

H.R. Owen Plc

Interim Financial Information

For the six months ended 30 June 2009

HIGHLIGHTS

* *“The trading results for the first six months were significantly affected by the challenging economic climate although overall results were boosted by the exceptional gain realised on the early surrender of the Group’s property lease at Wandsworth, London.”*

* *“The Group has a strong balance sheet, excellent luxury brands and a depth of experience across the management team and is well placed to take advantage of future market opportunities”*

- **Operating profit of £6.6 million (2008: £2.1 million);**
- **Losses before tax from continuing operations, before exceptional items, of £1.0 million (2008: profits of £1.7 million);**
- **Profit before tax of £6.5 million (2008: £1.7 million);**
- **Earnings per share of 19.6 pence (2008: 5.6 pence);**
- **Interim dividend declared of 2.0 pence per ordinary share (2008: 2.0 pence per ordinary share);**
- **Cash balances at 30 June 2009 of £11.0 million (31 December 2008: £1.8 million).**

* *Extracts from the Chairman’s Statement.*

Chairman's Statement

The trading results for the first six months were significantly affected by the challenging economic climate although overall results were boosted by the exceptional gain realised on the early surrender of the Group's property lease at Wandsworth, London.

The Group's profits before tax were £6.5 million (2008: £1.7 million) with losses from continuing operations before exceptional items of £1.0 million (2008: profits of £1.7 million).

Turnover for the continuing businesses was £62.2 million compared to £83.6 million for the first half of 2008 as tougher economic conditions led to a significant reduction in the volumes of new cars sold.

Profit for the period for the Group was £4.6 million (2008: £1.3 million) representing earnings per share of 19.6 pence (2008: 5.6 pence).

On 29 May 2009, the Company paid the final dividend in respect of the year ended 31 December 2008 of 2.0 pence per ordinary share. The directors have declared an interim dividend for the six months ended 30 June 2009 of 2.0 pence per ordinary share (2008: 2.0 pence per ordinary share) which is expected to be paid on 23 October 2009 to shareholders on the register at the close of business on 25 September 2009.

Capital expenditure in the six months was £1.0 million (2008: £1.7 million), primarily associated with the improvements to leasehold premises. Overall there was a cash inflow in the period of £9.3 million (2008: outflow of £3.8 million) as the Group received the cash consideration from the early surrender of its property lease at Wandsworth, London. The Group finished the period with a strong balance sheet including cash balances of £11.0 million (2008: £6.4 million) and, as for 30 June 2008, excluding manufacturer stocking loans of £8.4 million (2008: £11.0 million) had no net debt.

During the period under review sales of new specialist cars were adversely affected on a worldwide basis by the economic downturn. Volumes were significantly reduced and margins eroded. By comparison, used car sales were very strong, with the Group improving both volumes and margins against the same period last year. The aftersales business continued to provide solid results and all of the franchises benefited from tight controls.

In the first six months, when the Group traditionally delivers its strongest performance, we were awaiting a number of important new model introductions which were late entering the UK market which adversely impacted sales. As a result of this, the Group will benefit in the second half of the year from the strong forward sales for these models. In particular, there has been exceptional interest in the new Ferrari, Lamborghini and Rolls-Royce models. Further new models are also being introduced by Bentley which will benefit the Group's results in 2010.

In January 2009, we completed the disposal of the Group's London Volvo dealerships, selling the assets for £183,000 to a new company, Regent Automotive Limited, set up by the former management of the Division.

In February 2009, the Group completed the second stage of the disposal of its lease at Wandsworth, London to Ipress Limited. This generated a second cash payment of £7.5 million which was in settlement for the initially contracted sum of £8 million that was to have been satisfied by way of two future-dated bills of exchange.

In March 2009, the Group received a payment of £0.8 million as its share of the development profits on vacation of an aftersales facility formerly operated in the Regent's Park area of London. The Group incurred costs of some £0.5 million through redundancies and property-related costs as a result of the closure.

In May 2009, the Group acquired the lease of the showroom at Melton Court, South Kensington, which is currently subject to a refurbishment programme that will create additional space for our Rolls-Royce franchise (Rolls-Royce Motor Cars London) and the establishment of a specialist used car business for H.R. Owen. The first stage of this development is due to be completed by early September 2009.

At the Group's AGM in May this year, John MacArthur, who had been a director, and latterly Chairman, of the Group over a period of sixteen years, announced that he would not be offering himself for re-election and stood down from the Board. We would like to take this opportunity of thanking John for his strong contribution to the Group and wish him a long and happy retirement. The Group announced that I, as the senior non-executive director, would temporarily fill John's position whilst a new Chairman is recruited, and this process is well under way.

In July 2009, Colin Giltrap, who was the Group's Deputy Chairman, resigned and stood down from the Board. Colin had been a director of the company for twenty years and will now be concentrating on his other worldwide business interests. We would also like to thank him for his contribution to the development of the business.

In August 2009, it was announced that David Evans, who has been the Operations Director for sixteen years, will retire from the Group and stand down as a director at the end of November 2009. We would like to thank David for his strong contribution to the Group and wish him a long and happy retirement.

We continue to review our operations and make savings in our cost base, whilst further developing our portfolio of luxury brands and expanding our specialist used car business. Nevertheless, the Group's results follow the national trading environment closely, and although there are some signs of an uplift in customer sentiment, particularly with regard to new model introductions, market conditions remain very tough.

The Group has a strong balance sheet, excellent luxury brands and a depth of experience across the management team and is well placed to take advantage of future market opportunities.

R Pajares OBE

Acting Chairman

28 August 2009

Independent Review Report to H.R. Owen Plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009, which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated cash flow statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP

Chartered Accountants

Cambridge

28 August 2009

Notes:

- (a) The maintenance and integrity of the H.R. Owen Plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the web site.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

H.R. Owen Plc

Consolidated income statement for the six months ended 30 June 2009

	Notes	Unaudited 6 months ended 30 June 2009 £'000	Unaudited 6 months ended 30 June 2008 £'000	Audited Year ended 31 December 2008 £'000
Continuing operations				
Revenue	4	62,179	83,550	144,450
Cost of sales		(52,098)	(70,047)	(120,715)
Gross profit		10,081	13,503	23,735
Other income	5	836	21	89
Distribution costs		(5,636)	(5,689)	(11,331)
Administrative expenses		(6,140)	(5,777)	(11,166)
Operating (loss)/profit before exceptional items		(859)	2,058	1,327
Exceptional gain from early surrender of property lease	6	7,485	—	878
Operating profit		6,626	2,058	2,205
Interest payable and similar charges		(436)	(748)	(1,591)
Interest receivable		275	419	825
Profit before taxation		6,465	1,729	1,439
Taxation (charge)/credit	7	(1,836)	(516)	40
Profit for the period from continuing operations		4,629	1,213	1,479
Discontinued operations				
Profit/(loss) from discontinued operations	8	—	97	(306)
Profit for the period		4,629	1,310	1,173
Earnings per share:				
— Basic and diluted (pence per ordinary share)	3	19.6p	5.6p	5.0p
Earnings per share from continuing operations				
— Basic and diluted (pence per ordinary share)	3	19.6p	5.1p	6.3p
(Losses)/earnings per share from continuing operations, before exceptional items				
— Basic and diluted (pence per ordinary share)	3	(4.3)p	5.1p	2.5p
Earnings/(losses) per share from discontinued operations				
— Basic and diluted (pence per ordinary share)	3	0.0p	0.5p	(1.3)p

The notes on pages 5 to 17 form an integral part of this condensed set of financial statements.

H.R. Owen Plc

Consolidated statement of comprehensive income for the six months ended 30 June 2009

	Unaudited 6 months ended 30 June 2009 £'000	Unaudited 6 months ended 30 June 2008 £'000	Audited Year ended 31 December 2008 £'000
Profit for the period	4,629	1,310	1,173
Other comprehensive income			
Actuarial losses recognised in defined benefit pension scheme	—	—	(260)
Deferred taxation thereon	—	—	73
Tax benefit on special pension contributions			
- deferred tax	(63)	(63)	(70)
- current tax	63	63	71
Net losses recognised directly in equity reserves	—	—	(186)
Total comprehensive income for the period	4,629	1,310	987

H.R. Owen Plc

Consolidated balance sheet as at 30 June 2009

	Notes	Unaudited 6 months ended 30 June 2009 £'000	Unaudited 6 months ended 30 June 2008 £'000	Audited Year ended 31 December 2008 £'000
Assets				
Non-current assets				
Goodwill		2,020	2,020	2,020
Property, plant and equipment	10	5,931	5,961	5,511
Deferred tax assets		267	312	340
		8,218	8,293	7,871
Current assets				
Inventories		18,816	28,136	26,649
Trade and other receivables		5,685	7,902	6,748
Current tax assets		—	—	196
Cash and cash equivalents		11,032	6,371	1,758
		35,533	42,409	35,351
Assets classified as held for sale		—	—	6,082
Total current assets		35,533	42,409	41,433
Liabilities				
Current liabilities				
Financial liabilities – borrowings		(11,405)	(14,069)	(17,194)
Trade and other payables		(17,390)	(26,631)	(16,519)
Current tax liabilities		(426)	(906)	—
		(29,221)	(41,606)	(33,713)
Liabilities classified as held for sale		—	—	(6,870)
Total current liabilities		(29,221)	(41,606)	(40,583)
Net current assets		6,312	803	850
Non-current liabilities				
Deferred tax liabilities		(2,132)	(56)	(219)
Retirement benefit liability	11	(55)	(59)	(316)
Total non-current liabilities		(2,187)	(115)	(535)
Net assets		12,343	8,981	8,186
Shareholders' equity				
Called-up share capital		11,806	11,806	11,806
Profit and loss reserve/(deficit)	13	537	(2,825)	(3,620)
Total equity		12,343	8,981	8,186

H.R. Owen Plc

Consolidated cash flow statement for the six months ended 30 June 2009

	Notes	Unaudited 6 months ended 30 June 2009 £'000	Unaudited 6 months ended 30 June 2008 £'000	Audited Year ended 31 December 2008 £'000
Cash flows from operating activities				
Cash generated from/(consumed by) operations	14	10,404	116	(5,686)
Interest received		275	382	731
Interest paid		(436)	(783)	(1,646)
Tax recovered		773	704	366
Net cash generated from/(consumed by) operating activities		11,016	419	(6,235)
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		—	—	77
Purchase of property, plant and equipment		(978)	(1,718)	(2,034)
Cash flows from investing activities from continuing operations		(978)	(1,718)	(1,957)
Proceeds from sale of property, plant and equipment – discontinued operations		—	—	6
Purchase of property, plant and equipment – discontinued operations		—	—	(48)
Proceeds from sale of dealerships – discontinued operations		183	—	—
Net cash consumed by investing activities		(795)	(1,718)	(1,999)
Cash flows from financing activities				
Payments of dividends to shareholders		(472)	(472)	(944)
Repayment of other loans		(475)	(2,002)	(15)
Cash flows from financing activities from continuing operations		(947)	(2,474)	(959)
Receipt of other loans – discontinued operations		—	—	807
Net cash consumed by financing activities		(947)	(2,474)	(152)
Increase/(decrease) in cash and cash equivalents		9,274	(3,773)	(8,386)
Cash and cash equivalents at 1 January		1,758	10,144	10,144
Cash and cash equivalents at 30 June		11,032	6,371	1,758

H.R. Owen Plc

Notes to the interim statement for the six months ended 30 June 2009

1. Basis of preparation and statement of compliance

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2008 were approved by the board of directors on 24 March 2009 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 237 of the Companies Act 1985.

This condensed consolidated interim financial information has been reviewed, not audited. The condensed consolidated interim financial information for the six months ended 30 June 2009 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with International Accounting Standard (“IAS”) 34 ‘Interim financial reporting’ as adopted by the European Union. The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2008, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as adopted by the European Union.

Company details

The Company’s registered address is 75 Kinnerton Street, London SW1X 8ED. The Company is a public limited company and is incorporated and domiciled in England and Wales. The Company’s registration number at Companies House is 1753134.

Accounting policies

Except as described below the principal accounting policies used in preparing this financial information are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in the Group’s Annual Report & Accounts on pages 24 to 26 of those annual financial statements.

Taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009:

- a) IAS 1 (revised), ‘Presentation of financial statements’. The revised standard prohibits the presentation of items of income and expenses (that is ‘non-owner changes in equity’) in the statement of changes in equity, requiring ‘non-owner changes in equity’ to be presented separately from owner changes in equity. All ‘non-owner changes in equity’ are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.
- b) IFRS 8, ‘Operating segments’. IFRS 8 replaces IAS 14, ‘Segment reporting’. It requires a ‘management approach’ under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in any changes to the reportable segments presented. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the board of directors. Goodwill is allocated by management to groups of cash-generating units on a segment level. There has been no change in reportable segments and it has not resulted in any additional goodwill impairment and there has been no further impact on the measurement of the Group’s assets and liabilities. Comparatives for 2008 have been restated where appropriate.

Forthcoming accounting standards

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning on 1 January 2009, but are not currently relevant for the Group:

- a) IFRIC 13, 'Customer loyalty programmes'.
- b) IFRIC 15, 'Agreements for the construction of real estate'.
- c) IFRIC 16, 'Hedges of a net investment in a foreign operation'.
- d) IAS 39 (amendment), 'Financial instruments: Recognition and measurement'.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2009 and have not been early adopted:

- a) IFRS 3 (revised), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.
- b) IFRIC 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.
- c) IFRIC 18, 'Transfers of assets from customers', effective for transfers of assets received on or after 1 July 2009. This is not relevant to the Group, as it has not received any assets from customers.

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. These risks are formally reviewed by the Board and, where appropriate, monitored and mitigated by suitable processes.

The current economic uncertainties, particularly in financial markets, produce risks for the Group. In particular, the ability of customers to obtain credit to facilitate vehicle purchases has been significantly affected by the tightening of credit markets in the UK and elsewhere. Furthermore, movements in future discount rates, as a result of the Bank of England's programme of quantitative easing and other factors, may impact upon the financial position of the Group's defined benefit pension scheme.

Any business associated with the sale of cars is of course vulnerable to outside factors, both political and economic. Interest rate changes, consumer confidence, increasing fuel costs, congestion charging, and broader environmental concerns could all have an impact on a consumer's decision whether or not to buy a particular new or used car.

Other risks relate to the close contractual relationships the Group has with a number of vehicle manufacturers, and in particular its reliance on their continuing to supply a suitable mix of popular vehicle models at competitive prices. If this supply ceases, is restricted or over-supplied for any reason, then clearly the impact on the Group's performance, especially in relation to new cars, could have an adverse effect on profitability.

Possible future changes to the legislative framework governing the sale of new cars in the UK, and the competition provided by the growing number of internet-based brokers and sellers, also pose risks to the Group. In the area of aftersales, any improvement in the reliability and durability of cars will reduce their need for servicing and repairs, and the threat of increased competition from the independent service and repair sector is now a permanent feature of the market.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement on pages 2 to 3. Details of the Group's liquidity position and borrowing facilities are described in the Group's Annual Report & Accounts in Note 16 of those annual financial statements, and the Group's objectives, policies and processes for managing its capital are set out in the Directors' Report. Its financial risk management objectives, details of its financial instruments, and its exposures to credit risk and liquidity risk are set out in Note 18 of those annual financial statements. The directors have also been able to rely on the cash consideration received for the early surrender of its Wandsworth, London lease as detailed in Note 6 which has significantly increased the Group's cash resources. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Therefore, at the time of preparation of this half-yearly financial report, after making appropriate enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Group's half-yearly financial report.

2. Dividends

On 29 May 2009 the final dividend declared for the year ended 31 December 2008 of 2.0 pence per ordinary share, amounting to £472,000, was paid to shareholders. An interim dividend of 2.0 pence per ordinary share (2008: 2.0 pence per ordinary share) has been declared on 28 August 2009 for the six months ended 30 June 2009 and is expected to be paid on 23 October 2009 to shareholders on the register at the close of business on 25 September 2009. This interim dividend has not been recognised as a liability in this interim financial information but will be recognised in shareholders' equity in the annual financial statements for the year ending 31 December 2009.

3. Earnings/(losses) per share

The calculation of earnings per share from continuing operations is based on the profit after taxation of £4,629,000 (2008: £1,213,000) and the weighted average number of shares in issue during the period of 23,611,742 (2008: 23,611,742).

The calculation of losses per share from continuing operations before exceptional items is based on the trading losses of £1,020,000. The tax charge arising in the year of £1,836,000 is deemed to have arisen as a direct result of the exceptional gain of £7,485,000 and has therefore been disregarded from the losses per share calculation. The comparative earnings per share from continuing operations before exceptional items for the six months ended 30 June 2008 and the year ended 31 December 2008 are based on profits of £1,213,000 and £601,000 respectively.

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has a single class of dilutive potential ordinary shares being share options granted to employees under the Group's long-term incentive plan. At 30 June 2009, the average market price of the shares during the period was below the exercise price of the options and consequently the shares in question are excluded from the diluted earnings per share calculation.

4. Segmental reporting

The chief operating decision-maker has been identified as the board of directors. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Board considers the business from both a product and manufacturer perspective. From a product perspective, management assesses the performance of car sales (both new and used) and aftersales (including servicing, parts and bodyshop).

The Board assesses the performance of the operating segments based on a measure of adjusted operating profit, defined as gross profit less directly attributable expenses. This measurement basis excludes the effects of non-recurring income and expenditure from the operating segments, such as exceptional gains on lease disposals and redundancy costs. Interest income and expenditure are not included in the result for each operating segment that is reviewed by the Board. Other information provided, except as noted below, to the Board is measured in a manner consistent with that in the financial statements.

At 30 June 2009, the Group is organised into two main business segments: the sale of new and used motor vehicles and an aftersales operation consisting of the servicing of vehicles, sales of parts and bodyshop repairs. The Group's dealerships operate predominantly from sites where vehicle sales and aftersales share the same premises. Therefore, unallocated costs represents shared property costs and depreciation of fixed assets in addition to background support services such as finance, IT, marketing and corporate expenses which cannot be directly attributed to either business segment.

The Group operates from a single geographical area, namely the United Kingdom.

	Sales £'000	Aftersales £'000	Total continuing operations £'000	Total discontinued operations £'000	Total Group £'000
Six months ended 30 June 2009					
Revenue (from external customers)	49,997	12,182	62,179	-	62,179
Adjusted operating profit	2,064	2,335	4,399	-	4,399
Six months ended 30 June 2008					
Revenue (from external customers)	72,235	11,315	83,550	12,360	95,910
Adjusted operating profit	5,009	2,500	7,509	97	7,606
Total segment inventories					
30 June 2009	15,848	2,968	18,816	-	18,816
31 December 2008	23,688	2,961	26,649	4,880	31,529
30 June 2008	21,202	3,100	24,302	3,834	28,136

A reconciliation of total adjusted operating profit to total profit before income tax and discontinued operations is provided as follows:

	30 June 2009 £'000	30 June 2008 £'000
Adjusted operating profit for reportable segments	4,399	7,509
Unallocated overheads	(6,094)	(5,472)
Exceptional gain on lease surrender	7,485	—
Other income	836	21
Operating profit	6,626	2,058
Interest receivable	275	419
Interest payable	(436)	(748)
Profit before tax	6,465	1,729

Reportable segments' assets are reconciled to total assets as follows:

	30 June 2009 £'000	30 June 2009 £'000	31 December 2008 £'000
Total segment inventories	18,816	28,136	31,529
Goodwill	2,020	2,020	2,020
Property, plant and equipment	5,931	5,961	5,511
Deferred tax assets	267	312	340
Trade and other receivables	5,685	7,902	6,748
Current tax assets	—	—	196
Cash and cash equivalents	11,032	6,371	1,758
Assets classified as held for sale	—	—	1,202
Total assets per balance sheet	43,751	50,702	49,304

5. Other income

	Unaudited 6 months ended 30 June 2009 £'000	Unaudited 6 months ended 30 June 2008 £'000	Audited Year ended 31 December 2008 £'000
Development gain on leasehold properties	815	—	—
Other miscellaneous income	21	21	89
Total other income	836	21	89

In March 2009, the Group realised a development gain on two property leases relating to adjoining sites at Regent's Park in London, which had been previously used as an aftersales facility. Under the terms of the leases, the Group surrendered the leases early in return for a payment, in cash, of £900,000, of which £65,000 was due to a third party. In addition the Group incurred legal and other professional costs of £20,000.

As a result of the closure of the site, nine employees chose not to transfer to other sites and were made redundant at a cost to the Group of £105,000. Property related costs for the premises such as rent, rates and security from 1 January 2009 to the end of the lease on 7 March 2009 and other costs associated with the closure of the site and its return to the landlord in accordance with the terms of the leases of £410,000 have been charged against administrative expenses.

6. Exceptional income

	Unaudited 6 months ended 30 June 2009 £'000	Unaudited 6 months ended 30 June 2008 £'000	Audited Year ended 31 December 2008 £'000
Gain from option fee for early surrender of lease	—	—	878
Consideration received for early surrender of lease	7,485	—	—
Exceptional income	7,485	—	878

In October 2008 the Group, through its Jack Barclay subsidiary, entered into an agreement with Ipress Limited whereby the latter was granted an option to require the early surrender of Jack Barclay's lease at Wandsworth, London in return for the payment by Ipress of a non-refundable option fee of £1 million. The Group incurred legal and other professional fees of £472,000 of which £350,000 were borne by Ipress. Accordingly, the Group recognised an exceptional gain of £878,000 in the year ended 31 December 2008.

On 20 February 2009, Ipress exercised its option under the agreement. As a result, the Group received a further £7.5 million of consideration in cash. Additional legal and professional fees of £15,000 were incurred in the period.

Under the terms of the agreement, the Group is required to vacate its Wandsworth premises no later than 25 March 2012 but has the option to move to alternative premises, supplied by Ipress free of rent, for a further two years to 25 March 2014. If the Group does not take up this offer of alternative premises it will receive an additional cash consideration of £1 million, payable on the date that the Group confirms in writing to Ipress that the offer of alternative premises will not be taken up.

7. Income tax

The income tax charge is recognised based on management's best estimate of the weighted average annual corporation tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 December 2009 is 28.4% (the estimated tax rate for the six months ended 30 June 2008 was 28.3%).

8. Discontinued businesses

The Group completed the sale of its Volvo Division to its divisional management with effect from 2 January 2009 for a cash consideration of £183,000. Accordingly the results of this Division were shown as Discontinued Operations in the 2008 Annual Report & Accounts. The comparative figures in the income statement and note 14 for the six months ended 30 June 2008 have been restated for this reclassification.

9. Shares and share options

At 30 June 2009 the issued share capital of the Company was 23,611,742 ordinary shares of 50 pence. No new shares were issued in the period. The Company has cumulative grants of 1,563,328 share options to directors and certain senior executives as at 30 June 2009. For the six months ended 30 June 2009 an accounting charge of £Nil (2008: £14,000) has been taken against results in respect of the grant of these options. No new options have been granted during the period under review. The current financial year is the final year for the performance target to be achieved and these share options to become exercisable. Therefore if the performance target for annual earnings per share of 8.60 pence is not achieved the options will not vest and, as a result, the profit and loss charges for the value of share options provided to employees made cumulatively to date in prior financial periods of £128,000 will be credited back in the 2009 full year result. However, if the performance target is achieved then the options will become exercisable which will result in a further charge for the value of share options provided to employees of up to a maximum of £262,000 being taken against the 2009 full year result. The Group traditionally makes the majority of its profits in the first half of the year, and although the performance target has been met at 30 June 2009, it is not certain that the performance target will be met at the year end. No charge has been recognised in this set of condensed interim financial information due to this uncertainty.

10. Fixed asset movements

In the six month period under review, the Group acquired fixed assets of £978,000 (2008: £1,718,000). Included in this amount is capital expenditure in respect of improvements to leasehold premises in the period which amounted to £875,000 (2008: £996,000) and related primarily to a refurbishment of the Group's dealership premises at Edgware, London. Depreciation charges for the six months ended 30 June 2009 were £561,000 (2008: £535,000). The Group disposed of fixed assets with a net book value of £154,000 (2008: £60,000) during the period under review as part of the sale of the Volvo dealerships. These assets were held within 'Assets classified as held for sale' at 31 December 2008. Further assets with a net book value of £45,000 were scrapped as a result of the closure of the Group's premises at Regent's Park.

11. Retirement benefit liability

The Group operates the H.R. Owen London Defined Benefit Pension Scheme, a defined benefit pension scheme, which operates on a pre-funded basis. The funding policy is to contribute such variable amounts as, on the advice of the Scheme's actuary, will achieve a 100% funding level on a projected salary basis. Actuarial assessments covering expense and contributions are carried out by independent qualified actuaries, with the last such review being carried out as at 5 April 2007.

The Scheme currently operates in a deficit position and, as a result, H.R. Owen Plc agreed with the Scheme's trustees that the Group would make an additional annual contribution of £200,000 in May 2007, and in May of each of the subsequent two years. To date all three payments, each of £200,000, have been made to the Scheme. H.R. Owen Plc also makes additional monthly contributions of £4,000 to the Scheme, with these additional monthly contributions continuing whilst the Scheme remains in a deficit position.

In January 2009 the Group sold its Volvo London operations to its divisional management. As a result of the transfer of employees to the Purchaser, and the subsequent redundancy of certain employees who chose not to transfer to the Purchaser, twenty-two of the forty-three active members of the Group's defined benefit pension scheme became deferred members. The Group has been advised by the actuaries to the pension scheme that the change of status of these members is likely to result in a curtailment gain arising. An exercise is currently being undertaken in order to quantify this curtailment gain and is expected to be completed before the end of the Group's financial year. The amount of this potential curtailment gain cannot be estimated with any degree of certainty and therefore has not been included in these interim financial statements. It is expected that any curtailment gain which may have arisen will be immaterial to the interim financial statements, and will be credited to the Group's 2009 full year results.

12. Related-party transactions

In the prior year, on 18 March 2008, the Company was notified that Bentley Motors Limited had acquired shares in H.R. Owen Plc equivalent to 27.9% of the Company's issued share capital. Accordingly, from 18 March 2008 to 30 June 2009 Bentley Motors Limited has been deemed to be a related party. H.R. Owen Plc operates a Bentley franchise for new and used car sales, through its Jack Barclay Limited subsidiary, from its Berkeley Square showroom in London. The Group also operates two Bentley aftersales franchises from its service and bodyshop facilities at Wandsworth and North Acton in London. During the six months ended 30 June 2009, the Group purchased vehicles and parts from Bentley Motors Limited totalling £10.2 million (2008: £8.2 million). At 30 June 2009 an amount of £0.5 million (31 December 2008: £0.3 million) was owed by the Group to Bentley Motors Limited.

13. Statement of changes in shareholders' equity for the six months ended 30 June 2009

	Unaudited Share capital £'000	Unaudited Profit and loss reserve/(deficit) £'000	Unaudited Total equity £'000
At 1 January 2008	11,806	(3,677)	8,129
Net profit	—	1,173	1,173
Actuarial losses recognised in defined benefit pension scheme	—	(260)	(260)
Deferred tax thereon	—	73	73
Corporation tax benefit on special pension contributions			
- deferred tax	—	(70)	(70)
- current tax	—	71	71
Dividends paid	—	(944)	(944)
Share options:			
- value of employee services	—	14	14
At 1 January 2009	11,806	(3,620)	8,186
Net profit	—	4,629	4,629
Corporation tax benefit on special pension contributions			
- deferred tax	—	(63)	(63)
- current tax	—	63	63
Share options:			
- value of employee services	—	—	—
Dividends paid	—	(472)	(472)
At 30 June 2009	11,806	537	12,343

14. Cash flows from operating activities

	Unaudited 6 months ended 30 June 2009 £'000	Unaudited 6 months ended 30 June 2008 £'000	Audited Year ended 31 December 2008 £'000
Continuing operations			
Profit for the period from continuing operations	4,629	1,213	1,479
Adjustments for:			
Tax charge/(credit)	1,836	516	(40)
Depreciation charge	561	487	979
Loss on disposal of property, plant and equipment	45	58	45
Share option charge	—	14	14
Net interest expense	161	329	766
Changes in working capital (excluding the effects of discontinued operations):			
Decrease/(increase) in inventories	4,063	(132)	784
Decrease in trade and other receivables	1,921	1,945	1,563
Decrease in payables	(2,573)	(4,401)	(11,374)
Excess of pension contributions over current service cost	(239)	(256)	(237)
Cash generated from/(consumed by) continuing operations	10,404	(227)	(6,021)
Discontinued operations			
Net profit/(loss)	—	97	(306)
Depreciation charge	—	48	99
Loss on disposal of property, plant and equipment	—	2	2
Net interest expense	—	71	149
Decrease in inventories	—	605	382
Increase in trade and other receivables	—	(1,362)	(828)
Increase in payables	—	882	837
Cash generated from discontinued operations	—	343	335
Total cash generated from/(consumed by) operations	10,404	116	(5,686)

15. Seasonality

The Group's sales of new cars are subject to significant monthly fluctuations as a result of the bi-annual registration plate change which occurs in the months of March and September in the United Kingdom. As a result of these fluctuations, the Group has historically made the majority of its revenue in the first six months of the year and this trend is expected to continue in this, and future, years.

16. Responsibility statement

The directors confirm that this condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by the Disclosure and Transparency Rules ("DTR") 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The directors of H.R. Owen Plc are listed in the Annual Report & Accounts for the year ended 31 December 2008. With the exception of the retirement in the period under review of Mr J P MacArthur as a non-executive director on 20 May 2009 and the resignation of Mr C J Giltrap on 17 July 2009 there have been no changes. On 18 August 2009 David Evans announced his retirement as Operations Director, to be effective from 30 November 2009.

By order of the Board:

N R Lancaster
Chief Executive

M Warren
Finance Director

28 August 2008