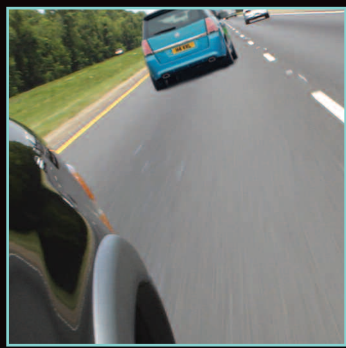
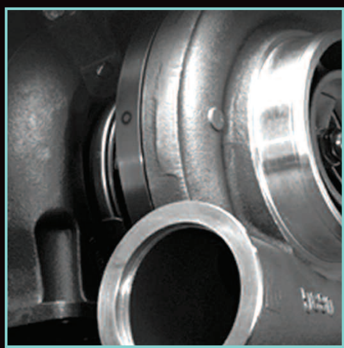
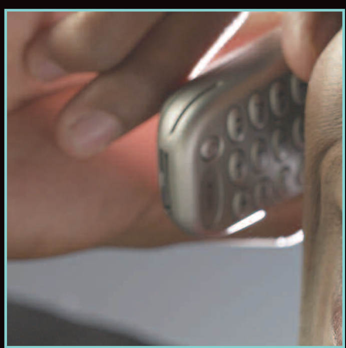
Lookers

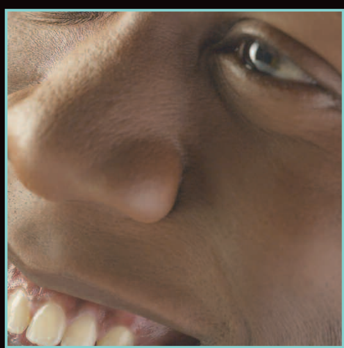
Customers for Life

Building for
the future...









INTERIM REPORT

for six months ended 30 June 2009

Financial Highlights

Six months ended 30 June	2009	2008
Revenue	£870.4m	£1,039.2m
Profit from operations	£17.6m	£23.7m
Adjusted* profit from operations	£26.1m	£26.0m
Adjusted* profit before tax	£17.6m	£15.5m
Profit before tax	£8.6m	£13.0m
Adjusted* earnings per share	6.77p	5.85p
Basic earnings per share	3.25p	4.86p
Interim dividend per share	-	1.60p

“We are pleased with this strong trading performance for the first half of the year with profit before tax increasing by 13.5% at £17.6m*, which has been delivered in a very difficult market.

Economic conditions remain uncertain and we believe trading will continue to be challenging for the new car market. However, the combination of our diversified business model and growing independent parts business, underpinned by our strengthened balance sheet, gives us confidence that we will continue to successfully trade through these tougher conditions and be able to take advantage of any opportunities as they arise.”

Ken Surgenor,
CHIEF EXECUTIVE

*Adjusted before exceptional items, debt issue costs and amortisation of intangible assets as defined in the Income Statement.

CAUTIONARY STATEMENT

This Interim Management Report ("IMR") has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The IMR should not be relied on by any other party or for any other purpose.

The IMR contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

INTRODUCTION

I am pleased to report that Lookers has delivered a strong trading performance for the first six months of 2009, ahead of market expectations, with Group like-for-like sales outperforming the market. The results should be considered against the background of the difficult trading conditions which have affected the UK motor retail market and have 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 an encouraging first half performance.

As noted in our 2008 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 to restructure the Motor Division with the closure of 21 franchised operations. This action 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 model with our independent parts division continuing to deliver good growth as the number of older cars in the UK continues to grow, thereby increasing the demand for parts in the non franchised vehicle repair sector.

Demand for new cars has continued to fall and whilst the introduction of the UK Government's £300 million vehicle scrappage scheme has gone some way to stimulating the market, uncertainties in the financial markets and rising unemployment continue to suppress consumer demand.

The UK market for new cars has therefore been particularly challenging and fell by 26% compared to the previous year. Despite this, Group like-for-like new car sales are 7% ahead of the market. Used car values have recovered strongly and we have seen improvements in both volumes and margins. Our franchise aftersales revenue showed good growth, up 4%, gaining market share in a declining market and our independent parts division goes from strength to strength, achieving record results, with all three divisions of the business ahead of last year. These factors, together with lower interest costs, following significant reductions in working capital, helped to deliver adjusted profit before tax of £17.6m*, well ahead of £15.5m achieved last year.

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 are considerably more expensive and onerous than the previous facilities, as a result of the current conditions in the banking industry. 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 approximately £80.7 million (approximately £76.5 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.

FINANCIAL COMMENTARY

Revenue for the first half of the year decreased by 16% to £870.4m (2008: £1,039.2m) reflecting the difficult trading environment and also the reduced number of dealerships from which the Group now operates, following the strategic restructuring of the Motor Division in 2008. However we achieved an adjusted profit from operations before amortisation, exceptional items and debt issue costs, of £26.1m*, a similar level to that of the previous year. Total exceptional items of £7.7m relate primarily to the costs of arranging the new bank facilities as well as costs relating to closed dealerships.

Moreover our adjusted profit before tax of £17.6m* represents an increase of 13.5% over the previous period's result of £15.5m. After exceptional items, debt issue costs and amortisation of intangible assets of £9.0m (2008: £2.5m), profit before tax for the period was £8.6m compared with £13.0m last year. Adjusted earnings per share for the period were 6.77p (2008: 5.85p).

We have continued to focus strongly on the reduction in working capital with stocks and debtors being reduced by approximately £150m compared to 30 June 2008. Net cash inflow for the period was £2.1m, although this is in comparison to the year end balance sheet which seasonally has a relatively low level of borrowings.

Following completion of the Placing and Open Offer proceeds of approximately £76.5m, net of expenses, were received at the end of July and have been used to repay the £50m loan which incurred interest at 10% above LIBOR and repay an additional £15m of the term loan of £107m. This will reduce interest charges and fees, remove certain onerous banking obligations and will generally improve flexibility. Full details of the amended banking facility agreement are set out in the prospectus for the fundraising which is available on the Group's website. Net debt at the half year end was £155m and if adjusted on a proforma basis for the share issue would reduce to £78.5m with a gearing ratio of 51%. Further information in relation to the going concern basis of preparation is included in the notes to this statement.

(*As defined in the Income Statement)

DIVIDEND

As referred to in the 2008 annual report, the Group is focused on reducing net debt. In the current economic conditions and following the implementation of the revised banking arrangements, 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.

BOARD CHANGES

At the Annual General Meeting on 26 June 2009, we announced that Ken Surgenor, who will be 65 this month, is standing down from the Board and also 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. Peter Jones, currently Managing Director of the Motor Division, will be appointed to the position of Chief Executive on 1 October 2009. Ken will remain with the Group after 30 September 2009, running the Charles Hurst group of businesses in Northern Ireland.

As noted in our 2008 annual report we also announced that Robin Gregson had been appointed Group Finance Director from 19 May 2009 following the departure of David Dyson and the Board welcomes Robin to Lookers.

OPERATING REVIEW

Motor Division

We are pleased to report that the trading results for the Motor Division for the half year are ahead of both budget and last year, despite adverse market pressures which have affected sales volumes of new cars. Against this challenging background Lookers continues to outperform the market and Group like-for-like new car sales for the first six months of 2009 are 7% ahead of the market.

The decisive actions taken in 2008 to close loss making dealerships, consolidate market area representation and add dual franchising to provide additional contribution to fixed costs of certain locations, have streamlined and strengthened the dealership portfolio. The Company also reduced headcount in retained operations by 6% and reduced new and used vehicle stocks by £79m year on year. These actions have generated £12 million of annualised recurring cost savings and we will continue to focus on managing costs and review the dealership network to optimise the performance of the Motor Division.

The Group currently operates 121 franchise outlets representing 33 brands from 79 locations. This broad base of manufacturer partners and the wide geographic coverage across the UK, supported by our efficient, decentralised management structure, ensures that we are well placed for longer term growth.

Motor Division – new cars

Whilst the market for new cars remains challenging and the UK market for the six months to 30 June 2009 has declined by 26%, the Group's reduction in new vehicle volumes of 19% is significantly ahead of the market and we are therefore continuing to build market share. In Northern Ireland, where we are the clear market leader, the market was also down by 26%. Our reduction in vehicle volumes in this important sector of the market outperformed the market at 22% and similarly indicates a gain in our market share. Nevertheless, the decline in volume has reduced overall profit from the sale of new cars compared to the same period in 2008.

We have seen an increase in enquiries regarding the UK Government's vehicle scrappage scheme and believe that this will strengthen volume in the small / lower medium segments of the new car market and we are currently receiving more than our market share of orders.

Motor Division – used cars

We have seen a strong recovery in used car values and volumes in the first six months of 2009, compared to the significant falls in value and volumes which were experienced during the second half of 2008. Volumes have increased by 8.5% and, with improved margins compared to the same period in 2008, there has been a significant improvement in profitability for the period. Our used car supermarkets have continued to benefit from the new management structure and have traded profitably in the period.

Motor Division – aftersales

The aftersales business in the Motor Division has continued to deliver good organic growth in 2009, with turnover for the first six months increasing by 4%. This has benefited from our improved marketing initiatives including a strengthened health check process and the expansion of our customer support centres with the resulting strengthening of customer loyalty. Revenue and gross profit are above 2008 levels and the Group's share of the aftermarket continues to increase. We are confident that this element of the business can still be developed further and we continue to monitor our customer satisfaction levels to ensure our service offering is a market leader.

Independent Parts Division

Following a record year in 2008 our independent aftermarket parts division has continued to perform significantly ahead of last year and is heading for another record performance. Turnover has increased by 15% and gross profit has increased by 16%. Profit before tax of £6.1m represents an increase of 39% over the previous year, a very impressive performance. 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.

The division consists of FPS Distribution ("FPS"), APEC Limited and BTN Turbocharger Service Limited. FPS is an independent same day distributor of branded automotive parts and is the only national parts distributor in the UK, operating from a central distribution centre supported by 19 regional depots. APEC is a distributor of aftermarket brake parts which has recently expanded its range into the hydraulic brake market and BTN Turbo is an international distributor of turbochargers which has recently increased its penetration into the UK motor factor market.

We continue to develop these businesses and over the last six months have increased capacity at the FPS national distribution centre and three further depots to increase regional representation in key areas and to provide the platform for continuing growth through further development of additional product ranges.

RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The Board believes these risks and uncertainties to be consistent with those disclosed in our latest annual report, including general economic factors such as oil prices, interest rates, manufacturers' influence and stability.

OUTLOOK

Since the end of the half year, Lookers has continued to outperform the new car market and trading across the Motor Division is ahead of both budget and prior year. The independent parts division continues to perform well and is showing further significant year on year progress.

The Board believes that whilst economic conditions remain uncertain, this year will continue to be challenging for the new car market. However, the Group's diversified business model and market leading parts division, together with the actions that have been successfully completed in the Motor Division to reduce costs, leave the Group well positioned to trade through this difficult environment. The successful fundraising and negotiation of amended banking facilities have further strengthened the balance sheet and provided the Group with greater flexibility so that it is well placed to take advantage of opportunities which may arise and to emerge from the current downturn a stronger and more efficient business.

I would like to conclude this report by thanking all members of our staff for their hard work and dedication during the period.

Phil White
CHAIRMAN
19 August 2009

Responsibility Statement

WE CONFIRM THAT TO THE BEST OF OUR KNOWLEDGE

(a) The interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'.

(b) The interim management report includes a fair review of the information required by DTR 4.2.7R (identification of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and charges therein).

By order of the Board

Ken Surgenor	**Robin Gregson**
Chief Executive	Finance Director
19 August 2009	19 August 2009

Consolidated Income Statement
Six months ended 30 June 2009

	Note	**Unaudited Six months ended 30 Jun 2009 £m**	Unaudited Six months ended 30 Jun 2008 £m	Audited Year ended 31 Dec 2008 £m
Continuing Operations				
Revenue	3	**870.4**	1,039.2	1,775.9
Cost of sales		**(744.1)**	(902.7)	(1,533.8)
Gross profit		**126.3**	136.5	242.1
Distribution costs		**(71.8)**	(83.5)	(160.1)
Administration expenses		**(37.0)**	(29.5)	(72.1)
Other operating income		**0.1**	0.2	0.3
Profit from operations		**17.6**	23.7	10.2
Profit from operations before amortisation and exceptional items		**26.1**	26.0	33.9
Amortisation of intangible assets		**(0.8)**	(0.7)	(1.4)
Impairment of goodwill		**-**	-	(3.1)
Exceptional items	5	**(7.7)**	(1.6)	(19.2)
Profit from operations		**17.6**	23.7	10.2
Interest payable				
Net interest on pension schemes		**(1.2)**	(0.1)	(0.1)
Interest payable	6	**(7.4)**	(11.0)	(21.1)
Interest receivable	6	**0.1**	0.6	1.3
Net Interest		**(8.5)**	(10.5)	(19.9)
Exceptional interest payable on closed businesses		**-**	-	(0.8)
Fair value on derivative instruments		**0.3**	-	(4.0)
Debt issue costs		**(0.2)**	(0.2)	(0.4)
Profit/(loss) on ordinary activities before taxation		**8.6**	13.0	(14.9)
Profit before tax, amortisation, exceptional items and debt issue costs		**17.6**	15.5	14.0
Amortisation of intangible assets		**(0.8)**	(0.7)	(1.4)
Impairment of goodwill		**-**	-	(3.1)
Total exceptional items		**(7.7)**	(1.6)	(20.0)
Fair value on derivative instruments		**(0.3)**	-	(4.0)
Debt issue costs		**(0.2)**	(0.2)	(0.4)
Profit/(loss) on ordinary activities before taxation		**8.6**	13.0	(14.9)
Exceptional tax charge		**-**	-	(7.2)
Tax (charge)/credit excluding exceptional tax charge	8	**(2.7)**	(4.2)	6.1
Profit/(loss) for the period		**5.9**	8.8	(16.0)
Continuing operations Earnings per share				
Basic earnings/(loss) per share	7	**3.25p**	4.86p	(8.82)p
Diluted earnings/(loss) per share	7	**3.25p**	4.78p	(8.82)p

Consolidated Statement of Comprehensive Income
Six months ended 30 June 2009

	Unaudited Six months ended 30 Jun 2009 £m	Unaudited Six months ended 30 Jun 2008 £m	Audited Year ended 31 Dec 2008 £m
Actuarial losses recognised in post retirement benefit schemes	**(17.2)**	(14.7)	(6.1)
Movement on deferred taxation on pension liability	**4.8**	4.1	1.7
Fair value on derivative instruments	**0.2**	-	(1.1)
Net losses recognised directly in equity	**(12.2)**	(10.6)	(5.5)
Profit/(loss) for the period	**5.9**	8.8	(16.0)
Total comprehensive income for the period	**(6.3)**	(1.8)	(21.5)

Consolidated Balance Sheet

30 June 2009

	Unaudited 30 Jun 2009 £m	Unaudited 30 Jun 2008 £m	Audited 31 Dec 2008 £m
Non current assets			
Goodwill	**44.8**	44.9	44.8
Intangible assets	**17.7**	18.0	18.4
Property, plant and equipment	**205.3**	213.0	205.8
	267.8	275.9	269.0
Current assets			
Inventories	**208.6**	330.9	303.7
Trade and other receivables	**113.6**	141.2	84.3
Cash and cash equivalents	**4.2**	23.1	2.1
Derivative financial instruments	**-**	-	0.3
Assets held for sale	**3.1**	-	5.4
	329.5	495.2	395.8
Total assets	**597.3**	771.1	664.8
Current liabilities			
Financial liabilities			
- Bank loans and overdrafts	**10.0**	10.0	10.0
Trade and other payables	**287.4**	472.3	371.7
Current tax liabilities	**9.3**	14.1	4.5
Short term provisions	**1.0**	0.7	1.6
Derivative financial instruments	**5.2**	-	5.4
	312.9	497.1	393.2
Net current assets/(liabilities)	**16.6**	(1.9)	2.6
Non current liabilities			
Financial liabilities			
- Bank loans	**149.2**	116.7	141.6
Trade and other payables	**5.7**	5.1	5.4
Retirement benefit obligations	**43.9**	37.5	27.7
Deferred tax liabilities	**8.4**	8.2	13.3
Long term provisions	**0.6**	0.6	0.7
	207.8	168.1	188.7
Total liabilities	**520.7**	665.2	581.9
Net assets	**76.6**	105.9	82.9
Shareholders' equity			
Ordinary share capital	**9.1**	9.1	9.1
Share premium	**6.2**	6.2	6.2
Capital redemption reserve	**14.6**	14.6	14.6
Other reserve	**(0.9)**	0.5	(1.1)
Retained earnings	**47.6**	75.5	54.1
Total Equity	**76.6**	105.9	82.9

Consolidated Statement of Changes in Equity

Six months ended 30 June 2009

	Share capital £m	**Share premium £m**	**Capital redemption reserve £m**	**Other reserve £m**	**Retained earnings £m**	**Total £m**
As at 1 January 2009	9.1	6.2	14.6	(1.1)	54.1	82.9
Profit for the period	-	-	-	-	5.9	5.9
Actuarial losses recognised on defined benefit pension schemes	-	-	-	-	(17.2)	(17.2)
Deferred taxation on pension liability	-	-	-	-	4.8	4.8
Fair value on derivative instruments	-	-	-	0.2	-	0.2
As at 30 June 2009	9.1	6.2	14.6	(0.9)	47.6	76.6

Six months ended 30 June 2008

	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
Profit for the period	-	-	-	-	8.8	8.8
Dividends	-	-	-	-	(4.5)	(4.5)
Actuarial losses recognised on defined benefit pension schemes	-	-	-	-	(14.7)	(14.7)
Deferred taxation on pension liability	-	-	-	-	4.1	4.1
Fair value on derivative instruments	-	-	-	0.1	-	0.1
As at 30 June 2008	9.1	6.2	14.6	0.5	75.5	105.9

Consolidated Statement of Changes in Equity (continued)

Year ended 31 December 2008

	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 recognised on defined benefit pension schemes	-	-	-	-	(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

Consolidated Cash Flow Statement

Six months ended 30 June 2009

	Unaudited Six months ended 30 Jun 2009 £m	Unaudited Six months ended 30 Jun 2008 £m	Audited Year ended 31 Dec 2008 £m
Cash flows from operating activities			
Profit/(loss) for the period	**5.9**	8.8	(16.0)
Adjustments for:			
Tax	**2.7**	4.2	1.1
Depreciation	**4.1**	4.7	9.0
Impairment of fixed assets on dealership closures	**-**	-	2.5
Loss on disposal of plant and equipment	**-**	-	0.2
Profit on disposal of properties	**(0.4)**	-	-
Amortisation of intangible assets	**0.8**	0.7	1.4
Impairment of goodwill	**-**	-	3.1
Interest income	**(0.1)**	(0.6)	(1.6)
Interest payable	**8.9**	11.2	26.3
Debt issue costs	**0.2**	0.2	0.4
Share based payment charge	**-**	0.1	(0.4)
Changes in working capital (excluding effects of acquisitions and disposal of subsidiaries)			
Decrease/(increase) in inventories	**95.1**	(11.1)	17.1
(Increase)/decrease in trade and other receivables	**(29.3)**	(29.8)	24.2
(Decrease)/increase in payables	**(89.1)**	57.2	(42.8)
Difference between pension charge and cash contributions	**(1.0)**	(1.1)	(2.2)
Movement in provisions	**-**	(0.1)	1.4
Cash (absorbed by)/generated from operations	**(2.2)**	44.4	23.7
Interest paid	**(8.1)**	(10.2)	(20.3)
Interest received	**0.1**	0.6	1.2
Tax refunded/(paid)	**2.1**	(1.2)	(3.0)
Net cash (outflow)/inflow from operating activities	**(8.1)**	33.6	1.6
Cash flows from investing activities			
Acquisition of subsidiaries (net of cash acquired)	**-**	(1.7)	(4.4)
Purchase of property, plant and equipment	**(3.9)**	(3.9)	(8.6)
Purchase of intangible fixed assets	**(0.1)**	(2.6)	(3.8)
Proceeds from sale of property, plant and equipment	**3.9**	0.3	0.5
Net cash used by investing activities	**(0.1)**	(7.9)	(16.3)
Cash flows from/(used by) financing activities			
Repayment of loans	**-**	(13.5)	(10.0)
Net proceeds from drawdown of existing bank facilities	**10.3**	-	18.9
Principal payments under HP agreements	**-**	-	(0.1)
Dividends paid to Group shareholders	**-**	(3.9)	(6.8)
Net cash from/(used by) financing activities	**10.3**	(17.4)	2.0
Increase in cash and cash equivalents	**2.1**	8.3	(12.7)
Cash and cash equivalents at the beginning of the period	**2.1**	14.8	14.8
Cash and cash equivalents at the end of the period	**4.2**	23.1	2.1

Notes to the Set of Financial Information

Six months ended 30 June 2009

1. GENERAL INFORMATION

The financial information for the period ended 30 June 2009 and similarly the period ended 30 June 2008 has neither been audited nor reviewed by the auditors. The financial information for the year ended 31 December 2008 has been based on information in the audited financial statements for that period.

The information for the year ended 31 December 2008 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

2. ACCOUNTING POLICIES

The annual financial statements of Lookers plc are prepared in accordance with IFRSs as adopted by the European Union. The set of financial statements included in this half yearly financial report has been prepared in accordance with International Accounting Standards 34 'Interim Financial Reporting', as adopted by the European Union. The same accounting policies, presentation and methods of computation are followed in the half yearly financial report as applied in the Group's latest annual audited financial statements, except for the adoption in the period of IAS 1 'Presentation of Financial Statements' (Revised 2007) and IFRS 8 'Operating Segments'. IAS 1 (revised) requires the presentation of a statement of changes in equity as a primary statement, separate from the Income Statement and Statement of Comprehensive Income. As a result, a Consolidated Statement of Changes in Equity has been included in the primary statements, showing changes in each component of equity for each period presented.

Basis of preparation: Going concern

This half year report has been prepared on a going concern basis which the Directors believe to be appropriate for the reasons set out below.

The Group meets its' day to day working capital requirements through short term manufacturer stocking loans and external bank financing. The external bank financing was successfully renegotiated on 29 May and then 25 June 2009. Since that date, and as described in more detail in note 10, the Group has successfully received gross proceeds in excess of £80 million through a Firm Placing and Placing and Open Offer. The Directors have prepared trading and cash flow forecasts which have been updated to reflect performance in the first half of the year, improvements in working capital, the proceeds from the Firm Placing and Placing and Open Offer and measured these against the revised banking facility. After making enquiries, considering the matters noted above and also uncertainties in the current operating environment, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and have therefore continued to adopt the going concern basis in preparing this interim consolidated financial information.

3. SEGMENTAL REPORTING

The following is an analysis of the Group's business reporting segments. The adoption of IFRS 8 'Operating Segments' has had no effect on the Group's reporting segments.

Unaudited Six months ended 30 June 2009	**Motor Division £m**	**Parts Distribution £m**	**Unallocated £m**	**Group £m**
Continuing operations				
Revenue	794.3	76.1	-	870.4
Segmental result	19.9	6.2	-	26.1
Amortisation of intangible assets	(0.5)	(0.3)	-	(0.8)
Exceptional Items	(7.7)	-	-	(7.7)
Interest expense			(8.6)	(8.6)
Interest income			0.1	0.1
Fair value on derivative instruments			(0.3)	(0.3)
Debt issue costs			(0.2)	(0.2)
Profit before taxation				8.6
Taxation				(2.7)
Profit for the financial period from continuing operations attributable to shareholders				5.9
Segmental assets	483.8	113.0	-	596.8
Unallocated assets				
- Property, plant and equipment			0.5	0.5
Total assets				597.3
Segmental liabilities	315.4	46.1	-	361.5
Unallocated liabilities				
- Corporate borrowings			159.2	159.2
Total liabilities				520.7

3. SEGMENTAL REPORTING (continued)

Unaudited Six months ended 30 June 2008	Motor Division £m	Parts Distribution £m	Unallocated £m	Group £m
Continuing operations				
Revenue	973.1	66.1	-	1,039.2
Segmental result	21.6	4.4	-	26.0
Amortisation of intangible assets	(0.4)	(0.3)	-	(0.7)
Exceptional Items	(1.6)	-	-	(1.6)
Interest expense			(11.1)	(11.1)
Interest income			0.6	0.6
Debt issue costs			(0.2)	(0.2)
Profit before taxation				13.0
Taxation				(4.2)
Profit for the financial period from continuing operations attributable to shareholders				8.8
Segmental assets	663.9	106.6	-	770.5
Unallocated assets				
- Property, plant and equipment			0.6	0.6
Total assets				771.1
Segmental liabilities	508.2	44.6	-	552.8
Unallocated liabilities				
- Corporate borrowings			112.4	112.4
Total liabilities				665.2

Audited Year ended 31 December 2008	Motor Division £m	Parts Distribution £m	Unallocated £m	Group £m
Continuing operations				
Revenue	1,646.0	129.9	-	1,775.9
Segmental result	25.6	8.3	-	33.9
Amortisation of intangible assets	(0.8)	(0.6)	-	(1.4)
Impairment of goodwill	(3.1)	-	-	(3.1)
Exceptional Items	(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				(14.9)
Taxation				(1.1)
Loss for the financial year from continuing operations attributable to shareholders				(16.0)

3. SEGMENTAL REPORTING (continued)

Audited Year ended 31 December 2008	Motor Division £m	Parts Distribution £m	Unallocated £m	Group £m
Segmental assets	559.9	104.4	-	664.3
Unallocated assets				
- Property, plant and equipment			0.5	0.5
Total assets				664.8
Segmental liabilities	410.1	40.1	-	450.2
Unallocated liabilities				
- Corporate borrowings			131.7	131.7
Total liabilities				581.9

For the purposes of monitoring segment performance and allocating resources between segments, the Group's Chief Executive monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments with the exception of other financial assets (except for trade and other receivables) and tax assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

4. DIVIDENDS

No interim dividend is proposed (2008: 1.60p per share).

	Unaudited Six months ended 30 Jun 2009 p	Unaudited Six months ended 30 Jun 2008 p	Audited Year ended 31 Dec 2008 p
Ordinary dividend per share - paid in period	**-**	2.42	1.60
- proposed	**-**	1.60	-

5. EXCEPTIONAL ITEMS

	Unaudited Six months ended 30 Jun 2009 £m	Unaudited Six months ended 30 Jun 2008 £m	Audited Year ended 31 Dec 2008 £m
Refinancing costs	**(5.2)**	-	-
Profit on disposal of properties	**0.4**	-	-
Closure costs and loss on termination of businesses	**(2.0)**	(1.0)	(13.3)
Integration/other costs	**(0.2)**	(0.6)	(3.3)
Aborted acquisition costs	**(0.2)**	-	(1.6)
Other	**(0.5)**	-	(0.7)
VAT refund	**-**	-	(0.3)
	(7.7)	(1.6)	(19.2)
Interest on closed businesses	**-**	-	(0.8)
Total exceptional items	**(7.7)**	(1.6)	(20.0)

6. INTEREST COSTS - NET

	Unaudited Six months ended 30 Jun 2009 £m	Unaudited Six months ended 30 Jun 2008 £m	Audited Year ended 31 Dec 2008 £m
Net interest on pension schemes	**1.2**	0.1	0.1
Bank interest payable	**5.1**	7.6	12.2
Interest on consignment vehicles	**2.2**	3.4	8.7
Other interest	**0.1**	-	0.2
Interest payable	**7.4**	11.0	21.1
Bank interest receivable	**(0.1)**	(0.6)	(1.3)
Net interest	**8.5**	10.5	19.9

7. EARNINGS PER SHARE

The calculation of earnings per ordinary share is based on profits on ordinary activities after taxation amounting to £5.9m (2008: £8.8m) and a weighted average of 181,670,573 ordinary shares in issue during the period (2008: 181,186,038).

The diluted earnings per share is based on the weighted average number of shares, after taking account of the dilutive impact of shares under option of nil (2008: 2,806,140). The diluted earnings per share is 3.25p (2008: 4.78p).

Adjusted earnings per share is stated before amortisation of intangible assets, impairment of goodwill, the profit on disposal of properties less other exceptional items (net) and is calculated on profits of £12.3m for the period (2008: £10.6m).

	Unaudited Six months ended 30 Jun 2009		Unaudited Six months ended 30 Jun 2008		Audited Year ended 31 Dec 2008	
	Earnings £m	**Earnings per share p**	Earnings £m	Earnings per share p	Earnings £m	Earnings per share p
Earnings/(loss) attributable to ordinary shareholders	**5.9**	**3.25**	8.8	4.86	(16.0)	(8.82)
Amortisation of intangible assets	**0.8**	**0.44**	0.7	0.39	1.4	0.77
Impairment of goodwill	**-**	**-**	-	-	3.1	1.71
Exceptional items - net	**7.7**	**4.24**	1.6	0.88	20.0	11.02
Tax on exceptional items	**(2.1)**	**(1.16)**	(0.5)	(0.28)	(6.0)	(3.31)
Exceptional tax due to withdrawal of industrial buildings allowance	**-**	**-**	-	-	7.2	3.97
Adjusted	**12.3**	**6.77**	10.6	5.85	9.7	5.34

8. TAXATION

The tax charge for the period has been provided at the effective rate of 31.0% (2008: 32.0%).

9. PENSIONS

The defined benefit obligation as at 30 June 2009 is calculated on a year-to-date basis, using the latest actuarial valuation as at 31 December 2008. There have not been any significant fluctuations or one-time events since that time that would require adjustment to the actuarial assumptions made at 31 December 2008.

The defined benefit plan assets have been updated to reflect their market value as at 30 June 2009. Differences between the expected return on assets and the actual return on assets have been recognised as an actuarial gain or loss in the Statement of Comprehensive Income in accordance with the Group's accounting policy.

10. POST BALANCE SHEET EVENT

On 26 June 2009 the Company announced a proposed, fully underwritten share issue to raise gross proceeds of approximately £80.7 million (approximately £76.5 million net of expenses) by the issue of 201,856,192 new ordinary shares through a Firm Placing and Placing and Open Offer at 40 pence per new ordinary share. This was approved by the Company's shareholders in the General Meeting on 22 July 2009. The new shares were issued and admitted to trading on The London Stock Exchange on 23 July 2009 and proceeds from the issue of the new ordinary shares have now been received by the Company. Ordinary share capital has increased by £10.1m and the share premium account has increased by £66.4m. The net proceeds of approximately £76.5 million have been used to repay the loan of £50 million which suffered interest at 10% over LIBOR, repay £15 million of term loan borrowings, with the balance of approximately £11.5 million retained against the revolving credit facility. The Group balance sheet has therefore been strengthened as a result of the share issue and the level of gearing has been significantly reduced.

11. INTERIM STATEMENT

The interim announcement was approved by the Board and will be posted to shareholders on 25 August 2009. Copies are also available to the public at the registered office of the Company at 776 Chester Road, Stretford, Manchester M32 0QH.

Directors and Advisers

EXECUTIVE DIRECTORS

H K Surgenor	– Chief Executive
R A Gregson BSc FCA	– Finance Director
P Jones	– Managing Director (Motor Division)
B Schumacker MSc	– Operations Director
A C Bruce BA	– Operations Director
T Wainwright	– Operations Director

NON-EXECUTIVE DIRECTORS

P M White CBE FCA	– Chairman
J E Brown FCCA ATII	
D C A Bramall FCA	
W Holmes MA FCA	

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