Countrywide Holdings, Ltd

Preliminary Financial Results Announcement

For the year ended

December 31, 2012

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

This Report includes forward-looking statements, which involve risks and uncertainties. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "intends," "may," "will" or "should" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies, the industry in which we operate and potential acquisitions. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, it is impossible for us to anticipate all factors that could affect our actual results. All forward-looking statements are based upon information available to us on the date of this Report.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, the development of the industry in which we operate and the effect of acquisitions on us may differ materially from those made in or suggested by the forward-looking statements contained in this Report. In addition, even if our results of operations, financial condition and liquidity and the development of the industry in which we operate are consistent with the forward-looking statements contained in this Report, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause those differences include, but are not limited to:

- a decline in the number of transactions, prices or commission levels in the UK residential property market, whether due to the impact of macroeconomic factors or otherwise;
- increased or reduced competition in the industry in which we operate;
- changes in, or our failure or inability to comply with, government laws or regulations;
- the loss of any of our important commercial relationships;
- any increase in our professional liabilities or any adverse development in the litigation or other disputes to which we are a party;

We caution you that the foregoing list of important factors may not contain all of the material factors that are important to you. We urge you to read the "Operating and Financial Review," for a more complete discussion of the factors that could affect our future performance and the industry in which we operate. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Report may not occur.

We undertake no obligation, and do not expect, to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Report.

HIGHLIGHTS

- Double digit EBITDA[2] growth trend continues
- Capital and operational investment during 2012; a base for future growth
- Positive trends going into 2013
- UK Housing market transaction volumes and house prices were stable in 2012
- Countrywide delivers strong profit trajectory with no market assistance
- Impact from Government initiatives designed to stimulate the housing market: New-Buy and Funding-for-Lending Schemes
- Positive lender sentiment in early 2013 with more favourable mortgage products available, under pinned by Funding-for-Lending.

Results	Year ended December 31, (audited)		
	2012	2011	Variance
	£'000	£'000	%
Total income	**539,848**	509,050	+6
EBITDA before exceptional items[1]	**63,036**	56,367	+12
Operating profit before exceptional items and amortisation of intangibles	**53,663**	45,552	+18
Operating profit	**16,761**	19,560	-13
	(unaudited)		
	Number	Number	
House sales exchanged			
- Estate Agency division	**56,874**	56,108	+1
- Hamptons	**3,498**	3,274	+7
Life policies arranged	**38,168**	35,333	+8
Mortgages arranged	**53,929**	53,180	+1
Valuations and survey instructions	**281,189**	271,001	+4
Total conveyances completed	**59,180**	30,604	+93
Headcount – average throughout year	**8,431**	8,025	+5
Headcount - at year end	**8,181**	8,188	-
Segment results	(audited)		
Total income	£'000	£'000	
Estate Agency	**214,287**	215,390	-1
Lettings	**95,806**	81,255	+18
Financial Services	**64,749**	62,069	+4
Surveying & Valuation	**65,408**	60,391	+8
Conveyancing	**26,048**	22,843	+14
Hamptons	**72,590**	66,065	+10
Other segments	**960**	1,037	-7
	539,848	509,050	+6
EBITDA before exceptional items[1]			
Estate Agency	**12,799**	13,181	-3
Lettings	**21,733**	15,291	+42
Financial Services	**9,806**	9,398	+4
Surveying & Valuation	**10,200**	8,592	+19
Conveyancing	**8,022**	7,714	+4
Hamptons	**14,043**	14,292	-2
Segment EBITDA before exceptional items[1]	**76,603**	68,468	+12
Other segments	**(13,567)**	(12,101)	-12
Group EBITDA before exceptional items[1]	**63,036**	56,367	+12

[1] Exceptional items comprise exceptional income, operational restructuring, acquisition expenses and insurance claims and litigation charges.
[2] EBITDA referred to in this preliminary report is EBITDA before exceptional items unless otherwise specifically stated.
[3] n/m indicates a non-meaningful calculation throughout.

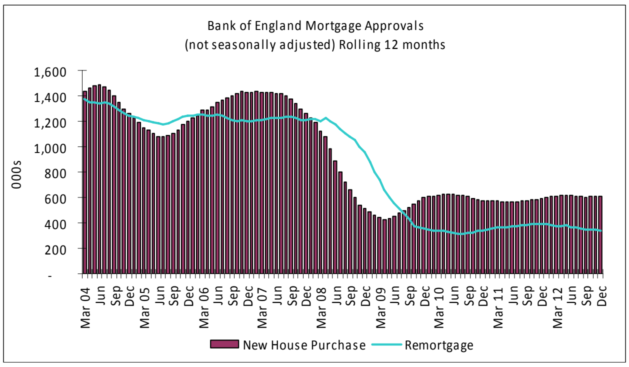
BUSINESS REVIEW

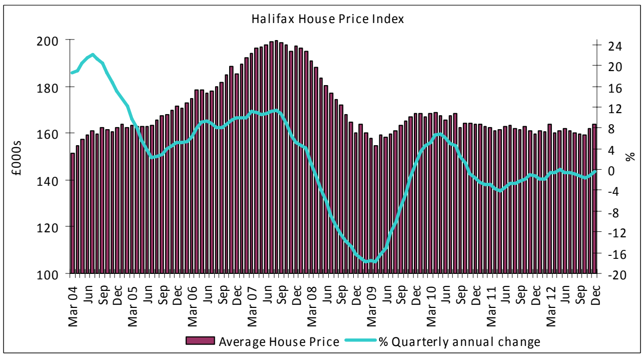
The Group is the leading integrated, full service residential estate agency and property services group in the UK, measured by both revenue and transaction volumes in 2012. It offers estate agency and lettings services, together with a range of complementary services and has a significant presence in key areas and property types which are promoted through locally and respected brands.

The Group operates in five complementary businesses: (i) residential property sales; (ii) residential property lettings and property management; (iii) arranging mortgages, insurance and related financial products (provided by third parties) for participants in residential property transactions; (iv) surveying and valuation services for mortgage lenders and prospective homebuyers; and (v) residential property conveyancing services. The Group seeks, through the breadth of its product offering, to capture revenue streams across the full range of stages of a typical residential property sale or rental, from listing to completion or letting.

The distractions of the extended Jubilee celebrations and the Olympics during the summer caused short-term disruption and hindered an already struggling UK housing market. The national metrics reflect little change on the previous two years; house prices[2] reduced by 0.3% while mortgage approvals[3] increased by 2.8%. 2012 was the fourth consecutive year of a half-size housing market.

Base interest rates remain historically low during 2012 there was no significant change in the availability of affordable mortgage products.





Against this background Countrywide delivered 6% growth in revenue and 12% growth in EBITDA before exceptionals, while at the same time continuing to invest in new businesses and deliver organic growth. The Lettings division contributed the most significant growth rates as its acquisitions contributed an additional £8.0 million in revenue and £3.0 million in EBITDA compared to 2011 but this was offset by an additional EBITDA investment in New Starts of £0.7 million. Estate Agency and Hamptons have reported negative EBITDA growth due to investing in new branch openings.

The Group continued to focus on its targeted acquisition programme acquiring thirteen more Lettings businesses, two branches in Estate Agency and Hamptons and a small Derbyshire based IFA network.

2 Source: Halifax House Price Index
3 Bank of England Mortgage Approvals for New House Purchase, not seasonally adjusted

Estate Agency Division

	(audited) Year ended December 31,		
	2012	2011	*Variance*
	£000	£000	%
Total income	**214,287**	215,390	-1
Operating costs	**(201,488)**	(202,209)	n/m
EBITDA before exceptional items	**12,799**	13,181	-3
Depreciation and amortisation	**(3,412)**	(4,177)	-18
Operating profit before exceptional items	**9,387**	9,004	+4
Exceptional costs	**(4,961)**	(2,212)	n/m
Operating profit	**4,426**	6,792	-35
Operational data		(unaudited)	
House sales exchanged	**56,874**	56,108	+1

A relatively flat year-on-year income and profit before exceptional items performance is not a true reflection of the progress made in the Estate Agency Division in 2012.

The UK housing market remains extremely challenging, with Land Registry figures showing that 2012 transaction volumes are expected to be flat or slightly down on 2011 levels, and roughly half of their long term historical average. The year started strongly, assisted by the end of the stamp duty holiday in March which accelerated some transactions. The following six months were very disappointing, with credit markets tightening and economic uncertainty being reinforced by the distractions of the Jubilee and Olympics. However, some momentum returned to the market in the final quarter.

Despite this difficult backdrop, and despite having fewer branches, the Estate Agency Division managed to increase its market share slightly from the prior year.

As a result of tight market conditions, competition for listings remains fierce and average fees were slightly lower in 2012 despite average house price achieved outperforming most indices and increasing by 4% to £205,000. To counter this pressure on fees, the division continues to move forward the collection of upfront fees which totalled £7 million in 2012, an increase of 20% from 2011. The volumes of repossessions continue to fall, affecting the performance of our Asset Management business; Countrywide Corporate Property Services.

The division made significant investments in the year, to position itself strongly for growth in the future:

- We consolidated our regional administration centres into one National Administration Centre in Cheadle, near Manchester. As well as process and quality improvements, this is anticipated to deliver significant ongoing cost savings in future years.
- We invested in our Land & New Homes business, employing 17 more FTE in a market where we see significant growth opportunities in the short to medium term.
- In just over 18 months we have grown UK Sotheby's International Realty from one branch to a network of six branches. Further investments in the London & Prestige market included the opening of three new John D Wood & Co. branches in 2012.
- We continue to grow our Bridgfords brand into West Yorkshire and North East England, while our 2011 acquisition in South Yorkshire, Blundells, has performed strongly and expanded its branch footprint.

Estate Agency continues to play a key role introducing other Countrywide Group services to potential property vendors or purchasers as we capitalise on our integrated service proposition. Highlights of 2012 included increasing the penetration of referrals to our Lettings, Conveyancing and Surveying divisions.

Our key areas of focus remain consistent:

- Client Service – consistently exceeding our clients' expectations
- People – recruitment, retention and development of the best people in our industry
- Marketing – development of online and offline marketing together with innovative National Marketing Campaigns that drive incremental business and help us maintain and grow our market share
- Infrastructure – investment in our network, brands and technology that protects our market leading position
- Costs – an ongoing focus on delivering a higher standard but at a lower cost

At the start of 2013 there is more positive sentiment for the UK housing market than we have seen for several years, due in part to evidence of improving lender sentiment and positive impact from Government initiatives. Whether there is a recovery in transaction volumes or not, the Estate Agency Division is well placed to prosper.

Lettings Division

	(audited) Year ended December 31,		
	2012	2011	Variance
	£000	£000	%
Total income	**95,806**	81,255	+18
Operating costs	**(74,073)**	(65,964)	+12
EBITDA before exceptional items	**21,733**	15,291	+42
Depreciation and amortisation	**(3,669)**	(3,372)	+9
Operating profit before exceptional items	**18,064**	11,919	+52
Exceptional costs	**(1,812)**	(995)	+82
Operating profit	**16,252**	10,924	+49
Operational data	(unaudited)		
Properties under management (retail) (average in the year)	**42,530**	32,787	+30
Properties under management (corporate) (average in the year)	**48,309**	56,087	-14

2012 continued the strong growth in the Group's Lettings business. Income increased by 18% and EBITDA increased by 42%. After netting out the additional costs incurred in setting up new branches the business grew EBITDA by 41%. However, this also includes the contribution from acquisitions during the year.

The business continues to make significant investment in the future

- Our New Start Program has now led to the opening of 176 additional lettings offices within the existing group office network, leveraging the existing infrastructure to create long term additional value and profit streams.
- We have sought and delivered acquisitions of strategically significant businesses to compliment our network, undertaking a total of 13 acquisitions during 2012. Including strategic expansion into the Leeds and Scotland markets.

The lettings market remains tight with limited supply of additional properties although we have been able to increase the number of instructions to the business by 26% and by 10% excluding the New –Start Programme.

The underlying lettings market remains strong with excess of demand over supply and we still register eight applicants for every property let. Increased lending in the Buy-to-Let segment would increase supply of properties which are likely to find ready tenants.

Financial Services Division

	(audited) Year ended December 31,		
	2012	2011	Variance
	£000	£000	%
Total income	**64,749**	62,069	+4
Operating costs	**(54,943)**	(52,671)	+4
EBITDA before exceptional items	**9,806**	9,398	+4
Depreciation and amortisation	**(5,384)**	(5,433)	-1
Operating profit before exceptional items	**4,422**	3,965	+12
Exceptional costs	**(699)**	(1,675)	-140
Operating profit	**3,723**	2,290	+63
Operational data		(unaudited)	
Total mortgages arranged	**53,929**	53,180	+1
Value	**£6.9bn**	£7.2bn	-4
Life insurance policies arranged	**38,168**	35,333	+8
General insurance policies arranged	**36,238**	38,475	-6

The Financial Services division faced a challenging 2012, with strong early momentum falling away quickly during the middle of the year as credit markets tightened and Santander, a large lender through the intermediary channel, pulled back lending volumes significantly. As a result, the intermediary mortgage market in which the Division operates is expected to be smaller versus 2011 levels. Despite this the Division managed to increase both income and EBITDA before exceptionals, and its market share as a result. It was particularly pleasing to consolidate EBITDA performance further after such a strong 2011.

Mortgage advances completed within the core business totalled £3.8 billion with Mortgage Intelligence group completions totalling a further £3.1 billion. The value of completions facilitated by the Group slightly decreased to £6.9 billion of lending. The Financial Services Division produced growth in EBITDA and this was as a result of maintaining market share and introducing a Mortgage Administration Fee and a Buy Smart initiative which increased total revenue.

Highlights of 2012 include the following:

- The Division successfully introduced new products and processes to support the new Gender Directive Legislation and is driving higher average value from its life insurance sales and deployed new systems in both General Insurance and Life/Protection areas.
- Mortgage Intelligence, acquired in 2011, performed strongly in the year. We added to this business in 2012 by acquiring the FYB Network, an intermediary with a very strong track record on insurance products.
- During the year we closed Hurst Independent Financial Services and transferred the pipeline to The Mortgage Store, an Appointed Representative of Mortgage Intelligence.
- Capital Private Finance, our joint venture operation in the High Net Worth financial services sector established in 2011, is growing profitably and has already repaid all of the invested seed capital.
- The application of Mortgage Administration Fees continues to prove very successful, increasing by 38% in the year.

Total headcount closed the year at 906, a reduction from 965 in the prior year. These headcount figures include 638 active Mortgage Consultants down from 643 in the prior year reflecting the slightly smaller market size. Although most lenders are predicting a larger mortgage market in 2013, we will wait until there is more sustained evidence of this before investing significantly in expanding our headcount from its current levels.

Surveying & Valuation Division

	(audited) Year ended December 31,		
	2012	2011	Variance
	£000	£000	%
Total income *(net of panel survey costs)*[4]	**48,959**	47,022	+4
Operating costs	**(38,759)**	(38,430)	+1
EBITDA before exceptional items	**10,200**	8,592	+19
Depreciation and amortisation	**(448)**	(2,361)	n/m
Operating profit before exceptional items	**9,752**	6,231	+57
Exceptional costs	**(18,559)**	(11,104)	31
Operating loss	**(8,807)**	(4,873)	-1
Operational data		(unaudited)	
Valuations and survey instructions completed	**281,189**	271,001	+4

The Surveying Division has continued its impressive year on year EBITDA before exceptional items growth delivering a result 19% above the prior year from a broadly similar market size. The Q4 2012 results show a growth in income by 7% against the prior year. Establishing the National Operations Centre and a general re-engineering of the Business during 2011 and 2012 has been fundamental in delivering the improved financial performance.

The Division continues to focus on the high quality service it provides to its lender clients and has consequently been successful in launching new contracts during 2012 including Tesco and the Co-op Group. The direct to consumer market has also been targeted with pleasing levels of growth in this channel. Management's focus on efficiency spanning both productivity of the in-house and consultant workforce in conjunction with these new contract wins has delivered top line growth of £2.0 million year on year. Careful cost control has helped the Division maintain margins and deliver incremental EBITDA of £1.6 million in 2012.

Throughout the year the Division has also placed significant focus on the risk management and data protection as part of the services it provides. Investment in this area led to the Division becoming the first major residential surveying firm to obtain ISO27001:2005 accreditation in data security.

Conveyancing Division

	(audited) Year ended December 31,		
	2012	2011	Variance
	£000	£000	%
Total income	**26,048**	22,843	+14
Operating costs	**(18,026)**	(15,129)	+19
EBITDA	**8,022**	7,714	+4
Depreciation and amortisation	**(347)**	(337)	+3
Operating profit	**7,675**	7,377	+4
Operational data		(unaudited)	
Total completions	**59,180**	30,604	+93

Our Conveyancing Business generated an EBITDA outturn of £8.0 million for 2012, an improvement of £0.3 million or 4% on 2011. In particular a strong Q4 trading performance saw an EBITDA increase of 23% compared to the same quarter of the prior year.

[4] The Surveying income has been stated net of panel fees paid £16.4 million (2011: £13.4 million) in order to present a clearer picture of the true increase in revenues and costs. Panel fee income and payments vary in accordance to the volume of panel surveys arranged. The margin earned is small compared to that from surveys performed in-house. The volumes of surveys and valuations reported excludes panel surveys arranged.

Income increased by 14% over 2011 mainly due to the HSBC contract win which went live in January 2012. The associated increase in cost of 19% is also largely attributable to costs associated with the implementation of this contract and bedding in of new processes while pipelines built to a steady state. The volume throughput of this contract is reflected in our completion volumes (an increase of 93% year on year) largely delivered through our market leading Panel Management Business and also through our in house Separate Legal Representation services. While the volume of completions has increased by 93% income only improved by 14% due to lower fees earned from panel management and Separate Legal Representation completions which drove the growth in volume.

Underlying trading, excluding HSBC, was broadly in line with 2011 as the market has remained subdued. While Q1 2012 trading was buoyed by the ending of the first time buyer Stamp Duty holiday, Q2 and Q3 2012 saw challenging market conditions as customers were faced with increased lead times in securing mortgage offers and some disruption with the summer sporting events. Q4 2012 saw a much improved performance, and with additional commercial and operational initiatives implemented the Division is able to report positive EBITDA growth for both the final quarter and the year.

Our Private Conveyancing service continues to build momentum across the branch network and in particular throughout the Hamptons International network, and is attracting excellent customer and agent satisfaction levels in the higher value markets.

Hamptons

	Year ended December 31, (audited)		
	2012	2011	*Variance*
	£000	£000	%
Total income	**72,590**	66,065	+10
Operating costs	**(58,547)**	(51,773)	+13
EBITDA	**14,043**	14,292	-2
Depreciation and amortisation	**(1,809)**	(2,395)	-24
Operating profit	**12,234**	11,897	+3
Operational data		(unaudited)	
House sales exchanged	**3,498**	3,274	+7

Despite the sizeable distractions of the Olympics, the Jubilee and stamp duty changes for £2 million plus properties, Hamptons finished the year strongly. Adjusting for the investment in new branches, Hamptons recorded a record profit year in 2012. The Sales division had a positive end to the year, registering the best income December since 2007 and the Lettings division continued their strong performance in 2012 with another record breaking income and profit year.

Expansion of the Hamptons network continued with seven branches opened in 2012 and more to follow in the new year. The impact of these openings has been to reduce EBITDA by £1.4 million in 2012.

Hamptons finished the Olympic year by taking the Gold award for UK's Best Large Agency at The Sunday Times Estate Agency of the Year awards.

Other segments

Other segments comprise central overheads including centralised Marketing, Online, IT and Corporate Business. These costs have increased year-on-year principally due to additional cost taken centrally as part of the IT outsourcing project.

Depreciation and amortisation

The depreciation and amortisation charge has been split to indicate the depreciation and amortisation that relates to assets purchased for use in the business and amortisation arising on those intangible assets that have been recognised as a result of a business combination. The underlying depreciation and amortisation charge decreased by £1.0 million across all categories of assets as the depreciation periods expire. Replacement capital purchases have been limited to necessary items and therefore the depreciation charge has not increased.

In respect of the amortisation of intangible assets recognised through business combinations this has decreased by £1.7 million primarily due to the completion in 2011 of the amortisation of in-house computer software valued in 2007.

Exceptional items

The Group has reported a net exceptional cost for 2012 of £29.2 million. This is made up of unrealised gains of £7.9 million offset by redundancies and restructuring costs of £11.5 million, £0.4 million of acquisitions costs and a further £25.2 million charge in respect of professional indemnity claims.

Exceptional income
In 2011 the Group assessed the fair value of the put options in respect of Capital Private Finance and United Surveyors based on the information available at the time. The fair value is the amount Countrywide is expected to pay to buy out the non-controlling interest in those subsidiaries. Subsequently, these businesses have performed well, although the lack of any significant recovery in the residential property market has delayed the intended expansion plans and consequently the Put Options have been reassessed at a lower amount. In accordance with IAS 39 the reduction in value has been credited to the income statement and disclosed as exceptional income due to the size of the transaction.

In May 2012 Zoopla Ltd merged with The Digital Property Group crystallizing a number warrants, which were granted to the Group under an agreement to list properties on the Zoopla website, which converted to ordinary shares. At the merger date, the Group fair valued these shares at £12.2 million. The shares were consideration for services provided to Zoopla over a period of time to 2015 and therefore recognised as deferred income. The deferred income is being amortised to the Income Statement over the period to 2015; there has been a catch up to the end of 2011 of £2.2 million and credit in respect of 2012 of £2.4 million, both of which are being recognised in 2012. The remaining deferred income will be credited to exceptional income over the next three years.

Exceptional costs
During the latter part of 2012 the Group experienced substantially worsening trends in terms of Professional Indemnity (PI) claims received and losses recognised on the insurance bordereaux. As a consequence of this the Group has recognised a further exceptional charge of £25.2 million. As discussed in note 3 of the Annual Report, the Directors base their assessment of the provision on a number of factors; legal and professional advice, historical trends of claims received and losses incurred. During 2012 the rate of claims received increased and the average loss also rose due the closure of the more challenging disputes. The Directors noted that the claims received in 2012 were mainly from prime lenders, who until now had not reported losses. Furthermore, as the six year statute of limitations approached for surveys in 2006 and 2007, the level of claims increased as lenders sought to protect their position. The Directors have reflected the experience changes in the predictive models, taken account of potential worsening of positions in certain legal cases and increased the provision accordingly. Of the £25.2 million charge, £15.3 million relates to claims not yet received or current claims not assessed by the professional legal advisors due to lack of information.

The management team has continued to restructure its cost base and as a result recognised a further exceptional cost of £11.5 million.

During 2012 the management announced the outsourcing of its IT function to CGI. The costs to transition to CGI over the course of 18 months is expected to be £3.4 million. In addition to transitioning to CGI, there are a number of transformational initiatives and investment that will be implemented during the course of 2013. The benefits of both the transition and transformation are expected to be realised from 2014.

In the Estate Agency division, the centralisation of operations and creation of a National Administration Centre incurred redundancy and office closure costs of £1.5 million. The benefits of this strategy will be recognised in 2013 and beyond. Restructuring of the divisions corporate property services operation and the removal of more layers of management increased the one off charge in 2012 by £3.3 million.

The Lettings division has closed some branches as it consolidates its operations within the Estate Agency network in order to benefit from efficiencies and closer working ties in the future, incurring a charge of £0.8 million in 2012. The Financial Services division restructured its Land & New Homes services and restructured some operations at a cost of £0.6 million. The Surveying division took the opportunity to restructure its claims handling operations within its National Operations Center as the contract with external providers expired and further senior management layers were removed, the cost of both was £0.9 million.

Finance costs

These have increased £0.9 million or 3% year on year due to higher amortisation of banking fees as a result of the Revolving Credit Facility signed in September 2011 and the unwind of discount rates relating to the put options. The cash payable interest cost of £27.0 million is unchanged since 2011.

Finance income

Interest earned on the Group's cash balances increased slightly despite average balances being £4 million lower throughout the year because the group was able to earn higher interest rates by better planning cash flow and use of fixed term products.

Taxation

The tax credit of £7.8 million on a loss of £10.8 million has been affected by two significant factors. Firstly, the reduction in the corporation tax rate to 23% resulted in a reduction in net deferred tax liabilities of £3.6 million. Secondly, the exceptional income of £7.9 million is derived from capital assets and liabilities that would have no tax costs or benefits in the future due to availability of capital losses. Excluding the impact of these two items, the underlying tax credit would be £2.3 million producing an effective tax rate of 21.7%.

Liquidity and cash flow analysis

	2012	2011
	£'000	£'000
Cash at December 31	**46,544**	60,636
Trapped cash	**(2,360)**	(4,041)
Cash available for working capital	**44,184**	56,595
Revolving Credit Facility (RCF)	**25,000**	25,000
- Letters of Credit drawn	**(7,641)**	(2,000)
Available facility	**17,359**	23,000

During 2012 the Group's cash balances decreased by £14.1 million (2011: increase £1.7 million). Investment levels remain consistent at £19.0 million (2011: £21.7 million) as the Group continued with its strategic acquisition programme but the main impact on cash flow was a reduction of £19.3 million in cash generated from operations. This principally reflects the unwinding of deferred income received in 2011. As previously reported during 2011, the Group received net £10 million in deferred income which would unwind over the subsequent two years. In 2012 £5.0 million was offset against receipts creating a swing in working capital creditor movements of £15.0 million year on year. In addition to this the Group settled long term bonus liabilities in 2012 amounting to £3.2 million. The amount settled against Professional Indemnity claims during the year was consistent with the previous year.

With cash balances at £46.5 million and undrawn facilities of £17.4 million the Group has sufficient headroom to continue its strategic investment programmes.

Capital expenditure

The Group opened 15 branches in Hamptons, Sotheby's and John D Wood and as a result the investment in leasehold premises and furniture and equipment increased as the branches were refitted to a high specification.

	2012	2011
	£'000	£'000
Leasehold improvements	**2,010**	993
Vehicle, furniture and equipment	**6,343**	4,751
Computer software	**2,177**	1,652
Total	**10,530**	7,396

Contractual obligations

The following table summarises our contractual obligations and payments that we will be obligated to make under our financial obligations as of December 31, 2012. Our contractual obligations also include rent payments in respect of our leased properties, primarily in connection with our estate agency and lettings branch networks, and lease payments in respect of our vehicle fleet.

	Expected cash payments due by period			
	Total	**Less than 1 year**	**2–5 years**	**After 5 years**
	£'000	£'000	£'000	£'000
Contractual obligations				
Property[5]	**81,971**	20,286	46,505	15,180
Vehicles, plant and equipment[6]	**36,527**	17,945	18,582	—
Pension deficit[7]	**11,400**	1,900	7,600	1,900
Obligations under the Notes				
Senior secured fixed rate notes[8]	**250,000**	—	—	250,000
Interest on fixed rate notes[9]	**139,410**	25,347	101,389	12,674
Total	**519,308**	65,478	174,076	279,754

Material commitments

On 30 July 2012 the Group entered into a seven year outsourcing arrangement with CGI. The strategic partnership agreement will see CGI consolidating and upgrading Countrywide's existing IT systems and infrastructure to improve technology service delivery. The transformed IT services will support Countrywide's client-focused business strategy and ensure that it is able to increase its rate of innovation and rapidly develop and roll-out world class IT solutions.

Other than the contract with CGI there has been no other change to material contracts and material commitments since the Group issued our Annual Report for 2011 in February 2012.

G Turner
Chief Executive Officer
20 February 2013

[5] Reflects minimum lease payments on leasehold facilities (including branches).
[6] Principally reflects minimum lease payments on vehicles and IT equipment.
[7] The current pension funding plan commits the Group to contribution of £1.9 million per year for another six years.
[8] Borrowings are stated at their principal.
[9] Reflects the interest expense on the senior secured notes. It assumes that the interest is paid bi-annually in cash.

CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December (audited)		
	2012	2011	2010
	£'000	£'000	£'000
Revenue	**527,355**	498,855	468,041
Other income	**12,493**	10,195	9,881
	539,848	509,050	477,922
Employee benefit costs	**(297,518)**	(283,047)	(270,464)
Depreciation on property, plant & equipment and amortisation on purchased computer software	**(8,647)**	(9,629)	(9,305)
Other operating costs	**(180,794)**	(171,136)	(157,482)
Share of profit from joint venture	**774**	314	359
Group operating profit before exceptional items and amortisation of assets recognised through business combinations	**53,663**	**45,552**	**41,030**
Amortisation of intangible assets recognised through business combinations	**(7,709)**	(9,445)	(13,271)
Exceptional income	**7,867**	—	—
Exceptional costs	**(37,060)**	(16,547)	(18,992)
Group operating profit	**16,761**	**19,560**	**8,767**
Finance costs	**(28,531)**	(27,658)	(23,812)
Finance income	**999**	793	2,014
Net finance costs	**(27,532)**	(26,865)	(21,798)
Loss before taxation	**(10,771)**	(7,305)	(13,031)
Taxation	**7,776**	4,664	4,758
Loss for the year	**(2,995)**	(2,641)	(8,273)
Attributable to:			
Owners of the parent	**(3,417)**	(2,842)	(8,273)
Non-controlling interests	**422**	201	—
Loss attributable for the year	**(2,995)**	(2,641)	(8,273)

CONDENSED CONSOLIDATED BALANCE SHEET

	As at 31 December (audited)		
	2012	2011	2010
	£'000	£'000	£'000
Assets			
Non-current assets			
Goodwill	**356,517**	344,944	333,668
Other intangible assets	**193,700**	198,933	200,731
Property, plant and equipment	**23,596**	22,508	22,614
Investments accounted for using the equity method:			
Investments in joint venture	**2,676**	2,650	2,672
Available-for-sale financial assets	**14,370**	317	303
Deferred tax asset	**16,458**	16,088	15,766
Total non-current assets	**607,317**	585,440	575,754
Current assets			
Trade and other receivables	**68,178**	67,108	68,691
Cash and cash equivalents	**46,544**	60,636	58,907
Total current assets	**114,722**	127,744	127,598
Total assets	**722,039**	713,184	703,352
Non-current liabilities			
Financial liabilities loans and borrowings	**249,774**	249,513	248,240
Defined benefit scheme liabilities	**6,612**	6,463	5,506
Provisions	**34,366**	20,211	27,090
Deferred income	**16,040**	16,667	12,342
Other liabilities due after one year	**10,811**	13,029	6,295
Deferred tax liability	**43,676**	50,489	53,641
Total non-current liabilities	**361,279**	356,372	353,114
Current liabilities			
Trade and other payables	**80,318**	79,849	72,579
Deferred income	**13,213**	9,850	3,795
Provisions	**24,222**	21,908	16,052
Current tax liabilities	**708**	1,333	1,564
Total current liabilities	**118,461**	112,940	93,990
Total liabilities	**479,740**	469,312	447,104
Net assets	**242,299**	243,872	256,248

CONSOLIDATED CASH FLOW

	For the year ended 31 December (audited)		
	2012	2011	2010
	£'000	£'000	£'000
Cash flows from operating activities			
Loss before taxation	**(10,771)**	(7,305)	(13,031)
Adjustments for:			
Depreciation	**6,328**	6,969	6,517
Amortisation of intangible assets	**10,028**	12,105	16,059
Impairment of assets	**133**	—	—
Loss/(profit) on disposal of fixed assets	**35**	(12)	(333)
Unrealised gains (exceptional income)	**(7,867)**	—	—
Income from joint venture	**(774)**	(314)	(359)
Finance expense	**28,531**	27,658	23,812
Finance income	**(999)**	(793)	(2,014)
	24,644	38,308	30,651
Changes in working capital (excluding effects of acquisitions and disposals of Group undertakings):			
(Increase)/decrease in trade and other receivables	**(796)**	6,189	4,451
(Decrease)/increase in trade and other payables	**(9,092)**	9,691	(10,748)
Increase/(decrease) in provisions	**16,356**	(3,750)	3,123
Cash generated from operations	**31,112**	50,438	27,477
Interest paid	**(25,564)**	(25,791)	(22,337)
Tax paid	**(972)**	(552)	(2,918)
Net cash inflow from operating activities	**4,576**	24,095	2,222
Cash flows from investing activities			
Acquisitions net of cash acquired	**(10,078)**	(16,328)	(85,718)
Purchase of property, plant and equipment	**(8,353)**	(5,775)	(5,348)
Purchase of intangible assets	**(2,177)**	(1,652)	(2,718)
Proceeds from sale of property, plant and equipment	**1,097**	381	1,895
Proceeds from sale of a subsidiary	**—**	500	—
Purchase of assets available-for-sale	**(905)**	—	(303)
Dividend received from joint venture	**748**	336	500
Interest received	**650**	886	2,105
Net cash outflow from investing activities	**(19,018)**	(21,652)	(89,587)
Cash flows from financing activities			
Proceeds from issue of share capital	**509**	544	160
Financing fees paid	**—**	(1,258)	(1,920)
Issue of bonds	**—**	—	75,000
Repayment of overseas loan	**—**	—	(1,070)
Dividend paid	**(159)**	—	—
Purchase of own shares	**—**	—	(26,015)
Net cash inflow/(outflow) from financing activities	**350**	(714)	46,155
Net(decrease)/ increase in cash and cash equivalents	**(14,092)**	1,729	(41,210)
Cash and cash equivalents at 1 January	**60,636**	58,907	100,117
Cash and cash equivalents at 31 December	**46,544**	60,636	58,907

OTHER FINANCIAL DATA

	(unaudited) For the year ended December 31,		
	2012	2011	2010
	£'000	£'000	£'000
EBITDA before exceptionals[10]	**63,036**	56,367	54,599
Cash and cash equivalents	**46,544**	60,636	58,907
Gross debt	**250,000**	250,000	250,000
Net debt	**203,456**	189,364	191,093
Consolidated interest expense[11]	**27,240**	26,865	24,332
Consolidated leverage ratio[12]	**3.23**	3.36	3.50
Fixed charge ratio[13]	**2.31**	2.10	2.24

The table below presents a reconciliation from the net profit or loss to EBITDA:

	(audited)		
	2012	2011	2010
	£'000	£'000	£'000
Consolidated net loss	**(2,995)**	(2,641)	(8,273)
Finance income	**(999)**	(793)	(2,014)
Share of profit post tax from joint venture	**(774)**	(314)	(359)
Depreciation and amortisation	**16,356**	19,074	22,576
Management fee	**1,500**	1,500	1,500
Finance expense	**28,531**	27,658	23,812
Taxation	**(7,776)**	(4,664)	(4,758)
EBITDA	**33,843**	39,820	32,484
Net exceptional items	**29,193**	16,547	18,992
EBITDA before exceptionals	**63,036**	56,367	51,476

[10] The EBITDA for 2010 is pro-forma as it includes the full 12 months results for Hamptons International. The results for 2011 and 2012 are not pro-forma.
[11] The interest expense for 2010 is pro-forma as it assumes a full 12 months interest arising from the £250 million Notes, net of any interest received during the year and other interest payable. The interest expense for 2011 and 2012 is not pro-forma.
[12] The consolidated leverage ratio is net debt over EBITDA or pro-forma EBITDA before exceptionals
[13] The fixed charge ratio is EBITDA or pro-forma EBITDA before exceptionals over consolidated interest expense

NOTES AND ADDITIONAL INFORMATION

The preparation of the Group's consolidated financial information under IFRS requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The 2011 balance sheet has been restated to reclassify £1.0 million loan notes as borrowings when they had previously been classified as non-current trade and other payables. This reclassification has no impact on total value of non-current liabilities as at 31 December 2011.

Going concern

These financial results have been prepared on a going concern basis, which assumes that the group will be able to meet its liabilities when they fall due for the foreseeable future. The Board of Directors has reviewed cash flow forecasts which have been stress tested with various assumptions regarding the future housing market volumes. Despite the fact that the transaction levels in the UK housing market remain at historically low levels, the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Status of financial information

The consolidated non-statutory financial statements of Countrywide Holdings, Ltd for the year ended December 31, 2012 were approved by the Board of Directors on February 19, 2013.

The financial information contained in this preliminary announcement does not constitute the consolidated non-statutory financial statements of Countrywide Holdings, Ltd for the years ended 31 December 2011 and 2010. The Countrywide Holdings, Ltd consolidated non-statutory financial statements and Annual Report will be posted on the Group's website by 21 February 2013.

As required by the Trust Indenture dated as of May 8, 2009 ('the Indenture') governing the Senior Secured Notes issued by Countrywide Holdings, Ltd, the company has engaged PricewaterhouseCoopers LLP to audit its consolidated non-statutory financial statements for the period ended December 31 2012.

The sole purpose of the preparation by the Directors of these financial statements and the engagement of PricewaterhouseCoopers LLP to audit them is to assist the directors to discharge their stewardship obligations and fiduciary responsibilities in respect of the company and the company's obligations under the terms of the Indenture and for no other purpose.

The Audit report and opinion included therein, which is addressed to the Directors, contains statements to the effect that in undertaking their audits and in giving their reports and the opinions included therein, PricewaterhouseCoopers LLP do not accept or assume responsibility for any other purpose or to any other person, to whom this report is shown or to whose hands it may come. This includes, without limitation, the Trustees and holders of the bonds issued under the Indenture or anyone else who may seek to rely on this report. The auditor's report, signed on March 1, 2013 is unqualified.

The Indenture does not prohibit PricewaterhouseCoopers LLP from clarifying their responsibilities in this way or from including a statement to that effect in their audit report.