commercial director of Reg Vardy plc between 2004 and 2006, until the sale of Reg Vardy plc to Pendragon plc in February 2006, at which point he was appointed group services director of Pendragon plc. During his time as commercial director, David was responsible for aftersales strategy, relationships with vehicle manufacturers and commercial relationships with key corporate customers. Prior to his employment with Reg Vardy plc he was aftersales operations manager at Renault UK between 1991 and 1999.

It is the current intention of the Board to appoint Nick Plevey and Mark Hamer, two group managing directors of Bristol Street Group to the Vertu Motors operational board on Completion.

It is intended that the Board will look to appoint further senior managers to provide capacity to expand the Enlarged Group following the Acquisition.

BRISTOL STREET GROUP EMPLOYEES

The existing rights of the Bristol Street Group employees will be fully safeguarded upon the completion of the Proposals.

CURRENT TRADING AND PROSPECTS

Since 31 January 2007, Vertu Motors continues to trade in line with the Directors' expectations, with operating costs being kept under tight control.

Since 31 December 2006, the business of Bristol Street has continued to trade in line with its management's expectations.

Industry expectations for the new car market are for a slight decline of around 1.3 per cent. in 2007, predominantly due to the impact of interest rate rises in the previous 6 months. The Directors have identified a number of opportunities to obtain performance enhancement in Bristol Street Group. The realisation of these opportunities will be aided by the recruitment of additional senior managers from within the sector. The Directors have confidence in the prospects of the Enlarged Group for the remainder of the financial year.

SHARE OPTIONS

The Company agreed to adopt the following Share Option Schemes on 17 November 2006: the all employee Share Incentive Plan, the Enterprise Management Incentive Plan, the Company Share Option Plan and the Performance Share Plan. Awards under the Share Option Schemes will be subject to appropriate performance conditions, as set by the Remuneration Committee.

The Board recognises the need to align the interests of employees with those of Shareholders. Accordingly, the Board has granted options on 1 March 2007 under the Enterprise Management Incentive Plan over a total of 513,333 Ordinary Shares, representing 0.6 per cent. of the issued share capital at Admission. Of this number, the following options were granted to the Directors:

Name	*Number*
Karen Anderson	120,000 Ordinary Shares

These options are exercisable as set out in the rules of the Enterprise Management Incentive Plan.

Further options are proposed to be granted under the relevant Share Option Schemes when new senior management are appointed and to key management in the Bristol Street Group.

DIVIDEND POLICY

The Directors intend to adopt a progressive dividend policy which will take account of the profitability of the Enlarged Group and underlying growth, while maintaining an appropriate level of dividend cover. The Directors currently anticipate that cash generated by the Enlarged Group in the short term will be devoted to funding the Enlarged Group's development. In the medium term, the Directors intend to adopt a policy with a dividend cover (excluding exceptional items) of around three times.

The Directors may revisit the dividend policy of the Company from time to time.

EXTRAORDINARY GENERAL MEETING

Set out at the end of this document is a notice convening the EGM to be held at the office of Brewin Dolphin at Commercial Union House, 39 Pilgrim Street, Newcastle upon Tyne NE1 6RQ at 10.00 a.m. on 26 March 2007 at which a resolution will be proposed to:

- approve the Acquisition;
- increase the Company's authorised share capital;
- authorise the Directors to allot the New Ordinary Shares and any relevant securities pursuant to section 80 of the Act up to a maximum nominal amount of £7,589,000; and
- authorise the Directors to allot relevant equity securities for cash outside the Shareholders' statutory pre-emption provisions up to an aggregate nominal amount of £4,985,000.

ACTION TO BE TAKEN

A Form of Proxy is enclosed for use at the EGM. Whether or not you intend to be present at the meeting you are requested to complete, sign and return the Form of Proxy to Capita Registrars as soon as possible but in any event so as to arrive not later than 10.00 a.m. on 24 March 2007. The completion and return of a Form of Proxy will not preclude you from attending the meeting and voting in person, should you subsequently wish to do so.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in Parts 2 to 5 of this document.

RECOMMENDATION

The Board, having been so advised by Brewin Dolphin, considers that the terms of the Proposals are in the best interests of the Company and the Shareholders as a whole. In providing advice to the Board, Brewin Dolphin has taken into account the Directors' commercial assessments.

The Directors unanimously recommend Shareholders to vote in favour of the Resolution as set out in the notice of EGM at the end of this document, as they and the other Founder Shareholders have irrevocably undertaken to do in respect of their own beneficial holdings, which amount in aggregate to 5,041,667 Existing Ordinary Shares, representing 10.8 per cent. of the issued ordinary share capital of the Company at the date of this document.

Yours faithfully,

William Teasdale
Chairman

PART 2

INFORMATION ON THE PLACING

INTRODUCTION

Vertu Motors is seeking to raise £26.2 million before expenses for the acquisition of Bristol Street Group through the Placing and Admission of the enlarged issued share capital of the Company to trading on AIM.

DETAILS OF THE PLACING

Brewin Dolphin, as agent for the Company, has agreed conditionally to place firm a total of 34,935,400 New Ordinary Shares at the Issue Price of 75p per share, representing 38.5 per cent. of the Company's issued share capital immediately following Admission, which will raise approximately £26.2 million before expenses for the Company and £22.8 million after expenses.

The proceeds of the Placing will be utilised by the Company as follows:

	£
Consideration for the acquisition of Bristol Street Group	22.8
Expenses of the Placing and Acquisition	3.4
	26.2

The New Ordinary Shares will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and distributions declared, paid or made after the date of this document.

LOCK-IN AND ORDERLY MARKET ARRANGEMENTS

The Directors and the other Founder Shareholders, who will together control 5.6 per cent. of the enlarged issued share capital of the Company following Admission (assuming conversion of £8 million of Loan Notes on Completion), have undertaken to Brewin Dolphin not to dispose of any Ordinary Shares for a period of three years from 20 December 2006 except in certain limited circumstances. The Directors and the other Founder Shareholders have further undertaken to Brewin Dolphin to ensure that any disposal made by them of any Ordinary Shares for a period of two years from 20 December 2009 will be made in a manner designed to ensure that an orderly market can be maintained.

The Proposed Director and the other Vendors, who together will control 10.1 per cent. of the enlarged issued share capital of the Company following Admission (assuming conversion of £8 million of Loan Notes on Completion), have undertaken not to dispose of any Ordinary Shares for a period of 12 months from Admission except in certain limited circumstances.

Further details of the placing agreement dated 15 December 2006 are set out in paragraph 10.2 of Part 5 of this document.

ADMISSION AND DEALINGS

Application will be made for the whole of the issued ordinary share capital of the Company to be admitted to trading on AIM. No application is being made for any of the New Ordinary Shares to be admitted to the Official List of the UK Listing Authority or to the London Stock Exchange's market for listed securities.

The Directors have organised with CRESTCo for the New Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the New Ordinary Shares following Admission may take place within the CREST system, if the relevant shareholders so wish. CREST is a voluntary system and holders of New Ordinary Shares who wish to receive and retain share certificates will be able to do so. Persons acquiring New Ordinary Shares under the Placing may, however, elect to receive New Ordinary Shares in uncertificated form if, but only if, that person is a ''system member'' (as defined in The Uncertificated Securities Regulations (1995)) in relation to CREST.

It is expected that Admission will be effective and dealings in the New Ordinary Shares will commence on AIM on 27 March 2007. Dealings in the Existing Ordinary Shares recommenced on the posting of this document but will be cancelled at the close of business on 26 March 2007 if the Resolution is passed at the EGM prior to the re-admission to trading, which is expected to take place on 27 March 2007.

PART 3

RISK FACTORS

Investing in the Company involves a degree of risk. You should carefully consider the risks and the other information contained in this document before you decide to invest in the Company. You should note that the risks described below are not the only risks faced by the Company and/or the Enlarged Group, there may be additional risks that the Directors currently consider not to be material or of which they are not presently aware.

INVESTMENT RISK IN AIM

The New Ordinary Shares will be traded on AIM and no application is being made for the admission of the New Ordinary Shares to the Official List. AIM has been in existence since June 1995 but admission to AIM should not be taken as to imply that there is or will be a liquid market in the New Ordinary Shares. AIM is a market designed for small and growing companies. Both types of company carry higher than normal financial risk and tend to experience lower levels of liquidity than larger companies.

Investors should be aware that the value of the New Ordinary Shares may be volatile and may go down as well as up and therefore investors may not recover their original investment.

RETENTION OF KEY EMPLOYEES

The future development of the Enlarged Group depends on its Directors and future key employees and the management of Bristol Street Group. The loss of the services of any of these individuals could damage the Enlarged Group's business. The Enlarged Group will in future require the ability to attract senior employees with the appropriate skills and expertise. The failure to achieve this could have a detrimental effect on the development of the Enlarged Group.

MANAGEMENT OF GROWTH

The Directors are anticipating that sales will increase following the Acquisition by organic growth and further acquisitions. To respond to market opportunities and the ability of the Enlarged Group to implement its strategy will require effective planning and management control systems. The Enlarged Group's growth plans may place a significant strain on its management, operational and financial resources. Accordingly, Vertu Motors' future growth and prospects will depend on its ability to manage this growth.

FUTURE CAPITAL REQUIREMENTS

The Company may be required to conduct further fundraising exercises in the future in order to develop its business, fund its acquisitions and sustain cash resources. It is difficult for the Directors to predict the timing and amount of the Company's capital requirements with accuracy. Any additional equity finance may be dilutive to Shareholders. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

STRATEGY

The Directors believe the strategy set out in this document can be successfully implemented, however there can be no certainty that the Enlarged Group will be able to achieve this. The ability of the Enlarged Group to implement its strategy in the competitive market requires effective planning and management control systems.

ACQUISITIONS

While the Directors believe that Vertu Motors will secure further acquisitions at an earnings enhancing price, investors should note it may not be possible to complete its acquisition strategy, which will have a detrimental effect on the future performance of the Company. Also, acquisitions are, by their nature, inherently risky due in part to the fact that due diligence may not identify all relevant issues and an acquired company's workforce may take time to accept change.

INTEREST RATES AND PROPERTY MARKET RISK

The Directors will seek to minimise the effects of any possible interest rate rises, however if the Company takes on borrowings and interest rates were to rise, this could have an adverse effect on the results of the Company. In addition, the use of borrowings will increase the impact of such an interest rate fall on the net revenue of the Enlarged Group and accordingly will have an adverse effect on the Company's ability to pay dividends to Shareholders.

The Enlarged Group will have a significant freehold property portfolio. The value of this asset will be affected by both macro-economic factors and local planning decisions.

DEBT FINANCING

Prospective investors should be aware that the use of borrowings creates the risk that the borrower will be unable to service the interest payments or comply with the other requirements of the borrowing rendering it repayable and the risk that borrowings will not be able to be refinanced or that the terms of such refinancing may not be as favourable as the existing terms of borrowing.

If the Company is required to repay all or part of its borrowings, it may be required to sell assets (including the property portfolio) at less then their market value or at a time or in circumstances where the realisation proceeds are reduced because of a downturn in values generally or because there is limited time to market the assets effectively.

COMPETITIVE PRESSURES

While the Directors believe that Vertu Motors will offer a clear commercial benefit in the market place, there is no guarantee that similar operations are not progressing in parallel by potential competitors. If this were to happen, the Company could achieve lower revenues than those anticipated by the Directors and could be prevented from exploiting all the opportunities in the market.

KEY SUPPLIERS AND THIRD PARTY RELATIONSHIPS

The Directors and the Proposed Director have relationships with a number of industry suppliers which they hope to develop further in the future. However, there can be no guarantee that these relationships will generate the revenues anticipated or that the relationships already established will continue in the future beyond the existing and continuing contracted relationship. A large proportion of the Company's revenues will be dependent on these relationships.

In particular, in order to operate franchise dealerships in franchises other than those operated by the Enlarged Group, manufacturer consent will initially be required on first acquiring a business with that franchise. There is no guarantee that such consent will be forthcoming.

The financial stability of manufacturers is key to the ongoing stability of the Enlarged Group's franchises.

LEGISLATIVE RISK

Future competition or industry legislation could have a negative impact upon the UK motor retail market. Any change in legislation may have an adverse effect on the revenues of the Company.

TAX RISK

HM Revenue & Customs (''HMRC'') are currently focusing on the partial exemption methods employed by businesses in the automotive retail sector. HMRC is challenging the use of partial exemption methods which they consider do not reflect the economic use of the overhead VAT incurred by the business.

HMRC's challenge is at an early stage but in the event that it is successful, it could have a significant impact upon the motor retail sector as a whole.

PART 4

ACCOUNTANTS' REPORTS AND FINANCIAL INFORMATION

IFRS FINANCIAL INFORMATION ON VERTU MOTORS PLC

The following is the full text of a report on Vertu Motors plc from PricewaterhouseCoopers LLP, the Reporting Accountants, to the Directors of Vertu Motors plc and Brewin Dolphin.

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
89 Sandyford Road
Newcastle upon Tyne NE1 8HW

www.pwc.com/uk

The Directors
Vertu Motors plc
Rotterdam House
116 Quayside
Newcastle upon Tyne NE1 3DY

Brewin Dolphin Securities Limited
Commercial Union House
39 Pilgrim Street
Newcastle upon Tyne NE1 6RQ

1 March 2007

Dear Sirs

VERTU MOTORS PLC

We report on the financial information of Vertu Motors plc as at and for the 3 months ended 31 January 2007 (the ''IFRS Historical Financial Information'') as set out in pages 20 to 29 below. This IFRS Historical Financial Information has been prepared for inclusion in the admission document dated 1 March 2007 (the ''Admission Document'') of Vertu Motors plc (the ''Company'') on the basis of the accounting policies set out in note 2 of the IFRS Historical Financial Information. This report is required by Schedule Two of the AIM Rules and is given for the purpose of complying with that Schedule and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the IFRS Historical Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the IFRS Historical Financial Information gives a true and fair view, for the purposes of the Admission Document and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the AIM Rules, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our work 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 IFRS Historical Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the IFRS Historical Financial Information gives, for the purposes of the Admission Document dated 1 March 2007, a true and fair view of the state of affairs of the Company as at the date stated and of its losses and cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

INCOME STATEMENT

for the period from 1 November 2006 to 31 January 2007

	Note	*Period ended 31 January 2007 £'000*
Continuing operations		
Operating Expenses		(142)
Operating loss	3	(142)
Finance income	5	99
Loss before tax		(43)
Tax credit	6	13
Loss for the period	14	(30)
Basic and diluted earnings per share from continuing operations (pence per share)	7	—

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period from 1 November 2006 to 31 January 2007

	Period ended 31 January 2007 £'000
Shares issued on incorporation	—
Shares issued during the period	24,215
Retained loss for the period	(30)
Balance at end of period	24,185

BALANCE SHEET

as at 31 January 2007

	Note	*As at 31 January 2007 £'000*
Non-current assets		
Property, plant and equipment	9	1
Deferred income tax assets	6	13
		14
Current assets		
Trade and other receivables	10	85
Cash and cash equivalents	11	24,095
Total current assets		24,180
Total assets		24,194
Capital and reserves attributable to equity holders of the Company		
Ordinary shares	13,14	4,675
Share premium	13,14	19,540
Retained earnings	14	(30)
Total equity	14	24,185
Liabilities		
Trade and other payables	12	9
Total liabilities		9
Total equity and liabilities		24,194

CASH FLOW STATEMENT

for the period from 1 November 2006 to 31 January 2007

	Note	*Period ended 31 January 2007 £'000*
Cash absorbed by operations	15	(218)
Cash flows from investing activities		
Purchases of property, plant and equipment		(1)
Interest received		99
Net cash used in investing activities		98
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	13	24,215
Net increase in cash and cash equivalents		24,095
Cash and cash equivalents at beginning of period		—
Cash and cash equivalents at end of period	11	24,095

NOTES TO THE IFRS FINANCIAL INFORMATION

for the period from 1 November 2006 to 31 January 2007

1. Basis of preparation

The Company was incorporated on 1 November 2006 as Norham House 1101 plc and changed its name to Vertu Motors plc on 2 November 2006. The Company has not yet commenced trading, has prepared no statutory financial statements for presentation to its members and has not declared or paid a dividend.

The financial information presented is for the period from 1 November 2006 to 31 January 2007 and has been prepared for inclusion in the Admission Document dated 1 March 2007.

The Company's principal activity is investment in motor retail dealerships.

The financial information has been prepared in accordance with EU Endorsed International Financial Reporting Standards (''IFRS'') and International Financial Reporting and Interpretations Committee (''IFRIC'') interpretations and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The financial information has been prepared under the historical cost convention.

The preparation of financial information in conformity with IFRS, as adopted by the European Union, requires the use of certain critical accounting estimates. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Standards and interpretations not yet effective

The following IFRS and IFRIC interpretations have been issued but have not been early adopted by the Company; the adoption of these standards is not expected to have a material impact on the Company's financial statements:

- IFRS 7 — Financial instruments: Disclosures (effective from 1 June 2007)
- IFRS 8 — Operating segments (effective from 1 June 2009)
- IFRIC 10 — Interim financial reporting and impairment (effective from 1 June 2007)
- IFRIC 11 — Group and treasury share transactions (effective from 1 June 2007)
- IFRIC 12 — Service concession arrangements (effective from 1 June 2008)

The financial information has been prepared on a going concern basis.

The financial information has been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

2. Accounting Policies

2.1 ***Property, plant and equipment***

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Cost includes expenditure that is directly attributable to the acquisition of the asset. Depreciation is provided at rates calculated to write off the cost of property, plant and equipment less their estimated residual values, on a straight line basis over their estimated useful lives at the following rates:

Computer equipment 2-5 years

2.2 ***Trade Receivables***

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

2.3 ***Trade payables***

Trade payables are recognised at fair value initially and subsequently measured at amortised cost using the effective interest method.

2.4 ***Impairment of financial assets***

The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on loans and receivables at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rates. The amount of the loss is recognised in the income statement.

2.5 ***Impairment of non-financial assets***

At each reporting date, the Company assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell. Where fair value cannot be determined then recoverable amount will be determined by reference to value in use. Value in use is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in the income statement in that expense category consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of any amount recoverable. A previously recognised impairment loss is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the impairment loss was recognised.

2.6 ***Taxation***

Current tax

Current income tax assets and liabilities are measured at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts at the balance sheet date for financial reporting purposes. Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries or joint ventures, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is calculated using the enacted or substantively enacted rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited to the income statement, except when it relates to items credited or charged direct to equity in which case the deferred tax is also credited or charged to equity.

2.7 ***Cash and cash equivalents***

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.8 ***Share capital***

Authorised share capital represents 70,000,000 Ordinary shares of 10 pence each. Ordinary shares are classed as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

3. Operating loss

Operating loss is arrived at after charging:

	Period ended 31 January 2007 £'000
Staff costs (Note 4)	22
Depreciation on property, plant and equipment	—

Auditors' remuneration for the period was £25,000, in relation to the Reporting Accountants' fees on the flotation of the Company. These costs have been set off against the share premium of the Company.

4. Staff costs

	Period ended 31 January 2007 £'000
Salaries and wages	20
Social security costs	2
	22

The average number of employees of the Company during the period was three.

5. Finance income

	Period ended 31 January 2007 £'000
Interest on short term bank deposits	99

6. Tax expense/(credit)

(a) ***Tax recognised in the income statement***

	Period ended 31 January 2007 £'000
Current tax charge	—
Deferred tax relating to losses	(13)
	(13)

(b) ***Reconciliation of tax charge/(credit)***

	Period ended 31 January 2007 £'000
Loss before tax	(43)
At United Kingdom tax rate of 30 per cent.	(13)
Tax reported in income statement at effective rate of 30 per cent.	(13)

(c) ***Deferred tax***

The deferred tax assets/(liabilities) included in the balance sheet are as follows:

	Period ended 31 January 2007		
	Other temporary differences £'000	*Losses £'000*	*Total £'000*
At incorporation	—	—	—
Credited/(charged) in the income statement	—	(13)	(13)
At 31 January 2007	—	(13)	(13)

The Company has no unprovided deferred tax assets.

7. Earnings per share

Earnings per share is calculated by dividing the earnings attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period. There are no potentially dilutive shares and therefore basic and diluted earnings per share are the same.

	Period ended 31 January 2007 £'000
Loss attributable to ordinary shareholders	(29)
Weighted average number of shares in issue ('000s)	22,083
Basic and diluted earnings per share (nil pence per share)	—

8. Directors' remuneration

The remuneration of the Directors who served during the period is as follows:

	Aggregate emoluments £'000
R T Forrester	9
K Anderson	5
W M Teasdale	4
	18

None of the Directors were members of a Company pension scheme during the period but the Directors are entitled to receive pension contributions to their preferred pension schemes.

Directors' interests

The Directors of the Company had the following shareholdings in the Company as at 31 January 2007 and at incorporation:

	31 January 2007 Number of ordinary shares of 10p each	*At incorporation Number of ordinary shares of 10p each*
R T Forrester	3,791,667	—
K Anderson	500,000	—
W M Teasdale	500,000	—
	4,791,667	—

Note: The interests of R T Forrester shown above include 1,000,000 Ordinary Shares of 10p each which are registered in the name of his wife, Mrs H Forrester.

9. Property, plant and equipment

	Computer equipment At 31 January 2007 £'000
Cost	
At Incorporation	—
Additions	1
At end of period	1
Accumulated depreciation	
At incorporation	—
Charged in the period	—
At end of period	—
Net book value	
At incorporation	—
At end of period	1

10. Trade and other receivables

	As at 31 January 2007 £'000
Trade receivables	1
VAT recoverable	43
Prepayments	41
	85

11. Cash and cash equivalents

	As at 31 January 2007 £'000
Short term deposits	24,095

12. Trade and other payables

	As at 31 January 2007 £'000
Trade payables	3
Taxes and social security, excluding current tax	6
	9

13. Share Capital and premium

	Share Capital Number of shares (thousands)	*Share Capital £'000*	*Share Premium £'000*	*Total £'000*
At incorporation	—	—	—	—
Proceeds from shares issued	46,750	4,675	19,540	24,215
At end of period	46,750	4,675	19,540	24,215

The total authorised number of ordinary shares is 70,000,000 shares with a par value of 10p per share. All issued shares are fully paid up.

14. Reserves

	Share Capital £'000	*Share Premium £'000*	*Retained earnings £'000*	*Total £'000*
At incorporation	—	—	—	—
Issue of shares	4,675	19,540	—	24,215
Retained loss for the financial period	—	—	(30)	(30)
At end of period	4,675	19,540	(30)	24,185

15. Cash absorbed by operations

	As at 31 January 2007 £'000
Loss before tax	(43)
Adjustments for:	
Depreciation of property, plant and equipment	—
Finance income	(99)
Changes in working capital:	
Increase in trade and other receivables	(85)
Increase in trade and other payables	9
Cash absorbed by operations	(218)

16. Capital commitments

At the balance sheet date the company had capital commitments of £10,000.

17. Related party transactions

Key management compensation is disclosed in note 8.

UK GAAP FINANCIAL INFORMATION ON BRISTOL STREET GROUP

The following is the full text of a report on the UK GAAP financial information of the Bristol Street Group from KPMG LLP, the Joint Reporting Accountants to the Directors.

KPMG LLP
2 Cornwall Street
Birmingham
B3 2DL
United Kingdom

The Directors and Proposed Director
Vertu Motors plc
Rotterdam House
116 Quayside
Newcastle upon Tyne
NE1 3DY

1 March 2007

Dear Sirs

BRISTOL STREET GROUP LIMITED ("Bristol Street")
AND ITS SUBSIDIARY UNDERTAKINGS ("the Group")
CONSOLIDATED FINANCIAL INFORMATION
FOR THE TWO YEARS ENDED 31 DECEMBER 2005
PREPARED ON THE BASIS OF UK ACCOUNTING STANDARDS

We report on the financial information set out on pages 32 to 48 of the AIM admission document of Vertu Motors Plc ('the Company') dated 1 March 2007 ('the AIM Admission Document'). This financial information has been prepared for inclusion in the AIM Admission Document on the basis of the accounting policies set out in Note 1. This report is required by paragraph (a) of Schedule Two of the AIM Rules of the London Stock Exchange and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors and proposed director of the Company are responsible for preparing the financial information on the basis of preparation set out in Note 1 to the financial information and in accordance with UK accounting standards.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules, consenting to its inclusion in the AIM Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our work 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 information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Admission Document, a true and fair view of the state of affairs of the Group as at the dates stated and of its profits, cash flows and recognised gains and losses for the years then ended in accordance with the basis of preparation set out in Note 1 and in accordance with UK accounting standards as described in Note 1.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the AIM Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

KPMG LLP
Chartered Accountants

Historical UK GAAP financial information on Bristol Street Group Limited and its subsidiary undertakings for the two years ended 31 December 2005.

The financial information set out below for the Bristol Street Group and is subsidiary undertakings for the two years ended 31 December 2005 has been prepared by the directors and proposed director of Vertu Motors on the basis set out in Note 1. In this historical UK GAAP financial information, ''Group'' means the Bristol Street Group, ''UK GAAP'' means United Kingdom generally accepted accounting principles.

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2004 and 2005

	Note	*2005 £'000*	*2004 £'000*
Turnover	2	574,504	554,220
Cost of sales		(495,227)	(474,902)
Gross profit		79,277	79,318
Distribution expenses		(54,780)	(53,883)
Administrative expenses (including exceptional cost 2005: £Nil (2004: £271,000))		(19,587)	(19,492)
Operating profit	25	4,910	5,943
Profit on disposal of property assets		—	1,561
Profit on ordinary activities before interest		4,910	7,504
Net interest payable and similar charges	7	(1,462)	(1,604)
Profit on ordinary activities before taxation	4	3,448	5,900
Tax on profit on ordinary activities	8	(1,373)	(1,456)
Profit for the financial year		2,075	4,444
Basic and diluted earnings per share (pence)	9	51.9	111.1

A statement of movement on reserves is shown at note 21. All turnover and operating profit arise from continuing operations.

There is no material difference between the results of the Group stated above and those on an unmodified historical cost basis.

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the years ended 31 December 2004 and 2005

	2005	*2004*
	£'000	*£'000*
Profit for the financial year	2,075	4,444
Unrealised surplus on revaluation of properties	7,774	—
Actuarial loss recognised in the pension scheme	(743)	(1,012)
Deferred tax on actuarial losses in the pension scheme	223	304
Total recognised gains in the year	9,329	3,736

GROUP BALANCE SHEET

at 31 December 2004 and 2005

	Notes	2005 restated (see note 15) £'000	2004 restated (see note 15) £'000
Fixed assets			
Intangible assets	11	238	308
Tangible assets	12	30,926	21,312
		31,164	21,620
Current assets			
Stocks	13	88,175	122,790
Debtors	14	23,690	25,075
		111,865	147,865
Creditors: amounts falling due within one year	15	(110,409)	(135,591)
Net current assets		1,456	12,274
Total assets less current liabilities		32,620	33,894
Creditors: amounts falling due after more than one year	16	(4,524)	(14,823)
Provisions for liabilities and charges	19	(625)	(363)
Net assets excluding pension liability		27,471	18,708
Pension liabilities	26	(5,700)	(5,466)
Net assets including pension liability		21,771	13,242
Capital and reserves			
Called up share capital	20	400	400
Capital reserve	21	5,887	5,887
Revaluation reserve	21	7,774	—
Profit and loss account	21	7,710	6,955
		21,771	13,242

GROUP CASH FLOW STATEMENT

for the year ended 31 December 2004 and 2005

		2005		2004	
	Notes	*£'000*	*£'000*	*£'000*	*£'000*
Net cash inflow from operating activities	25a		3,145		9,259
Returns on investments and servicing of finance					
Net interest paid			(1,304)		(1,529)
Tax paid			(1,345)		(751)
Capital expenditure					
Purchase of property and other intangible fixed assets		(3,061)		(2,117)	
Sale of property		—		5,843	
Sale of fixed assets		434		633	
			(2,627)		4,359
Dividends paid			(800)		(640)
Cash (outflow)/inflow before financing			(2,931)		10,698
Financing					
Capital element of finance lease rentals		—		(89)	
Extension/(Repayment) of debt		3,480		(10,614)	
			3,480		(10,703)
Increase/(decrease) in cash in the year	25		549		(5)

NOTES

(forming part of the financial information)

1. Accounting policies used in applying UK GAAP

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial information, except as noted below:

Basis of preparation

The financial information has been prepared in accordance with applicable accounting standards and under the historical cost convention modified to include the revaluation of certain land and buildings.

Basis of consolidation

The Group financial information includes the financial information of the company and its subsidiary undertakings made up to 31 December. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired in the period are included in the consolidated profit and loss account from the date of acquisition.

Goodwill

The financial information has been prepared in accordance with FRS 10 ''Goodwill and Intangible Assets''. Accordingly, in respect of acquisitions of subsidiary undertakings and unincorporated businesses post 1 January 1999, the goodwill arising, representing the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, is capitalised and amortised on a straight line basis over its estimated useful economic life.

Goodwill arising in respect of acquisitions prior to 1 January 1999 was previously written off against reserves. In accordance with the transitional rules of FRS 10, this treatment has continued to be applied. On the subsequent disposal or termination of a previously acquired business, the profit or loss on disposal or termination is calculated after charging the amount of any related goodwill previously taken to reserves.

Depreciation of tangible fixed assets

Depreciation is calculated so as to write off the cost or revaluation less the estimated residual value of tangible fixed assets on a straight line basis over their estimated useful lives. The principal annual rates used are as follows:

Freehold buildings	2 per cent.
Leasehold property	Over the term of the lease
Plant and machinery	10 per cent.
Fixtures and fittings	10 per cent.
Vehicles	25 per cent.
Computer equipment	20 per cent. to $33^1/_3$ per cent.

No depreciation is provided on freehold land.

Finance and operating leases

Assets held under finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the term of the lease, including any secondary period, and the expected useful life. The obligation to pay future rentals is included in creditors net of finance charges allocated to future periods. The financial charge element of rentals is calculated on the reducing balance of capital outstanding and charged to the appropriate accounting period through the profit and loss account.

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Post retirement benefits

The Group operates a defined contribution scheme for employees who joined the Group on or after 1 January 1998. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

For employees who joined the Group before 1 January 1998, the Group operates a funded pension scheme providing benefits based on final pensionable pay. With effect from 31 May 2003, the accrual for future benefits ceased.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Stocks

Consignment vehicles in respect of which finance charges are levied are regarded as being effectively under the control of the Group, and, in accordance with FRS 5 ''Reporting the substance of transactions'', are included within stocks on the balance sheet even though legal title has not yet passed to the Group. The corresponding liability is included in creditors.

Motor vehicles (including consignment and demonstrator vehicles) and parts stocks are stated at the lower of cost and net realisable value.

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 measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse and is provided in respect of all timing differences which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19 ''Deferred Tax''.

Classification of financial instruments issued by the company

Financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial information for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial information.

Related parties

The company is exempt from the requirement of FRS 8 ''Related party disclosures'' to disclose transactions between Group undertakings as all subsidiaries have 90 per cent. or more of their voting rights controlled by the company.

2. Turnover

Turnover represents the value excluding value added tax of goods and services provided to customers and relates wholly to operations in the United Kingdom.

3. Segmental analysis

	Turnover		Profit/(loss) before interest		Net assets/(liabilities)	
	2005 *£'000*	*2004* *£'000*	*2005* *£'000*	*2004* *£'000*	*2005* *£'000*	*2004* *£'000*
Franchised dealerships	532,028	527,613	6,411	8,559	52,483	41,416
Used car supermarkets	44,436	29,290	(798)	368	1,168	(11)
Central	(1,960)	(2,683)	(703)	(1,423)	(31,880)	(28,163)
Total	574,504	554,220	4,910	7,504	21,771	13,242

4. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting)

	2005 *£'000*	*2004* *£'000*
Depreciation of tangible fixed assets:		
Owned assets	1,562	1,530
Assets held under finance leases	—	95
Amortisation of intangible assets	70	62
Loss on disposal of fixed assets	5	47
Exceptional operating items:		
Costs incurred in closing and restructuring dealerships	—	445
Negative goodwill attributable to disposed dealership	—	(174)
Payments under operating leases:		
Plant and machinery	697	1,273
Other	2,951	2,559
Auditors' remuneration:		
Audit fees	141	137

5. Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2005	*2004*
Sales and distribution	1,433	1,413
Management and administration	275	293
	1,708	1,706

The aggregate payroll costs of these persons were as follows:

	2005 *£'000*	*2004* *£'000*
Wages and salaries	39,521	37,696
Social security costs	4,317	4,189
Other pension costs	1,090	1,054
	44,928	42,939

6. Remuneration of directors

The remuneration of directors who served during the year comprised:

	2005	*2004*
	£	£
Emoluments for executive services	762,083	711,499
Pension contributions	29,335	28,500
	791,418	739,999

The aggregate of emoluments of the highest paid director was £251,442 (2004: £234,808) and company pension contributions of £9,785 (2004: £9,500) were made on his behalf.

Three directors were members of the Group pension scheme (2004: three).

Directors' interests

The interests of the directors and those of their families of the company (all of which were beneficial) at 31 December 2005 were as set out below:

	Ordinary shares of 10p each		*''B'' Ordinary shares of 10p each*	
	2005 Shares	*2004 Shares*	*2005 Shares*	*2004 Shares*
Executive directors				
PR Williams	1,066,667	1,066,667	—	—
PJ Smiley	1,066,666	1,066,666	—	—
Non-executive directors				
R Thorne	—	—	150,000	150,000
JB Tustain	1,066,667	1,066,667	—	—

The Ordinary shares and ''B'' Ordinary shares rank pari-passu.

7. Net interest payable

	2005	*2004*
	£'000	*£'000*
Bank loans and overdrafts	877	1,148
Other finance costs relating to Group pension schemes (see note 26)	221	267
Vehicle stocking loans	364	189
	1,462	1,604

8. Tax on profit on ordinary activities

Analysis of charge in year

	2005	*2004*
	£'000	*£'000*
UK corporation tax		
Current tax on income for the year	971	1,529
Adjustment in respect of prior year	16	—
Total current tax	987	1,529
Deferred tax (see note 1)		
Reversal/(origination) of timing differences	217	(85)
Adjustments in respect of prior periods	169	12
Tax on profit on ordinary activities	1,373	1,456

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2004: lower) than the standard rate of corporation tax in the UK 30 per cent. (2004: 30 per cent.). The differences are explained below.

	2005 £'000	2004 £'000
Current tax reconciliation		
Profit on ordinary activities before tax	3,448	5,900
Current tax at 30 per cent. (2004: 30 per cent.)	1,034	1,770
Effects of:		
Expenses not deductible for tax purposes	153	453
Depreciation (in excess of)/lower than capital allowances	(68)	132
Other timing differences	(22)	60
Lower tax rate in subsidiary companies	—	(1)
Utilisation of tax losses — deferred tax previously recognised	—	(23)
Utilisation of tax losses — deferred tax not previously recognised	(3)	(139)
Adjustment in respect of prior year	16	—
Negative goodwill added back on disposals	—	(52)
Non taxable profit on disposal of property	—	(575)
Movements in pensions deficit	(123)	(96)
Total current tax charge	987	1,529

9. Earnings per share

	2005		2004	
	Earnings per share Pence	*Total £'000*	*Earnings per share Pence*	*Total £'000*
Basic and diluted earnings per share	51.9	2,075	111.1	4,444

Number of shares in issue

	2005 Number	2004 Number
Weighted average number of shares	4,001,536	4,001,536
Weighted average number of dilutive shares under option	—	—
Weighted average number of shares in issue taking account of outstanding share options	4,001,536	4,001,536

10. Dividends

	2005 £'000	2004 £'000
Dividend paid	800	320

11. Intangible fixed assets

Group	*Goodwill £'000*
Cost	
At 1 January 2005 and 31 December 2005	512
Amortisation	
At 1 January 2005	204
Charged in the year	70
At 31 December 2005	274
Net book value	
At 31 December 2005	238
At 31 December 2004	308

The goodwill arising on the acquisition of unincorporated businesses is being amortised over 7 years on a straight line basis.

12. Tangible fixed assets

	Freehold land and buildings £'000	*Leasehold property £'000*	*Plant and own use vehicles £'000*	*Total £'000*
Cost				
At 1 January 2004	20,691	1,344	14,846	36,881
Reclassification (to)/from current assets	(260)	120	—	(140)
Additions	—	29	2,020	2,049
Disposals	(3,719)	(14)	(2,238)	(5,971)
At 31 December 2004	16,712	1,479	14,628	32,819
Depreciation				
At 1 January 2004	504	205	10,839	11,548
Reclassification to current assets	(6)	—	—	(6)
Charge for the year	100	57	1,468	1,625
Disposals	(88)	(14)	(1,558)	(1,660)
At 31 December 2004	510	248	10,749	11,507
Cost				
At 1 January 2005	16,712	1,479	14,628	32,819
Additions	911	3	2,926	3,840
Disposals	—	(29)	(1,155)	(1,184)
Revaluation	6,758	325	—	7,083
At 31 December 2005	24,381	1,778	16,399	42,558
Depreciation				
At 1 January 2005	510	248	10,749	11,507
Charge for the year	106	55	1,401	1,562
Disposals	—	(30)	(716)	(746)
Revaluation	(616)	(75)	—	(691)
At 31 December 2005	—	198	11,434	11,632
Net book value				
At 31 December 2005	24,381	1,580	4,965	30,926
At 31 December 2004	16,202	1,231	3,879	21,312

The net book value of tangible fixed assets includes an amount of £Nil (2004: £Nil) in respect of assets held under finance leases and hire purchase contracts. The depreciation charge of these assets was £Nil (2004: £94,500).

The net book value of leasehold property comprises £1,005,000 long term leaseholds (2004: £613,000) and £575,000 short term leaseholds (2004: £618,000).

The valuation on 31 December 2005 covered all of the freehold and long leasehold properties and was prepared on an open market basis for existing use by Atisreal, an external firm of Chartered Surveyors, in accordance with the RICS Appraisal and Valuation Manual. All other assets are held at cost.

There is no difference between depreciation charged on the historical cost basis and the charge for the year.

13. Stocks

	2005 restated (see note 15) £'000	2004 restated (see note 15) £'000
Vehicle stocks	79,340	103,045
Parts, accessories and other stocks	4,198	4,228
Vehicle consignment stocks	3,071	2,640
Vehicles subject to repurchase agreements	1,566	12,877
	88,175	122,790

Vehicles subject to repurchase agreements principally relate to contracts with Motability Finance Limited, the corresponding obligation for which is included within creditors. The amount shown above includes £Nil (2004: £8,779,000) in respect of contracts which are not due to mature for more than one year.

14. Debtors

	2005 restated (see note 15) £'000	2004 restated (see note 15) £'000
Trade debtors	18,713	20,693
Other taxes and social security	—	492
Other debtors	537	236
Prepayments and accrued income	3,896	3,110
Freehold property assets awaiting disposal	544	544
	23,690	25,075

15. Creditors: amounts falling due within one year

	2005 restated* £'000	2004 restated* £'000
Term loan (secured) (note 17)	1,520	1,520
Bank overdraft (secured)	8,047	8,596
Payments received in advance	6,000	7,324
Trade creditors	72,772	99,529
Corporation tax	979	1,114
Other taxation and social security	814	—
Other creditors	2,788	2,769
Consignment stock creditors	3,071	2,640
Vehicle repurchase agreement creditors	2,075	4,270
Accruals and deferred income	7,343	7,829
Vehicle stocking loan (secured) (note 17)	5,000	—
	110,409	135,591

The bank overdraft is secured by a joint and several guarantee by all Group companies and by a floating charge over book debts.

Included within trade creditors is £2,798,000 (2004: £1,932,000) which was secured on specific vehicle stocks.

* During 2006 the directors of the Group reviewed the accounting policy for the recognition of consignment stocks. It is their view that all vehicles consigned to the group now become assets to the group at the date the vehicle first becomes available. This has increased stock and trade creditors by £6,019,000 at 31 December 2005 (2004: £6,876,000).

The directors of the Group also reviewed the recognition of funds held to service warranty claims under the group warranty scheme. At 31 December 2005, £371,000 has been recognised as an other debtor representing the fund asset and a liability of £371,000 to service future warranty claims. The impact at 31 December 2004 was £137,000.

Both of these matters have no net impact on either the profit and loss account or net assets.

16. Creditors: amounts falling due after more than one year

	2005 £'000	2004 £'000
Term loan (secured)	4,524	6,044
Vehicle repurchase agreement creditors	—	8,779
	4,524	14,823

17. Loans and other obligations

The loans are repayable as follows:

	2005 £'000	2004 £'000
In less than one year	6,520	1,520
Between one and two years	1,520	1,520
Between two and five years	3,004	4,524
	11,044	7,564

18. Financial instruments

Treasury policy and procedures

The Group utilises a term loan provided by Ford Credit. In addition, the Group utilises working capital facilities with both Barclays Bank plc and Ford Credit. The aim of the Groups' treasury policy is to ensure that the facilities are managed to ensure the Group has sufficient resources to meet its obligations as they fall due and to manage both sources of funding to minimise interest costs.

Fair values of financial assets and liabilities

All financial liabilities are at floating rates determined with reference to LIBOR. Therefore, the fair value is equal to the book values disclosed in this financial information.

Derivative financial instruments

No derivative financial instruments were held in either 2005 or 2004.

Interest rate risk profile

In 2005 and 2004, all financial assets and liabilities were held at floating rates which are set at fixed margins over LIBOR.

Foreign currency exposure

There were no material foreign currency monetary assets or liabilities that may give rise to exchange gains or losses in the profit and loss account in either 2005 or 2004.

Maturity of borrowings

The maturity of borrowings is shown in note 17.

The term loan is secured by fixed and floating charges over certain of the Group's property assets and is repayable by quarterly instalments of £380,000.

Maturity of facilities

The Group had the following undrawn facilities available:

	2005 £'000	2004 £'000
Expiring in one year or less	1,500	6,500
Expiring in more than two years	23,956	22,436
	25,456	28,936

The Group has no finance lease or hire purchase obligations at 31 December 2005 (2004: £Nil).

19. Provisions for liabilities and charges

	Deferred taxation £'000
At 1 January 2004	(1,507)
Charge to profit and loss account	(169)
Charge to statement of total recognised gains and losses	(304)
At 31 December 2004 and 1 January 2005	(1,980)
Charge for year in profit and loss account	386
Charge for the year in the statement of total recognised gains and losses	(223)
At 31 December 2005	(1,817)
Deferred tax asset	(248)
Deferred tax liability	873
Included in pension liability (see note 26)	(2,442)
	(1,817)
Total deferred tax is represented by:	
Amounts included in provisions for liabilities and charges	625
Amounts included in pension liability (see note 26)	(2,442)

The amounts provided for deferred taxation (assets)/liabilities, calculated under the liability method at 30 per cent., are set out below:

	2005 £'000	*2004 £'000*
Difference between accumulated depreciation and capital allowances	873	659
Other timing differences	(248)	(289)
UK losses	—	(7)
	625	363
Deferred tax on pension liability	(2,442)	(2,343)
	(1,817)	(1,980)

There were unutilised tax losses within the Group of £239,000 at 31 December 2005 (2004: £161,000) for which no deferred tax asset has been recognised.

20. Called up share capital

	2005 £'000	*2004 £'000*
Authorised:		
3,322,864 ordinary share of 10p each (equity)	332	332
801,536 'B' ordinary shares of 10p each (equity)	80	80
	412	412
Allotted, called up and fully paid:		
3,200,000 ordinary shares of 10p each (equity)	320	320
801,536 'B' ordinary shares of 10p each (equity)	80	80
	400	400

21. Reserves

	Revaluation reserve £'000	Capital reserve £'000	Profit and loss account £'000
At 1 January 2004	—	6,061	3,054
Retained profit for the financial year	—	—	3,901
Negative goodwill written back	—	(174)	—
At 31 December 2004 and 1 January 2005	—	5,887	6,955
Retained profit for the financial year (see note 22)	—	—	1,275
Actuarial loss recognised in the pension scheme (net of deferred tax)	—	—	(520)
Gain on revaluation	7,774	—	—
At 31 December 2005	7,774	5,887	7,710

The cumulative amount of negative goodwill credited to reserves less goodwill written off amounted to £8,144,000 (2004: £8,144,000).

22. Reconciliation of movements in consolidated shareholders' funds

	2005 £'000	2004 £'000
Profit for the financial year	2,075	4,444
Dividends on shares classified in shareholders' funds	(800)	(320)
	1,275	4,124
Other recognised gains and losses relating to the year (net)	7,254	(708)
Negative goodwill attributed to disposed dealerships	—	(174)
Net addition to shareholders' funds	8,529	3,242
Opening shareholders' funds	13,242	10,000
Closing shareholders' funds	21,771	13,242

23. Commitments

(a) ***Capital commitments***

The Group had capital commitments at 31 December 2005 amounting to £584,000 (2004: £1,057,000).

(b) ***Guarantees***

Bristol Street Group Limited has guaranteed the performance of leasing obligations of subsidiary undertakings, entered into in the normal course of business.

No material liabilities are expected to arise from these guarantees.

(c) ***Operating leases***

The payments to be made by the Group in the next year analysed according to when the commitment expires are:

	Land and buildings		Plant and machinery	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Commitments which expire:				
Within one year	120	—	202	519
Between two and five years	639	235	254	214
Over five years	2,452	2,285	—	—
	3,211	2,520	456	733

24. Contingent liabilities

At the end of 2005 Bristol Street Group was in correspondence with Her Majesty's Revenue and Customs regarding the tax treatment in respect of a prior year business disposal. The maximum potential risk in respect of this matter was considered to be £1.3 million (excluding interest) but the directors having taken appropriate professional advice are of the view that the risk of any claim crystallising is unlikely.

25. (a) *Reconciliation of operating profit to operating cash flow*

	2005 £'000	*2004 £'000*
Operating profit	4,910	5,943
Depreciation	1,562	1,625
Amortisation of intangible assets	70	62
Loss on disposal of fixed assets	5	47
Negative goodwill added back	—	(174)
Decrease/(increase) in stock	22,358	(12,724)
Decrease in debtors	1,607	1,056
(Decrease)/increase in creditors	(27,367)	13,424
Net cash inflow from operating activities	3,145	9,259

25. (b) *Reconciliation of net cash flow to movement in net debt*

	Note	*2005 £'000*	*2004 £'000*
(Decrease)/increase in cash in the year		549	(5)
Cash (in)/outflow from change in debt and lease financing	17	(3,480)	10,703
Movement in net debt in the year		(2,931)	10,698
Net debt at the start of the year	25(c)	(16,160)	(26,858)
Net debt at end of the year	25(c)	(19,091)	(16,160)

25. (c) *Analysis of net debt*

	At 1 January 2005 £'000	*Cash flow £'000*	*At 31 December 2005 £'000*
Overdraft	(8,596)	549	(8,047)
	(8,596)	549	(8,047)
Debt due after one year	(1,044)	(3,480)	(4,524)
Debt due within one year	(6,520)	—	(6,520)
	(16,160)	(2,931)	(19,091)

26. Pensions

As explained within Note 1, the Group operated a funded pension scheme until 31 May 2003. With effect from this date the accrual for future benefits ceased.

The valuation at 5 April 2003 has been updated by the actuary on an FRS 17 basis as at 31 December 2005 and 2004.

The major assumptions used at the year end were:

	2005	*2004*
Rate of increase in pensions in payment	2.8%	2.7%
Discount rate	4.7%	5.3%
Inflation assumption	2.9%	2.9%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Long term rate of return 2005	*Value at 2005 £'000*	*Long term rate of return 2004*	*Value at 2004 £'000*
Equities	7.1%	18,735	7.5%	15,007
Bonds	4.1%	1,900	4.5%	1,990
Other	4.5%	1,240	4.8%	1,028
Total market value of assets		21,875		18,025
Present value of scheme liabilities		(30,017)		(25,834)
Deficit in the scheme		(8,142)		(7,809)
Related deferred tax asset		2,442		2,343
Net pension liability		(5,700)		(5,466)

Movement in deficit during the year	*2005 £'000*	*2004 £'000*
Deficit in scheme at beginning of year	(7,809)	(7,116)
Contributions paid	631	586
Other finance income	(221)	(267)
Actuarial loss	(743)	(1,012)
Deficit in the scheme at end of year	(8,142)	(7,809)

Analysis of amounts included in other finance costs

	2005 £'000	2004 £'000
Expected return on pension scheme assets	1,136	990
Interest on pension scheme liabilities	(1,357)	(1,257)
	(221)	(267)

Analysis of amount recognised in statement of total recognised gains and losses

	2005		2004	
	%	£'000	%	£'000
Actual return less expected return on scheme assets		2,663		645
Percentage of year end scheme assets	12.2		3.6	
Experience gains and losses arising on scheme liabilities		(7)		(5)
Percentage of present value of year end scheme liabilities	—		—	
Changes in assumptions underlying the present value of scheme liabilities		(3,399)		(1,652)
Percentage of present value of year end scheme liabilities	11.3		6.4	
Actuarial loss recognised in statement of total recognised gains and losses		(743)		(1,012)
Percentage of present value of year end scheme liabilities	2.5		3.9	

IFRS FINANCIAL INFORMATION ON BRISTOL STREET GROUP

The following is the full text of a report on the IFRS financial information of the Bristol Street Group from KPMG LLP, the Joint Reporting Accountants to the Directors.

KPMG LLP
2 Cornwall Street
Birmingham
B3 2DL
United Kingdom

The Directors and Proposed Director
Vertu Motors plc
Rotterdam House
116 Quayside
Newcastle upon Tyne
NE1 3DY

1 March 2007

Dear Sirs

Bristol Street Group Limited ('Bristol Street Group') and its subsidiary undertakings ('the Group') — special purpose restated consolidated financial information for the two years ended 31 December 2006

We report on the special purpose restated consolidated financial information of the Group for the two years ended 31 December 2006 ('the restated financial information') set out on pages 51 to 79 of the AIM admission document of Vertu Motors Plc ('the Company') dated 1 March 2007 ('the AIM Admission Document'). The restated financial information has been prepared on the basis that the Company adopts 'International Financial Reporting Standards' endorsed for use by entities required to comply with Regulation EC 1606/2002 (''IFRS'').

This report is required by paragraph (a) of Schedule Two of the AIM Rules of the London Stock Exchange and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibility

The directors and proposed director of the Company are responsible for preparing the restated financial information on the basis of preparation set out in Note 1 to the financial information.

It is our responsibility to form an opinion on the restated financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules, consenting to its inclusion in the AIM Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the restated financial information. It also included an assessment of the accounting principles used and significant estimates and judgments made by those responsible for the preparation of the restated financial information and whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the restated financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the restated financial information gives, for the purposes of the AIM Admission Document, a true and fair view of the state of affairs of the Group as at the dates stated and of its profits, cash flows and recognised income and expense for the years then ended in accordance with the basis of preparation set out in Note 1.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the AIM Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

KPMG LLP
Chartered Accountants

Historical IFRS financial information on Bristol Street Group Limited and its subsidiary undertakings for the two years ended 31 December 2006.

The financial information set out below for the Bristol Street Group and is subsidiary undertakings for the two years ended 31 December 2006 has been prepared by the directors of Vertu Motors plc on the basis set out in Note 1. In this IFRS historical information, ''Group'' means the Bristol Street Group and ''IFRS'' means International Financial Reporting Standards.

GROUP INCOME STATEMENT

for years ended 31 December 2005 and 2006

	Note	*2006* *£'000*	*2005* *£'000*
Revenue	1	576,703	574,604
Cost of sales (including exceptional credit of £368,000 in 2006 (2005: £nil))		(496,741)	(495,676)
Gross profit		79,962	78,928
Other operating income	3	208	—
Distribution expenses		(54,900)	(54,780)
Administrative expenses (including net exceptional charge of £1,025,000 in 2006 (2005: £nil))		(20,161)	(19,634)
Operating profit	2	5,109	4,514
Financial income	7	1,248	1,133
Financial expenses	7	(3,528)	(2,595)
Net financing costs		(2,280)	(1,462)
Profit before tax		2,829	3,052
Taxation (including net exceptional credit of £191,000 in 2006 (2005: £nil))	8	(1,114)	(1,233)
Profit for the year attributable to equity holders of the company		1,715	1,819
Basic and diluted earnings per share	9	42.9	45.5

GROUP STATEMENT OF RECOGNISED INCOME AND EXPENSE

for years ended 31 December 2005 and 2006

	Note	*2006* *£'000*	*2005* *£'000*
Actuarial gains and losses on defined benefit pension plans (net of tax)		1,663	(527)
Net income recognised directly in equity		1,663	(527)
Profit for the year attributable to equity holders of the company		1,715	1,819
Total recognised income and expense for the year attributable to equity holders of the company	19	3,378	1,292

GROUP BALANCE SHEET

at 31 December 2005 and 2006

	Note	*2006* *£'000*	*2005* *£'000*
Non-current assets			
Property, plant and equipment	10	28,438	22,981
Intangible assets	11	323	318
Deferred tax assets	12	2,305	2,906
		31,066	26,205
Current assets			
Inventories	13	89,576	86,589
Trade and other receivables	14	26,444	23,307
Assets classified as held for sale		2,341	544
		118,361	110,440
Total assets		149,427	136,645
Current liabilities			
Bank overdraft	15	11,290	8,047
Other interest-bearing loans and borrowings	16	14,520	6,520
Trade and other payables	17	95,814	93,932
Tax payable		1,600	979
		123,224	109,478
Non-current liabilities			
Other interest-bearing loans and borrowings	16	3,084	4,524
Employee benefits	18	4,911	8,200
Deferred tax liabilities	12	881	874
Provisions	26	1,500	—
		10,376	13,598
Total liabilities		133,600	123,076
Net assets		15,827	13,569
Equity attributable to equity holders of the company			
Share capital	20	80	400
Reserves	20	5,887	5,887
Retained earnings	20	9,860	7,282
Total Equity attributable to equity holders of the company		15,827	13,569

GROUP CASH FLOW STATEMENT

for years ended 31 December 2005 and 2006

	Note	*2006* *£'000*	*2005* *£'000*
Cash flows from operating activities			
Profit for the year attributable to equity holders of the company		1,715	1,819
Adjustments for:			
Depreciation, amortisation and impairment		1,780	1,560
Financial income		(1,248)	(1,133)
Financial expense		3,528	2,595
Loss on sale of property, plant and equipment		22	5
Gain on sale of held for sale assets		(208)	—
Taxation		1,114	1,233
Operating cash flow before changes in working capital and provisions		6,703	6,079
(Increase)/decrease in trade and other receivables		(4,934)	1,387
(Increase)/decrease in inventories		(2,987)	23,324
(Decrease)/increase in trade and other payables		9,196	(27,949)
(Decrease)/increase in provisions and employee benefits		(4,789)	345
Cash generated from the operations		3,189	3,186
Interest paid		(3,499)	(2,478)
Interest received		1,248	1,133
Tax paid		(705)	(1,345)
Net cash inflow from operating activities		233	496
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		789	434
Proceeds from sale of held for sale assets		752	—
Acquisition of property, plant and equipment	10	(10,439)	(3,050)
Acquisition of other intangible assets	11	(18)	(11)
Net cash outflow from investing activities		(8,916)	(2,627)
Cash flows from financing activities			
Receipt of borrowings		6,240	3,480
Dividends paid	19	(800)	(800)
Net cash from financing activities		5,440	2,680
Net (decrease)/increase in cash and cash equivalents		(3,243)	549
Cash and cash equivalents at 1 January	15	(8,047)	(8,596)
Cash and cash equivalents at 31 December	15	(11,290)	(8,047)

NOTES

(Forming part of the financial information)

1 Accounting policies

The financial information set out herein is in respect of Bristol Street Group (''the Company'') and its subsidiaries (''the Group'') for the two years ended 31 December 2006 has been prepared by the directors of Vertu Motors plc.

Bristol Street Group is a company incorporated and domiciled in the UK.

Following admission to trading on AIM of its enlarged share capital, Vertu Motors intends to prepare its first financial statements for the period from incorporation on 1 November 2006 to 28 February 2008 (''the 2008 financial statements'') in compliance with International Financial Reporting Standards as adopted by the European Union (''Adopted IFRS'').

Following the proposed acquisition by Vertu Motors, Bristol Street Group will prepare financial information for inclusion within the Vertu Motors statutory consolidated financial statements which comply with Adopted IFRS in respect of the 2008 financial statements and subsequently. As Vertu Motors is a company seeking admission, Vertu Motors is required to present certain historical financial information in respect of Bristol Street Group in its AIM admission document on a basis consistent with the accounting policies to be adopted in the Vertu Motors' financial statements for its next financial year.

Accordingly, the AIM admission document includes financial information in respect of Bristol Street Group for the years ended 31 December 2005 and 31 December 2006 (''the 2005 and 2006 restated financial information'') prepared on the basis expected to be applicable, insofar as this is currently known, to comparative information prepared for inclusion in the 2008 financial statements.

In addition, this AIM admission document includes financial information for the two financial years ended 31 December 2005 prepared under UK GAAP.

The financial information presented herein in respect of Bristol Street Group for the financial years ended 31 December 2005 and 2006 is derived from the statutory accounts for the financial years ended 31 December 2005 and 2006. The statutory accounts for that period have been reported on by Bristol Street Group Limited's auditors. The reports of the auditors were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985. The Annual Reports, including the auditors' reports, can be obtained free of charge on request to Bristol Street Group Limited at its registered office.

When the 2008 financial statements are prepared, they will be the first consolidated financial statements prepared by Vertu Motors plc in accordance with Adopted IFRS and as such will apply the requirements and options in IFRS 1 (First-time Adoption of International Financial Reporting Standards) as they relate to the 2008 financial statements, based on the date of transition to Adopted IFRS applicable in those financial statements.

As described below, in preparing the 2005 and 2006 restated financial information, the directors and proposed director of Vertu Motors plc have applied Adopted IFRS (including IFRS 1) as if Bristol Street Group Limited were a first time adopter in that financial information and the assumptions they have made about the standards and interpretations expected to be effective and the policies they expect to adopt in the 2008 financial statements.

Judgements made by the directors and proposed director, in the application of these accounting policies that have significant effect on the financial information and estimates with a significant risk of material adjustment in the next year are discussed in note 26.

Transition to Adopted IFRS

Vertu Motors plc is preparing this financial information in respect of the Bristol Street Group in accordance with Adopted IFRS for the first time and consequently has applied IFRS 1. An explanation of how the transition to Adopted IFRS has affected the reported financial position, financial performance and cash flows of the Bristol Street Group is provided in note 27.

In addition to exempting companies from the requirement to restate comparatives for IAS 32 and IAS 39, IFRS 1 grants certain exemptions from the full requirements of Adopted IFRS in the transition period. The following exemptions have been taken in this financial information:

- Business combinations — Business combinations that took place prior to 1 January 2005 have not been restated.
- Deemed cost of tangible fixed assets — At the date of transition properties are stated at deemed cost less subsequent depreciation.

Measurement convention

The financial information is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through the profit or loss or as available-for-sale, and investment property. Non-current assets held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

Basis of consolidation

Subsidiaries are entities controlled by the Bristol Street Group. Control exists when the Bristol Street Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial information of subsidiaries are included in the consolidated financial information from the date that control commences until the date that control ceases.

Classification of financial instruments issued by the Bristol Street Group

Following the adoption of IAS 32, financial instruments issued by the Bristol Street Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Bristol Street Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Bristol Street Group; and

(b) where the instrument will or may be settled in the Bristol Street Group Limited's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the Bristol Street Group Limited's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in this financial information for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

Property, plant and equipment

Property, plant and equipment are stated at deemed cost less accumulated depreciation and impairment losses.

Certain items of property, plant and equipment that had been revalued to fair value prior to 1 January 2005, the date of transition to Adopted IFRS, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation less subsequent depreciation.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under finance leases the accounting treatment of the land is considered separately from that of the buildings. Leasehold land is held in prepayments and amortised over the period of the lease. Leased assets acquired by way of finance leases are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment down to an assessment of residual value. Land is not depreciated. The principal annual rates used are as follows:

- Buildings (freehold) 2%
- Buildings (leasehold) Over the term of the lease
- Plant and equipment 10%
- Fixtures and fittings 10%
- Vehicles 25%
- Computer equipment 20%-33⅓%

Intangible assets and goodwill

Subject to the transitional relief in IFRS 1, all business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on the acquisition of dealership businesses. In respect of business acquisitions that have occurred since 1 January 2005, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

In respect of acquisitions prior to 1 January 2005, goodwill is included at 1 January 2005 on the basis of its deemed cost, which represents the amount recorded under UK GAAP which was broadly comparable save that only separable intangibles were recognised as goodwill was amortised. On transition, amortisation of goodwill has ceased.

Other intangible includes software assets that are acquired by the Group and are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of software assets (3 years).

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. The group receives inventories on a consignment basis from vehicle manufacturers. Such inventory is recognised when the risks and rewards of ownership have transferred to the group which is generally determined to be the point at which the stock is consigned to the group.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short term cash deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Impairment

The carrying amounts of the Group's assets other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a *pro rata* basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use were tested for impairment as at 1 January 2005, the date of transition to Adopted IFRS, even through no indication of impairment existed.

Calculation of recoverable amount

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets, at bid price, is deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

All actuarial gains and losses as at 1 January 2005, the date of transition to Adopted IFRS, were recognised. In respect of actuarial gains and losses that arise subsequent to 1 January 2005 the Group recognises them in the period they occur directly into equity through the statement of recognised income and expense.

Where the calculation results in a benefit to the Group, the asset recognised is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Revenue

Revenue for the sale of goods and services is measured at the fair value of consideration receivable, net of any rebates and discounts. Revenue excludes sales related taxes and intra-Group transactions.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and revenue can be reliably measured. For vehicle sales, revenue is recognised when the vehicles has been invoiced and dispatched. Servicing revenue is only recognised when all of the work has been performed and invoiced.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement on a straight line basis over the lease terms as an integral part of the total lease expense.

Net financing costs

Net financing costs comprise interest payable, and finance leases, interest receivable on funds invested, dividend income.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Dividends

Dividend distributions to the group's shareholders are recognised as a liability either in the period in which the dividends are approved by the group's shareholders or, in the case of an interim dividend, when the dividend is paid. Distributions are not recognised in the income statement but directly as a component of the movement in shareholder's equity.

Non-current assets held for sale and discontinued operations

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented on the income statement (including the comparative period) as a column analysing the post tax profit or loss of the discontinued operation and the post tax gain or loss recognised on the remeasurement to fair value less costs to sell or on disposal of the assets/disposal groups constituting discontinued operations.

Adopted IFRS not yet applied

The following Adopted IFRS were available for early application but have not been applied to the Group in these financial information:

- IFRS 7 'Financial instruments: Disclosure' applicable for years commencing on or after 1 January 2007
- The application of IFRS 7 in 2006 would not have affected the balance sheets or income statement as the standard is concerned only with disclosure.
- The amendments to IAS 39 in relation to the fair value option applicable for periods commencing on or after 1 January 2006 and the consequential amendments to IAS 32 in relation to disclosures in respect of financial assets and financial liabilities designated as fair value through profit or loss.

  The application of the amendment to IAS 39 in 2006 would not have had a significant affect on the balance sheets or income statement. The consequential amendments to IAS 32 introduced at the same time would also not have affected the balance sheets or income statement as they are concerned only with disclosure.

2. Segmental analysis

Segment information is presented in respect of the group's business and geographic segments. The primary presentation is business segments and is based on the groups internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Central items comprise of mainly corporate assets and expenses, loans and borrowings. Inter-segment transfers and transactions are entered into under the same terms and conditions as are available to third parties.

Primary presentation: Business segments

Year ended 31 December 2006

	Franchised dealerships £'000	Used car super-markets £'000	Central £'000	Total £'000
Revenue from external customers	536,204	37,812	2,687	576,703
Inter-segment revenue	2,305	382	(2,687)	—
Gross segment revenue	538,509	38,194	—	576,703
Operating profit	6,409	(118)	(1,182)	5,109
Finance costs (net)	(1,470)	(388)	(422)	(2,280)
Profit before tax	4,939	(506)	(1,604)	2,829
Tax	(1,031)	140	(223)	(1,114)
Profit for the year attributable to equity holders of the company	3,908	(366)	(1,827)	1,715
Other items included in the income statement are as follows:				
Depreciation and amortisation	1,583	144	55	1,782

Year ended 31 December 2005

	Franchised dealerships £'000	Used car super-markets £'000	Central £'000	Total £'000
Revenue from external customers	532,647	40,218	1,739	574,604
Inter-segment revenue	1,661	78	(1,739)	—
Gross segment revenue	534,308	40,296	—	574,604
Operating profit/(loss)	6,596	(856)	(1,226)	4,514
Finance costs (net)	(1,195)	(409)	142	(1,462)
Profit before tax	5,401	(1,265)	(1,084)	3,052
Tax	(1,762)	365	164	(1,233)
Profit for the year attributable to equity holders of the company	3,639	(900)	(920)	1,819
Other items included in the income statement are as follows:				
Depreciation and amortisation	1,433	89	38	1,560

Segmental assets, liabilities and capital expenditure:

31 December 2006

	Franchised dealerships £'000	*Used car super-markets £'000*	*Central £'000*	*Total £'000*
Total assets	139, 041	7,170	3,216	149,427
Total liabilities	(67,368)	(7,366)	(58,546)	(133,280)
Capital expenditure	10,240	143	74	10,457

31 December 2005

	Franchised dealerships £'000	*Used car super-markets £'000*	*Central £'000*	*Total £'000*
Total assets	121,879	6,800	7,966	136,645
Total liabilities	(78,759)	(6,196)	(38,121)	(123,076)
Capital expenditure	3,168	653	19	3,840

Secondary reporting — geographic

All of the groups' activities arise in the United Kingdom.

3. Other operating income

	2006 £'000	*2005 £'000*
Net gain on disposal of property, plant and equipment	208	—

4. Profit before taxation

The following items have been included in arriving at profit before taxation

	2006 £'000	*2005 £'000*
Employee benefits (see note 5)	43,399	44,928
Inventories:		
— cost of inventories recognised as an expense	488,785	489,718
Depreciation of property, plant and equipment	1,769	1,549
Operating lease rentals		
— property	3,389	2,951
— plant and equipment	670	691
Trade receivables impairment	343	335

Auditors' remuneration:

	2006 £'000	*2005 £'000*
Audit	160	141
Amounts receivable by the auditors and their associates in respect of:		
Audit of financial information of subsidiaries pursuant to legislation	135	123
Audit of the company (including consolidation)	25	18

In respect of the year ended 31 December 2006, cost of sales includes a credit of £368,000 and administrative expenses a credit of includes £475,000 relating to sundry accrual releases. Administrative expenses includes a charge of £1,500,000 relating to a VAT exposure. These items have been described as exceptional operating items on the face of the Group Income Statement.

The associated net tax credit of £191,000 is described as an exceptional item on the face of the Group Income Statement.

5. Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2006	*2005*
Sales and distribution	1,372	1,433
Management and administration	306	275
	1,678	1,708

The movement in headcount year on year is due to internal rationalisation at franchised dealerships and the used car supermarket segment.

The aggregate payroll costs of these persons were as follows:

	2006	*2005*
	£'000	*£'000*
Wages and salaries	38,569	39,521
Social security costs	4,156	4,317
Other pension costs	674	1,090
	43,399	44,928

6. Directors' emoluments

	2006	*2005*
	£	£
Directors' emoluments	610,897	762,083
Company contributions to money purchase pension plans	22,613	29,335
	633,510	791,418

The aggregate of emoluments of the highest paid director was £253,404 in 2006 (2005: £251,442), and company pension contributions of £10,050 (2005: £9,785) were made to a money purchase scheme on his behalf. He is a member of the defined benefit scheme, under which his accrued pension at the 2006 year end was £89,904 (2005: £87,493).

	Number of directors	
	2006	*2005*
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	3	3
Defined benefit schemes	3	3

None of the directors had rights to subscribe for shares in the Group and its subsidiaries in 2006 or 2005.

7. Finance income and expense

	2006	*2005*
	£'000	*£'000*
Expected return on defined benefit pension plan assets	1,248	1,133
Financial income	1,248	1,133
Interest expense	2,143	1,238
Interest on defined benefit pension plan obligation	1,385	1,357
Financial expenses	3,528	2,595

8. Taxation

Recognised in the income statement

	2006 £'000	2005 £'000
Current tax expense		
Current year	945	972
Adjustments for prior years	276	16
Deferred tax expense	1,221	988
Origination and reversal of temporary differences	(20)	244
Benefit of tax losses recognised	(87)	—
	(107)	244
Total tax in income statement	1,114	1,232

Reconciliation of effective tax rate

	2006 £'000	2005 £'000
Profit before tax	2,829	3,052
Tax using the UK corporation tax rate of 30% (2005: 30%)	849	916
Non-deductible expenses	283	131
Gain on sale of land and buildings	(23)	—
Indexation allowance for disposal of properties	(40)	—
Disposal of property gain rolled over	(36)	—
Effect of tax losses utilised	(44)	(3)
Under provided in prior years	189	16
Movement in provisions	(29)	—
Other	(35)	173
Total tax in income statement	1,114	1,233

9. Earnings per share

	2006		2005	
	Earnings per share Pence	Profit for the year £'000	Earnings per share Pence	Profit for the year £'000
Basic earnings per share and diluted earnings per share	42.9	1,715	44.5	1,819

Number of shares in issue

	2006 Number	2005 Number
Weighted average number of shares	4,001,536	4,001,536
Weighted average number of dilutive shares under option	—	—
Weighted average number of shares in issue taking account of outstanding share options	4,001,536	4,001,536

10. Property, plant and equipment

	Land and buildings £'000	*Leasehold Property £'000*	*Plant and own use vehicles £'000*	*Total £'000*
Cost				
Balance at 1 January 2005	16,712	1,316	14,580	32,608
Acquisitions	911	3	2,915	3,829
Disposals	—	(29)	(1,148)	(1,177)
Balance at 31 December 2005	17,623	1,290	16,347	35,260
Balance at 1 January 2006	17,623	1,290	16,347	35,260
Acquisitions	7,173	12	3,192	10,377
Transfer to assets held for resale	(2,350)	—	—	(2,350)
Disposals	—	(5)	(1,353)	(1,358)
Balance at 31 December 2006	22,446	1,297	18,186	41,929
Depreciation and impairment				
Balance at 1 January 2005	510	248	10,711	11,469
Depreciation charge for the year	106	53	1,390	1,549
Disposals	—	(30)	(709)	(739)
Balance at 31 December 2005	616	271	11,392	12,279
Balance at 1 January 2006	616	271	11,392	12,279
Depreciation charge for the year	142	60	1,565	1,767
Transfer to assets held for resale	(9)	—	—	(9)
Disposals	—	(3)	(543)	(546)
Balance at 31 December 2006	749	328	12,414	13,491
Net book value				
At 1 January 2005	16,202	1,068	3,869	21,139
At 31 December 2005 and 1 January 2006	17,007	1,019	4,955	22,981
At 31 December 2006	21,697	969	5,772	28,438

11. Intangible assets

	Goodwill £'000	*Software licences £'000*	*Total £'000*
Cost			
Balance at 1 January 2005	308	48	356
Acquisitions	—	11	11
Disposals	—	(7)	(7)
Balance at 31 December 2005	308	52	360
Balance at 1 January 2006	308	52	360
Acquisitions	—	18	18
Disposals	—	(7)	(7)
Balance at 31 December 2006	308	63	371
Depreciation and impairment			
Balance at 1 January 2005	—	38	38
Depreciation charge for the year	—	11	11
Disposals	—	(7)	(7)
Balance at 31 December 2005	—	42	42
Balance at 1 January 2006	—	42	42
Depreciation charge for the year	—	13	13
Disposals	—	(7)	(7)
Balance at 31 December 2006	—	48	48
Net book value			
At 1 January 2005	308	10	318
At 31 December 2005 and 1 January 2006	308	10	318
At 31 December 2006	308	15	323

The goodwill arose on the acquisition of several franchised dealerships. At each year end, the goodwill has been tested for impairment by comparing the carrying amount to the recoverable amount. In determining the recoverable amount, assumptions have been used, which take into account the expected average multiple of pre-tax profits and cyclicised cash generation around model life cycles. Future results and cash flows have been discounted at a rate of 7.5 per cent.

12. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		*Liabilities*		*Net*	
	2006 £'000	*2005 £'000*	*2006 £'000*	*2005 £'000*	*2006 £'000*	*2005 £'000*
Property, plant and equipment	—	—	(881)	(874)	(881)	(874)
Inventory	4	67	—	—	4	67
	179	185	—	—	179	185
Trade and other payables	198	194	—	—	198	194
Employee benefits	1,474	2,460	—	—	1,474	2,460
Provisions	450	—	—	—	450	—
Tax assets/(liabilities)	2,305	2,906	(881)	(874)	1,424	2,032

Movement in deferred tax during 2005

	1 January 2005 £'000	*Recognised in income £'000*	*Recognised in equity £'000*	*31 December 2005 £'000*
Property, plant and equipment	(659)	(215)	—	(874)
Inventories	38	29	—	67
Trade and other receivables	97	88	—	185
Employee benefits	2,357	(122)	225	2,460
Trade and other payables	211	(17)	—	194
Tax value of loss carry-forwards utilised	7	(7)	—	—
	2,051	(244)	225	2,032

Movement in deferred tax during 2006

	1 January 2006 £'000	*Recognised in income £'000*	*Recognised in equity £'000*	*31 December 2006 £'000*
Property, plant and equipment	(874)	(7)	—	(881)
Inventories	67	(63)	—	4
Trade and other receivables	185	(6)	—	179
Employee benefits	2,460	(271)	(715)	1,474
Trade and other payables	194	4	—	198
Provisions	—	450	—	450
	2,032	107	(715)	1,424

13. Inventories

	2006 £'000	*2005 £'000*
New and used vehicles	82,109	79,340
Parts, accessories and other inventory	4,902	4,178
Vehicle consignment inventory	2,565	3,071
	89,576	86,589

14. Trade and other receivables

	2006 £'000	2005 £'000
Trade receivables	20,795	18,713
Other trade receivables and prepayments	5,649	4,594
	26,444	23,307

15. Cash, cash equivalents and bank overdrafts

	2006 £'000	2005 £'000
Bank overdrafts being the cash, cash equivalents and bank overdraft	(11,290)	(8,047)

16. Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings. For more information about the Company's exposure to interest rate and foreign currency risk, see note 22.

	2006 £'000	2005 £'000
Non-current liabilities		
Secured term loans	2,764	4,524
Current liabilities		
Current portion of secured term loans	1,520	1,520
Secured vehicle stocking loans	13,000	5,000
	14,520	6,520

Terms and debt repayment schedule

The bank overdraft is secured by a joint and several guarantee by all group companies and by a floating charge over book receivables.

The term loan is secured by a fixed and floating charge over certain of the group's property assets and is repayable in quarterly instalments of £380,000.

17. Trade and other payables

	2006 £'000	2005 £'000
Trade payables	76,244	72,772
Other trade payables	6,000	6,000
Non-trade payables and accrued expenses	13,332	14,951
Interest payable	238	209
	95,814	93,932

18. Employee benefits

Pension plans

The group operates a defined contribution scheme for employees who joined the group on or after 1 January 1998. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

For employees who joined the group before 1 January 1998, the group operates a pension scheme providing benefits based on final pensionable salary. With effect from 31 May 2003, the accrual for future benefits ceased.

	2006	*2005*
	£'000	*£'000*
Present value of funded defined benefit obligations	(29,058)	(30,017)
Fair value of plan assets	24,147	21,817
Net obligations	(4,911)	(8,200)

Movements in present value of defined benefit obligation

	2006	*2005*
	£'000	*£'000*
At 1 January	30,017	25,834
Interest cost	1,385	1,357
Actuarial (gains)/losses	(1,252)	3,406
Benefits paid	(1,092)	(580)
At 31 December	29,058	30,017

Movements in fair value of plan assets

	2006	*2005*
	£'000	*£'000*
At 1 January	21,817	17,979
Expected return on plan assets	1,248	1,133
Actuarial gains	1,131	2,654
Contributions by employer	1,043	631
Benefits paid	(1,092)	(580)
At 31 December	24,147	21,817

Expense recognised in the income statement

	2006	*2005*
	£'000	*£'000*
Interest on defined benefit pension plan obligation	1,385	1,357
Expected return on defined benefit pension plan assets	(1,248)	(1,133)
Total	137	224

The expense is recognised in the following line items in the income statement:

	2006	*2005*
	£'000	*£'000*
Finance income	1,385	1,357
Finance expense	(1,248)	(1,133)
	137	224

The fair value of the plan assets:

	2006 Fair value £'000	2005 Fair value £'000
Equities	20,633	18,685
Corporate bonds	2,301	1,895
Other	1,231	1,237
	24,165	21,817
Actual return on plan assets	2,379	3,787

The expected rates of return on plan assets are determined by reference to relevant indices. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2006 %	2005 %
Discount rate	5.1	4.7
Expected rate of return on plan assets in asset table	7.1	6.7
Rate of increase in pension payments	3.1	2.8
Inflation	3.1	2.9

The expected return on plan assets at end of year preceding comparative year was 7.0 per cent.

In valuing the liabilities of the pension fund at 31 December 2006, mortality assumptions have been made as indicated below. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 31 December 2006 would have increased by £1million before deferred tax.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year-old to live for a number of years as follows:

- Current pensioner aged 65: 21 years (male), 24 years (female).
- Future retiree upon reaching 65: 22 years (male), 25 years (female).

History of plans

The history of the plans for 2006 and 2005 is as follows:

Balance sheet

	2006 £'000	2005 £'000
Present value of defined benefit obligation	(29,058)	(30,017)
Fair value of plan assets	24,147	21,817
Deficit	(4,911)	(8,200)

Experience adjustments

	2006 £'000	2005 £'000
Experience adjustments on plan liabilities	1,252	(3,406)
Experience adjustments on plan assets	1,131	2,654

The Group expects to contribute approximately £3,960,000 to its defined benefit plans in 2007.

Defined contribution plans

The Company operates a defined contribution pension scheme for employees who joined the group on or after 1 January 1998. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The total expense relating to these plans in the current year was £674,000 (2005: £460,000).

19. Capital and reserves

Reconciliation of movement in capital and reserves

	Share capital £'000	*Capital reserve £'000*	*Retained earnings £'000*	*Total equity attributable to equity holders £'000*
Balance at 1 January 2005	400	5,887	6,790	13,077
Total recognised income and expense	—	—	1,292	1,292
Dividends paid in year	—	—	(800)	(800)
Balance at 31 December 2005 and 1 January 2006	400	5,887	7,282	13,569
Balance at 1 January 2006	400	5,887	7,282	13,569
Total recognised income and expense	—	—	3,378	3,378
Dividends paid in year	—	—	(800)	(800)
Shares classified as liabilities	(320)	—	—	(320)
Balance at 31 December 2006	80	5,887	9,860	15,827

The aggregate current and deferred tax relating to items that are charged or credited to equity is £637,000 (2005: £208,000).

Share capital

	Ordinary shares of 10p each		*"B" Ordinary shares of 10p each*	
Number of shares	*2006*	*2005*	*2006*	*2005*
Authorised at 1 January 2005, 31 December 2005 and 31 December 2006	3,322,864	3,322,864	801,536	801,536
Allotted, called up and fully paid at 1 January 2005, 31 December 2005 and 31 December 2006	3,200,000	3,200,000	801,536	801,536

	2006 £'000	*2005 £'000*
Authorised		
Ordinary shares of 10p each	332	332
"B" Ordinary shares of 10p each	80	80
	412	412
Allotted, called up and fully paid		
Ordinary shares of 10p each	320	320
"B" Ordinary shares of 10p each	80	80
	400	400
Shares classed as liabilities	320	—
Shares classed as equity	80	400
	400	400

The rights of the ''B'' Ordinary share holders rank *pari passu* with those of the Ordinary shareholders.

During the year ended 31 December 2006, the rights attaching to the ordinary shares were changed such that the holders of ordinary shares are entitled to receive a preference dividend in addition to any declared dividends which are declared from time to time and are entitled to one vote per share at meetings of the Company.

Under IAS 32, the ordinary shares have subsequently been reclassified to ''other interest bearing loans and borrowings''.

There are no dividends that have been proposed but not recognised at the year ended 31 December 2006 or 31 December 2005.

20. Financial instruments

Credit risk

The group is exposed to credit risk in respect of its trade receivables. Such receivables are stated net of provisions for impairment. The directors consider that the risk is mitigated by the group's procedures for evaluating the credit risk of customers. Credit risk also exists on outstanding manufacturer bonus receivables which is mitigated by the group's procedures for timely collection of amounts and managements belief that manufacturers will not fail to honour its obligations.

Interest rate risk

The groups borrowings attract interest at floating rates set in conjunction with the prevailing LIBOR. In the current interest rate environment, management do not consider interest rate risk to be significant and consequently does not actively manage the cash flow interest rate risk.

Funding and liquidity management

The group is financed primarily through term loans and working capital facilities with Ford Credit and Barclays Bank. Management ensure that sufficient undrawn facilities exist to cover the peak borrowing requirements. Currently, in aggregate, facilities in excess of requirements are held.

Foreign exchange risk

Given the current activity of the group where purchases and sales are denominated in sterling, the group is not exposed to any significant foreign exchange risk.

Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature or, if earlier, are repriced. The term loan and overdraft attract interest rates determined on a fixed margin above LIBOR. The vehicle stocking loans are determined on a fixed margin above FHBR.

	2006			*2005*		
	Effective interest rate %	*Total £'000*	*6-12 months £'000*	*Effective interest rate %*	*Total £'000*	*6-12 months £'000*
Term Loan	7.08	4,284	4,284	7.00	6,044	6,044
Vehicle stocking loan	6.58	13,000	13,000	6.50	5,000	5,000
Bank overdrafts	7.50	11,290	11,290	7.00	8,047	8,047
		28,574	28,574		19,091	19,091

Sensitivity analysis

At 31 December 2006, it is estimated that a general increase of one percentage point in interest rates would decrease the Company's profit before tax by approximately £310,000 (2005 £190,000).

Fair values

The fair values together with the carrying amounts shown in the balance sheet are as follows:

	200 Carrying amount £'000	*2006 Fair value £'000*	*2005 Carrying amount £'000*	*2005 Fair value £'000*
Trade and other receivables	26,444	26,444	23,307	23,307
Trade and other payables	97,314	97,314	93,932	93,932
Bank overdraft	(11,290)	(11,290)	(8,047)	(8,047)
Term Loan	(4,284)	(4,284)	(6,044)	(6,044)
Vehicle stocking loan	(13,000)	(13,000)	(5,000)	(5,000)
	95,184	95,184	98,148	98,148

21. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2006 £'000	*2005 £'000*
Less than one year	3,548	3,370
Between one and five years	12,590	12,042
More than five years	36,035	34,590
	52,173	50,002

The group leases a number of dealership properties comprising of land and buildings together with leases for land for storage facilities.

22. Capital commitments

During the year ended 31 December 2006, the group had entered into contracts for the purchase and development of land and properties of £1,700,000 (2005: £584,000).

23. Contingencies

The company has granted to the group's bankers cross-guarantees in favour of it's subsidiary undertakings. The potential liability at 31 December 2006 was £Nil (2005: £Nil). The directors consider the nature of these contracts to be insurance contracts as defined within IFRS 4 and accordingly has not fair valued these contracts.

24. Related parties

Identity of related parties

The Group's ultimate parent company is Bristol Street Group Limited. The subsidiaries are shown below:

Bristol Street First Investments Limited
Bristol Street Third Investments Limited
Bristol Street Fourth Investments Limited
Bristol Street Fifth Investments Limited
National Allparts Limited
Tyne Tees Finance Limited
Bristol Street (No 2) Limited
Bristol Street Limited
Autonation Limited
Bristol Street (No 1) Limited
Bristol Street Fleet Services Limited

Transactions with key management personnel

Directors of the Company and their immediate relatives control 83.75 per cent. of the voting shares of the Company. There were no transactions with the directors or other key personnel, other than emoluments as shown in note 6.

25. Subsequent event

Subsequent to 31 December 2006, the company received a £4.4 million settlement in respect of a VAT claim from Her Majesty's Revenue and Customs which has not been reflected within this financial information.

26. Accounting estimates and judgements

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations about future events that are believed to be reasonable under the circumstances at each period end.

Certain critical accounting judgements in applying the group's accounting policies are described below:

Pension assumptions

The accounting policy and critical assumptions applied in calculating the value of the pension scheme assets and liabilities are explained in note 18. The assumptions chosen by the Directors are the best estimates from a range of possible assumptions, which due to the timescale covered, may not necessarily be borne out in practice. The principal assumptions are in respect of rates of return on assets, the discount rate applied to future to future liabilities and the allowance for life expectancy.

If the expected return on the scheme assets were to be 1 per cent. higher or lower than the assumption used for 2006, the expected return on assets would be an estimated £220,000 higher or £220,000 lower.

If the discount rate used was 0.1 per cent. per annum higher or lower than the assumption applied at 31 December 2006, the pension liabilities would be an estimated £300,000 higher or lower.

27. Explanation of transition to Adopted IFRS

As stated in note 1, these are the Company's first financial information prepared in accordance with Adopted IFRS.

The accounting policies set out in note 1 have been applied in preparing the financial information for the year ended 31 December 2006, the comparative information presented in these financial information for the year ended 31 December 2005 and in the preparation of an opening IFRS balance sheet at 1 January 2005 (the Company's date of transition).

In preparing the opening IFRS balance sheet, adjustments have been made to amounts reported previously in financial information prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to Adopted IFRS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Provisions

Included within provisions at 31 December 2005 is an amount of £1.5 million in respect of a VAT exposure. The assumptions chosen by Group management are the best estimates from a range of possible assumptions, which may not necessarily be borne out in practice. The principal assumption is in respect of overhead VAT incurred by the business.

Reconciliation of equity

		1 January 2005			31 December 2005		
	Note	UK GAAP £'000	Effect of transition to Adopted IFRS £'000	Adopted IFRS £'000	UK GAAP £'000	Effect of transition to Adopted IFRS £'000	Adopted IFRS £'000
Non-current assets							
Property, plant and equipment	3	21,312	(173)	21,139	30,926	(7,945)	22,981
Intangible assets	5	308	10	318	238	80	318
Deferred tax assets	1	—	2,710	2,710	—	2,906	2,906
		21,620	2,547	24,167	31,164	(4,959)	26,205
Current assets							
Inventories	6	122,790	(12,877)	109,913	88,175	(1,586)	86,589
Trade and other receivables		24,531	163	24,694	23,146	161	23,307
Assets classified as held for sale		544	—	544	544	—	544
		147,865	(12,714)	135,151	111,865	(1,425)	110,440
Total assets		169,485	(10,167)	159,318	143,029	(6,384)	136,645
Current liabilities							
Bank overdraft		8,596	—	8,596	8,047	—	8,047
Other interest-bearing loans and borrowings		1,520	—	1,520	6,520	—	6,520
Trade and other payables	2,4	124,361	(3,908)	120,453	94,863	(931)	93,932
Employee benefits		—	—	—	—	—	—
Tax payable		1,114	—	1,114	979	—	979
		135,591	(3,908)	131,683	110,409	(931)	109,478
Non-current liabilities							
Other interest-bearing loans and borrowings		14,823	(8,779)	6,044	4,524	—	4,524
Retirement benefit obligations		5,466	2,389	7855	5,700	2,500	8,200
Deferred tax liabilities		363	296	659	625	249	874
		20,652	(6,094)	14,558	10,849	2,749	13,598
Total liabilities		156,243	(10,002)	146,241	121,258	1,818	123,076
Net assets		13,242	(165)	13,077	21,771	(8,202)	13,569
Equity							
Share capital		400	—	400	400	—	400
Capital reserve		5,887	—	5,887	5,887	—	5,887
Property revaluation reserve	3	—	—	—	7,774	(7,774)	—
Retained earnings		6,955	(165)	6,790	7,710	(428)	7,282
Total equity		13,242	(165)	13,077	21,771	(8,202)	13,569

Reconciliation of equity

		1 January 2006			31 December 2006		
	Note	UK GAAP £'000	Effect of transition to Adopted IFRS £'000	Adopted IFRS £'000	UK GAAP £'000	Effect of transition to Adopted IFRS £'000	Adopted IFRS £'000
Non-current assets							
Property, plant and equipment	3	30,926	(7,945)	22,981	36,385	(7,947)	28,438
Intangible assets	5	238	80	318	137	186	323
Deferred tax assets	1	—	2,906	2,906	—	2,305	2,305
		31,164	(4,959)	26,205	36,522	(5,456)	31,066
Current assets							
Inventories	6	88,175	(1,586)	86,589	89,576	—	89,576
Trade and other receivables		23,146	161	23,307	26,284	160	26,444
Assets classified as held for sale		544	—	544	2,341	—	2,341
		111,865	(1,425)	110,440	118,201	160	118,361
Total assets		143,029	(6,384)	136,645	154,723	(5,296)	149,427
Current liabilities							
Bank overdraft		8,047	—	8,047	11,290	—	11,290
Other interest-bearing loans and borrowings		6,520	—	6,520	14,520	—	14,520
Trade and other payables	2,4	94,863	(931)	93,932	94,821	993	95,814
Tax payable		979	—	979	1,600	—	1,600
		110,409	(931)	109,478	122,231	993	123,224
Non-current liabilities							
Other interest-bearing loans and borrowings		4,524	—	4,524	3,084	—	3,084
Retirement benefit obligations		5,700	2,500	8,200	3,394	1,517	4,911
Deferred tax liabilities		625	249	874	672	209	881
Provisions		—	—	—	1,500	—	1,500
		10,849	2,749	13,598	8,650	1,726	10,376
Total liabilities		121,258	1,818	123,076	130,881	2,719	133,600
Net assets		21,771	(8,202)	13,569	23,842	(8,015)	15,827
Equity							
Share capital		400	—	400	80	—	80
Capital reserve		5,887	—	5,887	5,887	—	5,887
Property revaluation reserve	3	7,774	(7,774)	—	7,748	(7,748)	—
Retained earnings		7,710	(428)	7,282	10,127	(267)	9,860
Total equity		21,771	(8,202)	13,569	23,842	(8,015)	15,827

Notes to the reconciliation of equity

1. *Pension obligations*

Under UK GAAP, the Group previously accounted for its defined benefit pension scheme in accordance with FRS 17 which required the full pension obligation to be recognised as a liability with operating and financing costs being recognised in the profit and loss account and actuarial gains and losses being recognised through equity.

This standard is replaced by IAS 19 which is similar to FRS 17 but imposes different criteria for actuarial assumptions and methods of valuations of the scheme assets, particularly valuing assets at bid-price rather than mid-price.

On adoption of IAS 19, the pension deficit increased by £32,000 (net of tax) at 1 January 2005. In the year ended 31 December 2005, the charge to the income statement increased by £3,000 and the actuarial loss increased by £6,000. At 31 December 2005, the deficit was increased by £41,000. In the year ended 31 December 2006, the charge to the profit and loss account increased by £4,000. There was no material change to the actuarial gain and the deficit was £47,000 higher at 31 December 2006.

In addition, the corresponding deferred tax on the deficit is shown gross of the deficit under IFRS. Accordingly the ''net'' deficit increased by £1,517,000 in 2006 (2005: £2,500,000) and deferred tax assets by the same.

2. *Leases*

Under UK GAAP, premiums paid or incentives received to enter into leases is spread over the period until the rental charge reverts to market rent, usually taken as the first rent review. Under IAS 17, the premium or incentive is spread over the period of the lease. This has resulted in an additional accrual of £85,000 being recognised on 1 January 2005 and the charge for 2005 has increased by £117,000 in 2005 and £30,000 in 2006.

Also under IAS 17, Leasehold Land is reclassified as a current asset and amortised over the life of the lease. At 1 January 2005, £163,000 was transferred from fixed assets to prepayments and £161,000 at 31 December 2005. Under the accounting policies under UK GAAP, these assets were depreciated over the life of the lease. Therefore there is no material impact on the income statement in 2006 or 2005.

3. *Property, plant and equipment*

Freehold land and buildings and short leasehold land was revalued at 31 December 2005. On transition on 1 January 2005, the option has been taken under IFRS 1 to state property, plant and equipment at deemed cost at 1 January 2005. The subsequent revaluation at 31 December 2005 has been derecognised.

4. *Warranty provision*

Under IFRS, the directors have determined that warranty policy sales are made on a principal basis. As such, the income received for the sale of such policies is recognised as gross income with a corresponding cost of sales. Additionally, the revenue and costs derived from the provision of warranty products has been spread over the term of the warranty terms (typically 12 months).

Consequently, additional revenue of £100,000 and costs of £449,000 has been recognised in 2005. Additional revenue and costs of £701,000 and £661,000 has been recognised in 2006. Deferred income of £105,000 has been recognised at 1 January 2005, £454,000 at 31 December 2005 and £414,000 at 31 December 2006.

5. *Intangible assets*

Under UK GAAP, software assets and licences were classified as fixed assets. Under IFRS, such assets are classified as Intangible assets. At 1 January 2005, the net book value of £10,000 was reclassified to intangible assets. At 31 December 2005, £10,000 was reclassified and £15,000 was reclassified at 31 December 2006.

6. Inventories

Under the Motability car scheme, the group recognised the inventory the group would buy back at the end of the Motability contract with a corresponding liability. Under these contracts, the group does not have any contractual obligation to accept the returned vehicles. Under IFRS, the group has de-recognised the asset and corresponding liability. This has reduced inventory and liabilities by £12,877,000 at 1 January 2005, £1,586,000 at 31 December 2005 and £Nil at 31 December 2006.

Reconciliation of Profit for the year attributable to equity holders of the company for the year ended 31 December 2005

	Note	*UK GAAP £'000*	*Effect of transition to Adopted IFRS £'000*	*Adopted IFRS £'000*
Revenue	4	574,504	100	574,604
Cost of sales	4	(495,227)	(449)	(495,676)
Gross profit		79,277	(349)	78,928
Other operating income		—	—	—
Distribution expenses		(54,780)	—	(54,780)
Administrative expenses	1	(19,587)	(47)	(19,634)
Operating profit before net financing costs		4,910	(396)	4,514
Financial income		1,133	—	1,133
Financial expenses		(2,595)	—	(2,595)
Net financing costs		(1,462)	—	(1,462)
Profit before tax		3,448	(396)	3,052
Taxation		(1,373)	140	(1,233)
Profit after tax and Profit for the year attributable to equity holders of the company		2,075	(256)	1,819
Basic and diluted earnings per share (pence)		51.8		45.5

Explanation of material adjustments to the cash flow statement for the year ended 31 December 2005

There are no material differences between the cash flow statement presented under Adopted IFRS and the cash flow statement presented under UK GAAP.

Reconciliation of Profit for the year attributable to equity holders of the company for the year ended 31 December 2006

	Note	*UK GAAP £'000*	*Effect of transition to Adopted IFRS £'000*	*Adopted IFRS £'000*
Revenue	4	576,002	701	576,703
Cost of sales	4	(496,080)	(661)	(496,741)
Gross profit		79,922	40	79,962
Other operating income		208	—	208
Distribution expenses		(54,900)	—	(54,900)
Administrative expenses	1	(20,232)	71	(20,161)
Operating profit before net financing costs		4,998	111	5,109
Financial income		1,248	—	1,248
Financial expenses	1	(3,527)	(1)	(3,528)
Net financing costs		(2,279)	(1)	(2,280)
Profit before tax		2,719	110	2,829
Taxation		(1,196)	82	(1,114)
Profit after tax and Profit for the year attributable to equity holders of the company		1,523	192	1,715
Basic and diluted earnings per share		38.1		42.9

Explanation of material adjustments to the cash flow statement for the year ended 31 December 2006

There are no material differences between the cash flow statement presented under Adopted IFRS and the cash flow statement presented under UK GAAP.

PART 5

ADDITIONAL INFORMATION

1. THE COMPANY

1.1 The Company was incorporated and registered in England and Wales on 1 November 2006 under the Act as a public company limited by shares with the name Norham House 1101 plc and with registration number 5984855. On 2 November 2006 the name of the Company was changed to Vertu Motors plc. On 14 November 2006 the Company obtained a trading certificate pursuant to section 117 of the Act.

1.2 The principal legislation under which the Company operates is the Act and the regulations made thereunder.

1.3 The Company's registered office and principal place of business is at Rotterdam House, 116 Quayside, Newcastle upon Tyne NE1 3DY. The telephone number is 0191 206 4063.

1.4 The liability of the members of the Company is limited.

2. SHARE CAPITAL

2.1 On incorporation, the authorised share capital of the Company was £4,500,000 divided into 45,000,000 Ordinary Shares of 10 pence each, two of which were issued to the subscribers to the Company's memorandum of association.

2.2 The Founder Shareholders applied for and were allotted an additional 4,999,998 Ordinary Shares on 3 November 2006.

2.3 On 15 December 2006 by or pursuant to resolutions of the Company passed on that date, the authorised share capital of the Company was increased to £7,000,000 by the creation of 35,000,000 new Ordinary Shares, such new Ordinary Shares ranking *pari passu* in all respects with the existing 45,000,000 Ordinary Shares in the capital of the Company.

2.4 On 20, 21 and 22 December 2006, 41,750,000 Ordinary Shares were allotted as part of a placing on AIM.

2.5 Subject to the passing of the Resolution:

2.5.1 the authorised share capital of the Company will be increased to £12,500,000 by the creation of 55,000,000 new Ordinary Shares, such new Ordinary Shares to rank *pari passu* in all respects with the existing 70,000,000 Ordinary Shares in the capital of the Company;

2.5.2 for the purposes of section 80 of the Act, the Directors will be generally and unconditionally authorised and empowered to allot relevant securities (as defined by in section 80(2) of the Act) up to an aggregate nominal amount of £7,589,000 to such persons and upon such terms and conditions as they may determine (subject always to the articles of association of the Company from time to time) provided that such authority and power shall, unless renewed, varied or revoked, expire at the conclusion of the next annual general meeting of the Company or 15 months from the date of the passing of such resolution (whichever is the earlier) and provided further that the Company may before the expiry of such period make an offer, agreement or arrangement which would or might require relevant securities to be allotted after the expiry of such period and the directors of the Company may then allot relevant securities pursuant to any such offer, agreement or arrangement as if the authority or power hereby conferred had not expired; and

2.5.3 pursuant to and in accordance with section 95 of the Act the Directors will be authorised and empowered to allot equity securities (as defined in section 94 of the Act) pursuant to the general authority referred to in paragraph 2.3.2 above and to sell relevant shares (as defined in section 94 of the Act) held by the Company as treasury shares (as defined in section 162A of the Act) as if section 89(1) of the Act did not apply to such allotment or sale provided that such authority and power shall be limited to the allotment of equity securities and the sale of treasury shares:

(a) in connection with or pursuant to an offer by way of rights, open offer or other pre-emptive offer to the holders of shares in the Company and other persons entitled to participate therein in proportion (as nearly as practicable) to their respective holdings subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the regulations or requirements of any regulatory authority or any stock exchange in any territory; and

(b) otherwise than pursuant to paragraph (a) above, up to an aggregate nominal amount of £4,985,000;

and such power shall, unless renewed, varied or revoked expire at the conclusion of the next annual general meeting of the Company or 15 months from the date of the passing of such resolution (whichever is the earlier) and provided further that the Company may before the expiry of such period make an offer, agreement or arrangement which would or might require relevant securities to be allotted after the expiry of such period and the directors of the Company may then allot relevant securities pursuant to any such offer, agreement or arrangement as if the authority or power hereby conferred had not expired.

2.6 The provisions of section 89(1) of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employee's share scheme as defined in section 743 of the Act) will apply to the authorised but unissued share capital of the Company to the extent not disapplied as described in paragraph 2.3.3 above.

2.7 The Company's authorised and issued ordinary share capital, at the date of this document is and immediately following the Placing will be as follows:

	At the date of this document		*Following Admission*	
	Amount	*Number of Existing Ordinary Shares*	*Amount*	*Number of New Ordinary Shares*
Authorised	£7,000,000	70,000,000	£12,500,000	125,000,000
Issued and fully paid	£4,675,000	46,750,000	£9,082,825.40	90,828,254

2.8 Save as disclosed in Part 1 or Part 5 of this document:

2.8.1 no shares or loan capital of the Company has within the three years preceding the date of this document been issued or agreed to be issued or is now proposed to be issued fully or partly paid, for cash or any other consideration or has been purchased by the Company or any of its subsidiaries;

2.8.2 no commissions, discounts, brokerages or other special terms have been granted by the Company or any of its subsidiaries in connection with the issue or sale of any share capital; and

2.8.3 no share or loan capital of the Company is under option or has been agreed conditionally or unconditionally to be put under option.

3. MEMORANDUM AND ARTICLES OF ASSOCIATION

3.1 The memorandum of association of the Company provides that the Company's principal object is to carry on business as a holding company. The objects of the Company are set out in full in clause 4 of the memorandum of association.

3.2 The Articles contain, *inter alia*, provisions to the following effect:

3.2.1 *Voting Rights*

Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with the Articles and or any resolution authorising the creation of such shares, on a show of hands every member who is present in person shall have one vote and, on a poll, every member who is present in person or by proxy shall have one vote for every share held by him.

3.2.2 *Transfer of Shares*

(a) The shares are in registered form but the Directors have the power to implement such arrangements as they may think fit in order for the shares to be a participating security and held in an uncertificated form. All transfers of shares in uncertificated form may only be effected in accordance with the rules and regulations for the time being applicable to the relevant system. Where shares are a participating security any provision of the Articles which is inconsistent with the holding of shares in a uncertified form, the transfer of shares by means of such a relevant system shall, to that extent, not apply.

(b) Any member may, subject to the Articles, transfer all or any of his shares by an instrument of transfer in the usual common form or in any other manner (whether or not by written instrument) which the Directors may approve. Any written instrument of transfer of a share shall be signed by or on behalf of the transferor (and, in the case of a share which is not fully paid, by or on behalf of the transferee) and the transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered in the register in respect thereof. All instruments of transfer may be retained by the Company unless the Directors refuse to register such interest.

(c) The Directors may refuse to register the transfer of a share which is not fully paid, if they have a lien on it, provided that any such refusal will not prevent dealings in the shares from taking place on an open and proper basis.

(d) The Directors may decline to register any transfer unless any written instrument of transfer is lodged with the Transfer Office (as therein defined), accompanied by the relevant certificate and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer, the instrument is in respect of only one class of share and, in the case of transfer to joint holders the number of joint holders does not exceed four.

(e) The register of members may be closed by the directors for any period (not exceeding 30 days in any year) upon notice being given by advertisement in a leading national daily newspaper and in such other newspaper as may be required by the Act.

(f) The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine and either generally or in respect of any class of shares subject always to any relevant regulations then in force.

3.2.3 *Pre-emption*

Subject to the provisions of the Act and the Articles, all unissued shares are at the disposal of the Directors. The statutory pre-emption rights in relation to the allotment of equity securities (within the meaning of section 94 of the Act) have been disapplied by the Company's shareholders to the extent set out in paragraph 3.2.2 of Part 5 of this document.

3.2.3 *Return of Capital on a Winding Up*

On a distribution of assets on liquidation or otherwise, the surplus assets of the Company remaining after payment of its liabilities shall be distributed amongst the holders of New Ordinary Shares according to the nominal amounts (excluding any premium) paid up on the New Ordinary Shares held by them respectively.

3.2.4 *Dividends and Other Distributions*

(a) Subject to the Act, the Company by ordinary resolution may declare dividends, but no dividend shall exceed the amount recommended by the directors. Except in so far as the rights attaching to, or the terms of, any share otherwise provides, all dividends shall be declared and paid according to the amounts paid up on the shares, (but no amount paid up on a share in advance of calls shall be treated for this purpose as paid up on such share), and shall be apportioned and paid *pro rata* to the amounts paid up on the shares during any portion of the period in respect of which the dividend is paid.

(b) Subject to the provisions of the Act, the Directors may pay such interim dividends as they think fit.

(c) Any dividend unclaimed for a period of twelve years after it became due for payment shall be forfeited and shall revert to the Company.

3.2.5 *Redemption*

Subject to the Act, any shares may, with the sanction of an ordinary resolution, be issued on terms that they are, or at the option of the Company and/or the holder, are, liable to be redeemed on the terms and in the manner provided for by the Articles.

3.2.6 *Variation of Rights*

Subject to the Act, all or any of the rights and restrictions attaching to any class of shares may be altered, extended, added to, abrogated or surrendered with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of such shares. To any such separate general meeting all the provisions of the Articles relating to general meetings shall apply, *mutatis mutandis*, but so that notice need only be given to persons who hold shares of the relevant class and only such persons shall be entitled to attend and vote, the necessary quorum shall be two or more persons holding or representing by proxy at least one-third in nominal value of the issued shares of the relevant class, that every holder of the class shall be entitled on a poll to one vote for every such share held by him, that any holder of shares of the class present in person or by proxy may demand a poll and that at any adjourned meeting of such holders one holder present in person or by proxy (whatever the number of shares held by them) shall be a quorum. The rights attached to any class of shares shall, unless otherwise expressly provided by the terms of issue of such shares or by the rights attaching to such shares, be deemed not to be altered by the creation or issue of further shares ranking *pari passu* therewith or by a purchase by the Company of its own shares.

3.2.7 *Alteration of Share Capital*

Subject to the rights attaching to any class of shares that may be in issue:

(a) subject to the Act and the Articles the Company may by ordinary resolution consolidate and divide all or any of its share capital into shares of larger amount, sub-divide all or any of its shares into shares of smaller amount (so that the resolution whereby any share is sub-divided may determine that as between the holders of the shares resulting from the sub-division one or more shares may have such rights or restrictions as compared with the other or others as the resolution may prescribe) and cancel any shares not at the date of the resolution taken or agreed to be taken by any person;

(b) subject to any consent required by law, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account;

(c) subject to the provisions of the Act, the Company may purchase all or any of its shares of any class, including any redeemable shares.

3.2.8 *Directors*

(a) Unless and until the Company by ordinary resolution shall otherwise determine, the number of directors shall not be less than two and not more than ten.

(b) Subject to the Act and the Articles, no director shall be disqualified by his office from entering into any contract or arrangement with the Company in which he is interested directly or indirectly or through a person connected with him. Nor shall any such contract be liable to be avoided.

3.2.9 *Restrictions on Voting by Directors*

Save as otherwise provided by the Articles, a director shall not vote on (nor be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement in which he (or anyone connected with him) is, to his knowledge, materially interested, and if he shall do so his vote shall not be counted, but (in the absence of some material interest other than as indicated below) this prohibition shall not apply to the following matters namely:

(a) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or its subsidiaries;

(b) the giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(c) any proposal concerning his participation in any offer of shares in or debentures or other securities of the Company or its subsidiaries issued or to be issued in which offer he is or is to be or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;

(d) any contract or arrangement in which he is interested by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the Company;

(e) an arrangement for the benefit of the employees of the Company or any of its subsidiaries which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;

(f) any arrangement with another company in which he (or any person connected with him) is interested, provided that he and any person connected with him are not the holder of or beneficially interested in 1 per cent. or more of any class of shares in such company or the available voting rights, any interest being deemed to be a material interest;

(g) any proposal concerning an insurance which the Company is empowered to purchase and/or maintain for the benefit of and against any liability incurred by any directors or persons who include the directors.

3.2.10 *Remuneration of Directors*

(a) The fees of non-executive Directors shall be such as the Directors or any appointed committee may determine.

(b) The remuneration of executive Directors shall be fixed by the Directors or any appointed committee.

(c) Each Director may be paid all properly incurred travelling, hotel and other expenses in attending and returning from meetings of the Directors or any committee of the Directors or meetings of shareholders of the Company or otherwise in connection with the business of the Company.

3.2.11 *Appointments to Office*

Subject to the Act, the Directors or any appointed committee may from time to time appoint one or more of their body to hold any other employment or executive office and upon such terms as they may determine.

3.2.12 *Retirement of Directors*

(a) Section 293 of the Act shall not apply to the Company and a person may be appointed or re-appointed as a Director if within six months following the date of the general meeting he would have attained the age of 70. The notice convening such a general meeting shall contain a statement to the effect that such a resolution is proposed.

(b) All of the Directors are subject to retirement by rotation at the first annual general meeting of the Company and one third shall retire at each subsequent annual general meeting.

3.2.13 *Annual and Extraordinary General Meetings*

(a) The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meeting(s) in that year and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next. Subject to the provisions of the Act, the annual general meeting shall be held at such time and place as the Directors may determine.

(b) The Directors may convene an extraordinary general meeting whenever it thinks fit and shall do so in accordance with section 142 of the Act. An extraordinary general meeting shall also be convened on such requisition, or in default may be convened by such requisitionists, as provided by section 368 of the Act.

(c) Subject to the provisions of the Act, an annual general meeting and a general meeting for the passing of a special resolution shall be called by at least 21 clear days' notice and all other general meetings shall be called by at least 14 clear days' notice.

(d) Shorter notice than that specified above may be deemed to have been given in the case of an annual general meeting by all the members entitled to attend and vote at the meeting; and in the case of any other meeting, by a majority number of the members having a right to attend and vote at the meeting, being a majority together holding not less than such minimum percentage as the Act allows in nominal value of the shares giving that right.

(e) At any general meeting, the Directors may make any arrangements and impose any requirement or restriction which they consider appropriate to ensure the security and orderly conduct of a general meeting including, without limitation, requirements for evidence of identity to be produced by those attending the meeting, the searching of their personal property and the restriction of items that may be taken into the meeting place. The chairman is entitled to refuse entry to a person who refuses to comply with these arrangements or restrictions.

3.2.14 *Borrowing Powers*

The Directors may exercise all the powers of the Company to borrow or raise money and shall restrict the borrowings of the Company, and exercise all voting and other rights and powers of control which the Company has in relation to its subsidiaries, so as to secure (but, in relation to the subsidiaries, only insofar as the rights and powers of the Company enable them to do so) that the aggregate amount of all borrowings of the Company and its subsidiaries from time to time does not, without the sanction of an ordinary resolution, exceed an amount equal to four times the Adjusted Capital and Reserves (as defined by the Articles).

3.2.15 *Pensions, Gratuities etc.*

The Directors may, subject to the provisions of the Act, exercise all the powers of the Company to grant pensions, annuities or other allowances and benefits in favour of any person including any employee Director or former employee or Director or the relations, connections or dependants of such person including any Director who holds or has held any office or place of profits.

3.2.16 *Untraced Shareholders*

(a) When the registered address of a member appears to be incorrect or out of date such member may, be treated as if he had no registered address and thereafter the Company is not obliged to send cheques, warrants, notices or accounts to the member. No such resolution shall be proposed unless such documents sent to the registered address of such member have been returned undelivered on at least two consecutive occasions or, following one such occasion, reasonable enquiries have failed to establish any new address of such member.

(b) If for a period of twelve years at least three dividends have become payable no cheques or warrants sent to members at their registered address, have been cashed and no communication has been received from the member (or any person entitled to the member's shares by transmission), the Company may sell such shares at the best reasonably obtainable price if, after giving notice in a leading London newspaper and a newspaper circulating in the region of the member's registered address, giving its intention to sell such shares it has not had any communication from the member (or anyone entitled to his shares by transmission) within three months and has given notice to the London Stock Exchange and has complied with any requirements of that Exchange.

3.3 Save as disclosed in this paragraph 3 of Part 5, neither the memorandum of association of the Company nor the Articles:

3.3.1 contain any provision that would have the effect of delaying, deferring or preventing a change of control of the Company; or

3.3.2 contain any provision governing the ownership threshold above which shareholder ownership must be disclosed; or

3.3.3 impose any condition governing changes in the capital that is more stringent than is required by law.

4. SUBSTANTIAL SHAREHOLDERS

4.1 At the date of this document, so far as the Company has the information, in addition to the Directors and their connected persons (as defined in Section 346 of the Act) outlined in paragraph 5 below, the following people are at the date of this document or will be immediately following Admission, interested in 3 per cent. or more of the issued Ordinary Share capital of the Company.

Person	At the date of this document		Immediately following Admission[1]	
	Number of Ordinary Shares	*Percentage of Issued Ordinary Share Capital*	*Number of Ordinary Shares*	*Percentage of Issued Ordinary Share Capital*
The Bank of New York (Nominees) Limited (A/C DBV303)	3,889,200	8.32%	3,889,200	4.28%
Pershing Keen Nominees Limited (A/C SKCLT)	3,333,370	7.13%	3,333,370	3.67%
Chase Nominees Limited (A/C 23814)	2,700,000	5.78%	2,700,000	2.97%
Giltspur Nominees Limited (A/C BUNS)	2,667,693	5.71%	2,667,693	2.94%
HSBC Global Custody Nominee (UK) Limited (A/C 811950)	2,560,000	5.48%	2,560,000	2.82%
Chase Nominees Limited	1,916,668	4.10%	1,916,668	2.11%
Chase Nominees Limited (A/C CBI)	1,845,800	3.95%	1,845,800	2.03%
Chase Nominees Limited (A/C 39673)	1,800,000	3.85%	1,800,000	1.98%
BNY (OCS) Nominees Limited	1,700,000	3.64%	1,700,000	1.87%

1. Assuming conversion of £8 million of Loan Notes into New Ordinary Shares on Completion.

4.2 Insofar as the Company has the information, no person or persons either alone or, if connected jointly, following Admission will (directly or indirectly) own or control the Company.

5. DIRECTORS' AND PROPOSED DIRECTOR'S INTERESTS

The interests of the Directors and the Proposed Director (all of which are beneficial) in the issued share capital of the Company as at the date of this document and following the Placing (assuming full subscription thereunder) such interests being those which are or would be required to be notified to the Company under the provisions of section 324 or 328 of the Act or which are required to be entered in the register of interests required to be maintained pursuant to section 325 of the Act or which are interests of persons connected with the Director within the meaning of section 346 of the Act, the existence of which is known or which could, with reasonable diligence, be ascertained by a Director, are as follows:

Director or Proposed Director	At the date of this document		Immediately following Admission[1]	
	Number of Ordinary Shares	*Percentage of Issued Ordinary Share Capital*	*Number of Ordinary Shares*	*Percentage of Issued Ordinary Share Capital*
William Teasdale	500,000	1.1%	500,000	0.6%
Robert Forrester[2]	3,791,667	8.1%	3,791,667	4.2%
Karen Anderson	500,000	1.1%	520,000	0.6%
Paul Williams	nil	nil%	2,513,320	2.8%

1. Assuming conversion of £8 million of Loan Notes into New Ordinary Shares on Completion.
2. The interests of Robert Forrester shown above include, both at the date of this document and immediately following Admission, 1,000,000 Ordinary Shares which are registered in the name of his wife, Helen Forrester.

6. ADDITIONAL INFORMATION ON THE DIRECTORS AND PROPOSED DIRECTOR

6.1 The Directors and Proposed Director have held the following directorships or been partners in the following partnerships within the five years prior to the date of this document:

Director or Proposed Director	*Current*	*Former*
William Teasdale	Astrum Limited Bedmax Limited British Engines Limited Community Foundation Serving Tyne & Wear and Northumberland The Alchemists (Northern) Limited Vertu Motors plc	Definnitive Leisure Employee Benefit Trustee Limited Definnitive Leisure Limited Definnitive Leisure North Limited Newcastle Gateshead Initiative Limited Price Waterhouse PricewaterhouseCoopers Reg Vardy Limited (formerly Reg Vardy plc) RV Pensions Limited Wessex Taverns Group Limited
Robert Forrester	Vertu Fleet Limited Vertu Motors plc Vertu Motors (AMC) Limited Vertu Motors (Finance) Limited Vertu Motors (France) Limited Vertu Motors (Italia) Limited Vertu Motors (Property) Limited Vertu Motors (Retail) Limited Vertu Motors (VMC) Limited	Fortis Lease UK (5) Ltd. Reg Vardy (Aberdeen) Limited Reg Vardy (AMC) Limited Reg Vardy (DWSB) Limited Reg Vardy (Financial Services) Limited Reg Vardy (Fleet) Limited Reg Vardy (MMC) Limited Reg Vardy (MME) Limited Reg Vardy (MML) Limited Reg Vardy (Property Management) Limited Reg Vardy (Rentals) Limited Reg Vardy (TMC) Limited Reg Vardy (TMG) Limited Reg Vardy (TMH) Limited Reg Vardy (VMC) Limited Reg Vardy Limited (formerly Reg Vardy plc) Richard Vardy Limited Rossleigh Limited RV Pensions Limited Trinity Academy Trust Advertising Limited Trust Developments Limited Trust Holidays Limited Trust Motors Limited Trust Properties Limited Tyne Tees Properties Limited United Motor Group Limited Vardy (Continental) Limited Vardy Contract Motoring Limited Vardy Marketing Limited Vardy Venture Capital Limited Venture (RVL) Limited Victoria (Bavaria) Limited Wayahead Fuel Services Limited

Director or Proposed Director	*Current*	*Former*
Karen Anderson	Vertu Fleet Limited Vertu Motors plc Vertu Motors (AMC) Limited Vertu Motors (Finance) Limited Vertu Motors (France) Limited Vertu Motors (Italia) Limited Vertu Motors (Property) Limited Vertu Motors (Retail) Limited Vertu Motors (VMC) Limited	
Paul Williams	Bristol Street Limited Bristol Street Group Limited Bristol Street First Investments Limited Bristol Street Third Investments Limited Bristol Street Fourth Investments Limited Bristol Street Fifth Investments Limited Bristol Street Fleet Services Limited Bristol Street (No 1) Limited Bristol Street (No 2) Limited Motor Nation Car Hypermarkets Limited National Allparts Limited Tyne Tees Finance Limited	BSH Pension Trustee Limited

6.2 Save as disclosed in this paragraph 6, none of the Directors or Proposed Director has:

6.2.1 any unspent convictions in relation to indictable offences;

6.2.2 had any bankruptcy order made against him or entered into any voluntary arrangements;

6.2.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, whilst he was a director of that company or within the 12 months after he had ceased to be a director of that company;

6.2.4 been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement, whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

6.2.5 the owner of any asset which has been placed in receivership or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

6.2.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or

6.2.7 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

6.3 William Teasdale was a director of Wessex Taverns Group Limited which entered administration on 24 March 2005. Notice of end of administration was given on 24 October 2005. A corporate voluntary arrangement was entered into on 21 October 2005. Wessex Taverns Group Limited went into administration again on 14 February 2007.

6.4 William Teasdale was a director of Definnitive Leisure Limited which entered administration on 31 January 2007.

6.5 Save as disclosed in this document, no Director or Proposed Director has or has had any interest in any transaction which is or was significant in relation to the business of the Company and which was effected during the current or immediately proceeding financial period or which was effected during an earlier financial period and remains outstanding or unperformed.

6.6 In respect of any Director or Proposed Director, there are no conflicts of interests between any duties they have to the Company and the private interests and/or other duties they may also have.

6.7 There are no outstanding loans granted by the Company to the Directors or any guarantees provided by the Company for the benefit of the Directors.

6.8 No Director or Proposed Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or which is or was significant to the business of the Company and which was effected by the Company during the current or immediately preceding financial year, or which was effected during an earlier financial year and remains in any respect outstanding or unperformed.

6.9 None of the Directors, their spouses or infant children have any interest in any financial products whose value is wholly or partly determined, directly or indirectly, by reference to the price of the Existing Ordinary Shares.

7. DIRECTORS' AND PROPOSED DIRECTOR'S REMUNERATION

7.1 The Company has entered into the following service agreements and letters of appointment:

7.1.1 A service agreement for Robert Forrester (''RF Service Agreement'') was approved on 17 November 2006 with a commencement date of 20 December 2006. Amendments to the RF Service Agreement were approved in February 2007 with effect from Completion. Robert Forrester is engaged as Chief Executive Officer of the Company under the terms of the RF Service Agreement (as amended) and will be paid a salary of £100,000 per annum (excluding bonuses and benefits). The salary will be reviewed annually and may be increased (but not decreased) by such amount as the Remuneration Committee in its absolute discretion thinks fit. The RF Service Agreement may be terminated by either party on twelve months' notice. The RF Service Agreement also provides for participation in discretionary bonus schemes.

Robert Forrester may be eligible to participate in a performance related bonus scheme which rewards enhanced financial performance of the Company, measured by objectives to be set by the Remuneration Committee. The maximum amount of bonus that may be earned by the Director is 150 per cent. of his basic salary. The performance criteria will be set by the Remuneration Committee once the Company commences retail operations following an acquisition and will be based on earnings targets. The scheme shall run for twelve months.

Robert Forrester's benefits will include a car, private health insurance, company sick pay at full salary for six months, 23 days' holiday per annum and a company contribution of 10 per cent. of basic salary to a personal pension plan. Any bonus payable to the Director will not be taken into account as salary when calculating pension contributions.

The RF Service Agreement provides for garden leave and Robert Forrester will be subject to post-termination restrictive covenants. These will prohibit him from competing with the Company as well as prohibiting him from soliciting or dealing with customers and suppliers of the Company and key personnel of the Company for a period of twelve months from the date of termination.

Robert Forrester must seek re-election as a director by the Shareholders at the first AGM and thereafter as set out in 3.2.12 (b) of Part 5.

7.1.2 A letter of appointment for William Teasdale (''WT Letter of Appointment'') was approved with immediate effect on 17 February 2007. William Teasdale is engaged as Non-Executive Chairman of the Company under the terms of the WT Letter of Appointment at a fee of £35,000 per annum. William Teasdale must seek re-election as a director by the shareholders at the first AGM and thereafter as set out in 3.2.12 (b) of Part 5 (for a period of up to nine years under the WT Letter of Appointment).

7.1.3 A service agreement for Karen Anderson was approved on 8 January 2007 with a commencement date of 9 January 2007 (''KA Service Agreement''). Amendments to the KA Service Agreement were approved in February 2007 with effect from Completion. Karen Anderson is engaged as Finance Director under the terms of the KA Service Agreement (as amended) and will be paid a salary of £100,000 per annum (excluding bonus and benefits).

The salary will be reviewed annually and may be increased (but not decreased) by such amount as the Remuneration Committee in its absolute discretion thinks fit. The KA Service Agreement may be terminated by either party on twelve months' notice. The KA Service Agreement also provides for participation in discretionary bonus schemes.

Karen Anderson may be eligible to participate in a performance related bonus scheme which rewards enhanced financial performance of the Company, measured by objectives to be set by the Remuneration Committee. The maximum amount of bonus that may be earned by the Director is 125 per cent. of her basic salary. The performance criteria will be set by the Remuneration Committee once the Company commences retail operations following an acquisition and will be based on earnings targets. The scheme shall run for twelve months.

Karen Anderson's benefits will include a car, private health insurance, company sick pay at full salary for six months, 23 days' holiday per annum and a company contribution of 10 per cent. of basic salary to a personal pension plan.

The KA Service Agreement provides for garden leave and Karen Anderson will be subject to post-termination restrictive covenants. These will prohibit her from competing with the Company as well as prohibiting her from soliciting or dealing with customers and suppliers of the Company and key personnel of the Company for a period of twelve months from the date of termination.

Karen Anderson must seek re-election as a director by the Shareholders at the first AGM and thereafter as set out in 3.2.12 (b) of Part 5.

7.1.4 A letter of appointment for Paul Williams (''PW Letter of Appointment'') was signed on 26 February 2007 to take effect from Completion. It is intended that Paul Williams will be engaged as Non-Executive Chairman of the Company under the terms of the PW Letter of Appointment at a fee of £70,000 per annum. Paul Williams must seek re-election as a director by the shareholders at the first AGM and thereafter as set out in 3.2.12 of Part 5 (for a period of up to nine years under the PW Letter of Appointment).

7.1.5 On the commencement of the appointment of Paul Williams, William Teasdale will cease to be Chairman of the Company but will continue as a Non-Executive Director and will remain Chairman of the Audit, Nomination and Remuneration Committees.

7.2 There is no arrangement under which any Director or the Proposed Director has waived or agreed to waive future emoluments.

7.3 Save as disclosed in this paragraph 7 there are no existing or proposed service or consultancy agreements between any Director or the Proposed Director and the Company.

7.4 Please see the information regarding the grant of EMI options in Part 1 of this document.

7.5 The amounts payable to the Directors and the Proposed Director by the Company under the arrangements in force at the date of this document assuming Completion occurs in respect of the financial period ending 28 February 2008 are estimated to be £327,000.

8. THE COMPANY AND ITS SUBSIDIARIES

8.1 The Company is the holding company of the following subsidiaries which are wholly owned subsidiaries of Vertu Motors plc and are all incorporated and registered in England and Wales:

Subsidiary	*Status*
Vertu Fleet Limited	Non-trading
Vertu Motors (AMC) Limited	Non-trading
Vertu Motors (Finance) Limited	Non-trading
Vertu Motors (France) Limited	Non-trading
Vertu Motors (Italia) Limited	Non-trading
Vertu Motors (Property) Limited	Non-trading
Vertu Motors (Retail) Limited	Non-trading
Vertu Motors (VMC) Limited	Non-trading

8.2 Following the Acquisition the following companies will be wholly owned subsidiaries of Vertu Motors plc or its subsidiaries and will all be incorporated and registered in England and Wales:

Subsidiary	*Status*
Vertu Fleet Limited	Non-trading
Vertu Motors (AMC) Limited	Non-trading
Vertu Motors (Finance) Limited	Non-trading
Vertu Motors (France) Limited	Non-trading
Vertu Motors (Italia) Limited	Non-trading
Vertu Motors (Property) Limited	Non-trading
Vertu Motors (Retail) Limited	Non-trading
Vertu Motors (VMC) Limited	Non-trading
BSH Pension Trustee Limited (subsidiary of Vertu Motors (Property) Limited)	Dormant
Bristol Street Fifth Investments Limited (subsidiary of Vertu Motors (Property) Limited)	Dormant
Bristol Street First Investments Limited (subsidiary of Vertu Motors (Property) Limited)	Trading
Bristol Street Fleet Services Limited (subsidiary of Vertu Motors (Property) Limited)	Trading
Bristol Street Fourth Investments Limited (subsidiary of Vertu Motors (Property) Limited)	Trading
Bristol Street Group Limited (subsidiary of Vertu Motors (Property) Limited)	Trading
Bristol Street Limited (subsidiary of Bristol Street Fifth Investments Limited)	Dormant
Bristol Street (No 2) Limited (subsidiary of Bristol Street Fifth Investments Limited)	Dormant
Bristol Street (No 1) Limited (subsidiary of Vertu Motors (Property) Limited)	Dormant
Bristol Street Third Investments Limited (subsidiary of Vertu Motors (Property) Limited)	Trading
Motor Nation Car Hypermarkets Limited (subsidiary of Vertu Motors (Property) Limited)	Trading
National Allparts Limited (subsidiary of Vertu Motors (Property) Limited)	Dormant
Tyne Tees Finance Limited (subsidiary of Vertu Motors (Property) Limited)	Dormant

8.3 Following the Acquisition Bristol Street Third Investments Limited will become a joint venture between Vauxhall Motors and the Company operating the Enlarged Group's Vauxhall franchises. The joint venture company will be a company incorporated and registered in England and Wales.

9. CORPORATE GOVERNANCE

The Company does not yet comply with the guidance issued by the Quoted Companies Alliance. The Directors have taken that guidance into account and intend that the Company should develop policies and procedures which reflect the Combined Code, to the extent appropriate for a company of its size.

The Company has established an Audit Committee initially comprised of William Teasdale, the Non-Executive Chairman. The Proposed Director will be appointed to the Audit Committee with effect from

Completion. The Audit Committee will meet no less than three times each year and is responsible for making recommendations to the Board on the appointment of the auditors and the audit fee, for reviewing the conduct and control of the annual audit and for reviewing the operation of the internal financial controls. It also has responsibility for seeking to ensure the proper reporting of the financial performance of the Company and for reviewing financial statements prior to publication.

The Company has established a Remuneration Committee initially comprised of William Teasdale, the Non-Executive Chairman. The Proposed Director will be appointed to the Remuneration Committee with effect from Completion. It is responsible for setting the scale and structure of the remuneration of Executive Directors and approving their service agreements. The Remuneration Committee shall also determine the award of share options. It is a rule of the Remuneration Committee that a Director shall not participate in discussions or decisions concerning his/her own remuneration.

The Company has established a Nominations Committee comprised initially of William Teasdale, the Non-Executive Chairman. The Proposed Director will be appointed to the Nominations Committee with effect from Completion. The Nominations Committee is responsible for reviewing the composition of the Board and identifying and nominating candidates for the Board for Board approval. It will meet at least once a year.

The Company has established an Executive Committee comprised of Robert Forrester and Karen Anderson. The Executive Committee is responsible for determining the levels of fees and other benefits of Non-Executive Directors and approving any letter of appointment entered into by the Company with any Non-Executive Director. It will meet at least once a year.

The Company has adopted a code on dealing in securities of the Company based on the Model Code as set out in the Listing Rules of the UK Listing Authority and will take all reasonable steps to ensure compliance by the Directors and relevant employees in due course.

The Board will look to appoint a further independent Non-Executive Director following Completion to strengthen the Board and to ensure sufficient corporate governance measures are in place. The Board is actively seeking to identify appropriate candidates with a view to making an appointment in due course.

10. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company or any of the Bristol Street Group within the two years immediately preceding the date of this document and are, or may be, material:

10.1 *Acquisition Agreement and Ancillary Acquisition Agreements*

On 26 February 2007 Vertu Motors (Property) Limited entered into the Acquisition Agreement to conditionally agree to purchase approximately 82.5 per cent. of the entire issued share capital of Bristol Street Group Limited from three of the Vendors.

Completion of the Acquisition Agreement is conditional on the following events:

- Passing of the Resolution;
- The Placing Agreement having become unconditional save in respect of Completion and not having been terminated by Brewin Dolphin;
- No event having occurred which in the opinion of Brewin Dolphin would require the publication of a supplemental admission document prior to Completion; and
- Admission taking place.

Vertu Motors (Property) Limited has the ability to waive any condition and proceed to Completion.

If Vertu Motors (Property) Limited exercises its right not to complete the Acquisition Agreement as a result of an event requiring the publication of a supplemental admission document (other than an event that affects Bristol Street Group and does not affect the industry as a whole) or if the conditions relating to the Resolution, the Placing Agreement and Admission are not met, Vertu Motors (Property) Limited has agreed to pay the costs of the Vendors incurred prior to that date in respect of the Acquisition.

On the same date as the Acquisition Agreement, Vertu Motors (Property) Limited entered into an Ancillary Acquisition Agreement with each of the Vendors who were not a party to the Acquisition Agreement, to conditionally agree to purchase the remaining issued share capital of Bristol Street Group Limited. The Ancillary Acquisition Agreements are conditional solely on completion of the Acquisition Agreement. 14 of the Ancillary Acquisition Agreements to purchase a total of approximately 17.1 per cent. of the entire issued share capital, are all on substantially the same terms as the Acquisition Agreement, except that no restrictive covenants are given by the Vendors. The remaining 3 Ancillary Acquisition Agreements to purchase a total of approximately 0.4 per cent. of the entire issued share capital, are on terms such that the Vendors do not give any warranties or indemnities and have no liability except in relation to title to the shares they are purporting to sell.

Vertu Motors is not obliged to purchase any of the shares of Bristol Street Group Limited unless it simultaneously acquires all of the other issued shares in Bristol Street Group Limited.

The total consideration agreed to be paid pursuant to the Acquisition Agreement and the Ancillary Acquisition Agreements is as follows:

- £36.2 million in respect of the target adjusted net assets of the Bristol Street Group including £5 million in respect of anticipated profits on the disposal of surplus properties of the Bristol Street Group (''Target Net Assets''), of which £31.2 million is to be satisfied in cash at Completion and £5 million is to be satisfied by the issue of A Loan Notes at Completion;
- Up to a maximum of £2 million in respect of any amount by which the net assets of the Bristol Street Group as at 28 February 2007 determined through completion accounts prepared in accordance with the Bristol Street Group's historic accounting policies (''Completion Accounts Net Assets''), are in excess of the Target Net Assets, to be satisfied in cash within 7 days of determination of the completion accounts;
- £3 million in respect of goodwill to be satisfied by the issue of A Loan Notes at Completion;
- Up to a maximum of £1 million in respect of goodwill to be satisfied by the issue of B Loan Notes within seven days of determination of the Completion Accounts Net Assets and reduced by the amount by which any shortfall in the Completion Accounts Net Assets below the Target Net Assets, exceeds £0.5 million plus an agreed amount up to a maximum reduction of £1 million.
- An additional amount to be satisfied by the issue of C Loan Notes, in respect of 40 per cent. of any amount that the Bristol Street Group receives, after deduction of costs and expenses, resulting from various VAT claims being pursued against HMRC plus 50 per cent. of any reduction in corporation tax payable by the Bristol Street Group that is achieved on receipt of any such VAT payment from HMRC.
- Up to £3 million to be satisfied by the issue of D Loan Notes in respect of any amount of funds held by the Bristol Street Group pursuant to Regulation 29 and 35 undertakings to HMRC that is released to Bristol Street Group post-Completion plus accrued interest and less costs and expenses.
- Up to a maximum of £1.5 million be satisfied by the issue of E Loan Notes 3 years from Completion, or earlier under certain circumstances, for an amount equal to any amount by which the net of tax provision for a potential partial exemption VAT claim in the audited accounts of Bristol Street Group as at 31 December 2006 exceeds the amount for which the Bristol Street Group is liable in respect of any pre-Completion partial exemption VAT payment after an agreed adjustment.

If the Completion Accounts Net Assets are less than the Target Net Assets by more than £1.5 million plus an agreed amount, the Vendors can be required to repay the amount of such shortfall to Vertu Motors (Property) Limited.

The A and B Loan Notes are subject to put and call option agreements under which each Vendor or Vertu Motors can require that the A and B Loan Notes are acquired by Vertu Motors in exchange for the issue of New Ordinary Shares at 87.5 p per share to the value of such Loan Notes (''Put and Call Options''). Vertu Motors has the ability pursuant to the Put and Call

Options to exercise its option to acquire the A and B Loan Notes immediately on the issue of the A Loan Notes.

The C and E Loan Notes are subject to option agreements under which each Vendor can require that the C and E Loan Notes are acquired by Vertu Motors in exchange for an equal value of loan notes issued by Vertu Motors on the same terms as the C and E Loan Notes (''Options'').

Vertu Motors has agreed to guarantee the obligations of Vertu Motors (Property) Limited pursuant to the Acquisition Agreement and the Ancillary Acquisition Agreements.

The D Loan Notes will be guaranteed by Barclays Bank plc up to a maximum of £1.9 million.

A separate deed of warranty and tax covenant has been entered into between 17 of the Vendors and Vertu Motors (Property) Limited containing warranties and specific indemnities and a tax covenant (''Deed of Warranty''). The warranties given by the Vendors are given as at exchange of the Acquisition Agreement and are not repeated. Those Vendors are each severally liable for the proportion of any claim pursuant to the Deed of Warranty that their shareholding bears to the entire issued share capital.

The total liability of each Vendor pursuant to the Acquisition Agreement and the Ancillary Acquisition Agreements and the Deed of Warranty is capped at a sum equal to:

- The cash consideration actually received by him;
- The value of the A and B Loan Notes redeemed by him or, if less, the cash realised by him (after deduction of tax payable thereon) as a result of sale of the New Ordinary Shares exchanged for the A and B Loan Notes pursuant to the Put and Call Option;
- The value of the C, D or E Loan Notes or loan notes issued by Vertu Motors pursuant to the Options, to the extent redeemed.

The Vendors are not liable for any warranty claim (other than in respect of title to the shares held in Bristol Street Group Limited) unless the amount of each individual claim, or series of connected claims, exceeds £75,000 and unless and until the aggregate of such claims exceeds £500,000, when the Vendors shall be liable for the whole of such claims.

Liability of the Vendors pursuant to the warranties excluding tax warranties (other than in respect of title to the shares held in Bristol Street Group Limited) ceases 18 months after Completion unless notice of a claim has been given prior to that date.

The Vendors are not liable for any claim under the tax covenant unless and until the aggregate of such claims exceeds £125,000, when the Vendors shall be liable for the whole of such claims.

Liability of the Vendors pursuant to the tax covenant or the tax warranties ceases 7 years after Completion unless notice of a claim has been given prior to that date. The liability of the Vendors pursuant to the tax covenant and tax warranties ceases on a change of control of Vertu Motors if such a change of control occurs more than three years after completion.

Proceedings in respect of any breach of warranty or the tax covenant must be issued against the Vendor within six months of notification of the claim to the Vendor or the Vendors' liability ceases.

Under the Acquisition Agreement, the three Vendors party to it agree to restrictive covenants for a period of 12 months from Completion in respect of competing with the business of the Bristol Street Group within 30 miles of any property occupied by the Bristol Street Group and in respect of solicitation of employees of the Bristol Street Group.

The three principal Vendors have agreed to conduct the business of the Bristol Street Group in the ordinary course and pursuant to various agreed provisions between the date of the Acquisition Agreement and Completion. If these Vendors breach these provisions, Vertu Motors (Property) Limited may rescind the Acquisition Agreement or proceed to Completion and pursue a claim for damages.

17 of the Vendors have agreed to indemnify Vertu Motors (Property) Limited in respect of any partial exemption VAT payment relating to the period prior to Completion that the Bristol Street

Group is required to pay within 3 years from Completion that exceeds the provision in the audited accounts of the Bristol Street Group as at 31 December 2006 after an agreed adjustment.

The Loan Notes are all non-qualifying corporate bonds not able to be redeemed prior to 6 months from issue and carry an interest rate of 1 per cent. above the base rate of Barclays Bank plc payable six-monthly in arrears.

See Part 2 of this document for details of the lock-in arrangements entered into by the Vendors.

10.2 A Placing Agreement dated 1 March 2007 between the Company, the Directors and Brewin Dolphin whereby Brewin Dolphin was appointed as agent of the Company to use its reasonable endeavours to procure placees or to subscribe itself for the New Ordinary Shares for a fee of £300,000 and commission of 3.25 per cent. on 34,239,400 New Ordinary Shares. Pursuant to the Placing Agreement, the Company and the Directors have given certain warranties to Brewin Dolphin regarding, *inter alia*, the accuracy of the information in this document and an indemnity in favour of Brewin Dolphin in respect of all liabilities, losses, costs, charges and expenses which Brewin Dolphin may suffer in respect of the Placing and/or Admission. The Placing Agreement is conditional, *inter alia*, on the Company and the Directors complying with certain obligations under the Placing Agreement.

10.3 A placing agreement dated 15 December 2006 between the Company, the Directors and Brewin Dolphin whereby Brewin Dolphin was appointed as agent of the Company to use its reasonable endeavours to procure placees or to subscribe itself for 41,666,667 Ordinary Shares for a fee of £200,000 (of which £50,000 was to be used to subscribe for 83,333 Ordinary Shares at 60 pence per share) and commission of 4 per cent. on the value of the 41,666,667 Ordinary Shares. Pursuant to the placing agreement, the Company and the Directors have given certain warranties to Brewin Dolphin.

Subject to certain exceptions (including a disposal pursuant to a general offer to all the shareholders of the Company) the Directors agreed not to dispose of any of their ordinary shares without the prior consent of Brewin Dolphin for a period of three years following admission. The agreements also contain orderly market provisions which apply for a further period of two years after expiry of the lock-in period.

10.4 A letter of engagement dated 24 October 2006 between the Company and Brewin Dolphin appointing Brewin Dolphin as nominated adviser and broker to the Company, terminable on 3 months' notice in writing by either party. Brewin Dolphin will receive a fee of £20,000 plus VAT in the first year for its services under this agreement. The agreement provides for certain warranties and an indemnity to be given to Brewin Dolphin and provides, *inter alia*, for the Company and the Directors to comply with the rules of AIM.

10.5 On 17 November 2006 deeds of indemnity were entered into by the Company in respect of William Teasdale and Robert Forrester pursuant to article 117 of the Company's then articles of association to the extent permitted by the Companies Act 1985. On 13 February 2007 a deed of indemnity was entered into by the Company in respect of Karen Anderson pursuant to article 185 of the Company's articles of association to the extent permitted by the Companies Act 1985. It is intended that on Completion a deed of indemnity will be entered into by the Company in respect of the Proposed Director pursuant to article 185 of the Company's articles of association to the extent permitted by the Companies Act 1985.

10.6 On 26 February 2007 a facilities agreement between the Company and Barclays Bank PLC (Barclays) (Facilities Agreement) was entered into pursuant to which Barclays agrees to make available to the Company (and additional borrowers as agreed with Barclays) facilities of up to £53.2 million plus an amount equal to the Placing.

The Facilities are available in 4 tranches as follows:

Facility A is a £10 million term loan facility (Facility A), facility B is a £20 million revolving credit facility (Facility B), facility C is a revolving credit facility of £21.3 million plus an amount equal to the Placing (which includes the existing £7.5 million overdraft facility available to Target) (Facility C) and facility D is a £1.9 million loan note guarantee facility (Facility D). Facilities A, B and that part of Facility C equal to the Placing are to be used to finance the Acquisition and subsequent acquisitions. Facilities A and B may also be used to re-finance existing indebtedness of the

Target and its subsidiaries and pay any breakage costs and other costs associated with that re-financing. Facility C is to be used for working capital purposes. Facility D is to be used to guarantee loan notes issued to the Vendors pursuant to the Acquisition Agreement.

Interest on each of the Facilities is payable at the rate comprising the margin of 1 per cent. (''Margin'') plus the appropriate interbank offered rate and associated costs. In the case of Facility C the interest is the Margin plus Barclays base rate. A margin ratchet will apply in relation to Facilities A and B if performance is in line with certain criteria.

The Facilities Agreement provides for the possibility that the Facilities will be syndicated.

Fees are payable in connection with the Facilities which include an arrangement fee, commitment fees, monitoring and, if applicable, agency fees.

There is a prepayment fee payable in certain circumstances, in which case a 1 per cent. fee is payable on the amount prepaid.

The Facilities Agreement contains provisions customary in this type of agreement in relation to representations and warranties, covenants and events of default. The Company must fulfil the conditions precedent to signing and also to first utilisation to obtain funds.

The Facilities are to be secured by fixed and floating charges over all the assets of the Company, the Target and each of the other Material Subsidiaries (as defined in the Facilities Agreement) to be granted in favour of Barclays Bank PLC. An intercreditor deed will also be entered into to regulate the priority of security granted to Barclays Bank PLC and to vehicle manufacturers where relevant.

10.7 Immediately after Completion of the Acquisition, the Bristol Street Group Vauxhall franchise operations carried on by Bristol Street Third Investments Limited will be operated as a joint venture between Vertu Motors and Vauxhall Motors. Under the terms of the proposed joint venture agreement, Vauxhall Motors will subscribe for cash at par 10 per cent. of the enlarged issued voting share capital of Bristol Street Third Investments Limited in the form of preference shares carrying a 12.5 per cent. fixed dividend for an aggregate subscription price of £106,000. The joint venture agreement will include provisions entitling Vauxhall Motors Limited, in certain circumstances (which include a change of control of Vertu Motors) to purchase the company's shares in Bristol Street Third Investments Limited or to require Vertu Motors to purchase the Shares in the Bristol Street Third Investments Limited at a price agreed between the parties or, in default of agreement, fixed by an expert on being the fair value of the shares concerned, between a willing buyer and seller at arms length, having regard to the value of the business of Bristol Street Third Investments Limited as a going concern but without any value attributable to any General Motors franchise.

10.8 Save as set out in this paragraph 10 there are no contracts entered into by the Company or any of the Bristol Street Group within the two years immediately preceding the date of this document that are, or may be material.

11. SUMMARY OF PRINCIPAL FEATURES OF THE SHARE OPTION SCHEMES

The Company approved a summary of the Share Option Plans set out below, at a Board meeting on 17 November 2006. The Remuneration Committee is authorised to review the terms of the schemes for approval by the Company, to provide the Remuneration Committee with a flexible structure to appropriately incentivise employees going forward. The schemes will (unless otherwise agreed by the Shareholders) be subject to a dilution limit for all share based incentive schemes operated by the Company of 10 per cent. of the issued ordinary share capital in any ten year period. Awards under the discretionary share plans (including the Enterprise Management Incentive Plan, the Company Share Option Plan and the Performance Share Plan) will be subject to appropriate performance conditions, to be set by the Remuneration Committee.

11.1 *All employee Share Incentive Plan (''SIP'')*

The SIP will be open to all employees of the Company and allow the Company to make three different types of awards:

- Partnership Shares — Employees will be able to purchase up to £1,500 of shares per annum out of gross salary.

- Matching Shares — For every share acquired as a Partnership Share the Company can award up to two Matching Shares.
- Free Shares — The Company may award up to £3,000 per annum of free shares to each employee.

In the first instance, the Company intends only to offer Partnership Shares to employees; however, the SIP documentation will allow the flexibility to offer Matching Shares or Free Shares in the future. Shares purchased as Partnership Shares will be held in trust on behalf of employees. As an HMRC approved plan, the SIP potentially allows for tax advantaged treatment for both employees and the Company, however, employees must retain their shares in the trust for a period of five years to benefit from the full tax advantages.

11.2 *Enterprise Management Incentive Plan (''EMI'')*

The EMI is intended to be a qualifying plan under Schedule 5 ITEPA. The EMI plan is a discretionary plan and will allow the Remuneration Committee to grant market value options to employees over shares with a total market value at the date of grant of up to £100,000 per individual and £3 million in total. To the extent that options are granted to an employee under the Approved Addendum to the Company Share Option Plan, this will reduce the maximum market value of options that can be granted to an employee under the EMI plan.

The qualifying criteria include a limit on the gross assets of the Company, which must not be more than £30 million at the date of the grant of the option. Once this £30 million limit has been exceeded the Company will not be able to grant further options under the EMI plan and instead will use one of the other discretionary plans set out below (the Company Share Option Plan or the Performance Share Plan).

As a qualifying plan under Schedule 5 ITEPA the EMI plan potentially allows for tax advantaged treatment for the Company and the employee, provided the options remain qualifying options throughout their life. For an option exercised in qualifying circumstances, there will be no income tax or National Insurance charge on exercise of the option provided that the price paid on exercise is at least equivalent to the market value of the share at the date of grant, instead the employee will be subject to a capital gains tax charge on the disposal of the shares. Under the EMI plan the taper relief holding period runs from the date of grant, resulting in a potential 10 per cent. effective tax rate for a higher rate taxpayer if options are exercised more than two years from grant. Income tax and National Insurance charges can arise on the exercise of options in non qualifying circumstances, however, the rules of the EMI plan will include an indemnity to ensure the Company can recover any income tax from the employee to meet its withholding obligations and will also include a clause whereby the employee agrees that the Company will transfer the employer's National Insurance liability to that employee.

Please see details of options granted under the scheme as set out in Part 1 of this document.

11.3 *Company Share Option Plan (''CSOP'')*

The CSOP is a discretionary plan that will allow the Remuneration Committee to grant market value options to employees of the Company.

Options granted under the main body of the plan will be subject to income tax under PAYE and employee's and employer's National Insurance on exercise. The rules of the CSOP will include an indemnity to ensure the Company can recover any income tax from the employee to meet its withholding obligations and will also include a clause whereby the employee agrees that the Company will transfer the employer's National Insurance liability to that employee.

Under the Approved Addendum to the CSOP the Company can grant options over shares with a market value at the date of grant of up to £30,000 per employee. Provided the options are held for a period of three years prior to exercise there should not be any income tax or National Insurance charge on exercise. Instead the employee will be subject to a capital gains tax charge on the disposal of the shares acquired. The taper relief holding period runs from the date of the exercise of the option. Any options granted under the Approved Addendum to the CSOP reduce the maximum value of the options that can be granted to that employee under the EMI plan.

11.4 *Performance Share Plan (''PSP'')*

The PSP is anticipated to be a discretionary plan that will enable the Remuneration Committee to make two forms of award to employees, being a Nil Cost Option or a Conditional Share.

Nil Cost Options are anticipated to be a right to acquire a number of shares for an aggregate sum of £1, subject to the satisfaction of performance conditions. On the exercise of the option the employee will be subject to an income tax charge under PAYE and there will be an employee's and employer's National Insurance charge.

Conditional Shares are anticipated to be an award of shares to employees, subject to forfeiture if the performance conditions are not achieved. There is no tax charge on the award of the Conditional Share, however, the employee will be subject to an income tax charge under PAYE and there will be an employee's and employer's National Insurance charge on the value of the shares when the forfeiture provision lifts.

The rules of the PSP will include an indemnity to ensure the Company can recover any income tax from the employee to meet its withholding obligations and will also include a clause whereby the employee agrees that the Company will transfer the employer's National Insurance liability to that employee.

11.5 *Change of control*

On a change of control of the Company, options will vest fully with the optionholders.

12. WORKING CAPITAL

The Directors and the Proposed Director are of the opinion, having made due and careful enquiry that, taking into account the net proceeds of the Placing and the existing resources available to the Company, the working capital available to the Enlarged Group will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

13. TAXATION

The following summary is intended as a general guide based on the Directors' understanding of current tax legislation and HM Revenue & Customs practice and should not be regarded as constituting advice. Any prospective investor who is in doubt as to their tax position, or who is subject to tax in a jurisdiction other than the United Kingdom, is strongly advised to seek independent taxation advice.

On issue, the New Ordinary Shares will be treated as ''unlisted'' and ''unquoted'' for tax purposes provided that the Company remains one which has none of its shares quoted on a recognised stock exchange. For these purposes AIM is not a recognised stock exchange.

13.1 Enterprise Investment Scheme — The Directors have been advised that in relation to this Placing the Company will not be a qualifying company for the purposes of the Enterprise Investment Scheme (''EIS''). Consequently the income tax and capital gains tax reliefs afforded by the EIS will not be available in respect of investments in this Placing.

13.2 Venture Capital Trust Investors — The Directors have been advised that investments in New Ordinary Shares issued in this Placing will not constitute qualifying holdings for the purposes of the Venture Capital Trusts legislation.

13.3 Taxation of dividends — Under UK taxation legislation, no tax is withheld at source from dividend payments made by the Company. Individual shareholders who are resident for tax purposes in the United Kingdom and who receive a dividend paid by the Company are entitled to a notional tax credit equal to one-ninth of the dividend paid. Non-taxpayers are not entitled to a repayment of the tax credit. Individual basic rate taxpayers will have no further income tax liability on the dividend. To the extent that the dividend and related tax credit (taken together with other taxable income) exceed the individual's threshold for the higher rate of income tax the individual will, to that extent, pay tax on the dividend and related tax credit at the dividend income upper rate of 32.5 per cent. After taking account of the notional tax credit, the additional liability for a higher rate tax payer equates to 25 per cent. of the dividend paid. UK resident corporate shareholders will not normally be liable to income or corporation tax on dividend payments received from the Company. Shareholders subject to a tax jurisdiction other than the United Kingdom may be entitled to relief for some or all of the notional tax credit on a dividend paid by the Company. Such shareholders should seek their own advice on the amount of relief available and the procedure for claiming it.

13.4 Taxation of Capital Gains — For individuals, trustees and personal representatives disposals of shares are generally identified on a ''last in, first out'' basis. Individual shareholders and Trustees and personal representatives disposing of New Ordinary Shares may be entitled to taper relief, which reduces the amount of the gain arising on disposal that is subject to UK capital gains tax. The amount of taper relief available depends on the length of time for which the shares have been owned. Under the current rules, shareholdings in unquoted trading companies qualify as business assets for taper relief purposes, which means that enhanced taper relief may be available on a disposal: the maximum rate of business asset taper relief potentially available after a holding period of 2 years is 75 per cent., which reduces the effective rate of capital gains tax payable by a higher rate taxpayer to 10 per cent. Taper relief is not available to corporate shareholders, which are instead entitled to indexation allowances depending upon the period of ownership of the New Ordinary Shares.

13.5 Inheritance Tax — The New Ordinary Shares may qualify for 100 per cent. Business Property Relief provided that they have been held for at least two years prior to an event giving rise to a charge to Inheritance Tax. In the case of a lifetime transfer, the transferee may need to retain the shares for up to seven years to ensure that business property relief remains available to the transferor.

13.6 Relief for losses on unlisted shares in trading companies — Individuals subscribing for New Ordinary Shares who subsequently suffer an allowable loss for capital gains tax purposes on those shares may be able to claim that the loss is treated as a deduction from income for income tax purposes. Relief is given against the income of the year in which the loss arises, or if insufficient, the previous year. Any unrelieved loss remaining can be treated as a loss for capital gains tax purposes.

13.7 The Company has received confirmation from HM Revenue & Customs that the Acquisition will not affect the qualifying status of Existing Ordinary Shares issued in accordance with the Enterprise Investment Scheme and Venture Capital Trust Scheme.

14. LITIGATION

14.1 On 12 February 2007 the Company received a letter from solicitors acting for Reg Vardy Group alleging that the Company and/or Robert Forrester have sought wrongfully to solicit Reg Vardy employees, to obtain and wrongfully misuse confidential information belonging to Reg Vardy (Fleet) Limited, and to divert business away from Reg Vardy (Fleet) Limited to Vertu Motors. The letter threatened legal proceedings if the Company refused to undertake not to use confidential information belonging to Reg Vardy (Fleet) Limited. The Company has replied denying any wrong doing. The Company has, in order to demonstrate its *bona fide* intentions, offered to give an undertaking not to use confidential information belonging to Reg Vardy (Fleet) Limited.

Other than set out above there are no governmental, legal or arbitration proceedings in which the Company or any of the Bristol Street Group is involved or of which the Company or any of the Bristol Street Group is aware are pending or threatened by or against the Company or any of the Bristol Street Group which may have or have had in the twelve months preceding the date of this document a significant effect on the Enlarged Group's financial position or profitability.

15. GENERAL

15.1 The total proceeds of the Placing are expected to be £26.2 million. The estimated amount of the expenses of the Placing which include the fees and commissions payable to the Company's advisers named on page 3 of this document and of Gavin Black (property consultant) and of Martin Wilson (corporate adviser), in respect of the Proposals, which are all payable by the Company, is approximately £3.4 million (excluding VAT). This amount includes an estimated commission on the Placing proceeds of approximately £0.8 million payable by the Company to Brewin Dolphin. The net proceeds of the Placing will be approximately £22.8 million.

15.2 PricewaterhouseCoopers LLP have given and have not withdrawn their written consent to the inclusion in this document of their report on the historical financial information relating to Vertu

Motors in Part 4 of this document in the form and context in which it is included. PricewaterhouseCoopers LLP is a member of the Institute of Chartered Accountants in England and Wales.

15.3 KPMG LLP has given and have not withdrawn their written consent to the inclusion in this document of their reports on the historical financial information relating to Bristol Street Group in Part 4 of this document in the form and context in which it is included. KPMG LLP is a member of the Institute of Chartered Accountants in England and Wales.

15.4 Brewin Dolphin, whose registered office is at 12 Smithfield Street, London EC1A 9BD, has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.

15.5 There has been no significant change in the financial position of the Company since 31 January 2007 or of Bristol Street Group since 31 December 2006 (the dates to which the financial information in Part 4 of this document was prepared).

15.6 The Company applied to register a trade mark for the mark text ''Vertu'' in classes 12, 36, 37, 39 and 42. Bristol Street Group has registered trade marks for Bristol Street and Motor Nation. Save for this, there are no patents or intellectual property rights, licences or particular contracts which are of fundamental importance to the Company's or the Enlarged Group's business.

15.7 There have been no interruptions in the business of the Company or the Bristol Street Group which may have or have had in the 12 months preceding publication of this document a significant effect on the financial position of the Enlarged Group.

15.8 The Issue Price represents a premium of 65 pence over the nominal value of 10 pence per Ordinary Share. The premium arising on the Placing amounts to £22,708,010 in aggregate.

15.9 There is no minimum amount which, in the opinion of the Directors, must be raised from the Placing.

15.10 The accounting reference date of the Company is 28 February.

15.11 The New Ordinary Shares are in registered form. No temporary documents of title will be issued under the Placing.

15.12 Save as disclosed in this document there have been no payments by the Company to promoters in the two years prior to the date of this document and no fees have been paid in the 12 months preceding the date of this document (other than to trade suppliers) in the sum of £10,000 or more in cash or in kind.

15.13 Save as disclosed in this document, no person (other than a professional adviser referred to in this document or trade suppliers dealing with the Company) has:

received, directly or indirectly, from the Company, within the twelve months preceding the Company's application for Admission; or

entered into any contractual arrangement (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission, any of the following:

(a) fees totalling £10,000 or more;

(b) securities in the Company with a value of £10,000 or more calculated by reference to the Issue Price; or

(c) any other benefit with a value of £10,000 or more at the date of Admission.

15.14 Save as disclosed in this document, the Directors and the Proposed Director are not aware of any exceptional factors which have influenced the Company's or Bristol Street Group's activities.

15.15 Save as disclosed in this document, there are no investments in progress which are significant to the Company.

15.16 The financial information contained in Part 4 of this document does not constitute statutory accounts within the meaning of section 240 of the Act. No statutory accounts have yet been prepared by the Company.

15.17 As at 31 January 2007, the date to which the financial information for the Company in Part 4 of this document was prepared, the Company had 4 employees. For the financial year ended 31 December 2006, the latest period for which the financial information for Bristol Street Group in Part 4 of this document was prepared, Bristol Street Group had an average of 1,644 employees.

15.18 Where information in this document has been sourced from a third party, this information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

16. DOCUMENTS FOR INSPECTION

16.1 Copies of this document will be available free of charge to the public at the offices of Brewin Dolphin at 12 Smithfield Street, London EC2A 9BD and at Commercial Union House, 39 Pilgrim Street, Newcastle upon Tyne NE1 6RQ from the date of this document until one month from admission to trading on AIM.

Dated 1 March 2007

PART 6

DEFINITIONS

"Act"	the Companies Act 1985 (as amended)
"Acquisition"	the proposed acquisition of Bristol Street Group by Vertu Motors (Property) Limited pursuant to the Acquisition Agreement and the Ancillary Acquisition Agreements
"Acquisition Agreement"	the conditional agreement dated 26 February 2007 and made between (i) Vertu Motors (Property) Limited (ii) the three principal Vendors and (iii) Vertu Motors
"Admission"	together the admission of the New Ordinary Shares and re-admission of the Existing Ordinary Shares to trading on AIM and such admission becoming effective pursuant to paragraph 6 of the AIM Rules
"AIM"	a market operated by the London Stock Exchange
"AIM Rules"	the rules for AIM companies and their nominated advisers as issued by the London Stock Exchange, as amended from time to time
"Ancillary Acquisition Agreements"	the ancillary acquisition agreements on substantially the same terms as the Acquisition Agreement dated 26 February 2007 and made between Vertu Motors (Property) Limited, Vertu Motors and each of the Vendors not party to the Acquisition Agreement
"Articles"	the articles of association of the Company
"Board" or "Directors"	the directors of the Company from the date of this document, or a duly authorised committee thereof, whose names are set out on page 3 of this document
"Brewin Dolphin"	the corporate finance division of Brewin Dolphin Securities Limited
"Bristol Street Group"	Bristol Street Group Limited and its subsidiaries
"Circular"	this document
"Combined Code"	the Combined Code on Corporate Governance published by the Financial Reporting Council
"Company" or "Vertu Motors"	Vertu Motors plc, or the business of the Company as the context requires
"Completion"	completion of the Acquisition
"CREST"	the computerised settlement system to facilitate the transfer of title in shares in uncertificated form, operated by CRESTCO
"CRESTCo"	CRESTCo Limited, the operator (as defined in the CREST Regulations) of the system for trading shares in uncertificated form known as CREST
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (as amended)
"EGM"	the extraordinary general meeting of the Company to be held on 26 March 2007 at which the Resolution will be proposed
"Enlarged Group"	Vertu Motors as enlarged by the Acquisition
"EU Block Exemption Regulations"	European Commission Regulation No. 1400/2002 (formerly Regulation No 1475/95), which exempts from EC competition rules arrangements in the EU for the distribution of new cars and their subsequent servicing

"Existing Ordinary Shares"	the 46,750,000 existing Ordinary Shares in issue at the date of this document
"Founder Shareholders"	the Directors, Tom Fairgrieve and Helen Forrester
"FSA"	the Financial Services Authority
"Issue Price"	75p per New Ordinary Share
"Loan Notes"	the A, B, C, D and E loan notes that form part of the consideration payable by Vertu Motors (Property) Limited in respect of the purchase by it of the entire issued share capital of Bristol Street Group Limited from the Vendors
"London Stock Exchange"	London Stock Exchange plc
"New Ordinary Shares"	44,078,254 new Ordinary Shares to be issued pursuant to the Placing and the Acquisition
"Official List"	the Official List of the UK Listing Authority
"Ordinary Shares"	ordinary shares of 10 pence each in the capital of the Company (ISIN: GB00B1GK4645)
"Placing"	the conditional placing by Brewin Dolphin of 34,935,400 New Ordinary Shares at the Issue Price pursuant to the Placing Agreement
"Placing Agreement"	the conditional agreement relating to the Placing dated 1 March between the Company, Brewin Dolphin and the Directors details of which are contained in paragraph 10.2 of Part 5 of this document
"Proposals"	the Acquisition, the Admission, the Placing and the other proposals set out in this document
"Proposed Director"	the proposed director of the Company, Paul Williams
"Resolution"	the resolution set out in the notice of EGM at the end of this document
"Share Option Schemes"	together the Share Incentive Plan, the Enterprise Management Incentive Plan, the Company Share Option Plan and the Performance Share Plan, as summarised in paragraph 11 of Part 5
"Shareholders"	holders of Existing Ordinary Shares
"UK Listing Authority"	the FSA acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"United States" or "US" or "USA"	the United States of America, its territories and possessions, any state of the United States and the district of Columbia
"Vendors"	the shareholders of Bristol Street Group Limited

Vertu Motors plc

(Incorporated and registered in England and Wales under the Companies Act 1985 (as amended) with Registered Number 5984855)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an extraordinary general meeting (EGM) of Vertu Motors plc (Company) shall be held at the offices of Brewin Dolphin Securities Limited, Commercial Union House, 39 Pilgrim Street, Newcastle upon Tyne NE1 6RQ on 26 March 2007 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolution, which shall be proposed as a special resolution:

Special Resolution

1. That:

(a) the proposed acquisition by the Company of the entire issued share capital of Bristol Street Group (as detailed in this document to shareholders dated the same date as the notice of this meeting (Circular)) (Acquisition) pursuant to the terms and subject to the conditions of a series of agreements dated 26 February 2007 made between (1) the Vendors (as defined in the Circular), (2) the Company and (3) Vertu Motors (Property) Limited and the documents relating to the Acquisition (as defined in the Circular) referred to in it (together the Acquisition Agreements) copies of which are produced to the meeting and initialled by the Chairman for the purposes of identification, be and are hereby approved and the directors of the Company be and are hereby authorised to do all such acts and things and execute all such documents as they may in their absolute discretion consider necessary and/or desirable in order to implement and complete the Acquisition Agreements in accordance with their respective terms, subject to such immaterial amendments or variations to them as the directors of the Company may in their absolute discretion think fit;

(b) the authorised share capital of the Company be increased to £12,800,000 by the creation of 55,000,000 new ordinary shares of £0.10 each, such new shares to rank *pari passu* in all respects with the existing 70,000,000 ordinary shares of £0.10 each in the capital of the Company;

(c) for the purposes of section 80 of the Companies Act 1985 (Act) the directors of the Company be and they are hereby generally and unconditionally authorised and empowered to allot relevant securities (as defined in section 80(2) of the Act) up to an aggregate nominal amount of £7,589,000 to such persons and upon such terms and conditions as they may determine (subject always to the articles of association of the Company from time to time) provided that this authority and power shall, unless renewed, varied or revoked, expire at the conclusion of the next annual general meeting of the Company or 15 months from the date of the passing of this resolution (whichever is the earlier) and provided further that the Company may before the expiry of such period make an offer, agreement or arrangement which would or might require relevant securities to be allotted after the expiry of such period and the directors of the Company may then allot relevant securities pursuant to any such offer, agreement or arrangement as if the authority or power hereby conferred had not expired;

(d) pursuant to and in accordance with section 95 of the Act the directors of the Company be and they are hereby authorised and empowered to allot equity securities (as defined in section 94 of the Act) pursuant to the general authority given by paragraph (c) above and to sell relevant shares (as defined in Section 94 of the Act) held by the Company as treasury shares (as defined in section 162A of the Act) as if section 89(1) of the Act did not apply to such allotment or sale provided that this authority and power shall be limited to allotment of equity securities and the sale of treasury shares:

(i) in connection with or pursuant to an offer by way of rights, open offer or other pre-emptive offer to the holders of shares in the Company and other persons entitled to participate therein in proportion (as nearly as practicable) to their respective holdings subject to such exclusions or other arrangements as the directors of the

Company may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the regulations or requirements of any regulatory authority or any stock exchange in any territory; and

(ii) otherwise than pursuant to paragraph (i) above, up to an aggregate nominal amount of £4,985,000;

and such power shall, unless renewed, varied or revoked expire at the conclusion of the next annual general meeting of the Company or 15 months from the date of the passing of this resolution (whichever is the earlier) and provided further that the Company may before the expiry of such period make an offer, agreement or arrangement which would or might require relevant securities to be allotted after the expiry of such period and the directors of the Company may then allot relevant securities pursuant to any such offer, agreement or arrangement as if the authority or power hereby conferred had not expired.

By order of the Board

Andrew Davison
Secretary

1 March 2007

Registered office:
Rotterdam House
116 Quayside
Newcastle upon Tyne
NE1 3DY

Notes

1. A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his place. A proxy need not be a member of the Company. Completion and return of a form of proxy does not preclude a member from subsequently attending and voting at the meeting in person.
2. To be valid, the form of proxy and the power of attorney or other authority (if any) under which it is signed (or a copy of it notarially certified or certified in some other way approved by the directors) must be deposited at the Company's Registrars, Capita Registrars of Proxy Processing Centre, Telford Road, Bicester OX26 4LD not less than 48 hours before the time of the meeting.
3. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members not later than 6.00 p.m. on 24 March 2007 or, if the meeting is adjourned, shareholders entered on the Company's register of members not later than 48 hours before the time fixed for the adjourned meeting, shall be entitled to attend and vote at the meeting. Changes to entries on the register of members after 6.00 p.m. on 24 March 2007 or, in the event that the meeting adjourned, not later than 48 hours before the time fixed for the adjourned meeting shall be disregarded in determining the rights of any person to attend and vote at the meeting.
4. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic appointment service may do so for the EGM to be held on 26 March 2007 and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (CREST Proxy Instruction) must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent, Capita Registrars (ID: RAI0), by the latest time(s) for receipt of proxy appointments specified in note 2 above. For this purpose, the time of receipt shall be taken as the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent, Capita Registrars, is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s) to procure his/her CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by a particular time. In this connection, CREST members and, where applicable, CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) of the Uncertificated Securities Regulations 2001.

Explanatory Notes

1. The Companies Act 1985 provides that the Directors shall only allot unissued shares with the authority of shareholders in general meetings.

   Paragraph (c) of the Resolution will be proposed to give the Directors general authority to issue relevant securities up to an aggregate nominal amount of £7,589,000, representing the New Ordinary Shares to be issued pursuant to the Placing and the Acquisition and approximately one third of the then issued share capital of the Company.

   The authority will expire on the earlier of 26 June 2008 or the next annual general meeting of the Company.

2. The Companies Act 1985 also provides that any allotment of new shares for cash must be made pro rata to individual shareholders' holdings, unless such provisions are disapplied under section 95 of the Companies Act 1985.

   Paragraph (d) of the Resolution will be proposed to give the Directors authority to allot equity securities for cash, without first offering them to Shareholders pro rata to their holdings. This authority facilitates issues made by way of rights to shareholders which are not strictly in accordance with section 89 of the Companies Act 1985, and authorises other allotments of up to a maximum aggregate nominal amount of £4,985,000, representing the New Ordinary Shares to be issued pursuant to the Placing and the Acquisition and approximately 5 per cent. of the then issued share capital of the Company.

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