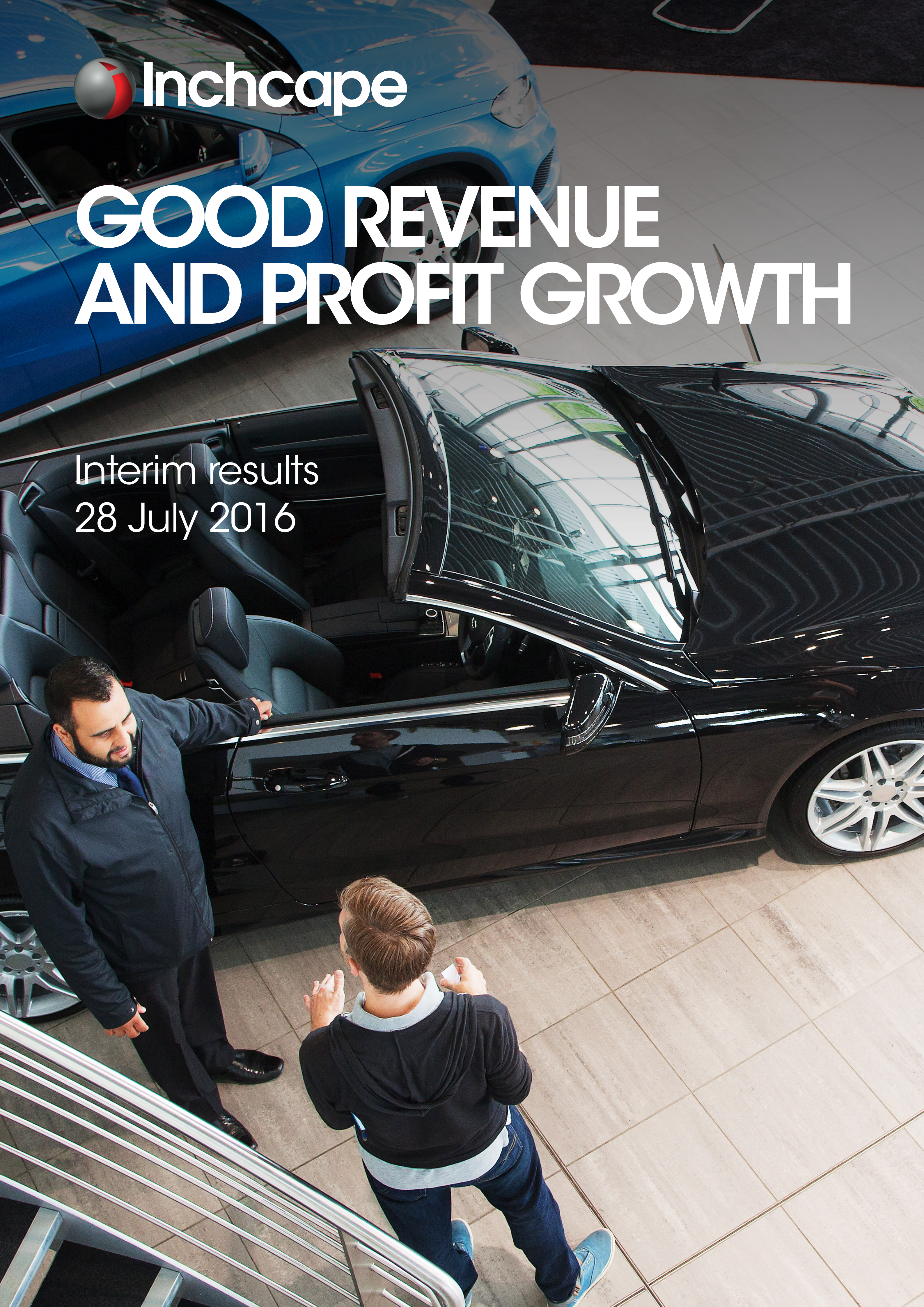
Inchcape

GOOD REVENUE AND PROFIT GROWTH

Interim results
28 July 2016



CONTENTS

Interim Report

Financial statements

Other information

STEFAN BOMHARD
GROUP CHIEF EXECUTIVE

"I am pleased by our performance in the first half of 2016, in which the Group has continued its track record of consistent revenue and profit growth, driving reliable and strong cash generation.

In the first half we have seen positive revenue and profit trends in the majority of our markets. Our South Asia and Emerging Markets regions have benefited from local growth drivers and are particular highlights. I am also pleased by our recent Distribution contract win for Jaguar Land Rover in Thailand, the first new Distribution contract for Inchcape in a new market for many years, as we begin to deliver on our strategic objective of investing to accelerate growth.

Our performance reflects our attractive positioning in the automotive industry. We are predominantly a Distributor, with long-standing relationships with the world's leading OEMs and high barriers to entry. We operate across a diversified set of value drivers in a global portfolio of markets, with the majority of our profit coming from Asia Pacific and Emerging Markets.

The strength of our business is underpinned by our strong balance sheet and disciplined approach to capital allocation, enabling us to support shareholder returns through our progressive dividend policy and share buy backs. We have returned £300m through the buy back over the past three years and have today announced an extension to the programme of up to £100m.

Notwithstanding the difficult trading environment in our North Asia region, the year-on-year movement in the exchange rate between the Japanese yen and the Australian dollar, and increased uncertainty surrounding the outlook for UK demand, we expect to deliver a resilient constant currency performance in 2016.

I remain very excited about the long-term potential of Inchcape as we deliver on our five strategic objectives: leading in customer experience, delivering the full potential from all of our revenue streams, becoming the OEMs' partner of choice, leveraging our scale and investing to accelerate growth."

FIRST HALF HIGHLIGHTS

Inchcape plc, the leading independent multi-brand Distributor and Retailer with global scale, announces its half year results for the six months ended 30 June 2016.

HIGHLIGHTS:

- Good performance across our global portfolio of markets
- Like-for-like constant currency revenue up 9.1%
- Profit before tax up 7.8%
- Distribution contract win for Jaguar Land Rover in Thailand
- New £100m share buy back announced, enabled by strong cash generation and balance sheet

REVENUE

£3.8bn

2015: £3.4bn

OPERATING PROFIT

£169.5m

2015: £159.2m

PROFIT BEFORE TAX

£165.0m

2015: £153.0m

BASIC ADJUSTED EPS

27.6p

2015: 25.4p

DIVIDEND PER SHARE

7.0p

2015: 6.8p

OPERATIONAL REVIEW

PERFORMANCE REVIEW

The Group has delivered further profit growth in the first half of 2016, demonstrating the consistency that comes from a strong set of premium and luxury automotive Distribution and Retail businesses operating across five continents and five value drivers (New vehicle sales, Used vehicle sales, Aftersales servicing, Spare parts, and Finance & Insurance products).

Revenue of £3.8bn in the first half of 2016 was up by 11.2% at actual rates on the previous year and up 9.6% at constant currency, as we benefited from broad based growth across our markets and value drivers.

We generated operating profit of £169.5m, representing growth of 6.5%. Our operating margin decreased 20 bps to 4.5%, reflecting the mix impact of the faster growth rates we saw for New and Used vehicles in the first half relative to high-margin Aftersales.

In the first half of 2016, trading profit in our Distribution segment increased by 3.6% at constant currency and was up by 7.5% in actual currency to £134.3m, with good trading performances in a number of our markets partially offset by a challenging North Asia, where the New Vehicle market declined over 28% in the half.

Our Retail segment delivered a trading profit of £49.4m, up 7.4% in actual currency and 6.7% at constant currency, reflecting profit growth for all of our significant Retail businesses except Russia.

Our controls on cash management remained firmly in place and we ended the first half of the year with a net cash position of £135.6m (2015 H1: £123.1m). Operating cash flow conversion was 79.5% (2015 H1: 86.7%).

Given our first half year performance and our strong financial position, the Board is pleased to declare an interim dividend of 7.0p (2015 H1: 6.8p) representing an increase of 2.9%. In light of the continued 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 further £100m share buy-back programme to be effected over the next 12 months.

PEOPLE

With deep automotive experience, strong operational discipline and an unrelenting focus on delivering outstanding customer service, Inchcape's people are central to our success.

Inchcape UK has been awarded first place in The Sunday Times 25 Best Big Companies to Work For 2016, one of the most highly anticipated surveys in the British business calendar. This represented an improvement of seven places from last year's ranking to claim the winning spot, and the Company's culture of excellent management, employee benefits and small-team feel were all singled out for praise.

In June, the Group Executive Team reviewed the outputs of a global talent study that covered the top 200 roles across the organisation. The discussion covered performance, potential, succession and how we will build capability across the business and within countries.

I would like to express my sincere thanks to colleagues across the Group for their commitment and dedication to the quality of customer experience that we deliver on behalf of our brand partners.

DIVIDEND

Consistent with our dividend policy, the Board has declared an interim dividend of 7.0p. This represents a year-on-year increase of 2.9%. The interim dividend will be paid on 7 September 2016 to shareholders who are on the register at close of business on 5 August 2016. The Dividend Reinvestment Plan (DRIP) is available to ordinary shareholders and the final date for receipt of elections to participate in the DRIP is 16 August 2016.

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. Given the Group's balance sheet strength and strong underlying 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 over the next 12 months. 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

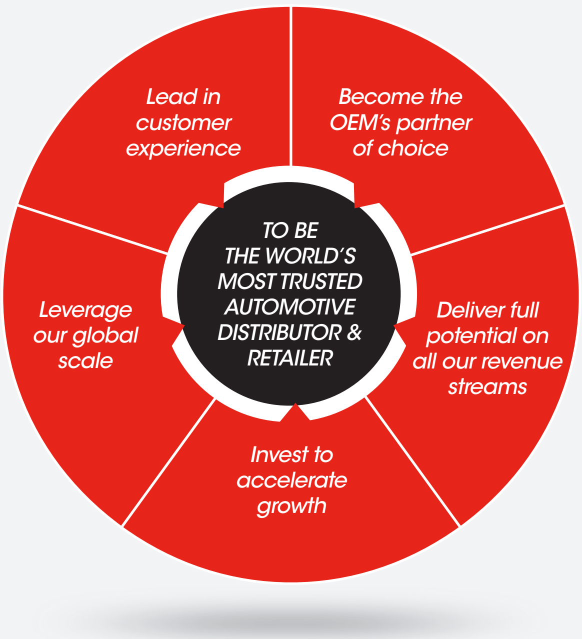
We expect to deliver a resilient constant currency performance in 2016. This reflects the strength of our South Asia and Emerging Market performances as well as the difficult trading environment in our North Asia region, the adverse exchange rate between the Japanese yen and the Australian dollar and uncertain UK demand outlook.

With over three quarters of profits denominated in currencies other than Sterling, our reported actual currency performance will benefit if current exchange rates prevail.

Inchcape is well positioned to drive long-term growth – with supportive drivers at the local level across our diversified portfolio of markets and revenue streams. The Group is committed to delivering on our five strategic objectives. These will enable us to adapt and find opportunities as our industry evolves, while fully leveraging the strategic assets we have from our unique position as the leading independent multi-brand Distributor and Retailer with global scale.

IGNITE STRATEGY

In our 2015 Annual Report, I outlined our new vision and strategy for the future: a unifying vision to be the world's most trusted automotive Distributor and Retailer and a strategy designed to build on our solid foundations that will enable us to fully leverage our strategic assets and drive innovation within an evolving industry. We have set ourselves five strategic objectives:



Lead in Customer Experience

We are seeking to re-assert the customer experience we provide as a clear competitive advantage for Inchcape. In today's 'omnichannel' world, customers expect a 'joined-up' online and offline experience - one where they can navigate seamlessly as they search and explore their options for purchasing a new car, have an enjoyable visit to showroom where they feel truly valued and in control - and then where they can maintain and service their vehicle with an operator that they trust. So we are developing a bespoke approach that leverages data, digital and a human touch to bring our OEM partners' brands to life in a distinctive Inchcape way.

Become the OEMs' Partner of Choice

Our goal is to be recognised by our OEM partners for our consistent delivery of their priorities, for innovative thinking and for generally going 'above and beyond'. We are finding ways to build and strengthen our working relationships with our OEM brand partners by investing even more time in understanding their needs, seeking greater opportunities for collaboration, becoming a consistent strategic business partner and sharing with them our unique insights into customer and industry trends. This approach is already reaping benefits as illustrated by our recent appointment by Jaguar Land Rover as the exclusive importer and distributor of vehicles and parts in Thailand (see Invest to Accelerate Growth below).

Deliver Full Potential on All Our Revenue Streams

With even greater growth being forecast in the total number of cars on the road (the car parc) over the next five years, this workstream is driving a marked elevation in the priority of our value drivers beyond the sale of New cars, to deliver a more balanced profit contribution across our revenue streams in 2016 and in the coming years. Our initial focus is on Retail Service and Parts, specifically on developing a Group-wide best practice toolkit for asset utilisation, upselling and customer retention. In practice, this means increased focus and status for Aftersales at all levels across the organisation, developing the right skills and knowledge, management support and investment and, ultimately, taking our customer value proposition to a new level.

Leverage our Global Scale

It is our intention to leverage the Group's unique diversity and size into a true competitive advantage for Inchcape – being better by sharing ideas, capabilities and people, being faster by acting as a global team to ensure we invent things only once, and being lower-cost by aggregating and outsourcing common and non-core services and systems. We have prioritised four initial opportunities, namely call centres, property, energy and procurement. We intend to exploit our advantage as the only multi-brand distributor and retailer with global presence across five continents while maintaining the strength of our decentralised operations.

Invest to Accelerate Growth

We have a clear plan to work more actively with our OEM partners to identify Distribution and Retail acquisition opportunities that fit their strategic agendas - and create mutual value. We will also selectively invest capital in existing markets to help build scale and market share. We have increased our business development resources to ensure we can do this successfully. In June, we were pleased to announce that we have been appointed as the distributor of Jaguar Land Rover (JLR) vehicles and parts in Thailand. One of the top twenty automotive markets in the world, Thailand has a small but developing premium and luxury car market, providing a good long-term opportunity for growth. Inchcape will initially operate from a single Sales and Aftersales facility in Bangkok which has recently been upgraded to meet JLR specifications. The Group has a long-standing and successful partnership with JLR spanning 46 years. With this new appointment, we now manage a portfolio of Distribution and Retail operations for JLR in eleven markets.

GROUP OVERVIEW

GROUP KEY PERFORMANCE INDICATORS*

	Six months to 30.06.16 £m	Six months to 30.06.15 £m
Sales	**3,756.2**	3,378.4
Like for like sales growth (%)	**10.7**	2.6
Trading profit	**183.7**	170.9
Trading margin (%)	**4.9**	5.1
Cash generated from operations	**134.8**	138.0

	Six months to 30.06.16 £m	Six months to 30.06.15 £m	% change	% change in constant currency
Sales				
– Retail	**2,293.7**	2,056.0	11.6%	11.9%
– Distribution	**1,462.5**	1,322.4	10.6%	6.2%
Trading profit				
– Retail	**49.4**	46.0	7.4%	6.7%
– Distribution	**134.3**	124.9	7.5%	3.6%

	2016 Trading / Operating profit £m	2015 Trading / Operating profit £m
Australasia	**48.2**	42.3
Europe	**10.5**	9.5
North Asia	**27.6**	38.3
South Asia	**33.4**	20.6
United Kingdom	**36.8**	38.5
Emerging Markets	**27.2**	21.7
Trading profit	**183.7**	170.9
Central costs	**(14.2)**	(11.7)
Operating profit	**169.5**	159.2

*At actual exchange rates

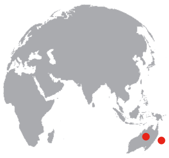
The Group reports its results in the condensed consolidated interim financial statements using actual rates of exchange. The operational review reports results at actual rates of exchange, but to enhance comparability they are also shown in a form that isolates the impact of currency movements from period to period by applying the June 2016 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 and forward looking comments 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 30.06.16 £m	Six months to 30.06.15 £m	% change	% change in constant currency
Sales	**667.9**	618.0	8.1	7.0
Retail	**339.2**	335.7	1.0	–
Distribution	**328.7**	282.3	16.4	15.4
Like for like sales	**665.6**	599.0	11.1	10.0
Retail	**336.9**	316.7	6.4	5.3
Distribution	**328.7**	282.3	16.4	15.4
Trading profit	**48.2**	42.3	13.9	13.0
Retail	**14.1**	12.1	16.5	15.5
Distribution	**34.1**	30.2	12.9	12.0
Trading margin %	**7.2%**	6.8%	0.4ppt	0.4ppt
Retail	**4.2%**	3.6%	0.6ppt	0.6ppt
Distribution	**10.4%**	10.7%	(0.3)ppt	(0.3)ppt

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

Strong trading profit growth of 13.0% was delivered by our total Australasian business, with both Distribution and Retail contributing at similar rates to the growth.

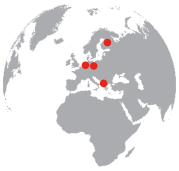
In the first half of 2016 the Australian New Car market grew by 3.4%. Our Subaru Distribution business outperformed with registration growth of 11.1%, gaining 30 bps of market share. Our outperformance was supported by the successful launch of the Subaru 'Do' marketing campaign in the first quarter, generating leads and importantly bringing new customers to the brand, as well as by the Subaru product mix weighting to the SUV segment, which continued to grow ahead of the market.

The decline in the Distribution trading margin of 30 bps reflects the gross margin decrease from New Vehicle revenue growing ahead of higher margin Parts sales. The impact of the Japanese yen and Australian dollar transactional currency pair for our Subaru business was broadly neutral year-on-year in the first half of 2016 post the mitigation actions we have taken. Following the movement in this currency pair the transactional exchange rate will be adverse in the second half of 2016 and we expect this to drive a full year decline in the gross margin of our Distribution business.

Like for like revenue in our Retail segment was up 5.3% year-on-year, driven by the strong performance across our Subaru range and pleasing performances from BMW and Jaguar Land Rover as Premium and Luxury retail brands continued to grow ahead of the market. Reported sales growth includes the impact of exiting less profitable franchises in 2015, the impact of which partially drives the 60 bps year-on-year increase in trading margin. During the second half, we have retail launches for the Jaguar F-Pace, Volkswagen Tiguan and Subaru Levorg tourer.

We expect to deliver a resilient performance in Australasia in 2016.

EUROPE



	Six months to 30.06.16 £m	Six months to 30.06.15 £m	% change	% change in constant currency
Sales	314.9	280.7	12.2	5.7
Retail	54.4	45.6	19.3	12.5
Distribution	260.5	235.1	10.8	4.3
Like for like sales	311.1	277.6	12.1	5.5
Retail	50.6	42.5	19.1	12.1
Distribution	260.5	235.1	10.8	4.3
Trading profit	10.5	9.5	10.5	4.4
Retail	0.9	0.3	200.0	145.5
Distribution	9.6	9.2	4.3	(0.7)
Trading margin %	3.3%	3.4%	(0.1)ppt	(0.1)ppt
Retail	1.7%	0.7%	1.0ppt	1.0ppt
Distribution	3.7%	3.9%	(0.2)ppt	(0.2)ppt

Our Europe segment includes Belgium, Luxembourg, Greece and Finland.

Against a backdrop of New Vehicle market growth in all four countries within the segment we have delivered 4.4% trading profit growth in Europe.

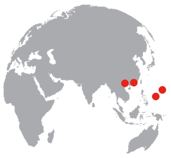
The Greek market was up by 8.3% as it continued to recover from years of decline following a sustained period of macro-economic and political uncertainty. Our Toyota Lexus business in Greece retained its market leadership position, with strong performances by the Yaris, Corolla and Auris models.

In Belgium, the Passenger Car market grew by 7.3% in the first six months of 2016. Petrol vehicles grew quicker than diesel as government taxation increases on diesel engine vehicles and diesel fuel impacted consumer behaviour. Diesel as a percentage of the private vehicle market has declined from 42.0% in the prior half year to 32.0% this year. Our Toyota Lexus business is focused on hybrid and petrol technology and so this trend plays to our long-term benefit.

In our Finnish market, we delivered strong revenue and profit growth. This follows a vehicle taxation reduction announced last year in Finland for all vehicles emitting CO_2 lower than 140 grams per kilometre. The New vehicle market has seen good growth and is up 14.7% to the end of June. This change has benefited our product offering with Mazda, where registrations have grown just over 40% for the first half. In addition, Jaguar volumes grew strongly on the back of the launch of the new F-Pace and XE models.

We expect to deliver a resilient European performance in 2016.

NORTH ASIA



Distribution	Six months to 30.06.16 £m	Six months to 30.06.15 £m	% change	% change in constant currency
Sales	**296.3**	363.2	(18.4)	(23.7)
Like for like sales	**293.0**	363.2	(19.3)	(24.5)
Trading profit	**27.6**	38.3	(27.9)	(32.5)
Trading margin %	**9.3%**	10.5%	(1.2)ppt	(1.2)ppt

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

Hong Kong is our main market in this segment. In the first six months of 2016, consistent with the reduced consumer and corporate confidence, the New Vehicle market declined 28.4%, with similar decreases for Passenger and Commercial Vehicles. The commercial vehicle decrease is against the backdrop of a multi-year government sponsored scrappage scheme, and the phase-out volume for 2016 is, as expected, lower year-on-year.

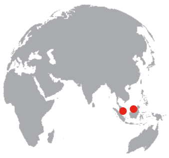
Trading profit decreased 32.5%, with challenging trading conditions in Hong Kong and Macau.

We have retained our strong market share leadership position in Hong Kong and continue to generate high returns from our Aftersales business which covers a large installed base of vehicles across the multiple brands we represent.

Our trading margin declined 120 bps year-on-year, reflecting the like for like revenue decrease of 24.5% and the integrated margins we make on New Vehicles in North Asia as both the Distributor and Retailer.

The long-term fundamentals of our business remain strong, albeit we expect the difficult trading environment of the first half of 2016 to continue for the full year.

SOUTH ASIA



Distribution	Six months to 30.06.16 £m	Six months to 30.06.15 £m	% change	% change in constant currency
Sales	**322.2**	219.4	46.9	40.5
Like for like sales	**321.2**	218.3	47.1	40.8
Trading profit	**33.4**	20.6	62.1	55.0
Trading margin %	**10.4%**	9.4%	1.0ppt	1.0ppt

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

Our largest business in this segment is Singapore where, as expected, the New Vehicle market was up year-on-year by 64.0% as growing de-registrations drive an increase in the quota of available Certificates of Entitlement (COEs) required to register a vehicle.

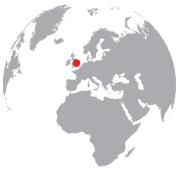
In Brunei, total New vehicle volume declined by 19.7% as the market continues to be impacted by weakness in the economy and the Government's restriction on consumer credit.

We have delivered a very strong overall performance in South Asia, with like for like revenue growth of 40.8% and trading profit growth of 55.0%. Our trading margin expanded by 100 bps driven by the strong flow-through of the additional revenue and gross margin improvement on both Vehicles and Aftersales more than offsetting the mix effect of faster Vehicles growth.

In addition, we have delivered strong Aftersales profit growth as the past two years of growth in New Vehicles is now flowing through as growth in the Car Parc of 1-3 year old vehicles.

We expect to deliver a strong performance in 2016 in South Asia.

UNITED KINGDOM



	Six months to 30.06.16 £m	Six months to 30.06.15 £m	% change	% change in constant currency
Sales	**1,562.1**	1,394.3	12.0	12.0
Retail	**1,534.6**	1,360.2	12.8	12.8
Distribution	**27.5**	34.1	(19.4)	(19.4)
Like for like sales	**1,478.0**	1,348.9	9.6	9.6
Retail	**1,450.5**	1,314.8	10.3	10.3
Distribution	**27.5**	34.1	(19.4)	(19.4)
Trading profit	**36.8**	38.5	(4.4)	(4.4)
Retail	**32.3**	32.0	0.9	0.9
Distribution	**4.5**	6.5	(30.8)	(30.8)
Trading margin %	**2.4%**	2.8%	(0.4)ppt	(0.4)ppt
Retail	**2.1%**	2.4%	(0.3)ppt	(0.3)ppt
Distribution	**16.4%**	19.1%	(2.7)ppt	(2.7)ppt

Our United Kingdom segment contains our UK Retail business and our fleet leasing business, Inchcape Fleet Solutions (IFS), which is reported in Distribution.

The first half of 2016 saw continued market growth, with Inchcape's retail business, focused on premium and luxury brands, grew faster than the market delivering like for like revenue growth of 10.3%. The competitive New Vehicle market led to a decline in our New gross margin.

We are starting to see the results from the increased operational focus on all revenue streams, consistent with our Ignite strategy. We delivered strong revenue growth in our Used Vehicle business and have also seen robust growth in Aftersales hours sold and gross profit delivered.

Our Retail trading margin decline of 30 bps in the first six months of 2016 was driven by three factors beyond the New Vehicle gross margin decline: an increase in IT amortisation costs following the completion of the iPower rollout; higher sites costs following important refurbishments and new sites which are ramping up; as well as investments behind the operational improvements, including new dedicated Used car teams in the majority of our sites. Like for like Retail trading profit growth, adjusting for the site changes, was 200 bps ahead of the reported level at 2.9%.

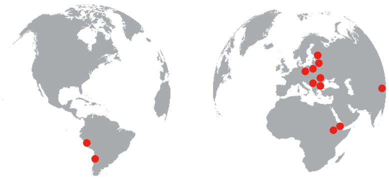
The profit and margin decline in our IFS business was driven by the timing of large contracts renewals and the normalisation in margin following a number of years of strong residuals versus book values post lease expiry.

During the first six months of 2016, we worked in conjunction with Jaguar Land Rover to optimise our footprint, acquiring and disposing of sites ahead of the new combined site format being launched across the UK.

Ahead of the EU referendum, the second quarter New Vehicle market growth rate moderated to 1.0% from 5.1% in the first quarter. We expect this moderation of the New Vehicle market to persist into the second half of 2016. However we anticipate a resilient second half performance for Used Vehicles and Aftersales.

We expect to deliver a resilient performance in the UK in 2016, albeit there is greater uncertainty on consumer demand following the EU referendum.

EMERGING MARKETS



	Six months to 30.06.16 £m	Six months to 30.06.15 £m	% change	% change in constant currency
Sales	**592.8**	502.8	17.9	20.2
Retail	**365.5**	314.5	16.2	21.0
Distribution	**227.3**	188.3	20.7	19.0
Like for like sales	**592.1**	501.2	18.1	20.4
Retail	**365.5**	312.9	16.8	21.6
Distribution	**226.6**	188.3	20.3	18.6
Trading profit	**27.2**	21.7	25.3	22.9
Retail	**2.1**	1.6	31.3	22.2
Distribution	**25.1**	20.1	24.9	23.0
Trading margin %	**4.6%**	4.3%	0.3ppt	0.1ppt
Retail	**0.6%**	0.5%	0.1ppt	–
Distribution	**11.0%**	10.7%	0.3ppt	0.4ppt

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

Overall, like for like sales from our Emerging Markets business have grown very strongly by 20.4%.

Trading profit of £27.2m was up 22.9% versus the first six months of 2015, driven by a strong performance in Africa, but again with broad based profit growth across the portfolio. Trading margin expansion of 10 bps was fuelled by margin expansion in both Vehicles and Aftersales partially offset by the mix impact of faster Vehicle growth and continued overheads investment behind these profitable growth markets.

Our Africa business delivered another strong performance as we continue to drive strong profitable growth in both New Cars and Aftersales in Ethiopia, benefiting from our continued investment in one of the fastest growing economies in the region.

In South America, the luxury New Vehicle markets in Chile and Peru where we operate as the Distributor for BMW saw signs of stabilisation after a number of years of commodity weakness dampening demand.

Our business in Russia delivered a strong like for like revenue performance of 28.3%, with sales of £180.8m for the half year. Lower New Vehicle margins as we cycled against abnormally high margins driven by the Rouble revaluation in the first six months of 2015 drove a small trading loss.

In Poland we delivered another strong six months trading result as we continued to drive performance with our BMW presence.

Our business in China continued to improve trading profit as the facilities continue to mature and gain scale.

Whilst recognising the stronger comparative in the second half of 2016, we expect a strong trading performance for our Emerging Markets in 2016.

FINANCE REVIEW

In addition to the segmental results, detailed below are the financial implications of our operating activities.

CENTRAL COSTS

Unallocated central costs for the half year are £14.2m (2015: £11.7m). Included in these costs is income of £6.5m in relation to the gross amount of the Group's claim for restitution of Advanced Corporation Tax (ACT) paid under the Foreign Income Dividend (FID) regime. This income has offset one-off costs associated with the mobilisation phase of the Group's Ignite strategy and a charge in relation to historic account balances in Chile.

EXCEPTIONAL ITEMS

We have reported no exceptional operating costs in the first half of 2016 (2015: £nil).

NET FINANCING COSTS

Net financing costs have decreased from £6.2m in 2014 to £4.5m in 2016.

TAX

The effective tax rate for the half year, including the impact of Foreign Income Dividend claim receipt (on which tax at 45% has been withheld), is 25.8% compared with 24% for the same period last year.

The underlying effective tax rate for the Group before the impact of the Foreign Income Dividend claim receipt is 25% and this is expected to reflect the underlying rate for the full year.

NON-CONTROLLING INTERESTS

Profits attributable to our non-controlling interests were £3.7m in the first half of 2016 (2015: £3.6m). The Group's non-controlling interests principally comprise a 33% minority holding in UAB Vitvela in Lithuania, a 30% share in NBT Brunei, a 10% share of Subaru Australia and 6% of the Motor Engineering Company of Ethiopia.

FOREIGN CURRENCY

During the period, the Group derived a gain of £5.1m (2015: a gain of £2.4m) from the translation of its overseas profits before tax into Sterling at the 2016 average exchange rate when compared with the average exchange rates used for translation in the first half of 2015.

DIVIDEND

In line with the revised dividend policy announced last year, the Board has declared an interim dividend of 7.0p per share, equivalent to one third of the total dividend paid in 2015. This will be paid on 7 September 2016 to shareholders who are on the register at close of business on 5 August 2016. The Dividend Reinvestment Plan (DRIP) is available to ordinary shareholders and the final date for receipt of elections to participate in the DRIP is 16 August 2016.

PENSIONS

At 30 June 2016, the IAS 19 net post-retirement surplus was £102.0m (31 December 2015: £98.9m). 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 £1.2m (2015: £0.9m).

ACQUISITIONS AND DISPOSALS

During the first six months of 2016 the Group acquired and disposed of sites in the UK in relation to the optimisation of our Jaguar Land Rover footprint ahead of the new combined site format being launched in the UK. The Group also disposed of a site in Australia and finalised the liquidation of a joint venture in Greece. Consideration for the acquisitions was £4.6m and disposal proceeds were £2.0m. There were no acquisitions or disposals in the first six months of 2015.

CAPITAL EXPENDITURE

Net capital expenditure in the first half of the 2016 was £27.4m (2015: £21.7m).

CASHFLOW AND NET DEBT

The Group's operations have continued to deliver strong operational cash flow and at 30 June 2016, the Group had £135.6m of net funds (31 December 2015: £166.4m).

PRINCIPAL BUSINESS RISKS

The Board set out in the Annual Report and Accounts 2015 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 2016. The key risks comprised:

- Loss of distribution contract with major OEM partner;
- Significant retrenchment of credit available to customers, dealer network or Inchcape plc;
- Brand failure globally;
- Major interruption to OEM partner operations or product reputation;
- Major loss of confidential or sensitive data;
- Failure to extract maximum value from acquisition strategy;
- Growth in new routes to market and methods of engaging the customer; and
- Increasing demands from brand partners for direct ownership of data (e.g. connected customer) restricts our ability to drive demand / margin.

When reviewing the principal business risks prior to signing off the 2015 Annual Report and Accounts, the Board concluded that the EU referendum result was not a principal business risk in and of itself, but that any potential impact was largely covered within two specific risks in our Risk Footprint – 1) significant retrenchment of credit available; and 2) changes in legislation directly impact customer demand. Over the coming months, as the impact of the referendum vote becomes clearer, we will review the action plans in place against these risks to determine whether an update is required to our principle Risk Footprint.

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, process, control framework and effective assurance monitoring processes;
- 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

All material transactional foreign exchange exposures are hedged using forward contracts. Counterparties and limits are approved for cash deposits 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.

Further details of the Group's principal risks and risk management process can be found on pages 40-43 of the Annual Report and Accounts 2015.

GOING CONCERN

Having reassessed the principal risks, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the condensed consolidated interim financial statements.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 June 2016

	Notes	**Six months to 30 Jun 2016 £m**	Six months to 30 Jun 2015 £m	Year to 31 Dec 2015 £m
Revenue	2	**3,756.2**	3,378.4	6,836.3
Cost of sales		**(3,230.9)**	(2,894.9)	(5,847.5)
Gross profit		**525.3**	483.5	988.8
Net operating expenses		**(355.8)**	(324.3)	(713.6)
Operating profit	2	**169.5**	159.2	275.2
Operating profit before exceptional items		**169.5**	159.2	324.7
Exceptional items	3	**–**	–	(49.5)
Share of profit after tax of joint ventures and associates		**–**	–	0.7
Profit before finance and tax	2	**169.5**	159.2	275.9
Finance income	4	**8.6**	6.3	14.4
Finance costs	5	**(13.1)**	(12.5)	(27.7)
Profit before tax		**165.0**	153.0	262.6
Tax	6	**(42.6)**	(36.7)	(79.7)
Tax before exceptional tax	6	**(42.6)**	(36.7)	(74.9)
Exceptional tax	3, 6	**–**	–	(4.8)
Profit for the period		**122.4**	116.3	182.9
Profit attributable to:				
– Owners of the parent		**118.7**	112.7	175.8
– Non-controlling interests		**3.7**	3.6	7.1
		122.4	116.3	182.9
Basic earnings per share (pence)	7	**27.6p**	25.4p	39.8p
Diluted earnings per share (pence)	7	**27.2p**	25.0p	39.4p

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2016

	Six months to 30 Jun 2016 £m	Six months to 30 Jun 2015 £m	Year to 31 Dec 2015 £m
Profit for the period	**122.4**	116.3	182.9
Other comprehensive income / (loss):			
Items that will not be reclassified to the consolidated income statement			
Defined benefit pension scheme remeasurements	**3.8**	(3.7)	(26.8)
Current tax recognised in consolidated statement of comprehensive income	**1.4**	–	–
Deferred tax recognised in consolidated statement of comprehensive income	**(1.1)**	0.9	1.2
	4.1	(2.8)	(25.6)
Items that may be reclassified subsequently to the consolidated income statement			
Cash flow hedges	**(5.5)**	21.1	25.9
Effect of foreign exchange rate changes	**147.1**	(33.7)	(49.9)
Deferred tax recognised in consolidated statement of comprehensive income	**1.8**	(6.3)	(7.7)
	143.4	(18.9)	(31.7)
Other comprehensive income / (loss) for the period, net of tax	**147.5**	(21.7)	(57.3)
Total comprehensive income for the period	**269.9**	94.6	125.6
Total comprehensive income attributable to:			
– Owners of the parent	**263.7**	91.1	117.7
– Non-controlling interests	**6.2**	3.5	7.9
	269.9	94.6	125.6

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2016

	Notes	As at 30 Jun 2016 £m	As at 30 Jun 2015 £m	As at 31 Dec 2015 £m
Non-current assets				
Intangible assets		**434.1**	470.7	418.4
Property, plant and equipment		**702.5**	655.2	644.0
Investments in joint ventures and associates		**4.4**	8.4	5.3
Available for sale financial assets	11	**1.4**	1.2	1.2
Derivative financial instruments	11	**–**	1.8	–
Trade and other receivables		**48.7**	44.0	47.2
Deferred tax assets		**15.9**	20.8	18.7
Retirement benefit asset		**139.9**	145.7	124.3
		1,346.9	1,347.8	1,259.1
Current assets				
Inventories		**1,284.9**	1,096.7	1,224.4
Trade and other receivables		**395.0**	365.4	327.8
Available for sale financial assets	11	**0.2**	0.2	0.2
Derivative financial instruments	11	**211.2**	98.1	134.5
Current tax assets		**7.2**	6.4	4.0
Cash and cash equivalents	9b	**458.1**	450.2	473.8
		2,356.6	2,017.0	2,164.7
Assets held for sale and disposal group	12	**1.2**	7.0	4.5
		2,357.8	2,024.0	2,169.2
Total assets		**3,704.7**	3,371.8	3,428.3
Current liabilities				
Trade and other payables		**(1,636.3)**	(1,464.9)	(1,566.1)
Derivative financial instruments	11	**(16.1)**	(4.3)	(3.6)
Current tax liabilities		**(65.2)**	(60.3)	(70.7)
Provisions		**(18.1)**	(24.9)	(22.7)
Borrowings	9b	**(310.3)**	(121.7)	(103.3)
		(2,046.0)	(1,676.1)	(1,766.4)
Non-current liabilities				
Trade and other payables		**(15.9)**	(11.6)	(12.8)
Provisions		**(29.5)**	(23.5)	(26.5)
Deferred tax liabilities		**(43.0)**	(44.7)	(43.8)
Borrowings	9b	**(151.4)**	(298.0)	(311.5)
Retirement benefit liability		**(37.9)**	(29.5)	(25.4)
		(277.7)	(407.3)	(420.0)
Total liabilities		**(2,323.7)**	(2,083.4)	(2,186.4)
Net assets		**1,381.0**	1,288.4	1,241.9
Equity				
Share capital	8	**43.0**	44.4	43.8
Share premium	8	**146.7**	146.7	146.7
Capital redemption reserve		**137.6**	136.2	136.8
Other reserves		**(74.2)**	(201.4)	(215.1)
Retained earnings		**1,105.3**	1,138.6	1,106.8
Equity attributable to owners of the parent		**1,358.4**	1,264.5	1,219.0
Non-controlling interests		**22.6**	23.9	22.9
Total equity		**1,381.0**	1,288.4	1,241.9

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2016

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	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 2015		45.0	146.7	135.6	(182.6)	1,148.2	1,292.9	25.2	1,318.1
Profit for the period ended 30 June 2015		–	–	–	–	112.7	112.7	3.6	116.3
Other comprehensive (loss) / income for the period ended 30 June 2015		–	–	–	(18.8)	(2.8)	(21.6)	(0.1)	(21.7)
Total comprehensive income / (loss) for the period ended 30 June 2015		–	–	–	(18.8)	109.9	91.1	3.5	94.6
Share-based payments, net of tax		–	–	–	–	4.5	4.5	–	4.5
Share buy back programme		(0.6)	–	0.6	–	(50.0)	(50.0)	–	(50.0)
Net purchase of own shares by the Inchcape Employee Trust		–	–	–	–	(12.9)	(12.9)	–	(12.9)
Dividends:									
– Owners of the parent	8b	–	–	–	–	(61.1)	(61.1)	–	(61.1)
– Non-controlling interests		–	–	–	–	–	–	(4.8)	(4.8)
At 30 June 2015		44.4	146.7	136.2	(201.4)	1,138.6	1,264.5	23.9	1,288.4
At 1 January 2015		45.0	146.7	135.6	(182.6)	1,148.2	1,292.9	25.2	1,318.1
Profit for the year		–	–	–	–	175.8	175.8	7.1	182.9
Other comprehensive (loss) / income for the year		–	–	–	(32.5)	(25.6)	(58.1)	0.8	(57.3)
Total comprehensive income / (loss) for the year		–	–	–	(32.5)	150.2	117.7	7.9	125.6
Share-based payments, net of tax		–	–	–	–	9.8	9.8	–	9.8
Share buy back programme		(1.2)	–	1.2	–	(91.4)	(91.4)	–	(91.4)
Net purchase of own shares by the Inchcape Employee Trust		–	–	–	–	(18.9)	(18.9)	–	(18.9)
Dividends:									
– Owners of the parent	8b	–	–	–	–	(91.1)	(91.1)	–	(91.1)
– Non-controlling interests		–	–	–	–	–	–	(10.2)	(10.2)
At 1 January 2016		**43.8**	**146.7**	**136.8**	**(215.1)**	**1,106.8**	**1,219.0**	**22.9**	**1,241.9**
Profit for the period ended 30 June 2016		**–**	**–**	**–**	**–**	**118.7**	**118.7**	**3.7**	**122.4**
Other comprehensive income for the period ended 30 June 2016		**–**	**–**	**–**	**140.9**	**4.1**	**145.0**	**2.5**	**147.5**
Total comprehensive income for the period ended 30 June 2016		**–**	**–**	**–**	**140.9**	**122.8**	**263.7**	**6.2**	**269.9**
Share-based payments, net of tax		**–**	**–**	**–**	**–**	**4.6**	**4.6**	**–**	**4.6**
Share buy back programme		**(0.8)**	**–**	**0.8**	**–**	**(59.3)**	**(59.3)**	**–**	**(59.3)**
Net purchase of own shares by the Inchcape Employee Trust		**–**	**–**	**–**	**–**	**(9.3)**	**(9.3)**	**–**	**(9.3)**
Dividends:									
– Owners of the parent	8b	**–**	**–**	**–**	**–**	**(60.3)**	**(60.3)**	**–**	**(60.3)**
– Non-controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**(6.5)**	**(6.5)**
At 30 June 2016		**43.0**	**146.7**	**137.6**	**(74.2)**	**1,105.3**	**1,358.4**	**22.6**	**1,381.0**

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

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 June 2016

	Notes	Six months to 30 Jun 2016 £m	Six months to 30 Jun 2015 £m	Year to 31 Dec 2015 £m
Cash generated from operating activities				
Cash generated from operations	9a	**134.8**	138.0	328.4
Tax paid		**(52.5)**	(39.0)	(69.6)
Interest received		**6.0**	3.9	10.1
Interest paid		**(11.2)**	(11.6)	(27.5)
Net cash generated from operating activities		**77.1**	91.3	241.4
Cash flows from investing activities				
Acquisition of businesses, net of cash and overdrafts acquired	10	**(4.6)**	–	(5.1)
Net cash inflow from sale of businesses	10	**2.0**	–	5.4
Purchase of property, plant and equipment		**(24.2)**	(15.8)	(50.2)
Purchase of intangible assets		**(8.4)**	(9.2)	(19.0)
Proceeds from disposal of property, plant and equipment		**5.2**	3.3	15.6
Net cash used in investing activities		**(30.0)**	(21.7)	(53.3)
Cash flows from financing activities				
Share buy back programme	8a	**(59.3)**	(50.0)	(91.4)
Net purchase of own shares by the Inchcape Employee Trust		**(9.3)**	(12.9)	(18.9)
Net cash inflow from borrowings	9b	**26.6**	3.7	3.7
Payment of capital element of finance leases	9b	**(0.8)**	(0.5)	(0.5)
Equity dividends paid	8b	**(60.3)**	(61.1)	(91.1)
Dividends paid to non-controlling interests		**(6.5)**	(4.8)	(10.2)
Net cash from financing activities		**(109.6)**	(125.6)	(208.4)
Net decrease in cash and cash equivalents	9b	**(62.5)**	(56.0)	(20.3)
Cash and cash equivalents at beginning of the period		**375.3**	416.8	416.8
Effect of foreign exchange rate changes		**58.2**	(28.2)	(21.2)
Cash and cash equivalents at end of the period		**371.0**	332.6	375.3
Cash and cash equivalents consist of:				
– Cash at bank and in hand		**359.4**	342.0	335.3
– Short term bank deposits		**98.7**	108.2	138.5
– Bank overdrafts		**(87.1)**	(117.6)	(98.5)
		371.0	332.6	375.3

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

NOTES (UNAUDITED)

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The condensed consolidated interim financial statements for the period ended 30 June 2016 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 consolidated interim financial statements should be read in conjunction with the Annual Report and Accounts 2015, 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 consolidated interim financial statements are unaudited, but have been reviewed by the external auditors. The condensed consolidated 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 2015 were approved by the Board of Directors on 14 March 2016 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 consolidated interim financial statements on pages 14 to 27 were approved by the Board of Directors on 27 July 2016.

Significant accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those of the Group's Annual Report and Accounts 2015 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 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 2017:

- IAS 7, 'Amendment to IAS 7, Cash flow statements'
- IAS 12, 'Amendment to IAS 12, Income taxes'
- IAS 27, 'Amendment to IAS 27, Separate financial statements'
- IFRS 2, 'Amendment to IFRS 2, Share-based payment'
- IFRS 9, 'Financial instruments'
- IFRS 15, 'Revenue from contracts with customers'
- IFRS 16, 'Leases'.

Management are currently reviewing the new standards to assess the impact that they may have on the Group's reported performance and financial position.

The principal exchange rates used for translation purposes are as follows:

	Average rates			Period end rates		
	30 Jun 2016	30 Jun 2015	31 Dec 2015	**30 Jun 2016**	30 Jun 2015	31 Dec 2015
Australian dollar	**1.94**	1.96	2.04	**1.79**	2.04	2.02
Euro	**1.29**	1.37	1.38	**1.20**	1.41	1.36
Hong Kong dollar	**11.08**	11.84	11.85	**10.33**	12.19	11.42
Singapore dollar	**1.97**	2.06	2.10	**1.79**	2.12	2.09
Russian rouble	**99.28**	89.19	93.72	**85.19**	86.85	107.30

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 2016	Australasia £m	Europe £m	North Asia £m	South Asia £m	United Kingdom £m	Emerging Markets £m	Total Distribution £m
Revenue from third parties	**328.7**	**260.5**	**296.3**	**322.2**	**27.5**	**227.3**	**1,462.5**
Results							
Segment result	**34.1**	**9.6**	**27.6**	**33.4**	**4.5**	**25.1**	**134.3**
Operating exceptional items	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Operating profit / (loss) after exceptional items	**34.1**	**9.6**	**27.6**	**33.4**	**4.5**	**25.1**	**134.3**
Share of profit after tax of joint ventures and associates	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Profit / (loss) before finance and tax	**34.1**	**9.6**	**27.6**	**33.4**	**4.5**	**25.1**	**134.3**

	Distribution						
Six months to 30 June 2015	Australasia £m	Europe £m	North Asia £m	South Asia £m	United Kingdom £m	Emerging Markets £m	Total Distribution £m
Revenue from third parties	282.3	235.1	363.2	219.4	34.1	188.3	1,322.4
Results							
Segment result	30.2	9.2	38.3	20.6	6.5	20.1	124.9
Operating exceptional items	–	–	–	–	–	–	–
Operating profit / (loss) after exceptional items	30.2	9.2	38.3	20.6	6.5	20.1	124.9
Share of profit after tax of joint ventures and associates	–	–	–	–	–	–	–
Profit / (loss) before finance and tax	30.2	9.2	38.3	20.6	6.5	20.1	124.9

	Distribution						
Year to 31 December 2015	Australasia £m	Europe £m	North Asia £m	South Asia £m	United Kingdom £m	Emerging Markets £m	Total Distribution £m
Revenue from third parties	577.7	453.1	746.2	500.0	62.8	434.6	2,774.4
Results							
Segment result	67.0	17.9	80.0	51.9	11.4	48.7	276.9
Operating exceptional items	–	–	–	–	–	–	–
Operating profit / (loss) after exceptional items	67.0	17.9	80.0	51.9	11.4	48.7	276.9
Share of profit after tax of joint ventures and associates	–	0.7	–	–	–	–	0.7
Profit / (loss) before finance and tax	67.0	18.6	80.0	51.9	11.4	48.7	277.6

2 SEGMENTAL ANALYSIS CONTINUED

Six months to 30 June 2016	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	**339.2**	**54.4**	**1,534.6**	**365.5**	**2,293.7**	**3,756.2**	**–**	**3,756.2**
Results								
Segment result	**14.1**	**0.9**	**32.3**	**2.1**	**49.4**	**183.7**	**(14.2)**	**169.5**
Operating exceptional items	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Operating profit / (loss) after exceptional items	**14.1**	**0.9**	**32.3**	**2.1**	**49.4**	**183.7**	**(14.2)**	**169.5**
Share of profit after tax of joint ventures and associates	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Profit / (loss) before finance and tax	**14.1**	**0.9**	**32.3**	**2.1**	**49.4**	**183.7**	**(14.2)**	**169.5**

Net finance costs of £4.5m are not allocated to individual segments.

Six months to 30 June 2015	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	335.7	45.6	1,360.2	314.5	2,056.0	3,378.4	–	3,378.4
Results								
Segment result	12.1	0.3	32.0	1.6	46.0	170.9	(11.7)	159.2
Operating exceptional items	–	–	–	–	–	–	–	–
Operating profit / (loss) after exceptional items	12.1	0.3	32.0	1.6	46.0	170.9	(11.7)	159.2
Share of profit after tax of joint ventures and associates	–	–	–	–	–	–	–	–
Profit / (loss) before finance and tax	12.1	0.3	32.0	1.6	46.0	170.9	(11.7)	159.2

Net finance costs of £6.2m are not allocated to individual segments.

Year to 31 December 2015	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	642.2	88.0	2,662.4	669.3	4,061.9	6,836.3	–	6,836.3
Results								
Segment result	23.6	–	52.0	2.2	77.8	354.7	(30.0)	324.7
Operating exceptional items	–	–	–	(49.5)	(49.5)	(49.5)	–	(49.5)
Operating profit / (loss) after exceptional items	23.6	–	52.0	(47.3)	28.3	305.2	(30.0)	275.2
Share of profit after tax of joint ventures and associates	–	–	–	–	–	0.7	–	0.7
Profit / (loss) before finance and tax	23.6	–	52.0	(47.3)	28.3	305.9	(30.0)	275.9

Net finance costs of £13.3m are not allocated to individual segments.

3 EXCEPTIONAL ITEMS

	Six months to 30 Jun 2016 £m	Six months to 30 Jun 2015 £m	Year to 31 Dec 2015 £m
Goodwill impairment	**–**	–	(49.5)
Total exceptional items before tax	**–**	–	(49.5)
Exceptional tax	**–**	–	(4.8)
Total exceptional items	**–**	–	(54.3)

4 FINANCE INCOME

	Six months to 30 Jun 2016 £m	Six months to 30 Jun 2015 £m	Year to 31 Dec 2015 £m
Bank and other interest receivable	**2.4**	1.5	3.1
Net interest income on post-retirement plan assets and liabilities	**2.2**	2.2	4.2
Other finance income	**4.0**	2.6	7.1
Total finance income	**8.6**	6.3	14.4

5 FINANCE COSTS

	Six months to 30 Jun 2016 £m	Six months to 30 Jun 2015 £m	Year to 31 Dec 2015 £m
Interest payable on bank borrowings	**1.3**	0.7	1.7
Interest payable on Private Placement	**1.5**	1.5	3.1
Interest payable on other borrowings	**0.1**	0.1	0.3
Fair value adjustment on Private Placement	**(31.8)**	(7.6)	6.4
Fair value loss / (gain) on cross-currency interest rate swaps	**31.7**	7.5	(7.3)
Stock holding interest	**9.0**	9.3	18.4
Other finance costs	**1.3**	1.0	5.1
Total finance costs	**13.1**	12.5	27.7

6 INCOME TAX

		Six months to 30 Jun 2016 £m	Six months to 30 Jun 2015 £m	Year to 31 Dec 2015 £m
Current tax	– UK	**5.8**	4.0	6.2
	– Overseas	**35.9**	30.8	73.1
Adjustments to prior year liabilities	– UK	**(0.1)**	–	–
	– Overseas	**(0.7)**	(1.5)	(0.6)
Current tax		**40.9**	33.3	78.7
Deferred tax		**1.7**	3.4	(3.8)
Tax before exceptional tax		**42.6**	36.7	74.9
Exceptional tax – deferred tax (note 3)		**–**	–	4.8
Total tax		**42.6**	36.7	79.7

The taxation charge for the six months ended 30 June 2016 is based on an estimated full year underlying effective tax rate of 25% (2015 – 24% before exceptional items) and the tax impact relating to the Foreign Income Dividend claim receipt. The actual effective tax rate for the period including the impact of the Foreign Income Dividend claim receipt is 25.8%.

6 INCOME TAX CONTINUED

Franked Investment Income Group Litigation Order

The Group remains a participant in an action in the United Kingdom against HM Revenue and Customs (HMRC) in the Franked Investment Income Group Litigation Order (FII GLO). The action concerns the treatment for UK corporate tax purposes of profits earned overseas and distributed to the UK. The next stage of the test case was heard at the Court of Appeal between 16 and 30 June 2016. The outcome of the hearing, and the impact the EU Referendum might have on the case, remains uncertain.

During the period, the Group received a payment from HMRC in relation to the Foreign Income Dividend element of the claim. The award under the summary judgment was £6.5m and this has been reported within net operating expenses. The net payment received was £3.6m after tax at 45%. This net payment is subject to refund if HMRC were granted leave to appeal and that appeal was successful. HMRC sought leave to appeal as part of the June 2016 hearings in the test case.

7 EARNINGS PER SHARE

	Six months to 30 Jun 2016 £m	Six months to 30 Jun 2015 £m	Year to 31 Dec 2015 £m
Profit for the period	**122.4**	116.3	182.9
Non-controlling interests	**(3.7)**	(3.6)	(7.1)
Basic earnings	**118.7**	112.7	175.8
Exceptional items	**–**	–	54.3
Adjusted earnings	**118.7**	112.7	230.1
Basic earnings per share	**27.6p**	25.4p	39.8p
Diluted earnings per share	**27.2p**	25.0p	39.4p
Basic Adjusted earnings per share	**27.6p**	25.4p	52.1p
Diluted Adjusted earnings per share	**27.2p**	25.0p	51.6p

	Six months to 30 Jun 2016 number	Six months to 30 Jun 2015 number	Year to 31 Dec 2015 number
Weighted average number of fully paid ordinary shares in issue during the period	**431,767,646**	444,866,222	442,230,291
Weighted average number of fully paid ordinary shares in issue during the period:			
– Held by the Inchcape Employee Trust	**(1,306,439)**	(810,948)	(753,647)
Weighted average number of fully paid ordinary shares for the purposes of basic EPS	**430,461,207**	444,055,274	441,476,644
Dilutive effect of potential ordinary shares	**5,604,600**	7,328,259	4,468,252
Adjusted weighted average number of fully paid ordinary shares in issue during the period for the purposes of diluted EPS	**436,065,807**	451,383,533	445,944,896

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 Inchcape Employee Trust and repurchased as part of the share buy back programme.

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.

Basic 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 Inchcape Employee Trust and repurchased as part of the share buy back programme.

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

During the period, the Group issued £nil (June 2015 - £nil, Dec 2015 - £nil) of ordinary shares exercised under the Group's share option schemes.

Share buy back programme

During the six months ended 30 June 2016, the Company repurchased 8,393,550 of its own shares (June 2015 – 6,439,197, Dec 2015 – 11,931,693) through purchases on the London Stock Exchange, at a cost of £58.4m (June 2015 – £49.7m, Dec 2015 – £90.8m). 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 2015 – £0.6m, Dec 2015 – £1.2m), equivalent to the nominal value of the cancelled shares, has been transferred to the capital redemption reserve. Costs of £0.9m (June 2015 – £0.3m, Dec 2015 – £0.6m) associated with the transfer to the Group of the repurchased shares and their subsequent cancellation have been charged to retained earnings.

B. DIVIDENDS

The following dividends were paid by the Group:

	Six months to 30 Jun 2016 £m	Six months to 30 Jun 2015 £m	Year to 31 Dec 2015 £m
Final dividend for the year ended 31 December 2015 of 14.1p per share (2014 – 13.8p per share)	**60.3**	61.1	61.1
Interim dividend for the six months ended 30 June 2015 of 6.8p per share (2014 – 6.3p per share)	**–**	–	30.0
	60.3	61.1	91.1

An interim dividend of 7.0p per share (£30.0m) for the period ending 30 June 2016 was approved by the Board on 27 July 2016 and will be paid on Friday 7 September 2016 to shareholders who are on the register at close of business on Friday 5 August 2016. The Dividend Reinvestment Plan (DRIP) is available to ordinary shareholders and the final date for receipt of elections to participate in the DRIP is 16 August 2016.

9 NOTES TO THE STATEMENT OF CASH FLOWS

A. RECONCILIATION OF CASH GENERATED FROM OPERATIONS

	Six months to 30 Jun 2016 £m	Six months to 30 Jun 2015 £m	Year to 31 Dec 2015 £m
Cash flows from operating activities			
Operating profit	**169.5**	159.2	275.2
Operating exceptional items	**–**	–	49.5
Amortisation of intangible assets	**7.5**	6.9	14.0
Depreciation of property, plant and equipment	**18.7**	17.1	34.5
Profit on disposal of property, plant and equipment	**(0.1)**	(0.2)	(2.1)
Share-based payments charge	**5.4**	4.5	9.6
Decrease / (increase) in inventories	**36.1**	(124.3)	(246.5)
Increase in trade and other receivables	**(31.5)**	(105.5)	(68.5)
(Decrease) / increase in trade and other payables	**(67.4)**	184.6	282.2
Decrease in provisions	**(7.5)**	(3.6)	(4.2)
Pension contributions less than the pension charge for the period*	**0.6**	0.6	2.7
Decrease / (increase) in interest in leased vehicles	**3.0**	(2.3)	(12.3)
Other non-cash items	**0.5**	1.0	(5.7)
Cash generated from operations	**134.8**	138.0	328.4

* Includes additional payments of £1.2m (June 2015 – £0.9m).

9 NOTES TO THE STATEMENT OF CASH FLOWS CONTINUED

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

	Six months to 30 Jun 2016 £m	Six months to 30 Jun 2015 £m	Year to 31 Dec 2015 £m
Net decrease in cash and cash equivalents	**(62.5)**	(56.0)	(20.3)
Net cash inflow from borrowings and lease financing	**(25.8)**	(3.2)	(3.2)
Change in net cash and debt resulting from cash flows	**(88.3)**	(59.2)	(23.5)
Effect of foreign exchange rate changes on net cash and debt	**57.4**	(28.0)	(21.2)
Net movement in fair value	**0.1**	0.1	0.9
Movement in net funds	**(30.8)**	(87.1)	(43.8)
Opening net funds	**166.4**	210.2	210.2
Closing net funds	**135.6**	123.1	166.4

Net funds is analysed as follows:

	Six months to 30 Jun 2016 £m	Six months to 30 Jun 2015 £m	Year to 31 Dec 2015 £m
Cash at bank and in hand	**359.4**	342.0	335.3
Short term bank deposits	**98.7**	108.2	138.5
Bank overdrafts	**(87.1)**	(117.6)	(98.5)
Cash and cash equivalents	**371.0**	332.6	375.3
Bank loans	**(371.5)**	(298.3)	(312.6)
Finance leases	**(3.1)**	(3.8)	(3.7)
	(3.6)	30.5	59.0
Fair value of cross-currency interest rate swap	**139.2**	92.6	107.4
Net funds	**135.6**	123.1	166.4

10 ACQUISITIONS AND DISPOSALS

During the period ended 30 June 2016, the Group acquired and disposed of sites in the UK in relation to the optimisation of our Jaguar Land Rover footprint ahead of the new combined site format being launched in the UK. The Group also disposed of a site in Australia and finalised the liquidation of a joint venture in Greece. Consideration for the acquisitions was £4.6m and disposal proceeds were £2.0m.

There were no acquisitions or disposals in the period ended 30 June 2015.

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 2016, 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 2015.

The condensed consolidated interim 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 2015.

11 FINANCIAL RISK MANAGEMENT CONTINUED

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 2016.

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 2016			Six months to 30 June 2015			Year to 31 December 2015		
	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	–	211.2	211.2	–	99.9	99.9	–	134.5	134.5
Available for sale financial assets	1.6	–	1.6	1.4	–	1.4	1.4	–	1.4
	1.6	211.2	212.8	1.4	99.9	101.3	1.4	134.5	135.9
Liabilities									
Derivatives used for hedging	–	(16.1)	(16.1)	–	(4.3)	(4.3)	–	(3.6)	(3.6)

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 2015 and reflect the current economic environment.

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 2016. 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 2016.

During the six months ended 30 June 2016, there were no reclassifications of financial assets as a result of a change in the purpose or use of these assets.

Management considers the carrying amount of trade and other receivables and trade and other payables to approximate to their fair value.

The Group's derivative financial instruments comprise the following:

	Assets			Liabilities		
	Six months to 30 Jun 2016 £m	Six months to 30 Jun 2015 £m	Year to 31 Dec 2015 £m	Six months to 30 Jun 2016 £m	Six months to 30 Jun 2015 £m	Year to 31 Dec 2015 £m
Cross-currency interest rate swap	139.2	92.6	107.4	–	–	–
Forward foreign exchange contracts	72.0	7.3	27.1	(16.1)	(4.3)	(3.6)
	211.2	99.9	134.5	(16.1)	(4.3)	(3.6)

12 ASSETS HELD FOR SALE AND DISPOSAL GROUP

	Six months to 30 Jun 2016 £m	Six months to 30 Jun 2015 £m	Year to 31 Dec 2015 £m
Assets directly associated with the disposal group	**–**	–	–
Assets held for sale	**1.2**	7.0	4.5
Assets held for sale and disposal group	**1.2**	7.0	4.5
Liabilities directly associated with the disposal group	**–**	–	–

As at 30 June 2016, the assets held for sale relate to a property in Australia which is being actively marketed with a view to sale.

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 2015.

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 2016.

INDEPENDENT REVIEW REPORT TO INCHCAPE PLC

REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Our conclusion

We have reviewed the condensed consolidated interim financial statements, defined below, in the Interim Report of Inchcape plc for the six months ended 30 June 2016. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated 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 consolidated interim financial statements, which are prepared by Inchcape plc, comprise:

- the consolidated statement of financial position as at 30 June 2016;
- the consolidated income statement and consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated interim financial statements.

RESPONSIBILITIES FOR THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND THE REVIEW

Our responsibilities and those of the directors

The Interim Report, including the condensed consolidated 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 consolidated 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
27 July 2016
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, the auditors accept no responsibility for any changes that may have occurred to the 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 consolidated 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 consolidated 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 2015, except for Richard Howes, who has been appointed as Chief Financial Officer with effect from 11 April 2016 and Rachel Empey who was appointed as a Non-Executive Director on 26 May 2016. A list of current Directors is maintained on the Inchcape plc website (www.inchcape.com).

On behalf of the Board

STEFAN BOMHARD

27 July 2016

Group Chief Executive