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Summary

	2009 £'000	2008 £'000
Revenue	89,570	84,588
Adjusted EBITDA*	2,004	(874)
Adjusted operating profit/(loss)*	1,364	(1,616)
Non-recurring items	(25)	(18)
Adjusted profit/(loss) before tax*	710	(2,118)
Profit/(loss) before tax	685	(2,136)
Earnings/(loss) per share	p 16.6	p (72.9)
Adjusted earnings/(loss) per share	17.3	(53.5)
Interim dividend per share	5.0	2.0

* Adjusted for non-recurring items

Highlights

- Revenue in the period up 6% to £89.6m from £84.6m
- Profit before tax £685,000 (H1 2008 – Loss £2.1m)
- Revenue up 14% like-for-like
- New car unit sales up 18.2% like-for-like, increasing market share
- Used car sales up 15.1% like-for-like
- Annual cost reduction of £2.5m
- Dividend increased to 5p from 2p
- Strong freehold asset backing

“We are pleased with the progress made in the first half, where we have successfully achieved a return to profit compared with a substantial loss in the same period last year. These results demonstrate that our strategy has proved effective and our car sales have risen significantly. The economic environment remains difficult but, within this context, we continue to focus on our profitability and, in turn, delivering value to all shareholders.”

Simon G M Caffyn
Chief Executive

Interim Management Report

Summary

In the six months to September revenue has increased to £89.6m from £84.6m last year despite the closure of three dealerships in the second half of last year. Like-for-like revenue is up 14%. We have returned to profitable trading and report a profit before tax of £685,000 compared to a loss before tax of £2,136,000 last year.

Total UK new car registrations fell by 6.7% in the period. Our new unit sales are up 18.2% on a like-for-like basis increasing our market share. Our like-for-like unit sales in the used car market are up 15.1% and margins are improved against the background of difficult trading conditions.

Operating Review

The improved results have been delivered against a declining market. We continue to concentrate on seven key activities:

- **Improve sales performance, concentrating on lower priced and fuel efficient vehicles with increased focus on used vehicles**

With our new car unit sales up 18.2% like-for-like and used car unit sales up 15.1%, our strategy of concentrating on sales of lower priced, fuel efficient new cars and improved marketing of used cars has been successful.

In the month of September our new car unit sales were up 47.1% in a market sector that was up 34.4%. Used car unit sales were up 18.1%.

- **Enhance margins through marketing innovation and improved use of Internet**

More effective use of our Internet marketing and internal systems has delivered stronger vehicle sales results and helped to improve our aftersales revenue in what is a declining market.

Our aftersales revenue was up 4% on a like-for-like basis. Improved processes

generated an improved aftersales profit up 19% on last year and 22% like-for-like.

Our customer relationship management processes have been reviewed and enhanced demonstrating early benefits. Further improvements to this will generate greater customer retention together with even better customer service.

- **Reduce costs through closure of underperforming branches and reduction in staff numbers**

The closure last year of three underperforming dealerships, together with an ongoing programme to minimise costs, has ensured that we are seeing the benefits of ongoing cost reduction of the order of £2.5m per annum. This has been achieved whilst still giving customers excellent levels of service reflected in improved customer satisfaction statistics. Staff numbers were up by 2% to 649, reflecting increased demand for our services.

- **Reduce stocks and increase stock turnover**

Having dramatically reduced vehicle stocks and strengthened our used car write-down policies last year in response to the poor market conditions that prevailed at that time, we have been able to increase used car stocks in this period with improved demand, whilst further improving stock turn rates and margins to generate considerably improved used car profits. Our used car stock turn remains high at 10.8 and used car stocks have risen to £6.8m, but the return on this investment remains at high levels.

At the same time our stocks of new cars on consignment have been kept low giving us a greatly improved stock turn and lower consignment interest costs from our manufacturer vehicle funding schemes.

● Reduce future capital expenditure

The only significant capital project in the period was the completion of our Audi Centre in Brighton which is now fully operational again. After a major refurbishment programme, the dealership has seen a marked improvement in profitability. Total capital expenditure in the period was £111,000, significantly lower than in previous years.

● Allocate franchises to facilities to maximise profits

Last year we improved throughput at various sites by adding additional franchise facilities. In Brighton we added Ford to our Volvo dealerships and in Sevenoaks Citroën aftersales was added to our Peugeot dealership. In addition, we amalgamated the management of our Land Rover and Jaguar dealerships in Sussex and our two Ford dealerships in Hampshire and Surrey.

All of these actions have improved profitability through increased revenue and lower costs and we continue to look for further opportunities of this nature.

● Negotiate with manufacturers to set lower sales and bonus targets

The downturn in the new car market and the weakness of the pound to the euro caused most manufacturers to reduce output and this has caused a shortage of new cars. Generally, target levels and bonus payments have been lower than in prior years as support was given to the Scrappage Scheme and many manufacturers' margins were reduced by the strong euro.

Working Capital and Finance

Our success in selling new cars through the Scrappage Scheme has had a short-term effect on debtors which have increased by £961,000 since

our last year end. Our contribution to the Scrappage Scheme has generated an additional £450,000 for the Government Exchequer as well as contributing positively to the environment through the replacement of older cars with more efficient vehicles.

We continue to trade well within our existing banking facilities and bank borrowings were £10.7m at the end of the period as compared to our facility levels of £18m.

People and Training

I must again thank all our employees for demonstrating continued high levels of commitment together with positive attitudes and an energetic approach that has enabled us to turn around the results of the company so quickly.

We continue to work towards strengthening our management team. Guy Ainsley joined in September 2009 to take on the role of Operations Director and was appointed to the main board on 25 November 2009. Guy brings considerable experience, having worked for both manufacturers and retailers and his experience as Marketing Director of Inchcape UK will be of particular benefit to our sales and aftersales marketing programmes.

We have grown our internal training team to give better on-site tuition to our sales and service staff in both systems usage and customer handling processes. The retention of customers through good service and professionalism remains critical in order to generate increased levels of business.

Dividend

Earnings per share have increased to 16.6p from a loss per share last year of 72.9p. The board has decided to increase the interim dividend to 5.0p per Ordinary Share. This will be paid on 8 January 2010 to shareholders on the register at close of business on 11 December 2009.

Interim Management Report

Pension Scheme

The pension scheme deficit under IAS 19 has increased to £8.9m from £3.7m at 31 March 2009. While the scheme assets increased during the period, the estimated liabilities increased at a greater rate largely as a result of a reduction in the discount rate from 6.8% to 5.6%. This reduction reflected the sharp movement that has occurred in long-term corporate bond yields. However, the Recovery Plan agreed with the trustees will require additional cash payments of £120,000 per annum in the two years to 31 March 2011 and a further £1.44m payable over a maximum period of eight years.

In 2006 we closed our defined benefit scheme to new members and changed future accrued benefits of existing members from a final salary basis to a career average basis. We are currently consulting with staff and expect to announce the closure of our defined benefit scheme to all future accrual from 1 April 2010. Continued provision of pension benefits will be available to existing employees through the alternative defined contribution scheme which has been available to new members of staff joining the company since April 2006.

Property

We have an agreement to lease our site in Preston Road, Brighton to Sainsbury's Supermarkets Ltd., conditional on the granting of a planning application for change of use and satisfactory remediation of the site, while our freehold site in East Grinstead has recently been re-marketed for sale. We incurred a cost of £25,000 terminating a short lease in Tunbridge Wells following the transfer of our Skoda dealership to our premises in Tonbridge.

Operational Strategy

Our strategy remains unchanged. We are concentrating on improving our operational performance and have made good progress so far. Improvements in the final quarter of last year and in the first half of this year are encouraging. We remain focused on returning to historic levels of

profitability of between £3m and £4m of pre-tax income and then to grow sales and profits further on a sustainable basis. We will do this on an organic basis supplemented by acquisition opportunities that can be absorbed efficiently while maintaining prudent levels of gearing.

Current Trading and Outlook

We entered the final quarter of 2009 with very strong new car order books and demand has continued through October and November. Our strategy has delivered an improvement in trading performance and we are confident that the actions we have taken will continue to be beneficial to the company's business during the rest of the financial year. There are uncertainties due to the ending of the Scrappage Scheme and the increase in VAT in early 2010, together with the unsettled economic outlook. Uncertain times require a flexible approach and cost levels that are not only as variable as possible but also competitive. However, while it is expected that market conditions will remain challenging we are in a strong position to make further progress.

Simon G M Caffyn

Chief Executive

Condensed Consolidated Income Statement

for the half year ended 30 September 2009

		Half year to 30 September 2009 £'000	Half year to 30 September 2008 £'000	Year to 31 March 2009 Before non- recurring £'000	Non- recurring (note 6) £'000	Total £'000
	Note					
Revenue		89,570	84,588	158,109	544	158,653
Cost of sales		(75,914)	(72,520)	(134,173)	(1,194)	(135,367)
Gross profit/(loss)		13,656	12,068	23,936	(650)	23,286
Operating expenses		(12,292)	(13,684)	(25,361)	(1,910)	(27,271)
Operating profit/(loss) before other non-recurring items		1,364	(1,616)	(1,425)	(2,560)	(3,985)
Other non-recurring items	6	(25)	(18)	–	428	428
Operating profit/(loss)		1,339	(1,634)	(1,425)	(2,132)	(3,557)
Interest payable						
Net interest on pension scheme		(213)	154	301	–	301
Finance expense	7	(441)	(669)	(1,177)	–	(1,177)
Finance income		–	13	13	–	13
Net finance expense		(654)	(502)	(863)	–	(863)
Profit/(loss) before taxation		685	(2,136)	(2,288)	(2,132)	(4,420)
Income tax (expense)/credit	8	(206)	36	566	(115)	451
Profit/(loss) for the year from continuing operations		479	(2,100)	(1,722)	(2,247)	(3,969)
Continuing operations						
Earnings/(loss) per share						
Basic and diluted	9	16.6p	(72.9p)			(137.8p)

Condensed Consolidated Statement of Comprehensive Income

for the half year ended 30 September 2009

	Half year to 30 September 2009 £'000	Half year to 30 September 2008 £'000	Year to 31 March 2009 £'000
Profit/(loss) for the period	479	(2,100)	(3,969)
Other comprehensive income			
Actuarial losses recognised in defined benefit pension scheme	(5,111)	(1,302)	(6,002)
Deferred tax on actuarial losses	1,440	365	1,679
Other comprehensive income, net of tax	(3,671)	(937)	(4,323)
Total comprehensive income for the period	(3,192)	(3,037)	(8,292)

Condensed Consolidated Balance Sheet

at 30 September 2009

	30 September 2009 £'000	30 September 2008 £'000	31 March 2009 £'000
Non-current assets			
Property, plant and equipment	31,642	32,344	32,176
Goodwill	286	406	286
Intangible assets	–	2	–
Retirement benefit obligations	–	764	–
Deferred tax asset	452	–	–
Total non-current assets	32,380	33,516	32,462
Current assets			
Inventories	20,665	24,726	19,095
Trade and other receivables	6,887	6,980	5,926
Cash and cash equivalents	23	28	32
Non-current assets held for sale	564	1,568	564
Total current assets	28,139	33,302	25,617
Total assets	60,519	66,818	58,079
Current liabilities			
Interest bearing loans and borrowings	5,740	11,373	8,922
Trade and other payables	21,467	21,404	21,899
Tax liabilities	212	212	212
Short-term provisions	–	429	–
Total current liabilities	27,419	33,418	31,033
Non-current liabilities			
Interest bearing loans and borrowings	5,000	3,008	6
Preference shares	1,237	1,237	1,237
Deferred tax liabilities	–	2,538	784
Retirement benefit obligations	8,856	–	3,715
Total non-current liabilities	15,093	6,783	5,742
Total liabilities	42,512	40,201	36,775
Net assets	18,007	26,617	21,304
Equity			
Share capital	1,439	1,439	1,439
Share premium account	272	272	272
Capital redemption reserve	282	282	282
Non-distributable reserve	2,901	3,558	2,901
Other reserve	32	–	–
Retained earnings	13,081	21,066	16,410
Total equity	18,007	26,617	21,304

Consolidated Statement of Changes in Equity

for the half year ended 30 September 2009

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserve £'000	Non-distributable reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2009	1,439	272	282	–	2,901	16,410	21,304
Dividends	–	–	–	–	–	(58)	(58)
Share-based payments	–	–	–	32	–	–	32
Purchase of own shares	–	–	–	–	–	(79)	(79)
Transactions with owners	–	–	–	32	–	(137)	(105)
Profit for the period	–	–	–	–	–	479	479
Other comprehensive income	–	–	–	–	–	(3,671)	(3,671)
At 30 September 2009	1,439	272	282	32	2,901	13,081	18,007

for the half year ended 30 September 2008

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Non-distributable reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2008	1,439	272	282	3,892	24,258	30,143
Transactions with owners						
– dividends	–	–	–	–	(489)	(489)
Loss for the period	–	–	–	–	(2,100)	(2,100)
Other comprehensive income	–	–	–	–	(937)	(937)
Transfer	–	–	–	(334)	334	–
At 30 September 2008	1,439	272	282	3,558	21,066	26,617

for the year ended 31 March 2009

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Non-distributable reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2008	1,439	272	282	3,892	24,258	30,143
Transactions with owners						
– dividends	–	–	–	–	(547)	(547)
Loss for the period	–	–	–	–	(3,969)	(3,969)
Other comprehensive income	–	–	–	–	(4,323)	(4,323)
Transfer	–	–	–	(991)	991	–
At 31 March 2009	1,439	272	282	2,901	16,410	21,304

Condensed Consolidated Cash Flow Statement

for the half year ended 30 September 2009

	Half year to 30 September 2009 £'000	Half year to 30 September 2008 £'000	Year to 31 March 2009 £'000
Cash flows from operating activities			
Profit/(loss) before taxation	685	(2,136)	(4,420)
Adjustments for:			
Net finance expense	654	656	863
Depreciation and amortisation	640	742	1,428
Impairment of property, plant and equipment	–	–	660
Goodwill impairment	–	75	195
Change in retirement benefit obligations	(183)	(202)	(122)
Loss/(profit) on disposal of property, plant and equipment	25	(486)	(428)
Increase/(decrease) in provisions	–	402	(27)
Decrease/(increase) in working capital	(2,955)	2,809	9,556
Cash (absorbed)/generated by operations	(1,134)	1,860	7,705
Taxation paid	–	(17)	(42)
Interest received	–	13	13
Interest paid	(441)	(669)	(1,177)
Net cash (used in)/from operating activities	(1,575)	1,187	6,499
Investing activities			
Proceeds on disposal of property, plant and equipment	2	1,091	2,589
Purchases of property, plant and equipment	(111)	(1,958)	(3,253)
Net cash used in investing activities	(109)	(867)	(664)
Financing activities			
Bank loans received	5,000	–	–
Repayment of bank loans	–	–	(3,000)
Dividends paid to shareholders	(58)	(489)	(547)
Purchase of own shares	(79)	–	–
Payment of capital element of finance lease rentals	(12)	(16)	(29)
Net cash used in financing activities	4,851	(505)	(3,576)
Net increase/(decrease) in cash and cash equivalents	3,167	(185)	2,259
Cash and cash equivalents at beginning of period	(8,876)	(11,135)	(11,135)
Cash and cash equivalents at end of period	(5,709)	(11,320)	(8,876)

Notes to the Set of Financial Information

for the half year ended 30 September 2009

1. General information

Caffyns plc is a company domiciled in the United Kingdom. The address of the registered office is Saffrons Rooms, Meads Road, Eastbourne, BN20 7DR.

These condensed consolidated interim financial statements for the half year to 30 September 2009 and similarly for the half year to 30 September 2008 are unaudited. They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the group for the year ended 31 March 2009.

The figures for the year ended 31 March 2009 have been extracted from the statutory accounts filed with the Registrar of Companies, on which the auditors gave an unqualified opinion and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

These statements have been reviewed by the company's auditors and a copy of their review report is set out at the end of these statements.

These condensed consolidated interim financial statements were approved by the directors on 26 November 2009.

2. Accounting policies

The annual financial statements of Caffyns 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 Standard 34 "Interim Financial Reporting" as adopted by the European Union. This interim financial report has been prepared under the historical cost convention as modified by the fair value accounting of defined benefit schemes and share-based payment transactions. As required by the Disclosure and Transparency Rules of the Financial Services Authority, the condensed set of financial statements has been prepared in accordance with the accounting policies set out in the Annual Report for the year ended 31 March 2009 except for the adoption on 1 April 2009 of IAS 1 "Presentation of Financial Statements" (revised 2007) and IFRS 8 "Operating Segments".

IAS 1 (revised) requires the presentation of a Consolidated Statement of Changes in Equity as a primary statement and also a Statement of Comprehensive Income. The group has elected to present the Consolidated Income Statement separately from the Consolidated Statement of Comprehensive Income. The Consolidated Statement of Changes in Equity has been included in the primary statements, showing changes in each component of equity for each period presented.

The group has adopted IFRS 8 "Operating Segments" with effect from 1 April 2009, which determines and presents operating segments based on information provided to the group's Chief Operating Decision Maker, Simon Caffyn, Chief Executive. As such, there has been no change in the group's one reportable business segment following this adoption, since the group is operated and managed on a dealership by dealership basis. These dealerships are considered to have similar economic characteristics and offer similar products and services to a similar customer base. As such, the results of each dealership have been aggregated to form one reportable business segment.

2. Accounting policies (continued)

Following the approval of the Caffyns plc Long Term Incentive Plan at the AGM held in July 2009, the group is applying IFRS 2 "Share Based Payments" (as amended). All share-based payment arrangements granted are recognised in the financial statements. All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in the income statement with a corresponding credit to "Other reserve". If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

There are a number of other accounting standards that have become effective in the current period. However, there is no material impact upon the financial statements.

3. Going concern

The group meets its day-to-day working capital requirements through external bank financing and short-term manufacturer stocking loans. In May 2009 the group's bank facilities were successfully renegotiated and £18.0m of facilities made available. Revolving credit facilities of £5.0m were established before 30 September 2009. The balance continues to be available as overdraft facilities.

The directors have prepared trading and cash flow forecasts for the period to 31 March 2011 which take into account current trading conditions and expectations for the future. These forecasts indicate that the group will be able to operate within the financing facilities that are available to it, with sufficient margin for reasonable adverse movements in expected trading conditions.

After making enquiries, considering the matters noted above and also the uncertainties in the current operating environment, the directors have a reasonable expectation that the group will have sufficient resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparing this Interim Management Report.

4. 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.

Notes to the Set of Financial Information

for the half year ended 30 September 2009

4. Cautionary statement (continued)

The IMR contains forward-looking statements. These statements are made by the directors in good faith based on the information available to them at 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.

5. Critical accounting judgements and estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2009.

During the six months ended 30 September 2009 management reassessed its estimates and assumptions in respect of employee retirement benefit obligations. The obligations under these plans are recognised in the balance sheet and represent the present value of the obligation calculated by independent actuaries, with input from management. These actuarial valuations include assumptions such as discount and inflation rates, details of which are provided in note 11 below.

6. Non-recurring items

	Half year to 30 September 2009 £'000	Half year to 30 September 2008 £'000	Year to 31 March 2009 £'000
Costs on termination of short lease	(25)	–	–
Net profit on disposal of property, plant and equipment	–	486	428
Losses incurred on closed businesses	–	(429)	(754)
Impairment of property, plant and equipment	–	–	(660)
Goodwill impairment	–	(75)	(195)
Inventory write-down	–	–	(496)
Redundancy costs	–	–	(455)
	<u>(25)</u>	<u>(18)</u>	<u>(2,132)</u>

7. Finance expense

	Half year to 30 September 2009 £'000	Half year to 30 September 2008 £'000	Year to 31 March 2009 £'000
Interest payable on bank borrowings	204	465	746
Refinancing costs	72	–	–
Vehicle stocking plan interest	113	150	322
Interest payable on finance leases	1	3	7
Preference dividends	51	51	102
Total finance costs	<u>441</u>	<u>669</u>	<u>1,177</u>

8. Taxation

	Half year to 30 September 2009 £'000	Half year to 30 September 2008 £'000	Year to 31 March 2009 £'000
Current UK corporation tax at 28% (2009 – 28%)			
Credit for the period	–	(650)	(650)
Advance corporation tax recovered	–	253	253
Total	<u>–</u>	<u>(397)</u>	<u>(397)</u>
Deferred tax at 28% (2009 – 28%)			
Origination and reversal of timing differences	206	(166)	(581)
Non-recurring – adjustment due to abolition of Industrial Buildings Allowances	–	527	527
Total	<u>206</u>	<u>361</u>	<u>(54)</u>
Charge/(credit) for the period	<u>206</u>	<u>(36)</u>	<u>(451)</u>

Taxation for the half year has been provided at the effective rate of taxation of 30% (2008 – 26.4%) expected to apply to the whole year on ordinary trading. Tax on exceptional items is provided at the actual rate applicable.

Notes to the Set of Financial Information

for the half year ended 30 September 2009

9. Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period. Shares held in employee share trusts are treated as cancelled for the purposes of this calculation. The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post-tax effect of dividends and/or interest, on the assumed conversion of all dilutive options and other dilutive potential ordinary shares. Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

	Half year to 30 September 2009 £'000	Half year to 30 September 2008 £'000	Year to 31 March 2009 £'000
Profit/(loss) before tax	685	(2,136)	(4,420)
Taxation	(206)	36	451
Earnings/(loss)	479	(2,100)	(3,969)
Earnings/(loss) per share	16.6p	(72.9p)	(137.8p)
Adjusted			
Profit/(loss) before tax	685	(2,136)	(4,420)
Adjustment: Non-recurring items (note 6)	25	18	2,132
Adjusted profit/(loss) before tax	710	(2,118)	(2,288)
Taxation	(213)	579	566
Adjusted earnings/(loss)	497	(1,539)	(1,722)
Basic earnings/(loss) per share	17.3p	(53.5p)	(59.8p)

The number of ordinary shares in issue during each period was 2,879,298 until 25 September 2009 when the company purchased 17,866 of its own shares to be held as treasury shares, leaving 2,861,432 in issue. The weighted average number of shares in issue during the period was 2,878,712 (2008 – 2,879,298).

10. Dividends

Ordinary shares of 50p each

The interim dividend proposed at the rate of 5.0p per share (2008: 2.0p) is payable on 8 January 2010 to shareholders on the register at the close of business on 11 December 2009. The shares will be marked ex dividend on 9 December 2009.

Preference shares

Preference dividends have been paid in October 2009. The next preference dividends are payable in April 2010. The cost of the preference dividends has been included within finance costs.

11. Pensions

The net liability for defined benefit obligations has increased from £3,715,000 at 31 March 2009 to £8,856,000 at 30 September 2009. The increase of £5,141,000 comprises contributions of £251,000 less the charge to the income statement of £281,000 and a net actuarial loss charged to Reserves of £5,111,000. The net actuarial loss has arisen due in part to changes in the principal assumptions used in the valuation of the scheme's assets and liabilities and also the change in value of the assets held over the period. The main assumptions subject to change are the discount rate 5.6% (31 March 2009 – 6.8%) and the rate of increase in inflation at 3.0% (31 March 2009 – 2.8%).

12. Related party transactions

There have been no new related party transactions that have taken place in the first six months of the current financial year that have materially affected the financial position or performance of the group during that period and there have been no changes in the related party transactions described in the last annual report that could do so.

13. 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, their impact on the group's defined benefit pension scheme, liquidity and financing, manufacturers' dependency and stability, used car prices and regulatory compliance.

Responsibility Statement

We confirm to the best of our knowledge:

- a) the condensed set of financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union;
- b) the interim management report includes a fair review of the information required by DTR 4.2.7R of the Disclosure and Transparency Rules (indication of important events during the first six months and their impact on the condensed set of financial statements; and a description of the 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 of the Disclosure and Transparency Rules (disclosure of related parties' transactions and changes therein during the first six months and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so).

By order of the board

S G M Caffyn

Chief Executive

26 November 2009

M S Harrison

Finance Director

Independent Review Report

to Caffyns plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2009 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE (UK and Ireland) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". Our review work has been undertaken so that we might state to the company those matters we are required to state to them in a review 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 for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in Note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Grant Thornton UK LLP

Registered Auditor and

Chartered Accountants

London

26 November 2009

Our Dealerships . . .



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