Company Registration No: 111876

LOOKERS PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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Lookers plc

FINANCIAL CALENDAR

9 March 2010
Announcement of results for the full year

27 May 2010
Annual General Meeting

Financial Highlights

"WE HAVE DELIVERED A RECORD TRADING PERFORMANCE FOR THE COMPANY IN 2009 DESPITE DIFFICULT MARKET CONDITIONS"

PETER JONES,
CHIEF EXECUTIVE

Revenue

£1.75 billion
up 4.2%

Revenue
(Millions of pounds)

Adjusted Profit from Operations

£45.1m*
up 33%

***Adjusted Profit from Operations**
(Millions of pounds)

Adjusted Profit Before Tax

£28.3m*
up 102%

***Adjusted Profit Before Tax**
(Millions of pounds)

Adjusted Earnings Per Share

7.32p*
up 57%

***Adjusted Earnings Per Share**
(Pence)

*Adjusted before amortisation of intangible assets, impairment of goodwill exceptional items and debt issue costs.

"WE CONTINUE TO BENEFIT FROM OUR DIVERSIFIED BUSINESS STRUCTURE WITH STRONG PERFORMANCES FROM BOTH THE MOTOR DIVISION AND OUR MARKET LEADING INDEPENDENT PARTS DIVISION."

PHIL WHITE, CHAIRMAN

CHAIRMAN'S REVIEW

PHIL WHITE

I am delighted to report that Lookers has delivered a record trading performance for the year, ahead of market expectations, with group like for like new car sales (defined as excluding businesses closed in 2008) outperforming the UK new car market. The results should be considered against the background of the difficult trading conditions in the UK motor retail market which started in 2008 and continued in 2009, as well as difficult general economic conditions across the UK. The group's performance, therefore, represents an impressive achievement against this background and is encouraging for the future and in particular the remainder of 2010.

As I reported in our last annual report, the second half of 2008 saw an unprecedented decline in new car sales volumes and used car values which resulted in management taking decisive action at the time to restructure the Motor Division with the closure of 21 underperforming franchised operations. This action significantly reduced overheads, strengthened the business and placed it in a stronger position to trade through the economic downturn and to emerge from it as a stronger and more efficient business We continue to benefit from our diversified business structure with strong performances from both the motor division and our market leading independent parts division

The UK new car market reduced by 6% in 2009 compared to the previous year with total registrations of just under 2 million This was the lowest volume since 1995, despite the introduction of the Government scrappage scheme which added 284,000 registrations Group like for like new car sales increased by 13% to 61,372 units as we continue to increase our market share Used car values recovered strongly during the year and like for like sales of used cars increased by 6% with margins also improving Dealership aftersales delivered strong results and benefited from a combination of the consolidation in dealership representation in the UK, a trend which we anticipate may continue during 2010, and the managed restructuring of market areas and franchise representation within our dealership portfolio Both these factors have increased aftersales revenue and profitability per site, further strengthening our share of the aftersales market

Our independent parts division, which provides a significant contribution to group earnings, had another excellent year and produced record levels of operating profit in all of the three businesses of this division The parts division is of particular importance to the group as it is not subject to cyclical fluctuations in the new car market Furthermore, as the national market leader in this sector of the market, we are in a strong position to exploit future growth opportunities through the introduction of new products and services

Whilst economic conditions remain uncertain, our strong performance in 2009 demonstrates the resilience of the group's businesses which are underpinned by profits generated by dealership aftersales and the independent parts division This leaves us well positioned to continue to trade successfully by outperforming the new car market and developing further opportunities from all areas of the business

FINANCIAL HIGHLIGHTS

Turnover was a similar level to last year at £1 75 billion. *Adjusted operating profit before amortisation, impairment and exceptional items increased to £45 1 million from £33 9 million last year Total exceptional items amounted to £14.2 million, primarily in relation to refinancing and restructuring costs Following significant reductions in working capital, interest costs reduced by 15 6% to £16 8 million. *Adjusted profit before tax was £28 3 million compared with an *adjusted profit of £14 0 million last year *Adjusted earnings per share were 7 32p compared to 4 66p last year Net cash inflow before exceptional items improved to £22 3 million compared to £7 3 million in 2008

2009 Review

BANK FACILITIES

As reported in our 2008 Annual Report, on 29 May 2009 we agreed terms and conditions with our banking syndicate on new facilities of £210 million. Whilst the facilities provide a sound financial structure for the group in the medium term, they were considerably more expensive and onerous than the previous facilities, as a result of the conditions prevalent in the banking industry at that time We therefore, considered alternative sources of capital to reduce the additional cost of these bank borrowings On 26 June 2009, we announced a fully underwritten Firm Placing and Placing and Open Offer to raise gross proceeds of £80 7 million (£77 6 million net of expenses) which facilitated significant improvements to the terms under the amended banking facility agreement The fundraising has strengthened the group's financial position, with the net proceeds being used to pay down debt and assist in securing more favourable terms on the group's banking facilities, as well as providing flexibility for the group to pursue its future development strategy The fundraising received strong support from our existing shareholders and also provided the opportunity for several new institutional shareholders to participate in the share issue which received shareholder approval at the General Meeting held on 22 July 2009

DIVIDEND

A condition of the revised banking agreement is that the group will pay no dividends before 30 June 2010 As a result, the group is therefore not in a position to pay a dividend for this financial year However, it is the board's intention to return to a progressive dividend policy in 2010, within the restrictions placed on the group by the terms of the amended banking facility agreement and subject to satisfactory trading results

BOARD CHANGES

As announced at the Annual General Meeting in June 2009, Ken Surgenor retired from his position as Chief Executive on 30 September 2009 Ken has been with the group for nearly 25 years and CEO for 8 years and we would like to thank him for his hard work and dedication during this time I am pleased to say that Ken remains with the group running the Charles Hurst group of businesses in Northern Ireland On 1 October 2009 Peter Jones, who was Managing Director of the Motor Division, was appointed to the position of Group Chief Executive. Peter has extensive experience of the motor sector and is well qualified to lead the company in the next phases of its development On 1 March 2010, as part of a reorganisation of the board, Andy Bruce was appointed Managing Director of the Motor Division and Brian Schumacker stood down from the board I would like to thank Brian for his valuable contribution to the board over the last ten years I am pleased to report that he will be staying with the group, although not on the board but in an important new role as Operations Director for business development, where he will lead the delivery of improved profitability across the group, particularly in dealership aftersales

THE FUTURE

The breadth of our operations gives the group resilience and the flexibility to adapt to changing market conditions to help protect profitability The majority of gross profit is generated from aftersales and the independent parts division which represent 60% of gross profit and are not subject to cyclical fluctuations in the new car market

The group has been strengthened by the actions taken in the Motor Division to reduce costs and close loss making businesses and the strong results achieved in 2009 have benefited from this However, we will continue to focus on areas where we can improve the performance of the group's franchised outlets to bring further improvements in profitability We continue to develop the independent parts division with the addition of new product lines, improved facilities and investment in systems, all of which will bring further increases in profitability The successful equity raising and negotiation of amended banking facilities have strengthened the group's balance sheet, providing greater flexibility to ensure that we are well placed and focussed to take advantage of strategic growth opportunities that may arise

The new year has started well with current trading being ahead of both our budget and the prior year We continue to outperform the new car market and trading in the Motor Division is ahead of both budget and prior year The independent parts division continues to perform well and is showing further progress. We are therefore confident that the company will emerge from the current downturn a stronger and more efficient business which is well placed to deliver future growth

I would like to conclude by thanking all our people at Lookers for their hard work and dedication in an exceptionally challenging year without whom we would not have been able to deliver such an excellent result.

Phil White
Chairman
9 March 2010

"THE BREADTH OF OUR OPERATIONS GIVES THE GROUP RESILIENCE AND THE FLEXIBILITY TO ADAPT TO CHANGING MARKET CONDITIONS TO HELP PROTECT PROFITABILITY."

PHIL WHITE, CHAIRMAN

CHIEF EXECUTIVE'S REVIEW

The 2009 *underlying profit before tax of £28.3 million, up from £14 million in 2008, was a record result for the company and was delivered despite an economic backdrop that saw the lowest new car market since 1995, a declining used car market and a reducing 1 – 3 year aftersales vehicle parc.

The key factors in driving performance recovery throughout the business were

- strong used vehicle sales volumes and margin growth,
- new vehicles sales volume growth, which was 19% ahead of the market,
- strong turnover and margin growth in our parts division and a strong aftersales performance in the motor division, and
- managed reductions within our business cost base

The strength of our underlying profit performance in difficult market circumstances gives us confidence that we can continue to grow the business in 2010, despite short-term market conditions remaining challenging The business is exceptionally well placed to take full advantage of improving economic conditions in the medium term

PETER JONES

OPERATING REVIEW

Motor Division

Our motor division consists of 122 franchise dealerships representing 32 marques from 73 sites The business generates revenue from the sale of new cars, the sale of used cars, vehicle servicing and repair, and the sale of franchise parts In 2009 our motor division increased profit before tax to £25 million from £5 million in 2008

Restructuring in late 2008 removed 21 underperforming franchise businesses, reduced headcount in ongoing businesses by 6% and reduced the working capital base These actions have recalibrated the business so that it can be successful at a reduced level of market activity

The restructuring has radically improved the profile of our business, enhancing sales and aftersales throughputs per business During 2009 we have made further changes which have strengthened activity levels per site with the addition of 8 incremental franchises within existing facilities

"THE 2009 *UNDERLYING PROFIT BEFORE TAX OF £28.3 MILLION, UP FROM £14 MILLION IN 2008, WAS A RECORD RESULT FOR THE COMPANY"

PETER JONES,
CHIEF EXECUTIVE

"WITHIN THE NEW CAR MARKET SUB SECTORS, OUR SHARE OF THE PRIVATE RETAIL SECTOR IS NOW 4.2%"

PETER JONES, CHIEF EXECUTIVE

New Cars

The new car market fell 6% to just under 2 million cars, the lowest new car market since 1995, despite the market boost of 284 thousand sales stimulated by the government scrappage scheme

Group new car sales of 61,372 cars increased by 13% compared to 2008 levels and were 19% ahead of the UK market, improving our market share to 3 1% from 2 6% in 2008 Within the new car market sub sectors, our share of the private retail sector is now 4 2%, our share of government scrappage sales is 2 6% and our share of the company car sales sector is 2 5% (2008 1 3%)

Gross margins for new cars reduced to 8 1% (2008 9 3%), primarily due to the effect of margin dilution from sales under the Government scrappage scheme, along with an increase in corporate sector sales

Overview of franchise breakdown

PRESTIGE	45
VOLUME	75
MOTORCYCLES	2

Proportion invested in Prestige brands

Alfa Romeo	1
Aston Martin	1
Bentley	1
Chrysler	1
Dodge	1
Ferrari	1
Honda	6
Jaguar	4
Jeep	1
Land Rover	8
Lexus	2
Maserati	1
Mercedes-Benz	8
Saab	2
Smart	4
Volvo	3

Proportion invested in Volume brands

Chevrolet	3
Citroën	4
Fiat	2
Ford	9
Hyundai	2
Kia	3
Mazda	1
Nissan	4
Peugeot	4
Renault	10
Seat	1
Toyota	5
Vauxhall	16
Volkswagen	11

Proportion invested in Motorcycle brands

BMW	1
Yamaha	1

Used Cars

The total used car market in the UK declined by circa 6% in 2009 Group sales of 42,378 vehicles were in contrast up by 6% on 2008 levels, well ahead of the market and we continue to gain market share Gross margins improved from 8% in 2008 up to 11% in 2009 and this performance was delivered from a much leaner stock base through improved stock turn

The used car market, which has annual sales of circa 7 million vehicles per annum, remains a huge area of opportunity for the group Through improved sourcing and a broader stock mix on our forecourts, we expect to take advantage of the stable market conditions in the used car sector to enhance our volumes and make further improvements in gross margin

Aftersales

Despite a declining vehicle parc within the 1 – 3 year vehicle sector, the group improved like for like aftersales revenue by 4%, held gross margin levels at 43%, and improved operating profits by 6% This resulted in the further strengthening of dealership aftersales profitability and further improved our share of the aftermarket opportunity

Our continued aftersales growth has been underpinned by further improvements in our customer relationship marketing centre processes and the deployment of electronic health checks in all businesses This enables us to identify and optimise service and repair requirements on all vehicles visiting us for aftersales work, which combined with our determination to deliver excellent customer service, are key factors in strengthening and optimising customer retention

Dealership representation continues to consolidate in the UK market and this has the effect of strengthening our franchise representation per site These factors, combined with our focus on increasing the retention of aftersales customers with vehicles over three years old, gives us further confidence that we can continue to grow our share of the lucrative aftermarket business opportunity

Motor Division: further restructuring

During the second half of 2008, we restructured the motor division and this delivered significant cost savings during 2009 Towards the end of 2009, the group took further actions in respect of the motor division central cost base, reviewing central marketing, group IT and systems, which has reduced our central cost base by £1 8 million, the full benefit of which will be realised in 2010 We have also improved buying terms with specific service providers which will deliver savings of £0 8 million in 2010

The group is currently in final negotiations to add a further six franchises to current locations This will strengthen throughputs per site with minimal uplift to our fixed cost base, resulting in operational improvements and increased profitability

As referred to in the Chairman's review, in March 2010 we refined the management structure of the motor division with Andy Bruce being appointed Managing Director and Brian Schumacker being appointed as Operations Director for Business Development. This will further improve our focus on the franchise operations and provide additional impetus on delivering programmes to underpin future business growth

"FPS, THE ONLY NATIONAL DISTRIBUTOR OF QUALITY BRANDED AUTOMOTIVE HARD PARTS, DELIVERED STRONG RESULTS"

The equity fund raising exercise undertaken earlier in the year has transformed the group's balance sheet enabling us to take advantage of opportunistic acquisitions in 2010 We are actively progressing talks to add incremental brands to strengthen the group portfolio and to strengthen our representation with specific brands where we currently have limited representation in comparison to their share of the UK market.

Parts Division

The group's independent parts division operates through three companies, each supplying hard parts to the aftermarket, the customer base being primarily motor factors who, in turn supply the independent repair sector

The total vehicle car parc in the UK market is now over 30 million vehicles, with just over 6 5 million of these being in the conventionally, dealership dominated 1 to 3 year vehicle parc In contrast to the younger vehicle parc, the 4 year plus vehicle parc in the UK continues to grow and the outlook for our independent parts operations is good as each of the businesses continues to take an increased share of a growing market opportunity

Our independent parts division continues to go from strength to strength, achieving record results, with all three businesses producing record levels of operating profit This performance is even more impressive as it follows a record performance in 2008. Turnover for the division increased by 18%, operating profit increased by 34% and profit before tax also increased by 34%, from £8 34 million to £11 16 million. The business continues to benefit as the slower demand for new cars translates into a greater need by consumers for car repairs to their current vehicle as they choose to maintain rather than exchange that vehicle for a new vehicle

FPS, the only national distributor of quality branded automotive hard parts delivered strong results with turnover increasing by 17% and operating profit of £7 9 million representing an increase of 38% The business now operates from 19 regional depots supported by our National Distribution Centre in Sheffield Two depots were relocated during the year to new, expanded premises which allowed the full range of products to be carried at more locations, including exhausts at all locations for the first time Growth was also supported by the introduction of new product lines whilst efficiency benefits were achieved by an increase in electronic order capture and information exchange

Apec, a market leader in the UK and Irish markets for aftermarket braking components, also had a very successful year overcoming the pressures caused by the weakness in Sterling to produce a record result Turnover increased by 23% and operating profit increased by 9% to £1 9 million A significant customer contract was renewed during the year and the company continues to develop hydraulic braking products New marketing initiatives and the launch of a new website helped strengthen the company's position as market leader in terms of product range and availability

BTN, a leading supplier and provider of technical support and servicing of turbochargers also delivered an excellent performance in 2009 Turnover increased by 21% as the company continues to expand sales to motor factors and new specialist customers A move to new premises during the year provides modern facilities to enhance technical and service support to customers and provide a basis for further growth in this expanding market.

OUTLOOK

Both the Motor Division and Parts Division have made a good start to the year We have continued to outperform the new car market and our used car performance continues to be strong Furthermore we have a healthy new car order book for March and aftersales continue to perform well with the result that the Motor Division is ahead of both budget and prior year Moreover the independent parts division is again showing further year on year progress and is in line with budget We therefore expect the result for the first quarter to be ahead of both budget and last year

Whilst economic conditions remain uncertain, our strong performance in 2009, our market leading parts division, together with the actions that have been successfully completed in the Motor Division to reduce costs, demonstrates the resilience of the group's diversified business model and leaves us well positioned to continue to trade successfully

We continue to focus on areas where we can improve the performance of the group's franchised outlets including consolidation of existing sites and adding dual franchises where this is appropriate We will also focus on targeted and selective acquisitions to further improve our franchise representation We continue to invest in new marketing initiatives, including the adoption of the Lookers brand across all mainland car dealerships, together with a relaunch of our website and enhanced digital marketing The Parts Division continues to benefit from the addition of new product lines and the slower demand for new cars continues to boost car repairs and demand for parts

The successful equity fund raising in July has strengthened the group's balance sheet providing greater flexibility to ensure that we are well placed and focussed to take advantage of strategic growth opportunities that may arise and we are confident that the company will emerge from the current downturn a stronger and more efficient business which is well placed to deliver future growth

Peter Jones
Chief Executive
9 March 2010

FINANCE DIRECTOR'S REVIEW

Despite the difficult trading conditions in the motor retail sector, on a like for like basis turnover increased by 4.2% from £1.68 billion last year, with positive growth in all sectors of the business. Overall turnover remained at a similar level to last year at £1.75 billion compared to £1.78 billion the previous year. *Adjusted profit from operations increased by 33.0% to £45.1 million, an increase of £11.2 million compared to the prior year of £33.9 million.

Following a significant reduction in working capital, particularly in stocks of new and used cars, total interest costs reduced by 15 6% to £16 8 million compared to £19 9 million in 2008, with operational interest charges, excluding interest on pension scheme liabilities, reduced by 27% from £19 8 million to £14 5 million. Interest on group borrowings is based initially on floating interest rates supplemented with interest rate hedges A significant element of the term loan was covered by interest rate hedges during the year, as described in more detail in the notes to the financial statements The proportion of long-term debt covered by hedging instruments reduced by £48 million in October 2009 when one of the hedges expired, reducing hedging coverage to approximately 66% of the term loan. However, as the hedges were established in 2007 when interest rates were significantly higher than current levels, they have the effect of increasing the interest charge so that we do not get the full benefit of the low base rate which is currently applicable in the UK

ROBIN GREGSON

Adjusted profit before tax, amortisation, exceptional items and debt issue costs for the year increased by 102% to £28 3 million, a record result for the company and an improvement of £14 3 million compared to the previous year of £14 0 million Profit before tax and after exceptional items was £11.5 million compared to a loss before tax in the previous year of £14 9 million This resulted in adjusted earnings per share of 7.32p compared to 4 66p in the prior year, an increase of 57% and basic earnings per share of 2 79p compared to a loss of 7 68p in the previous year The calculation of earnings per share has been affected by the equity raising, which is referred to in more detail below and which resulted in an increase in the weighted average number of shares in issue of 37.5%

Net exceptional items amounted to £14.2 million compared to £20 0 million in 2008 Refinancing costs were £6 6 million which relates to the new bank facilities Costs in relation to closed dealerships represent £6.2 million, reorganisation costs were £0 8 million, and other exceptional items were £0 5 million The cash impact of exceptional items was a cash outflow of £12 5 million.

"THE GROUP HAS SUFFICIENT FACILITIES AVAILABLE TO FUND ITS OPERATIONS AND ALLOW FOR FUTURE EXPANSION"

TAXATION

The tax charge for the year of £3 5 million compares to a net tax charge of £1 1 million in the prior year and reflects a charge of 30% of profit before tax. This is slightly higher than the standard rate of corporation tax as some of the exceptional costs are not allowable for tax.

CASHFLOW AND CAPITAL EXPENDITURE

Cash generated from operations for the year was £20 1million, although this increases to £32 6 million after adjusting for exceptional items and debt issue costs incurred in the refinancing Working capital increased by £14 1 million with a reduction in stock of £56.2 million offsetting the repayment of stocking loans and other creditors of £52 0 million. However, an increase in debtors of £18 3 million due to higher levels of trading, was the principal reason for the increase in working capital. Capital expenditure was £7.2 million compared to £8 6 million the previous year and proceeds from the sale of properties were £2.5 million The majority of capital expenditure was on new or improved premises for the parts division or improvements to dealership properties

As referred to earlier, the group successfully raised £77 6 million from the proceeds of the share issue The proceeds were used to repay £65 million of bank loans with the balance of £12 6 million being applied against the revolving credit facility Net cash inflow was £9 8 million, compared to a cash outflow of £12 7 million in 2008 Adjusting for exceptional items gives a cash inflow for the year of £22 3 million compared to £7 3 million in 2008 This resulted in a reduction in net debt to £79 0 million compared to £149 5 million at the start of the year

SHAREHOLDERS FUNDS AND FINANCING

As set out in the Chairman's Review, the group renewed its banking facilities to provide total facilities of £210 million until 30 April 2012 and raised £77 6 million net of expenses through the Firm Placing and Placing and Open Offer £50 million of the proceeds was used to repay the high interest loan, which incurred interest at 10% above LIBOR, £15 million was used as a partial repayment of the term loan and £12 6 million was applied against the revolving credit facility This resulted in a significant reduction in the company's gearing and also allowed revisions to be made to the banking agreement which were more favourable to the company, particularly in relation to interest charges Following these amendments to the banking facilities, the group has available bank facilities which consist of a revolving credit facility of £53 million and a term loan of £91 million Interest is charged on both loans at a margin of between 3% and 4% above LIBOR These facilities are subject to quarterly covenant tests on interest cover, bank debt to EBITDA, total debt to EBITDA and debt service cash cover The covenant tests are set at levels that provide sufficient headroom and flexibility for the group until maturity of the facilities in April 2012

At 31 December 2009 total facilities were £144 million of which £79 million was being utilised These facilities together with the group's strong operational cash flow, indicate that the group has sufficient facilities available to fund its operations and allow for future expansion At 31 December 2009 gearing was 49% compared to 180% at 31 December 2008 and net debt to EBITDA was 1 5 compared to 3 4 last year The group's underlying profitability and strong cash flow should result in further reductions in borrowing in the future and help ensure that the level of borrowing remains under control and is at a reasonable level in relation to net assets. Further information on the going concern basis of preparation is included in note 1

PROPERTY PORTFOLIO

The group has a policy of investing in freehold and long leasehold property as the preferred means of providing premises for the car dealerships, where possible As a result we have a significant and valuable portfolio of freehold and long leasehold properties where the net book value at 31 December 2009 was £183 4 million compared to £186.2 million last year Of this amount £9.2 million has been disclosed within current assets as assets held for sale Short leasehold properties had a value of £8 5 million (2008 £8 8 million)

DIVIDENDS

Following agreement of the new banking facilities the group is not in a position to pay a dividend for this financial year However it is the board's current intention to return to a progressive dividend policy in 2010 within the restrictions placed on the group by the terms of the amended banking facility agreement and subject to satisfactory trading results.

PENSION DEFICIT

The group operates two defined benefit pension schemes both of which are closed to entry for new members Whilst there has been a recovery in the value of pension scheme assets during the year, the underlying assumptions used to calculate liabilities of the schemes have resulted in an increase in total liabilities compared to the previous year The effect of these factors is that the pension deficit for both schemes has increased by £5 6 million, after deferred tax, so that the total deficit is £25 6 million (2008 £20 0 million) The assessment of valuation is based on several key assumptions prescribed by accounting standards, where relatively small changes in the bases of valuation can have a significant effect on the calculated deficit. The group has very little control over the assumptions used and their impact on the valuation, hence the movement in the calculated deficit can be subject to high levels of volatility which are outside of our control The board continues to look at its options to reduce both the annual cost of operating both schemes and what actions can be taken to reduce the deficit on the schemes, thereby reducing exposure to movements in these liabilities and reducing the deficit over the medium and longer term

VAT

The group has previously submitted a number of claims with HM Revenue & Customs ('HMRC') in respect of potential overpayments of VAT relating to prior years. If the group is successful in its negotiations with HMRC, then there is the potential for significant repayments to be received by the group The nature of the process for negotiating these claims with HMRC can take a considerable time so the timing of any potential receipt is uncertain and no benefit for any potential repayment has been included in the accounts and no income will be included until the claims have been agreed with HMRC

Robin Gregson
Finance Director
9 March 2010

EXECUTIVE DIRECTORS

1 PETER JONES. Chief Executive
Aged 53 Joined the Group and appointed to the Board in May 2008 and appointed as Managing Director of the Motor Division in January 2009 He became Group Chief Executive on 1 October 2009

2. ROBIN GREGSON Finance Director
Aged 49 Chartered Accountant Joined the Group in May 2009 Previously Group Finance Director of Cardpoint plc and CD Bramall plc, whom he joined in 1996 following 15 years with Deloitte

3. ANDREW BRUCE. Managing Director, Motor Division
Aged 44 Joined the Group in 2000 and appointed to the Board in 2002 Formerly UK Sales Director for Land Rover he was appointed to his current position in March 2010 following a strategic restructuring of the company's senior management and has full accountability for the Group s Motor Division performance

4. TERRY WAINWRIGHT
Operations Director
Aged 62 Joined the Group in 2004 following the acquisition of FPS Appointed to the Board in October 2005, he has responsibility for the Group's Parts Division He has over 35 years experience in the Independent Automotive Aftermarket and has held senior positions with Quinton Hazel, GKN and Unipart Group

NON-EXECUTIVE DIRECTORS

5. PHIL WHITE: Chairman ¥ Δ
Aged 60 Appointed in September 2006
Chief Executive of National Express for 10 years until 2007 He is also Chairman of Kier Group plc and The Unite Group plc

6. TONY BRAMALL
Aged 74 Appointed in June 2006
Chairman and Director of CD Bramall plc until February 2004

7 JOHN BROWN * † ¥ Δ
Aged 65 Appointed in May 2005
Chartered Certified Accountant Currently Non-Executive Chairman of Norcros plc and AIM listed Voller plc, he is also a Non-Executive Director of Henry Boot plc Until July 2005 he was Chief Executive of Speedy Hire plc a company he founded in 1977 which is the market leader in its field

8. BILL HOLMES † ¥ Δ
Aged 57 Appointed in June 2008
Previously managing partner of the Leeds office of BDO Stoy Hayward, whom he joined in 2002 from Arthur Andersen where he had been a partner since 1988 Prior to joining Arthur Anderson he qualified as an Inspector of Taxes with HM Revenue & Customs

*Senior Independent Director † Member of the Audit Committee ¥ Member of the Remuneration Committee
Δ Member of the Nomination Committee

Financial
Statements 2009

The Directors have pleasure in submitting their report which includes the Statements on Corporate Governance and the audited financial statements for the year ended 31 December 2009

1 **ACTIVITIES**

The main activities of the Group are the sale, hire and maintenance of motor vehicles and motorcycles, including the sale of tyres, oil, parts and accessories

2. **ENHANCED BUSINESS REVIEW**

An analysis of the functional performance of the Group, along with an analysis of financial Key Performance Indicators ("KPIs") is provided on pages 4 to 19 The main financial KPIs of the Group are revenue, profit before tax, earnings per share, gearing and cash flow from operations. The additional information required to be disclosed in the Enhanced Business Review is shown below

The Group's business activities, financial condition, results of operations or the Company's share price could be affected by any or all of the following risks or uncertainties

Global Economy

The new and used car markets are influenced by general economic conditions, including changes in interest rates, fuel prices, indirect taxation, the cost and availability of credit and other factors which affect levels of consumer confidence The demand for new cars is cyclical, which in some years will lead to reduced margins caused by oversupply This could have an adverse impact on the earnings of the Group, though this would likely be mitigated by potential increases in both the used car market and the aftersales market as customers substitute nearly new for new, or spend more keeping their old vehicles roadworthy The UK is currently experiencing problems caused by the global downturn Despite lower interest rates, the lack of available credit, together with a general feeling of uncertainty in the economy has resulted in a significant fall in new car registrations However, we have seen an increase in activity in both used car sales and within the parts distribution businesses and the Group's business has proved to be resilient against this background

Manufacturers' Financial Stability

The Group relies on its manufacturer partners for a significant proportion of its revenues and profits The failure of a manufacturer could have a significant impact on the short-term profitability of a retailer partner The Group has attempted to mitigate this risk by having trading relationships with a large number of manufacturers, so that the impact of any one manufacturer failing would be lessened Due to global economic events, several manufacturers have come under severe financial pressure However, it appears that there has been significant political will to support these manufacturers to prevent their demise because of the effect this would have on their local economies

Liquidity and Financing

The Group uses a number of methods to fund its day to day business These methods are (i) bank borrowings by way of committed borrowing facilities (Banking facilities of £144 million agreed with existing lenders, maturing 2012), (ii) from manufacturer and third party finance houses through uncommitted stocking facilities to fund the purchase of stock, and (iii) from suppliers by way of trade credit A withdrawal of any of these financing facilities or a failure to renew them as they expire could lead to a significant reduction in the trading ability of the Group However the share issue in 2009 has significantly strengthened the Group's balance sheet and provided a substantial source of additional funding.

Exchange Rates

The Group is affected by currency fluctuations to the extent that a large proportion of our manufacturer partners either source parts or manufacture vehicles overseas The appreciation of the Euro against Sterling has meant that most manufacturers have had to increase prices despite the current market conditions In recent years, Sterling had appreciated against most currencies, allowing imported vehicles to be priced more competitively The Board is aware of the uncertainties this causes and the only protection that can be taken is to ensure the Group retains a broad mix of the major manufacturers, both UK and overseas, to limit the effect.

Block Exemption

Block Exemption is a complex set of rules that defines how new vehicles are supplied, distributed and dealt with after they are sold These rules were changed in 2003 and certain parts became effective in 2005 scrapping the restrictions on the number of dealers operating within a territory, and allowing the provision of aftersales support to be separate from the sale of new vehicles The Group has yet to see any impact of these changes, though the Board is aware of the possible competition that these changes could bring to our established businesses By ensuring that our franchise businesses continue concentrating on customer service, the Board believes that the Group will minimise the impact of these, and any future changes to Block Exemption rules

Competitive Nature of the Market

The motor vehicle distribution market is highly competitive and comprises a small number of large dealer networks, similar to Lookers, down to a large number of much smaller operators. In addition, the market includes internet-based dealers and private individuals The franchised businesses also compete in the aftersales market which comprises similar franchised businesses, supply and fit chains, and a large number of small independent garages and bodyshops

2. ENHANCED BUSINESS REVIEW (continued)

Competitive Nature of the Market (continued)
The market therefore offers customers different options depending upon price and quality of service they wish to take, with owners of new and nearly new vehicles tending to use the franchised businesses and owners of older vehicles tending towards the small independent provider The Group's franchised businesses rely on the quality of their customer service and the ability to adjust pricing, enabling them to react to local competitive conditions
The parts distribution business operates in a very competitive market place, dominated by a few large players The differentiator in this market is the quality of customer service offered by the Group's businesses, which continues to give the competitive edge where price differences would not be enough

Government Legislation
In addition to Block Exemption rules noted above, changes to the Government's transport policy could adversely affect the Group's profitability if, as a result, customers choose to use alternative forms of transport

Information Systems
The Group is dependent upon a number of business critical systems which, if interrupted for any length of time, could have a material effect on the efficient running of the Group's businesses The Board has implemented a series of contingency plans which would enable the Group to resume operations within a short space of time, thus mitigating the likelihood of material loss

Manufacturers' Influence
The Group's activities are also influenced by manufacturers in other ways The timing, frequency and efficiency of new model roll-outs and changes in consumers' perception of these models and brands could materially affect the Group's business Similarly, manufacturers use a series of incentive schemes to support new car sales, warranty programmes etc and changes or discontinuation of these schemes could also affect the Group's business By representing over thirty marques, the Group believes that this diversity reduces the impact to the Group that manufacturers' influence could cause

3 DIVIDENDS AND SHARES
Ordinary shares of 5p each
No interim dividend was paid during the year (2008 1 60p per share) No final dividend is recommended for the year (2008 same)

4 DIRECTORS
The following were Directors of the Company at the end of the financial year and thereafter Their interests in the issued ordinary share capital of the Company were as follows

	31 12 09 Number	31 12 08 Number
D C A. Bramall	85,444,637	40,678,887
J E Brown	98,318	53,628
A. C Bruce	349,271	195,758
R A Gregson	200,000	-
W Holmes	36,666	20,000
P Jones	1,981,000	558,000
B Schumacker	1,328,762	716,940
T M Wainwright	159,467	86,982
P M White	53,716	29,300

Details of Directors' share options are shown in the Directors' Remuneration Report.

All holdings are beneficial

There was no change in the interests of the Directors in shares or share options of the Company between 31 December 2009 and 9 March 2010

The mid-market price of the ordinary shares at 31 December 2009 was 49 0p and the range during the year was 18 5p to 69 0p

4. DIRECTORS (continued)

Directors retiring by rotation are J E Brown and P M White and, being eligible, offer themselves for re-election

D V Dyson resigned from the Board on 19 May 2009, H K Surgenor retired from the Board on 30 September 2009 and B Schumacker retired from the Board on 1 March 2010

There are no other contracts with the Company or its subsidiaries in which a Director of the Company has any interest, other than service contracts (Executive Directors) or letters of appointment (Non-Executive Directors)

The company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report

5 APPROVAL OF THE DIRECTORS' REMUNERATION REPORT

The Directors' Remuneration Report will be laid before the Annual General Meeting for adoption as a separate resolution from the Auditors' Report and the Company's accounts for the year ended 31 December 2009

6 CAPITAL STRUCTURE

Details of the authorised and issued share capital, together with details of the movements in the company's issued share capital during the year are shown in note 23 The company has one class of ordinary shares which carry no right to fixed income

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation The Directors are not aware of any agreements between holders of the company's shares that may result in restrictions on the transfer of securities or on voting rights

No person has any special rights of control over the company's share capital and all issued shares are fully paid

With regard to the appointment and replacement of Directors, the company is governed by its Articles of Association, the Combined Code, the Companies Acts and related legislation The Articles themselves may be amended by special resolution of the shareholders The powers of Directors are described in the Main Board Terms of Reference, copies of which are available on request, and the Corporate Governance Statement on page 28

Under its Articles of Association, the company has authority to issue 480,000,000 ordinary shares

There are also a number of other agreements that take effect, alter or terminate upon a change of control of the company such as commercial contracts, bank loan agreements, property lease arrangements and employees' share plans None of these are considered to be significant in terms of their likely impact on the business of the group as a whole

7. EMPLOYEES

Employees are encouraged to discuss with management any matters which they are concerned about and factors affecting the Group In addition, the Board takes account of employees' interests when making decisions Suggestions from employees aimed at improving the Group's performance are welcomed

A significant number of employees are remunerated partly by profit-related bonus schemes

The Group newsletter (Outlook) is circulated periodically to all employees The purpose of the newsletter is to keep employees up to date with Group developments and activities Communicating in this manner ensures a consistent message

Long service awards were made during the year to those staff with 25 years' continuous service Special awards were also made to those staff reaching 40 and 50 years' service

All employment policies have been updated to conform with current legislation

It is the Group's policy to encourage career development for all employees to help staff achieve job satisfaction and increase personal motivation

8 ETHICAL EMPLOYMENT

It is the Group's policy to offer equal opportunities to disabled persons applying for vacancies and provide them with the same opportunities for employment, training, career development and promotion as are available to all employees, within the limitations of their aptitude and abilities In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and appropriate arrangements are made

Employment within the Group is offered on the basis of the person's ability to work and not on the basis of race, individual characteristics, creed or political opinion

9. SPECIAL BUSINESS OF THE ANNUAL GENERAL MEETING

(a) Renewal of Directors' power to allot shares

The Special Business of the Annual General Meeting includes an Ordinary Resolution (Resolution 7) which gives the Directors the power to allot shares

This authority, which will expire at the end of the Annual General Meeting to be held in 2011, is to allot up to £6,400,150 (128,003,011 shares), being approximately one third of the Company's issued ordinary share capital as at 9 March 2010, together with 160,475 shares for share options which could be available for exercise under the Lookers SAYE Scheme before the date of the next Annual General Meeting

9. SPECIAL BUSINESS OF THE ANNUAL GENERAL MEETING (continued)

A similar Resolution was passed at the last Annual General Meeting and the Directors intend to seek renewal of this authority at subsequent Annual General Meetings

(b) Disapplication of statutory pre-emption rights
The Special Business of the Annual General Meeting includes a Special Resolution (Resolution 8) to disapply the pre-emption rights of shareholders to allow the issue of a limited number of shares

This is a Resolution that the Directors propose each year at the Annual General Meeting The Companies Act 2006 requires that, subject to certain exceptions, before Directors of a Company can issue any new shares for cash, the new shares must be offered first to the existing shareholders proportionately to their existing shareholding This provision can create considerable administrative difficulty, particularly if a rights issue is made, because of the entitlements to fractions of shares which may arise and because of the restrictions imposed on the Company's ability to offer new shares to certain overseas shareholders by the laws of relevant overseas jurisdiction

As in previous years, the authority would enable the Directors to avoid any difficulty which might arise in those circumstances It is also customary each year for public companies to take a limited authority to issue new shares for cash without first offering those shares to existing shareholders Therefore, through this Resolution, the Directors are seeking an authority to issue small quantities of shares for cash The authority is limited to the allotment of up to a maximum nominal value of £958,819 (19,176,380 shares) in ordinary shares, being 5% of the Company's issued ordinary share capital as at 9 March 2010
This will continue to provide the Directors with flexibility to act in the best interests of the shareholders when opportunities arise
The authority the Directors are seeking will expire at the end of the Annual General Meeting to be held in 2011 As usual, they *intend to seek renewal of this authority at subsequent Annual General Meetings*

(c) Purchase of own shares
The Special Business of the Annual General Meeting includes a Special Resolution (Resolution 9) to authorise the Company to make market purchases of its own shares

The Resolution specifies the maximum number of shares the Company can buy up to a nominal value of £1,917,638 (38,352,760 shares) representing 10% of the Company's issued ordinary share capital as at 9 March 2010, and the maximum and minimum prices at which the Company can buy them, reflecting the requirements of the Companies Act 2006 and the Listing Rules of the UK Listing Authority
As at 9 March 2010, the Company does not have any outstanding options to purchase its own shares pursuant to the authority to buy its own shares granted at the 2009 Annual General Meeting

The Company would only buy shares on the London Stock Exchange The Board can only use the power to buy shares after considering the effect on earnings per share and the benefits for longer term shareholders

At the 2009 Annual General Meeting, the Company was authorised to make market purchases of its own shares This Resolution is to renew that authority for a further year It does not mean that the Company will buy its own shares at any particular price or indeed at all. The Directors do not intend at present to use this power but wish to retain the flexibility to do so in the future

The authority would expire at the end of the Annual General Meeting to be held in 2011 As usual the Directors intend to seek renewal of this authority at subsequent Annual General Meetings
(d) Notice of General Meetings
A Special Resolution, (Resolution 10) the purpose of which is to renew the authority given at the last Annual General Meeting to call General Meetings on 14 days notice instead of 21 days

10. DONATIONS

Charitable donations amounted to £16,293 (2008 £21,000) No political donations were made (2008 £nil)

11. AUDITORS

In the case of each of the persons who are Directors of the Company at the date when this report was approved

- so far as each is aware, there is no relevant audit information (as defined by the Companies Act 2006) of which the Company's auditors are unaware, and
- each of the Directors has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006 Deloitte LLP have expressed their willingness to continue in office and, in accordance with the Companies Act 2006, their re-appointment will be proposed at the Annual General Meeting

12. SUPPLIER PAYMENT POLICY

The Group does not formally follow the better payment practice code issued by the Department of Trade and Industry because, in line with industry practice, manufacturers insist upon direct access to our bank accounts and they take funds to pay for both vehicles and parts when they fall due Other suppliers are generally paid in accordance with their terms of trading

At 31 December 2009, the trade creditors of the Group and the Company represented 32 and 30 days' (2008 44 and 30 days') purchases respectively

13. DERIVATIVES AND FINANCIAL INSTRUMENTS

The Group's treasury activities are operated within policies and procedures approved by the Board, which include defined controls on the use of financial instruments managing the Group's risk The major financial risks faced by the Group relate to interest rates and funding The policies agreed for managing these financial risks have remained the same since the beginning of the period under review, and are summarised below

The Group finances its operations by a mixture of retained profits, bank borrowings, stock financing and commercial paper

To reduce the Group's exposure to movements in interest rates, the Group seeks to ensure that it has an appropriate balance between fixed and floating rate borrowings The Group uses interest rate swaps and collars in order to manage its exposure to interest rate risk, all such arrangements are approved by the Board in line with its treasury policies

The Group seeks to ensure continuity of funding by taking out certain borrowings which are repayable in instalments over periods of at least three years Short-term flexibility is achieved by overdraft facilities

The Group has no significant exposure to foreign currency, nor does it undertake any trading in financial instruments

Refer to notes 15, 19, 20 and 30 of the notes to the Financial Statements for further information in this area

14. SUBSTANTIAL SHAREHOLDINGS

On 9 March 2010 the following shareholders, so far as the Directors are aware, had an interest in 3% or more of the issued ordinary share capital of the Company

D C A. Bramall and Family	85,444,637 shares	(22 28%)
Treffick Limited	66,224,910 shares	(17 27%)
Schroders Investment Management Limited	18,904,000 shares	(4 93%)

The Directors have not been notified of any other holders of 3% or more of the issued ordinary share capital

By Order of the Board

R. A. Gregson
Company Secretary
9 March 2010

Statements on Corporate Governance

COMPLIANCE STATEMENT

The Board of Directors is collectively accountable to the Company's shareholders for good corporate governance and is committed to achieve compliance with the principles of corporate governance set out in the 2008 Combined Code (the "Code") of the Listing Rules of the Financial Services Authority

Throughout 2009 the Company has been in compliance with the Code provisions set out in 2008 FRC Combined Code on Corporate Governance

The Board

The Board of Directors at the start of the financial year under review comprised six Executive Directors and four Non-Executive Directors On 19 May 2009 D V Dyson resigned and R A Gregson was appointed, H K Surgenor retired as Chief Executive on 30 September 2009 and was replaced by P Jones, B Schumacker retired on 1 March 2010, J E Brown, P M White and W Holmes are considered to be independent Non-Executive Directors

The Code requires a balance of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the Board's decision-making process The number and quality of the Non-Executive Directors on the Board, with their combination of diverse backgrounds and expertise, ensures this principle is met

The Board has a documented schedule of matters reserved for its decision which includes the following

- agreeing objectives, policies and strategies, and monitoring the performance of the executive management,
- approval of the Group's strategic plans and business plans,
- approval of annual and interim results,
- deciding on major changes in organisation and the shape of the Group, including entry into new fields of operation and departure from those which are no longer considered to be appropriate, and
- approving major individual capital projects

The Chairman takes responsibility for ensuring the Directors receive accurate, timely and clear information Monthly financial information is provided to the Directors Regular and ad hoc reports and presentations are circulated, with all Board and committee papers being issued in advance of meetings by the Company Secretary In addition to formal Board meetings, the Chairman maintains regular contact with the Chief Executive and the other Directors to discuss specific issues In furtherance of their duties, the Directors have full access to the services of the Company Secretary and may take independent professional advice at the Company's expense The Board believes that given the experience and skills of its particular Directors, the identification of general training needs is best left to the individual's discretion If any particular development need is identified through the Board's formal appraisal process or by an individual Director, the Company makes the necessary resources available

Director Roles

P M White is the Non-Executive Chairman and P Jones is the Chief Executive The Chairman leads the Board and the Chief Executive manages the Group and implements the strategy and policies adopted by the Board The division of responsibilities between the role of Chairman and Chief Executive has been set out in writing

J E Brown is the Senior Independent Director and his prime responsibility is to provide a communication channel between the Chairman and the Non-Executive Directors and to ensure that the views of each Non-Executive Director are given due consideration The Company Secretary would minute any unresolved concerns expressed by any Director

The Company maintains appropriate directors' and officers' insurance in respect of legal action against its Directors

Statements on Corporate Governance

COMPLIANCE STATEMENT (continued)

Attendance at Meetings

The following table shows the attendance of Directors at regular Board meetings and at meetings of the Audit, Remuneration and Nomination Committees

Scheduled meetings held in 2009

	Board	Audit	Remuneration	Nomination
Number held	10	4	4	1
Number attended				
D C A Bramall	10	4*	4*	
J E Brown	10	4	4	1
A C Bruce	10	1*		
D V Dyson (resigned 19 May 2009)	3	2*		
R A Gregson (appointed 19 May 2009)	6	2*		
W Holmes	10	4	4	
P Jones	10	2*	4*	
B Schumacker	10	1*		
H K Surgenor (resigned 30 September 2009)	7	3*	1*	
T M Wainwright	10	1*		
P M White	10	4*	4	1

*in attendance by invitation of the Committee for all or part of the meeting

APPOINTMENT AND SELECTION OF DIRECTORS

Appointments

The Code requires there to be a formal, rigorous and transparent procedure for the appointment of appropriate new Directors, which should be made on merit and against objective criteria The Board has an established Nominations Committee for this purpose and its terms of reference are available from the Company Secretary

The Board approves the appointment and removal of Directors

The Board is aware of the other commitments of its Non-Executive Directors and is satisfied that these do not conflict with their duties as Non-Executive Directors of the Company

The service contracts of Executive Directors and the letters of appointment of Non-Executive Directors are available for inspection at the Company's registered office during normal business hours and at the Annual General Meeting

Directors receive induction on their appointment to the Board as appropriate, covering matters such as the operation and activities of the Group (including key financial and business risks to the Group's activities), the role of the Board and the matters reserved for its decision, the tasks and membership of the principal Board Committees, the powers delegated to those Committees, the Board's governance policies and practices, and the Group's latest financial information The training and induction process for Directors takes into account the development of the Group and applicable governance standards Major shareholders are offered the opportunity to meet new Directors as any appointments are made

The requirement to propose Directors for re-appointment at regular intervals is met by applying the Company's Articles of Association These require that at each Annual General Meeting not less than one-third of the Directors who are subject to retirement by rotation must retire, and that any Director, who was not appointed at either of the two previous Annual General Meetings and who has served as a Director for more than two years since appointment or last re-appointment, has to retire

In accordance with the Code, each new Non-Executive Director is appointed for a specified term, being an initial period from appointment to the next Annual General Meeting where he will be subject to re-appointment at that meeting, for a further period ending not later than the Annual General Meeting held three years thereafter There is a general assumption on the part of the Board that independent Non-Executive Directors will not normally be invited to stand for re-appointment after serving six years

Nomination Committee

The Nomination Committee comprises P M White, J E Brown, W Holmes, and was chaired by P M White The Committee reviews the size, structure and composition of the Board and Committees and makes recommendations to the Board with regard to any changes that are considered necessary The Committee also reviews the time required of Non-Executive Directors

The Nomination Committee is responsible for assisting the Board in the formal selection and appointment of Directors and considers succession planning for the Board In considering an appointment, the Nomination Committee evaluates the balance of skills, knowledge and experience of the Board and prepares a description of the role and capabilities required for a particular appointment In identifying suitable candidates, open advertising or external search agencies will be used by the Committee, where appropriate It also considers potential candidates and recommends appointments of new Directors to the Board The appointments are based on merit and made against objective criteria including the time available and commitment which will be required of the potential Director

Statements on Corporate Governance

APPOINTMENT AND SELECTION OF DIRECTORS (continued)

Nomination Committee (continued)
In choosing new Non-Executive Directors, the Committee starts by obtaining the views of its professional advisors The Committee has the power to employ the services of such advisors as it deems necessary in order to carry out its responsibilities and may retain appropriate executive search consultants having prepared a job specification for the role

Performance Evaluation Appraisal
Annually the Non-Executive Directors are appraised individually by the Chairman, and the Board, led by the senior Non-Executive Director, together appraise the Chairman In 2009, all members of the Board completed a questionnaire regarding Board processes and performance The Chairman reported the collective findings to the Board and agreed actions required The Audit, Remuneration and Nomination Committee Chairmen appraise their performance in a similar way on an annual basis

ACCOUNTABILITY AND AUDIT

Going Concern
After making enquiries, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future In forming this view, the Directors have reviewed trading and cashflow forecasts and have also taken into consideration that the Group's banking facilities remain available to them and are appropriate given the Group's current trading and medium-term plans Further details surrounding the Directors' rationale regarding the going concern assumption are included in Principal Accounting Policies on page 40 For this reason the Directors continue to adopt the going concern basis in preparing the financial statements

Audit Committee
The Audit Committee comprises J E Brown and W Holmes and throughout 2009 was chaired by J E Brown The Committee met 4 times during 2009, with the Chief Executive, Finance Director and the internal and external auditors attending as required
The Audit Committee has reviewed the effectiveness of the system of internal control during the year ended 31 December 2009 This has included consideration of Group-wide risk assessment and of internal audit and internal control exercises undertaken throughout the Group The Audit Committee has also considered reports from internal and external auditors The Audit Committee has reported the results of its work to the Board The Board has considered these reports when undertaking its review of the effectiveness of the Group's system of internal control
The Audit Committee is responsible for reviewing a wide range of financial matters including the interim and year end financial statements, matters relating to the external audit, corporate governance matters and monitoring the Group's internal and operational controls The Audit Committee's terms of reference are available from the Company Secretary
The Audit Committee has considered the arrangements for the reporting by employees of concerns about possible improprieties in financial reporting or other matters, as set out in the Employee Handbook, and has concluded that there is a reasonably clear and adequately defined system for reporting of concerns This policy and system of reporting will be reviewed annually
The auditors are permitted to provide non-audit services that are not, or are not perceived to be, in conflict with auditor independence Part of the Committee's responsibility in relation to external auditors is to review the nature of their independence and the extent of the non-audit services they provide The report from Deloitte LLP confirming their independence and objectivity was reviewed by the Chairman of the Audit Committee and the Finance Director The level of fees paid to Deloitte LLP for non audit services has been considered by the Audit Committee and is not perceived to be in conflict with auditor independence
Deloitte LLP have been external auditors for four years The Audit Committee assesses and considers the frequency of changing auditors based on their assessment of the audit No contractual obligations exist which restrict the Audit Committee's choice of Auditor
The Committee conducted a formal evaluation of the effectiveness of the external audit process and held independent meetings with the external auditors, and has reported on its conclusions to the Board The Committee has recommended to the Board the re-appointment of the external auditors Non-audit services are placed with whichever firm is believed to deliver the best value for money, having regard to our external auditors' independence if Deloitte LLP were to be appointed

Internal Control
The Code requires the Company to maintain a sound system of internal control to safeguard shareholders' investment and the Company's assets The Board must review the effectiveness of the system at least annually, covering all material controls, including financial, operational and compliance controls and risk management systems, and report to shareholders that it has done so The Turnbull Report, adopted by the UK Listing Authority, provides guidance for compliance with that part of the Code
The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company Steps are being taken to embed internal control and risk management further into the operations of the businesses and to deal with areas of improvement which come to management's and the Board's attention. The process has been in place throughout the year and up to the date of approval of the Annual Report and Accounts It is regularly reviewed by the Board and accords with the guidelines set out in the Turnbull Report

Statements on Corporate Governance

ACCOUNTABILITY AND AUDIT (continued)

Internal Control (continued)
The Board confirms that the actions it considers necessary have been or are being taken to remedy such failings and weaknesses which it has determined to be significant from its review of the system of internal control This has involved considering the matters reported to it and developing plans and programmes that it considers are reasonable in the circumstances The Directors acknowledge that they are responsible for the Group's system of internal control, for setting policy on internal control and for reviewing the effectiveness of internal control The role of management is to implement Board policies on risk and control The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss

The Group has an internal audit function that reports to the Audit Committee Detailed control procedures exist throughout the operations of the Group and compliance is monitored by management, internal auditors, and, to the extent that they consider necessary to support their audit report, external auditors

Relations with Shareholders
The Company places considerable importance on communications with shareholders and responds to them on a wide range of issues It has an ongoing programme of dialogue and meetings with major institutional shareholders, where a wide range of relevant issues including strategy, performance, management and governance are discussed The Chairman makes himself available to meet any major shareholder, as required

All Company announcements are posted on our website www lookers co uk as soon as they are released Our website contains a dedicated investor relations section, www lookersplc com, with an archive of past announcements and presentations, historical financial performance, share price data and a calendar of events

The principal communication with private investors is through the Annual Review, the Interim Report and the Annual General Meeting

A presentation is made at the Annual General Meeting to facilitate greater awareness of the Group's activities Shareholders are given the opportunity to ask questions of the Board and of the Chairman of each Board Committee and to meet the Directors informally after the meeting Separate resolutions are proposed for each item of business and the 'for', 'against' and 'vote withheld' proxy votes cast in respect of each resolution proposed at the Meeting are counted and announced after the shareholders present have voted on each resolution Notice of the Annual General Meeting is posted to shareholders at least twenty one days before the date of the Annual General Meeting

Corporate Social Responsibility Review

CORPORATE SOCIAL RESPONSIBILITY MANAGEMENT

The Main Board of Lookers is responsible for setting the Group's strategy, values and standards regarding social, environmental and ethical issues It delegates the responsibility for implementing strategy and instils values and standards throughout the Group's businesses The operating companies each include social, environmental and ethical issues in their risk assessment processes This enables the Main Board to ensure that any potential problems are identified and contingency strategies are in place

Lookers and the Environment

Lookers' activities do have an impact on the environment. The Group is keen to fulfil its legal obligations on this issue and has a Group-wide environmental policy in place The need to deal with contamination, waste oil and asbestos issues is at the forefront of the Group's concerns.

On a wider level, Lookers supports a number of industry initiatives and the Group also engages in all environmental issues raised by stakeholders, consumers, suppliers, shareholders and employees

The Group aims to encourage the reduction of energy and water consumption and actively investigates employees' suggestions to help reduce the amount of waste An electrical testing monitoring regime is in force throughout the Group Use of the latest building materials is made in the construction of new sites and the refurbishment of existing locations For instance, modern heating controls include both timers and thermostats

Lookers aims to improve its energy, water and fuel efficiency over the coming year throughout the Group's operations As part of this policy, the Group is working in partnership with a major energy management systems company to help create a better environment by reducing the amount of harmful emissions released into the atmosphere for everyone's future benefit Savings of up to 30% in annual heating spend can be achieved as well as producing a comfortable working environment for staff The system is recognised for ISO 14001

Lookers and Ethics

Lookers believes that integrity in its relationships with customers, suppliers, staff, shareholders, regulatory agencies and the community is important and gains the respect of all its stakeholders Treating Customers Fairly is now embedded into the Group's ethos and will continue to be part of the Group's culture

Lookers makes every effort to ensure its people are aware of these expectations and that they contribute to the high standards required of them This statement, together with Lookers' corporate values, is at the heart of how Lookers conducts its business, externally in its relationships with stakeholders and internally through its performance management and promotion processes

Lookers as an Employer

People are crucial to Lookers' success This approach is reflected in Lookers' policies on recruitment and retention, staff share scheme, staff communication, and health and safety

Recruitment and Retention

Lookers ensures that it has fair employment terms for its people Employment handbooks set out formal policies for key issues such as equal opportunities, disciplinary and grievance procedures, sexual, religious and racial harassment

Lookers' Human Resources Director is responsible for raising employment standards and implementing best practice employment policies throughout the organisation. Performance reviews are conducted at least once a year and include an assessment of each individual's training needs

Lookers has a comprehensive training programme for its people which has received industry recognition in the form of national awards for the automotive industry

Staff Communication

Lookers believes that its people have a right to be kept informed Regular discussions take place to keep people updated and to seek out their ideas and opinions

Face-to-face dialogue between managers and staff takes place regularly, information is communicated through Lookers' intranet, which is used by over 50% of employees every week. Lookers also uses newsletters and updates to keep its staff informed

Health and Safety

Lookers aims to do all that is reasonably practicable to ensure the health, safety and welfare of its people, and others who may be affected by its activities The Main Board maintains ultimate responsibility for health and safety issues at Lookers with the manager responsible for the day-to-day responsibility, supported by all levels of management This policy is defined in the Group's Health and Safety policy statement and all staff are issued with, or have access to, a detailed health and safety guide

The statistics for the Group, under UK Health and Safety regulations for the year ended 31 December 2009, are set out below

	2009
Number of fatalities	-
Injuries resulting in absence over three days	23
Major injuries reported under RIDDOR*	3
Dangerous occurrences reported under RIDDOR*	1
Number of enforcement notices issued by HSE	-
Number of prohibition notices issued by HSE	-

*Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995

Lookers and the Community

Lookers is committed to playing an active role in the communities it serves. All Lookers' businesses operate their own community programmes and fund raising charity events. In addition, some charities are supported at a Group level such as the motor trades' BEN

Directors' Remuneration Report

INTRODUCTION

This report has been prepared in accordance with Schedule 8 of the Accounting Regulations under the Companies Act 2006 The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the principles relating to Directors' remuneration in the Combined Code As required by the Act, a resolution to approve the report will be proposed at the Annual General Meeting of the company at which the financial statements will be approved The Act require the auditors to report to the company's members on certain parts of the Directors' Remuneration Report and to state whether in their opinion these parts of the report have been properly prepared in accordance with the Accounting Regulations The report has therefore been divided into separate sections for audited and unaudited information

UNAUDITED INFORMATION

Remuneration Committee

The Remuneration Committee is responsible for reviewing and recommending the framework and policy for remuneration of the Executive Directors and of senior management The Remuneration Committee's terms of reference are available from the Company Secretary The members of the Remuneration Committee during the financial year were W Holmes (Chairman), J E Brown and P M White W Holmes and J E Brown are independent Non-Executive Directors of the Board

Remuneration Policy

The policy of the Committee is to ensure that the Directors are fairly rewarded for their individual contributions to the Group's overall performance and to provide a competitive remuneration package to Executive Directors, including long-term incentive plans and granting of share options to attract, retain and motivate individuals of the calibre required and ensure that the Group is managed successfully in the interests of shareholders

When selecting appropriate comparisons, the Committee has regard to the Group's revenue, market worth and business sector No Director plays a part in any decision about his own remuneration Full details of Directors' remuneration, fees and share options are set out on pages 35 and 36 Directors retiring by rotation are shown in the Directors' Report on page 25 None of the Executive Directors currently has any long-term incentives other than the Performance Share Plan ("PSP") which was approved at the Annual General Meeting in May 2008

The Remuneration Committee, in determining remuneration policy, has given full consideration to Section B of the best practice provisions annexed to the Listing Rules of the Financial Services Authority

The Company's policy is that a substantial proportion of the remuneration of the Executive Directors should be performance related The annual bonus scheme enables the Executive Directors to earn annual incentive payments on a sliding scale up to 100% of their basic salary The main elements of their remuneration package are set out below

Basic Annual Salary and Benefits In Kind

Each Executive Director's basic salary is reviewed annually by the Committee In deciding upon appropriate levels of remuneration, the Committee has regard to rates of pay for similar positions in comparable companies

Annual Bonus Payments

All Executive Directors participate in an annual bonus scheme payable upon the Group exceeding predetermined profit level targets and at the discretion of the Remuneration Committee Bonus payments are not pensionable

Pension Arrangements

The Group operates a defined benefit scheme for its full-time employees D V Dyson, who resigned on 19 May 2009 and B Schumacker were members of the scheme for part of the year and A. C Bruce remains a member of this scheme which provides a pension of up to two-thirds of final pensionable salary on retirement at age 60 years The defined benefit scheme also provides lump sum death-in-service benefit and pension benefits based on final pensionable salary H K Surgenor, P Jones, R A. Gregson, B Schumacker and T M Wainwright participate in money purchase arrangements

Share Option Incentives

The Company operated three share option schemes under which the Executive Directors and senior executives can be granted discretionary options from time to time by the Board together with a savings related share option scheme ("SAYE") open to employees in general These three schemes were approved at the Annual General Meeting in May 2008

Performance Share Plan

Selected Executive Directors as detailed on page 36 participate in the PSP, which was approved by the shareholders at the Annual General Meeting in May 2008

Annual awards under the PSP are in the form of a contingent grant of shares, the vesting of which will be subject to tri-annual performance criteria For the 2008 award the performance period is for the 3 years to 31 December 2010 based upon adjusted earnings per share growth targets There was no award in 2009

Directors' Remuneration Report

UNAUDITED INFORMATION (continued)

Performance Share Plan (continued)
Performance is measured on earnings per share growth over the three year period and shares will vest where the growth in earnings per share of the Company has exceeded the growth in the Retail Price Index ("RPI") by 10% or more Participating Executives will receive a percentage of the contingent share award dependent upon the level of growth over and above the RPI At 10% over the RPI, participating Executives may earn 25% of the contingent share award A stepped scale is then applied up to a maximum of 120% of the contingent award if the increase in earnings per share over the period is 50% over and above the RPI The relevant percentage will be applied to the Executives' contingent share award at the end of the performance period to arrive at any shares to be issued

Directors' Contracts
The details of the Directors' individual service contracts are set out in the table below In the event of termination of an Executive Director's service contract, depending upon the circumstances, the Company may be liable to pay compensation to the Executive Director equivalent to the salary that would have been received during the contract period, together with any bonus earned on a pro rata basis to the date of termination The Company's policy in the event of the termination of an Executive Director's service contract is not to make any payment to an Executive Director in excess of their contractual entitlement and so aim to ensure that any liability is mitigated to the fullest extent possible

	Date of Contract	Notice Period	Contractual Termination Payments
P Jones	22 February 2010	1 Year	Basic salary and benefits for unexpired term
R A Gregson	22 February 2010	1 Year	Basic salary and benefits for unexpired term
B Schumacker	11 May 2006	1 Year	Basic salary and benefits for unexpired term
A C Bruce	11 May 2006	1 Year	Basic salary and benefits for unexpired term
T M Wainwright	14 December 2006	1 Year	Basic salary and benefits for unexpired term

All contracts are rolling contracts

Non-Executive Directors
The remuneration of the Non-Executive Directors is determined by the Board within the limits set out in the Articles of Association and as previously approved by the members Non-Executive Directors cannot participate in the Company's share option schemes and are not eligible for pension arrangements

Performance Graph
The following graph shows the Group's performance, measured by total shareholder return The Group has been benchmarked against the FTSE Small-Cap Index which is considered to be an appropriate comparison to other public companies of a similar size.

Directors' Remuneration Report

AUDITED INFORMATION

Directors' Emoluments

	Fees £000	Salary £000	Annual Bonus £000	Benefits-in-kind £000	Compensation for loss of Office £000	2009 Total £000	2008 Total £000	Pension Contributions 2009 £000	Pension Contributions 2008 £000
P M White	100	-	10	-	-	110	100	-	-
H K Surgenor (1)	-	315	315	15	-	645	440	-	-
D V. Dyson (2)	-	112	-	8	325	445	284	23	53
P Jones	-	252	252	16	-	520	125	48	-
B Schumacker	-	184	184	14	-	382	200	40	36
A. C Bruce	-	184	184	16	-	384	204	37	36
T M Wainwright	-	184	92	27	-	303	238	23	23
R A. Gregson (3)	-	143	143	7	-	293	-	29	-
J E Brown	37	-	-	-	-	37	35	-	-
D C A. Bramall	35	-	-	-	-	35	35	-	-
W Holmes	35	-	-	-	-	35	18	-	-
Total	207	1,374	1,180	103	325	3,189	1,679	200	148

(1) Retired on 30 September 2009
(2) Resigned on 19 May 2009
(3) Appointed on 19 May 2009

With effect from 1 April 2006, the Company ceased making contributions to the pension arrangements of H K Surgenor, his basic salary being increased by an equivalent amount in lieu of such contributions This resulted from the change in pension arrangements following the rule changes referred to as 'pension simplification' from 6 April 2006 ('A' day)
The cost to the Company of these amended arrangements is unchanged The Company made payments in lieu of pension contributions to H K. Surgenor of £36,000 (2008 £48,000)
Benefits-in-kind include items such as a company car, fuel and life assurance premiums Details of Directors' shareholdings are shown in the Directors' Report on page 24 The relative importance of performance and non-performance elements of remuneration are set out within the Remuneration Policy

Directors' Pension Entitlement
Set out below are details of the pension benefits to which each of the Executive Directors is entitled

	Additional accrued benefits earned in the year £000	Accrued entitlement £000	Transfer value 31 December 2009 or date of transferring out of the scheme £000	Transfer value 31 December 2008 £000	Increase/(decrease) in transfer value £000
B Schumacker	-	51	1,104	1,121	(17)
A C Bruce	3	29	375	272	103

B Schumacker transferred out of the scheme on 31 January 2009

Pension increases are in line with Limited Price Indexation Death-in-service pays at four times salary and death-in-retirement pays benefits at 50% The accrued pension entitlement is the amount that the Director would receive if he retired at the end of the year The increase in the transfer value is the difference between the accrued benefit at the year end and that at the previous year end All transfer values have been calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11 The transfer values disclosed above do not represent a sum paid or payable to the individual Director Instead they represent a potential liability of the pension scheme

	Additional accrued benefits earned in the year (excluding inflation) £000	Transfer value of increase in accrued benefits £000
B Schumacker	-	7
A. C Bruce	2	24

Directors' Remuneration Report

AUDITED INFORMATION (continued)

Directors' Share Options
Aggregate emoluments disclosed do not include any amounts for the value of options to acquire ordinary shares in the Company granted to, or held by, the Directors Details of the Directors' share options are as follows

	Scheme	Date of Grant	Earliest Exercise Date	Expiry Date	Exercise price (pence)	Number at 1 January 2009	Lapsed in Year	Number at 31 December 2009
H K. Surgenor	PSP	23 6 2008	23 6 2011	22 6 2018	-	630,000	-	630,000
B Schumacker	PSP	23 6 2008	23 6 2011	22 6 2018	-	276,000	-	276,000
A. C Bruce	PSP	23 6 2008	23 6 2011	22 6 2018	-	276,000	-	276,000
T M Wainwright	PSP	23 6 2008	23 6 2011	22 6 2018	-	276,000	-	276,000
P Jones	PSP	23 6 2008	23 6 2011	22 6 2018	-	161,000	-	161,000

The only options outstanding at 31 December 2009 are in respect of the PSP Details of performance conditions attaching to the PSP are set out on pages 33 and 34

The mid-market price of the ordinary shares at 31 December 2009 was 49 0p and the range during the year was 18 5p to 69 0p

Gains made by Directors on Share Options
There were no gains made by Directors during 2009 (2008 £nil)

Directors' Interests in the Performance Share Plan
Bonuses under the PSP are payable in shares, with a conditional award of shares capable of being made annually, based on the Executive's salary at the start of each performance period Details of the performance condition of the PSP can be found on pages 33 and 34 Details of the conditional awards to the Executive Directors under the PSP are shown in the table of Directors' share options above

The Company's Register of Directors' Interests contains full details of Directors' shareholdings and options to subscribe

By Order of the Board

R A. Gregson
Company Secretary
9 March 2010

Directors' Responsibilities

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and Article 4 of the IAS Regulation and have also elected to prepare the Parent Company financial statements in accordance with IFRSs as adopted by the European Union Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, International Accounting Standard 1 requires that Directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the company's ability to continue as a going concern

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Responsibility statement

We confirm that to the best of our knowledge

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole, and
- the management report, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

By Order of the Board

P. Jones
Chief Executive
9 March 2010

R. A. Gregson
Finance Director
9 March 2010

Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LOOKERS PLC

We have audited the financial statements of Lookers plc for the year ended 31 December 2009 which comprise the Principal Accounting Policies, the Group and Parent Company Income Statements, the Group and Parent Company Balance Sheets, Group and Parent Company Consolidated Statement of Comprehensive Income, the Group and Parent Company Cash Flow Statements, Group and Company Statements of changes in Equity and the related notes 1 to 32 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2009 and of the group's profit and the parent company's loss for the year then ended,
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation

Opinion on other matters prescribed by the Companies Act 2006

In our opinion

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent Auditors' Report

Matters on which we are required to report by exception

We have nothing to report in respect of the following

Under the Companies Act 2006 we are required to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Under the Listing Rules we are required to review

- the directors' statement contained within the Director's Report in relation to going concern, and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the ~~June 2008~~ Combined Code specified for our review

Patrick Loftus (Senior Statutory Auditor)
for and behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Manchester, United Kingdom
9 March 2010

Principal Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below These policies have been consistently applied to all years presented, unless stated otherwise

1. GENERAL INFORMATION

Lookers plc is a company incorporated in the United Kingdom under the Companies Act 2006 The address of the registered office is given at the front of these accounts The nature of the Group's operations and its principal activities are set out in note 1 of the Directors' Report

2. BASIS OF PREPARATION

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union Therefore the group financial statements comply with article 4 of EU IAS Regulation as adopted for use in the EU

The Group has adopted Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee of the IASB Individual standards and interpretations have to be adopted by the European Commission (EC) and the process leads to a delay between the issue and adoption of new standards and in some cases amendment by the EC

International Financial Reporting Standards are subject to ongoing amendment by the IASB and subsequent endorsement by the EC and are therefore subject to change

The financial statements have been prepared on the historical cost basis

ADOPTION OF NEW AND REVISED STANDARDS

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in the financial statements

IAS 1 (revised 2007)

Presentation of financial statements IAS 1 (revised 2007) has introduced a number of changes in the format and content of the financial statements

Specifically, IAS 1 requires an entity to present a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when the entity applies an accounting policy retrospectively or makes a retrospective restatement, or when the entity reclassifies items in the financial statements During the current year, the Group adopted IFRS 8 'Operating Segments' However, the Directors consider that because the adoption of the standard has no impact on the balance sheet, no presentation of a third balance sheet is required

IFRS 8 'Operating Segments'

IFRS 8 is a disclosure Standard that has had no effect on the Group's reportable segments No adjustment to segmental disclosures has arisen from this transition

Amendments to IFRS 7

Financial Instruments Disclosures The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments

At the date of authorisation of the financial statements the following standards and interpretations which have not been applied in these financial statements, were in issue but not yet effective

IFRS 3	Business Combinations - Revised Standard
IFRS 7	Financial Instruments Disclosures - Amendment
IAS 1	Presentation of Financial Statements - Amendment
IAS 27	Consolidated Separate Financial Statements
IAS 39	Financial Instruments Recognition and Measurement - Amendment
IFRIC 12	Service Concession Arrangements
IFRIC 17	Distribution of Non Cash Assets to Owners
IFRS 18	Transfer of Assets from Customers

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Company

Going Concern

This financial information has been prepared on a going concern basis which the Directors believe to be appropriate for the reasons set out below

The Company and the Group meet their day to day working capital requirements through short-term stocking loans and the revolving credit facility and medium-term funding requirements through a term loan The facilities in place at the year end were established by renegotiating the prior facilities in May 2009 and June 2009 As noted in The Chairman's Review, the Group successfully raised £77 million from an equity raising which has significantly reduced the Company's debt

At the year end the medium-term banking facilities included a revolving credit facility of up to £53 3 million and a term loan totalling £90 9 million, providing total facilities of £144 2 million

In addition to the total facility limit, the revised facilities include certain covenant tests The failure of a covenant test would render the entire facilities repayable on demand at the option of the lenders

The Directors have assessed the future funding requirements of the Group and the Company and compared them to the level of committed available borrowing facilities This assessment included a detailed review of trading and cash flow forecasts for a period in excess of one year from the date of this annual report which project that the total revised facility limit is not exceeded over the duration of the forecasts Whilst acknowledging the uncertainties in the operating environment, as discussed in The Directors' Report, the Directors have prepared forecasts that make assumptions in respect of future trading conditions and in particular to volumes and margins of new and used car sales, aftersales and parts, achieving operational improvements and cost reductions

In addition to this the nature of the Group's business is such that there can be variation in the timing of cash inflows as trading patterns develop, in particular the March and September registration periods The forecasts have been prepared on the assumption that short-term stocking facilities with stocking finance providers of £88 million and normal manufacturer consignment stock facilities will remain available to the Group throughout the next 12 months The forecasts take into account the aforementioned factors to an extent which the Directors consider to be reasonable, based on the information that is available to them at the time of approval of this financial information

In the event that additional funds are required in excess of the proposed facilities as a result of the Group not substantially achieving its forecasts, the Directors would have to supplement, renew or replace those facilities with facilities that are appropriate to the Group's ongoing requirements

The Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future For those reasons, they continue to adopt the going concern basis in preparing this Annual Report

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments The principal accounting policies adopted are set out below

3. CRITICAL ACCOUNTING ESTIMATES

Pensions

The liability recognised in the balance sheet in respect of the Group's retirement benefit obligations represents the liabilities of the Group's defined benefit pension schemes after deduction of the fair value of the related assets The schemes' liabilities are derived by estimating the ultimate cost of benefits payable by the schemes and reflecting the discounted value of the proportion accrued by the year end in the balance sheet In order to arrive at these estimates, a number of key financial and non-financial assumptions are made by management, changes to which could have a material impact upon the net deficit and also the net cost recognised in the Income Statement

The principal assumptions relate to the rate of inflation, mortality and the discount rate The assumed rate of inflation is important because this affects the rate at which salaries grow and therefore the size of the pension that employees receive upon retirement Over the longer term, rates of inflation can vary significantly

The overall benefits payable by the schemes will also depend upon the length of time that members of the schemes live for; the longer they remain alive, the higher the cost of the pension benefits to be met by the schemes Assumptions are made regarding the expected lifetime of the schemes' members, based upon recent national experience However, given the rates of advance in medical science, it is uncertain whether these assumptions will prove to be accurate in practice

The rate used to discount the resulting cash flows is equivalent to the market yield at the balance sheet date on high quality bonds with a similar duration to the schemes liabilities. This rate is potentially subject to significant variation The net cost recognised in the Income Statement is also affected by the expected return on the schemes' assets. This is determined on the bases of the asset mix within the schemes at the beginning of the year and the market expectations for the return on each asset type The impact of the pension estimates on the Group's accounts can be seen in note 28

Goodwill and Intangible Assets

The Group reviews the goodwill arising on the acquisition of subsidiaries or businesses and any intangible assets with an indefinite life for impairment at least annually or when events or changes in economic circumstances indicate that impairment may have taken place. The impairment review is performed by projecting the future cash flows, excluding finance and tax, based upon budgets and plans and making appropriate assumptions about rates of growth and discounting these using a rate that takes into account prevailing market interest rates and the risks inherent in the business. If the present value of the projected cash flows is less than the carrying value of the underlying net assets and related goodwill, an impairment charge would be required in the Income Statement.

This calculation requires the exercise of significant judgement by management, if the estimates made prove to be incorrect or changes in the performance of the subsidiaries affect the amount and timing of future cash flows, goodwill may become impaired in future periods

In respect of acquisitions, at the point of acquisition the Group is required to assess whether intangible assets need to be separately identified and measured The measurement and assessment of the useful economic lives of intangible assets requires the use of judgement by management.

4 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the accounts of the Company and its subsidiary undertakings. An undertaking is regarded as a subsidiary if the Group has control over its operating and financial policies. The profits and losses of subsidiary undertakings are consolidated as from the effective date of acquisition or to the effective date of disposal.

The Group uses the purchase method of accounting to account for the acquisition of subsidiaries The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of completion, plus costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred Accounting policies of acquired subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group

5 REVENUE RECOGNITION

Revenue is measured at invoice price, excluding value added taxes, and principally comprises external vehicle sales, parts, servicing and bodyshop sales Vehicle and parts sales are recognised when substantially all risks and rewards have been transferred to the customer This is generally at the time of delivery to the customer Service and bodyshop sales are recognised in line with the work performed Revenue also comprises commissions receivable for arranging vehicle financing and related insurance products Commissions are based on agreed rates and income is recognised at the time of approval of the vehicle finance by the finance provider Where the Group is acting as agent on behalf of a principal, the commission earned is also recorded at an agreed rate when the transaction has occurred

6 SEGMENTAL REPORTING

A business segment is a group of assets and operations engaged in providing goods and services that is subject to risks and returns that are different from those of other business segments The business segments are set out in note 1 As noted in the Basis of Preparation, the Group adopted IFRS 8 'Operating Segments' during the period No adjustment to the Group's Business Segments has arisen as a result of the transition from IAS 14 'Segmental Reporting'

A geographical segment is engaged in providing goods and services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments

7. EXCEPTIONAL ITEMS

Exceptional items are items that are unusual because of their size, nature or incidence and which the Group's management considers should be disclosed separately to enable a full understanding of the Group's results

8 GOODWILL ARISING ON CONSOLIDATION

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity at the date of the acquisition. Goodwill on acquisitions of subsidiaries is shown separately on the balance sheet Goodwill arising on acquisitions is tested annually for impairment and is carried at cost less accumulated impairment losses

9 INTANGIBLE ASSETS

Intangible assets acquired on a business combination are capitalised separately from goodwill if the asset is separable and if fair value can be measured reliably on initial recognition Intangible assets so acquired are carried at cost less accumulated amortisation and any impairment losses Amortisation is provided on a straight line basis to allocate the cost of the asset over its estimated useful life. The useful life of customer relationships is expected to be up to 20 years, and the useful lives of acquired brands vary between 5 years and indefinite life The Group has no internally generated intangible assets

10. INVESTMENTS

Investments held as fixed assets are stated at cost less provision for impairment.

11. PROPERTY, PLANT AND EQUIPMENT

Assets are stated at their deemed cost less depreciation. With the exception of certain properties which were revalued on 31 December 2003, all assets are recorded at historical cost. The basis of the revaluation, being open market value was, in the opinion of the Directors, approximate to fair value and has been adopted as deemed cost on transition to IFRS. The Group has adopted the cost model under IAS 16, 'Property plant and equipment '

11. PROPERTY, PLANT AND EQUIPMENT (continued)
Freehold buildings and long leasehold properties are depreciated over 50 years on a straight line basis to their estimated residual values. Short leasehold properties are amortised by equal instalments over the periods of the respective leases
Plant and machinery (including motor vehicles), fixtures, fittings, tools and equipment (including computer equipment and terminals), are depreciated on a straight line basis at rates varying between 10% and 33% per annum over their estimated useful lives
Property, plant and equipment are transferred to "Assets held for sale" when management expect their disposal to be completed within one year from the balance sheet date Non-current assets classified as held for sale are stated at the lower of net book value or expected proceeds

12. IMPAIRMENT OF ASSETS
Assets that have an indefinite life are not subject to amortisation and are tested annually for impairment. Assets subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less disposal costs, and value in use

13. LEASES
Assets purchased under hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligation is charged to the Income Statement so as to give a constant rate of charge on the remaining balance of the obligation
Rental costs under operating leases are charged to the Income Statement in equal annual amounts over the periods of the leases.

14. INVENTORIES
Inventories are valued at the lower of purchase price and net realisable value. Deposits paid for vehicles on consignment represent bulk deposits paid to manufacturers. The Group recognises consignment stock in its balance sheet when there has been a substantial transfer of the risks and rewards of ownership The related liabilities are included in trade payables

15. TAXATION
The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

Deferred tax is provided in full, using the liability method, on taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised Deferred tax is not provided on temporary differences arising on investments in subsidiaries, as the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

16. PENSION COSTS
The Group operates the "Lookers Pension Plan" and the "Dutton Forshaw Group Pension Plan" which are defined benefit pension schemes providing benefits based on final pensionable salary The defined benefit schemes define the amount of pension benefit that an employee will receive on retirement, dependent on one or more factors including age, years of service and salary Both schemes are closed to new members

The last triennial valuation of the "Lookers Pension Plan" was carried out at 31 December 2007 by Mercer Human Resource Consulting Limited and has been updated to 31 December 2009 by a qualified independent actuary to take account of IAS 19 requirements. The last triennial valuation of the "Dutton Forshaw Group Pension Plan" was carried out at 31 March 2007 by KPMG LLP and has been updated to 31 December 2009 by a qualified independent actuary to take account of IAS 19 requirements.

Under IAS 19, the defined benefit deficits are included on the Group's balance sheet. Liabilities are calculated based on the current yields on high quality corporate bonds and on market conditions. Surpluses are only included to the extent that they are recoverable through reduced contributions in the future or through refunds from the schemes.
The current service cost and any past-service costs are included in the Income Statement within operating costs The expected return on the schemes' assets, net of the impact of the unwinding of the discount on schemes' liabilities, is included within finance costs

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited, net of deferred tax, each year to reserves and shown in the Statement of Recognised Income and Expense.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

The Group also provides pension arrangements for employees and certain Directors under defined contribution schemes. Contributions for these schemes are charged to the Income Statement in the year in which they are payable.

Principal Accounting Policies

17. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise deposits with banks and financial institutions, bank and cash balances, and liquid investments, net of bank overdrafts. In the balance sheet, bank overdrafts are included in current borrowings

18. SHARE BASED PAYMENTS

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions

Fair value is measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations

19. DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including forward foreign exchange contracts and an interest rate collar Further details of derivative financial instruments are disclosed in note 20 to the financial statements.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date The resulting gain or loss is recognised in the Income Statement immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in the Income Statement depends on the nature of the hedge relationship The Group designates certain derivatives as hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges)

The fair value of hedging derivatives is classified as a non-current asset or a non-current liability if the remaining maturity of the hedge relationship is more than 12 months and as a current asset or a current liability if the remaining maturity of the hedge relationship is less than 12 months

Derivatives not designated into an effective hedge relationship are classified as a current asset or a current liability

20. EFFECTIVE INTEREST METHOD

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period

Debt instruments that are held-to-maturity, are available for sale or are loans and receivables recognised in income on an effective interest rate basis

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables' Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted For loans and receivables the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss

21. FINANCIAL INSTRUMENTS ISSUED BY THE GROUP

Debt Instruments

Debt instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities

Income Statements

	Note	Group 2009 £m	2008 £m	Company 2009 £m	2008 £m
Continuing operations					
Revenue	1	1,749.0	1,775 9	-	-
Cost of sales		(1,487.9)	(1,533 8)	-	-
Gross profit		261.1	242 1	-	-
Distribution costs		(139.5)	(160 1)	-	-
Administrative expenses		(92.7)	(72 1)	(24 0)	(12 9)
Other operating income		0.4	0 3	16.1	19 7
Profit/(loss) from operations		29.3	10 2	(7.9)	6 8
Profit from operations before amortisation and exceptional items		45.1	33 9	4 3	10 6
Amortisation of intangible assets	9	(1.7)	(1 4)	(0.8)	(0 4)
Impairment of goodwill	8	-	(3 1)	-	-
Exceptional items from operations	3	(14.1)	(19 2)	(11.4)	(3 4)
Profit/(loss) from operations		29.3	10 2	(7.9)	6 8
Interest payable	2	(17 1)	(21 2)	(13.7)	(12 0)
Interest receivable	2	0.3	1 3	5 6	5 8
Net interest		(16.8)	(19 9)	(8.1)	(6 2)
Exceptional interest payable on closed businesses	3	(0.1)	(0 8)	-	-
Fair value on derivative instruments		-	(4 0)	-	(4 4)
Debt issue costs		(0.9)	(0 4)	(0 9)	(0 4)
Profit/(loss) on ordinary activities before taxation		11.5	(14 9)	(16 9)	(4 2)
Profit before tax, amortisation, exceptional items and debt issue costs		28.3	14 0	(3 8)	4 4
Amortisation of intangible assets		(1.7)	(1 4)	(0.8)	(0 4)
Impairment of goodwill		-	(3 1)	-	-
Total exceptional items	3	(14.2)	(20 0)	(11.4)	(3 4)
Fair value on derivative instruments		-	(4 0)	-	(4 4)
Debt issue costs		(0.9)	(0 4)	(0.9)	(0 4)
Profit/(loss) on ordinary activities before taxation	3	11.5	(14 9)	(16.9)	(4 2)
Exceptional tax charge		-	(7 2)	-	-
Tax (charge)/credit excluding exceptional tax charge	4	(3 5)	6 1	5 5	1 7
Profit/(loss) for the year		8.0	(16 0)	(11.4)	(2 5)
Continuing operations					
Earnings/(loss) per share					
Basic earnings/(loss) per share	6	2.79p	(7 68)p		
Diluted earnings/(loss) per share	6	2.72p	(7 68)p		

Consolidated Statement of Comprehensive Income

	Note	Group 2009 £m	2008 £m	Company 2009 £m	2008 £m
Actuarial losses recognised in post-retirement benefit schemes	28	(9.4)	(6 1)	(3.7)	(7 3)
Movement in deferred taxation on pension liability		2.3	1 7	0.6	2 0
Fair value on derivative instruments		(1.2)	(1 1)	(0.9)	(1 1)
Net losses recognised directly in equity		(8 3)	(5 5)	(4.0)	(6 4)
Profit/(loss) for the financial year		8.0	(16 0)	(11.4)	(2 5)
Total recognised in comprehensive income for the year		(0.3)	(21 5)	(15.4)	(8 9)

Balance Sheets

	Note	Group 2009 £m	2008 £m	Company 2009 £m	2008 £m
NON-CURRENT ASSETS					
Goodwill	8	**44.8**	44 8	-	-
Intangible assets	9	**17.1**	18 4	3 4	3 8
Property, plant and equipment	10	**197.6**	205 8	**0.4**	0 5
Investment in subsidiaries	11	-	-	**53.7**	53 7
Deferred tax asset	22	-	-	**7.4**	5 9
		259.5	269 0	**64.9**	63 9
CURRENT ASSETS					
Inventories	12	**247.4**	303 7	-	-
Trade and other receivables	13	**106.3**	84 3	**193.4**	223 6
Cash and cash equivalents	15	**12.3**	2 1	**20.7**	8 2
Derivative financial instruments		-	0 3	-	-
Assets held for sale	16	**9.2**	5 4	-	-
		375.2	395 8	**214 1**	231 8
TOTAL ASSETS		**634.7**	664 8	**279.0**	295 7
CURRENT LIABILITIES					
Financial liabilities					
- Bank loans and overdrafts	19	**10.4**	10 0	**10.0**	10 0
- Hire purchase obligations		**0.2**	-	-	-
Trade and other payables	17	**315.1**	371 7	**43.1**	58 5
Current tax liabilities	18	**8 8**	4 5	**6.0**	4 8
Short-term provisions	21	**0.9**	1 6	-	-
Derivative financial instruments		**6 3**	5 4	**6 3**	5 4
		341.7	393 2	**65 4**	78 7
NET CURRENT ASSETS		**33 5**	2 6	**148.7**	153 1
NON-CURRENT LIABILITIES					
Financial liabilities					
- Bank loans	19	**80.9**	141 6	**80.9**	148 5
Trade and other payables	17	**4 6**	5 4	-	-
Retirement benefit obligations	28	**35 5**	27 7	**18.2**	16 1
Deferred tax liabilities	22	**11.2**	13 3	-	-
Long-term provisions	21	**0.7**	0 7	-	-
		132.9	188 7	**99.1**	164 6
TOTAL LIABILITIES		**474.6**	581 9	**164.5**	243 3
NET ASSETS		**160.1**	82 9	**114.5**	52 4
SHAREHOLDERS' EQUITY					
Ordinary share capital	23	**19.2**	9 1	**19.2**	9 1
Share premium	24	**73.6**	6 2	**73.6**	6 2
Capital redemption reserve	25	**14.6**	14 6	**14.6**	14 6
Other reserve	26	**(1.4)**	(1 1)	**(1.1)**	(1 1)
Retained earnings	27	**54.1**	54 1	**8.2**	23 6
TOTAL EQUITY		**160.1**	82 9	**114.5**	52 4

The financial statements on pages 40 to 74 were approved by the Directors on 9 March 2010 Signed on behalf of the Directors

P. Jones
Director

R. A. Gregson
Director

Consolidated Statement of Changes in Equity

Group	Share capital £m	Share premium £m	Capital redemption reserve £m	Other reserve £m	Retained earnings £m	Total £m
As at 1 January 2008	9 1	5 6	14 6	0 4	81 8	111 5
New shares issued	-	0 6	-	-	-	0 6
Loss for the year	-	-	-	-	(16 0)	(16 0)
Dividends	-	-	-	-	(7 3)	(7 3)
Actuarial losses on defined benefit pension schemes (note 28)	-	-	-	-	(6 1)	(6 1)
Deferred taxation on pension liability	-	-	-	-	1 7	1 7
Share based payments	-	-	-	(0 4)	-	(0 4)
Fair value on derivative instruments	-	-	-	(1 1)	-	(1 1)
As at 31 December 2008	9 1	6 2	14 6	(1 1)	54 1	82 9
New shares issued	10 1	67 4	-	-	-	77 5
Profit for the year	-	-	-	-	8 0	8 0
Actuarial losses on defined benefit pension schemes (note 28)	-	-	-	-	(9 4)	(9 4)
Deferred taxation on pension liability	-	-	-	-	2 3	2 3
Fair value on derivative instruments	-	-	-	(0 3)	(0 9)	(1 2)
As at 31 December 2009	19 2	73 6	14 6	(1 4)	54 1	160 1

Company	Share capital £m	Share premium £m	Capital redemption reserve £m	Other reserve £m	Retained earnings £m	Total £m
As at 1 January 2008	9 1	5 6	14 6	0 4	38 7	68 4
New shares issued	-	0 6	-	-	-	0 6
Loss for the year	-	-	-	-	(2 5)	(2 5)
Dividends	-	-	-	-	(7 3)	(7 3)
Actuarial losses on defined benefit pension schemes (note 28)	-	-	-	-	(7 3)	(7 3)
Deferred taxation on pension liability	-	-	-	-	2 0	2 0
Share based payments	-	-	-	(0 4)	-	(0 4)
Fair value on derivative instruments	-	-	-	(1 1)	-	(1 1)
As at 31 December 2008	9 1	6 2	14 6	(1 1)	23 6	52 4
New shares issued	10 1	67 4	-	-	-	77 5
Profit for the year	-	-	-	-	(11 4)	(11 4)
Actuarial gains on defined benefit pension schemes (note 28)	-	-	-	-	(3 7)	(3 7)
Deferred taxation on pension liability	-	-	-	-	0 6	0 6
Fair value on derivative instruments	-	-	-	-	(0 9)	(0 9)
As at 31 December 2009	19 2	73 6	14 6	(1.1)	8 2	114 5

Cash Flow Statements

	Note	Group 2009 £m	2008 £m	Company 2009 £m	2008 £m
Cash flows from operating activities					
Profit/(loss) for the year		8.0	(16 0)	(11.4)	(2 5)
Adjustments for:					
Tax		3.5	1 1	(5 5)	(1 7)
Depreciation	3	8 3	9 0	0.3	0 3
Impairment of fixed assets on dealership closures		-	2 5	-	-
Dividend received		-	-	(6.1)	(3 5)
Loss on disposal of plant and equipment	3	-	0 2	-	-
Loss on closed businesses	3	(1.8)	-	-	-
Amortisation of intangible assets	3	1.7	1 4	0.8	0 4
Impairment of goodwill	8	-	3 1	-	-
Interest income		(0.3)	(1 6)	(5 5)	(9 5)
Interest payable		17.2	26 3	13 7	20 1
Debt issue costs		0.8	0 4	0.9	0 4
Share based payment credit		-	(0 4)	-	(0 4)
Changes in working capital					
Decrease in inventories		56.2	17 1	-	-
(Increase)/decrease in trade and other receivables		(18.3)	24 2	34.2	(12 4)
(Decrease)/increase in payables		(52 0)	(42 8)	(14 9)	5 1
Difference between pension charge and cash contributions		(3.0)	(2 2)	(3.0)	(2 4)
Movement in provisions		(0.2)	1 4	-	-
Cash generated from/(used in) operations		20.1	23 7	3 5	(6 1)
Interest paid		(15 0)	(20 3)	(10.9)	(14 7)
Interest received		0.2	1 2	4 8	9 5
Tax refunded/(paid)		1.0	(3 0)	1.0	0 4
Net cash inflow/(outflow) from operating activities		6 3	1 6	(1.6)	(10 9)
Cash flows from investing activities					
Acquisition of subsidiaries (net of overdraft acquired)		-	(4 4)	-	-
Purchase of property, plant and equipment		(7.2)	(8 6)	(0.3)	(0 3)
Purchase of intangible assets		(0.2)	(3 8)	(0.2)	(3 8)
Proceeds from sale of property, plant and equipment		2.5	0 5	-	-
Proceeds from sale of business		0.3	-	-	-
Dividends received		-	-	6.1	3 5
Net cash (used)/generated by investing activities		(4 6)	(16 3)	5 6	(0 6)
Cash flows from financing activities					
Proceeds from issue of ordinary shares		77.6	-	77.6	-
Repayment of loans		(65.9)	(10 0)	(65.9)	(10 0)
Net proceeds from issue of new bank loans		-	18 9	-	35 8
Debt issue costs		(3 5)	-	(3 5)	-
Principal payments under hire purchase agreements		(0 1)	(0 1)	-	-
Dividends paid to Group shareholders		-	(6 8)	-	(6 8)
Net cash from financing activities		8.1	2.0	8.2	19 0
Increase/(decrease) in cash and cash equivalents		9.8	(12 7)	12.2	7.5
Cash and cash equivalents at 1 January		2.1	14 8	8 5	1 0
Cash and cash equivalents at 31 December		11.9	2 1	20.7	8 5

Notes to the Financial Statements

1. SEGMENTAL REPORTING

Adoption of IFRS 8 'Operating segments'

The Group has adopted IFRS 8 'Operating segments' with effect from 1 January 2009 IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance At 31 December 2009 the Group is organised into two main business segments, motor distribution and parts distribution

Primary reporting format - business segments

Year ended 31 December 2009	Note	Motor Division £m	Parts Distribution £m	Unallocated £m	Group £m
Continuing operations					
New Cars		783 6			
Used Cars		542 7			
Aftersales		268 4			
Revenue		1,594 7	154 3	-	1,749 0
Segmental result before amortisation of intangible assets and exceptional items		33 7	11 4	-	45 1
Amortisation of intangible assets	9	(1 1)	(0 6)	-	(1 7)
Exceptional items	3	(14 2)	-	-	(14 2)
Interest expense				(17 1)	(17 1)
Interest income				0 3	0 3
Debt issue costs				(0 9)	(0 9)
Profit before taxation		18 4	10 8	(17 7)	11 5
Taxation					(3 5)
Profit for the financial year from continuing operations attributable to shareholders					8 0
Segmental assets		532 1	102 6	-	634 7
Total assets		532 1	102 6	-	634 7
Segmental liabilities		334 5	52 8	-	387 3
Unallocated liabilities					
- Corporate borrowings		-	-	87 3	87 3
Total liabilities		334 5	52 8	87 3	474 6
Other segmental items					
Capital expenditure (including acquisitions)	10	4 2	3 0	-	7 2
Depreciation	10	6 6	1 7	-	8 3
Amortisation of intangible assets	9	1 1	0 6	-	1 7
Impairment of trade receivables	13	0 7	0 6	-	1 3

Notes to the Financial Statements

1. SEGMENTAL REPORTING (continued)

Year ended 31 December 2008	**Note**	**Motor Division £m**	**Parts Distribution £m**	**Unallocated £m**	**Group £m**
Continuing operations					
New Cars		787 4			
Used Cars		556 8			
Aftersales		301 8			
Revenue		1,646 0	129 9	-	1,775 9
Segmental result before amortisation of intangible assets and exceptional items		25 6	8 3	-	33 9
Amortisation of intangible assets	9	(0 8)	(0 6)	-	(1 4)
Impairment of goodwill	8	(3 1)	-	-	(3 1)
Exceptional items	3	(20 0)	-	-	(20 0)
Interest expense				(21 2)	(21 2)
Interest income				1 3	1 3
Fair value on derivative instruments				(4 0)	(4 0)
Debt issue costs				(0 4)	(0 4)
Loss before taxation		1 7	7 7	(24 3)	(14 9)
Taxation					(1 1)
Loss for the financial year from continuing operations attributable to shareholders					(16 0)
Segmental assets		559 9	104 4	-	664 3
Unallocated assets					
- Property, plant and equipment		-	-	0 5	0 5
Total assets		559 9	104 4	0 5	664 8
Segmental liabilities		410 1	40 1	-	450 2
Unallocated liabilities					
- Corporate borrowings		-	-	131 7	131 7
Total liabilities		410 1	40 1	131 7	581 9
Other segmental items					
Capital expenditure (including acquisitions)	10	5 4	3 2	-	8 6
Depreciation	10	8 9	0 1	-	9 0
Amortisation of intangible assets	9	0 8	0 6	-	1 4
Impairment of trade receivables	13	0 8	0 5	-	1 3

Segment assets include property, plant and equipment, inventories, debtors and operating cash Segment liabilities comprise operating liabilities and exclude certain corporate borrowings Capital expenditure comprises additions to property, plant and equipment, including additions resulting from acquisitions through business combinations

Company
The Company's business is to invest in its subsidiaries and, therefore, it operates in a single segment

2. FINANCE COSTS - NET

	Group 2009 £m	2008 £m	Company 2009 £m	2008 £m
Interest expense				
On amounts wholly repayable within 5 years				
Interest payable on bank borrowings	(11.0)	(12 2)	(10.6)	(11 8)
Interest on consignment vehicle liabilities	(3 6)	(8 7)	-	-
Interest due to Group companies	-	-	(1.7)	(0 1)
Other interest	(0.2)	(0 2)	(0.1)	(0 1)
Net interest on pension schemes (note 28)	(2.3)	(0 1)	(1.3)	-
Interest and similar charges payable	(17.1)	(21 2)	(13.7)	(12 0)

	Group 2009 £m	2008 £m	Company 2009 £m	2008 £m
Interest income				
Bank interest	0.3	1 3	0.2	0 4
Interest received from Group companies	-	-	5 4	5 3
Net interest on pension schemes (note 28)	-	-	-	0 1
Total interest receivable	0.3	1 3	5 6	5 8
Finance costs - net	(16.8)	(19 9)	(8.1)	(6 2)

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Group 2009 £m	2008 £m	Company 2009 £m	2008 £m
The following items have been included in arriving at operating profit from operations				
Staff costs (note 7)	148.5	157 0	6 3	5 7
Depreciation of property, plant and equipment				
- Owned assets	7.9	8 0	0.3	0 3
- Under finance leases	0.4	1 0	-	-
Amortisation of intangible assets	1.7	1 4	0.8	0 4
Loss on disposal of plant and equipment		-	0 2	-
-				
Other operating lease rentals payable				
- Property	4.3	4 3	-	-
- Plant & equipment	1.2	1 2	-	-
Net gain/(loss) on				
Financial liabilities measured at amortised cost	17.8	31 4	9.8	16 2
(includes amounts shown as finance cost)				

	Group 2009 £m	2008 £m	Company 2009 £m	2008 £m
Exceptional items				
Refinance costs	(6 6)	-	(6 6)	-
Loss on terminated businesses	(6.2)	(13 3)	(3 5)	-
Integration costs	-	(3 3)	-	(1 1)
Aborted acquisition costs	-	(1 6)	-	(1 6)
Other	(0.5)	(0 7)	(0.5)	(0 7)
VAT	-	(0 3)	-	-
Reorganisation costs	(0.8)	-	(0.8)	-
	(14.1)	(19 2)	(11.4)	(3 4)
Interest on closed businesses	(0.1)	(0 8)	-	-
Total exceptional items	(14.2)	(20 0)	(11.4)	(3 4)

The terminated businesses represent the closure of certain franchised branches These activities did not constitute a separate major line of business and so have not been classified as discontinued

Notes to the Financial Statements

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (continued)

Services provided by the Group's auditors
The analysis of auditors' remuneration is as follows

Group	2009 £m	2008 £m
Fees payable to the Company's auditors for the audit of the Company's annual accounts	-	-
Fees payable to the Company's auditors and their associates for other services to the Group		
The audit of the Company's subsidiaries pursuant to legislation	0.3	0 3
Total audit fees	0.3	0 3
Tax services	0.2	0 1
Other services	1.4	0 1
Total non-audit fees	1.6	0 2

Fees for other non-audit services relate primarily to the refinancing exercise and the equity raising

4. TAXATION

	Group 2009 £m	2008 £m	Company 2009 £m	2008 £m
Current tax expense/(income)				
Current year	3 0	(1 4)	(5.7)	(1 6)
Adjustment in respect of prior years	0.3	0 3	1.1	-
	3 3	(1 1)	(4 6)	(1 6)
Deferred tax expense/(income)				
Deferred tax	0.2	(3 1)	(0 6)	(0 1)
Exceptional tax charge due to withdrawal of industrial buildings allowance	-	7 2	-	-
Adjustment in respect of prior years	-	(1 9)	(0.3)	-
	0.2	2 2	(0.9)	(0 1)
Total income tax expense/(income) in Income Statement	3 5	1 1	(5 5)	(1 7)

	Group 2009 £m	2008 £m	Company 2009 £m	2008 £m
Tax on items charged to equity				
Deferred tax on pension liability	2.3	1 1	(0.6)	2 1
The tax charge was affected by the following factors				
Standard rate of corporation tax	28.0%	28 5%	28.0%	28 5%
Inter group dividend	-	-	10.1%	23 9%
Items not allowable for taxation	6.1%	(11 1)%	(0.9)%	(12 8)%
Withdrawal of industrial buildings allowance	-	(48 3)%	-	-
Reclassifying assets held for sale	(6 4)%	10 6%	-	-
Adjustments to prior years' taxation	3.0%	12 9%	(4 8)%	-
	30.7%	(7 4)%	32 4%	39 6%

The future tax charge will be affected by the levels of expenditure not deductible for taxation and any profits on sale of properties.

Notes to the Financial Statements

5. DIVIDENDS

Group and Company	2009 £m	2008 £m
Final dividend nil pence (2008 2 42p)	-	4 4
Interim dividend nil pence (2008 1.60p)	-	2 9
	-	7 3

The Directors do not propose a final dividend in respect of the financial year ending 31 December 2009

6. EARNINGS/(LOSS) PER SHARE

Earnings per share for the prior year have been restated to reflect the effect of the issue of new ordinary shares in the current year at a price below market price

The calculation of earnings/(loss) per ordinary share is based on the profit on ordinary activities after taxation amounting to £8 0m (2008 loss £16 0m) and a weighted average number of ordinary shares in issue during the year of 286,417,558 (2008 208,324,184)

The diluted earnings/(loss) per share is based on the weighted average number of shares, after taking account of the dilutive impact of shares under option of 7,337,396 (2008 nil)

Adjusted earnings/(loss) per share is stated before amortisation of intangible assets, impairment of goodwill, debt issue costs and exceptional items and is calculated on profits of £21 0m (2008 £9 7m) for the year

Continuing operations	2009 Earnings £m	2009 Earnings per share p	2008 (Loss)/Earnings £m	2008 (Loss)/Earnings per share p
Basic EPS				
Earnings/(loss) attributable to ordinary shareholders	8.0	2.79	(16 0)	(7 68)
Effect of dilutive securities	-	(0.07)	-	-
Diluted EPS	8.0	2.72	(16 0)	(7 68)
Adjusted EPS				
Earnings/(loss) attributable to ordinary shareholders	8.0	2.79	(16 0)	(7 68)
Amortisation of intangible assets	1.7	0.59	1 4	0 67
Impairment of goodwill	-	-	3 1	1 49
Debt issue costs	0.9	0.31	-	-
Exceptional items (net)	14.2	4.96	20 0	9 60
Tax on exceptional items (net)	(3 8)	(1.33)	(6 0)	(2 88)
Exceptional tax due to withdrawal of industrial buildings allowance	-	-	7 2	3 46
Adjusted EPS	21.0	7.32	9 7	4 66

7. INFORMATION REGARDING EMPLOYEES

	Group 2009 £m	2008 £m	Company 2009 £m	2008 £m
Employee costs during the year				
Wages and salaries	**132.5**	140 7	**4.9**	5 0
Social security costs	**12.3**	13 3	**0.5**	0 5
Other pension costs	**3.7**	3 0	**0 9**	0 2
	148.5	157 0	**6 3**	5 7

	2009 No	2008 No	2009 No	2008 No
Average number employed during the year (including Directors)				
Productive	**1,291**	1,499	-	-
Selling and distribution	**2,752**	2,962	-	-
Administration	**1,444**	1,612	**103**	110
	5,487	6,073	**103**	110

	2009 £m	2008 £m	2009 £m	2008 £m
Key management compensation				
Salaries and short-term employee benefits	**2.7**	2 1	**2.4**	1 7
Post-employment benefits	**0.3**	0 2	**0.3**	0 1
Long-term benefits	-	-	-	-
	3.0	2 3	**2.7**	1 8

The key management compensation given above includes Directors
During the year the aggregate gains made on the exercise of share options by Directors was £nil (2008 £nil) Further details of Directors' remuneration is included in the Directors' Remuneration Report on pages 33 to 36

8 GOODWILL

Group	2009 £m	2008 £m
Cost		
As at 1 January	**48.1**	43 2
On acquisition	-	4 9
As at 31 December	**48.1**	48 1
Aggregate impairment		
As at 1 January	3 3	0 2
Impairment	-	3 1
As at 31 December	3 3	3 3
Net book amount at 31 December	44 8	44 8

Goodwill can be allocated across the business segments as £39 5m applicable to the motor division and £5 3m applicable to the parts division

During the year, the acquired goodwill was tested for impairment in accordance with IAS 36 Following the impairment test, no goodwill impairment charge was deemed necessary (2008 £3 1m)

8. GOODWILL (continued)

For the purposes of impairment testing of goodwill and intangible assets, the Directors recognise the Group's Cash Generating Units ("CGU") to be connected groupings of dealerships and each subsidiary comprising the Parts Division The recoverable amount of each CGU's goodwill and intangible assets is based on value in use using Board approved budgeted projections over the next five years for each CGU to calculate each CGU's terminal value, where individual budgets are produced for all businesses within the Group The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period and the impairment calculation is sensitive to these key assumptions Goodwill is represented by £39 5m applicable to the Motor Division and £5 3m applicable to the Parts Division Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs The growth rates are based on industry growth forecasts Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market An annual growth rate of 2 0% (2008 3 1%) (UK GDP) is assumed and a risk adjusted discount rate applied The discount rate used of 8 7% (2008 7 75%) reflects management's estimate of the time value of money and the risks specific to the CGU Where cashflows in excess of 5 years are included in the calculation of the recoverable amount of each CGU's goodwill, this is based on operating units which occupy freehold premises or leasehold premises with unexpired terms in excess of five years

9. INTANGIBLE ASSETS

Group	Licences £m	Customer relationships £m	Brands £m	Total £m
Acquired intangible assets				
Cost				
As at 1 January 2009	4 8	11.5	6 2	22 5
Additions	0 2	-	-	0 2
As at 31 December 2009	5 0	11 5	6 2	22 7
Aggregate amortisation and impairment				
As at 1 January 2009	0 9	2 4	0 8	4 1
Other	(0 2)	-	-	(0 2)
Charge for the year	0 9	0 6	0 2	1 7
As at 31 December 2009	1 6	3 0	1 0	5 6
Net book amount at 31 December 2009	3 4	8 5	5 2	17 1
Acquired intangible assets				
Cost				
As at 1 January 2008	0 4	11 5	6 2	18 1
Reclassified from tangible fixed assets (note 10)	0 6	-	-	0 6
Additions	3 8	-	-	3 8
As at 31 December 2008	4 8	11 5	6 2	22 5
Aggregate amortisation and impairment				
As at 1 January 2008	0 1	1 8	0 6	2 5
Reclassified from tangible fixed assets (note 10)	0 2	-	-	0 2
Charge for the year	0 6	0 6	0 2	1 4
As at 31 December 2008	0 9	2 4	0 8	4 1
Net book amount at 31 December 2008	3 9	9 1	5 4	18 4

Notes to the Financial Statements

9. INTANGIBLE ASSETS (continued)

Within Brands, intangible assets of £4 7m (2008 £4 7m) are deemed by the Directors to have an indefinite life which is confirmed by the annual impairment test All amortisation charges in the year have been recognised within administrative expenses The impairment testing for intangible assets is performed as described in note 8

Company	Licences £m
Acquired intangible assets	
Cost	
As at 1 January 2009	4 4
Additions	0 2
As at 31 December 2009	4 6
Aggregate amortisation and impairment	
As at 1 January 2009	0 6
Charge for the year	0 8
Other adjustments	(0.2)
As at 31 December 2009	1 2
Net book amount at 31 December 2009	3 4
Acquired intangible assets	
Cost	
As at 1 January 2008	-
Reclassified from tangible fixed assets (note 10)	0 6
Additions	3 8
As at 31 December 2008	4 4
Aggregate amortisation and impairment	
As at 1 January 2008	-
Reclassified from tangible fixed assets (note 10)	0 2
Charge for the year	0 4
As at 31 December 2008	0 6
Net book amount at 31 December 2008	3 8

10. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold property £m	Long leasehold property £m	Short leasehold property £m	Plant & machinery £m	Fixtures, fittings, tools & equipment £m	Total £m
Cost						
As at 1 January 2009	136 4	50 9	11 7	13 9	21 8	234 7
Additions in year	0 5	1 3	0 3	1 7	3 4	7.2
Disposals	-	(1 4)	(0 9)	(1.5)	(1.5)	(5 3)
Reclassified to assets held for sale (note 16)	(5 9)	(1.5)	-	-	-	(7 4)
As at 31 December 2009	131 0	49 3	11 1	14 1	23 7	229.2
Accumulated depreciation						
As at 1 January 2009	3.7	2 8	2 9	7 5	12 0	28 9
Charge for the year	0 9	0 7	0 6	2 4	3 7	8 3
Disposals	-	(0 7)	(0 9)	(1 3)	(1 4)	(4 3)
Reclassified to assets held for sale (note 16)	(1.2)	(0 1)	-	-	-	(1.3)
As at 31 December 2009	3 4	2 7	2 6	8 6	14 3	31 6
Net book value at 31 December 2009	127 6	46 6	8 5	5 5	9 4	197 6

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold property £m	Long leasehold property £m	Short leasehold property £m	Plant & machinery £m	Fixtures, Fixtures, fittings, tools & equipment £m	Total £m
Cost						
As at 1 January 2008	138 1	51 4	11 2	14 9	23 5	239 1
On acquisition	1 3	-	0 2	0 2	-	1 7
Additions in year	2 5	0 6	0 4	2 1	3 0	8 6
Disposals	-	-	(0 1)	(3 3)	(4 1)	(7 5)
Reclassified to assets held for sale (note 16)	(5 5)	(1 1)	-	-	-	(6 6)
Reclassified to intangible assets (note 9)	-	-	-	-	(0 6)	(0 6)
As at 31 December 2008	136 4	50 9	11 7	13 9	21 8	234 7
Accumulated depreciation						
As at 1 January 2008	2 6	1 7	1 4	7 7	11 7	25 1
Charge for the year	0 9	0 8	0 7	2 5	4 1	9 0
Disposals	-	-	-	(2 8)	(3 8)	(6 6)
Impairment of assets held for sale	1 3	-	-	-	-	1 3
Impairment on closed businesses	-	0 4	0 8	0 1	0 2	1 5
Reclassified to assets held for sale (note 16)	(1 1)	(0 1)	-	-	-	(1.2)
Reclassified to intangible assets (note 9)	-	-	-	-	(0 2)	(0 2)
As at 31 December 2008	3 7	2 8	2 9	7 5	12 0	28 9
Net book value at 31 December 2008	132 7	48 1	8 8	6 4	9 8	205 8

Assets held under finance leases, capitalised and included in plant & machinery and fixtures and fittings

	2009 £m	2008 £m
Cost	**0.6**	0 4
Aggregate depreciation	**(0.4)**	(0 3)
	0.2	0 1

In accordance with IFRS 1 'First time adoption of International Reporting Standards', and IAS 16 'Property, plant and equipment' the Group has adopted the cost model, electing to use revaluations made under previous UK GAAP as deemed cost for its freehold and leasehold properties

The Group's freehold and leasehold properties were revalued on 31 December 2003, by independent qualified valuers on the basis of open market value in England and Scotland by Messrs Donaldsons, Chartered Surveyors, and in Northern Ireland by Messrs Hamilton Osborne King, Chartered Surveyors The Directors are satisfied that open market value approximates to fair value

Company	Fixtures, fittings, tools & equipment £m
Cost	
As at 1 January 2009	1 3
Additions in year	0.2
As at 31 December 2009	1 5
Accumulated depreciation	
As at 1 January 2009	0 8
Charge for the year	0 3
As at 31 December 2009	1 1
Net book value at 31 December 2009	0 4

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Fixtures, fittings, tools & equipment £m
Cost	
As at 1 January 2008	1 7
Additions in year	0 2
Reclassified to intangible assets (note 9)	(0 6)
As at 31 December 2008	1 3
Accumulated depreciation	
As at 1 January 2008	0 7
Charge for the year	0 3
Reclassified to intangible assets (note 9)	(0 2)
As at 31 December 2008	0 8
Net book value at 31 December 2008	0 5

11. INVESTMENT IN SUBSIDIARIES

Company	2009 £m	2008 £m
Cost		
At 1 January and 31 December 2009	**53.7**	53 7

Details of the principal subsidiary undertakings are as follows

- DSM Autos Limited
- Charles Hurst Limited
- Lookers Motor Group Limited
- Lookers Birmingham Limited
- FPS Distribution Limited
- Dutton Forshaw Motor Company Limited
- Lookers Leasing Limited
- Bolling Investments Limited
- Charles Hurst Motors Limited
- Ferraris Piston Service Limited
- MB South Limited
- Apec Limited
- BTN Turbocharger Service Limited
- Platts Harris Limited

All subsidiaries are incorporated and registered in England and operate in England and Wales with the exception of Charles Hurst Limited and Charles Hurst Motors Limited which are incorporated, registered and operate in Northern Ireland and Scotland All subsidiary companies are wholly owned with the exception of Lookers Birmingham Limited and Charles Hurst Motors Limited in which 99% shareholdings are held

A full list of subsidiary undertakings will be annexed to the Company's next Annual Return

12. INVENTORIES

Group	2009 £m	2008 £m
Goods for resale	**177.1**	181 3
Bulk deposits paid for vehicles on consignment	**0.1**	0 5
Consignment vehicles	**70.2**	121 9
	247.4	303 7

13. TRADE AND OTHER RECEIVABLES

	Group 2009 £m	2008 £m	Company 2009 £m	2008 £m
Amounts falling due within one year				
Trade debtors	83.0	65 6	0.1	0 1
Less provision for impairment of receivables	(1.3)	(1 3)	-	-
	81.7	64 3	0.1	0 1
Amounts owed by Group undertakings	-	-	185.0	217 9
Other debtors	13.6	6 6	6 3	2 3
Prepayments	11.0	13 4	2.0	3 3
	106.3	84 3	193.4	223 6

The average credit period on sales of goods is 18 days (2008 18 days) Trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience

Included in the Group's trade receivable balance are debtors with a carrying amount of £7.4m (2008 £6 8m) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the Group believes that the amounts are still considered recoverable The Group does not hold any collateral over these balances The average age of these receivables is 43 days (2008 43 days)

Amounts owed by Group undertakings in the Company balance sheet are incurred in the normal course of trading and the Directors consider there to be no significant credit risk.

Movement in the allowance for doubtful debts	Group 2009 £m	2008 £m	Company 2009 £m	2008 £m
Balance at beginning of the year	1.3	1 1	-	-
Amounts written off during the year	(0.3)	(0 4)	-	-
Increase in allowance recognised in Income Statement	0.3	0 6	-	-
Balance at the end of the year	1.3	1 3	-	-

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date The concentration of credit risk is limited due to the customer base being large and unrelated Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts

Included in the allowance for doubtful debts are specific trade receivables with a balance of £270,305 (2008 £300,000) for the Group and £nil (2008 £nil) for the Company which have been placed under liquidation The impairment represents the difference between the carrying amount of the specific trade receivable and present value of the expected liquidation dividend

Group	2009 Value of Receivables £m	%	2008 Value of Receivables £m	%
Not impaired:				
- Neither past due nor impaired	88.7	93.1	64 1	90 4
- Past due up to 3 months but not impaired	6 3	6 6	6 5	9 2
- Past due 3 to 6 months	0.2	0.2	0 3	0 4
- Past due 6 to 12 months	0.1	0.1	-	-
	95.3	100.0	70 9	100 0

Company	2009 Value of Receivables £m	%	2008 Value of Receivables £m	%
Not impaired:				
- Neither past due nor impaired	191.4	100.0	220 3	100 0

Notes to the Financial Statements

14. OTHER FINANCIAL ASSETS

	Group 2009 £m	2008 £m	Company 2009 £m	2008 £m
Investments carried at cost:				
Non-current				
Investments in subsidiaries	-	-	53.7	53 7
Loans carried at amortised cost:				
Current				
Loans to subsidiaries	-	-	185 0	217 9
Disclosed in the financial statements as				
Current other financial assets	-	-	185.0	217 9
Non-current other financial assets	-	-	53.7	53 7

15. CASH AND CASH EQUIVALENTS

	Group 2009 £m	2008 £m	Company 2009 £m	2008 £m
Cash at bank and in hand	12.3	2 1	20.7	8 2

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less The carrying amount of these assets approximates to their fair value

16. ASSETS HELD FOR SALE

	Group 2009 £m	2008 £m	Company 2009 £m	2008 £m
Reclassified from property, plant & equipment (note 10)	9.2	5 4	-	-

Assets held for sale comprises several freehold and long leasehold properties which are currently being marketed for resale These properties are stated at the lower of net resaleable value or net book value and in the Directors' opinion are likely to be realised during 2010

17. TRADE AND OTHER PAYABLES

	Group 2009 £m	2008 £m	Company 2009 £m	2008 £m
Trade payables	126.5	103 2	3 8	3 3
Repurchase commitments	65.7	83 4	-	-
Consignment vehicle creditors	70.2	121 9	-	-
Amounts owed to Group undertakings	-	-	24.5	31 4
Other tax and social security payable	9.2	11 6	-	0 1
Other creditors	10.7	19 3	8 8	16 9
Accruals and deferred income	32.8	32 3	6.0	6 8
	315.1	371 7	43.1	58 5
Repurchase commitments due after more than 1 year	4 6	5 4	-	-

18. CURRENT TAX LIABILITIES

	Group 2009 £m	2008 £m	Company 2009 £m	2008 £m
Current tax liabilities	8 8	4 5	6.0	4 8

19. BORROWINGS

	Group 2009 £m	2008 £m	Company 2009 £m	2008 £m
Current				
Secured bank loans	10.4	-	10.0	-
Unsecured bank loans	-	10 0	-	10 0
	10.4	10 0	10.0	10 0
Non-current				
Secured bank loans	80.9	-	80.9	-
Unsecured bank loans	-	141 6	-	148 5
Total borrowings	91.3	151 6	90.9	158 5

	Group 2009 £m	2008 £m	Company 2009 £m	2008 £m
Bank loans and overdraft repayable				
Less than one year	10.4	10 0	10.0	10 0
More than one year and not more than two years	10.0	10 0	10.0	10 0
More than two years and not more than five years	70.9	131 6	70.9	138 5
	91.3	151 6	90.9	158 5

The pnncipal features of the Group's borrowings are as follows

At 31 December 2009 the Group had 2 principal bank loans

(i) A loan of £90 9m which will continue until 30 April 2012 The loan carries an interest rate of between 3 0% and 4 0% above LIBOR

(ii) A revolving loan facility of £53m The facility can be drawn in whole or part at any time and will continue until 30 April 2012 The drawn down part of the loan carries an interest rate of between 3 0% and 4 0% above LIBOR

The weighted average interest rate paid during the year on the bank loans was 2 7% (2008 5 91%)
At 31 December 2009, the Group had available £52 9m (2008 £84 0m) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met

The Group's current facilities were negotiated on 29 May 2009 and updated on 26 June 2009 as a result of the equity raising which repaid £65m of term loans with £12 6m being applied against the revolving loan facility

Of this amount £91 3m (2008 £117 5m) is repayable in instalments up until 2012 (2008 2010)

The Company is jointly and severally liable under cross guarantees within the Group for bank loans and overdrafts which amounted to £0 4m (2008 £2 9m)

Notes to the Financial Statements

20. FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the accounting policy note

Categories of financial instruments	Group 2009 £m	2008 £m	Company 2009 £m	2008 £m
Financial assets				
Cash	**12.3**	2 1	**20.7**	8 2
Loans and receivables	**81.7**	64 3	**185.2**	218 1
Financial liabilities				
Amortised cost	358 4	465 5	**119.2**	192 2

Financial Risk Management Objectives
The Group's Corporate Treasury function manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks, by using derivative financial instruments to hedge these risk exposures The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes

The Corporate Treasury function reports quarterly to the Group's banking committee, an independent body that monitors risks and policies implemented to mitigate risk exposures

Market Risk
The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including

- forward foreign exchange contracts to hedge the exchange rate risk arising on the purchase of parts,
- forward interest rates, and
- interest rate risk management.

During the course of the year there has been no change to the market risk or manner in which the Group manages its exposure

Foreign Currency Risk Management
The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows

	Liabilities 2009 £m	2008 £m	Assets 2009 £m	2008 £m
USD	-	-	**0.8**	0 6
Euro	-	1 0	**0.2**	1 0

The Company had no foreign currency denominated monetary assets or monetary liabilities at the reporting date (2008 same)

20. FINANCIAL INSTRUMENTS (continued)

The majority of the Group's business is carried out in sterling However for the limited number of transactions in foreign currency the Group is mainly exposed to US Dollars and Euros The following table details the Group's sensitivity to a 10% change in pounds sterling against the respective foreign currencies. The 10% is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates The sensitivity analysis of the Group's exposure to foreign currency risk at the reporting date has been determined based on the change taking place at the beginning of the financial year and held constant throughout the reporting period A positive number indicates an increase in profit or loss and other equity where pounds sterling strengthens against the respective currency

	USD Impact Group		Euro Impact Group	
	2009 £m	2008 £m	**2009 £m**	2008 £m
Profit or loss	-	0 1	-	-
Other equity	-	-	-	-

Interest Rate Risk Management

The Group and Company are exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles

The Group and Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note

The sensitivity analyses below have been determined based on the exposure to interest rates at the reporting date and stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period A 50 basis point change is used when reporting interest risk internally to key management personnel and represents management's assessment of the possible change in interest rates

	+ 50 Basis Points				- 50 Basis Points			
	Group		Company		Group		Company	
	2009 £m	2008 £m	**2009 £m**	2008 £m	**2009 £m**	2008 £m	**2009 £m**	2008 £m
Profit or loss	**(0.6)**	(0 7)	-	(0 8)	**0 6**	0 7	-	0 8
Other equity	**(0.6)**	-	-	-	**0.6**	-	-	-

Under interest rate swap contracts, the Group and Company agree to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts Such contracts enable the Group and Company to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held The fair value of interest rate swaps at the year end is determined by discounting the future cash flows using the year end curves and the credit risk inherent in the contract, and is disclosed on the next page The average interest rate is based on the outstanding balances at the start of the financial year

Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults The Group's exposure and the credit ratings of its counterparties is controlled by counterparty limits that are reviewed and approved by the Risk Management Committee annually

Notes to the Financial Statements

20. FINANCIAL INSTRUMENTS (continued)

Trade receivables are spread across a large number of counterparties across a large geographical area.
The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained

Liquidity Risk Management
Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities Included in note 30 is a listing of additional undrawn facilities that the Group/Company has at its disposal to further reduce liquidity risk.

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities The tables below have been drawn up based on the undiscounted contractual maturities of the financial liabilities including interest that will accrue to those liabilities except where the Group/Company is entitled and intends to repay the liability before its maturity

Group	Less than 1 Month £m	1-3 Months £m	3 Months to 1 Year £m	1-5 Years £m	Total £m
2009					
Variable interest rate instruments	0 4	65 6	10 0	80 9	156 9
Fixed interest rate instruments	-	236 9	-	-	236 9
	0 4	302 5	10 0	80 9	393 8
2008					
Variable interest rate instruments	-	83 4	10 0	141 6	235 0
Fixed interest rate instruments	-	225 1	-	-	225 1
	-	308 5	10 0	141 6	460 1

Included within variable interest rate instruments in the 1 to 3 month column is an amount of £65 7m (2008 £83 4m) relating to repurchase commitments where the liability is only contractually due at the point where the related vehicle is sold to the end customer In this way the Group matches the cash outflow in respect of the liability with the cash inflow from the sale

Included within fixed interest rate instruments in the 1 to 3 month column is an amount of £70 2m (2008 £121 9m) relating to consignment stock where the liability is contractually due for payment when the related vehicle is adopted by the Group Adoption usually occurs for the purpose of selling the vehicle to the end customer at which point the cash outflow in respect of the liability matches the cash inflow from the sale

20. FINANCIAL INSTRUMENTS (continued)

Company	Less than 1 Month £m	1-3 Months £m	3 Months to 1 Year £m	1-5 Years £m	Total £m
2009					
Variable interest rate instruments	-	-	10 0	80 9	90 9
Fixed interest rate instruments	-	28 2	-	-	28 2
	-	28 2	10 0	80 9	119 1
2008					
Variable interest rate instruments	-	-	10 0	149 6	159 6
Fixed interest rate instruments	-	33 7	-	-	33 7
	-	33 7	10 0	149 6	193 3

The objectives, policies and strategies for holding or issuing financial instruments adopted by the Board are given in the Directors' Report Instruments held at the year end are set out in note 30

21. PROVISIONS

Group	Dilapidations £m	Closure costs £m	Total £m
As at 1 January 2009	1 1	1 2	2 3
Charged to Income Statement	0 1	-	0 1
Utilised in year	(0 3)	(0 5)	(0 8)
As at 31 December 2009	0 9	0 7	1 6

Provisions have been allocated between current and non-current as follows

	2009 £m	2008 £m
Current	**0.9**	1 6
Non-current	**0.7**	0 7
	1.6	2 3

Dilapidations

The Group operates from a number of leasehold premises under full repairing leases The provision recognises that repairs are required to put the buildings back into the state of repair required under the leases Currently, these leases are expected to expire between 2010 and 2018

22. DEFERRED TAXATION

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 28% (2008 28%) The movement on the deferred tax account is as shown below:

	Group 2009 £m	2008 £m	Company 2009 £m	2008 £m
As at 1 January 2009	**13.3**	12 8	**(5.9)**	(3 8)
Charged/(credited) to Income Statement (note 4)	**0.2**	2 2	**(0.9)**	(0 1)
Credited to Statement of Recognised Income and Expense	**(2.3)**	(1 7)	**(0.6)**	(2 0)
As at 31 December 2009	**11.2**	13 3	**(7.4)**	(5 9)

The deferred tax credited to equity during the current and prior year related to the deferred tax movement on the pension liability

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets because it is probable that these assets will be recovered

The movements on deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown below Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balance net

Group

Deferred tax liabilities

	Accelerated tax depreciation £m	Capital gains £m	Total £m
As at 1 January 2009	20 6	3 2	23 8
Charged to Income Statement	0 2	-	0 2
As at 31 December 2009	20 8	3 2	24 0

Deferred tax assets

	Losses carried forward £m	Employee benefits £m	Short term timing differences £m	Total £m
As at 1 January 2009	(1 1)	(7 7)	(1 7)	(10 5)
Charged/(credited) to Income Statement	1 1	(0 2)	(0 9)	-
Credited to Consolidated Statement of Comprehensive Income	-	(2 3)	-	(2 3)
As at 31 December 2009	-	(10 2)	(2 6)	(12 8)

Net deferred tax liability	
As at 31 December 2009	11 2
As at 31 December 2008	13 3

Company

Deferred tax assets

	Employee benefits £m	Provisions £m	Accelerated tax depreciation £m	Total £m
As at 1 January 2009	(4 5)	(1 1)	(0 3)	(5 9)
(Credited)/charged to Income Statement	(0 1)	(1 0)	0 2	(0 9)
Credited to Consolidated Statement of Comprehensive Income	(0 6)	-	-	(0 6)
As at 31 December 2009	(5 2)	(2 1)	(0 1)	(7 4)

23. SHARE CAPITAL

Group and Company	2009 Shares	£m	2008 Shares	£m
Authorised				
Ordinary shares of 5p each	**480,000,000**	**24.0**	270,000,000	13 5
Allotted, called up and fully paid ordinary shares of 5p each				
As at 1 January	**181,670,573**	**9.1**	181,089,807	9 1
Allotted on placing and placing and open offer	**201,856,192**	**10.1**	-	-
Allotted under share option schemes	**843**	-	170	-
Allotted on scrip issue	-	-	580,596	-
As at 31 December	**383,527,608**	**19.2**	181,670,573	9 1

Potential Issues of Ordinary Shares

Options on 1,187,590 ordinary shares lapsed or were forfeited during 2009 The number of shares subject to options, the periods in which they were granted and the periods in which they may be exercised are given below

Year of grant	Exercise price pence	Exercise period	2009 Number (5p Shares)	2008 Number (5p Shares)
2007 MSP	5 0	2009-2016	-	785,590
2008 PSP	-	2011-2018	**1,619,000**	2,021,000

Employee ShareSave Scheme

The employee ShareSave scheme was available to all eligible employees and was based on Save As You Earn (SAYE) savings contracts with options exercisable within a period from the conclusion of a three year term as appropriate from the date of grant Under the terms and conditions of this scheme, for every month (up to no more than six months) an employee fails to contribute the agreed monthly amount determined under the rules of the scheme, the last date exercisable will be delayed by one month The latest grant under the ShareSave scheme was made in the year ended 2009 No further grants have been made under this scheme

The total expense included within operating profit from continuing operations in respect of cash-settled payments was £nil (2008 £nil)

24. SHARE PREMIUM

Group and Company	£m
As at 1 January 2008	5 6
Arising on issue of new shares	0 6
As at 1 January 2009	6.2
Arising on issue of new shares	67 4
As at 31 December 2009	73 6

Notes to the Financial Statements

25. CAPITAL REDEMPTION RESERVE

Group and Company	£m
As at 1 January 2009 and 31 December 2009	14 6

26. OTHER RESERVE

	Group £m	Company £m
As at 1 January 2009	(1 1)	(1 1)
Fair value on interest rate hedge	(0 3)	-
As at 31 December 2009	(1 4)	(1 1)

27. RETAINED EARNINGS

	Group £m	Company £m
As at 1 January 2008	81 8	38 7
Net loss for the year	(16 0)	(2 5)
Dividends paid	(7 3)	(7 3)
Actuarial losses on defined benefit pension schemes	(6 1)	(7 3)
Deferred taxation on pension liability	1 7	2 0
As at 31 December 2008	54 1	23 6
Net profit for the year	8 0	(11 4)
Actuarial losses on defined benefit pension schemes	(9 4)	(3 7)
Deferred taxation on pension liability	2 3	0 6
Fair value on derivative instruments	(0 9)	(0 9)
As at 31 December 2009	54 1	8 2

Group retained earnings include £17 1m (2008 £17 1m) of non-distributable reserves relating to properties which had been revalued under UK GAAP, but treated as deemed cost under IFRS

Notes to the Financial Statements

28. PENSIONS

Pension Scheme - The Lookers Pension Plan

The pension plan "The Lookers Pension Plan", which is a defined benefit scheme, provides benefits based on final pensionable salary The Lookers Pension Plan, which is a funded scheme, is administered by William M Mercer Limited The scheme has been registered with the Registrar of Pensions The assets of the scheme are held separately from those of the Group, being held in separate funds by the Trustees of the Lookers Pension Plan

The Group has applied IAS 19 (Revised 2004) to this scheme and the following disclosures relate to this standard The Group recognises any actuarial gains and losses in each period in the Consolidated Statement of Comprehensive Income

The pension charge for the scheme for 2009 was £2 3m (2008 £1 0m)

A valuation update was made as at 31 December 2009 by a qualified independent actuary to take account of the IAS 19 requirements Scheme liabilities have been calculated using a consistent projected unit valuation method and compared to the scheme's assets at their 31 December market value

Based on actuarial advice and using the assumptions below in calculating the scheme's liabilities, the total value of these liabilities under IAS 19 are £79 6m at 31 December 2009

The fair value of assets of the scheme and the expected rates of return on each class of assets are

	Expected rate of return 2009 %	**Market value 2009 £m**	Expected rate of return 2008 %	Market value 2008 £m
Equities	**7.5**	**42.9**	6 7	37 4
Bonds	**5.2**	**18.2**	4 7	17 8
Cash	**0.5**	**0.3**	2 0	0 3
Total fair value of assets		**61.4**		55 5

The overall net deficit between the assets of the Group's defined benefit scheme and the actuarial liabilities of the scheme which has been recognised on the balance sheet are as follows

	2009 £m	2008 £m	2007 £m	2006 £m	2005 £m
Fair value of scheme assets	**61.4**	55.5	66 8	63 3	57 3
Actuarial value of scheme liabilities	**(79.6)**	(71 6)	(78 0)	(74 8)	(76 5)
Deficit in the scheme	**(18.2)**	(16 1)	(11 2)	(11 5)	(19 2)
Related deferred tax asset (note 22)	**5.1**	4.5	3 1	3 4	5 7
Net pension liability	**(13.1)**	(11 6)	(8 1)	(8 1)	(13 5)
Experience adjustments in plan liabilities	-	(4 6)	-	-	(1 8)
Experience adjustments in plan assets	5.1	(17 1)	(1 1)	3 0	5 2

The amounts recognised in the Income Statements are as follows·

	2009 £m	2008 £m
Current service cost	**0.7**	1 1
Net gains on curtailments and settlements	0 3	-
Total included in administrative expenses	1 0	1.1
Interest on obligation	4 5	4 5
Expected return on scheme assets	**(3.2)**	(4 6)
Total included in finance costs (note 2)	**1.3**	(0 1)
Total defined benefit expenses	**2.3**	1 0

28. PENSIONS (continued)

Changes in the present value of the defined benefit obligation are as follows:

	2009 £m	2008 £m
Opening defined benefit obligation	**71 6**	78 0
Service cost	**0.7**	1 1
Contributions by employees	**0.3**	0 3
Interest cost	**4 6**	4 5
Actuarial losses/(gains)	**8 8**	(9 8)
Gains on curtailments and settlements	**0.3**	-
Benefits paid	**(6.7)**	(2 5)
Closing defined benefit obligation	**79.6**	71 6

Changes in the fair value of scheme assets are as follows:

	2009 £m	2008 £m
Opening fair value of scheme assets	55.5	66 8
Expected return	**3.2**	4 6
Actuarial gains/(losses)	**5.1**	(17 1)
Contributions by employer	**4.0**	3 4
Contributions by employees	**0.3**	0 3
Benefits paid	**(6.7)**	(2 5)
Closing fair value of scheme assets	**61.4**	55 5

The actual return on scheme assets was £8 4m (2008 £12 5m loss) None of the scheme's assets were invested in Lookers plc or property occupied by Lookers plc In addition to the 14 4% of pensionable payroll to fund accruing pensions, the Company contributed an additional £1 6m in 2009 The Group expects to maintain a similar level of pension contributions in 2010

	2009 £m	2008 £m
Total amount of actuarial losses recognised in the Consolidated Statement of Comprehensive Income in the year	**(3.7)**	(7 3)
Cumulative amount of actuarial losses recognised in the Consolidated Statement of Comprehensive Income at the year end	**(16.4)**	(12 7)
The major categories of scheme assets as a percentage of total scheme assets are as follows:		
Equities	**69.9%**	67 4%
Bonds	**29.6%**	32 0%
Cash	**0.5%**	0 6%

28. PENSIONS (continued)

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages) are as follows:

	2009	2008
Discount rate	5.9%	6 6%
Expected return on assets	6.8%	6 0%
Future salary increases	3.0%	3 0%
Future pension increases	2.3%	2 4%
Life expectancy at age 65 for		
current pensioners - males	86 3	86 3
current pensioners - females	89.2	89 2
future pensioners - males	87.2	87.2
future pensioners - females	91.6	90 0

Where investments are held in bonds and cash, the expected long-term rate of return is taken to be the yields generally prevailing on such assets at the balance sheet date A higher rate of return is expected on equity investments, which is based more on realistic future expectations than on the returns that have been available historically The overall expected long-term rate of return on assets is then the average of these rates taking into account the underlying asset portfolio of the pension plan.

Amounts for the current and previous period are as follows:

	£m	£m
Defined benefit obligation	79.6	71 6
Scheme assets	(61.4)	(55 5)
Deficit	18.2	16 1
Experience losses on plan liabilities	-	(4 6)
Experience gains/(losses) on plan assets	5.1	(17 1)

The Group and Company provide pension arrangements for certain Directors under defined contribution schemes The Group has recently introduced a defined contribution Stakeholder Pension Scheme for employees The Income Statement account charge for the year in respect of defined contribution schemes was £1 2m (2008 £1 0m)

Pension Scheme - The Dutton Forshaw Group Pension Plan

The Dutton Forshaw Group's pension plan "The Dutton Forshaw Group Pension Plan", which is a defined benefit scheme provides benefits based on final pensionable salary The Dutton Forshaw Group Pension Plan, which is a funded scheme, is administered by Equiniti Financial Services Limited The scheme has been registered with the Registrar of Pensions The assets of the scheme are held separately from those of the Group, being held in separate funds by the Trustees of the Dutton Forshaw Group Pension Plan The Group has applied IAS 19 (Revised 2004) to this scheme and the following disclosures relate to this standard The Group recognises any actuarial gains and losses in each period in the Consolidated Statement of Comprehensive Income

A valuation update was made as at 31 December 2009 by a qualified independent actuary to take account of the IAS 19 requirements Scheme liabilities have been calculated using a consistent projected unit valuation method and compared to the scheme's assets at their 31 December market value

Based on actuarial advice and using the assumptions below in calculating the scheme's liabilities, the total value of these liabilities under IAS 19 is £84 5m at 31 December 2009 (2008 £73 1m)

The fair value of assets of the scheme and the expected rates of return on each class of assets are

	Expected rate of return 2009 %	Market value 2009 £m	Expected rate of return 2008 %	Market value 2008 £m
Equities	7.5%	39.4	6 7	36 7
Corporate Bonds	5.85%	10.9	6 6	9 9
Gilts	4 5%	16.4	3 7	14 9
Cash	0.5%	0.4	2 0	-
Total fair value of assets		67.1		61 5

28. PENSIONS (continued)

The overall net deficit between the assets of the Group's defined benefit scheme and the actuarial liabilities of the scheme, which has been recognised on the balance sheet is as follows

	2009 £m	2008 £m	2007 £m
Fair value of scheme assets	67.2	61 5	73 7
Actuarial value of scheme liabilities	(84 5)	(73 1)	(86 3)
Deficit in the scheme	(17.3)	(11 6)	(12 6)
Related deferred tax asset (note 22)	4.9	3 2	3 5
Net pension liability	(12.4)	(8 4)	(9 1)
Experience adjustments in plan liabilities	-	-	-
Experience adjustments in plan assets	5 5	(15 5)	(1 0)

The amounts recognised in the Income Statements are as follows:

	2009 £m	2008 £m
Current service cost	0.3	0 8
Net gains on curtailments and settlements	0.4	-
Total included in administrative expenses	0.7	0 8
Interest on obligation	4 6	5 0
Expected return on scheme assets	(3 6)	(4 8)
Total included in finance costs (note 2)	1.0	0 2
Total defined benefit expenses	1.7	1 0

Changes in the present value of the defined benefit obligation are as follows·

	2009 £m	2008 £m
Opening defined benefit obligation	73.1	86 3
Service cost	0.3	0 8
Contributions by employees	0.3	0 2
Liabilities extinguished on settlements	(2.2)	-
Losses on curtailment and settlements	0.4	-
Interest cost	4 6	5 0
Actuarial losses/(gains)	11.2	(16 7)
Benefits paid	(3.2)	(2.5)
Closing defined benefit obligation	84 5	73 1

Changes in the fair value of scheme assets are as follows.

	2009 £m	2008 £m
Opening fair value of scheme assets	61.5	73 7
Expected return	3 6	4 8
Actuarial gains/(losses)	5 5	(15 5)
Contributions by employer	1.6	0 8
Assets distributed on settlements	(2.2)	-
Contributions by employees	0.3	0 2
Benefits paid	(3.2)	(2 5)
Closing fair value of scheme assets	67.1	61 5

The actual return on scheme assets was £9 1m (2008 £10 7m loss) None of the scheme's assets were invested in Lookers plc or property occupied by Lookers plc

28. PENSIONS (continued)

	2009 £m	2008 £m
Total amount of actuarial losses recognised in the Consolidated Statement of Comprehensive Income in the year	(5.7)	1 2
Cumulative amount of actuarial losses recognised in the Consolidated Statement of Comprehensive Income at the year end	(6.9)	(1 3)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

Equities	58.7%	59 7%
Corporate Bonds	16.2%	16 1%
Gilts	24.5%	24 2%
Cash	0.6%	-

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages) are as follows.

	2009	2008
Discount rate	5.9%	6 6%
Expected return on assets	6 5%	6 0%
Future salary increases	3.0%	3 0%
Future pension increases	3.0%	2 9%
Life expectancy at age 65 for		
current pensioners - males	86.3	86 2
current pensioners - females	89.2	89 2
future pensioners - males	87.2	87 3
future pensioners - females	90.0	90 2

Where investments are held in bonds and cash, the expected long-term rate of return is taken to be the yields generally prevailing on such assets at the balance sheet date. A higher rate of return is expected on equity investments, which is based more on realistic future expectations than on the returns that have been available historically The overall expected long-term rate of return on assets is then the average of these rates taking into account the underlying asset portfolio of the pension plan

Amounts for the current period are as follows:	£m	£m
Defined benefit obligation	84 5	73 1
Scheme assets	(67.1)	(61 5)
Deficit	17.4	11 6
Experience losses on plan liabilities	-	-
Experience losses on plan assets	5 5	(15 5)

29. RELATED PARTY TRANSACTIONS

The Company bears certain administrative costs and interest costs centrally which are recharged to the Group. In addition, the Company charges management charges and receives dividends from its subsidiaries. The balances with Group undertakings are summarised in the table below

	Amounts owed by Group undertakings (Note 13) 2009 £m	2008 £m	Amounts owed to Group undertakings (Note 17) 2009 £m	2008 £m
Bolling Investments Limited	52.4	50 7	-	-
DSM Autos Limited	65 5	68 5	0.1	0 1
Charles Hurst Limited	5.8	5 6	-	-
Charles Hurst Motors Limited	-	0 1	-	-
Platts Harris Limited	1.0	1 4	-	-
FPS Distribution Limited	6.2	9 8	-	-
Ferraris Piston Service Limited	2.3	1 6	-	-
Apec Braking Limited	1.0	0 9	-	-
BTN Turbocharger Service Limited	0.3	0.2	-	-
Lookers Leasing Limited	-	0 4	-	-
Lookers Motor Group Limited	36.9	47 1	14.1	19 5
Lookers Birmingham Limited	0.2	1.8	-	-
MB South Limited	-	7 8	1.9	-
Dutton Forshaw Motor Company Limited	12.8	21 4	7.4	10 8
Dormant Companies	0.6	0 6	1.0	1 0
	185.0	217 9	24.5	31 4

Key management compensation is included in note 7

Notes to the Financial Statements

30. FINANCIAL ASSETS AND LIABILITIES

The objectives, policies and strategies for holding or issuing financial instruments adopted by the Board are given in the Directors' Report. Details regarding the Group's derivative financial instruments at 31 December 2009 and 2008 are given in note 20 The Group's other financial assets and liabilities are detailed below

Fair Values
The fair values of the Group's trade receivables, cash and cash equivalents, trade payables (which include liabilities in respect of interest-bearing consignment stock), short-term provisions and loans and overdrafts with a maturity of less than one year are assumed to approximate to their book value The fair value of the Group's non-current provision is not materially different from its fair value The Group's other non-current financial liabilities are all subject to floating interest rates and so their fair value also approximates to book value

Maturity of Financial Liabilities
The maturity profile of the carrying amount of the Group's non-current financial liabilities at 31 December 2009 and 2008 are given in note 20

Borrowing Facilities
The Group has the following undrawn committed borrowing facilities available at 31 December 2009 and 2008 which expire

	2009 £m	2008 £m
Within two to five years	**52.7**	84 0

The above facilities represent loans and overdrafts, for which the facilities have been confirmed

Interest Rate Profile
Financial assets comprise cash of £12 3m (2008 £2 1m)
An analysis of the Group's loans and overdrafts between fixed and floating rates is given below

	2009 Financial liabilities £m	2008 Financial liabilities £m
Fixed Rate	-	-
Floating Rate	**91.3**	151 6
Total	**91.3**	151 6

Interest rates on the Group's floating rate liabilities are based on the London Interbank rate At 31 December 2009 all of the Group's bank loans and overdrafts are potentially exposed to re-pricing within 12 months of the balance sheet date (2008 12 months)

Foreign Currencies
The majority of the Group's activities are transacted in sterling although some of its purchases are made in US Dollars and Euros The Group manages the foreign currency risk associated with these foreign currency purchases through the use of forward contracts as a commercial hedge The Group has not sought hedge accounting under IAS 39 in respect of these contracts

31. OPERATING LEASE COMMITMENTS - MINIMUM LEASE PAYMENTS

Group	2009 Property £m	Plant & equipment £m	2008 Property £m	Plant & equipment £m
Commitments under non-cancellable operating leases expiring				
Within one year	**7.9**	**1.1**	6 6	0 8
Within two to five years	34 5	**0.9**	23 0	0 6
After five years	**46.9**	-	42 4	-
	89.3	**2.0**	72 0	1 4

32. CONTINGENT GAIN

Additional amounts may be receivable from HM Revenue & Customs in respect of overpayments of VAT in previous years These will not be recognised until they have been agreed

Trading Outlets and Interests in Major Subsidiary Companies

FRANCHISES

Prestige Franchises

Alfa Romeo
Cardiff

Aston Martin
Belfast

Bentley
Belfast

Chrysler, Jeep, Dodge
Belfast

Ferrari
Belfast

Honda
Bexleyheath
Derby
Liverpool
Nottingham
Southport
Warrington

Jaguar
Belfast
Glasgow
London - Park Royal
Motherwell

Land Rover
Battersea
Belfast
Bishop's Stortford
Chelmsford
Colchester
Glasgow
London - Park Royal
Motherwell

Lexus
Belfast
Hatfield

Maserati
Belfast

Mercedes-Benz
Ashford
Brighton
Canterbury
Eastbourne
Gatwick
Maidstone
Redhill
Tonbridge

Saab
Chester
Liverpool

Smart
Brighton
Gatwick
Maidstone
Tonbridge

Volvo
Colchester
Glasgow
Motherwell

Volume Franchises

Chevrolet
Liverpool
Warrington
Yardley

Citroën
Belfast
Blackpool
Liverpool
Preston

Fiat
Northwich
Stockport

Ford
Braintree
Chelmsford
Clacton
Colchester
Macclesfield
Sheffield
South Woodham Ferrers
Sudbury
Witham

Hyundai
Dundonald
Motherwell

Kia
Belfast
Colchester
Stockport

Mazda
Motherwell

Nissan
Altrincham
Belfast
Chester
Newtownabbey

Peugeot
Belfast
Cardiff
Motherwell
Newport

Renault
Altrincham
Belfast
Chelmsford
Chester
Colchester
Macclesfield
Newtownabbey
Newtownards
Northwich
Stockport

Seat
Stockport

Toyota
Belfast
Chelmsford
Newtownabbey
Rayleigh
Romford

Vauxhall
Belfast
Birkenhead
Birmingham
Blackburn
Chester
Dundonald
Ellesmere Port
Lisburn
Liverpool
Portadown
Selly Oak
Speke
St Helens
Wallasey
Warrington
Yardley

Volkswagen
Battersea
Blackburn
Blackpool
Boston
Burnley
Darlington
Lincoln
Morden
Northallerton
Preston
Teesside

Motorcycles
BMW
Newtownabbey

Yamaha
Belfast

Tyres
Belfast - Boucher Road
Belfast - Sydenham Road
Coleraine
Dundonald
Omagh
Portadown

USED CAR SUPERMARKETS
Bristol
Burton-on-Trent

PARTS DISTRIBUTION
FPS
Barking
Birmingham
Bristol
Cardiff
Charlton
Colchester
Glasgow
Leeds
Leicester
Liverpool
Luton
Maidstone
Manchester
Newcastle
Nottingham
Preston
Reading
Sheffield
Southampton
Staples Corner

Apec
Bristol

BTN Turbocharger
Uxbridge

AGRICULTURAL DIVISION
Darley Dale
Tuxford

Major Subsidiary Companies
DSM Autos Limited
Bolling Investments Limited
Charles Hurst Limited
Charles Hurst Motors Limited
Lookers Motor Group Limited
Lookers Birmingham Limited
MB South Limited
FPS Distribution Limited
Apec Limited
BTN Turbocharger Service Limited
Dutton Forshaw Motor Company Limited
Lookers Leasing Limited
Platts Harris Limited
Ferraris Piston Service Limited

Website: www.lookers.co.uk

Five Year Record

	Year ended 31 December 2005 £m	Year ended 31 December 2006 £m	Year ended 31 December 2007 £m	Year ended 31 December 2008 £m	**Year ended 31 December 2009 £m**
Turnover	1,231 6	1,426 7	1,680 0	1,775 9	**1,749.0**
Profit before tax, amortisation, exceptional items and debt issue costs	18 0	26 4	24 5	14 0	**28.3**
Amortisation/impairment	(0 9)	(0 8)	(0 8)	(4 5)	**(1.7)**
Net exceptional items	(0 7)	(4 1)	(0 4)	(20 0)	**(14.2)**
Fair value on derivative instruments	-	-	-	(4 0)	-
Debt issue costs	-	(0 1)	(0 3)	(0 4)	**(0.9)**
Profit/(loss) before taxation	16 4	21 4	23 0	(14 9)	**11.5**
Taxation	(4 8)	(6 8)	(6 6)	(1 1)	**(3 5)**
Profit/(loss) attributable to shareholders	11 6	14 6	16 4	(16 0)	**8.0**
Equity dividend per share*	3 05p	3 50p	4 02p	1 60p	-
Basic earnings/(loss) per ordinary share	6 53p	8 13p	9 09p	(7 68)p	**2.79p**
Adjusted earnings per ordinary share	7 54p	10 63p	9 81p	4 66p	**7.32p**
As at Period end					
Shareholders' interests					
Share capital	8 9	9 0	9 1	9 1	**19.2**
Reserves					
- non-distributable	35 2	36 4	37 8	36 8	**103.1**
- distributable	46 1	58 9	64 6	37 0	**37.8**
Net assets	90 2	104 3	111 5	82 9	**160.1**

*Dividends per share are based on interim dividend paid and final dividend declared for the year

Notice of Meeting

Incorporated in England under the Companies Act 1985 Registered No 111876

NOTICE IS HEREBY GIVEN that the ONE HUNDREDTH Annual General Meeting of Lookers plc (the "Company") will be held at Lookers plc, 776 Chester Road, Stretford, Manchester, M32 0QH on Thursday 27 May 2010 at 10 00am for the following purposes

1 To approve and adopt the financial statements for the year ended 31 December 2009 together with the reports thereon of the Directors and Auditors (Resolution 1)

2 To receive and approve the Directors' Remuneration Report for the year ended 31 December 2009 (Resolution 2)

3 To re-elect J E Brown as a Director who retires in accordance with the Articles of Association (Resolution 3)

4 To re-elect P M White as a Director who retires in accordance with the Articles of Association (Resolution 4)
Mr White's experience in business and his contribution to the Group's progress during his period as Non-Executive Chairman form the basis of the Board's belief to recommend his re-election as a Non-Executive Director

5 To re-appoint Deloitte LLP as Auditors (Resolution 5)

6 To authorise the Directors to fix the remuneration of the Auditors (Resolution 6)

7 To authorise the Directors to generally and unconditionally, in accordance with Section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot relevant securities (within the meaning of the said Section 551) up to an aggregate nominal amount of £6,400,150 (128,003,011 shares) during the period commencing on the date of the passing of this Resolution and expiring on the date of the next Annual General Meeting of the Company but so that this authority shall allow the Company to make, before the expiry of this authority, offers or agreements which would or might require relevant securities to be allotted after such expiry and, notwithstanding such expiry, the Directors may allot relevant securities in pursuance of such offers or agreements (Resolution 7)

8 A Special Resolution, to empower the Directors to allot equity securities (as defined for the purposes of Section 571 of the Companies Act 2006 (the "Act")) pursuant to Section 551 of the Act, as if Section 561(1) of the Act did not apply to any such allotment provided that this power shall be limited

(i) to the allotment of equity securities in connection with any rights issue in favour of holders of ordinary shares in the capital of the Company on the register of members at such record date or dates as the Directors may determine for the purposes of the issue where the equity securities respectively attributable to the interests of all such shareholders are proportionate (as nearly as may be) to the respective number of ordinary shares in the capital of the Company held by the ordinary shareholders, and for the avoidance of doubt, the Directors may make such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of overseas jurisdictions or the requirements of any regulatory body; and

(ii) to the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities having an aggregate maximum nominal amount of £958,819 (19,176,380 shares) in the case of ordinary shares

and this power shall expire on the date of the next Annual General Meeting of the Company after the passing of this Resolution save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired (Resolution 8)

9 As a Special Resolution, to authorise the Company both generally and unconditionally to make market purchases (within the meaning of Section 693 of the Companies Act 2006) of ordinary shares of 5p each in the capital of the Company provided that:

(i) the aggregate maximum nominal value of ordinary shares hereby authorised to be purchased is £1,917,638 (38,352,760 shares),

(ii) the minimum price which may be paid for ordinary shares is 5p per ordinary share,

(iii) the maximum price which may be paid for ordinary shares is an amount equal to 105% of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is purchased,

(iv) the authority hereby conveyed shall expire at the conclusion of the next Annual General Meeting of the Company, unless such authority is renewed prior to such time, and

(v) the Company may make a contract to purchase ordinary shares under the authority hereby conveyed prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of ordinary shares in pursuance of any such contract (Resolution 9)

10 A Special Resolution, the purpose of which is to renew the authority given at the last Annual General Meeting for the Directors to call general meetings on 14 days notice instead of 21 days (Resolution 10)

Registered Office	By order of the Board
776 Chester Road	**R. A. Gregson**
Stretford	Company Secretary
Manchester M32 0QH	9 March 2010

Notes

1 The Company specifies (pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001) that ordinary shareholders registered in the Company's register as at 10 00am on 25 May 2010, are entitled to attend and speak at the Meeting and to vote on all resolutions proposed at the Meeting We will disregard any entries on the register after this time in determining who is entitled to attend and vote

2 A member entitled to attend, speak and vote at the Meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead A member may nominate a proxy of his/her choice who need not be a member of the Company

3 A member may appoint one or more proxies to attend a Meeting of the Company providing each proxy is appointed to exercise rights in respect of a different number of shares held by the member

4 Appointment of a proxy will not preclude a member from attending, speaking and voting at the Meeting should he/she subsequently wish to do so

5 In accordance with Section 325 of the Companies Act 2006, the right to appoint proxies does not apply to persons nominated to receive information rights under Section 146 of the Companies Act 2006 Persons who have been sent a copy of this notice of meeting are hereby informed, in accordance with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements

6 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures in the CREST manual CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited (formerly CRESTCO's) specifications and must contain the information required for such instructions, as described in the CREST Manual The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointment proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time for receipt of proxy appointments specified in this notice For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings

7 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertified Securities Regulations 2001

8 Capita Registrars maintain the Company's share register They also provide a telephone helpline service on 0871 664 0300 calls cost 10p a minute plus network extras Lines are open from 8 30am to 5 30pm, Monday to Friday If you have any queries about voting or about your shareholding, please contact Capita Registrars

9 Members have the right to ask questions at the meeting in accordance with section 319A of the Companies Act 2006

10 Shareholders should note that it is possible that, pursuant to requests made by them under section 527 of the Companies Act 2006, the Company may be required to publish on its website a statement setting out any matter that such shareholders propose to raise at the Annual General Meeting relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting.

The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006 Where the Company is required to place a statement on its website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Act to publish on its website

11 Members have the right (i) to require the company to give notice of a resolution to be moved at the meeting in accordance with section 338 of the Companies Act 2006 and (ii) to require the company to include a matter in the business to be dealt with at the meeting in accordance with section 338A of the Act

12 A Form of Proxy is enclosed for use by shareholders in respect of Resolutions 1 to 10

13 A Form of Proxy must be lodged with the Company's Registrars, Proxy Department, PXS, 34 Beckenham Road, Beckenham, BR3 4TU, not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjourned Meeting

14 The following information is available for inspection on any weekday (except Saturday) during usual business hours at the Registered Office of the Company and will, on the date of the Annual General Meeting, be available for inspection from 11 45am until the conclusion of that Meeting

(a) Register of members of the Company

(b) The Memorandum and Articles of Association of the Company

(c) Details of proxies received

(d) Terms and conditions of the appointment of Directors

(e) Register of Directors Interests

15 The Company's issued share capital on 9 March 2010 was 383,527,608 ordinary shares of 5p each, all shares have voting rights one share one vote.

Shareholders, Bankers and Professional Advisors

Share Quotes
Share prices of the ordinary shares are shown in the *Financial Times* and also appear in several other newspapers

Shareholder Benefits
We operate a scheme which provides all registered private shareholders holding a minimum of 5,000 ordinary shares with an additional £100 discount off the price of any new motor vehicle purchased from any of the Group's dealerships The private registered shareholder negotiates his/her purchase of the new vehicle in the normal way and the £100 is an additional discount obtained from the Company Secretary

Electronic Communication
Capita Registrars provide a share portal service, which allows shareholders to access a variety of services online, including viewing shareholdings, buying and selling shares online, registering change of address details and bank mandates to have dividends paid directly into your bank account

In addition, shareholders can register an email address and elect to receive future Company reports and accounts in electronic form

Any shareholder who wishes to register with Capita to take advantage of this service should visit www.capitaregistrars.com/shareholders

Principal Bankers
Bank of Ireland
Barclays Bank PLC
HSBC Bank plc
Lloyds TSB
National Australia Bank
The Royal Bank of Scotland plc

Registrars and Transfer Office
Capita Registrars
Woodsome Park
Fenay Bridge
Huddersfield HD8 0LA

Auditors
Deloitte LLP
PO Box 500
2 Hardman Street
Manchester M60 2AT

Stockbrokers
Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

KBC Peel Hunt
111 Old Broad Street
London EC2M 1AP

Financial Advisors
NM Rothschild & Sons Limited
82 King Street
Manchester M2 4WQ