H.R. Owen Plc

Preliminary Financial Information

For the year ended 31 December 2009

Financial Highlights

- Revenue from continuing operations down 13% to £125.4 million
- Group profit before tax from continuing operations of £6.2 million (2008: £1.4 million)
- Basic earnings per share from continuing operations 20.4 pence (2008: 6.3 pence)
- Proposed final dividend for 2009 of 2.0 pence per share
- Exceptional gain of £7.5 million realised from the early surrender of the Group's property lease at Wandsworth, London

Chairman's Statement

On 22 December 2009 the Company announced that I had been appointed as its new Chairman and I took up my responsibilities in January 2010.

It is common knowledge that 2009 was a very difficult year in the car industry for both manufacturers and dealers. In particular, new car sales in the ultra-luxury and sports car segment, which is currently the focus of our business, fell by 35% for new car volumes whilst our new car sales fell by 29%. Our used car business provided a very good result and a sound base on which to develop our activities in this important area of the luxury brands market. Aftersales revenues also provided a robust result in line with our expectations.

The combination of these events resulted in the Group generating trading losses before exceptional items during the period, albeit our results at the trading level were substantially better than planned. During the year, the Group benefited from a substantial profit from the early assignment of its leasehold interest at Wandsworth, which is the current Bentley aftersales centre. This gain has been included in the results as an exceptional item.

I have spent my initial period in the Group visiting our individual locations, talking to colleagues and management, and also meeting our manufacturer partners. The level of dedication and commitment to both the Group and the brands we represent has impressed me. However, it is clear from my initial discussions that the business needs to develop and execute a strategy for profitable growth if it is to sustain itself as a public company. It is equally clear that the outcome of this strategic reinvention needs to deliver a flow of profits and cash flow that is more robust and less volatile than that provided by the current business. I have initiated a fundamental strategic review with this aim in mind.

During the course of 2009, my predecessor, John MacArthur, and also Colin Giltrap, the Group's Deputy Chairman, stepped down from the Board after many years' service to the Group. Also during the year, David Evans, the Operations Director, retired after more than sixteen years with the Group. I would like to convey my thanks on behalf of the shareholders and Board to these three directors for their contribution. I would also like to extend the Board's thanks to Ramon Pajares, our senior non-executive director, who took up the role of Acting Chairman in the interim period between John MacArthur's retirement and my appointment.

Throughout the period our colleagues and management have served the Group with a combination of hard work, passion and commitment. I would particularly like to thank them for their contribution in 2009.

Jon Walden
Chairman
23 March 2010

Enhanced Business Review

Results and principal activities

H.R. Owen Plc operates a number of vehicle franchises in the prestige and specialist car market for both sales and aftersales, predominantly in the London area.

In the year to 31 December 2009, revenue from continuing operations reduced to £125.4 million (2008: £144.5 million). The profit before tax from continuing operations was £6.2 million (2008: £1.4 million). Basic earnings per share on continuing operations were 20.4 pence (2008: 6.3 pence). There were no losses on discontinued operations in the year (2008: losses per share on discontinued operation of 1.3 pence). A final dividend for 2008 and an interim dividend for 2009, both of 2.0 pence per share, were paid during the year. The directors are recommending the payment of a final dividend for 2009 of 2.0 pence per ordinary share, to be paid on 28 May 2010 to shareholders on the register at the close of business on 23 April 2010.

In 2009, the Group made losses before tax and exceptional items of £1.3 million (2008: profits of £0.3 million). These results reflect the effects of the difficult economic conditions that afflicted the UK economy throughout the year. The Company generated an exceptional gain of £7.5 million (2008: £0.9 million) in the year as a result of receiving a cash consideration for the early surrender of the lease at its Bentley Aftersales facility at Wandsworth, London.

At 31 December 2009, the Group had cash balances of £15.1 million (2008: £1.8 million) and vehicle stocking loans (excluding manufacturer stocking loans) of £3.0 million (2008: £3.8 million). Year-end cash balances were temporarily boosted by £6.6 million as a result of payments received for cars invoiced prior to 31 December 2009 but not registered and physically delivered to customers, and not recognised to profit, until January 2010.

Review of operations

H.R. Owen Plc now operates retail outlets in London, Hertfordshire and Manchester, which includes eight sales franchises and seven aftersales franchises for its Sports Car marques, namely, Alfa Romeo, Bugatti, Ferrari, Lamborghini, Lotus and Maserati, and two sales franchises and three aftersales franchises for Bentley and Rolls-Royce.

The poor economic conditions experienced in the second half of 2008 continued in 2009, and although nationally the new car market was stimulated by the Government's scrappage programmes, this did not benefit the luxury brands held by the Group, where volumes reduced significantly in the year. However, the negative effect of this on profit potential was in part offset by excellent used car volumes and profits. Aftersales revenues remained strong throughout the year despite reluctance by customers to spend at the same level as in previous years, particularly for discretionary work on specialist sports cars.

During the year, management was tasked with reducing vehicle stocks and increasing sales ratios. Our website activity and prospecting systems were also overhauled, and all of these changes tightened our control on assets.

The dealerships' results were in most cases well ahead of our internal budgets, but the Group remained dependent on high new car volumes to allow its business model to make a pre-tax profit. The Group's expenses were strictly controlled, but the cost of getting to market in one of the most expensive cities in the world was, and remains, very high. This means that the Group is particularly sensitive to any deterioration in trading conditions, particularly when it is combined with a lack of new model introductions, as was the case last year. Having said this, each of the Group's main franchises (Bentley, Lamborghini, Ferrari, Maserati and Rolls-Royce) performed robustly in the conditions, increasing our market share of UK sales and, in the case of Bentley and Rolls-Royce, reaching the position of the world's largest dealer for the supply of new cars.

2009 was expected to be a tough year for the Group, as there were fewer new model introductions than in previous years, and in those cases where new vehicles were introduced, they were either late in the year or fewer in numbers than planned.

Key events

On 2 January 2009, we disposed of our interest in four Volvo dealerships to Regent Automotive, a management buy-out company. As reported previously, this brought to an end the Group's downsizing programme.

In February 2009, we completed the contract for the early surrender of the Wandsworth lease and received a second tranche payment of £7.5 million in cash. This receipt is shown as an exceptional item in these financial statements. Separately, in March 2009 we also received £820,000 for our share of the development profits from our former Volvo aftersales facility in Regent's Park. Most of this cash was utilised in redeveloping our Volvo Colindale premises as a condition of the sale of the business.

In May 2009, we took an assignment of a lease at Melton Court, South Kensington, which had previously been occupied by the Group prior to its disposal in 2006 as part of the downsizing programme. During the remainder of the year, it was refurbished to launch HR Owen Specialist, the flagship used car centre for the Group in London.

In November 2009, we agreed to establish Melton Court as a second Rolls-Royce showroom for London and have applied for planning consent to develop the premises further in line with Rolls-Royce's latest standards.

Future outlook and strategy

2010 has started positively for the Group, with a much improved order take, and we have built up very strong forward orders for a number of the Group's brands. In particular, the new Bentley Mulsanne and Rolls-Royce Ghost have been very well received in the luxury passenger car market, and the introduction of the new Ferrari California and 458 Italia, and the Maserati GranTurismo Cabriolet, have created significant forward orders for the Group's sports car division.

During 2010, we plan to increase our used car business significantly, which has continued to improve with the assistance of the new showroom at Melton Court, which currently provides HR Owen with a Central London facility to showcase all of its brands.

Aftersales have provided a solid performance despite the effects of the bad weather in January and February.

Although the UK economy is still recovering from recession, in contrast to last year the Group will benefit from a strong forward order list and the new model introductions as previously stated.

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 to 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 vulnerable to outside factors, both political and economic. Interest rate changes, 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.

Key performance indicators ("KPIs")

The Group monitors performance by reference to five KPIs. Performance, during the current and prior year, is set out in the table below.

Continuing operations:	**2009**	**2008**
Segment profit percentage:		
- Sales	**5.6%**	**6.1%**
- Aftersales	**21.1%**	**21.8%**
New vehicle volumes	**511**	**720**
Used vehicle volumes	**511**	**348**
Aftersales labour efficiency	**79%**	**77%**

Segment profit percentage for vehicle sales fell from 2008 levels as the UK new vehicle market continued to contract causing an oversupply of cars. Profit percentages achieved for aftersales also fell slightly in the year, largely due to changes in the mix of sales made. Aftersales labour efficiency, defined as the hours sold by the Group's technicians as a percentage of their total hours worked, improved in the year as the Group benefitted from operational efficiencies.

Nick Lancaster
Chief Executive
23 March 2010

Unaudited Consolidated Profit and Loss Account for the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Continuing operations			
Revenue		**125,406**	144,450
Cost of sales		**(104,035)**	(120,715)
Gross profit		**21,371**	23,735
Other income – pre-exceptional		**1,118**	89
Exceptional gain from option fee for early surrender of property lease	4	**—**	878
Exceptional gain from early surrender of property lease	4	**7,485**	—
Total Other income		**8,603**	967
Distribution costs		**(10,448)**	(11,331)
Administrative expenses		**(13,150)**	(11,166)
Operating profit		**6,376**	2,205
Interest payable and similar charges		**(839)**	(1,591)
Interest receivable		**620**	825
Profit before taxation		**6,157**	1,439
Taxation (charge)/credit		**(1,347)**	40
Profit for the year from continuing operations		**4,810**	1,479
Discontinued operations			
Loss for the year from discontinued operations	5	**—**	(306)
Profit for the year		**4,810**	1,173
Earnings per share:			
— Basic (pence per ordinary share)	2	**20.4p**	5.0p
— Diluted (pence per ordinary share)	2	**19.5p**	5.0p
Earnings per share from continuing operations			
— Basic (pence per ordinary share)	2	**20.4p**	6.3p
— Diluted (pence per ordinary share)	2	**19.5p**	6.3p

Unaudited consolidated Statement of Other Comprehensive Income for the year ended 31 December 2009

	2009 **£'000**	2008 £'000
Profit for the financial year	**4,810**	1,173
Actuarial losses recognised in defined benefit pension scheme	**(183)**	(260)
Deferred taxation thereon	**51**	73
Tax benefit on special pension contributions — deferred tax	**(69)**	(70)
— current tax	**69**	71
Total other comprehensive income for the year	**(132)**	(186)
Total comprehensive income for the year	**4,678**	987

Unaudited Consolidated Balance Sheet
as at 31 December 2009

	2009 **£'000**	2008 £'000
Assets		
Non-current assets		
Intangible assets	**2,020**	2,020
Property, plant and equipment	**5,533**	5,511
Deferred tax assets	**232**	340
	7,785	7,871
Current assets		
Inventories	**26,073**	26,649
Trade and other receivables	**6,999**	6,748
Current tax assets	**—**	196
Cash and cash equivalents	**15,072**	1,758
	48,144	35,351
Assets classified as held for sale	**—**	6,082
Total current assets	**48,144**	41,433
Liabilities		
Current liabilities		
Financial liabilities – borrowings	**(13,439)**	(17,194)
Current tax liabilities	**(9)**	—
Trade and other payables	**(28,446)**	(16,519)
	(41,894)	(33,713)
Liabilities classified as held for sale	**—**	(6,870)
Total current liabilities	**(41,894)**	(40,583)
Net current assets	**6,250**	850
Non-current liabilities		
Deferred tax liabilities	**(1,975)**	(219)
Retirement benefit liability	**(1)**	(316)
Total non-current liabilities	**(1,976)**	(535)
Net assets	**12,059**	8,186
Shareholders' equity		
Called-up share capital	**11,806**	11,806
Retained earnings/(deficit)	**253**	(3,620)
Total equity	**12,059**	8,186

Unaudited Consolidated Statement of Changes in Shareholders' Equity for the year ended 31 December 2009

	Share capital £'000	Retained earnings deficit £'000	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
Total recognised in other comprehensive income		987	
Dividends paid		(944)	(944)
Share options: - value of employee services (note 20)	—	14	14
At 31 December 2008	11,806	(3,620)	8,186
Net profit	—	4,810	4,810
Actuarial losses recognised in defined benefit pension scheme	—	(183)	(183)
Deferred tax thereon	—	51	51
Corporation tax benefit on special pension contributions — deferred tax	—	(69)	(69)
— current tax	—	69	69
Total recognised in other comprehensive income		4,678	
Dividends paid	—	(944)	(944)
Share options: - value of employee services (note 20)	—	139	139
At 31 December 2009	**11,806**	**253**	**12,059**

Unaudited Consolidated Cash Flow Statement for the year ended 31 December 2009

	Notes	**2009 £'000**	2008 £'000
Cash flows from operating activities			
Cash generated from/(consumed by) operations	6	**15,240**	(5,686)
Interest received		**620**	731
Interest paid		**(839)**	(1,646)
Tax recovered		**773**	366
Net cash generated from/(consumed by) operating activities		**15,794**	(6,235)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**15**	77
Purchase of property, plant and equipment		**(1,248)**	(2,034)
Cash flows consumed by investing activities from continuing operations		**(1,233)**	(1,957)
Purchase of property, plant and equipment – discontinued operations		**—**	(48)
Proceeds from sale of property, plant and equipment – discontinued operations		**—**	6
Proceeds from sale of dealerships – discontinued operations		**186**	—
Net cash consumed by investing activities		**(1,047)**	(1,999)
Cash flows from financing activities			
Payment of dividends to shareholders		**(944)**	(944)
Repayment of other loans		**(489)**	(15)
Cash flows consumed by financing activities from continuing operations		**(1,433)**	(959)
Receipt of other loans – discontinued operations		**—**	807
Net cash consumed by financing activities		**(1,433)**	(152)
Increase/(decrease) in cash and cash equivalents		**13,314**	(8,386)
Cash and cash equivalents at 1 January		**1,758**	10,144
Cash and cash equivalents at 31 December		**15,072**	1,758

Explanatory notes to the Financial Information

1. Basis of preparation and statement of compliance

The consolidated financial information in this announcement does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts of the Group, on which the auditors will report, will be delivered to the Registrar of Companies. The financial information has been prepared under International Financial Reporting Standards ("IFRSs") as adopted by the European Union and the Listing Rules of the Financial Services Authority. The comparative figures for the year to 31 December 2008 have been extracted from, but do not constitute, the Group's statutory financial statements for that financial year. Those financial statements have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under s.237(2) or (3) of the Companies Act 1985.

The accounting policies adopted are consistent with those applied in the 2008 Annual Report and Accounts.

2. Earnings per share

	2009 Pence per ordinary share	2008 Pence per ordinary share
Earnings per share from continuing operations	**20.4**	6.3
Losses per share from discontinued operations	—	(1.3)
Earnings per share	**20.4**	5.0

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 year. 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. At 31 December 2009, the performance criteria for the vesting of these options had been met and consequently there were an additional 1,073,330 ordinary shares which were exercisable. Accordingly, the fully diluted earnings per share for 2009 was 19.5 pence per ordinary share (2008: 6.3 pence per ordinary share).

The calculation of basic earnings per share from continuing operations is based on the profit after taxation of £4,810,000 (2008: £1,479,000) and the weighted average number of shares in issue during the period of 23,611,742 (2008: 23,611,742). The calculation of earnings per share from the Group's discontinued operations in the prior year is based on a loss after taxation of £306,000. The calculation of fully diluted earnings per share from continuing operations is based on the profit after taxation of £4,810,000 (2008: £1,479,000) and the weighted average number of potential shares during the period of 24,685,072 (2008: 23,611,742).

3. Dividends

	2009 £'000	2008 £'000
Final dividend paid for the year ended 31 December 2008 of 2.0 pence (2008: 2.0 pence) per ordinary 50 pence share	**472**	472
Interim dividend paid for the year ended 31 December 2009 of 2.0 pence (2008: 2.0 pence) per ordinary 50 pence share	**472**	472
	944	944

The directors are recommending the payment of a final dividend for the year ended 31 December 2009 of 2.0 pence per ordinary share, to be paid on 28 May 2010, to shareholders on the register at the close of business on 23 April 2010.

4. Exceptional income

	Group 2009 £'000	2008 £'000
Gain from option fee for early surrender of lease	—	878
Gain from 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 Ipcress 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 Ipcress 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 Ipcress. Accordingly, the Group recognised an exceptional gain of £878,000 in the prior year.

In February 2009, Ipcress exercised their option for the early surrender of the Wandsworth lease and, as a consequence, Jack Barclay received a cash consideration of £7,500,000. The Group incurred additional legal and other professional fees of £15,000 and, accordingly, the Group recognised an exceptional gain of £7,485,000 in the year. This gain, and the related gain recognised in 2008, has been categorised as Other Income, although disclosed separately, within the financial statements.

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 Ipcress 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 Ipcress that the offer of alternative premises will not be taken up.

5. Discontinued operations

	2009 £'000	2008 £'000
Revenue	—	29,595
Cost of sales	—	(23,305)
Gross profit	—	6,290
Other income	—	43
Distribution costs	—	(3,354)
Administrative expenses	—	(3,136)
Operating loss	—	(157)
Interest payable and similar charges	—	(149)
Loss before taxation	—	(306)
Taxation	—	—
Loss for the year from discontinued operations	—	(306)

The following businesses ("the Disposal Group") have been treated as discontinued operations in the financial statements:

- The Volvo businesses comprising four dealerships in London which were held for resale at year-end and were subsequently sold to Regent Automotive Limited with effect from 1 January 2009;
- The BMW and MINI businesses comprising two dealerships in Chiswick and Heathrow, London which were sold to Marsh Wall Limited in December 2007;
- Residual issues in connection with the businesses sold in 2006 to Lookers Southern Limited, Citygate Automotive Limited, Spire Automotive Limited and Wayside Limited.

The business disposals outlined above were all asset disposals, with the relevant Group subsidiary company being retained within the H.R. Owen Group, in certain cases becoming non-trading as a result of the disposal. Capital gains realised on the disposals have been negated by trading and capital losses arising in the current and previous years in the various Group subsidiaries. As a result, no tax is payable on any capital gains achieved on these business disposals. Finally, the trading results of the disposed of businesses produces an overall taxable loss so there is no tax charge or credit in the discontinued result.

The assets and liabilities of the Volvo Division held for resale at 31 December 2008 were:

	£'000
Intangible fixed assets	—
Property, plant and equipment	202
Inventories	4,880
Receivables	1,000
Manufacturers' vehicle stocking loans	(658)
Used vehicle stocking loans	(807)
Trade and other payables	(5,405)
Net book value of assets and liabilities held for resale	**(788)**

6. Cash flows from operating activities

Reconciliation of net profit to net cash flows from operating activities:

	2009 £'000	2008 £'000
Continuing operations		
Net profit	**4,810**	1,479
Adjustments for:		
Tax charge/(credit)	**1,347**	(40)
Depreciation charge	**1,226**	979
Loss on disposal of property, plant and equipment	**34**	45
Share option charge	**139**	14
Dividends receivable	**—**	—
Interest income	**(620)**	(731)
Interest expense	**839**	1,497
Changes in working capital (excluding the effects of discontinued operations):		
Decrease in inventories	**85**	784
Decrease in trade and other receivables	**604**	1,563
Increase/(decrease) in payables	**6,980**	(11,374)
Excess of pension contributions over current service cost	**(204)**	(237)
Cash generated from/(consumed by) continuing operations	**15,240**	(6,021)
Discontinued operations:		
Net loss	**—**	(306)
Depreciation charge	**—**	99
Profit on disposal of property, plant and equipment	**—**	2
Interest expense	**—**	149
Decrease in inventories	**—**	382
Increase in trade and other receivables	**—**	(828)
Increase in payables	**—**	837
Cash generated from discontinued operations	**—**	335
Total cash generated from/(consumed by) operations	**15,240**	(5,686)

7. Approval of the Financial Statements

The results for the year ended 31 December 2009 were approved by the board of directors on 23 March 2010.

For further information, contact:
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23 March 2010