



Half Year Report 2014

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Summary

Strong performance in the first half:

	2014	2013
	£'000	£'000
Revenue	103,912	93,370
Underlying* profit before tax	1,192	1,027
Profit before tax	1,213	727
Underlying* EBITDA	2,295	1,935
	p	p
Basic earnings per share	38.0	30.8
Underlying* earnings per share	35.6	33.5
Interim dividend per ordinary share	6.75	6.0

* Underlying results exclude items that have non-trading attributes due to their size, nature or incidence.

Highlights

- Underlying profit before tax up 16% to £1,192,000 from £1,027,000 last year
- Profit before tax up 67% to £1,213,000 from £727,000 last year
- Like for like new car unit sales up by 6.5%
- Like for like used car unit sales up by 7.4%
- Basic earnings per share up 23% to 38.0p from 30.8p last year
- Dividend increased by 12.5% to 6.75p per share from 6.0p per share last year

Simon Caffyn, Chief Executive, commented:

“I am delighted that we have increased our underlying profit before tax by 16% to £1.2m. This increase has been delivered despite four dealerships undergoing extensive upgrades during the period and follows an increase of 134% in the first half of the previous year.”

Interim Management Report

Summary

I am pleased to report that the Group has increased underlying profit before tax in the six months to 30 September 2014 by 16% to £1.192m, up from £1.027m last year. This increase has been delivered despite four dealerships undergoing extensive upgrades during the period and follows an increase of 134% in the first half of the previous year.

Revenue in the half year period has increased by 11.3% to £103.9m from £93.4m last year.

Profit before tax after non-underlying items is up 67% to £1.213m from £727,000 last year.

Basic earnings per share are 38.0p (2013: 30.8p) and underlying earnings per share are 35.6p (2013: 33.5p). In the corresponding period last year, following a reduction in the rate of corporation tax, there was a consequent tax credit of £333,000 which increased basic earnings per share by 12.0p.

Operating Review

New and Used Cars

- During the first half, total UK new car registrations rose by 6.8%. Within this, the private and small business sector in which we operate rose by 6.7%. Our new unit sales are up by 6.5% on a like for like basis. This performance follows an increase in like for like unit sales in the first half of the previous year of 20.8%.
- Our like for like used car unit sales in the period are up 7.4% on last year following a strong performance in the first half of the prior year when like for like unit sales increased by 17.6%.

After-sales

- Activity in the new car market over the last two years has led to an increase in the number of one to three year old cars in circulation. It is encouraging to see our after-sales revenue rise by 3.9% on a like for like basis as compared to the same period last year, despite building disruption.

Operations

- Our new Volkswagen dealership in Worthing opened in April 2014 and we are now planning to redevelop our Volkswagen dealership in Eastbourne in 2015 and expand the used car and after-sales facilities incorporating the additional land that we acquired at this site in December 2013.
- The refurbishment and expansion of the showroom in our Audi dealership in Eastbourne was completed in August 2014. With the expanded used car display area we expect trading here to increase in the second half year.
- In June 2014 we completed a full refurbishment of our Ashford Vauxhall showroom to the new corporate standard. The site continues to trade strongly and with improved profitability.
- In September 2014 we completed the construction of our Seat dealership in Tunbridge Wells alongside our refurbished Skoda dealership. Both businesses traded well during a period of disruption.
- In October 2014 we reopened the refurbished showroom at Ashford as a Caffyns Used Car Centre. This had originally housed our Ashford Skoda operation which has been relocated to a newly built facility on the same site.

Property

- Capital expenditure in the half year was £1.96m, of which £0.87m was incurred on the upgrade to our Eastbourne Audi dealership, £0.45m at the Skoda/Seat dealership in Tunbridge Wells and £0.25m at our Vauxhall dealership in Ashford.
- In September 2014, we announced the sale of the part of our freehold site in Lewes which was surplus to requirements for £858,000 and the proceeds have now been received. The net profit on disposal has been included in non-underlying "Other income" in the Statement of Financial Performance.
- Following the granting of a planning approval to the purchaser of our vacant freehold site in Hailsham, it is expected that the contract will become unconditional in December 2014 at which time the proceeds on sale of £1.4m are receivable in cash. This property has therefore been shown as a "Non-current asset held for sale" in the Statement of Financial Position.

Bank facilities

- During the half year we successfully concluded a renewal of our bank facilities with HSBC. The former three year revolving credit facility for £7.5m has been renewed for a further four year term and, together with the £3.5m overdraft facility, includes a reduction in the interest rate charged.

Pensions

- The IAS 19 net pension position at 30 September 2014 was a deficit of £9.44m net of tax (£11.85m gross of tax) compared with a deficit of £9.09m net of tax at 31 March 2014 (£11.36m gross of tax). The higher deficit reflects the impact on liabilities of a reduction in the discount rate from 4.3% at 31 March 2014 to 4.0% at 30 September 2014 and a reduction in inflation from 3.2% to 3.1%. However, the resulting increase in liabilities has been mitigated by improved returns on the scheme's assets.

- The Recovery Plan agreed with the trustees requires a cash payment of £358,000 in the year to 31 March 2015, increasing by 3.4% per annum thereafter.

People

- I am very grateful for the dedication and patience shown by our employees during the period of significant disruption at four of our dealerships. With growth across the whole Company, it is encouraging to see their efforts rewarded with a further improvement in profits.

Dividend

- The Board has decided to increase the interim dividend to 6.75p per Ordinary Share. This will be paid on 9 January 2015 to shareholders on the register at close of business on 12 December 2014.

Current Trading and Outlook

- New and used car sales remain encouraging and, whilst competition in aftersales remains strong, we are seeing improved sales as our three year car parc continues to grow in line with our higher new and used car sales. The UK market remains more buoyant than in many other parts of Europe and we expect manufacturers to continue looking to the UK to delivery higher sales, although care needs to be taken to ensure that this does not come at the expense of further pressure on margin.
- We continue to see growth in new car unit sales in line with the UK market and our focus on used car unit sales, margin and finance income, together with improvements to our aftersales retention processes, are driving further and sustainable improvements in profitability.

Simon G M Caffyn

Chief Executive

28 November 2014

Condensed Consolidated Statement of Financial Performance

for the half year ended 30 September 2014

		Half year to 30 September 2014		
		Underlying	Non-underlying	Total
	Note	£'000	(note 3) £'000	£'000
Revenue		103,912	–	103,912
Cost of sales		(91,727)	–	(91,727)
Gross profit		12,185	–	12,185
Operating expenses		(10,411)	(50)	(10,461)
Operating profit before other income		1,774	(50)	1,724
Other income		–	390	390
Operating profit		1,774	340	2,114
Finance expense	4	(582)	(79)	(661)
Net finance expense on pension scheme		–	(240)	(240)
Net finance expense		(582)	(319)	(901)
Profit before taxation		1,192	21	1,213
Income tax (expense)/credit	5	(211)	46	(165)
Profit for the period from continuing operations		981	67	1,048
Continuing operations earnings per share				
Basic	6			38.0p
Diluted	6			37.5p
Non-GAAP measure				
Underlying basic earnings per share	6	35.6p		
Underlying diluted earnings per share	6	35.1p		

Half year to 30 September 2013

Year ended 31 March 2014

Underlying £'000	Total £'000	Underlying £'000	Total £'000
93,370	93,370	193,166	193,166
(82,143)	(82,143)	(169,878)	(169,878)
11,227	11,227	23,288	23,288
(9,741)	(9,752)	(20,240)	(20,260)
1,486	1,475	3,048	3,028
–	–	–	–
1,486	1,475	3,048	3,028
(459)	(459)	(882)	(882)
–	(289)	–	(580)
(459)	(748)	(882)	(1,462)
1,027	727	2,166	1,566
(97)	129	(78)	(155)
930	856	2,088	1,411

30.8p 51.0p

30.6p 50.3p

33.5p 75.5p

33.3p 74.4p

Condensed Consolidated Statement of Comprehensive Income

for the half year ended 30 September 2014

	Half year to 30 September 2014 £'000	Half year to 30 September 2013 £'000	Year to 31 March 2014 £'000
Profit for the period	1,048	856	1,411
Other comprehensive income			
Remeasurement of net defined liability	(433)	2,468	2,515
Deferred tax on remeasurement	86	(903)	(912)
Other comprehensive income, net of tax	(347)	1,565	1,603
Total comprehensive income for the period	701	2,421	3,014

Condensed Consolidated Statement of Financial Position

at 30 September 2014

	30 September 2014 £'000	30 September 2013 £'000	31 March 2014 £'000
Non-current assets			
Property, plant and equipment	37,494	33,363	37,637
Investment property	521	525	525
Goodwill	286	286	286
Deferred tax asset	577	969	676
Total non-current assets	38,878	35,143	39,124
Current assets			
Inventories	30,631	25,224	26,853
Trade and other receivables	7,003	6,417	6,163
Cash and cash equivalents	91	21	949
Non-current asset held for sale	1,400	–	–
Total current assets	39,125	31,662	33,965
Total assets	78,003	66,805	73,089
Current liabilities			
Interest bearing loans and borrowings	4,000	3,114	1,000
Trade and other payables	30,793	26,005	29,496
Tax liabilities	188	208	208
Total current liabilities	34,981	29,327	30,704
Net current assets	4,144	2,335	3,261
Non-current liabilities			
Interest bearing loans and borrowings	11,625	7,500	11,875
Preference shares	1,237	1,237	1,237
Retirement benefit obligations	11,852	11,290	11,360
Total non-current liabilities	24,714	20,027	24,472
Total liabilities	59,695	49,354	55,176
Net assets	18,308	17,451	17,913
Equity			
Share capital	1,439	1,439	1,439
Share premium account	272	272	272
Capital redemption reserve	282	282	282
Non-distributable reserve	2,390	2,390	2,390
Other reserve	55	4	30
Retained earnings	13,870	13,064	13,500
Total equity	18,308	17,451	17,913

Consolidated Statement of Changes in Equity

for the half year ended 30 September 2014

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Non-distributable reserve £'000	Other reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2014	1,439	272	282	2,390	30	13,500	17,913
Total comprehensive income							
Profit for the period	–	–	–	–	–	1,048	1,048
Other comprehensive income	–	–	–	–	–	(347)	(347)
Total comprehensive income for the period	–	–	–	–	–	701	701
Transactions with owners:							
Dividends	–	–	–	–	–	(331)	(331)
Share-based payment	–	–	–	–	25	–	25
At 30 September 2014	1,439	272	282	2,390	55	13,870	18,308

for the half year ended 30 September 2013

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Non-distributable reserve £'000	Other reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2013	1,439	272	282	2,390	120	10,812	15,315
Total comprehensive income							
Profit for the period	–	–	–	–	–	856	856
Other comprehensive income	–	–	–	–	–	1,565	1,565
Total comprehensive income for the period	–	–	–	–	–	2,421	2,421
Transactions with owners:							
Dividends	–	–	–	–	–	(195)	(195)
Purchase of own shares	–	–	–	–	–	(386)	(386)
Issue of own shares – SAYE scheme	–	–	–	–	–	284	284
Share-based payment	–	–	–	–	12	–	12
Share-based payment transfer	–	–	–	–	(128)	128	–
At 30 September 2013	1,439	272	282	2,390	4	13,064	17,451

for the year ended 31 March 2014

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Non- distributable reserve £'000	Other reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2013	1,439	272	282	2,390	120	10,812	15,315
Total comprehensive income							
Profit for the period	–	–	–	–	–	1,411	1,411
Other comprehensive income	–	–	–	–	–	1,603	1,603
Total comprehensive income for the year	–	–	–	–	–	3,014	3,014
Transactions with owners:							
Dividends	–	–	–	–	–	(360)	(360)
Purchase of own shares	–	–	–	–	–	(386)	(386)
Issue of shares – SAYE scheme	–	–	–	–	–	292	292
Transfer – SAYE scheme (2010)	–	–	–	–	(128)	128	–
Share-based payment	–	–	–	–	38	–	38
At 31 March 2014	1,439	272	282	2,390	30	13,500	17,913

Condensed Consolidated Cash Flow Statement

for the half year ended 30 September 2014

	Half year to 30 September 2014 £'000	Half year to 30 September 2013 £'000	Year to 31 March 2014 £'000
Cash flows from operating activities			
Profit before taxation	1,213	727	1,566
Adjustments for:			
Net finance expense	901	748	1,462
Depreciation and amortisation	521	449	893
Change in retirement benefit obligations	(170)	(172)	(326)
Gain on disposal of property, plant and equipment	(390)	(3)	(5)
Share-based payments	25	12	38
(Increase)/decrease in inventories	(3,778)	426	(1,203)
(Increase)/decrease in trade and other receivables	(201)	(243)	11
Increase in payables	1,197	347	3,838
Cash (used by)/generated from operations	(682)	2,291	6,274
Interest paid	(672)	(459)	(902)
Net cash (used)/generated in operating activities	(1,354)	1,832	5,372
Investing activities			
Proceeds on disposal of property, plant and equipment (net of sale costs)	36	452	457
Purchases of property, plant and equipment	(1,959)	(2,739)	(7,460)
Net cash used in investing activities	(1,923)	(2,287)	(7,003)
Financing activities			
Secured loans repaid	(250)	–	(125)
Secured loans received	–	–	5,000
Purchase of own shares	–	(386)	(386)
Issue of shares – SAYE scheme	–	284	292
Dividends paid to shareholders	(331)	(195)	(360)
Net cash used in financing activities	(581)	(297)	4,421
Net (decrease)/increase in cash and cash equivalents	(3,858)	(752)	2,790
Cash and cash equivalents at beginning of period	449	(2,341)	(2,341)
Cash and cash equivalents at end of period	(3,409)	(3,093)	449

Notes to the Set of Financial Information

for the half year ended 30 September 2014

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 2014 and similarly for the half year to 30 September 2013 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 2014.

The figures for the year ended 31 March 2014 have been extracted from the statutory accounts, filed with the Registrar of Companies on which the auditor gave an unqualified opinion and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

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

These consolidated interim financial statements were approved by the directors on 28 November 2014.

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, this 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 2014.

Segmental reporting

Based upon the management information reported to the Group's chief operating decision maker, the Chief Executive, in the opinion of the directors, the Group only has one reportable segment. There are no major customers amounting to 10% or more of the Group's revenue. All revenue and non-current assets derive from, or are based in, the United Kingdom.

Notes to the Set of Financial Information

for the half year ended 30 September 2014

2. Accounting policies (continued)

Basis of preparation: Going concern

The condensed financial statements have been prepared on a going concern basis which the directors consider appropriate for the reasons set out below:

The Group meets its day-to-day working capital requirements through short-term stocking loans, bank overdraft and medium-term revolving credit facilities. The overdraft and revolving credit facilities include certain covenant tests. The failure of a covenant test would render these facilities repayable on demand at the option of the lenders.

The directors have undertaken a detailed review of trading and cash flow forecasts for a period in excess of one year from the date of this Half Year Report which projects that the facility limits are not exceeded over the duration of the forecasts. These forecasts have made assumptions in respect of future trading conditions, particularly volumes and margins of new and used car sales, aftersales and operational improvements together with the timing of capital expenditure. The forecasts take into account these 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. These forecasts indicate that the Group will be able to operate within the financing facilities that are available to it and meet the covenant tests with sufficient margin for reasonable adverse movements in expected trading conditions.

The directors have a reasonable expectation that the Group has 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 Half Year Report.

3. Non-underlying items

	Half year to 30 September 2014 £'000	Half year to 30 September 2013 £'000	Year to 31 March 2014 £'000
Other income: Net profit on disposal of property, plant and equipment	390	–	–
Within operating expenses: redundancy costs	(39)	–	–
Total other income (net of costs)	351	–	–
Interest on overdue taxation	(79)	–	–
Net finance income and service cost on pension scheme	(251)	(300)	(600)
Net income/(costs) before taxation	21	(300)	(600)

The interest on overdue taxation relates to the corporation tax due on a VAT repayment made to the Company in the year ended 31 March 2005. While the tax due had been the subject of dispute with HM Revenue & Customs, it has been provided for in the accounts but not paid.

The net financing return and service cost on pension obligations in respect of the defined benefit scheme closed to future accrual is presented as a non-underlying item due to the volatility of this amount.

4. Finance expense

	Half year to 30 September 2014 £'000	Half year to 30 September 2013 £'000	Year to 31 March 2014 £'000
Interest payable on bank borrowings	236	161	299
Vehicle stocking plan interest	237	221	433
Financing costs amortised	58	26	48
Interest on overdue taxation (see note 3)	79	–	–
Preference dividends	51	51	102
Total finance costs	661	459	882

Interest payable on bank borrowings is after capitalising interest in additions to freehold properties of £8,000 (2013: £20,000) at a rate of 3.8% (2013: 3.6%).

Notes to the Set of Financial Information

for the half year ended 30 September 2014

5. Taxation

	Half year to 30 September 2014 £'000	Half year to 30 September 2013 £'000	Year to 31 March 2014 £'000
Current UK corporation tax			
Charge for the period	(4)	–	–
Adjustment in respect of prior years	24	–	–
Total tax credit	20	–	–
Deferred tax			
Origination and reversal of timing differences	(185)	(204)	(351)
Adjustment for change in rate of corporation tax:			
On normal trading	–	131	131
Non-underlying	–	202	202
Adjustments recognised in the period for deferred tax of prior periods	–	–	(137)
Total (charge)/credit	(185)	129	(155)
Total tax (charged)/credited in the Statement of Financial Performance	(165)	129	(155)
The tax (charge)/credit arises as follows:			
On normal trading	(211)	(97)	(78)
Non-underlying	46	226	(77)
Total (charge)/credit	(165)	129	(155)

Taxation for the half year has been provided at the effective rate of taxation of 21% (2013: 21%) expected to apply to the whole year on ordinary trading. Tax on non-underlying items is provided at the actual rate applicable. The UK corporation tax rate reduction from 21% to 20% has been enacted and will be effective from 1 April 2015.

6. 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. Treasury shares 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 the weighted average number of shares used in the calculations are set out below.

	Half year to 30 September 2014 £'000	Half year to 30 September 2013 £'000	Year to 31 March 2014 £'000
Basic			
Profit before tax	1,213	727	1,566
Taxation	(165)	129	(155)
Earnings	1,048	856	1,411
Basic earnings per share	38.0p	30.8p	51.0p
Diluted earnings per share	37.5p	30.6p	50.3p
Adjusted			
Profit before tax	1,213	727	1,566
Adjustment: Non-underlying items (note 3)	(21)	300	600
Underlying profit before tax	1,192	1,027	2,166
Taxation	(211)	(97)	(78)
Underlying earnings	981	930	2,088
Underlying earnings per share	35.6p	33.5p	75.5p
Diluted earnings per share	35.1p	33.3p	74.4p

The number of fully paid ordinary shares in issue at the period end was 2,757,213 (2013: 2,754,881). The weighted average shares in issue for the purposes of the earnings per share calculation were 2,757,213 (2013: 2,776,897). The shares granted under the Company's SAYE scheme are dilutive. The weighted average number of dilutive shares under option at fair value was 35,409 (2013: 18,107) giving a total diluted weighted average number of shares of 2,792,622 (2013: 2,795,004).

The directors consider that underlying earnings per share figures provide a better measure of comparative performance.

Notes to the Set of Financial Information

for the half year ended 30 September 2014

7. Dividends

Ordinary shares of 50p each

The interim dividend proposed at the rate of 6.75p per share (2013: 6.0p) is payable on 9 January 2015 to shareholders on the register at the close of business on 12 December 2014. The shares will be marked ex dividend on 11 December 2014.

Preference shares

Preference dividends have been paid in October 2014. The next preference dividends are payable in April 2015. The cost of the preference dividends has been included within finance costs.

8. Pensions

The net liability for defined benefit obligations has increased from £11,360,000 at 31 March 2014 to £11,852,000 at 30 September 2014. The increase of £492,000 comprises the net charge to the Statement of Financial Performance of £251,000 and a net remeasurement loss charged to Reserves of £433,000 less contributions of £192,000. The net remeasurement loss has arisen principally due to decreased bond yields, which determines the discount rate used and, consequently, the value of the liabilities over the period. The main assumptions subject to change are the discount rate 4.0% (31 March 2014: 4.3%) and the rate of increase in inflation at 3.1% (31 March 2014: 3.2%). The resulting increased liabilities have been mitigated by improved returns on the scheme's assets.

9. 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 material changes in the related party transactions described in the last Annual Report that could do so.

10. 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.

11. Responsibility statement

We confirm to the best of our knowledge:

- a) the Half Year Report has been prepared in accordance with IAS34 'Interim Financial Reporting';
- b) the Half Year 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 set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year); and
- c) the Half Year 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).

By order of the Board

S G M Caffyn

Chief Executive

28 November 2014

M S Harrison

Finance Director

Independent Review Report

to Caffyns plc

Introduction

We have reviewed the condensed set of financial statements in the Half Year Report for the six months ended 30 September 2014 which comprises the Condensed Consolidated Statement of Financial Performance, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Condensed Consolidated Cash Flow Statement 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's members, as a body, in accordance with 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's members 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 and the Company's members as a body for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities

The Half Year Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half Year Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in Note 2, 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 Year 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 a conclusion on the condensed set of financial statements in the Half Year 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 Year Report for the six months ended 30 September 2014 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

Auditor

Gatwick

28 November 2014

Our Dealerships . . .



AUDI

BRIGHTON: 200 Dyke Road, Brighton BN1 5AT (01273) 553061
EASTBOURNE: Edward Road, Eastbourne BN23 8AS (01323) 525700
WORTHING: Broadwater Road, Worthing BN14 8AH (01903) 231111



LAND ROVER

LEWES: Brooks Road, Lewes BN7 2DN (01273) 473186



SKODA

ASHFORD: The Boulevard, Ashford TN24 0GA (01233) 504600
TUNBRIDGE WELLS: North Farm Industrial Estate, Tunbridge Wells TN2 3EL (01892) 515700



SEAT

TUNBRIDGE WELLS: North Farm Industrial Estate, Tunbridge Wells TN2 3EL (01892) 515700



VAUXHALL

ASHFORD: Monument Way, Orbital Park, Ashford TN24 0HB (01233) 504604



VOLKSWAGEN

WORTHING: Nightingale Avenue, Worthing BN12 6FH (01903) 837878
HAYWARDS HEATH: Station Garage, Market Place, Haywards Heath RH16 1DB (01444) 451511
EASTBOURNE: Hammonds Drive, Eastbourne BN23 6PW (01323) 647141
HOVE: Victoria Road, Portslade BN41 1YD (01273) 425600



VOLVO

EASTBOURNE: Lottbridge Drove, Eastbourne BN23 6PJ (01323) 418305

HEAD OFFICE

EASTBOURNE: Meads Road, Eastbourne BN20 7DR (01323) 730201

Meads Road, Eastbourne, East Sussex, BN20 7DR

caffyns.co.uk