2015 INTERIM RESULTS

30 JULY 2015

HIGHLIGHTS

ON TRACK TO DELIVER A ROBUST FULL YEAR PERFORMANCE

Inchcape plc, the leading premium automotive group, announces its half year results for the six months ended 30 June 2015.

FIRST HALF HIGHLIGHTS:

- Broad based growth across our strong portfolio of markets, premium brands and diversified value drivers
- Like for like constant currency revenue growth of 7.8%
- Solid underlying[1] operating profit growth of 5.6%
- 20 bps of underlying[1] operating margin expansion
- New £100m share buy back announced, reinforcing our commitment to capital efficiency

KEY FINANCIALS (UNAUDITED)

Actual Rates	H1 2015	H1 2014	YoY
Revenue	**£3.4bn**	£3.3bn	+1.3%
Operating profit	**£159.2m**	£168.0m	-5.2%
Underlying[1] operating profit	**£159.2m**	£150.7m	+5.6%
Profit before tax	**£153.0m**	£162.1m	-5.6%
Reported basic adjusted EPS	**25.4p**	27.1p	-6.3%
Interim dividend	6.8p		

1. In H1 2014, we benefited from a property disposal which generated a one-off profit of £17.3m. Underlying growth rates exclude this one-off profit from the base.

STEFAN BOMHARD, GROUP CEO OF INCHCAPE PLC, COMMENTED:

"The Group has continued to grow both revenue and underlying profit in the first half of 2015, driven by our strong portfolio of high quality Distribution and Retail businesses in some of the most attractive segments of a global growth industry. We are benefitting from broad based growth across our value drivers, including our high margin Aftersales where the New Car growth of recent years is starting to translate into a growing, high-retention 1-5 year Car Parc in a number of our markets.

While we have experienced challenges in some of our markets in the first half of the year, the proven resilience of our unique business model with its broad global spread, together with our operational rigour, continues to drive overall growth and attractive returns for our stakeholders. We continue to expect the Group to deliver a robust underlying constant currency performance in 2015.

The strength of our cash generation and of our balance sheet has enabled today's announcement of a further £100m share buy back programme, demonstrating our continued commitment to capital efficiency.

The Group is focused on continuing to deliver market-leading customer service, growth for our brand partners and on creating value for our shareholders through sustainable earnings and cash growth.

I have now spent close to 100 days in the business and have used this time to visit all of our key markets, meet with our people and our core OEM brand partners. I am confident about the future of Inchcape and the long term upside potential across our range of value drivers, our OEM relationships and the markets in which we operate."

GROUP CHIEF EXECUTIVE STATEMENT

The Group has delivered further underlying profit growth in the first half of 2015, 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 and Insurance products).

Revenue of £3.4bn in the first half of 2015 was up 6.3% at constant currency on the previous year and up by 1.3% at actual rates, as we benefited from operating in a global growth industry, long standing partnerships with the world's strongest automotive brands and from growth drivers at the local level, such as the commercial vehicle scrappage scheme in Hong Kong.

We generated operating profit of £159.2m, representing underlying growth of 5.6%. In the first half of 2014 we benefited from a property disposal in Singapore which generated a one-off profit of £17.3m. Our underlying operating margin increased 20 bps to 4.7%, reflecting the positive mix effect of growth in our high margin Distribution segment.

In the first half of 2015, underlying trading profit in our Distribution segment increased by 8.4% at constant currency and was up by 8.6% in actual currency to £124.9m, supported by strong trading performances in a number of our markets.

Our Retail segment delivered a resilient trading profit of £46.0m, down 0.8% at constant currency and 3.4% in actual currency, reflecting, as expected, pressure in some of our markets.

Our controls on cash management remained firmly in place and we ended the first half of the year with a net cash position of £123.1m (2014 H1: £160.1m). As expected free cash flow generation in the first half was impacted by the reversal of the abnormally low net working capital position at 31 December 2014.

Given our first half-year performance and our strong financial position, the Board is pleased to declare an interim dividend of 6.8p (2014 H1: 6.3p) representing an increase of 7.9%. 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.

PERFORMANCE HIGHLIGHTS

The Group has a long term track record of delivering sustainable earnings growth and cash generation for our shareholders and driving excellence of brand representation and customer service for our OEM partners. It is pleasing that the first half of 2015 again demonstrates our ability and commitment to these aims. Our broad-based market portfolio continues to demonstrate its resilience against a backdrop of challenging dynamics in certain markets. This has driven a solid underlying performance in the first half year and we continue to expect a robust underlying constant currency performance for the full year.

I am especially pleased by our performances in North Asia and Australasia, where we have grown strongly, and in Russia where we have shown our ability to weather a difficult economic environment.

In North Asia we delivered strong like for like sales growth of 23.8% at constant currency. Given our commanding share of the commercial vehicle market, which saw registration growth of 30% on the back of the government sponsored multi-year scrappage scheme, we achieved total market share expansion of 340 bps. Our constant currency trading profit growth of 20.4% in North Asia clearly demonstrates our ability to capture the local growth drivers.

Our Australasia segment delivered a trading performance ahead of our expectations with 3.9% growth in trading profit at constant currency, despite a supply shortage for Subaru.

In contrast, our Russian business faced a challenging backdrop with the New Car market declining by 36.4%. However, our tight controls on the cost base, our stable Aftersales operations and improved gross margins on New and Used Vehicles have combined to achieve a broadly break-even performance. The long term dynamics of an ageing Car Parc, the continued premiumisation of demand and our strong set of brand partners and facilities in Moscow and St. Petersburg gives us confidence in our ability to capture the long term potential of this market.

Our profit performance in South Asia in the first half was challenged by the sudden inflection in COE prices in Singapore. These have declined since May and we have seen a return to more rational market pricing. We expect to achieve a strong performance in South Asia in 2015, driven by an improved performance in the second half and we remain excited about the growth potential for Singapore in the coming years.

Aftersales Service and Parts, at circa 50% of our gross profit, are very important value drivers for the Group, especially in context of the New Car growth of recent years starting to translate into a growing 1-5 year Car Parc in the majority of our markets.

CUSTOMER SERVICE

The cornerstone of our strategy is our commitment to market-leading customer service coupled with a strong operational discipline. We enable this through Inchcape Advantage, our unique programme to deliver a consistently superior customer experience, underpinned by customer insights from our 16,000 monthly customer interviews, proprietary Retail operating processes and cutting-edge Retail metrics that, in the automotive industry, are unique in their scale. This is our key competitive advantage: it drives our market share growth, protects the pricing power of our brands and supports customer retention.

Digital information channels are now the number one influencing factor on customers making a car purchase. The rise of the digital consumer means that we have to ensure we apply a differentiated customer experience both online and in our Retail and service centres. Driven by our Group-wide Inchcape Digital Standards, our customer offering continues to evolve as, globally, we leverage technology to create a seamless brand experience across multiple touch points while tracking and retaining leads through the purchase process to drive traffic into our showrooms. Having purchased a vehicle from us, we again use digital channels to retain our customers for Aftersales, with personalised, timely service reminders and promotions.

Our exposure to 26 markets gives us a unique advantage to quickly apply best practice from across the Group. Online 'Live Chat' and online finance calculators to help our customers easily understand what their monthly payments might be and enabling them to adjust these to suit their budget, are just two initiatives we have pioneered in the industry.

BRAND PARTNERS

Our industry leading positions around the world are formed of long-standing partnerships with six manufacturer groups from which we deliver around 90% of our Group profits. These OEM groups are Toyota, Subaru, BMW, Volkswagen-Audi, Mercedes-Benz and Jaguar Land-Rover.

Fundamentally, our business is about providing the world's leading car manufacturers with a professional, well-financed route to market across our 26 countries worldwide.

We continue to invest in world class Retail and Aftersales facilities around the world on behalf of our OEM partners and strive to enhance their brand performance by creating an outstanding buying and ownership experience to which customers choose to return for car servicing and repair and ultimately to purchase their next vehicle. We have, for example, recently opened a new state-of-the-art vehicle body and paint centre in Pandan, Singapore. This 60,000 square feet facility (the size of about one and a half football pitches) which houses 73 bays with the capacity of up to 600 vehicles per month, will deliver even better, faster service for our Lexus, Toyota and Suzuki customers.

We consider that our brand partners represent the key drivers of innovation in the automotive industry across the world. They lead the way in powertrain and environmental technology breakthroughs and in the development of new automotive segments to meet emerging customer needs. In the second half of this year and beyond, we will benefit from an innovative new product pipeline from these manufacturers and this provides a strong demonstration of our partners' commitment to on-going investment in research and development.

PEOPLE

Inchcape's people are central to our success.

As part of my induction into the business, I have visited all of our key markets and I have met with our management teams and employees. I am impressed with the deep automotive experience and strong operational discipline of my new colleagues, as well as their unrelenting focus on delivering great customer service.

I have observed passionate people with a real appreciation for leveraging market leading tools and processes to succeed, a positive sense of belonging to an international group, and a strong connection to the heritage and values of the company.

Our engaged workforce was recognised in March 2015 when our UK business was ranked 8th in The Times 25 Best Big Companies to Work For 2015. This gives me confidence that we should retain our best employees as well as attract new colleagues to our growing business.

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

DIVIDEND

Consistent with our progressive dividend policy, the Board has declared an interim dividend of 6.8p. This represents a year-on-year increase of 7.9%. The interim dividend will be paid on 4 September 2015 to shareholders who are on the register at close of business on 7 August 2015.

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 continued trading momentum of the Group 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 further £100m share buy back programme to be effected over the next 12 months. As you would expect, the Board will continue to monitor the level of cash on the balance sheet in light of the Group's future investment opportunities, expected working capital requirement and the trading environment.

OUTLOOK

The strength of Inchcape's unique portfolio of markets, premium brands and diversified value drivers has enabled the Group to achieve a solid underlying first half profit performance, despite challenges in some of our markets.

We are well positioned to take advantage of the attractive growth prospects in the premium and luxury segments across our diverse market portfolio and are set to deliver a robust underlying constant currency performance in 2015, in line with our earlier expectations.

OPERATIONAL REVIEW

GROUP OVERVIEW

GROUP KEY PERFORMANCE INDICATORS*

	Six months to 30.06.15 £m	Six months to 30.06.14 £m
Sales	**3,378.4**	3,336.0
Like for like sales growth/(decline) (%)	**2.6**	(0.1)
Trading profit	**170.9**	179.9
Trading margins (%)	**5.1**	5.4
Cash generated from operations	**138.0**	201.3

	Six months to 30.06.15 £m	Six months to 30.06.14 £m	% change	% change in constant currency
Sales				
– Retail	**2,056.0**	2,104.2	(2.3)%	4.3%
– Distribution	**1,322.4**	1,231.8	7.4%	9.5%
Trading profit				
– Retail	**46.0**	47.6	(3.4)%	(0.8)%
– Distribution	**124.9**	132.3	(5.6)%	(6.1)%

	2015 Trading profit £m	2015 Exceptional items £m	2015 Operating profit £m	2014 Trading profit £m	2014 Exceptional items £m	2014 Operating profit £m
Australasia	**42.3**	**–**	**42.3**	43.5	–	43.5
Europe	**9.5**	**–**	**9.5**	11.4	–	11.4
North Asia	**38.3**	**–**	**38.3**	29.1	–	29.1
South Asia	**20.6**	**–**	**20.6**	36.8	–	36.8
United Kingdom	**38.5**	**–**	**38.5**	37.4	–	37.4
Emerging Markets	**21.7**	**–**	**21.7**	21.7	–	21.7
Trading profit	**170.9**	**–**	**170.9**	179.9	–	179.9
Central costs		**–**	**(11.7)**		–	(11.9)
Operating profit		**–**	**159.2**		–	168.0

*At actual exchange rates

The Group reports its results in the condensed set of consolidated financial information using actual rates of exchange. The operational review reports results at actual rates of exchange, but to enhance comparability they are also shown in a form that isolates the impact of currency movements from period to period by applying the June 2015 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 30.06.15 £m	Six months to 30.06.14 £m	% change	% change in constant currency
Sales	**618.0**	**622.9**	**(0.8)**	**6.2**
Retail	335.7	355.0	(5.4)	1.3
Distribution	282.3	267.9	5.4	12.7
Like for like sales	**611.7**	**594.8**	**2.8**	**10.1**
Retail	329.4	326.9	0.8	7.9
Distribution	282.3	267.9	5.4	12.7
Trading profit	**42.3**	**43.5**	**(2.8)**	**3.9**
Retail	12.1	13.1	(7.6)	(0.8)
Distribution	30.2	30.4	(0.7)	5.9
Trading Margin %	**6.8%**	**7.0%**	**(0.2)ppt**	**(0.2)ppt**
Retail	3.6%	3.7%	(0.1)ppt	(0.1)ppt
Distribution	10.7%	11.3%	(0.6)ppt	(0.7)ppt

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

In the first half of 2015, the Australian New Car market grew by 3.3%, driven by the strength of the SUV segment. Our Australasian business delivered trading profit growth of 3.9%.

The small decline in our Distribution trading margin reflects our decision to adjust pricing for the new generation Subaru Outback and Liberty models. By providing an even more compelling offer for prospective customers we have captured good shares of the market segments and retained a robust level of profitability.

Despite some supply shortages, which we expect to reverse in the second half, Subaru has performed robustly with year-on-year registration growth of 8.1% versus total market growth of 3.3%. This was driven by well executed launch programmes for the new Outback and Liberty models. In the second half, we will benefit from refreshed models of XV, Forester and WRX.

Our Inchcape Retail segment delivered robust like for like sales growth of 7.9%, following the disposal of certain franchises in 2014. The Retail trading margin remained broadly flat at 3.6%.

During the second half, we have launches of Jaguar XE, Volvo XC90 and BMW 1 Series and are set to have better availability of the in-demand Land Rover Discovery Sport.

We expect to deliver a robust performance in Australasia in 2015.

EUROPE

	Six months to 30.06.15 £m	Six months to 30.06.14 £m	% change	% change in constant currency
Sales	**280.7**	**348.4**	**(19.4)**	**(9.5)**
Retail	45.6	69.7	(34.6)	(26.5)
Distribution	235.1	278.7	(15.6)	(5.3)
Like for like sales	**280.7**	**342.6**	**(18.1)**	**(8.0)**
Retail	45.6	63.9	(28.6)	(19.8)
Distribution	235.1	278.7	(15.6)	(5.3)
Trading profit	**9.5**	**11.4**	**(16.7)**	**(6.8)**
Retail	0.3	–	–	–
Distribution	9.2	11.4	(19.3)	(10.3)
Trading Margin %	**3.4%**	**3.3%**	**0.1ppt**	**0.1ppt**
Retail	0.7%	–	0.7ppt	0.7ppt
Distribution	3.9%	4.1%	(0.2)ppt	(0.2)ppt

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

In a mix of trading environments, including some difficult markets, we have reported a 6.8% trading profit decline in Europe.

The Greek New Vehicle market was up by 16.8% as it continued to recover from six years of declines, albeit against a backdrop of macro-economic and political uncertainty. The tourism sector in Greece has supported demand in the first half, in addition to the natural replacement cycle being driven from an old Car Parc. Toyota remained the number one player in the market with Yaris and Aygo leading their respective segments.

The short term outlook for Greece is uncertain and demand will very likely be impacted in the second half of the year. We are well prepared for a difficult economic climate; we have limited balance sheet exposure; we have a resilient Aftersales business and our long standing market leadership position gives us a relative scale advantage to manage through to the long term upside of replacement driven up-cycle.

In Belgium, the New Car market was broadly flat in the first six months of 2015 with growth of 5.5% in the company car segment offsetting a decline in private sales. This was a challenge for our business given our weighting to private vehicle sales. Our Belgian business also cycled a strong comparative from the first half of 2014, driven by the success of the Toyota RAV4.

With launches in Belgium of Auris, Avensis and RAV4 models coupled with increased availability of Lexus NX, we expect an improved performance in the second half.

We expect to deliver a resilient performance in Europe in 2015.

NORTH ASIA

Distribution	**Six months to 30.06.15 £m**	Six months to 30.06.14 £m	% change	% change in constant currency
Sales	**363.2**	268.7	35.2	23.5
Like for like sales	**354.5**	261.6	35.5	23.8
Trading profit	**38.3**	29.1	31.6	20.4
Trading Margin %	**10.5%**	10.8%	(0.3)ppt	(0.3)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, and in the first six months of 2015 the New Vehicle market grew strongly with year-on-year growth of 11.6%. This was driven by Commercial Vehicle growth of 30% as business operators purchased replacement vehicles ahead of the end of the first phase out for the government's scrappage scheme on pre-Euro vehicles at the end of December 2015.

In Hong Kong the strong growth of Commercial Vehicles, where we are market leader, and a good private Car performance drove a very good 340 bps market share gain for our business.

Following a strong performance in 2014, we once again delivered a record first half revenue and trading profit performance in 2015.

Our trading margin declined by 30 bps year-on-year, driven by the mix effect of higher vehicle sales in the total mix.

In the second half, we plan to launch several new models such as the Toyota Spade and Sienta and Ford C-Max and our performance will continue to be supported by the government's scrappage scheme for commercial vehicles.

Our business is well positioned and we continue to expect to deliver a strong performance in North Asia in 2015.

SOUTH ASIA

Distribution	Six months to 30.06.15 £m	Six months to 30.06.14 £m	% change	% change in constant currency
Sales	**219.4**	201.0	9.2	6.5
Like for like sales	**217.5**	176.0	23.6	20.7
Trading profit	**20.6**	36.8	(44.0)	(45.4)
Trading Margin %	**9.4%**	18.3%	(8.9)ppt	(8.9)ppt

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

The segment has delivered a trading profit of £20.6m driving an underlying trading profit growth, excluding the £17.3m profit on disposal of property in 2014, of 3.0%.

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

In Brunei, the total industry volume declined by 11.1% vs. last year as the car market has been impacted by the decline in the economy following the fall in the price of oil and the government's restriction on consumer credit.

In the first half of 2015 we have amended the way we report Used Vehicle sales in Singapore to better reflect the substance of the associated transaction. Historically we recorded the revenue for the total Used Car transaction value, whereas we now record the margin we make on the sale to Used Vehicle traders as the revenue. We have adjusted like for like sales in 2014, a reduction of £22m, to enable comparability.

The inflection in COE prices at the end of Q1 2015 impacted our profit in the first half of 2015, as a result of guaranteed COE prices where we and other market participants in Singapore have had to absorb the price movement. Whilst this was disappointing, we now charge a higher initial premium to lock in a guaranteed price and we limit the number of guaranteed COE orders.

We expect the Singapore New Car market to continue to grow strongly in the second half of 2015. Furthermore, given the more rational gradual downwards trajectory of COE pricing since April we expect to deliver better operating leverage in the second half.

We continue to expect to deliver a strong underlying performance in 2015 in South Asia.

UNITED KINGDOM

	Six months to 30.06.15 £m	Six months to 30.06.14 £m	% change	% change in constant currency
Sales	**1,394.3**	**1,253.6**	**11.2**	**11.2**
Retail	1,360.2	1,230.5	10.5	10.5
Distribution	34.1	23.1	47.6	47.6
Like for like sales	**1,345.9**	**1,212.0**	**11.0**	**11.0**
Retail	1,311.8	1,188.9	10.3	10.3
Distribution	34.1	23.1	47.6	47.6
Trading profit	**38.5**	**37.4**	**2.9**	**2.9**
Retail	32.0	31.5	1.6	1.6
Distribution	6.5	5.9	10.2	10.2
Trading Margin %	**2.8%**	**3.0%**	**(0.2)ppt**	**(0.2)ppt**
Retail	2.4%	2.6%	(0.2)ppt	(0.2)ppt
Distribution	19.1%	25.5%	(6.4)ppt	(6.4)ppt

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

The first half of 2015 has seen a continuation of strong market growth driven by the underlying replacement cycle, a sustained high level of consumer confidence and attractive price offers in all segments. Inchcape's brand partners continue to grow faster than the total market and we delivered strong Retail like for like revenue growth of 10.3%.

Our strong revenue growth was driven by the successful launch of new models, for example the Jaguar XE, the Land Rover Discovery Sport and the face-lifted BMW 3 series. Our cross brand revised online offering is having a positive impact on lead generation, with cumulative growth of 24% year-on-year to the end of the first half.

We have also seen strong growth in Aftersales hours sold as we reap the benefits of our investment in our customer contact centres to capitalise on the growing Car Parc for Inchcape brands.

Trading margin declined by 20 bps in the first six months of 2015, in line with our expectations, impacted by the higher contribution of Vehicles sales to our gross profit, lower Used Vehicle margins for some of our brand partners and increased amortisation costs following the investment in our IT systems, which we will continue to leverage for future efficiency gains.

In addition we continue to invest to deliver superior customer experiences with new and refurbished facilities for MINI in Tonbridge and for Audi in Crawley being notable examples.

In the second half of the year, we are well placed to continue to drive market share growth with the launch of several exciting new and 'face-lifted' models from our brand partners - such as Audi A4 and Q7, BMW 7 Series, MINI Clubman, Jaguar XF, Lexus RX, Mercedes-Benz GLC, Toyota Auris and the VW Touran.

We continue to expect to deliver a solid performance in the UK in 2015.

EMERGING MARKETS

	Six months to 30.06.15 £m	Six months to 30.06.14 £m	% change	% change in constant currency
Sales	**502.8**	**641.4**	**(21.6)**	**(5.5)**
Retail	314.5	449.0	(30.0)	(9.2)
Distribution	188.3	192.4	(2.1)	1.4
Like for like sales	**501.8**	**641.4**	**(21.8)**	**(5.7)**
Retail	314.3	449.0	(30.0)	(9.3)
Distribution	187.5	192.4	(2.5)	1.0
Trading profit	**21.7**	**21.7**	**–**	**0.8**
Retail	1.6	3.0	(46.7)	(40.4)
Distribution	20.1	18.7	7.5	6.8
Trading Margin %	**4.3%**	**3.4%**	**0.9ppt**	**0.3ppt**
Retail	0.5%	0.7%	(0.2)ppt	(0.3)ppt
Distribution	10.7%	9.7%	1.0ppt	0.5ppt

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

Overall, sales from our Emerging Markets business have declined by 5.5% driven, as expected, by the declines in New Vehicle registrations in Russia and South America.

Trading profit of £21.7m was flat vs. the first six months of 2014, reflecting a balance between a resilient performance in Russia, a more challenging environment in South America and a continuation of growth in our African business.

While conditions remain uncertain in Russia, our business delivered a resilient performance in the first half, with sales down by 19.2% in the context of an industry decline of 36.4% and a broadly break even result. Vehicle price increases and a better balance between supply and demand helped to expand gross margins. Furthermore, we delivered year-on-year revenue growth in our Aftersales operations. A small trading loss of £0.4m was in line with expectations.

In Poland we delivered another strong six months trading performance as we drove a market share gain with successful new product launches, against a backdrop of continued industry growth.

In South America, the softening of the commodity cycles in the economies of Chile and Peru has impacted consumer confidence and lowered demand for New Vehicles. We continue to grow our Aftersales operations.

Our Africa business delivered another strong performance as we opened a new Toyota facility in Dire Dawa and continue to benefit from a strong Aftersales market in Ethiopia where economic growth is strong.

We continue to expect a solid trading performance in Emerging Markets for 2015.

FINANCE REVIEW

The Group has delivered solid underlying growth in profit before tax in the first half of 2015.

CENTRAL COSTS

Unallocated central costs for the half year are £11.7m (2014: £11.9m).

EXCEPTIONAL ITEMS

We have reported no exceptional operating costs in the first half of 2015 (2014: £nil).

NET FINANCING COSTS

Net financing costs have increased from £5.9m in 2014 to £6.2m in 2015 driven by increased inventory funding costs through both business growth and higher prevailing interest costs, particularly in Russia.

TAX

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

NON CONTROLLING INTERESTS

Profits attributable to our non-controlling interests were £3.6m in the first half of 2015 (2014: £4.0m). The Group's non controlling interests principally comprise a 33% minority holding in UAB Vitvela in Lithuania, a 30% share in NBT Brunei and a 10% share of Subaru Australia.

FOREIGN CURRENCY

During the period, the Group derived a gain of £2.4m (2014 loss: £16.1m) from the translation of its overseas profits before tax into sterling at the 2015 average exchange rate when compared with the average exchange rates used for translation in the first half of 2014.

DIVIDEND

The 2014 final dividend of 13.8p per share was paid to shareholders on 25 June 2015. The Board has declared an interim dividend of 6.8p per share, which will be paid on 4 September 2015 to shareholders who are on the register at close of business on 7 August 2015.

GOODWILL

In December 2014, given the geopolitical uncertainty in the Russian market, the Group reassessed its short and medium-term forecasts and recognised an impairment charge of £47.4m. In light of the sensitivity of the value in use calculation to changes in the key assumptions, the Group has revisited the calculations and assumptions at the half year. The Directors have concluded that the assumptions used remain appropriate and the value in use continues to support the carrying value of goodwill.

PENSIONS

At 30 June 2015, the IAS 19 net post-retirement surplus was £116.2m (31 December 2014: £119.3m). In the first half of the year and in line with the funding programme agreed with the Trustees, the Group made additional cash contributions to the UK pension schemes amounting to £0.9m (2014: £0.9m). Following the closure of the UK defined benefit pension schemes to future accrual in 2012, the Group has taken steps to reduce its exposure to the associated defined benefit obligations and continues to explore opportunities for further mitigation.

ACQUISITIONS AND DISPOSALS

There were no acquisitions or disposals in the first six months of 2015. In 2014, the Group disposed of multi-franchise dealerships in Finland and Australia, generating disposal proceeds of £1.9m.

CAPITAL EXPENDITURE

Net capital expenditure in the first half of the 2015 was £21.7m (2014: £8.7m). Included within the 2014 total was the sale of a property in South Asia amounting to £21.6m.

CASHFLOW AND NET DEBT

The Group's operations have continued to deliver strong operational cash flow and at 30 June 2015, the Group had £123.1m of net funds (31 December 2014: £210.2m).

PRINCIPAL BUSINESS RISKS

The Board set out in the Annual Report and Accounts 2014 a number of principal business risks which could impact the performance of the Group and these remain unchanged for this Interim Report and are expected to remain the same for the remaining six months of 2015. The key risks comprise, inter alia, prevailing market conditions, brand partner relationships, legal compliance and reputation and treasury risks which include: currency, funding and liquidity, interest rates and counterparty risks.

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

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

- Ensure systematic risks are effectively managed through the development of coherent policies, processes, control framework and effective assurance monitoring processes;
- 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 35-37 of the Annual Report and Accounts 2014.

GOING CONCERN

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

Having also reassessed the principal risks, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing this interim condensed consolidated financial information.

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CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 June 2015

	Notes	**Six months to 30 Jun 2015 £m**	Six months to 30 Jun 2014 £m	Year to 31 Dec 2014 £m
Revenue	2	**3,378.4**	3,336.0	6,702.7
Cost of sales		**(2,894.9)**	(2,860.8)	(5,749.1)
Gross profit		**483.5**	475.2	953.6
Net operating expenses		**(324.3)**	(307.2)	(682.6)
Operating profit	2	**159.2**	168.0	271.0
Operating profit before exceptional items		**159.2**	168.0	318.4
Exceptional items	3	**–**	–	(47.4)
Share of loss after tax of joint ventures and associates		**–**	–	(1.9)
Profit before finance and tax	2	**159.2**	168.0	269.1
Finance income	4	**6.3**	7.6	14.8
Finance costs	5	**(12.5)**	(13.5)	(28.1)
Profit before tax		**153.0**	162.1	255.8
Tax	6	**(36.7)**	(34.7)	(68.6)
Profit for the period		**116.3**	127.4	187.2
Profit attributable to:				
– Owners of the parent		**112.7**	123.4	179.6
– Non controlling interests		**3.6**	4.0	7.6
		116.3	127.4	187.2
Basic earnings per share (pence)	7	**25.4p**	27.1p	39.7p
Diluted earnings per share (pence)	7	**25.0p**	26.6p	39.0p

The notes on pages 18 to 26 are an integral part of these condensed interim financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2015

	Six months to 30 Jun 2015 £m	Six months to 30 Jun 2014 £m	Year to 31 Dec 2014 £m
Profit for the period	**116.3**	127.4	187.2
Other comprehensive (loss)/income:			
Items that will not be reclassified to the consolidated income statement			
Defined benefit pension scheme remeasurements	**(3.7)**	2.3	2.5
Joint venture defined benefit pension scheme remeasurements	**–**	–	(0.2)
Deferred tax recognised directly in shareholders' equity	**0.9**	(0.2)	(0.9)
	(2.8)	2.1	1.4
Items that may be reclassified subsequently to the consolidated income statement			
Cash flow hedges	**21.1**	(20.7)	(17.4)
Fair value losses on available for sale financial assets	**–**	–	(0.3)
Recycled fair value gains on disposal of available for sale financial assets	**–**	(0.2)	–
Effect of foreign exchange rate changes	**(33.7)**	(47.5)	(180.6)
Deferred tax recognised directly in shareholders' equity	**(6.3)**	6.4	5.2
	(18.9)	(62.0)	(193.1)
Other comprehensive loss for the period, net of tax	**(21.7)**	(59.9)	(191.7)
Total comprehensive income/(loss) for the period	**94.6**	67.5	(4.5)
Total comprehensive income/(loss) attributable to:			
– Owners of the parent	**91.1**	65.5	(10.3)
– Non controlling interests	**3.5**	2.0	5.8
	94.6	67.5	(4.5)

The notes on pages 18 to 26 are an integral part of these condensed interim financial statements.

Financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2015

	Notes	As at 30 Jun 2015 £m	As at 30 Jun 2014 £m	As at 31 Dec 2014 £m
Non-current assets				
Intangible assets		**470.7**	581.0	471.6
Property, plant and equipment		**655.2**	699.3	657.6
Investments in joint ventures and associates		**8.4**	11.5	9.0
Available for sale financial assets	11	**1.2**	1.1	1.2
Derivative financial instruments	11	**1.8**	–	–
Trade and other receivables		**44.0**	26.9	28.3
Deferred tax assets		**20.8**	25.6	25.7
Retirement benefit asset		**145.7**	135.9	147.8
		1,347.8	1,481.3	1,341.2
Current assets				
Inventories		**1,096.7**	978.7	999.2
Trade and other receivables		**365.4**	333.0	285.2
Available for sale financial assets	11	**0.2**	3.0	0.2
Derivative financial instruments	11	**98.1**	81.1	102.6
Current tax assets		**6.4**	1.0	3.0
Cash and cash equivalents	9b	**450.2**	433.4	528.2
		2,017.0	1,830.2	1,918.4
Assets held for sale and disposal group	12	**7.0**	9.4	8.9
		2,024.0	1,839.6	1,927.3
Total assets		**3,371.8**	3,320.9	3,268.5
Current liabilities				
Trade and other payables		**(1,464.9)**	(1,295.3)	(1,300.7)
Derivative financial instruments	11	**(4.3)**	(25.6)	(28.3)
Current tax liabilities		**(60.3)**	(46.6)	(63.9)
Provisions		**(24.9)**	(31.0)	(28.7)
Borrowings	9b	**(121.7)**	(66.2)	(112.2)
		(1,676.1)	(1,464.7)	(1,533.8)
Non-current liabilities				
Trade and other payables		**(11.6)**	(15.9)	(14.8)
Provisions		**(23.5)**	(30.1)	(25.6)
Derivative financial instruments	11	**–**	(0.1)	(1.6)
Deferred tax liabilities		**(44.7)**	(43.0)	(40.2)
Borrowings	9b	**(298.0)**	(284.4)	(305.9)
Retirement benefit liability		**(29.5)**	(20.3)	(28.5)
		(407.3)	(393.8)	(416.6)
Total liabilities		**(2,083.4)**	(1,858.5)	(1,950.4)
Net assets		**1,288.4**	1,462.4	1,318.1
Shareholders' equity				
Share capital	8	**44.4**	45.7	45.0
Share premium	8	**146.7**	146.6	146.7
Capital redemption reserve		**136.2**	134.9	135.6
Other reserves		**(201.4)**	(51.5)	(182.6)
Retained earnings		**1,138.6**	1,162.2	1,148.2
Equity attributable to owners of the parent		**1,264.5**	1,437.9	1,292.9
Non controlling interests		**23.9**	24.5	25.2
Total shareholders' equity		**1,288.4**	1,462.4	1,318.1

The notes on pages 18 to 26 are an integral part of these condensed interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2015

	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 2014		46.5	145.7	134.1	8.7	1,135.0	1,470.0	29.2	1,499.2
Profit for the period ended 30 June 2014		–	–	–	–	123.4	123.4	4.0	127.4
Other comprehensive (loss)/income for the period ended 30 June 2014		–	–	–	(60.2)	2.3	(57.9)	(2.0)	(59.9)
Total comprehensive income/(loss) for the period ended 30 June 2014		–	–	–	(60.2)	125.7	65.5	2.0	67.5
Share-based payments, net of tax		–	–	–	–	5.1	5.1	–	5.1
Share buy back programme		(0.8)	–	0.8	–	(50.0)	(50.0)	–	(50.0)
Net purchase of own shares by Inchcape Employee Trust		–	–	–	–	(0.6)	(0.6)	–	(0.6)
Issue of ordinary share capital	8a	–	0.9	–	–	–	0.9	–	0.9
Dividends:									
– Owners of the parent	8b	–	–	–	–	(53.0)	(53.0)	–	(53.0)
– Non controlling interests		–	–	–	–	–	–	(6.7)	(6.7)
At 30 June 2014		45.7	146.6	134.9	(51.5)	1,162.2	1,437.9	24.5	1,462.4
At 1 January 2014		46.5	145.7	134.1	8.7	1,135.0	1,470.0	29.2	1,499.2
Profit for the year		–	–	–	–	179.6	179.6	7.6	187.2
Other comprehensive (loss)/income for the year		–	–	–	(191.3)	1.4	(189.9)	(1.8)	(191.7)
Total comprehensive (loss)/income for the year		–	–	–	(191.3)	181.0	(10.3)	5.8	(4.5)
Share-based payments, net of tax		–	–	–	–	12.5	12.5	–	12.5
Share buy back programme		(1.5)	–	1.5	–	(100.0)	(100.0)	–	(100.0)
Net disposal of own shares by Inchcape Employee Trust		–	–	–	–	1.2	1.2	–	1.2
Issue of ordinary share capital	8a	–	1.0	–	–	–	1.0	–	1.0
Dividends:									
– Owners of the parent	8b	–	–	–	–	(81.5)	(81.5)	–	(81.5)
– Non controlling interests		–	–	–	–	–	–	(9.8)	(9.8)
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 Inchcape Employee Trust		**–**	**–**	**–**	**–**	**(12.9)**	**(12.9)**	**–**	**(12.9)**
Issue of ordinary share capital	8a	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
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**

The notes on pages 18 to 26 are an integral part of these condensed interim financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 June 2015

	Notes	**Six months to 30 Jun 2015 £m**	Six months to 30 Jun 2014 £m	Year to 31 Dec 2014 £m
Cash generated from operating activities				
Cash generated from operations	9a	**138.0**	201.3	405.8
Tax paid		**(39.0)**	(30.2)	(52.5)
Interest received		**3.9**	6.2	13.5
Interest paid		**(11.6)**	(13.6)	(31.3)
Net cash generated from operating activities		**91.3**	163.7	335.5
Cash flows from investing activities				
Acquisition of businesses, net of cash and overdrafts acquired	10	**–**	3.6	3.6
Net cash inflow from sale of businesses	10	**–**	1.9	1.9
Purchase of property, plant and equipment		**(15.8)**	(25.9)	(48.5)
Purchase of intangible assets		**(9.2)**	(12.2)	(21.3)
Proceeds from disposal of property, plant and equipment		**3.3**	29.4	34.8
Net disposal of available for sale financial assets		**–**	5.2	7.9
Dividends received from joint ventures and associates		**–**	2.0	2.2
Net cash (used in)/generated from investing activities		**(21.7)**	4.0	(19.4)
Cash flows from financing activities				
Proceeds from issue of ordinary shares	8a	**–**	0.9	1.0
Share buy back programme	8a	**(50.0)**	(50.0)	(100.0)
Net (purchase)/disposal of own shares by the Inchcape Employee Trust		**(12.9)**	(0.6)	1.2
Net cash inflow from borrowings	9b	**3.7**	–	0.1
Payment of capital element of finance leases	9b	**(0.5)**	(0.6)	(1.2)
Equity dividends paid	8b	**(61.1)**	(53.0)	(81.5)
Dividends paid to non controlling interests		**(4.8)**	(6.7)	(9.8)
Net cash from financing activities		**(125.6)**	(110.0)	(190.2)
Net (decrease)/increase in cash and cash equivalents	9b	**(56.0)**	57.7	125.9
Cash and cash equivalents at beginning of the period		**416.8**	332.2	332.2
Effect of foreign exchange rate changes		**(28.2)**	(21.7)	(41.3)
Cash and cash equivalents at end of the period		**332.6**	368.2	416.8
Cash and cash equivalents consist of:				
– Cash at bank and in hand		**342.0**	286.5	368.9
– Short term bank deposits		**108.2**	146.9	159.3
– Bank overdrafts		**(117.6)**	(65.2)	(111.4)
		332.6	368.2	416.8

The notes on pages 18 to 26 are an integral part of these condensed interim financial statements.

NOTES (UNAUDITED)

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

BASIS OF PREPARATION

The condensed interim financial statements for the period ended 30 June 2015 have been prepared on a going concern basis in accordance with International Accounting Standard 34 'Interim Financial Reporting' as adopted by the European Union and the Disclosure and Transparency Rules of the Financial Conduct Authority. These condensed interim financial statements should be read in conjunction with the Annual Report and Accounts 2014, which have been prepared in accordance with IFRSs as adopted by the European Union and International Financial Reporting Interpretation Committee (IFRIC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

These condensed interim financial statements are unaudited, but have been reviewed by the external auditors. The condensed interim financial statements in the Interim Report do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The Group's published consolidated financial statements for the year ended 31 December 2014 were approved by the Board of Directors on 9 March 2015 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain an emphasis of matter paragraph or a statement under section 498 of the Companies Act 2006. The condensed interim financial statements on pages 13 to 26 were approved by the Board of Directors on 29 July 2015.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those of the Group's Annual Report and Accounts 2014 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 2016:

- IAS 1, 'Amendment to IAS 1, Presentation of financial statements'
- IAS 16, 'Amendment to IAS 16, Property, plant and equipment'
- IAS 27, 'Amendment to IAS 27, Separate financial statements'
- IAS 38, 'Amendment to IAS 38, Intangible assets'
- IFRS 9, 'Financial instruments'
- IFRS 10 and IAS 28, 'Amendments to IFRS 10 and IAS 28'
- IFRS 11, 'Amendment to IFRS 11, Joint arrangements'
- IFRS 14, 'Regulatory deferral accounts'
- IFRS 15, 'Revenue from contracts with customers'
- Annual improvements (2010 – 2012)
- Annual improvements (2012 – 2014).

The above standards are not expected to have a material impact on the Group's reported position or performance.

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

	Average rates			Period end rates		
	30 Jun 2015	30 Jun 2014	31 Dec 2014	**30 Jun 2015**	30 Jun 2014	31 Dec 2014
Australian dollar	**1.96**	1.83	1.83	**2.04**	1.81	1.91
Euro	**1.37**	1.22	1.24	**1.41**	1.25	1.29
Hong Kong dollar	**11.84**	12.97	12.80	**12.19**	13.25	12.08
Singapore dollar	**2.06**	2.11	2.09	**2.12**	2.13	2.06
Russian rouble	**89.19**	58.56	63.29	**86.85**	58.11	92.65

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 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**
Exceptional items	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Operating profit 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 before finance and tax	**30.2**	**9.2**	**38.3**	**20.6**	**6.5**	**20.1**	**124.9**

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

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

	Distribution						
Year to 31 December 2014	Australasia £m	Europe £m	North Asia £m	South Asia £m	United Kingdom £m	Emerging Markets £m	Total Distribution £m
Revenue from third parties	566.7	507.8	600.3	439.3	51.4	418.6	2,584.1
Results							
Segment result	64.3	20.5	66.9	58.7	10.4	40.0	260.8
Exceptional items	–	–	–	–	–	–	–
Operating profit after exceptional items	64.3	20.5	66.9	58.7	10.4	40.0	260.8
Share of loss after tax of joint ventures and associates	–	(1.9)	–	–	–	–	(1.9)
Profit before finance and tax	64.3	18.6	66.9	58.7	10.4	40.0	258.9

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

2 SEGMENTAL ANALYSIS CONTINUED

Six months to 30 June 2015	Retail Australasia £m	Retail Europe £m	Retail United Kingdom £m	Retail 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**
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.

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

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

Year to 31 December 2014	Retail Australasia £m	Retail Europe £m	Retail United Kingdom £m	Retail Emerging Markets £m	Retail Total Retail £m	Total pre Central £m	Central £m	Total £m
Revenue from third parties	676.7	122.1	2,421.4	898.4	4,118.6	6,702.7	–	6,702.7
Results								
Segment result	25.0	0.3	54.8	3.7	83.8	344.6	(26.2)	318.4
Exceptional items	–	–	–	(47.4)	(47.4)	(47.4)	–	(47.4)
Operating profit/(loss) after exceptional items	25.0	0.3	54.8	(43.7)	36.4	297.2	(26.2)	271.0
Share of loss after tax of joint ventures and associates	–	–	–	–	–	(1.9)	–	(1.9)
Profit/(loss) before finance and tax	25.0	0.3	54.8	(43.7)	36.4	295.3	(26.2)	269.1

Central costs include a past service credit of £7.2m (net of costs).

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

3 EXCEPTIONAL ITEMS

	Six months to 30 Jun 2015 £m	Six months to 30 Jun 2014 £m	Year to 31 Dec 2014 £m
Goodwill impairment	**–**	–	(47.4)
Total exceptional items before tax	**–**	–	(47.4)
Exceptional tax credit	**–**	–	–
Total exceptional items	**–**	–	(47.4)

4 FINANCE INCOME

	Six months to 30 Jun 2015 £m	Six months to 30 Jun 2014 £m	Year to 31 Dec 2014 £m
Bank and other interest receivable	**1.5**	1.3	2.7
Interest income on post-retirement plan assets	**2.2**	2.6	5.1
Other finance income	**2.6**	3.7	7.0
Total finance income	**6.3**	7.6	14.8

5 FINANCE COSTS

	Six months to 30 Jun 2015 £m	Six months to 30 Jun 2014 £m	Year to 31 Dec 2014 £m
Interest payable on bank borrowings	**0.7**	0.6	1.4
Interest payable on Private Placement	**1.5**	1.4	2.9
Interest payable on other borrowings	**0.1**	0.1	0.2
Fair value adjustment on Private Placement	**(7.6)**	(13.0)	8.9
Fair value loss/(gain) on cross-currency interest rate swaps	**7.5**	12.4	(10.4)
Stock holding interest	**9.3**	9.3	18.6
Other finance costs	**1.0**	2.7	6.5
Total finance costs	**12.5**	13.5	28.1

6 INCOME TAX

		Six months to 30 Jun 2015 £m	Six months to 30 Jun 2014 £m	Year to 31 Dec 2014 £m
Current tax	– UK	**4.0**	1.3	–
	– Overseas	**30.8**	28.3	66.5
Adjustments to prior year liabilities	– UK	**–**	(0.5)	–
	– Overseas	**(1.5)**	–	(0.2)
		33.3	29.1	66.3
Deferred tax		**3.4**	5.6	2.3
Tax before exceptional tax		**36.7**	34.7	68.6
Exceptional tax (note 3)	– Current	**–**	–	–
	– Deferred	**–**	–	–
Total tax		**36.7**	34.7	68.6

The taxation charge for the six months ended 30 June 2015 is based on an estimated full year effective tax rate, before exceptional items of 24% (2014 – 24%). The effective tax rate for 2014 excludes the tax free capital gain in South Asia.

7 EARNINGS PER SHARE

	Six months to 30 Jun 2015 £m	Six months to 30 Jun 2014 £m	Year to 31 Dec 2014 £m
Profit for the period	**116.3**	127.4	187.2
Non controlling interests	**(3.6)**	(4.0)	(7.6)
Basic earnings	**112.7**	123.4	179.6
Exceptional items (net of tax)	**–**	–	47.4
Adjusted earnings	**112.7**	123.4	227.0
Basic earnings per share	**25.4p**	27.1p	39.7p
Diluted earnings per share	**25.0p**	26.6p	39.0p
Basic Adjusted earnings per share	**25.4p**	27.1p	50.2p
Diluted Adjusted earnings per share	**25.0p**	26.6p	49.3p

	Six months to 30 Jun 2015 number	Six months to 30 Jun 2014 number	Year to 31 Dec 2014 number
Weighted average number of fully paid ordinary shares in issue during the period	**444,866,222**	458,996,946	455,975,201
Weighted average number of fully paid ordinary shares in issue during the period:			
– Held by the Inchcape Employee Trust	**(810,948)**	(1,605,545)	(1,907,636)
– Held in Treasury	**–**	(2,687,560)	(1,443,183)
Weighted average number of fully paid ordinary shares for the purposes of basic EPS	**444,055,274**	454,703,841	452,624,382
Dilutive effect of potential ordinary shares	**7,328,259**	8,501,142	7,959,690
Adjusted weighted average number of fully paid ordinary shares in issue during the period for the purposes of diluted EPS	**451,383,533**	463,204,983	460,584,072

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.

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.

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.

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

8 SHAREHOLDERS' EQUITY
A. ISSUE OF ORDINARY SHARES

	Six months to 30 Jun 2015 £m	Six months to 30 Jun 2014 £m	Year to 31 Dec 2014 £m
Share capital	**–**	–	–
Share premium	**–**	0.9	1.0
	–	0.9	1.0

During the period, the Group issued £nil (June 2014 - £0.9m, Dec 2014 - £1.0m) of ordinary shares exercised under the Group's share option schemes.

SHARE BUY BACK PROGRAMME

During the six months ended 30 June 2015, the Company repurchased 6,439,197 of its own shares (June 2014 – 7,981,056, Dec 2014 – 15,344,110) through purchases on the London Stock Exchange, at a cost of £49.7m (June 2014 – £49.7m, Dec 2014 – £99.4m). The shares repurchased during the period were cancelled, with none held as treasury shares at the end of the reporting period. An amount of £0.6m (June 2014 – £0.8m, Dec 2014 – £1.5m), equivalent to the nominal value of the cancelled shares, has been transferred to the capital redemption reserve. Costs of £0.3m (June 2014 – £0.3m, Dec 2014 – £0.6m) associated with the transfer to the Group of the repurchased shares and their subsequent cancellation have been charged to retained earnings.

At 30 June 2015, the Company held no treasury shares (30 June 2014 – 2,687,560, 31 December 2014 – none).

B. DIVIDENDS
The following dividends were paid by the Group:

	Six months to 30 Jun 2015 £m	Six months to 30 Jun 2014 £m	Year to 31 Dec 2014 £m
Final dividend for the year ended 31 December 2014 of 13.8p per share (2013 – 11.7p per share)	**61.1**	53.0	53.0
Interim dividend for the six months ended 30 June 2014 of 6.3p per share (2013 – 5.7p per share)	**–**	–	28.5
	61.1	53.0	81.5

An interim dividend of 6.8p per share (£30.0m) for the period ending 30 June 2015 was approved by the Board on 29 July 2015 and will be paid on Friday 4 September 2015 to shareholders who are on the register at close of business on Friday 7 August 2015.

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

	Six months to 30 Jun 2015 £m	Six months to 30 Jun 2014 £m	Year to 31 Dec 2014 £m
Cash flows from operating activities			
Operating profit	**159.2**	168.0	271.0
Operating exceptional items	**–**	–	47.4
Amortisation of intangible assets	**6.9**	4.3	9.4
Depreciation of property, plant and equipment	**17.1**	17.7	35.0
Profit on disposal of property, plant and equipment	**(0.2)**	(17.5)	(17.6)
Share-based payments charge	**4.5**	5.1	9.5
(Increase)/decrease in inventories	**(124.3)**	48.4	3.8
(Increase)/decrease in trade and other receivables	**(105.5)**	(38.1)	3.4
Increase in trade and other payables	**184.6**	21.7	59.3
Decrease in provisions	**(3.6)**	(6.4)	(11.9)
Pension contributions in excess of the pension charge for the period*	**0.6**	–	(1.0)
(Increase)/decrease in interest in leased vehicles	**(2.3)**	3.8	3.3
Payment in respect of operating exceptional items	**–**	(0.7)	(1.3)
Other non cash items	**1.0**	(5.0)	(4.5)
Cash generated from operations	**138.0**	201.3	405.8

* Includes additional payments of £0.9m (June 2014 – £0.9m).

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

	Six months to 30 Jun 2015 £m	Six months to 30 Jun 2014 £m	Year to 31 Dec 2014 £m
Net (decrease)/increase in cash and cash equivalents	**(56.0)**	57.7	125.9
Net cash (outflow)/inflow from borrowings and lease financing	**(3.2)**	0.6	1.1
Change in net cash and debt resulting from cash flows	**(59.2)**	58.3	127.0
Effect of foreign exchange rate changes on net cash and debt	**(28.0)**	(21.8)	(41.3)
Net movement in fair value	**0.1**	0.6	1.5
Movement in net funds	**(87.1)**	37.1	87.2
Opening net funds	**210.2**	123.0	123.0
Closing net funds	**123.1**	160.1	210.2

Net funds is analysed as follows:

	Six months to 30 Jun 2015 £m	Six months to 30 Jun 2014 £m	Year to 31 Dec 2014 £m
Cash at bank and in hand	**342.0**	286.5	368.9
Short term bank deposits	**108.2**	146.9	159.3
Bank overdrafts	**(117.6)**	(65.2)	(111.4)
Cash and cash equivalents	**332.6**	368.2	416.8
Bank loans	**(298.3)**	(280.4)	(302.4)
Finance leases	**(3.8)**	(5.0)	(4.3)
	30.5	82.8	110.1
Fair value of cross-currency interest rate swap	**92.6**	77.3	100.1
Net funds	**123.1**	160.1	210.2

10 ACQUISITIONS AND DISPOSALS

There were no acquisitions or disposals in the period.

During the six months to 30 June 2014, the Group disposed of multi-franchise dealerships in Finland and Australia at book value, generating disposal proceeds of £1.9m.

In 2013 the Group acquired Trivett automotive group in Australia. Following the resolution of certain post completion adjustments, £3.6m was received from the vendor in the first half of 2014.

11 FINANCIAL RISK MANAGEMENT

A. FINANCIAL RISK FACTORS

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

During the six months to 30 June 2015, 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 2014.

The interim condensed financial statements do not include all financial risk management information and disclosures required in the annual financial statements and further details can be found in the Annual Report and Accounts 2014.

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 2015.

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 2015			Six months to 30 June 2014			Year to 31 December 2014		
	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	**–**	**99.9**	**99.9**	–	81.1	81.1	–	102.6	102.6
Available for sale financial assets	**1.4**	**–**	**1.4**	4.1	–	4.1	1.4	–	1.4
	1.4	**99.9**	**101.3**	4.1	81.1	85.2	1.4	102.6	104.0
Liabilities									
Derivatives used for hedging	**–**	**(4.3)**	**(4.3)**	–	(25.7)	(25.7)	–	(29.9)	(29.9)

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 2014 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 2015. 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 2015.

During the six months ended June 2015, there were no reclassifications of financial assets as a result of a change in the purpose or use of these assets.

The Group's derivative financial instruments comprise the following:

	Assets			Liabilities		
	Six months to 30 Jun 2015 £m	Six months to 30 Jun 2014 £m	Year to 31 Dec 2014 £m	**Six months to 30 Jun 2015 £m**	Six months to 30 Jun 2014 £m	Year to 31 Dec 2014 £m
Cross-currency interest rate swap	**92.6**	77.3	100.1	**–**	–	–
Forward foreign exchange contracts	**7.3**	3.8	2.5	**(4.3)**	(25.7)	(29.9)
	99.9	81.1	102.6	**(4.3)**	(25.7)	(29.9)

12 ASSETS HELD FOR SALE AND DISPOSAL GROUP

	Six months to 30 Jun 2015 £m	Six months to 30 Jun 2014 £m	Year to 31 Dec 2014 £m
Assets directly associated with the disposal group	**–**	–	–
Assets held for sale	**7.0**	9.4	8.9
Assets held for sale and disposal group	**7.0**	9.4	8.9
Liabilities directly associated with the disposal group	**–**	–	–

As at December 2014 and June 2015, assets held for sale relate to surplus properties located in the UK, which are 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 2014.

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 2015.

INDEPENDENT REVIEW REPORT TO INCHCAPE PLC

REPORT ON THE CONDENSED INTERIM FINANCIAL STATEMENTS

OUR CONCLUSION

We have reviewed the condensed interim financial statements, defined below, in the Interim Report of Inchcape plc for the six months ended 30 June 2015. Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

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

WHAT WE HAVE REVIEWED

The condensed interim financial statements, which are prepared by Inchcape plc, comprise:

- the consolidated statement of financial position as at 30 June 2015;
- the consolidated income statement and statement of comprehensive income for the period then ended;
- the consolidated statement of cash flows for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the condensed interim financial statements.

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

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

WHAT A REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS INVOLVES

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

RESPONSIBILITIES FOR THE CONDENSED INTERIM FINANCIAL STATEMENTS AND THE REVIEW

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

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

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

PRICEWATERHOUSECOOPERS LLP
Chartered Accountants
29 July 2015
London

Notes:

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

INTRODUCTION

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

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

The Directors and positions held during the period were as published in the Annual Report and Accounts 2014, except for Stefan Bomhard, who has been appointed as an Executive Director with effect from 1 April 2015 and Simon Borrows who resigned as Senior Independent Director on 21 May 2015. A list of current Directors is maintained on the Inchcape plc website (www.inchcape.com).

On behalf of the Board

STEFAN BOMHARD
29 July 2015

Group Chief Executive