

CHAIRMAN'S STATEMENT

I will now give a brief update on recent major events and the performance of the business for the first quarter.

The company made a number of announcements regarding share transactions that took place during the course of the first six months. In particular, on 18 March we were notified that Balverona, an Australian car distribution company, had sold its entire stake, totalling 27.9% of our ordinary share capital, to Bentley Motors Limited.

I would like to take this opportunity of welcoming Bentley Motors as a new and significant shareholder. They are, of course, our largest principal manufacturer through our Bentley subsidiary, Jack Barclay. Our Chief Executive, Nick Lancaster, and I recently met the Chairman and other directors of Bentley Motors with whom we had very constructive discussions. As a result we are sure that this will bring a period of stability to the Group, particularly as there had previously been a great deal of potentially destabilising speculation regarding the company's ownership.

As I mentioned a moment ago, the company made an announcement yesterday that John Robertson has resigned as a director.

Perhaps I could take this opportunity of thanking John for his commitment to the company during his years as a non-executive director and for his chairmanship of the Audit Committee and for serving on the Remuneration Committee.

During the first four months, the Ferrari and Maserati dealership at St Albans, acquired in September of last year, performed well. In June we will relocate our Ferrari and Maserati aftersales business in London to an outstanding new facility at Park Royal. Shortly afterwards, we will be relocating our BMW and MINI aftersales operation to our Acton

service facility, which will centralise all of our BMW, MINI and Rolls-Royce service operations.

We are continuing to negotiate the sale of our two Volvo franchises to the management, but this transaction has been held up by complex property issues. We are hopeful, however, that it will be completed by the fourth quarter.

Our decision to downsize and concentrate on our luxury brands business has worked well and I am pleased to report that overall trading for the Group was strong during the first quarter. This has continued to date and we therefore expect the second quarter to deliver a good result as well.

Specialist new car sales have been excellent where the Group has benefited from a large forward-order book. However, the used car market has been tougher, with margins under pressure, but aftersales have continued in line with our expectations. The results have been assisted by the reduction in costs which have been referred to previously and we currently expect the Group to achieve the market forecast for profitability for the year.

J P MacArthur
Chairman

14 May 2008