Interim Report 2014

Inchcape

PREMIUM GROWTH

HIGHLIGHTS

31 July 2014

STRONG PROFIT GROWTH AND CASH GENERATION

Inchcape plc, the leading premium automotive group, announces its half year results for the six months ended 30 June 2014.

OPERATIONAL AND STRATEGIC HIGHLIGHTS:

- Broad based growth across markets and categories, like for like constant currency revenue growth of 8.3%
- Return to growth in the important markets of Singapore and Greece
- Strong free cash flow generation
- Capital allocation discipline delivering shareholder value, Singapore property disposal proceeds of £21.6m

FINANCIAL HIGHLIGHTS:

- Reported sales £3.3bn, up 9.2% in constant currency and up 0.7% in actual currency
- Pre-exceptional PBT £162.1m[1] (2013 H1: £147.0m[2]), up 22.5% in constant currency and up 10.3% in actual currency
- Reported EPS 27.1p (2013 H1: 21.2p), up 27.8%
- Net cash position: £160.1m (2013 H1: £189.1m)
- Interim dividend of 6.3p (2013 H1: 5.7p)
- New £100m share buy back programme over the next 12 months

1. In 2014 H1, we benefited from a property disposal which generated a one-off profit of £17.3m.

2. In 2013 H1, we benefited from a property disposal which generated a one-off profit of £6.2m.

ANDRÉ LACROIX, GROUP CEO OF INCHCAPE PLC, COMMENTED:

"Inchcape's strategic partnerships with the world's premium and luxury brands and our differentiated Customer 1st strategy continue to deliver robust revenue growth. Combined with our operational discipline on costs and cash and focus on capital allocation, this has enabled the Group to produce double-digit earnings growth and strong cash flow.

Our confidence in the Group's earnings potential and our highly cash generative business model is reflected in our progressive dividend policy with an interim dividend increase of 10.5% and in today's announcement of a further £100m share buy back programme over the next 12 months.

The Group has a track record of delivering sustainable earnings growth with a high return on capital employed and we believe that our focus on premium growth will continue to deliver premium returns for our shareholders.

Inchcape is well placed to leverage the exciting growth prospects in the automotive industry moving forward. Our partnership with the world's leading OEMs and the strength of our balance sheet position us well to seize attractive consolidation opportunities and make disciplined capital investments in high margin and high growth markets."

GROUP CHIEF EXECUTIVE STATEMENT

We are pleased to announce that Inchcape has again delivered a strong set of results during the first half of 2014 with a record profit before tax and double-digit earnings growth. Our strategy of delivering superior customer service is supported by a disciplined operational focus on executing our Top Five Priorities – growing market share, growing aftersales, improving margin, controlling working capital and selective capital investment – and strong capital allocation.

The Group delivered revenue of £3.3bn in the first half of 2014, up by 0.7% and up 9.2% at constant currency on the previous year as we benefited from the quality of our international portfolio of 26 markets, our long standing partnerships with the world's leading premium and luxury brands, and our diversified earning streams in five distinct categories.

Our unique business model benefits from strong operational leverage and this, combined with our rigorous cost discipline, generated an operating profit before exceptional items of £168.0m, an increase of 9.3% from the first half of 2013, with a return on sales of 5.0%. Profit before tax and exceptional items of £162.1m was up 10.3% on the previous year. In the first half of 2014, we benefited from a property disposal in Singapore which generated a one-off profit of £17.3m (2013: disposal profit of £6.2m in South America). Broad based growth across our markets and categories enabled the Group to deliver strong constant currency profit before tax growth of 13.8%, pre-exceptional items and excluding the property disposal profits realised in both 2014 and 2013.

In the first half of 2014, trading profit in our Distribution segment increased by 28.5% at constant currency and was up by 14.4% in actual currency to £132.3m, with strong underlying constant currency performances across all of our regions.

Our Retail segment delivered a resilient trading profit of £47.6m, down 2.1% at constant currency and 7.6% in actual currency, reflecting competitive pressure in some of our markets.

We achieved strong free cash flow generation in the first half of 2014 of £148.3m, an increase of £141.6m on the first half of 2013, as we benefited from favourable working capital and capital expenditure phasing. The controls on cash management remained firmly in place and boosted by the property disposal proceeds of £21.6m we have ended the first half of the year with a net cash position of £160.1m (2013 H1: £189.1m).

Our balanced approach to both commercial and cash initiatives is growing revenue ahead of our competitors and growing profit and operating cash faster than revenue.

Given our first half performance and our strong financial position, the Board is pleased to declare an interim dividend of 6.3p (2013 H1: 5.7p) representing an increase of 10.5% in line with our progressive dividend policy. In light of the continued strong trading momentum and strong cash generation, the Board has concluded that there is scope to return additional surplus cash to shareholders and will therefore be initiating a £100m share buy back programme to be effected in the next 12 months.

Inchcape is a global, premium automotive group with unrivalled expertise, operating as a strategic partner to the world's leading car brands in the growing luxury and premium automotive sector. Our strategic focus on premium growth is driving premium returns.

We operate in the right premium markets and segments. We derive 90% of our profits from our close relationships with leading premium and luxury automotive manufacturer groups in 26 markets across the world. We are strong in small markets with distribution and selective in large markets with retail: 81% of our trading profit is derived from high margin distribution operations and 19% from selective investment in high quality retail markets.

Our differentiated premium customer-focused growth strategy is supported by a strong operational discipline on our Top Five Priorities with a balanced focus on commercial and cash initiatives to deliver premium growth for our brand partners and our shareholders.

Deep automotive experience in our premium operations around the world has helped us to deliver a set of unique and robust operational processes to systemise the quality of our on-the-ground delivery. This gives us a sustainable competitive advantage in each of our markets to transform revenue growth into earnings growth and cash generation with strong returns.

Inchcape operates in an industry with broad based growth expected across geographies and categories. The global car sales market is forecast to grow by 18%* over the next five years and the global Car Parc is forecast to grow by 20%** over the same period.

The Company is led by a highly experienced and stable leadership team and, given our unique business model and bespoke processes transforming revenue growth into sustained earnings growth and strong cash generation, we are well positioned to take advantage of the exciting growth prospects ahead.

Notes:

"Trading profit" is defined as operating profit before exceptional items and unallocated central costs. Unless otherwise stated, all numbers are in actual exchange rates.

* Source: IHS Automotive (Global Insight, July 2014)

** Source: LMC Automotive (JD Power, Q2 2014)

BUSINESS UPDATE

TOP FIVE PRIORITIES

GROWING MARKET SHARE

Our industry leading positions around the world are formed on long standing OEM relationships. In the first half of 2014, we achieved robust revenue growth from New vehicle sales, due to the effectiveness of our differentiated Customer 1st strategy and the sustained growth of our strong portfolio of premium and luxury brands operating in the strongest economies of the world.

In our Distribution businesses, our marketing focus is on driving customer traffic into our showrooms with high impact online and offline campaigns promoting core models with strong product and value-for-money propositions. This is demonstrated, for example, by our innovative and highly successful 'Get a Grip' campaign for the Subaru Impreza in Australia earlier this year, and our 'Family Wonderland' campaign in Hong Kong which helped make the Toyota Noah the number one selling small MPV in that market. Our teams continue to exploit the continued rise of the digital consumer, connecting in this 'pre-purchase' channel with creative propositions and user-friendly technology to deliver targeted marketing programmes aimed at maximising customer interest in innovative new models, model facelifts and limited editions.

Digital marketing also forms an increasingly significant part of our marketing mix in our Retail operations, where we are leading the industry with a customer-centric approach and innovative features. Online 'Live Chat', for example, is being rolled out across all our UK brands this year and we are the first to introduce an online finance calculator to help our customers easily understand what their monthly payments might be and enabling them to adjust these to suit their budget. Strong tactical campaigns combined with a seamless customer experience between our online and retail centre presence continue to increase our customer traffic.

Operationally, our retail focus is on leveraging opportunities from our brand partners' strong new product launch programmes and on outperforming our competitors through effective customer conversion, thanks to the bespoke processes of our unique Inchcape Advantage programme. Now in its eighth year, the programme continues to give us strong customer service differentiation in our local markets. Our dedicated customer feedback programmes, with 16,000 customer interviews every month, provide us with valuable insights to drive our tactical marketing programmes. Further, our real-time data monitoring of customer traffic, customer leads, test drives and capture rate gives us a unique opportunity to drive disciplined performance management in our retail centres.

GROWING AFTERSALES

The proven resilience of our high margin Aftersales business – a significant 'defensive' value driver for us with our Service and Parts categories representing c.50% of the Group's gross profit – is benefiting from the growth of the one to five year Car Parc in many of our markets.

In our Distribution businesses, our teams remain focused on outperforming competitors through innovative customer contact and retention programmes during both the warranty and post-warranty periods. In Singapore, for example, we run a successful Toyota Shield Infinity 'Regain' programme to remind customers of their loyalty benefits after their warranty has expired, following which we benefit from incremental repair sales, secured future retention and opportunities for upselling. Also in Singapore, our Toyota 'AirCair' air conditioning maintenance programme is proving to be highly effective through emotive advertising that promotes the benefits of eliminating impurities in the vehicle's air-conditioning units.

In our Retail operations, we employ cutting edge service workshop technology and highly skilled technicians to give our customers added peace of mind. The rigorous processes of our continuously-evolving Inchcape Advantage programme are driving Aftersales performance through the daily capture of customer data, bookings, hours sold and workshop productivity. Creative Aftersales initiatives are increasing transaction values and our digital vehicle health checks linked to call centre handling are helping us to capture market share ahead of our competitors. Our UK Retail business has developed the first online service booking system in the market, giving customers the ability to take complete control of their booking, including the reservation of a courtesy car. We now receive a significant number of service bookings per month through our websites.

IMPROVING MARGIN

Our strategic focus on creating superior customer value through outstanding customer service leverages the pricing power of our premium and luxury brands and protects our margin.

With a focus on productivity gains across the Group, our robust cost discipline remains firmly in place and our first half expenditure was in line with expectations. We benefited from strong cost leverage during this period as our overheads on sales fell by 10 bps (at constant currency before exceptional items and property profits).

Our cost restructuring programmes between the start of the global economic downturn in 2008 and 2013 have delivered a total cost reduction of c.£154m before inflation. Our cost discipline remains firmly in place in all parts of the organisation with our continuous focus on productivity initiatives and return on investment of our marketing initiatives to drive growth.

MANAGING WORKING CAPITAL

Our strict daily discipline on working capital and inventory management remains robust. Our working capital remains well controlled and we have benefited in June from a few delays to shipments, explaining the working capital reduction since the end of 2013.

SELECTIVE CAPITAL EXPENDITURE INVESTMENT

The global roll-out of iPower – our programme to provide best in class SAP & ADP integrated solutions uniquely configured to support our Customer 1st strategy and growth agenda – is progressing well. To date, we are live in 107 sites across seven countries and we remain on plan to complete the roll out to all markets by the end of 2017.

In February 2014, in Russia, we opened a new flagship Volvo retail centre within our landmark site, Inchcape City, conveniently located in the heart of Moscow. Built to the highest standards over three large floors, the building additionally incorporates retail centres for our Jaguar and Land Rover businesses.

In June 2014, our UK business opened Britain's largest Volkswagen retail centre in Stockport. The new facility has been designed to provide customers with a relaxed and enjoyable experience in state-of-the-art surroundings and features an innovative 'digital showroom' to enable customers to design their dream car alongside a high capacity 28-bay workshop incorporating the latest diagnostic equipment.

PEOPLE

We know that our people are central to our success. I would like to express my sincere thanks to colleagues across the Group for their commitment and dedication to creating an incredible customer experience for our brand partners.

DIVIDEND

Given our good start to the year, the Board has declared an interim dividend of 6.3p. This represents a year on year increase of 10.5%, which is in line with our progressive dividend policy and which reflects our recently increased dividend payout ratio of 40%. The interim dividend will be paid on 5 September 2014 to shareholders who are on the register at close of business on 8 August 2014.

SHARE BUY BACK

The Board targets a capital structure that will provide Inchcape with the flexibility to invest in organic growth and to make further value-creating acquisitions while avoiding sustained excess cash balances.

In 2013, the Board concluded that there was scope to return surplus cash to shareholders and therefore initiated a £100m share buy back programme to be effected over 12 months. The programme completed on 20 June 2014 with a total of 16.1m shares bought at an average price of 620.0p.

Given the continued strong trading momentum of the Group and strong cash generation, the Board has concluded that there is scope to return additional surplus cash to shareholders and will therefore be initiating a £100m share buy back programme to be effected in the next 12 months.

As you would expect, the Board will continue to monitor the level of cash on the balance sheet in light of the Group's future investment opportunities, expected working capital requirement and the trading environment.

OUTLOOK

We are well positioned in the global automotive market to take advantage of the attractive growth prospects in the premium and luxury segments across the Group and notwithstanding the competitive pressure on vehicle margins in some of our markets we continue to expect to deliver a robust underlying constant currency performance in 2014.

Industry growth trends remain favourable to Inchcape as we will continue to benefit from structural growth across our categories in Emerging Markets, Hong Kong and Australasia, cyclical recovery in our UK and European operations and the important return to growth of the Singapore market.

In terms of the New car market, we expect demand in the UK to remain robust, reflecting the replacement of the Car Parc, the continued improvement in consumer confidence and OEM initiatives. In Europe, we expect the Greek market to continue its strong recovery and for Belgium to remain flat. In Asia, the Singapore market will continue to recover strongly and we expect the Hong Kong market to deliver growth in the passenger segment and the start of a diesel commercial vehicle replacement scheme to underpin growth in the commercial vehicle segment. In Australia, the market will continue to benefit from the replacement cycle and population growth, with our businesses positioned away from the currently challenging commercial vehicle segment. In Russia, our premium and luxury brand partners are significantly outperforming the total market in terms of New car registrations albeit we expect trading conditions to remain challenging with continued pressure on margin. In South America, Africa and China we expect the growth momentum to continue in the luxury segments of the markets.

CONCLUSION

We have delivered a record profit before tax in the first half of the year and a strong free cash flow performance. Our partnerships with the world's leading OEMs and the strength of our balance sheet position us well to leverage the exciting growth prospects in the automotive industry and to seize attractive consolidation opportunities in high margin and high growth markets.

We partner with the world's leading brands in the premium and luxury segments which are the most profitable; we enjoy scale positions in our markets; we benefit from diversified earnings streams covering New vehicles, Used vehicles, Service, Parts and Finance & Insurance products; we pursue a differentiated Customer 1st strategy that drives customer retention and provides strong pricing power; we execute our strategy with a real advantage based on our industry leading processes; and we are strongly cash generative and pursue a disciplined capital allocation policy.

We believe that our focus on premium growth will continue to deliver premium returns for our shareholders.

ANDRÉ LACROIX
Group Chief Executive
30 July 2014

OPERATIONAL REVIEW

GROUP OVERVIEW

GROUP KEY PERFORMANCE INDICATORS*

	Six months to 30.06.14 £m	Six months to 30.06.13 £m
Sales	**3,336.0**	3,312.9
Like for like sales (decline)/growth (%)	**(0.1)**	2.0
Trading profit	**179.9**	167.1
Trading margins (%)	**5.4**	5.0
Cash generated from operations	**201.3**	87.7

	Six months to 30.06.14 £m	Six months to 30.06.13 £m	% change	% change in constant currency
Sales				
Retail	**2,104.2**	2,025.1	3.9	11.2
Distribution	**1,231.8**	1,287.8	(4.3)	6.0
Trading profit				
Retail	**47.6**	51.5	(7.6)	(2.1)
Distribution	**132.3**	115.6	14.4	28.5

	2014 Trading profit £m	**2014 Exceptional items £m**	**2014 Operating profit £m**	2013 Trading profit £m	2013 Exceptional items £m	2013 Operating profit £m
Australasia	**43.5**	**–**	**43.5**	42.0	(5.7)	36.3
Europe	**11.4**	**–**	**11.4**	10.4	–	10.4
North Asia	**29.1**	**–**	**29.1**	28.0	–	28.0
South Asia	**36.8**	**–**	**36.8**	15.4	–	15.4
United Kingdom	**37.4**	**–**	**37.4**	38.0	(1.1)	36.9
Emerging Markets	**21.7**	**–**	**21.7**	33.3	(1.0)	32.3
Trading profit	**179.9**	**–**	**179.9**	167.1	(7.8)	159.3
Central costs		**–**	**(11.9)**		(0.7)	(14.1)
Operating profit		**–**	**168.0**		(8.5)	145.2

* At actual exchange rates

The Group reports its results in the condensed interim financial information using actual rates of exchange. The operational review reports results at actual rates of exchange, but to enhance comparability they are also shown in a form that isolates the impact of currency movements from period to period by applying the June 2014 exchange rates to both periods' results (constant currency). The results are also adjusted for the impact of exceptional items to provide additional information regarding the Group's underlying performance. Where exceptional items and unallocated central costs are excluded from operating profit the results are referred to as "trading profit".

Unless otherwise stated, variances from the previous year are stated in constant currency.

Like for like sales and trading profit exclude the impact of acquisitions from the date of acquisition until the 13th month of ownership, and businesses that are sold or closed. It further removes the impact of retail centres that are relocated. This is from the date of opening until the 13th month of trading in the new location.

Operating cash flow, or cash generated from operations, is defined as operating profit adjusted for depreciation, amortisation and other non-cash items plus the change in working capital, provisions and pension contributions.

AUSTRALASIA

	Six months to 30.06.14 £m	Six months to 30.06.13 £m	% change	% change in constant currency
Sales	**622.9**	**736.3**	**(15.4)**	**0.8**
Retail	355.0	352.9	0.6	20.3
Distribution	267.9	383.4	(30.1)	(17.0)
Like for like sales	**558.3**	**713.2**	**(21.7)**	**(6.7)**
Retail	290.4	329.8	(11.9)	5.3
Distribution	267.9	383.4	(30.1)	(17.0)
Trading profit	**43.5**	**42.0**	**3.6**	**23.4**
Retail	13.1	11.6	12.9	34.8
Distribution	30.4	30.4	–	19.1
Trading margin %	**7.0%**	**5.7%**	**1.3ppt**	**1.3ppt**
Retail	3.7%	3.3%	0.4ppt	0.4ppt
Distribution	11.3%	7.9%	3.4ppt	3.4ppt

Our Australasia segment contains the Group's operations in Australia and New Zealand.

Our main business is in Australia where we have delivered a record trading performance.

In the first half of 2014, the Australian New car market contracted slightly by 2.4% versus last year driven by economic uncertainty in the mining regions and a lower demand in the commercial vehicle segment. Against this backdrop, our total Australasian business delivered a trading performance ahead of our expectations with a trading profit growth of 23.4%.

Trading margin benefited from favourable exchange rates between the Australian Dollar and Japanese Yen boosting gross margin across the Subaru range and from a strong performance in our Parts category and very good profit growth of 34.8% in our Retail business. Our Subaru business delivered a stable market share despite supply constraints as we benefited from the new advertising campaigns for Impreza and the successful launch of the highly acclaimed new WRX.

Our Inchcape Retail segment delivered strong revenue and profit growth and the integration of the Trivett business is on track. We are very pleased with the Trivett performance we are delivering in the first full year of Inchcape ownership, with a trading margin of 3.7% which is a significant improvement versus 2013 as we continue to deliver synergies post acquisition.

We expect to deliver a strong performance in Australasia in 2014.

EUROPE

	Six months to 30.06.14 £m	Six months to 30.06.13 £m	% change	% change in constant currency
Sales	**348.4**	**331.1**	**5.2**	**8.8**
Retail	69.7	65.7	6.1	9.6
Distribution	278.7	265.4	5.0	8.6
Like for like sales	**342.6**	**315.6**	**8.6**	**12.2**
Retail	63.9	50.2	27.3	31.5
Distribution	278.7	265.4	5.0	8.6
Trading profit	**11.4**	**10.4**	**9.6**	**13.7**
Retail	–	0.1	n/a	n/a
Distribution	11.4	10.3	10.7	14.8
Trading margin %	**3.3%**	**3.1%**	**0.2ppt**	**0.2ppt**
Retail	–	0.2%	(0.2)ppt	(0.2)ppt
Distribution	4.1%	3.9%	0.2ppt	0.2ppt

Our Europe segment includes Belgium, Luxembourg, Greece and Finland. During the first half of 2014 we exited our Retail business in Finland.

We have delivered double-digit trading profit growth in Europe.

The Greek market was up by 23.9% as it started to recover strongly from the years following its sovereign debt restructuring and related austerity measures. The Private car and light commercial vehicle markets both increased in Greece and we achieved market share growth of 90 bps.

In Belgium, the Private car market was broadly flat in the first six months of 2014. Toyota share increased by 40 bps as we continued to focus on execution excellence throughout the network.

We delivered strong top line growth in both Belgium and Greece as we benefited from our strategic focus on Toyota's hybrid competitive advantage and on the new diesel powertrains in the MPV segment. This offset a decline in Finland as we exited the Retail business.

We delivered trading profit growth of 13.7% as our businesses continued to leverage the pricing power of our brands and maintain control on costs enabling us to increase our trading margin by 20 bps. We are well positioned to continue to outperform the industry in the second half of the year with the launch of the new Aygo and the new Yaris from Toyota and the new Lexus NX.

We continue to expect our Europe segment to deliver a strong performance in 2014.

NORTH ASIA

Distribution	**Six months to 30.06.14 £m**	Six months to 30.06.13 £m	% change	% change in constant currency
Sales	**268.7**	267.2	0.6	8.7
Like for like sales	**247.4**	241.3	2.5	10.8
Trading profit	**29.1**	28.0	3.9	12.5
Trading margin %	**10.8%**	10.5%	0.3ppt	0.3ppt

Our North Asia segment contains the Group's operations in Hong Kong, Macau, Guam and Saipan.

Following a strong performance in 2013, we produced a record revenue and trading profit performance in the first six months of 2014.

Hong Kong is our main market in this segment, and in the first six months of 2014 the New car market grew strongly with a year on year growth of 9.6%. Our highly-profitable Distribution markets with fully integrated retail businesses are continuing to grow fast with the Guam market up 13.6% and Saipan up 47.5% in the first six months of 2014.

We maintained and further extended our market leadership position in Hong Kong growing our share by 440 bps to 29.5% during the first half as we benefited from the successful launch of a number of new models including the Toyota Noah, Lexus CT200h and the Lexus ES.

The pre-Euro IV diesel replacement programme came into effect in February and the incentives being offered for replacement purchases should drive a significant increase in demand for new Commercial vehicles moving forward. We have already seen an uplift in Commercial vehicle orders on the back of this and are investing to ensure that we capitalise on the additional profit stream this will create.

Trading margin expansion in North Asia was driven by both an increase in New car gross margin and a mix change into the highly profitable Aftersales business as we benefited from growth in the Car Parc and successfully leveraged our Service and Parts categories.

In the second half, we plan to launch several new models such as the new Toyota Camry and the new Lexus NX and we plan to leverage our long standing customer relationships in Commercial vehicles to encourage our customers to take advantage of the government's scrappage scheme.

Our business is well positioned and we continue to expect to deliver a robust performance in North Asia in 2014.

SOUTH ASIA

Distribution	**Six months to 30.06.14 £m**	Six months to 30.06.13 £m	% change	% change in constant currency
Sales	**201.0**	172.1	16.8	28.3
Like for like sales	**198.0**	168.3	17.6	29.3
Trading profit	**36.8**	15.4	139.0	161.7
Trading margin %	**18.3%**	8.9%	9.4ppt	9.4ppt

Our South Asia segment contains the Group's operations in Singapore and Brunei.

The segment has delivered a trading profit of £36.8m and an underlying trading profit of £19.5m.

Our largest business in this segment is Singapore where, as expected, the market was up nearly 20% year on year as growing de-registrations drove an increase in the quota of available Certificates of Entitlement (COEs). This cyclical replacement is driven by the ten year COE lifecycle.

We drove 440 bps of share gain in Singapore as we successfully launched new products including the Toyota Corolla Alto and the Lexus ES. We maintained our market share leadership and delivered a share of 16.2% to the end of June. This contributed to a strong regional revenue performance, with growth of 28.3%.

We delivered underlying trading margin growth, driven by increased gross margin on both New and Used cars helping to offset the mix into New car sales. Our reported trading margin performance was further boosted by the profit on sale of a property in June. Excluding the profit from this property sale, underlying trading profit growth is 39.3% and underlying trading margin is 9.7%, a year on year increase of 80 bps.

We expect the Singapore New car market to continue to grow driven by the increase in de-registrations and further downward pressure on COE pricing in the second half of 2014, fuelling New car sales. We are well positioned to continue to outperform in the second half of the year given our strong brand portfolio, our excellent service reputation and the launch of new models such as the Lexus NX and the new Toyota Camry.

We continue to expect to deliver a strong performance in 2014 in South Asia.

UNITED KINGDOM

	Six months to 30.06.14 £m	Six months to 30.06.13 £m	% change	% change in constant currency
Sales	**1,253.6**	**1,141.5**	**9.8**	**9.8**
Retail	1,230.5	1,119.6	9.9	9.9
Distribution	23.1	21.9	5.5	5.5
Like for like sales	**1,216.4**	**1,079.0**	**12.7**	**12.7**
Retail	1,193.3	1,057.1	12.9	12.9
Distribution	23.1	21.9	5.5	5.5
Trading profit	**37.4**	**38.0**	**(1.6)**	**(1.6)**
Retail	31.5	33.5	(6.0)	(6.0)
Distribution	5.9	4.5	31.1	31.1
Trading margin %	**3.0%**	**3.3%**	**(0.3)ppt**	**(0.3)ppt**
Retail	2.6%	3.0%	(0.4)ppt	(0.4)ppt
Distribution	25.5%	20.5%	5.0ppt	5.0ppt

Our United Kingdom segment contains our UK Retail business and our fleet leasing business, Inchcape Fleet Solutions.

The segment delivered an industry leading trading margin of 3.0%.

The first half of 2014 has seen a continuation of both strong market growth driven by an acceleration of the replacement cycle, sustained high level of consumer confidence and attractive price offers in all segments. We have delivered a strong like for like sales growth of 12.7%. This strong revenue growth was driven by the successful launch of new models – including the BMW 2- and 4-series, Jaguar F-Type coupe, MINI 3 door hatch and the Mercedes-Benz GLA – and by our digital service innovations such as helping customers search for the right model to suit their lifestyle.

We have also seen strong growth in Aftersales hours sold as we reap the benefits of our investment in our customer contact centre to capitalise on the strong Car Parc growth in the UK.

Notwithstanding this, trading margin declined by 30 bps in the first six months of 2014, in line with our expectations, impacted by the higher mix of Vehicle sales and by competitive price pressure in the New and Used car segments. We continue to invest to deliver superior customer experiences with new and refurbished facilities in Stockport (VW), Durham (BMW) and Norwich (BMW/Mini).

In the second half of the year, we are well placed to drive market share growth with the launch of several exciting new models from our brand partners – such as Audi TT, BMW X4 and X6, MINI 5 door hatch, Lexus NX, Mercedes-Benz C Estate, the Toyota Aygo and the VW Polo – and we also plan to differentiate our customer service with innovations such as 'Live Chat' across all our UK websites.

We continue to expect to deliver a solid performance in the UK in 2014 with the start of a vehicle margin improvement in the second half of the year.

EMERGING MARKETS

	Six months to 30.06.14 £m	Six months to 30.06.13 £m	% change	% change in constant currency
Sales	**641.4**	**664.7**	**(3.5)**	**12.1**
Retail	449.0	486.9	(7.8)	8.3
Distribution	192.4	177.8	8.2	22.3
Like for like sales	**566.4**	**613.5**	**(7.7)**	**6.9**
Retail	417.1	460.2	(9.4)	6.4
Distribution	149.3	153.3	(2.6)	8.4
Trading profit	**21.7**	**33.3**	**(34.8)**	**(23.8)**
Retail	3.0	6.3	(52.4)	(44.5)
Distribution	18.7	27.0	(30.7)	(18.9)
Trading margin %	**3.4%**	**5.0%**	**(1.6)ppt**	**(1.6)ppt**
Retail	0.7%	1.3%	(0.6)ppt	(0.6)ppt
Distribution	9.7%	15.2%	(5.5)ppt	(4.9)ppt

Our Emerging Markets segment contains the Group's operations in South America, Africa, China, Poland, Russia, the Balkans and the Baltics.

We have delivered double-digit revenue growth in this segment as we benefited from sustained growth in Vehicle sales and Aftersales in Eastern Europe, Africa, China and South America while trading conditions remained challenging in Russia.

Trading profit of £21.7m was in line with expectations; our Russia business was down year on year due to weakening consumer demand and continuing pressure on vehicle margin. Our other Emerging Markets delivered a trading profit of £21.1m which was up by 8.0% compared to the underlying profit in 2013. The reported trading profit decline is driven by cycling the profit on the sale of a property in South America (£6.2m) in the first half of 2013.

Our business in Russia delivered a solid revenue performance, up by 1.6% despite an industry decline of 7.6%. Our trading profit of £0.6m was in line with expectations and slightly better than that recorded in the second half of 2013.

In Eastern Europe we delivered a good trading performance as we benefited from robust industry growth and successful new product launches.

In South America, we benefited from strong Aftersales growth and market share gains in both Chile and Peru. While demand remains strong in Peru, we have seen a weakening of consumer demand in Chile due to the recent currency devaluation.

In China, demand for premium and luxury vehicles continued to increase and the ramp-up of our new Porsche and Mercedes-Benz facilities is progressing well.

Our Africa business delivered a strong performance as we continue to benefit from a strong Aftersales market in Ethiopia where economic growth is solid.

We continue to expect a robust trading performance in Emerging Markets for 2014 outside of Russia where trading conditions will remain challenging for the rest of the year.

FINANCE REVIEW

The Group has delivered a record profit before tax in the first half of 2014. In addition to the segmental results, detailed below is supplementary financial information on our operating activities.

CENTRAL COSTS

Unallocated central costs for the first half of the year are £11.9m (2013: £13.4m) before exceptional items.

EXCEPTIONAL ITEMS

We have reported no exceptional operating items in the first half of 2014 (2013: £8.5m).

NET FINANCING COSTS

Net financing costs have reduced from £6.7m in 2013 to £5.9m in 2014.

TAX

The effective tax rate before exceptional items and excluding the tax free property gain in South Asia for the Group is 24% compared to 25% for the same period last year. The effective rate of 24% is expected to reflect the rate for the full year (excluding the tax free property gain in South Asia).

NON CONTROLLING INTERESTS

Profits attributable to our non controlling interests were £4.0m in the first half of 2014 (2013: £3.7m). The Group's non controlling interests principally comprise a 33% minority holding in UAB Vitvela in Lithuania, a 30% share in NBT Brunei and a 10% share in Subaru Australia.

FOREIGN CURRENCY

During the period, the Group derived a loss of £16.1m (2013 benefit: £2.1m) from the translation into sterling of its overseas profits before tax at the 2014 average exchange rates.

DIVIDEND

The 2013 final dividend of 11.7p per share was paid to shareholders on 24 June 2014. The Board has declared an interim dividend of 6.3p per share, which will be paid on 5 September 2014 to shareholders who are on the register at close of business on 8 August 2014.

PENSIONS

At 30 June 2014, the IAS 19 net post-retirement surplus was £115.6m (31 December 2013: £106.0m). In the first half of the year and in line with the funding programme agreed with the Trustees, the Group made additional cash contributions to the UK pension schemes amounting to £0.9m (2013: £26.8m).

ACQUISITIONS AND DISPOSALS

During the period, the Group disposed of multi-franchise dealerships in Finland and Australia at book value, generating disposal proceeds of £1.9m. In 2013, the Group completed the acquisition of the Trivett automotive group in Australia for a purchase consideration of £74.6m. Following the resolution of certain post completion adjustments, £3.6m was received from the vendor in the first half of 2014.

CAPITAL EXPENDITURE

Net capital expenditure in the first half of 2014 was £8.7m (2013: £45.5m). Included within this is the sale of a property in South Asia amounting to £21.6m.

CASH FLOW AND NET DEBT

The Group's operations have continued to deliver strong operational cash flow and at 30 June 2014 the Group had £160.1m of net funds (31 December 2013: £123.0m).

PRINCIPAL BUSINESS RISKS

The Board set out in the Annual Report and Accounts 2013 a number of principal business risks which could impact the performance of the Group and these remain unchanged for this Interim Report and the remaining six months of 2014. The key risks comprise, inter alia, prevailing market conditions, brand partner relationships, legal compliance and reputation and treasury risks which include: currency, funding and liquidity, interest rates and counterparty risks.

The most significant current risks remain linked to the impact of economic conditions on revenues and margins as well as foreign exchange volatility.

The Group iPOM Committee has delegated authority from the Executive Committee to manage Inchcape's Risk Management process. The iPOM committee's aim is to ensure that Risk Management is core to all decision-making and has a broad remit and responsibility to:

- ensure systematic risks are effectively managed through the development of coherent policies, processes, control framework and effective assurance monitoring processes; and
- ensure dynamic and emerging risks are identified at a market level and for the Group as a whole, mitigation actions are identified and implemented and cross-market best practice is shared.

Market iPOM committees are embedded in each market. They operate according to Standard Terms of Reference and report to the Group iPOM committee. Consistent risk management tools are developed centrally and utilised Group-wide.

CURRENCY, FUNDING AND LIQUIDITY, INTEREST RATE AND COUNTERPARTY RISKS

Transactional foreign exchange exposures are hedged using forward contracts. Counterparties and limits are approved for cash deposit and these are monitored closely. The Group continues to hedge its US Dollar loan notes with cross-currency interest rate swaps.

Funding and liquidity risk is actively managed through strict controls on inventory and the use of supplier credit to fund the largest cash outflows of the Group. The Group also maintains significant committed funding facilities.

The Group performance management process systematically monitors and evaluates the impact on the Group financial statements of foreign exchange translation and management takes action to mitigate these risks.

Further details of the Group's principal risks and risk management process can be found on pages 36-37 and 53-54 of the Annual Report and Accounts 2013.

GOING CONCERN

The Group has significant financial resources and the Directors, having reviewed the Group's operating budgets, investment plans and financing arrangements, have assessed the future funding requirements of the Group and compared this to the level of committed facilities and cash resources.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. Accordingly, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing this condensed interim financial information.

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CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 June 2014

	Notes	**Six months to 30 Jun 2014 £m**	Six months to 30 Jun 2013 £m	Year to 31 Dec 2013 £m
Revenue	2	**3,336.0**	3,312.9	6,524.9
Cost of sales		**(2,860.8)**	(2,840.8)	(5,598.7)
Gross profit		**475.2**	472.1	926.2
Net operating expenses		**(307.2)**	(326.9)	(647.8)
Operating profit	2	**168.0**	145.2	278.4
Operating profit before exceptional items		**168.0**	153.7	286.9
Exceptional items	3	**–**	(8.5)	(8.5)
Share of profit/(loss) after tax of joint ventures and associates		**–**	–	–
Profit before finance and tax	2	**168.0**	145.2	278.4
Finance income	4	**7.6**	7.8	15.4
Finance costs	5	**(13.5)**	(14.5)	(27.7)
Profit before tax		**162.1**	138.5	266.1
Tax	6	**(34.7)**	(36.1)	(65.3)
Profit for the period		**127.4**	102.4	200.8
Profit attributable to:				
– Owners of the parent		**123.4**	98.7	194.2
– Non controlling interests		**4.0**	3.7	6.6
		127.4	102.4	200.8
Basic earnings per share (pence)	7	**27.1p**	21.2p	41.8p
Diluted earnings per share (pence)	7	**26.6p**	20.8p	41.1p

The notes on pages 19 to 27 are an integral part of these condensed interim financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2014

	Six months to 30 Jun 2014 £m	Six months to 30 Jun 2013 £m	Year to 31 Dec 2013 £m
Profit for the period	**127.4**	102.4	200.8
Other comprehensive income/(expense):			
Items that will not be reclassified to the consolidated income statement			
Defined benefit pension scheme remeasurements	**2.3**	9.1	(33.9)
Deferred tax recognised directly in shareholders' equity	**(0.2)**	(3.1)	(3.6)
	2.1	6.0	(37.5)
Items that may be reclassified subsequently to the consolidated income statement			
Cash flow hedges	**(20.7)**	61.6	41.4
Recycled fair value gains on disposal of available for sale financial assets	**(0.2)**	(0.9)	(1.6)
Effect of foreign exchange rate changes	**(47.5)**	4.1	(103.9)
Deferred tax recognised directly in shareholders' equity	**6.4**	(18.5)	(12.8)
	(62.0)	46.3	(76.9)
Other comprehensive (expense)/income for the period, net of tax	**(59.9)**	52.3	(114.4)
Total comprehensive income for the period	**67.5**	154.7	86.4
Total comprehensive income attributable to:			
– Owners of the parent	**65.5**	146.3	78.4
– Non controlling interests	**2.0**	8.4	8.0
	67.5	154.7	86.4

The notes on pages 19 to 27 are an integral part of these condensed interim financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2014

	Notes	**As at 30 Jun 2014 £m**	As at 30 Jun 2013 £m	As at 31 Dec 2013 £m
Non-current assets				
Intangible assets		**581.0**	602.6	587.1
Property, plant and equipment		**699.3**	748.5	732.7
Investments in joint ventures and associates		**11.5**	14.3	14.0
Available for sale financial assets	11	**1.1**	2.2	1.4
Derivative financial instruments	11	**–**	17.8	–
Trade and other receivables		**26.9**	30.0	26.9
Deferred tax assets		**25.6**	19.8	24.6
Retirement benefit asset		**135.9**	157.8	125.4
		1,481.3	1,593.0	1,512.1
Current assets				
Inventories		**978.7**	1,042.9	1,042.7
Trade and other receivables		**333.0**	361.9	309.9
Available for sale financial assets	11	**3.0**	1.3	8.3
Derivative financial instruments	11	**81.1**	149.0	106.2
Current tax assets		**1.0**	1.0	2.2
Cash and cash equivalents	9b	**433.4**	488.9	396.8
		1,830.2	2,045.0	1,866.1
Assets held for sale and disposal group	12	**9.4**	2.9	8.2
		1,839.6	2,047.9	1,874.3
Total assets		**3,320.9**	3,640.9	3,386.4
Current liabilities				
Trade and other payables		**(1,295.3)**	(1,309.1)	(1,278.8)
Derivative financial instruments	11	**(25.6)**	(62.2)	(36.9)
Current tax liabilities		**(46.6)**	(51.5)	(49.5)
Provisions		**(31.0)**	(40.0)	(37.0)
Borrowings	9b	**(66.2)**	(89.3)	(65.7)
		(1,464.7)	(1,552.1)	(1,467.9)
Non-current liabilities				
Trade and other payables		**(15.9)**	(19.9)	(18.0)
Provisions		**(30.1)**	(40.7)	(31.8)
Derivative financial instruments	11	**(0.1)**	–	(4.5)
Deferred tax liabilities		**(43.0)**	(32.7)	(43.1)
Borrowings	9b	**(284.4)**	(331.2)	(297.9)
Retirement benefit liability		**(20.3)**	(24.5)	(19.4)
		(393.8)	(449.0)	(414.7)
Liabilities directly associated with the disposal group	12	**–**	–	(4.6)
Total liabilities		**(1,858.5)**	(2,001.1)	(1,887.2)
Net assets		**1,462.4**	1,639.8	1,499.2
Shareholders' equity				
Share capital	8	**45.7**	47.2	46.5
Share premium	8	**146.6**	143.0	145.7
Capital redemption reserve		**134.9**	133.3	134.1
Other reserves		**(51.5)**	128.3	8.7
Retained earnings		**1,162.2**	1,157.4	1,135.0
Equity attributable to owners of the parent		**1,437.9**	1,609.2	1,470.0
Non controlling interests		**24.5**	30.6	29.2
Total shareholders' equity		**1,462.4**	1,639.8	1,499.2

The notes on pages 19 to 27 are an integral part of these condensed interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2014

	Notes	Share capital £m	Share premium £m	Capital redemption reserve £m	Other reserves £m	Retained earnings £m	Equity attributable to equity owners of the parent £m	Non controlling interests £m	Total shareholders' equity £m
At 1 January 2013		46.9	136.5	133.3	86.7	1,099.2	1,502.6	25.8	1,528.4
Profit for the period ended 30 June 2013		–	–	–	–	98.7	98.7	3.7	102.4
Other comprehensive income for the period ended 30 June 2013		–	–	–	41.6	6.0	47.6	4.7	52.3
Total comprehensive income for the period ended 30 June 2013		–	–	–	41.6	104.7	146.3	8.4	154.7
Share-based payments, net of tax		–	–	–	–	4.0	4.0	–	4.0
Net purchase of own shares by ESOP Trust		–	–	–	–	(1.6)	(1.6)	–	(1.6)
Issue of ordinary share capital	8	0.3	6.5	–	–	–	6.8	–	6.8
Dividends:									
– Owners of the parent	8	–	–	–	–	(48.9)	(48.9)	–	(48.9)
– Non controlling interests		–	–	–	–	–	–	(3.6)	(3.6)
At 30 June 2013		47.2	143.0	133.3	128.3	1,157.4	1,609.2	30.6	1,639.8
At 1 January 2013		46.9	136.5	133.3	86.7	1,099.2	1,502.6	25.8	1,528.4
Profit for the year		–	–	–	–	194.2	194.2	6.6	200.8
Other comprehensive (expense)/income for the year		–	–	–	(78.0)	(37.8)	(115.8)	1.4	(114.4)
Total comprehensive income/(expense) for the year		–	–	–	(78.0)	156.4	78.4	8.0	86.4
Share-based payments, net of tax		–	–	–	–	7.4	7.4	–	7.4
Share buy back programme		(0.8)	–	0.8	–	(50.0)	(50.0)	–	(50.0)
Net purchase of own shares by ESOP Trust		–	–	–	–	(2.5)	(2.5)	–	(2.5)
Issue of ordinary share capital	8	0.4	9.2	–	–	–	9.6	–	9.6
Dividends:									
– Owners of the parent	8	–	–	–	–	(75.5)	(75.5)	–	(75.5)
– Non controlling interests		–	–	–	–	–	–	(4.6)	(4.6)
At 1 January 2014		**46.5**	**145.7**	**134.1**	**8.7**	**1,135.0**	**1,470.0**	**29.2**	**1,499.2**
Profit for the period ended 30 June 2014		**–**	**–**	**–**	**–**	**123.4**	**123.4**	**4.0**	**127.4**
Other comprehensive (expense)/income for the period ended 30 June 2014		**–**	**–**	**–**	**(60.2)**	**2.3**	**(57.9)**	**(2.0)**	**(59.9)**
Total comprehensive income/(expense) for the period ended 30 June 2014		**–**	**–**	**–**	**(60.2)**	**125.7**	**65.5**	**2.0**	**67.5**
Share-based payments, net of tax		**–**	**–**	**–**	**–**	**5.1**	**5.1**	**–**	**5.1**
Share buy back programme		**(0.8)**	**–**	**0.8**	**–**	**(50.0)**	**(50.0)**	**–**	**(50.0)**
Net purchase of own shares by ESOP Trust		**–**	**–**	**–**	**–**	**(0.6)**	**(0.6)**	**–**	**(0.6)**
Issue of ordinary share capital	8	**–**	**0.9**	**–**	**–**	**–**	**0.9**	**–**	**0.9**
Dividends:									
– Owners of the parent	8	**–**	**–**	**–**	**–**	**(53.0)**	**(53.0)**	**–**	**(53.0)**
– Non controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**(6.7)**	**(6.7)**
At 30 June 2014		**45.7**	**146.6**	**134.9**	**(51.5)**	**1,162.2**	**1,437.9**	**24.5**	**1,462.4**

The notes on pages 19 to 27 are an integral part of these condensed interim financial statements.

Financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 June 2014

	Notes	**Six months to 30 Jun 2014 £m**	Six months to 30 Jun 2013* £m	Year to 31 Dec 2013 £m
Cash generated from operating activities				
Cash generated from operations	9a	**201.3**	87.7	227.0
Tax paid		**(30.2)**	(26.0)	(48.7)
Interest received		**6.2**	6.1	10.9
Interest paid		**(13.6)**	(12.0)	(28.7)
Net cash generated from operating activities		**163.7**	55.8	160.5
Cash flows from investing activities				
Acquisition of businesses, net of cash and overdrafts acquired	10	**3.6**	(75.1)	(74.1)
Net cash inflow from sale of businesses	10	**1.9**	14.9	14.9
Purchase of property, plant and equipment		**(25.9)**	(54.6)	(96.5)
Purchase of intangible assets		**(12.2)**	(9.0)	(20.0)
Proceeds from disposal of property, plant and equipment		**29.4**	18.1	31.6
Net disposal/(purchase) of available for sale financial assets		**5.2**	3.5	(3.0)
Dividends received from joint ventures and associates		**2.0**	–	–
Net cash used in investing activities		**4.0**	(102.2)	(147.1)
Cash flows from financing activities				
Proceeds from issue of ordinary shares	8a	**0.9**	6.8	9.6
Share buy back programme	8a	**(50.0)**	–	(50.0)
Net purchase of own shares by ESOP Trust		**(0.6)**	(1.6)	(2.5)
Net cash inflow from borrowings	9b	**–**	0.1	0.1
Payment of capital element of finance leases	9b	**(0.6)**	(1.2)	(1.7)
Equity dividends paid	8b	**(53.0)**	(48.9)	(75.5)
Dividends paid to non controlling interests		**(6.7)**	(3.6)	(4.6)
Net cash from financing activities		**(110.0)**	(48.4)	(124.6)
Net increase/(decrease) in cash and cash equivalents	9b	**57.7**	(94.8)	(111.2)
Cash and cash equivalents at beginning of the period		**332.2**	484.9	484.9
Effect of foreign exchange rate changes		**(21.7)**	10.9	(41.5)
Cash and cash equivalents at end of the period		**368.2**	401.0	332.2
Cash and cash equivalents consist of:				
– Cash at bank and in hand		**286.5**	327.8	290.3
– Short term bank deposits		**146.9**	161.1	106.5
– Bank overdrafts		**(65.2)**	(87.9)	(64.6)
		368.2	401.0	332.2

* June 2013 restated – See note 9b.

The notes on pages 19 to 27 are an integral part of these condensed interim financial statements.

NOTES (UNAUDITED)

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

BASIS OF PREPARATION

The condensed interim financial statements for the period ended 30 June 2014 have been prepared on a going concern basis in accordance with International Accounting Standard 34 'Interim Financial Reporting' as adopted by the European Union and the Disclosure and Transparency Rules of the Financial Conduct Authority. These condensed interim financial statements should be read in conjunction with the Annual Report and Accounts 2013, which have been prepared in accordance with IFRSs as adopted by the European Union and International Financial Reporting Interpretation Committee (IFRIC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

These condensed interim financial statements are unaudited, but have been reviewed by the external auditors. The condensed interim financial statements in the Interim Report do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The Group's published consolidated financial statements for the year ended 31 December 2013 were approved by the Board of Directors on 10 March 2014 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain an emphasis of matter paragraph or a statement under section 498 of the Companies Act 2006. The condensed interim financial statements on pages 14 to 27 were approved by the Board of Directors on 30 July 2014.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those of the Group's Annual Report and Accounts 2013 other than taxes on income which are accrued using the tax rate that is expected to be applicable for the full financial year.

The following new standards are effective for accounting periods beginning 1 January 2014 but have not had a material impact on the results or financial position of the Group:

- IAS 27 (revised), 'Separate financial statements'
- IAS 28 (revised), 'Associates and joint ventures'
- IAS 32, 'Amendment to IAS 32, Financial Instruments: Presentation – Offsetting financial assets and financial liabilities'
- IAS 36, 'Amendment to IAS 36, Impairment of assets – Recoverable amount disclosures'
- IAS 39, 'Amendment to IAS 39, Financial Instruments: Recognition and Measurement – Novation of derivatives and hedge accounting'
- IFRS 10, 'Consolidated financial statements'
- IFRS 11, 'Joint arrangements'
- IFRS 12, 'Disclosure of interests in other entities'
- IFRIC 21, 'Levies'.

The following standards were in issue but were not yet effective at the balance sheet date. These standards have not yet been early adopted by the Group, and will be applied for the Group's financial years commencing on or after 1 January 2015:

- IAS 16, 'Amendment to IAS 16, Property, plant and equipment – Depreciation'
- IAS 38, 'Amendment to IAS 38, Intangible Assets – Amortisation'
- IFRS 9, 'Financial instruments'
- IFRS 11, 'Amendment to IFRS 11, Joint arrangements – Acquisition of an interest in a joint operation'
- IFRS 14, 'Regulatory deferral accounts'
- IFRS 15, 'Revenue from contracts with customers'
- Annual improvements 2012
- Annual improvements 2013.

THE PRINCIPAL EXCHANGE RATES USED FOR TRANSLATION PURPOSES ARE AS FOLLOWS:

	Average rates			Period end rates		
	30 Jun 2014	30 Jun 2013	31 Dec 2013	**30 Jun 2014**	30 Jun 2013	31 Dec 2013
Australian dollar	**1.83**	1.53	1.63	**1.81**	1.66	1.86
Euro	**1.22**	1.18	1.18	**1.25**	1.17	1.20
Hong Kong dollar	**12.97**	11.99	12.14	**13.25**	11.80	12.85
Singapore dollar	**2.11**	1.92	1.96	**2.13**	1.93	2.09
Russian ruble	**58.56**	47.94	49.97	**58.11**	49.83	54.46

2 SEGMENTAL ANALYSIS

The Group has determined that the chief operating decision maker is the Executive Committee.

Emerging markets are those countries in which the Group operates that have started to grow but have yet to reach a mature stage of development and accordingly are in, or are expected to return to, the growth phase of the development cycle. These currently comprise Russia, China, the Balkans, the Baltics, Poland, South America and Africa.

The Group's reported segments are based on the location of the Group's assets. Revenue earned from sales is disclosed by origin and is not materially different from revenue by destination.

Distribution comprises Vertically Integrated Retail businesses as well as Financial Services and other businesses.

	Distribution						
Six months to 30 June 2014	**Australasia £m**	**Europe £m**	**North Asia £m**	**South Asia £m**	**United Kingdom £m**	**Emerging Markets £m**	**Total Distribution £m**
Revenue from third parties	**267.9**	**278.7**	**268.7**	**201.0**	**23.1**	**192.4**	**1,231.8**
Results							
Segment result	**30.4**	**11.4**	**29.1**	**36.8**	**5.9**	**18.7**	**132.3**
Exceptional items	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Operating profit after exceptional items	**30.4**	**11.4**	**29.1**	**36.8**	**5.9**	**18.7**	**132.3**
Share of profit/(loss) after tax of joint ventures and associates	**–**	**(0.1)**	**–**	**–**	**0.1**	**–**	**–**
Profit before finance and tax	**30.4**	**11.3**	**29.1**	**36.8**	**6.0**	**18.7**	**132.3**

The segment result in South Asia includes a profit of £17.3m on a sale of a property.

	Distribution						
Six months to 30 June 2013	Australasia £m	Europe £m	North Asia £m	South Asia £m	United Kingdom £m	Emerging Markets £m	Total Distribution £m
Revenue from third parties	383.4	265.4	267.2	172.1	21.9	177.8	1,287.8
Results							
Segment result	30.4	10.3	28.0	15.4	4.5	27.0	115.6
Exceptional items	–	–	–	–	–	–	–
Operating profit after exceptional items	30.4	10.3	28.0	15.4	4.5	27.0	115.6
Share of profit after tax of joint ventures and associates	–	–	–	–	–	–	–
Profit before finance and tax	30.4	10.3	28.0	15.4	4.5	27.0	115.6

The segment result in Emerging Markets includes a profit of £6.2m on a sale of a property.

	Distribution						
Year to 31 December 2013	Australasia £m	Europe £m	North Asia £m	South Asia £m	United Kingdom £m	Emerging Markets £m	Total Distribution £m
Revenue from third parties	674.8	499.8	566.1	369.3	41.3	388.7	2,540.0
Results							
Segment result	55.0	19.5	59.2	29.7	8.6	47.4	219.4
Exceptional items	–	–	–	–	–	–	–
Operating profit after exceptional items	55.0	19.5	59.2	29.7	8.6	47.4	219.4
Share of profit after tax of joint ventures and associates	–	–	–	–	–	–	–
Profit before finance and tax	55.0	19.5	59.2	29.7	8.6	47.4	219.4

The segment result in Emerging Markets includes a profit of £6.2m on a sale of a property.

2 SEGMENTAL ANALYSIS CONTINUED

Six months to 30 June 2014	Australasia £m	Europe £m	United Kingdom £m	Emerging Markets £m	Retail Total Retail £m	Total pre Central £m	Central £m	Total £m
Revenue from third parties	**355.0**	**69.7**	**1,230.5**	**449.0**	**2,104.2**	**3,336.0**	**–**	**3,336.0**
Results								
Segment result	**13.1**	**–**	**31.5**	**3.0**	**47.6**	**179.9**	**(11.9)**	**168.0**
Exceptional items	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Operating profit/(loss) after exceptional items	**13.1**	**–**	**31.5**	**3.0**	**47.6**	**179.9**	**(11.9)**	**168.0**
Share of profit after tax of joint ventures and associates	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Profit/(loss) before finance and tax	**13.1**	**–**	**31.5**	**3.0**	**47.6**	**179.9**	**(11.9)**	**168.0**

Net finance costs of £5.9m are not allocated to individual segments.

Six months to 30 June 2013	Australasia £m	Europe £m	United Kingdom £m	Emerging Markets £m	Retail Total Retail £m	Total pre Central £m	Central £m	Total £m
Revenue from third parties	352.9	65.7	1,119.6	486.9	2,025.1	3,312.9	–	3,312.9
Results								
Segment result	11.6	0.1	33.5	6.3	51.5	167.1	(13.4)	153.7
Exceptional items	(5.7)	–	(1.1)	(1.0)	(7.8)	(7.8)	(0.7)	(8.5)
Operating profit after exceptional items	5.9	0.1	32.4	5.3	43.7	159.3	(14.1)	145.2
Share of profit after tax of joint ventures and associates	–	–	–	–	–	–	–	–
Profit/(loss) before finance and tax	5.9	0.1	32.4	5.3	43.7	159.3	(14.1)	145.2

Net finance costs of £6.7m are not allocated to individual segments.

Year to 31 December 2013	Australasia £m	Europe £m	United Kingdom £m	Emerging Markets £m	Retail Total Retail £m	Total pre Central £m	Central £m	Total £m
Revenue from third parties	691.1	129.7	2,183.0	981.1	3,984.9	6,524.9	–	6,524.9
Results								
Segment result	23.9	–	54.7	7.8	86.4	305.8	(18.9)	286.9
Exceptional items	(5.7)	–	(1.1)	(1.0)	(7.8)	(7.8)	(0.7)	(8.5)
Operating profit after exceptional items	18.2	–	53.6	6.8	78.6	298.0	(19.6)	278.4
Share of profit after tax of joint ventures and associates	–	–	–	–	–	–	–	–
Profit/(loss) before finance and tax	18.2	–	53.6	6.8	78.6	298.0	(19.6)	278.4

Central costs include a past service credit of £9.8m (net of costs).

Net finance costs of £12.3m are not allocated to individual segments.

3 EXCEPTIONAL ITEMS

	Six months to 30 Jun 2014 £m	Six months to 30 Jun 2013 £m	Year to 31 Dec 2013 £m
Restructuring costs	**–**	(4.6)	(4.6)
Acquisition of business	**–**	(3.9)	(3.9)
Total exceptional items before tax	**–**	(8.5)	(8.5)
Exceptional tax credit	**–**	0.6	0.6
Total exceptional items	**–**	(7.9)	(7.9)

In 2013, exceptional costs of £8.5m related to restructuring charges of £4.6m together with £3.9m costs associated with acquiring the Trivett business in Australia. The exceptional tax credit of £0.6m represented tax relief on restructuring costs.

4 FINANCE INCOME

	Six months to 30 Jun 2014 £m	Six months to 30 Jun 2013 £m	Year to 31 Dec 2013 £m
Bank and other interest receivable	**1.3**	1.6	3.0
Interest income on post-retirement plan assets	**2.6**	2.7	5.4
Other finance income	**3.7**	3.5	7.0
Total finance income	**7.6**	7.8	15.4

5 FINANCE COSTS

	Six months to 30 Jun 2014 £m	Six months to 30 Jun 2013 £m	Year to 31 Dec 2013 £m
Interest payable on bank borrowings	**0.6**	0.4	0.8
Interest payable on Private Placement	**1.4**	1.4	2.8
Interest payable on other borrowings	**0.1**	0.1	0.2
Fair value adjustment on Private Placement	**(13.0)**	8.3	(24.3)
Fair value loss/(gain) on cross-currency interest rate swaps	**12.4**	(9.0)	22.0
Stock holding interest	**9.3**	10.4	19.9
Other finance costs	**2.7**	3.3	6.9
Capitalised borrowing costs	**–**	(0.4)	(0.6)
Total finance costs	**13.5**	14.5	27.7

6 INCOME TAX

		Six months to 30 Jun 2014 £m	Six months to 30 Jun 2013 £m	Year to 31 Dec 2013 £m
Current tax	– UK	**1.3**	0.2	–
	– Overseas	**28.3**	31.0	53.7
Adjustments to prior year liabilities	– UK	**(0.5)**	–	(0.6)
	– Overseas	**–**	0.2	(0.6)
		29.1	31.4	52.5
Deferred tax	– UK	**4.8**	3.6	9.0
	– Overseas	**0.8**	1.7	4.4
Tax before exceptional tax		**34.7**	36.7	65.9
Exceptional tax (note 3)	– Current	**–**	–	–
	– Deferred	**–**	(0.6)	(0.6)
Total tax		**34.7**	36.1	65.3

The taxation charge for the six months ended 30 June 2014 is based on an estimated full year effective tax rate, before exceptional items of 24% (2013 – 25%). This effective tax rate excludes the tax free capital gain in South Asia.

The standard rate of Corporation Tax in the UK reduced from 23% to 21% with effect from 1 April 2014. The March 2013 Budget Announcement included a further proposal to reduce the main rate of Corporation Tax to 20% with effect from 1 April 2015. As these proposed rate changes were substantively enacted at 31 December 2013, the 2014 opening UK deferred tax liabilities and assets have already been re-measured at the substantively enacted rate of 20%.

7 EARNINGS PER SHARE

	Six months to 30 Jun 2014 £m	Six months to 30 Jun 2013 £m	Year to 31 Dec 2013 £m
Profit for the period	**127.4**	102.4	200.8
Non controlling interests	**(4.0)**	(3.7)	(6.6)
Basic earnings	**123.4**	98.7	194.2
Exceptional items (net of tax)	**–**	7.9	7.9
Adjusted earnings	**123.4**	106.6	202.1
Basic earnings per share	**27.1p**	21.2p	41.8p
Diluted earnings per share	**26.6p**	20.8p	41.1p
Basic Adjusted earnings per share	**27.1p**	22.9p	43.5p
Diluted Adjusted earnings per share	**26.6p**	22.5p	42.8p

	Six months to 30 Jun 2014 number	Six months to 30 Jun 2013 number	Year to 31 Dec 2013 number
Weighted average number of fully paid ordinary shares in issue during the period	**458,996,946**	469,180,273	468,782,483
Weighted average number of fully paid ordinary shares in issue during the period:			
– Held by the ESOP Trust	**(1,605,545)**	(1,739,830)	(1,765,092)
– Held in Treasury	**(2,687,560)**	(2,687,560)	(2,687,560)
Weighted average number of fully paid ordinary shares for the purposes of basic EPS	**454,703,841**	464,752,883	464,329,831
Dilutive effect of potential ordinary shares	**8,501,142**	8,774,466	7,823,169
Adjusted weighted average number of fully paid ordinary shares in issue during the period for the purposes of diluted EPS	**463,204,983**	473,527,349	472,153,000

Basic earnings per share is calculated by dividing the basic earnings for the period by the weighted average number of fully paid ordinary shares in issue during the period, less those shares held by the ESOP Trust and those held in Treasury.

Diluted earnings per share is calculated on the same basis as the basic earnings per share with a further adjustment to the weighted average number of fully paid ordinary shares to reflect the effect of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise share options and other share-based awards.

7 EARNINGS PER SHARE CONTINUED

Adjusted earnings (which excludes exceptional items) is adopted to assist the reader in understanding the underlying performance of the Group. Adjusted earnings per share is calculated by dividing the Adjusted earnings for the period by the weighted average number of fully paid ordinary shares in issue during the period, less those shares held by the ESOP Trust and those held in Treasury.

Diluted Adjusted earnings per share is calculated on the same basis as the basic Adjusted earnings per share with a further adjustment to the weighted average number of fully paid ordinary shares to reflect the effect of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise share options and other share-based awards.

8 SHAREHOLDERS' EQUITY

A. ISSUE OF ORDINARY SHARES

	Six months to 30 Jun 2014 £m	Six months to 30 Jun 2013 £m	Year to 31 Dec 2013 £m
Share capital	**–**	0.3	0.4
Share premium	**0.9**	6.5	9.2
	0.9	6.8	9.6

During the period, the Group issued £0.9m (June 2013 - £6.8m, Dec 2013 - £9.6m) of ordinary shares exercised under the Group's share option schemes.

SHARE BUY BACK PROGRAMME

During the six months ended June 2014, the Company repurchased 7,981,056 of its own shares (June 2013 – nil, Dec 2013 – 8,147,813) through purchases on the London Stock Exchange, at a cost of £49.7m (June 2013 – nil, Dec 2013 – £49.7m). The shares repurchased during the period were cancelled, with none held as treasury shares at the end of the reporting period. An amount of £0.8m (June 2013 – nil, Dec 2013 – £0.8m), equivalent to the nominal value of the cancelled shares, has been transferred to the capital redemption reserve. Costs of £0.3m (June 2013 – nil, Dec 2013 – £0.3m) associated with the transfer to the Group of the repurchased shares and their subsequent cancellation have been charged to retained earnings.

At 30 June 2014, the Company held 2,687,560 treasury shares (30 June 2013 – 2,687,560, 31 December 2013 – 2,687,560). The shares are held as treasury shares and may be either cancelled or used to satisfy share options at a later date.

B. DIVIDENDS

The following dividends were paid by the Group:

	Six months to 30 Jun 2014 £m	Six months to 30 Jun 2013 £m	Year to 31 Dec 2013 £m
Final dividend for the year ended 31 December 2013 of 11.7p per share (2012 – 10.5p per share)	**53.0**	48.9	48.9
Interim dividend for the six months ended 30 June 2013 of 5.7p per share (2012 – 4.0p per share)	**–**	–	26.6
	53.0	48.9	75.5

An interim dividend of 6.3p per share (£28.6m) for the period ending 30 June 2014 was approved by the Board on 30 July 2014 and will be paid on Friday 5 September 2014 to shareholders who are on the register at close of business on Friday 8 August 2014.

9 NOTES TO THE STATEMENT OF CASH FLOWS
A. RECONCILIATION OF CASH GENERATED FROM OPERATIONS

	Six months to 30 Jun 2014 £m	Six months to 30 Jun 2013 £m	Year to 31 Dec 2013 £m
Cash flows from operating activities			
Operating profit	**168.0**	145.2	278.4
Operating exceptional items	**–**	8.5	8.5
Amortisation of intangible assets	**4.3**	2.9	6.1
Depreciation of property, plant and equipment	**17.7**	17.3	33.6
Profit on disposal of property, plant and equipment	**(17.5)**	(6.4)	(7.4)
Profit on disposal of business	**–**	(0.4)	–
Share-based payments charge	**5.1**	4.0	9.0
Decrease/(increase) in inventories	**48.4**	(29.6)	(89.0)
Increase in trade and other receivables	**(38.1)**	(82.1)	(44.0)
Increase in trade and other payables	**21.7**	74.3	114.4
Decrease in provisions	**(6.4)**	(8.3)	(12.5)
Pension contributions in excess of the pension charge for the period*	**–**	(26.4)	(31.0)
Decrease/(increase) in interest in leased vehicles	**3.8**	(0.4)	(13.0)
Payment in respect of operating exceptional items	**(0.7)**	(10.1)	(15.4)
Other non cash items	**(5.0)**	(0.8)	(10.7)
Cash generated from operations	**201.3**	87.7	227.0

* Includes additional payments of £0.9m (June 2013 – £26.8m).

B. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Six months to 30 Jun 2014 £m	Six months to 30 Jun 2013* £m	Year to 31 Dec 2013 £m
Net increase/(decrease) in cash and cash equivalents	**57.7**	(94.8)	(111.2)
Net cash outflow from borrowings and lease financing	**0.6**	1.1	1.6
Change in net cash and debt resulting from cash flows	**58.3**	(93.7)	(109.6)
Effect of foreign exchange rate changes on net cash and debt	**(21.8)**	11.2	(40.6)
Net movement in fair value	**0.6**	0.7	2.3
Net loans and finance leases relating to acquisitions and disposals	**–**	(5.3)	(5.3)
Movement in net funds	**37.1**	(87.1)	(153.2)
Opening net funds	**123.0**	276.2	276.2
Closing net funds	**160.1**	189.1	123.0

* Restated to reflect the changes in disclosures adopted in 2013. See changes in accounting policy and disclosures in the 2013 Annual Report and Accounts.

Net funds is analysed as follows:

	Six months to 30 Jun 2014 £m	Six months to 30 Jun 2013 £m	Year to 31 Dec 2013 £m
Cash at bank and in hand	**286.5**	327.8	290.3
Short term bank deposits	**146.9**	161.1	106.5
Bank overdrafts	**(65.2)**	(87.9)	(64.6)
Cash and cash equivalents	**368.2**	401.0	332.2
Bank loans	**(280.4)**	(326.0)	(293.4)
Finance leases	**(5.0)**	(6.6)	(5.6)
	82.8	68.4	33.2
Fair value of cross-currency interest rate swap	**77.3**	120.7	89.8
Net funds	**160.1**	189.1	123.0

10 ACQUISITIONS AND DISPOSALS

During the period, the Group disposed of multi-franchise dealerships in Finland and Australia at book value, generating disposal proceeds of £1.9m (June 2013 – £14.9m, Dec 2013 – £14.9m).

In 2013 the Group completed the acquisition of the Trivett automotive group in Australia for a purchase consideration of £74.6m. Following the resolution of certain post completion adjustments, £3.6m was received from the vendor in the first half of 2014.

11 FINANCIAL RISK MANAGEMENT

A. FINANCIAL RISK FACTORS

Exposure to financial risks comprising market risks (currency risk and interest rate risk), funding and liquidity risk and counterparty risk arises in the normal course of the Group's business.

During the six months to 30 June 2014, the Group has continued to apply the financial risk management process and policies as detailed in the Group's principal risks and risk management process included in the Annual Report and Accounts 2013.

The interim condensed financial statements do not include all financial risk management information and disclosures required in the annual financial statements and further details can be found in the Annual Report and Accounts 2013.

B. LIQUIDITY RISK

There have been no material changes to the contractual undiscounted cash flows of the Group's liabilities during the six months to 30 June 2014.

C. FAIR VALUE MEASUREMENTS

In accordance with IFRS 7, disclosure is required for financial instruments that are measured in the consolidated statement of financial position at fair value. This requires disclosure of fair value measurements by level for the following fair value measurement hierarchy:

- quoted prices in active markets (level 1);
- inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly (level 2); or
- inputs for the asset or liability that are not based on observable market data (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value:

	Six months to 30 June 2014			Six months to 30 June 2013			Year to 31 December 2013		
	Level 1 £m	**Level 2 £m**	**Total £m**	Level 1 £m	Level 2 £m	Total £m	Level 1 £m	Level 2 £m	Total £m
Assets									
Derivatives used for hedging	**–**	**81.1**	**81.1**	–	166.8	166.8	–	106.2	106.2
Available for sale financial assets	**4.1**	**–**	**4.1**	3.5	–	3.5	9.7	–	9.7
	4.1	**81.1**	**85.2**	3.5	166.8	170.3	9.7	106.2	115.9
Liabilities									
Derivatives used for hedging	**–**	**(25.7)**	**(25.7)**	–	(62.2)	(62.2)	–	(41.4)	(41.4)

Valuation techniques and assumptions applied in determining fair values of each class of asset or liability are consistent with those used as at 31 December 2013 and reflect the current economic environment.

Available for sale financial assets include £2.8m (June 2013 – £1.1m, Dec 2013 – £8.1m) of Greek Government Bonds held by our business in Greece to back warranty liabilities. These bonds are held at fair value. The related mark to market loss for the period was £0.1m (2013 – £nil).

Level 2 hedging derivatives comprise forward foreign exchange contracts and foreign exchange swaps. The fair value of these derivatives represents the difference between the value of the outstanding contracts at their contracted rates and a valuation calculated using the spot rates of exchange prevailing at 30 June 2014. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity-specific estimates.

There have been no transfers between any levels of the fair value hierarchy during the six months ended 30 June 2014.

During the six months ended June 2014, there were no reclassifications of financial assets as a result of a change in the purpose or use of these assets.

The Group's derivative financial instruments comprise the following:

	Assets			Liabilities		
	Six months to 30 Jun 2014 £m	Six months to 30 Jun 2013 £m	Year to 31 Dec 2013 £m	**Six months to 30 Jun 2014 £m**	Six months to 30 Jun 2013 £m	Year to 31 Dec 2013 £m
Cross-currency interest rate swap	**77.3**	120.7	89.8	**–**	–	–
Forward foreign exchange contracts	**3.8**	46.1	16.4	**(25.7)**	(62.2)	(41.4)
	81.1	166.8	106.2	**(25.7)**	(62.2)	(41.4)

12 ASSETS HELD FOR SALE AND DISPOSAL GROUP

	Six months to 30 Jun 2014 £m	Six months to 30 Jun 2013 £m	Year to 31 Dec 2013 £m
Assets directly associated with the disposal group	**–**	–	5.8
Assets held for sale	**9.4**	2.9	2.4
Assets held for sale and disposal group	**9.4**	2.9	8.2
Liabilities directly associated with the disposal group	**–**	–	(4.6)
The assets and liabilities in the disposal group comprise the following:			
Goodwill	**–**	–	0.8
Property, plant & equipment	**–**	–	0.7
Inventories	**–**	–	4.3
Assets directly associated with the disposal group	**–**	–	5.8
Trade and other payables	**–**	–	(4.6)
Liabilities directly associated with the disposal group	**–**	–	(4.6)

As at June 2014, assets held for sale relate to surplus properties located in Europe and the UK, which are being actively marketed with a view to sale.

As at December 2013, the disposal group corresponded to assets and liabilities of a retail centre in Australasia, which was disposed of in March 2014. Assets held for sale related to surplus properties within the UK.

13 RELATED PARTY DISCLOSURES

There have been no material changes to the principal subsidiaries and joint ventures as listed in the Annual Report and Accounts for the year ended 31 December 2013.

All related party transactions arise during the ordinary course of business and are on an arm's length basis.

There were no material transactions or balances between the Group and its key management personnel during the six months to 30 June 2014.

INDEPENDENT REVIEW REPORT TO INCHCAPE PLC

REPORT ON THE CONDENSED INTERIM FINANCIAL STATEMENTS

OUR CONCLUSION
We have reviewed the condensed interim financial statements, defined below, in the Interim Report of Inchcape plc for the six months ended 30 June 2014. Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements are 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 Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

WHAT WE HAVE REVIEWED
The condensed interim financial statements, which are prepared by Inchcape plc, comprise:

- the consolidated statement of financial position as at 30 June 2014;
- the consolidated income statement and statement of comprehensive income for the period then ended;
- the consolidated statement of cash flows for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the condensed interim financial statements.

As disclosed in note 1, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed interim financial statements included in the Interim Report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

WHAT A REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS INVOLVES
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.

We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed interim financial statements.

RESPONSIBILITIES FOR THE CONDENSED INTERIM FINANCIAL STATEMENTS AND THE REVIEW

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS
The Interim Report, including the condensed interim financial statements, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the Company a conclusion on the condensed interim financial statements in the Interim Report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PRICEWATERHOUSECOOPERS LLP
Chartered Accountants
30 July 2014
London

Notes:

(a) The maintenance and integrity of the Inchcape plc website is the responsibility of the Directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the condensed interim financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

INTRODUCTION
The Directors confirm that the condensed interim financial statements in the Interim Report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the European Union and that the Interim Report includes a fair review of the information required by Disclosure and Transparency Rules 4.2.7R and 4.2.8R, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed interim financial statements;
- a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last Annual Report.

The Directors and positions held during the period were as published in the Annual Report and Accounts 2013, except for Coline McConville, who has been appointed as a Non-Executive Director with effect from 1 June 2014. A list of current Directors is maintained on the Inchcape plc website (www.inchcape.com).

On behalf of the Board

ANDRÉ LACROIX
30 July 2014

Group Chief Executive