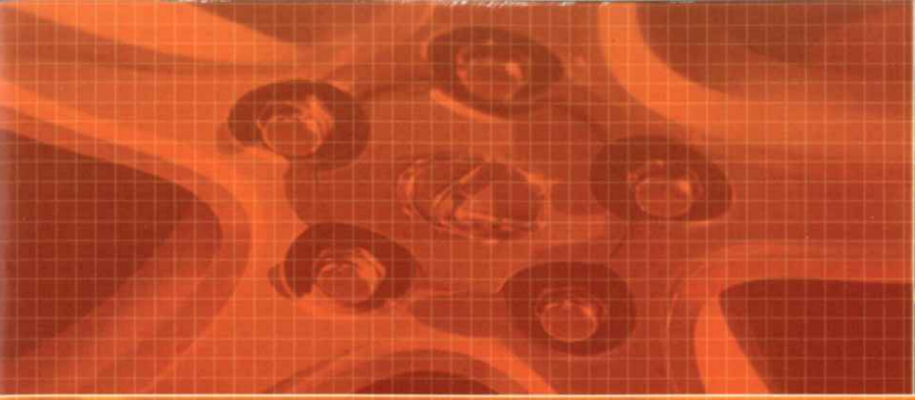


Inchcape

Interim Report 2002

the international automotive services group

Inchcape, as an international automotive services group, provides quality representation for its manufacturer partners, a choice of channels to market and products for its retail customers and a range of business services for its corporate customers. Operating primarily in the UK, Greece, Belgium, Australia, Hong Kong and Singapore, its key partners are Toyota, Subaru, Ferrari, Jaguar and Land Rover. Inchcape's activities include exclusive Import, Distribution and Retail, Business Services, automotive E-commerce and Financial Services.

KEY FINANCIAL HIGHLIGHTS

- Continuing operating profit up 10.8%*
- Profit before taxation up 6.9%*
- Earnings per share up 25.9%*
- Dividends per share up 13.6%
- Net debt £17.2m
- Gearing 4.5%

*Before goodwill amortisation and exceptional items

OPERATING PROFIT BREAKDOWN*

UK	15.0%
GREECE/BELGIUM	19.6%
AUSTRALIA/NEW ZEALAND	15.2%
HONG KONG	26.2%
SINGAPORE/BRUNEI	15.9%
OTHER	8.1%

*Before Central Costs

CONTENTS

These impressive first half results demonstrate the benefits of focusing the Group on scale businesses in six core markets and on key manufacturer relationships.

SIR JOHN EGAN, CHAIRMAN

These impressive first half results demonstrate the benefits of focusing the Group on scale businesses in six core markets and on key manufacturer relationships.

Profits have increased in all of our core markets with the exception of Hong Kong, which has returned to more normal levels, as expected, following the end of the taxi replacement cycle.

Headline profit before tax in the first six months grew by 6.9% to £57.0m, whilst Headline earnings per share grew 25.9% from 40.6p to 51.1p.

We recently purchased the minority shareholding in Inchcape Motors Limited (IML), which was quoted on the Singaporean Stock Exchange. The offer became unconditional on 2 May 2002 and the company was de-listed on 3 July 2002. This resulted in a cash outflow in the first half of £62.7m. The transaction will be earnings enhancing, with this benefit becoming apparent in the second half.

A further major investment is our Subaru Retail project in Melbourne. By investing £12.7m in facilities, Inchcape will shortly become the sole retailer of Subaru vehicles in Melbourne. The flagship site, Subaru Docklands, opened in May 2002 and by the end of the year we will be operating from seven sites selling over 6,000 new and used cars per annum.

Whilst no further disposals were made in this period there are still certain non-core businesses to be sold within our portfolio. Proceeds should exceed £25.0m whilst the impact on operating profit is likely to be minimal.

We intend to use the strength of the balance sheet to continue to invest in the development of Inchcape as a leading automotive services group. If available funds are not applied for investment purposes, the Board has consistently said that it will make additional returns of capital to shareholders. Given our stated strategic intentions, a further return of capital is not currently considered appropriate. However, our shareholder value driven approach is kept under regular review.

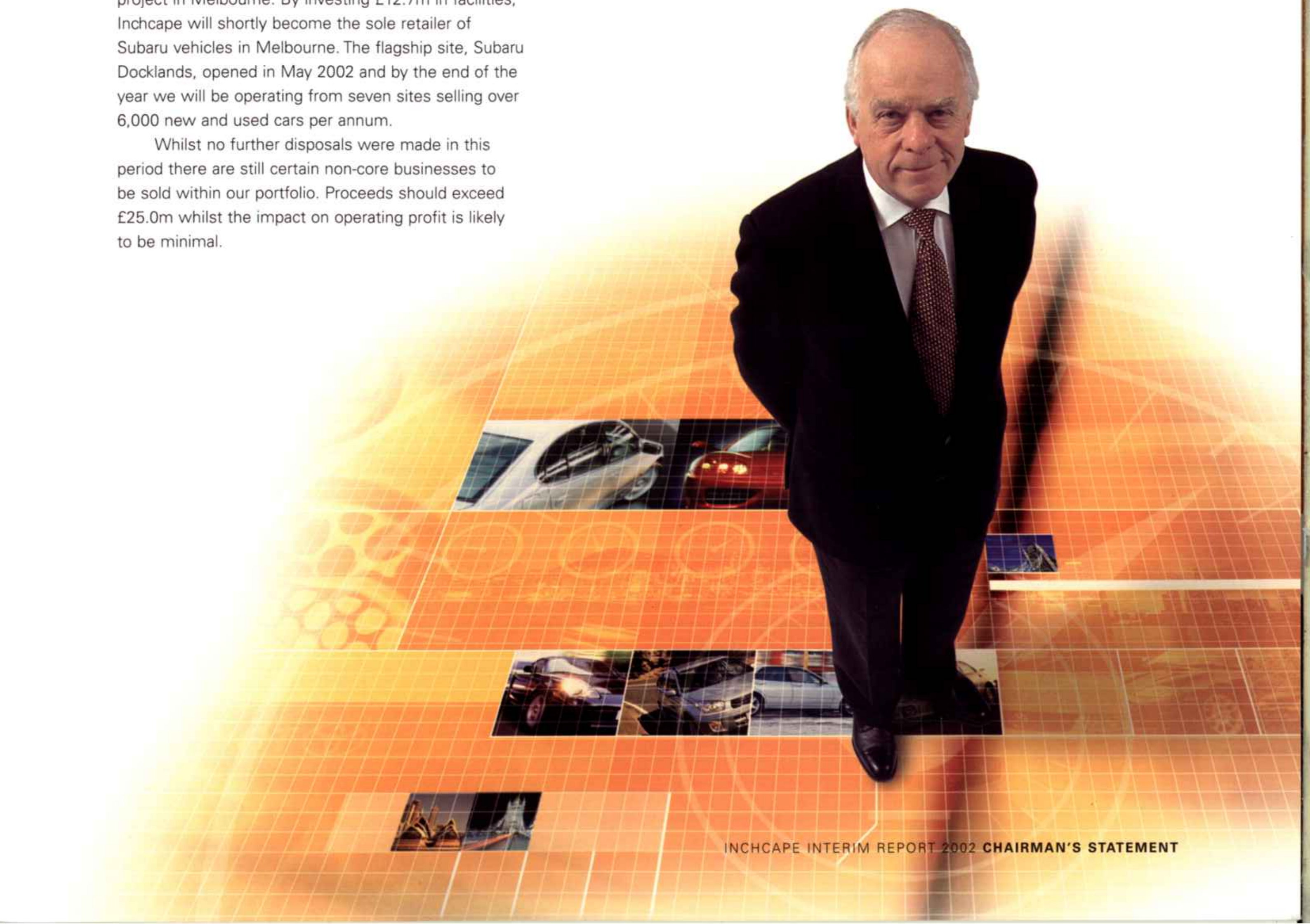
OPERATING REVIEW CONTINUING BUSINESSES

Continuing operating profit before goodwill amortisation and exceptional items increased by 10.8% to £59.5m.

UNITED KINGDOM

Operating Profit £9.8m 2002, £9.1m 2001

The acquisition of the Bates Motors Group Ltd in



September last year has been a major contributory factor in the 19.4% increase in Retail profits over the first half of 2001. Profits from other acquisitions, which were made as we expanded with our key OEM partners (BMW, Toyota/Lexus, Audi, Mercedes-Benz and the Premier Automotive Group (PAG) of Ford), have offset the impact of businesses sold as we improved the quality of our portfolio.

Results from our Leasing business were disappointing in this period, and steps are being taken to reduce the cost base of this business.

In Business Services, Eurofleet profits suffered from margin pressure due to higher costs, such as insurance, and additional overheads resulting from a number of strategic initiatives in progress. The focus is to broaden the revenue base of Eurofleet by entering new market segments through innovative services such as 'Inspect and Collect', which allows leasing companies to accurately bill their customers for damage done to their vehicles.

Our start up businesses, Inchcape Fleet Management and AutoCascade, started trading in January 2002. Performance is in line with expectations but additional contracts will be required to ensure that an appropriate return is generated from the investments made.

As forecast, losses in Autobytel UK fell significantly in the period. In addition income received from Autobytel.com, relating mainly to previous periods, helped our results. A new contract was signed with Autobytel.com in the period, extending our agreement to use their name through to 2027.

Our new venture, AA Buyacar, incurred start up losses as expected and is progressing satisfactorily.

Profits at Ferrari were impacted by product supply constraints, which are expected to ease in the second half. Maserati helped mitigate the impact of this as returns improved following the launch of the new Coupe and Spyder convertible.

GREECE/BELGIUM

Operating Profit £12.8m 2002, £5.8m 2001

In Greece, despite the market being down 7.4%, profits increased. The new Corolla has been well received but supply constraints have held back first half volumes. Our ancillary businesses in Greece continue to perform well and our results have benefited from the closure of the loss making daily rental business. Our Balkans businesses were profitable compared to the start up losses incurred last year.

The market in Belgium was down 1.7% despite this being a Brussels Motor Show year. However, Toyota's volumes grew by 38.0% increasing our market share to 5.2%. This is due to the success of the new Corolla and, importantly, the new diesel variants in a number of key models allowing Toyota to increase its diesel market share in the passenger car market from 2.1% to 4.1%. This, allied to an improved supply of RAV4, has resulted in an impressive operating profit performance.

AUSTRALIA/NEW ZEALAND

Operating Profit £9.9m 2002, £8.2m 2001

Our Australian business had an excellent first half, with Subaru continuing to perform well in terms of market share and profitability, helped by the strengthening of the Australian dollar in the first six months. Sydney Retail continues its improved performance whilst Subaru Melbourne started trading in May 2002, incurring start up losses in the first half. The initial reaction to the new flagship site and retailing concept is extremely encouraging.

INCHCAPE OPENS SUBARU FLAGSHIP SITE IN MELBOURNE

In May 2002 our Subaru Australia business opened its new flagship site, recognised as the largest Subaru dealership in the world.

The 22,000 square metre site in Melbourne, a city that represents some 20.0% of the Australian market, has superb access and visibility in this recently regenerated Docklands area. Much of the site is devoted to exciting driving related activities designed to demonstrate Subaru's unique All-Wheel Drive appeal.

The centre also acts as the national headquarters of STi (Subaru Tecnica International), a dedicated showroom and service centre for Impreza WRX customers, as well as being home to the extremely successful Australian Subaru rally team.

Much is expected from this substantial new business, which will sell over 6,000 new and used cars per annum.

The market in Belgium was down 1.7%. However, Toyota's volumes grew by 38.0% increasing our market share to 5.2%. This is due to the success of the new Corolla and, importantly, the new diesel variants in a number of key models allowing Toyota to increase its diesel market share from 2.1% to 4.1%. This, allied to an improved supply of RAV4, has resulted in an impressive operating profit performance.

HONG KONG

Operating Profit £17.1m 2002, £26.5m 2001

Profits fell as expected as a result of the much reduced taxi market (down from 6,122 units to 1,453 units). As previously announced the Hong Kong taxi fleet is being changed from diesel to Liquefied Petroleum Gas (LPG). This process started in the second half of 2000 and is substantially complete (over 86.1% of the fleet has been changed). This has condensed a six-year replacement cycle into less than three years and generated a high level of profit in the first half of last year.

Our Toyota business performed well in the passenger car market increasing market share and margins, despite the underlying market continuing to be weak. Aftersales continues to be a strong performer across all franchises.

The performance of the Mazda franchise is expected to improve from the second half onwards when new models, such as the Mazda 6, start to arrive.

SINGAPORE/BRUNEI

Operating Profit £10.4m 2002, £8.5m 2001

The market in Singapore is down 19.5% on the first half of last year reflecting the lower levels of Certificates of Entitlement (COE) issued from May 2001 to May 2002. The market for the rest of the year should be broadly similar to last year.

Despite this, volumes have increased in the first half as Toyota regained market leadership with a 26.9% share, up from 20.9% last year. This allied to increased margins, as COE prices fell, drove profits higher.

In Brunei profits rose. Here as well, Toyota remains market leader and the market continues to grow strongly following the reduction in import duties late last year.

OTHER

Operating Profit £5.3m 2002, £1.6m 2001

Operating profit in our Toyota business in Ethiopia rose and the results of Mazda Finland, which is now trading at break-even, were much better than last year. A £2.5m provision was made against our investment in Autobytel.com in 2001.

CENTRAL COSTS

£5.8m 2002, £6.0m 2001

The fall in Central Costs reflects the continuing focus on reducing the level of spend in this area.

DISCONTINUED BUSINESSES

Losses of £0.2m arose from discontinued businesses in this period. The comparative figure for last year, a profit of £2.1m, includes IRB and Mazda France.

FINANCIAL REVIEW
NEW ACCOUNTING STANDARDS

The Group has adopted FRS 19 "Deferred Tax". This has resulted in a change in the method of accounting for deferred tax from a partial to a full provision basis. The tax charge is £0.4m lower for the first six months than it would have been under SSAP 15, the previous standard.

A prior period adjustment of £4.2m has been made to net assets to reflect the impact of this standard on the period before 1 January 2002. The comparatives in the profit and loss account and balance sheet have been restated accordingly.

As reported in the Annual Report & Accounts 2001, the Group is following the transitional arrangements of FRS 17 "Retirement Benefits".

INCHCAPE BUYS OUT IML

Inchcape announced in May 2002 that the voluntary conditional cash offer to buy out the minority holding in its quoted Singaporean subsidiary, Inchcape Motors Limited (IML), had been declared unconditional.

IML is the national importer and retailer for Toyota, Lexus and Suzuki automobiles in Singapore, and for Toyota and Lexus in Brunei.

ACQUISITIONS AND DISPOSALS

On 2 May 2002 the Group announced that its offer to acquire the minority shareholding (c. 36.7%) of Inchcape Motors Limited (IML), its Singaporean listed subsidiary, was unconditional. The purchase price, including estimated costs, was £63.0m and goodwill of £16.7m has arisen on the acquisition. This goodwill will be amortised over its expected economic life of 20 years. The net assets held by IML at the acquisition date included £88.4m of cash or cash equivalents.

In June 2002 the Group signed an agreement with Mercedes-Benz to represent their brand in Oxford, Stratford-upon-Avon, Coventry and Banbury. The Group will invest some £10.0m in this market area and £5.7m of this was spent in July 2002. The balance of the investment will be made during the next 12 months.

There were no disposals of significance in this period. A number of transactions were treated as exceptional items, although none exceeded £1.0m. The total of exceptional items was nil.

CASH FLOW, INTEREST AND FINANCING

Net cash outflow for this period was £34.7m resulting in net debt of £17.2m at 30 June 2002. Cash outflow relating to the IML minority purchase was £62.7m. The Group also spent £34.0m during the first half on capital expenditure, however the spend net of disposals was only £10.3m. A decrease in working capital within the Group generated cash of £3.1m in this period. This was primarily due to a reduction in stock levels compared to last year.

The Group net interest charge of £2.3m is lower than 2001 (£2.5m). However our subsidiary charge of £2.3m (2001 – £1.5m) is higher due in part to the acquisition of the Bates Group and Eurofleet. There is no interest charge in this period for associates and joint ventures. This is due to the acquisition in the second half of 2001 of the remaining shares in Eurofleet, previously a 49.0% associate, and the sale of the Mazda UK Import and Distribution business by MCL Group Ltd, our 40.0% owned associate, last year.

Maturing US loan notes totalling $72.0m were repaid on 31 May 2002. The Group's principal committed facility, a £200.0m committed standby credit facility with a maturity date of March 2003, was refinanced. On 30 July 2002 a five-year £250.0m committed revolving credit facility was put in place with a syndicate of banks.

EXCHANGE EFFECTS

The £3.7m increase in Headline profit before tax is after a reduction of £0.2m, arising from using average exchange rates for 2002 compared to those for 2001. This reduction was caused by depreciation in the values of the Singapore dollar and Hong Kong dollar, which was partially offset by a strengthening of the Australian dollar. Principal exchange rates are listed in Note 3 of the Notes to the Accounts. The Group continues to operate a policy of hedging transactions and, where appropriate, pre-transaction exposures.

TAX

The Headline tax rate, before goodwill amortisation, exceptional items and FRS 19 was 27.7% for the half-year. By adopting FRS 19 the rate fell to 27.0%. This is some 2.4% lower than the equivalent rate for the full year 2001. This is due, in the main, to lower unrelieved losses in the UK and is despite a deterioration in the mix as a result of reduced profits from Hong Kong, a low tax jurisdiction.

INCHCAPE WINS SHAREHOLDER VALUE AWARD

In June 2002 Inchcape was awarded the 'European Automotive Shareholder Value Award' by PricewaterhouseCoopers in conjunction with Automotive News Europe.

The award recognises the highest total shareholder return for automotive vehicle retail distributors over a three-year period and is determined by the PricewaterhouseCoopers' European Shareholder Value Indices. The indices take into account the rises and falls in a company's share price, dividends, share buy backs and new share issues, and provide an objective and reliable measure of shareholder value for stock market listed companies.

Inchcape won, not only, the retail distributors' award but was also the top performing share out of all categories, which included European based car manufacturers, component suppliers and vehicle retailers.

The Block Exemption reforms offer considerable opportunities to Inchcape giving us greater control over the shape of our retail investments, a choice on whether we provide sales, service or a combination of both and greater security of tenure. We will also now be able to leverage our new channels to market more effectively.

MINORITY INTERESTS

Profit attributable to minorities has decreased from £5.0m in the first half of 2001 to £2.7m during the first half of 2002. However 2001 included a £1.5m exceptional profit on the sale of IRB.

DIVIDEND

The Board has declared an interim dividend of 10.0p (2001 – 8.8p) representing a 13.6% increase. The interim dividend payment will be made to shareholders on the register at 16 August 2002 and will be paid on 16 September 2002.

PROSPECTS

The market trends, which are evident for the first half, look set to continue throughout the year.

Our operations in the UK will again show improvement.

Our growth in Greece/Belgium will continue though at a much lower level, than in the first half, as the impact of the launch of the Corolla and the Brussels Motor Show diminishes.

Compared to the second half of last year, a strong performance is expected from Australia aided by Subaru Melbourne.

In Hong Kong the decline from the inflated levels of last year will continue but at a much reduced rate as the impact of the reduction in taxi sales decreases.

In Singapore trading looks set to remain at a similar level to the first half.

LOOKING AHEAD

The Group's trading performance and balance sheet strength mean that we are very well positioned to take advantage of investment opportunities that should arise in the Group's chosen areas of strategic development.

The main focus in the short to medium-term remains the UK market where we intend to continue expansion of our specialist Retail business and Business Services operations. In specialist Retail the Group is examining a number of potential opportunities for investment, which have been identified, particularly with PAG (predominately Jaguar and Land Rover). In Business Services many initiatives are underway to broaden our service offering.

The revised Block Exemption legislation comes into effect on 1 October 2002 and will expire on 31 May 2010. There is a transition period of 12 months to allow the industry to meet the new conditions.

The reforms offer considerable opportunities to Inchcape giving us greater control over the shape of our retail investments, a choice on whether we provide sales, service or a combination of both and greater security of tenure. We will also now be able to leverage our new channels to market more effectively.

Our trading performance is impressive, cash generation from our operations is strong and a number of strategic initiatives are being undertaken. I anticipate further progress throughout the remainder of the year as we continue to develop the Inchcape Group as a broadly based automotive services company.

John Egan

SIR JOHN EGAN
5 AUGUST 2002

INCHCAPE AWARDED MERCEDES-BENZ UK TERRITORY

An agreement was signed in June 2002 with Mercedes-Benz to represent the marque in Oxford, Stratford-upon-Avon, Coventry and Banbury.

In a reorganisation of its UK network, Mercedes-Benz has introduced a Market Area Concept (MAC), whereby a number of selected partners will represent the brand in 'super' territories up to six times larger than a conventional dealership territory.

Inchcape will invest some £10.0m in the market area, in addition to its existing investment in Coventry.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS ENDED 30 JUNE 2002

	Six months to 30.6.02 £m	Six months to 30.6.01 £m	Year to 31.12.01 restated £m
Turnover including share of joint ventures and associates	**1,816.5**	1,755.4	3,319.5
Less:			
– share of joint ventures	**(18.2)**	(24.6)	(41.4)
– share of associates	**(43.3)**	(92.4)	(165.1)
Group subsidiaries' turnover	**1,755.0**	1,638.4	3,113.0
Operating profit before goodwill amortisation	**54.1**	46.8	88.2
Share of profits of joint ventures	**5.0**	6.9	11.7
Share of profits of associates	**0.2**	2.1	3.7
Total operating profit before goodwill amortisation	**59.3**	55.8	103.6
Goodwill amortisation	**(2.7)**	(0.8)	(1.8)
Total operating profit after goodwill amortisation	**56.6**	55.0	101.8
Net profit (loss) on disposal of properties and investments	**0.1**	(1.8)	(0.6)
Net (loss) including provisions on sale and termination of operations	**(0.1)**	(7.1)	(36.3)
Profit on ordinary activities before net interest	**56.6**	46.1	64.9
Net interest:			
Subsidiaries	**(2.3)**	(1.5)	(2.5)
Share of joint ventures	**–**	–	(0.1)
Share of associates	**–**	(1.0)	(1.3)
	(2.3)	(2.5)	(3.9)
Profit on ordinary activities before taxation	**54.3**	43.6	61.0
Tax on profit on ordinary activities	**(15.4)**	(15.9)	(29.3)
Profit on ordinary activities after taxation	**38.9**	27.7	31.7
Minority interests	**(2.7)**	(5.0)	(8.3)
Profit for the financial period	**36.2**	22.7	23.4
Dividends	**(7.5)**	(5.6)	(19.5)
Retained profit for the financial period	**28.7**	17.1	3.9
Headline (before goodwill amortisation and exceptional items):			
– profit before tax (£m)	**57.0**	53.3	99.7
– earnings per share (pence)	**51.1p**	40.6p	79.7p
Basic earnings per share (pence)	**47.6p**	27.2p	29.3p
Diluted earnings per share (pence)	**46.9p**	27.1p	29.0p

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE SIX MONTHS ENDED 30 JUNE 2002

	Six months to 30.6.02 £m	Six months to 30.6.01 £m	Year to 31.12.01 restated £m
Profit for the financial period	**36.2**	22.7	23.4
Effect of foreign exchange rate changes:			
– results for the period	**(0.8)**	1.0	(1.0)
– foreign currency net investments	**(2.4)**	3.7	(3.2)
Unrealised deficit on impairment of revalued properties	**–**	–	(0.2)
Total recognised gains relating to the period	**33.0**	27.4	19.0
Prior period adjustment (note 4)	**(4.2)**		
Total recognised gains since last annual report	**28.8**		

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

FOR THE SIX MONTHS ENDED 30 JUNE 2002

	Six months to 30.6.02 £m	Six months to 30.6.01 restated £m	Year to 31.12.01 restated £m
Profit for the financial period	**36.2**	22.7	23.4
Dividends	**(7.5)**	(5.6)	(19.5)
	28.7	17.1	3.9
Effect of foreign exchange rate changes	**(3.2)**	4.7	(4.2)
Goodwill on disposals previously written off	**–**	9.0	36.7
Deficit on impairment of revalued properties	**–**	–	(0.2)
Shares issued during the year under share option schemes	**0.3**	–	0.2
Shares purchased	**–**	(45.3)	(45.3)
Net change in shareholders' funds	**25.8**	(14.5)	(8.9)
Opening balance (2001 – originally £365.3m before deducting prior period adjustment of £3.7m, note 4)	**352.7**	361.6	361.6
Closing balance	**378.5**	347.1	352.7

SUMMARISED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2002

	As at 30.6.02 £m	As at 30.6.01 restated £m	As at 31.12.01 restated £m
Fixed assets:			
Intangible assets	**90.6**	3.4	76.2
Tangible assets	**262.3**	243.1	251.1
Investments:			
– joint ventures: share of gross assets	**400.8**	472.8	443.2
share of gross liabilities	**(351.4)**	(423.5)	(393.7)
share of net assets	**49.4**	49.3	49.5
– associates	**26.0**	41.5	29.0
– other investments	**7.0**	4.0	4.0
	435.3	341.3	409.8
Current assets:			
Stocks	**465.7**	461.3	519.7
Debtors	**228.0**	216.6	214.2
Investments	**10.6**	14.2	14.2
Cash at bank and in hand	**119.5**	191.2	123.0
	823.8	883.3	871.1
Creditors – amounts falling due within one year:			
Borrowings	**(134.8)**	(61.4)	(83.1)
Other	**(539.4)**	(543.5)	(582.7)
	(674.2)	(604.9)	(665.8)
Net current assets	**149.6**	278.4	205.3
Total assets less current liabilities	**584.9**	619.7	615.1
Creditors – amounts falling due after more than one year:			
Borrowings	**(1.9)**	(44.5)	(22.4)
Other	**(87.5)**	(61.2)	(81.6)
	(89.4)	(105.7)	(104.0)
Provisions for liabilities and charges	**(111.4)**	(119.1)	(112.5)
Net assets	**384.1**	394.9	398.6
Equity shareholders' funds	**378.5**	347.1	352.7
Minority interests	**5.6**	47.8	45.9
	384.1	394.9	398.6

RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	Six months to 30.6.02 £m	Six months to 30.6.01 £m	Year to 31.12.01 £m
Operating profit before goodwill amortisation	**54.1**	46.8	88.2
Depreciation	**13.1**	13.2	26.6
Loss (profit) on sale of tangible fixed assets other than property	**0.5**	–	(0.4)
Decrease in working capital	**3.1**	91.2	64.9
Payments in respect of termination of operations	**(0.6)**	(1.5)	(2.2)
Other items	**(2.0)**	6.6	11.4
Net cash inflow from operating activities	**68.2**	156.3	188.5

CONSOLIDATED CASH FLOW STATEMENT

Net cash inflow from operating activities	**68.2**	156.3	188.5
Dividends from joint ventures	**3.2**	4.5	7.2
Dividends from associates	**3.4**	2.8	3.5
Returns on investments and servicing of finance	**(4.3)**	(4.0)	(6.7)
Taxation	**(14.6)**	(11.5)	(28.4)
Capital expenditure and financial investment	**(10.3)**	(14.4)	(17.6)
	45.6	133.7	146.5
Acquisitions and disposals	**(66.5)**	17.6	6.6
Equity dividends paid	**(13.8)**	(11.7)	(18.4)
Net cash (outflow) inflow before use of liquid resources and financing	**(34.7)**	139.6	134.7
Net cash inflow (outflow) from the management of liquid resources	**1.0**	(14.9)	53.5
Net cash inflow (outflow) from financing	**22.0**	(105.6)	(169.3)
Net (decrease) increase in cash	**(11.7)**	19.1	18.9

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS AND DEBT

Net (decrease) increase in cash	**(11.7)**	19.1	18.9
Net cash (inflow) outflow from decrease in debt and lease financing	**(21.7)**	60.4	124.2
Net cash (inflow) outflow from the management of liquid resources	**(1.0)**	14.9	(53.5)
Change in net debt and funds resulting from cash flows	**(34.4)**	94.4	89.6
Effect of foreign exchange rate changes on net (debt) cash	**(0.1)**	2.8	(4.6)
Net loans and finance leases relating to acquisitions and disposals	**(0.2)**	70.6	13.0
Liquid resources of subsidiaries sold	**–**	(13.4)	(11.4)
Movement in net (debt) funds	**(34.7)**	154.4	86.6
Opening net funds (debt)	**17.5**	(69.1)	(69.1)
Closing net (debt) funds	**(17.2)**	85.3	17.5

1 SEGMENTAL ANALYSIS

	Group turnover plus share of joint ventures and associates			Total operating profit before goodwill amortisation		
By geographical market:	**Six months to 30.6.02 £m**	Six months to 30.6.01 £m	Year to 31.12.01 £m	**Six months to 30.6.02 £m**	Six months to 30.6.01 £m	Year to 31.12.01 £m
UK	**647.9**	556.3	1,074.2	**9.8**	9.1	14.8
Greece/Belgium	**381.4**	313.2	601.7	**12.8**	5.8	13.1
Australia/New Zealand	**234.8**	207.8	417.0	**9.9**	8.2	13.1
Hong Kong	**162.9**	244.8	440.5	**17.1**	26.5	49.0
Singapore/Brunei	**251.3**	230.3	427.5	**10.4**	8.5	19.2
Other	**137.7**	129.8	267.4	**5.3**	1.6	5.8
	1,816.0	1,682.2	3,228.3	**65.3**	59.7	115.0
Central costs	**–**	–	–	**(5.8)**	(6.0)	(14.9)
Continuing	**1,816.0**	1,682.2	3,228.3	**59.5**	53.7	100.1
Discontinued	**0.5**	73.2	91.2	**(0.2)**	2.1	3.5
	1,816.5	1,755.4	3,319.5	**59.3**	55.8	103.6

By activity:						
Import, Distribution & Retail	**1,305.0**	1,269.8	2,418.6	**52.0**	50.3	96.8
UK Retail	**454.8**	350.5	711.7	**8.0**	6.7	12.5
Financial Services	**55.2**	61.6	97.2	**5.9**	7.3	12.4
E-commerce	**1.0**	0.3	0.8	**(0.6)**	(4.6)	(6.7)
	1,816.0	1,682.2	3,228.3	**65.3**	59.7	115.0
Central costs	**–**	–	–	**(5.8)**	(6.0)	(14.9)
Continuing	**1,816.0**	1,682.2	3,228.3	**59.5**	53.7	100.1
Discontinued	**0.5**	73.2	91.2	**(0.2)**	2.1	3.5
	1,816.5	1,755.4	3,319.5	**59.3**	55.8	103.6

2 ANALYSIS OF TURNOVER AND TOTAL OPERATING PROFIT BEFORE GOODWILL AMORTISATION

	Turnover			Total operating profit before goodwill amortisation		
	Six months to 30.6.02 £m	Six months to 30.6.01 £m	Year to 31.12.01 £m	**Six months to 30.6.02 £m**	Six months to 30.6.01 £m	Year to 31.12.01 £m
Continuing:						
The Company and its subsidiaries	**1,754.9**	1,568.5	3,026.5	**54.2**	44.8	84.7
Joint ventures	**18.2**	24.0	40.8	**5.0**	6.8	11.6
Associates	**42.9**	89.7	161.0	**0.3**	2.1	3.8
Continuing	**1,816.0**	1,682.2	3,228.3	**59.5**	53.7	100.1
Discontinued:						
The Company and its subsidiaries	**0.1**	69.9	86.5	**(0.1)**	2.0	3.5
Joint ventures	**–**	0.6	0.6	**–**	0.1	0.1
Associates	**0.4**	2.7	4.1	**(0.1)**	–	(0.1)
Discontinued	**0.5**	73.2	91.2	**(0.2)**	2.1	3.5
	1,816.5	1,755.4	3,319.5	**59.3**	55.8	103.6

3 BASIS OF PRESENTATION

The results for the periods to 30 June have been prepared using the discrete period approach (i.e. considering them as accounting periods in isolation). The Headline tax charge is based on the effective tax rates estimated for the full year in the Group's major countries of operation being applied to the actual profits for the first half.

These unaudited interim financial statements do not constitute statutory accounts and have been prepared on the basis of the accounting policies set out in the Annual Report & Accounts 2001, except that FRS 19 "Deferred Tax" has been adopted for the first time in these financial statements. This has resulted in a change in the method of accounting for deferred tax from a partial to a full provision basis (note 4).

The results for the year ended 31 December 2001 have been abridged from the Group's published financial statements, which have been reported on by the Group's auditors and filed with the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under S237 (2) or (3) of the Companies Act 1985.

The major exchange rates applied are as follows:

	Average rates			Period end rates		
	30.6.02	30.6.01	31.12.01	**30.6.02**	30.6.01	31.12.01
Australian dollar	**2.71**	2.78	2.80	**2.72**	2.77	2.84
Euro	**1.61**	1.61	1.61	**1.54**	1.66	1.63
Hong Kong dollar	**11.27**	11.23	11.22	**11.89**	10.97	11.35
Singapore dollar	**2.63**	2.57	2.58	**2.69**	2.56	2.69

4 PRIOR PERIOD ADJUSTMENT

The adoption of FRS 19 "Deferred Tax" has resulted in a change in the method of accounting for deferred tax, from a partial to a full provision basis. This change in accounting policy has been reflected in the accounts as a prior period adjustment in accordance with FRS 3 "Reporting Financial Performance" and has required both the profit and loss account and balance sheet comparatives to be restated. As a result, equity shareholders' funds at 30 June 2001 and 31 December 2001 have decreased by £3.7m and £4.3m respectively, and the minority interest share of net assets has increased by £0.1m at 30 June 2001 and 31 December 2001. The comparative taxation charge for the six months ended 30 June 2001 is unchanged, and there is an increase of £0.6m in the comparative taxation charge for the year ended 31 December 2001.

5 EXCEPTIONAL ITEMS

	Six months to 30.6.02 £m	Six months to 30.6.01 £m	Year to 31.12.01 £m
Net profit (loss) on disposal of properties and investments	**0.1**	(1.8)	(0.6)
Net (loss) profit including provisions on sale and termination of operations:			
– MCL – UK (2001 goodwill written off £24.5m)	**–**	–	(24.5)
– Seaking Automotive Ltd (2001 includes goodwill written off £5.3m)	**–**	(7.8)	(7.9)
– UK Retail dealerships (2001 includes goodwill written off £5.8m)	**–**	(4.0)	(6.7)
– IRB Finance Berhad	**–**	3.9	3.9
– Other	**(0.1)**	0.8	(1.1)
	(0.1)	(7.1)	(36.3)
Total exceptional items	**–**	(8.9)	(36.9)

During 2002 a number of transactions have been treated as exceptional items, none of which exceeds £1.0m.

6 EARNINGS PER ORDINARY SHARE

Based on the profit for the period:	**Six months to 30.6.02 £m**	Six months to 30.6.01 £m	Year to 31.12.01 restated £m
Headline profit before tax	**57.0**	53.3	99.7
Taxation on Headline profit	**(15.4)**	(15.9)	(29.3)
Minority interests in Headline profit	**(2.7)**	(3.5)	(6.8)
Headline earnings	**38.9**	33.9	63.6
Goodwill amortisation	**(2.7)**	(0.8)	(1.8)
Exceptional items (note 5)	**–**	(8.9)	(36.9)
Minority interests in exceptional items	**–**	(1.5)	(1.5)
Earnings	**36.2**	22.7	23.4
Headline earnings per share	**51.1p**	40.6p	79.7p
Basic earnings per share	**47.6p**	27.2p	29.3p
Diluted earnings per share	**46.9p**	27.1p	29.0p

6 EARNINGS PER ORDINARY SHARE CONTINUED

The weighted average number of fully paid shares in issue during the period, excluding those held by the Inchcape Employee Trust, was 76,088,550 (interim 2001 – 83,452,798, full year 2001 – 79,816,472).

The diluted earnings per share arises from deferred bonus shares and the exercise of share options that satisfy relevant performance criteria. It is calculated by adjusting the weighted average number of ordinary shares for the dilution, where the exercise price is less than the average market price of the Company's ordinary shares during the period. The adjusted weighted average number of ordinary shares was 77,256,824 (interim 2001 – 83,828,961, full year 2001 – 80,784,782).

Headline profit before tax and earnings (before goodwill amortisation and exceptional items) are adopted in that they provide a fair representation of underlying performance. The Group has redefined its Headline earnings in 2002 to exclude goodwill amortisation and therefore Headline earnings and Headline earnings per share comparatives have been restated accordingly.

7 TAXATION

The charge for taxation includes the following:	**Six months to 30.6.02 £m**	Six months to 30.6.01 £m	Year to 31.12.01 restated £m
Overseas taxes	**15.2**	13.3	27.3
Joint ventures	**1.2**	1.9	3.5
Associates	**–**	0.2	1.1

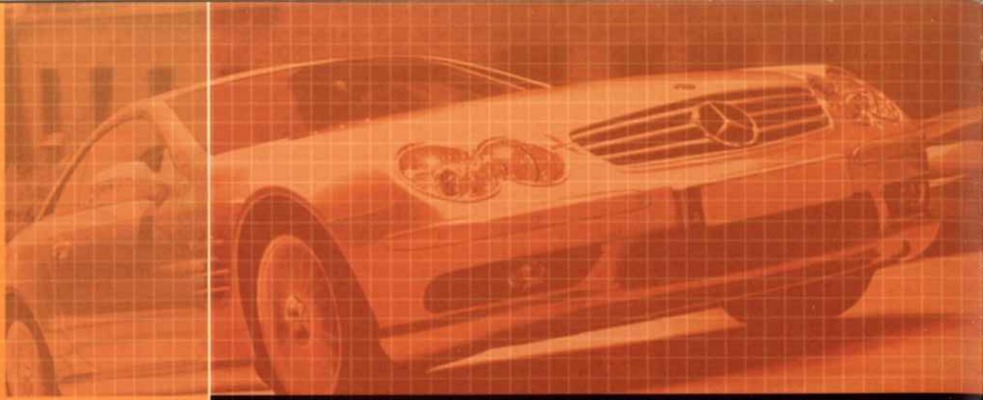
The adoption of FRS 19 has resulted in a decrease of £0.4m in the tax charge to 30 June 2002 (interim 2001 – £nil, full year 2001 – £0.6m increase).

8 DIVIDENDS

The interim dividend of 10.0p per ordinary share (interim 2001 – 8.8p) will be paid on 16 September 2002 to shareholders on the register on 16 August 2002.

9 ACQUISITION OF MINORITY INTEREST

On 2 May 2002, the Group announced that its cash offer to buy out the minority holding (c. 36.7%) in its quoted Singaporean subsidiary, Inchcape Motors Limited, had become unconditional. The minority interest share of profit before tax from the end of the preceding financial year to the date of acquisition, before exceptional items, amounted to £1.5m. The minority share of net assets at the date of acquisition totalled £46.3m, which included cash and cash equivalents of £32.5m. The purchase price was £63.0m (after estimated costs of £1.0m) and goodwill arising on the acquisition of the minority interest amounted to £16.7m. This goodwill is being amortised evenly over 20 years, the expected economic life of the acquisition.



Inchcape plc
Registered number 609782
22a St James's Square
London SW1Y 5LP
Telephone +44 20 7546 0022
Facsimile +44 20 7546 0010
Website www.inchcape.com

Inchcape

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