

CHAIRMAN'S STATEMENT

As is customary, I will now give a brief update on the performance of the business in the first four months.

In my statement at the time of the Group's preliminary announcement, I described how the results last year were adversely affected by trading conditions, particularly in the last quarter. On this basis, the Group commenced 2009 with higher than ideal new vehicle stocks, but action taken during 2008 reduced our exposure to the used car market which provided the company with a good opportunity to buy stocks in the first few months of this year.

New car stocks are now well controlled, reflecting our annualised sales programme. We are awaiting the introduction of important new models in the second half of the year, where we hold strong forward orders for many of our brands. We expect these new models to bolster margin performance which has been adversely affected over the last twelve months, but new car sales remain significantly lower than last year.

We have benefited from the Group's expertise in the new vehicle export market for certain brands, with strong revenues being gained from the Middle East and Africa, in particular through the beneficial currency position.

The used car business was very strong in the first four months, but the market is now suffering from a shortage of high quality used car product, with values significantly increasing for most of our brands.

Overall, commission earned from the provision of finance for new and used car sales is much lower than in previous years, as credit and margins continue to be tight.

The aftersales business is providing a solid performance due to the additional capacity that has been provided as a result of the reorganisation of our eleven service franchises in London, which included the new facilities that were opened for Ferrari and Maserati last year.

In January, we announced that we had completed the arrangements to dispose of our two Volvo franchises in London to Regent Automotive, a management buy-out company, which completes the Group's downsizing programme.

In November last year, the shareholders voted in favour of a property deal whereby the Group agreed to the early surrender of the lease on its Jack Barclay aftersales centre at Wandsworth to Ipress. This transaction formed part of a larger deal to develop the site as the location of the new American Embassy and, in aggregate, the terms provided for HR Owen to receive up to £10 million in three tranches. Also in November 2008, we announced the receipt of the £1 million option fee. In February this year, we announced that the second payment of £8 million (originally to be paid by way of £3 million in cash and £5 million in two forward-dated bills of exchange) had been settled for £7.5 million all in cash. There is a potential additional cash payment of £1 million due to HR Owen, subject to achieving certain conditions.

As a result of the cash receipts from the recent property transaction and reductions in working capital levels, the company has no net debt, excellent franchises and a well developed luxury car business. I am sure, therefore, that as market conditions improve the company will be restored to producing good returns at the trading level and providing shareholders with an excellent investment.

Finally, I would like to say a few words on a personal note. I am now 74 years old, and have been Chairman of HR Owen for many years. I have therefore decided to retire as Chairman and from the Board at the end of this meeting, and shall not be offering myself for re-election. The search for a new Chairman will of course begin immediately, but in the meantime I am pleased to be able to hand over the reins to my colleague, Ramon

Pajares, who is currently the senior independent director. As this will be my last Annual General Meeting, I would like to pass on my best wishes to my Board colleagues and to all shareholders, and to thank all of the staff for their strong contribution during my time in the Chair.

J P MacArthur
Chairman

20 May 2009