

## **CHAIRMAN'S STATEMENT**

I will now give a brief update on the performance of the business and other developments for the first months of 2010.

I am pleased to report that thus far in 2010 the Group has experienced an improvement in trading performance. New car sales in particular have performed well as margin performance has improved across the Group's luxury marques. Used cars have also performed better than expected to date, although the market continues to be constrained by a shortage of high quality product. Aftersales performance is ahead of internal expectations, despite the difficulties caused by the adverse weather conditions earlier in the year.

New and used car stocks remain well controlled with working capital levels maintained below internal expectations. The Group has substantial cash balances in hand and no net debt.

The outlook for new and used car markets remains highly uncertain. It is clear that any economic recovery in the UK is fragile and likely to remain so with the anticipated deep cuts in government spending. These conditions are bound to have an impact on your company and therefore the Board remains cautious about immediate future growth prospects. However, it is our intention in the medium to long term to develop and execute a strategy which produces a resilient revenue and profit stream for the business.

Finally, Ramon Pajares, Tony Smith and Nick Mason have resigned from the Board effective from today. I would like to thank them for their contribution. Debbie Hewitt has been appointed as Senior Independent Director, also effective from today. Debbie has extensive non-executive experience and also a deep knowledge of the automotive sector.

Re-shaping our Board is an essential ingredient of moving the company into the next phase of its development and this will be progressed with the appointment of a new Chief Executive in due course.

Jon Walden

Chairman

17 May 2010