The UK's **largest** and most **successful** property services group

COUNTRYWIDE PLC INTERIM REPORT 2015

Countrywide
integrated solutions local expertise

Robust progress demonstrates the importance of diversification

Countrywide is the UK's leading property services group, including the largest estate agency and lettings network.

Through our unique combination of national scale and local reach, Countrywide aims to be the most trusted provider of integrated property services in the UK.

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Highlights

for the six months ended 30 June 2015

> As anticipated, the first half of the year saw depressed activity in the UK residential sales market as UK consumers held back from making decisions pending the outcome of the most uncertain General Election in a generation. However, the benefits of our strategy to diversify the Group's revenue streams were underlined by our ability to ride those challenges with 50% of our profits derived from sources independent of the UK housing transaction market.

Alison Platt
Group chief executive officer

Financial highlights

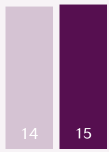
- Group income grew to £338.6 million, however, a difficult UK housing market led to £41.0 million of EBITDA versus £45.0 million in the same period last year
- Circa 50% of profits now independent of UK housing transaction market (circa 40% at FY 2014) reflecting the increased diversity of our revenue streams
- Strong growth in commercial division with Lambert Smith Hampton's total income up 32%, from £33.7 million to £44.3 million, and EBITDA up 43%, versus H1 2014
- Total income and EBITDA in Lettings segment both rose 7% against H1 2014
- Surveying Services reported a 13% increase in total income and 59% rise in EBITDA, to £7.6 million, against H1 2014
- Interim dividend of 5.0 pence (net) per share (2014: 5.0 pence), payable on 9 October 2015

Total income (£m)

338.6

+1%

2014 334.5

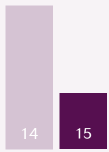


Operating profit (£m)

16.2

-61%

2014 41.6



Operational highlights

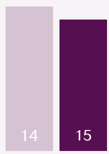
- Impact of residential market performance offset in part by ongoing Group diversification and outperformance of Commercial (Lambert Smith Hampton), Surveying and Financial Services segments, reflecting increased resilience of business
- 17 businesses acquired for a total of £41.1 million, with prior acquisitions now delivering organic growth; healthy pipeline of potential deals in place for the second half of 2015
- Implementation of new business strategy, Building our Future, underway with a target to double the size of the business by 2020
- Reorganisation of the business into four units comprising Retail, B2B, London and Financial Services and a number of senior executive appointments announced to support the delivery of the Building our Future programme
- Indications of improvement in residential market since period end, with indicators pointing to volume growth as confidence improves

Adjusted EBITDA* (£m)

41.0

-9%

2014 45.0

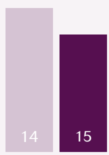


Adjusted basic EPS** (p)

10.3

-18%

2014 12.6



* Earnings before interest, tax, depreciation, amortisation, exceptional items, share-based payments and share of profits from joint venture, referred to hereafter as 'EBITDA' (see note 8 for reconciliation)
** Before exceptional items, amortisation of acquired intangibles and share-based payments (net of taxation impact)

Chairman's statement

> While we remain cautious, we are also optimistic as our broad-based business with diversified revenue streams provides a safeguard against the housing market cycle.

Grenville Turner
Chairman

As forecast at the full year results, the first half of 2015 was a testing period for the UK residential property sector, underlining the importance of our ongoing emphasis on the diversification of the business. We remain the largest residential property services business in the UK which provides us with a degree of insulation against housing market conditions. As anticipated, the General Election and uncertainty around housing policy statements in party manifestos discouraged people from transacting in the property market, even though mortgage rates were extremely favourable. Since the General Election result, there has been clarity around the mansion tax, rent controls, right to buy and a government commitment to build more houses, but this has yet to translate into any significant improvement in consumer confidence and increased transaction volumes. However, in addition to the Help to Buy and first time buyer schemes, we are confident that the environment is now stable and supportive of growth across the wider housing sector in the medium term.

The decline in transactions which was reported in Q4 2014 continued into 2015, with UK housing market transactions in Q1 2015 down 13% on Q1 2014, as reported by the Land Registry and Register of Scotland. We expect the 12% reduction in our H1 2015 transaction volumes to be in line with the wider market performance.

Despite this tougher backdrop, Countrywide delivered a healthy £41.0 million adjusted EBITDA (2014: £45.0 million) with growth reported in four of our divisions and the diversification of our Group helping to deliver a marginal increase of 1% in total income. As expected, our estate agency based divisions suffered most due to the weaker housing market conditions, which is reflected in the reported adjusted earnings of 10.3 pence per share (H1 2014: 12.6 pence). Consistent with our previously stated policy, our interim dividend has been held at the previous year's level despite the reduction in earnings per share and the planned investment in our strategy programme. The Board of directors has approved the payment of an interim dividend of 5.0 pence per share (H1 2014: 5.0 pence) to shareholders on the register on 11 September 2015.

At 30 June 2015 we had £169.6 million of net debt (excluding finance leases) and £50 million undrawn from our facilities. In February 2015 we increased our financing facilities to £250 million and at the same time converted the whole facility to a revolving credit facility, with reduced interest margins, due to expire in March 2018. We raised these additional funds to support our acquisition plans and I am pleased to report that we made strategic investments of £41.1 million in 17 businesses, across three business segments (Lettings, London & Premier and Lambert Smith Hampton), in the six month period to 30 June 2015.

While 2014 was a year of two halves for our business, it appears that 2015 will be similar, though to what extent is not clear at this stage. It is expected that the near term level of transactions will remain challenging, with a slower than expected post-election recovery. While indications of an upturn are on the horizon, as leading indicators point towards transaction growth, there is not enough concrete evidence yet of a pick-up in buyer and seller activity to make overall transaction growth this year look likely.

While we remain cautious, we are also optimistic as our broad-based business with diversified revenue streams provides a safeguard against the housing market cycle and the predicted continued growth in our lettings and commercial businesses is encouraging for the delivery of our strategic ambitions. Our acquisition programme is well positioned to take advantage of these positive trends, while prior acquisitions continue to deliver growth.

We have started to implement our Building our Future programme and we are pleased to welcome a number of new talented people to the executive and senior management team who will support the four new business areas.

We are keen to look beyond 2015 to ensure we have the building blocks for real growth and value added activity in place so we can deliver a significant level of shareholder returns in coming years with significant incremental returns from 2017 onwards.

Outlook

We are beginning to see the green-shoots of a post-election recovery and with a typical cycle of 13 – 14 weeks to convert pipeline to exchange, this is encouraging for building positive momentum into 2016. The first half transaction volumes are probably at a level which means full year-on-year transactions are likely to be marginally below 2014 levels. Our H1 results reflect the benefit of a broadly based business and we expect those divisions showing a strong start to continue that trajectory in the second half of the year. Despite the challenging start to the year, it is our view that 2015 will show year-on-year growth in EBITDA for the Group.

Grenville Turner.

Grenville Turner
Chairman
30 July 2015

Chief executive's review

> The breadth and resilience of Countrywide's business has once again served us well and provided a platform for steady first half performance despite significant challenges in the residential sales market across the UK.
>
> **Alison Platt**
> Group chief executive officer

The breadth and resilience of Countrywide's business has once again served us well and provided a platform for steady first half performance despite significant challenges in the residential sales market across the UK.

As anticipated, the first half of the year saw depressed activity in the UK residential sales market as UK consumers held back from decision making pending the outcome of the most uncertain General Election in a generation. In particular, the potential for the introduction of a punitive 'mansion tax' had a dampening effect on London and the South East where the post-election rebound was felt almost immediately.

However, the benefits of our strategy to diversify the Group's revenue streams were underlined by Countrywide's ability to ride those challenges with 50% of our profits derived from sources independent of the UK housing transaction market.

Particularly pleasing has been our ability to show resilience through a tough market and at the same time to make strong headway in implementing our Building our Future strategy. Our focus for the strategy is on growth and building a business which is bigger because it is better.

Building our Future

Our purpose: Bringing people and property together.

Our vision:

- The most recommended company in the property sector
- Recognised as one of the best places to work in the UK
- Transforming the reputation of our industry
- Celebrated for excellent sustainable financial performance

We are now focused on accelerating the pursuit of our vision and implementing the strategy.

I recently announced changes to the way we are organised, creating four business units (Retail, B2B, London and Financial Services) focused around our core customers with the aim of enabling us to optimise the returns we get from satisfying the multiple needs customers have in their life-long relationships with property. The business units are also organised to bring leadership and decision making closer to the markets in which they operate, recognising the very local market nature of our business. The changes also reflect the importance of growth sectors in our business – such as the Private Rental Sector, Financial Services, Land & New Homes and Commercial.

I have also taken the opportunity to strengthen the executive team and enhance the experience and industry knowledge which currently exists with the addition of two new people with strong track records in retail, digital and financial services. For the purposes of these results, we are reporting under the segments below and for the full year results announcement we will report under the Retail, B2B, London and Financial Services segments.

With this strong team in place and the strategy clear, I feel confident we can make significant progress in enhancing our offerings to customers and increasing the pace at which we capitalise on the breadth of capabilities across the Group. Our focus is on growth and our first half results provide a robust platform from which to go forward.

Group results

	Six months ended 30 June (unaudited)		
	2015 £'000	2014 £'000	Variance %
Total income	**338,582**	334,525	+1
Adjusted EBITDA*	**41,028**	45,015	-9
Operating profit before exceptional items, amortisation and share-based payments	**31,762**	39,745	-20
Operating profit	**16,176**	41,644	-61
Profit before taxation**	**28,904**	37,067	-22
Basic earnings per share	**4.6p**	15.0p	-69
Adjusted basic earnings per share**	**10.3p**	12.6p	-18
Interim dividend	**5.0p**	5.0p	—

* Earnings before interest, tax, depreciation, amortisation, exceptional items, share-based payments and share of profits from joint venture, referred to hereafter as 'EBITDA' (see note 8 for reconciliation)

** Before exceptional items, amortisation of acquired intangibles and share-based payments (net of taxation impact)

Chief executive's review continued

> The benefits of our strategy to diversify the Group's revenue streams were underlined by Countrywide's ability to ride those challenges with 50% of our profits derived from sources independent of the UK housing transaction market.

Group KPIs

	Six months ended 30 June (unaudited)		
	2015 Number	2014 Number	Variance %
House sales exchanged			
– Estate Agency	**27,579**	31,480	-12
– London & Premier	**2,861**	3,110	-8
– Group total	**30,440**	34,590	-12
Retail properties under management	**69,741**	64,334	+8
Mortgages arranged	**33,158**	32,772	+1
– Value	**£5.1bn**	£4.8bn	+8
Valuations and surveys completed	**162,030**	149,283	+9
Conveyances completed (excluding third party)	**14,968**	16,768	-11

Segment results

	Total income (unaudited)			EBITDA (unaudited)		
	2015 £'000	2014 £'000	Variance %	**2015 £'000**	2014 £'000	Variance %
Estate Agency	**86,732**	101,313	-14	**1,123**	7,093	-84
London & Premier	**56,816**	57,840	-2	**8,099**	10,444	-22
Lettings	**68,525**	64,265	+7	**18,790**	17,616	+7
Financial Services	**34,742**	33,248	+4	**6,110**	5,409	+13
Surveying Services	**31,672**	28,107	+13	**7,563**	4,755	+59
Conveyancing Services	**12,673**	13,489	-6	**3,148**	3,810	-17
Lambert Smith Hampton	**44,318**	33,683	+32	**4,521**	3,170	+43
All other segments	**3,104**	2,580	+20	**(8,326)**	(7,282)	-14
	338,582	334,525	+1	**41,028**	45,015	-9

Operational review

Estate Agency

In line with the wider market performance, Estate Agency has endured a challenging first half of the year with house exchanges down 12% in the first half of the year comparable to H1 2014. The division witnessed fewer properties being offered for sale, with instruction levels being down on the prior year, both before and after the General Election in May.

Whilst costs have been managed carefully, particularly in the run up to the General Election, the 14% fall in income to £86.7 million (down from £101.3 million in H1 2014) led to a significant decrease in EBITDA from £7.1 million in H1 2014 to £1.1 million.

House prices increased in the first half of the year, rising 3.6% compared to the same period in 2014. The average cash fee stayed broadly in line with previous year in the first six months, showing a positive trend in the second quarter and finished the half year strongly, which bodes well for the second half.

Our Land & New Homes business performed better than our core agency with 9.6% year-on-year growth in house exchanges in the first six months of 2015.

In 2015 we have rolled out the use of our tablet technology which has improved our back office efficiency and our time in bringing properties to market. This was achieved whilst maintaining our conversion rates of property valuations through to instructions.

London & Premier

The Central London market was volatile in the first six months of 2015 mainly due to uncertainty surrounding the General Election and the unpredictable outcome.

Across the division, residential sales transaction volumes were 8% down year-on-year and the time period from agreed sale to exchange lengthened.

We were encouraged by the continued strong performance of our lettings business which continued to grow, both through expansion within our residential sales network and through increasing market share.

Our New Homes business continued to grow, with the incorporation of the Preston Bennett team (acquired by Hamptons in January 2014) bearing fruit in both operational and revenue terms.

During this period we continued with our strategic expansion plans, acquiring three businesses for a total investment of £22.1 million: John Curtis Ltd (a two branch agency business in Harpenden and Wheathampstead), Greene & Co (a seven branch business stretching across north west London) and Ikon Consulting Limited.

Lettings

Our Lettings division delivered further growth with revenue up by 7% translating into a 7% uplift in EBITDA. The number of properties under management increased by 8% to almost 70,000.

Further expansion, in line with the targeted acquisition strategy continued with twelve small acquisitions totalling £7.4 million completed during the first half of 2015, with a pipeline of acquisitions planned for the rest of the year.

We continue to invest in improving our customers' experience by increasing resources in our Property Management teams and improved systems and processes to allow for electronic signatures on documents, online services for tenant applications and further improvements to our landlord portal.

Activity levels have increased, albeit against a backdrop of a tougher market reflecting uncertainty around the General Election and the economic outlook. Applicants registrations were up 5% year-on-year, whilst properties available reduced by 11%. Despite this change in the market, properties let during the period were up 5% year-on-year. Buy-to-Let tax changes in the Government's most recent Budget were unhelpful but no material impact is expected.

Financial Services

The division delivered a robust half year performance, given the market conditions experienced in the year to date, with revenue 4% ahead of 2014 at £34.7 million, generating EBITDA of £6.1 million. Our market share now stands at its highest point since 2008.

Market conditions for the first half of the year were subdued, with overall gross mortgage lending approximately 4% behind H1 2014. Despite this, the value of our mortgage applications was 15% higher than last year, and it is encouraging to see the value of our mortgage completions at £5.1 billion, an 8% increase on H1 2014.

We expect mortgage activity to grow in Q3 and our current projection for UK total gross mortgage lending in 2015 is approximately £210 billion, a 3% increase year-on-year. Due to the ongoing shift towards the broker market, we expect almost all of the headline growth to be sourced from the broker channel and, as such, we are well placed to maximise the opportunities available in the mortgage market.

Surveying Services

The division continues to deliver impressive growth figures despite a challenging overall market, with the first six months of 2015 delivering a 13% increase in income and EBITDA growth of 59%. These significant results, which are in line with expectations, have seen market share grow and are underpinned by the new contracts successfully won in 2014, as well as the investments Countrywide made in bringing 82 new surveyors into the industry through its trainee programme.

The number of surveys completed by our in-house team is 9% above June 2014 and encouragingly the average fee is 6% above the 2014 comparable.

The unrelenting focus on risk management is key within the division with continual investments being made in this area to ensure that the business, its customers and clients are protected going forward. Historic claims relating to the period from 2004 to 2008 are performing in line with our expectation and we are satisfied with the provisions currently being held.

Chief executive's review continued

> With our strong executive team in place and the strategy clear, I feel confident we can make significant progress in enhancing our offerings to customers and increasing the pace at which we capitalise on the breadth of capabilities across the Group. Our focus is on growth and our first half results provide a robust platform from which to go forward.

Operational review continued

Conveyancing Services

As expected, the division encountered a challenging start to 2015, posting an income figure of 6% below the impressive results achieved in H1 2014, translating into an EBITDA that is 17% below the comparative period last year.

The division began 2015 with a pipeline of instructions that was lower than anticipated, given 2014 figures. The shortfall was generally due to lower activity in the general housing market. Alongside a slowing pipeline in April and May 2015 because of the General Election, the division ended up completing 1,800 fewer transactions than in the same period in 2014.

In the last twelve months the business has placed significant emphasis on the implementation of sustained improvements to the service we offer our customers and also to how we successfully market our improved services to them. Early results throughout this transitional phase have been very encouraging and are providing confidence for the second half of 2015 and beyond.

Lambert Smith Hampton

The first six months of the year saw Lambert Smith Hampton deliver strong results. Revenue of £44.3 million and EBITDA of £4.5 million showed year-on-year growth of 32% and 43% respectively.

The division benefited from the continued pipeline of work carried over from last year. Our transactional business delivered a 38% year-on-year increase in revenue, in line with the increased value of transactions which our Capital Markets team advised on in the first half of the year.

Investment in the Commercial arm of the business continues with two further acquisitions ES Group, the UK's 21st largest multi-disciplined property consultancy and Tushingham Moore, the largest retail shopping centre specialist outside of London completed in the period, for a total investment of £11.6 million. These complement the current business and align with our strategy of using our skills to generate revenue and profit across the whole property lifecycle.

Exceptional items

As a result of an increasing number of acquisitions that, for commercial reasons, comprise a significant element of contingent consideration which is deemed remuneration under IFRS 3 'Business combinations,' we have decided to report these costs, along with acquisition costs, as exceptional costs because the short term impact on the underlying businesses would be material and distort business performance. In the first half of 2015 we charged £2.9 million in contingent consideration and £0.6 million in acquisition expenses.

During 2015 we have closely monitored our professional indemnity claims and I am pleased to report that our experience to date is consistent with our expectations at the year end. We received over 60% fewer valuation claims in this half year and the vast majority related to claims in respect of surveys conducted between 2004 and 2008. As a result of our review, we are confident that the provision held in our balance sheet at 30 June 2015, £33.8 million, fairly represents our potential liabilities and therefore no additional exceptional charges are currently expected.

Cash flow and balance sheet

In February 2015, we increased our financing facilities to £250 million and at the same time converted the whole facility to a revolving credit facility, with reduced interest margins, expiring in March 2018. Funds of £80 million have been drawn down during the period, principally to finance the continued progression of acquisitions.

A key focus for expansion within the Group remains the diversification of revenue streams in building a more resilient business. To this end, the Group has completed the acquisition of 17 businesses during the six month period ended 30 June 2015 for a total of £41.1 million and we have a pipeline of additional opportunities identified for the second half of the year.

The Group's investments have continued to perform well, with investments in the Zoopla Property Group plc benefiting from a revaluation gain of £13.6 million and an increase in value of the investment in residential property fund of £0.5 million. At 30 June 2015, the Group had net assets of £530.6 million (31 December 2014: £531.6 million) and net debt (including finance lease liabilities) of £179.9 million (31 December 2014: £103.1 million), with a net debt/equity ratio of 34% (31 December 2014: 19%).

The Board's assessment in relation to going concern is included in note 3 to the financial information.

Our people

In addition to the strengthened executive team now in place, we have award-winning teams across our business units providing excellent customer service to our customers every day. To date in 2015, our award wins include:

Letting Agency of the Year Awards 2015 – The Times/The Sunday Times

- Best National UK Large Lettings Agency – Countrywide – Gold
- Best London Agency – John D. Wood & Co. – Silver
- Best Property Management Agency – Countrywide – Silver

Financial Reporter Awards 2015

- Best Surveyor/Valuer – Countrywide Surveying Services

The ESTAS Estate Agent Awards 2015

- Best National Estate Agency – Countrywide – Gold
- Regional Awards – Countrywide – wins 17 awards

Mortgage Strategy Awards 2015

- Best Network up to 300 appointed representatives – Mortgage Intelligence

I firmly believe that our success is attributable to the continued support and commitment of everyone at Countrywide. We have the experience and passion to create the best environment and structure for our people to deliver outstanding customer experience while ensuring we capitalise upon all the opportunities offered by the UK property sector, both residential and commercial.

Alison Platt
Chief executive officer
30 July 2015

Principal risks and uncertainties

There are a number of risks and uncertainties facing the business in the second half of the financial year. The Board has reconsidered the risks and uncertainties listed below:

- housing market risk;
- availability of mortgage financing;
- loss of a major business partner or outsourcing partner;
- IT infrastructure and information security;
- professional indemnity;
- financial misstatement and fraud risk;
- regulatory compliance; and
- attracting, developing and retaining excellent people.

These risks and uncertainties and mitigating factors are described in more detail on pages 18 to 19 of the Countrywide plc financial statements for the year ended 31 December 2014 (a copy of which is available on the Group's website). Having reconsidered these risks and uncertainties the Board considers these to remain appropriate. In addition, inherent in any organisational structure changes and strategic transformation are associated implementation risks. These risks have been incorporated into the risk register and a transformation and change director has been appointed.

Forward-looking statements

This report may contain certain 'forward-looking statements' with respect to some of the Group's plans and its current goals and expectations relating to its future financial condition, performance, results, strategy and objectives. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. By their nature, all forward-looking statements involve risk and uncertainty. A number of important factors could cause the Group's actual future financial condition or performance or other indicated results to differ materially from those indicated in any forward-looking statement. We refer you to the Group's financial statements which can be downloaded from the Group's website: www.countrywide.co.uk/investor-relations. These documents contain and identify important factors that could cause the actual results to differ materially from those indicated in any forward-looking statement.

Statement of directors' responsibilities

The directors confirm that this condensed consolidated interim financial report has 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 DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and 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 of Countrywide plc are listed below:

Director	Position
Grenville Turner	Chairman
Alison Platt	Chief executive officer
Jim Clarke	Chief financial officer
David Watson	Deputy chairman and senior independent non-executive director
Caleb Kramer	Non-executive director
Cathy Turner	Independent non-executive director
Richard Adam	Independent non-executive director
Jane Lighting	Independent non-executive director
Rupert Gavin	Independent non-executive director

On behalf of the Board

Alison Platt
Chief executive officer
30 July 2015

Jim Clarke
Chief financial officer
30 July 2015

Condensed consolidated interim income statement

For the six months ended 30 June 2015

		2015 (unaudited)			2014 (unaudited)		
	Note	Pre-exceptional items, amortisation and share-based payments £'000	Exceptional items, amortisation and share-based payments £'000	Total £'000	Pre-exceptional items, amortisation and share-based payments £'000	Exceptional items, amortisation and share-based payments £'000	Total £'000
Revenue		328,787	—	328,787	326,352	—	326,352
Other income		9,795	—	9,795	8,173	—	8,173
	8	338,582	—	338,582	334,525	—	334,525
Employee benefit costs		(190,779)	(5,881)	(196,660)	(184,923)	(8,610)	(193,533)
Depreciation and amortisation	14	(9,450)	(5,249)	(14,699)	(6,220)	(5,352)	(11,572)
Other operating costs		(106,775)	—	(106,775)	(104,587)	—	(104,587)
Share of profit from joint venture	16	184	—	184	950	—	950
Group operating profit/(loss) before exceptional items		31,762	(11,130)	20,632	39,745	(13,962)	25,783
Exceptional income	10	—	1,267	1,267	—	15,861	15,861
Exceptional costs	10	—	(5,723)	(5,723)	—	—	—
Operating profit/(loss)	8	31,762	(15,586)	16,176	39,745	1,899	41,644
Finance costs		(3,025)	—	(3,025)	(2,773)	—	(2,773)
Finance income		167	—	167	95	—	95
Net finance costs		(2,858)	—	(2,858)	(2,678)	—	(2,678)
Profit/(loss) before taxation		28,904	(15,586)	13,318	37,067	1,899	38,966
Taxation	11	(6,283)	3,021	(3,262)	(8,985)	3,314	(5,671)
Profit/(loss) for the period		22,621	(12,565)	10,056	28,082	5,213	33,295
Attributable to:							
Owners of the parent		22,459	(12,565)	9,894	27,710	5,213	32,923
Non-controlling interests		162	—	162	372	—	372
Profit/(loss) attributable for the period		22,621	(12,565)	10,056	28,082	5,213	33,295
Earnings per share attributable to owners of the parent							
Basic earnings per share	13			4.55p			15.01p
Diluted earnings per share	13			4.52p			14.58p

The notes on pages 15 to 27 are an integral part of this condensed consolidated interim financial report.

Condensed consolidated interim statement of other comprehensive income

For the six months ended 30 June 2015

	Note	2015 (unaudited) £'000	2014 (unaudited) £'000
Profit for the period		**10,056**	33,295
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Foreign exchange rate (losses)/gains		**(177)**	6
Movement in fair value of available-for-sale financial assets	16	**13,661**	9,025
Total other comprehensive income		**13,484**	9,031
Total comprehensive profit for the period, net of tax		**23,540**	42,326
Attributable to:			
Owners of the parent		**23,378**	41,954
Non-controlling interests		**162**	372
Total comprehensive profit for the period, net of tax		**23,540**	42,326

The notes on pages 15 to 27 are an integral part of this condensed consolidated interim financial report.

Condensed consolidated interim statement of changes in equity

For the six months ended 30 June 2015

		Attributable to owners of the parent						
	Note	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
Audited balance at 1 January 2014		2,194	211,841	120,966	185,722	520,723	517	521,240
Profit for the period		—	—	—	32,923	32,923	372	33,295
Other comprehensive income								
Currency translation differences	24	—	—	6	—	6	—	6
Movement in fair value of available-for-sale financial assets	24	—	—	9,025	—	9,025	—	9,025
Total other comprehensive income		—	—	9,031	—	9,031	—	9,031
Total comprehensive income		—	—	9,031	32,923	41,954	372	42,326
Transactions with owners								
Share-based payment transactions		—	—	—	7,433	7,433	—	7,433
Deferred tax on share-based payments		—	—	—	(295)	(295)	—	(295)
Disposal of fair value of available-for-sale financial assets	24	—	—	(11,059)	—	(11,059)	—	(11,059)
Purchase of treasury shares	24	—	—	(506)	—	(506)	—	(506)
Dividends paid	12	—	—	—	(13,167)	(13,167)	(389)	(13,556)
Transactions with owners		—	—	(11,565)	(6,029)	(17,594)	(389)	(17,983)
Unaudited balance at 30 June 2014		2,194	211,841	118,432	212,616	545,083	500	545,583
Audited balance at 1 January 2015		2,194	211,841	98,683	218,660	531,378	190	531,568
Profit for the period		—	—	—	9,894	9,894	162	10,056
Other comprehensive income								
Currency translation differences	24	—	—	(177)	—	(177)	—	(177)
Movement in fair value of available-for-sale financial assets	16	—	—	13,661	—	13,661	—	13,661
Total other comprehensive income		—	—	13,484	—	13,484	—	13,484
Total comprehensive income		—	—	13,484	9,894	23,378	162	23,540
Transactions with owners								
Share-based payment transactions		—	—	—	4,087	4,087	—	4,087
Deferred tax on share-based payments		—	—	—	785	785	—	785
Shares issued	23	2	(2)	—	—	—	—	—
Purchase of treasury shares	24	—	—	(7,272)	—	(7,272)	—	(7,272)
Utilisation of treasury shares for option vesting	24	—	—	20,036	(20,036)	—	—	—
Dividends paid	12	—	—	—	(21,963)	(21,963)	(147)	(22,110)
Transactions with owners		2	(2)	12,764	(37,127)	(24,363)	(147)	(24,510)
Unaudited balance at 30 June 2015		**2,196**	**211,839**	**124,931**	**191,427**	**530,393**	**205**	**530,598**

The notes on pages 15 to 27 are an integral part of this condensed consolidated interim financial report.

Condensed consolidated interim balance sheet
As at 30 June 2015

	Note	30 June 2015 (unaudited) £'000	31 December 2014 (audited) £'000
Assets			
Non-current assets			
Goodwill	15	444,275	418,496
Other intangible assets	14	247,983	236,996
Property, plant and equipment	14	48,801	45,523
Investment property	18	—	13,235
Investments accounted for using the equity method:			
Investments in joint venture	16	3,403	3,219
Available-for-sale financial assets	16	61,095	33,290
Deferred tax asset		12,491	16,215
Total non-current assets		818,048	766,974
Current assets			
Trade and other receivables	17	114,453	98,644
Current tax assets		475	—
Cash and cash equivalents		29,156	28,583
Total current assets		144,084	127,227
Total assets		962,132	894,201
Equity			
Capital and reserves attributable to the owners of the parent			
Share capital	23	2,196	2,194
Share premium		211,839	211,841
Other reserves	24	124,931	98,683
Retained earnings		191,427	218,660
Equity shareholder funds		530,393	531,378
Non-controlling interests		205	190
Total equity		530,598	531,568
Liabilities			
Non-current liabilities			
Borrowings	20	202,925	86,950
Defined benefit pension scheme liabilities		3,316	5,216
Provisions	22	20,820	25,457
Deferred income	21	4,230	6,961
Trade and other payables due after one year	19	6,365	4,344
Deferred tax liability		46,608	44,858
Total non-current liabilities		284,264	173,786
Current liabilities			
Borrowings	20	6,086	44,760
Trade and other payables	19	112,514	109,312
Deferred income	21	5,498	5,708
Provisions	22	23,172	22,035
Current tax liabilities		—	7,032
Total current liabilities		147,270	188,847
Total liabilities		431,534	362,633
Total equity and liabilities		962,132	894,201

The notes on pages 15 to 27 are an integral part of this condensed consolidated interim financial report.

Condensed consolidated interim cash flow statement

For the six months ended 30 June 2015

	Note	2015 (unaudited) £'000	2014 (unaudited) £'000
Cash flows from operating activities			
Profit before taxation		13,318	38,966
Adjustments for:			
Depreciation	14	6,644	4,241
Amortisation of intangible assets	14	8,055	7,331
Amortisation of deferred income	10	(1,267)	(1,267)
Share-based payments		4,087	7,433
Profit on disposal of fixed assets/available-for-sale financial assets		(50)	(14,594)
Unrealised gains on revaluation of investment property	18	(400)	—
Income from joint venture	16	(184)	(950)
Finance costs		3,025	2,773
Finance income		(167)	(95)
		33,061	43,838
Changes in working capital (excluding effects of acquisitions and disposals of Group undertakings):			
Increase in trade and other receivables		(10,287)	(7,101)
Decrease in trade and other payables		(10,458)	(790)
Decrease in provisions		(3,592)	(8,507)
Cash generated from operations		8,724	27,440
Interest paid		(2,431)	(2,557)
Tax paid		(8,156)	(5,722)
Net cash (outflow)/inflow from operating activities		(1,863)	19,161
Cash flows from investing activities			
Acquisitions, net of cash acquired	9	(32,695)	(29,548)
Purchase of property, plant and equipment		(6,709)	(7,393)
Purchase of intangible assets	14	(3,122)	(2,624)
Proceeds from sale of property, plant and equipment		146	6
Purchase of investments	16	(331)	(2,186)
Proceeds from sale of available-for-sale financial assets		—	19,272
Purchase of investment property	18	(188)	(9,214)
Dividends received		—	1,388
Interest received		167	90
Net cash outflow from investing activities		(42,732)	(30,209)
Cash flows from financing activities			
Term loan drawn		—	25,000
Revolving credit facility drawn	20	80,000	10,000
Financing fees paid		(1,115)	—
Capital repayment of finance lease liabilities		(4,335)	(3,240)
Purchase of treasury shares	24	(7,272)	—
Dividends paid to owners of the parent	12	(21,963)	(13,167)
Dividends paid to non-controlling interests		(147)	(389)
Net cash inflow from financing activities		45,168	18,204
Net increase in cash and cash equivalents		573	7,156
Cash and cash equivalents at 1 January		28,583	36,325
Cash and cash equivalents at 30 June		29,156	43,481

The notes on pages 15 to 27 are an integral part of this condensed consolidated interim financial report.

Notes to the condensed consolidated interim financial report

1. General information

Countrywide plc ('the Company') and its subsidiaries (together, 'the Group') offer estate agency and lettings services, together with a range of complementary services, and have a significant presence in key areas and property types which are promoted through locally respected brands.

The Group operates in seven complementary businesses: (i) residential property sales; (ii) London & Premier residential property sales; (iii) residential property lettings and property management; (iv) arranging mortgages, insurance and related financial products (provided by third parties) for participants in residential property transactions; (v) surveying and valuation services for mortgage lenders and prospective homebuyers; (vi) residential property conveyancing services; and (vii) commercial property consultancy property management and advisory 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 Company is a public limited company, which is listed on the London Stock Exchange and incorporated and domiciled in the UK (registered number: 08340090). The address of its registered office is County House, 100 New London Road, Chelmsford, Essex CM2 0RG.

This condensed consolidated interim financial report was approved for issue on 30 July 2015.

This condensed consolidated interim financial report does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Consolidated financial statements for Countrywide plc for the year ended 31 December 2014 were approved by the Board of directors on 26 February 2015 and delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

This condensed consolidated interim financial report has been reviewed, not audited.

2. Basis of preparation

This condensed consolidated interim financial report for the six months ended 30 June 2015 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34 'Interim financial reporting', as adopted by the European Union. The condensed consolidated interim financial report should be read in conjunction with the annual financial statements of Countrywide plc for the year ended 31 December 2014, which have been prepared in accordance with IFRSs as adopted by the European Union.

3. Going concern

The Board of directors has reviewed cash flow forecasts, which have been stress tested with various assumptions regarding the future housing market volumes, and reassessed the likelihood and impact of the principal risks crystallising. On the basis of this, the directors have concluded that it is appropriate to prepare the condensed consolidated interim financial report on a going concern basis.

4. Accounting policies

The accounting policies adopted in the preparation of this condensed consolidated interim financial report are consistent with those of the previous financial year, except as stated below.

Material investment property acquisitions were made in 2014 and stated at fair value with gains arising from changes in the fair value of investment property included in profits for the year to which they relate. As stated in note 16 of the 2014 consolidated financial statements, on 23 October 2014, investment property held by the Group was transferred into a separate, unlisted, residential property fund, Vista UK Residential Real Estate Unit Trust (formerly named, at the time of transfer, Albion PRS Investments Unit Trust). In exchange, the Group received units in the property fund. The full independent fund structure, effectively removing any exercise of control to an independent trustee, was not in operation at the 2014 year end. The results of the trust were therefore consolidated at the year end.

However, completion of the independent fund structure and removal of the ability of the Group to control, or exercise significant influence over, the structure occurred on 15 May 2015. From this date, the property fund units were transferred to available-for-sale financial assets with subsequent changes in valuation being recorded in other comprehensive income. Please refer to notes 6 and 18 for further details.

Exceptional items are disclosed and described separately in the financial statements where it is necessary to do so in order to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

In addition, the annual improvements to amend existing standards which are mandatory for accounting periods beginning 1 January 2015 have had no material impact on the Group's condensed consolidated interim financial report.

Notes to the condensed consolidated interim financial report continued

5. Critical accounting judgements and estimates

The preparation of the condensed consolidated interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2014 with the exception of changes in estimates that are required in determining the provision for income taxes.

6. Financial risk management and financial instruments

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk), counterparty credit risk and liquidity risk.

The condensed consolidated interim financial report does not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

There have been no changes in the operation of risk management or in any risk management policies since the year end.

Liquidity risk

Compared to the year end, there was a material change in the contractual financial liabilities (see note 20). Following the renegotiation of the existing term loan and revolving credit facility (amounting to £200 million) during February 2015 and the restructuring the facility to a solely revolving credit facility (amounting to £250 million), an additional £80 million of the revolving credit facility has also been utilised during the period.

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method.

- The different levels have been defined, in accordance with IFRS 13 'Fair value measurement', as follows: quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from process) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2015:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Available-for-sale financial assets	46,766	13,971	358	61,095
Liabilities				
Put options	—	—	2,560	2,560

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2014:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Available-for-sale financial assets	33,165	—	125	33,290
Investment property	—	13,235	—	13,235
Liabilities				
Put options	—	—	2,560	2,560

6. Financial risk management and financial instruments continued

Fair value estimation continued

There was a transfer of investment property into available-for-sale financial assets during the period arising from the loss of control of the investment property fund as planned (see note 4). There was no change in valuation technique from that applied at 31 December 2014 and the fair value hierarchy of the investment property within the investment property fund has remained at Level 2. The fair value of the investment property fund has been arrived at on the basis of a valuation carried out at that date by CBRE Limited, independent valuers not connected with the Group. The valuation conforms to International Valuation Standards. The fair value was determined based on comparable market transactions on arm's length terms and has been based on the Market Rent valuation technique.

Fair value measurements using significant unobservable inputs (Level 3) and valuation processes

	2015			2014		
	Assets available-for-sale £'000	Investment properties classified as held for sale £'000	Liabilities £'000	Assets available-for-sale £'000	Investment properties classified as held for sale £'000	Liabilities £'000
Opening balance at 1 January	125	—	2,560	42,877	—	4,955
Additions	243	—	—	5,021	9,214	—
Disposals	—	—	—	(17,786)	—	—
Transfers from Level 3 to Level 1	—	—	—	(39,007)	—	—
Gains and losses recognised in profit or loss	(10)	—	—	(11)	—	40
Gains and losses recognised in total comprehensive income	—	—	—	9,025	—	—
Closing balance at 30 June	358	—	2,560	119	9,214	4,995

The Group's finance department performs the valuations of financial assets required for financial reporting purposes, including Level 3 fair values where appropriate. This team reports directly to the Chief Financial Officer and the Group Audit & Risk Committee. Discussions of valuation processes and results are held between the Chief Financial Officer, Group Audit and Risk Committee and the valuation team in line with the Group's half-yearly reporting dates.

The transfer from Level 3 to Level 1 in the six month period ended 30 June 2014 relates to shares held in Zoopla Property Group plc which listed on the London Stock Exchange on 17 June 2014.

The fair value of put options is undertaken using a discounted cash flow based on management's expectation of performance of the underlying entities, consistent with operating plans approved. This method continues to be based on unobservable market data, and therefore there have been no changes in valuation techniques adopted in the year and no changes in fair value hierarchies in respect of these liabilities.

The fair value of all other financial assets and liabilities approximate to their carrying amount.

7. Seasonality of operations

The UK housing market is seasonal, with peaks in the summer months. In the financial year ended 31 December 2014, 48% of total income accumulated in the first half of the year, with 52% accumulating in the second half. The Group's operating profits are typically higher in the second half than in the first half of the year because, while fixed costs (such as wages, salaries and finance costs, which are not seasonal) tend to be consistent throughout the year, volumes of transactions in the second half are typically higher and therefore there is a higher marginal contribution over such fixed costs.

Notes to the condensed consolidated interim financial report continued

8. Operating segment information

Management has determined the operating segments based on the operating reports reviewed by the Executive Committee (replacing the Governance and Performance Committee) that are used to assess both performance and strategic decisions. Management have identified that the Executive Committee is the chief operating decision maker in accordance with the requirements of IFRS 8 'Operating segments'.

The Executive Committee considers the business to be split into seven main types of business generating revenue: Estate Agency, London & Premier, Lettings, Financial Services, Surveying Services, Conveyancing Services and Lambert Smith Hampton, and all other segments comprise central head office functions.

The Estate Agency division generates commission earned on sales of residential and commercial property. London & Premier revenue is earned from both estate agency commissions and lettings and management fees. The Lettings division earns fees from the letting and management of residential properties and fees for the management of leasehold properties. The Financial Services division receives commission from the sale of insurance policies, arrangement of mortgages and related products under contracts with financial service providers. Surveying and valuation fees are received primarily under contracts with financial institutions with some survey fees being earned from home buyers. Conveyancing revenue is earned from conveyancing work undertaken from customers buying or selling houses through our network. Lambert Smith Hampton's revenue is earned from commercial property consultancy and advisory services, property management and advisory services. Other income generated by head office functions relates primarily to sub-let rental income or other sundry fees.

The Executive Committee assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of exceptional items, share-based payments charges and related employers' National Insurance contributions and income from joint ventures. Finance income and costs are not allocated to segments as this type of activity is driven by the central treasury function which manages the cash and debt position of the Group.

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Executive Committee is measured in a manner consistent with that in the income statement.

The following table presents revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2015 and 2014 respectively.

Total income

	Six months ended 30 June 2015			Six months ended 30 June 2014		
	Total segment income £'000	Inter-segment income £'000	Total income £'000	Total segment income £'000	Inter-segment income £'000	Total income £'000
Estate Agency	89,252	(2,520)	86,732	102,958	(1,645)	101,313
London & Premier	56,816	—	56,816	57,840	—	57,840
Lettings	68,525	—	68,525	64,265	—	64,265
Financial Services	35,732	(990)	34,742	33,694	(446)	33,248
Surveying Services	31,672	—	31,672	28,107	—	28,107
Conveyancing Services	12,673	—	12,673	13,489	—	13,489
Lambert Smith Hampton	44,318	—	44,318	33,683	—	33,683
All other segments	3,104	—	3,104	2,580	—	2,580
	342,092	(3,510)	338,582	336,616	(2,091)	334,525

8. Operating segment information continued

EBITDA before exceptional items

	Six months ended 30 June	
	2015 £'000	2014 £'000
Estate Agency	1,123	7,093
London & Premier	8,099	10,444
Lettings	18,790	17,616
Financial Services	6,110	5,409
Surveying Services	7,563	4,755
Conveyancing Services	3,148	3,810
Lambert Smith Hampton	4,521	3,170
Segment EBITDA before exceptional items	49,354	52,297
All other segments	(8,326)	(7,282)
Group EBITDA before exceptional items	41,028	45,015

A reconciliation of total EBITDA before exceptional items to total profit before income tax is provided as follows:

	Six months ended 30 June	
	2015 £'000	2014 £'000
EBITDA before exceptional items for reportable segments	49,354	52,297
Other segments	(8,326)	(7,282)
Total segments	41,028	45,015
Depreciation on property, plant and equipment and amortisation of software	(9,450)	(6,220)
Share of profit from joint venture	184	950
Group operating profit before exceptional items and amortisation	31,762	39,745
Amortisation of intangible assets	(5,249)	(5,352)
Share-based payment costs	(5,881)	(8,610)
Exceptional income	1,267	15,861
Exceptional costs	(5,723)	—
Group operating profit	16,176	41,644
Finance costs	(3,025)	(2,773)
Finance income	167	95
Profit before income tax	13,318	38,966

Since the preparation of the last financial statements, the Lettings division has acquired twelve businesses, the London & Premier division has acquired three businesses and Lambert Smith Hampton has acquired two businesses (see note 9). Other than this there has been no material change in segment total assets or liabilities from the amount disclosed in the last annual financial statements.

There are no differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss. The Executive Committee is reviewing restructuring the reportable business segments for the latter half of 2015. The revised segmentation will reflect the internal restructuring announced on 3 July 2015. Full details of any restructuring, and the resultant impact on income and EBITDA (including comparative data), will be announced in the final quarter of 2015 on the investor relations section of our website and incorporated within the annual financial statements for 2015, but the existing structure remains unchanged for the half year reporting.

Notes to the condensed consolidated interim financial report continued

9. Business combinations

Acquisitions

During the six months to 30 June 2015 the Lettings division acquired twelve lettings operations as part of its targeted acquisition strategy to expand in certain under-represented geographical areas. The total consideration in respect of these acquisitions was £7.4 million. The London & Premier division acquired three businesses, including Greene & Co, as part of its targeted acquisition strategy to expand in certain under-represented geographical areas, for a consideration of £22.1 million. Lambert Smith Hampton acquired two businesses, including Edward Symmons Group, as part of its targeted acquisition strategy to expand the Group's commercial offering, for a consideration of £11.6 million.

Provisional assessment of fair values at acquisition

	Greene & Co £'000	ES Group £'000	Other £'000	Total £'000
Intangible assets	6,693	4,843	4,105	15,641
Property, plant and equipment	1,132	204	50	1,386
Trade and other receivables	4,021	—	1,073	5,094
Cash at bank	—	—	1,874	1,874
Trade and other payables	(3,791)	—	(936)	(4,727)
Corporation tax	(310)	—	(496)	(806)
Deferred tax	(1,339)	(969)	(706)	(3,014)
Provisions	(94)	—	—	(94)
Net assets	6,312	4,078	4,964	15,354
Goodwill	9,948	6,112	9,719	25,779
Consideration	16,260	10,190	14,683	41,133
Settled by:				
Initial consideration	16,260	4,239	14,070	34,569
Deferred consideration	—	5,951	613	6,564
	16,260	10,190	14,683	41,133
Cash paid	16,260	4,239	14,070	34,569
Cash at bank	—	—	(1,874)	(1,874)
Net cash flow arising from acquisitions	16,260	4,239	12,196	32,695
Revenue post-acquisition	2,022	5,039	2,621	9,682
Profit post-acquisition	308	538	784	1,630
Proforma revenue to 30 June 2015	4,474	8,950	3,926	17,350
Proforma profit to 30 June 2015	709	848	1,857	3,414

A provisional assessment of the fair value of assets and liabilities acquired is presented in this interim report. Owing to the proximity of several acquisitions to the reporting date, there may be some reclassifications when reporting at the year end. The valuation techniques applied are consistent with previous years.

On 10 March 2015, the Group acquired the trade and assets of Edward Symmons Group, in accordance with the strategy to increase the Group's commercial footprint and non-cyclical revenue streams.

On 7 May 2015, the Group acquired 100% of the equity share capital of The Greene Corporation Limited and five subsidiary companies, in accordance with the strategy to increase the Group's lettings footprint in under-represented geographical areas.

The acquired receivables for all acquired businesses are all current and their fair value is not materially different. There are no contractual cash flows that are not expected to be collected. The goodwill recognised by the Group upon acquisition has no impact on tax deductions. No other contingent liabilities, not included in the net assets above, have been identified on these acquisitions.

The goodwill of £25.8 million arises from a number of factors including expected synergies, including cost reductions from purchasing and processing efficiencies, and unrecognised assets such as the assembled workforces.

9. Business combinations continued

Provisional assessment of fair values at acquisition continued

Acquisition costs of £0.6 million have been charged to exceptional costs in the condensed consolidated income statement for the period end. The deferred consideration noted above is payable over a period of six years as fixed payments at specified times in line with the purchase agreements. In addition, contingent consideration arrangements arising on four of the acquisitions made during the period require the Group to pay in cash a potential undiscounted maximum aggregate amount of £6.9 million.

Each of these contingent consideration arrangements require the vendors to remain in employment and as such have been treated as a post-combination employment expense, excluded from consideration noted above, and are being accrued over the relevant periods of one to three years specific to each of the agreements. £2.3 million of this contingent consideration is also subject to performance conditions being satisfied. These are target EBITDA levels which must be achieved in order to realise the full payment, with a reduced payment made if targets are not fully met. The accrual has been made on the assumption that each target will be fully met and the £2.3 million will be payable over the earn-out period.

10. Exceptional items

The following items have been included in arriving at loss before taxation:

	Six months ended 30 June	
	2015 £'000	2014 £'000
Exceptional income credited to operating profit		
Profit on disposal of available-for-sale financial assets	**—**	(14,594)
Deferred income amortisation arising from the fair valuation of available-for-sale financial assets	**(1,267)**	(1,267)
	(1,267)	(15,861)
Exceptional costs charged to operating profit		
Acquisition costs and contingent consideration	**3,501**	—
Strategic and restructuring costs	**1,396**	—
Regulatory settlement costs (including associated legal fees)	**826**	—
	5,723	—
Net exceptional costs/(income)	**4,456**	(15,861)

2015

During 2015 there has been continued amortisation of the deferred income in relation to Zoopla Property Group plc warrants which will continue to unwind over the remainder of the year to 31 December 2015.

As a result of an increasing number of acquisitions during the period that, for commercial reasons, comprise a significant element of contingent consideration which is deemed remuneration under IFRS 3 'Business combinations,' we have decided to report these costs, along with acquisition costs of £0.6 million, as exceptional costs because the short term impact on the underlying businesses would be material and distort underlying business performance.

During the period the Group has commenced the 'Building our Future' strategic review and incurred external consultancy costs in relation to the project and related restructuring costs, principally in relation to high level redundancies, which were also announced externally prior to 30 June 2015.

On 19 March 2015, the Competition and Markets Authority (CMA) concluded its investigation into an association of estate and lettings agents in Hampshire. Hamptons Estates Limited was one of three parties forming part of an association that admitted arrangements which had the object of reducing competitive pressure on estate agents and lettings agents' fees in the local area in and around Fleet in Hampshire. The exceptional cost above reflects the penalty payable to the CMA and associated legal costs.

2014

Amortisation of the deferred income in relation to Zoopla Property Group plc warrants which are being amortised over the period 2012 to 2015.

In addition, the Group disposed of a significant proportion of its shareholding in Zoopla Property Group plc as part of the IPO process in June 2014 and the associated profit is disclosed above.

Notes to the condensed consolidated interim financial report continued

11. Income taxes

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 December 2015 is 20.6%.

The estimated tax rate for the six months ended 30 June 2014 was 23.2%.

12. Dividend

	2015 £'000	2014 £'000
Amounts recognised as distributions to equity holders in the period:		
– final dividend for the year ended 31 December 2014 of 10.0 pence (net) per share (2013: 6.0 pence)	21,963	13,167
Total	21,963	13,167

An interim dividend of 5.0 pence (net) per share (2014: 5.0 pence (net) per share), amounting to a total dividend of £10,981,333 (2014: £10,972,248), was proposed by the Board of Directors on 29 July 2015. The dividend is payable on 9 October 2015 to shareholders who are on the register at 11 September 2015. In accordance with IAS 10 'Events after the balance sheet date', dividends declared after the balance sheet date are not recognised as a liability in these financial statements.

13. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares of Countrywide plc.

	2015 £'000	2014 £'000
Profit for the period attributable to owners of the parent	9,894	32,923
Weighted average number of ordinary shares in issue for the basic earnings per share	217,624,006	219,375,717
Basic earnings per share (in pence per share)	4.55p	15.01p

For diluted earnings per share, the weighted average number of ordinary shares in existence is adjusted to include all dilutive potential ordinary shares arising from share options.

	2015 £'000	2014 £'000
Profit for the period attributable to owners of the parent	9,894	32,923
Weighted average number of ordinary shares in issue	217,624,006	219,375,717
Adjustment for weighted average number of contingently issuable shares	1,213,822	6,475,936
Adjustment for weighted average number of treasury shares	66,826	15,829
Weighted average number of ordinary shares in issue for diluted earnings per share	218,904,654	225,867,482
Diluted earnings per share (in pence per share)	4.52p	14.58p
Adjusted earnings		
Profit for the period attributable to owners of the parent	9,894	32,923
Adjusted for:		
Amortisation arising on intangibles recognised through business combinations	5,249	5,352
Share-based payments charge	4,087	7,433
National Insurance on share-based payments charge	1,794	1,177
Exceptional income	(1,267)	(15,861)
Exceptional costs	5,723	—
Taxation impact of items listed above	(3,021)	(3,314)
Adjusted earnings, net of taxation	22,459	27,710
Adjusted basic earnings per share (in pence per share)	10.32p	12.63p
Adjusted diluted earnings per share (in pence per share)	10.26p	12.27p

14. Property, plant and equipment and intangible assets

		Intangible assets		
	Plant, property and equipment £'000	Computer software £'000	Other intangibles £'000	Total intangibles £'000
Net book value 1 January 2015	45,523	14,433	222,563	236,996
Acquisitions (note 9)	1,386	—	15,641	15,641
Additions	8,916	3,122	—	3,122
Transfers	(284)	284	—	284
Disposals	(96)	(5)	—	(5)
Depreciation and amortisation	(6,644)	(2,806)	(5,249)	(8,055)
Net book value 30 June 2015	**48,801**	**15,028**	**232,955**	**247,983**

Capital commitments

Under agreements with CGI, for the outsourcing of IT arrangements, the Group has committed to a computer hardware refresh programme. Capital expenditure contracted (in respect of property, plant and equipment) for at the end of the reporting period but not yet incurred, relating to 2015 and the three subsequent years, was £2.8 million (31 December 2014: £3.7 million).

15. Goodwill

	£'000
Net book value at 1 January 2015	418,496
Acquisitions (note 9)	25,779
Net book value at 30 June 2015	**444,275**

16. Investments

	Investment in joint venture £'000	Available-for-sale assets £'000
At 1 January 2015	3,219	33,290
Additions	—	331
Transferred in from investment property (see notes 6 and 18)	—	13,823
Movement in fair value	—	13,661
Amortisation	—	(10)
Share of profit	184	—
Dividends received	—	—
At 30 June 2015	**3,403**	**61,095**

Notes to the condensed consolidated interim financial report continued

17. Trade and other receivables

	30 June 2015 £'000	31 December 2014 £'000
Current		
Trade receivables	87,151	69,495
Less: Provision for impairment of receivables	(3,582)	(4,165)
Trade receivables – net	83,569	65,330
Amounts due from customers for contract work	685	1,251
Other receivables	11,528	14,243
Prepayments and accrued income	18,671	17,820
	114,453	98,644

18. Investment property

	£'000
Net book value at 1 January 2015	13,235
Capital expenditure	188
Change in fair value of investment property	400
Transfer to available-for-sale-assets (see notes 6 and 16)	(13,823)
Net book value at 30 June 2015	–

19. Trade and other payables

	30 June 2015 £'000	31 December 2014 £'000
Trade payables	19,132	13,875
Other financial liabilities	2,560	2,560
Deferred consideration	11,669	5,103
Financial liabilities	33,361	21,538
Other tax and social security payable	28,024	26,988
Accruals and other payables	57,494	65,130
	118,879	113,656
Current	112,514	109,312
Non-current	6,365	4,344
	118,879	113,656

20. Borrowings

	30 June 2015 £'000	31 December 2014 £'000
Non-current		
Bank borrowings	—	80,000
Other loans	1,000	1,000
Capitalised banking fees	(2,284)	(1,613)
Finance lease liabilities	7,370	7,563
	6,086	86,950
Current		
Bank borrowings	200,000	40,000
Finance lease liabilities	2,925	4,760
	202,925	44,760
Total borrowings	209,011	131,710

On 9 February 2015 the Company entered into an Amendment and Restatement Agreement relating to the term and revolving credit facility agreement, originally dated 20 March 2013, which is due to expire in March 2018. The facility is now £250 million revolving credit facility (RCF), with no term loan elements, with any outstanding balance repayable in full on 20 March 2018. Interest is currently payable based on LIBOR plus a margin of 1.75%. The margin is linked to the leverage ratio of the Group and the margin rate is reviewed twice a year (and can vary between 1.5% and 2.25%). The RCF is available for utilisation subject to satisfying fixed charge and leverage covenants and £80 million was drawn down during the period.

The unsecured loan notes (classified as 'Other loans' above) are non-interest bearing.

21. Deferred income

	Cash £'000	Non-cash £'000	Total £'000
At 1 January 2015	7,300	5,369	12,669
Movement/non-cash amortisation	(1,674)	(1,267)	(2,941)
At 30 June 2015	5,626	4,102	9,728
Current	3,758	1,740	5,498
Non-current	1,868	2,362	4,230
	5,626	4,102	9,728

The Group recognises deferred income as a result of cash received in advance in relation to certain sales distribution contracts and lease incentives relating to the Group's operating leases. The cash is received and amortised over the life of the contract to which it relates. The non-cash portion relates to unamortised income created on acquisition of Zoopla Property Group plc shares (see note 10).

Notes to the condensed consolidated interim financial report continued

22. Provisions

	Onerous contracts £'000	Property repairs £'000	Clawback £'000	Claims and litigation £'000	Other £'000	Total £'000
At 1 January 2015	1,145	3,870	3,424	36,786	2,267	47,492
Acquired in acquisition (note 9)	—	—	—	—	94	94
Utilised in the period	(412)	(547)	(2,503)	(4,264)	(5)	(7,731)
(Credited)/charged to income statement	(72)	62	2,994	1,263	(110)	4,137
At 30 June 2015	**661**	**3,385**	**3,915**	**33,785**	**2,246**	**43,992**
Current	661	2,218	2,610	16,958	725	23,172
Non-current	—	1,167	1,305	16,827	1,521	20,820
	661	**3,385**	**3,915**	**33,785**	**2,246**	**43,992**

Claims and litigation provisions comprise the amounts set aside to meet claims by customers below the level of any professional indemnity excess, the estimation of incurred but not received claims and any amounts that might be payable as a result of any legal disputes. The provisions represent the directors' best estimate of the Group's liability, having taken professional advice.

23. Share capital

	Number	£'000
Called up issued and fully paid ordinary shares of 1 pence each		
At 1 January 2015	219,444,961	2,194
Ordinary shares issued	181,701	2
At 30 June 2015	**219,626,662**	**2,196**

24. Reserves

The following table provides a breakdown of 'Other reserves' shown on the consolidated statement of changes in equity.

	Capital reorganisation reserve £'000	Foreign exchange reserve £'000	Available-for-sale financial assets reserve £'000	Treasury share reserve £'000	Total £'000
Balance at 1 January 2014	92,820	(56)	28,428	(226)	120,966
Currency translation differences	—	6	—	—	6
Movement in fair value of available-for-sale financial assets	—	—	9,025	—	9,025
Disposal of fair value of available-for-sale financial assets	—	—	(11,059)	—	(11,059)
Purchase of treasury shares	—	—	—	(506)	(506)
Balance at 30 June 2014	92,820	(50)	26,394	(732)	118,432
Balance at 1 January 2015	92,820	(173)	20,552	(14,516)	98,683
Currency translation differences	—	(177)	—	—	(177)
Movement in fair value of available-for-sale financial assets	—	—	13,661	—	13,661
Utilisation of treasury shares for option vesting	—	—	—	20,036	20,036
Purchase of treasury shares	—	—	—	(7,272)	(7,272)
Balance at 30 June 2015	**92,820**	**(350)**	**34,213**	**(1,752)**	**124,931**

25. Related party transactions

Transactions with key management personnel

Key management compensation amounted to £4.5 million for the six months ended 30 June 2015 (30 June 2014: £11.1 million). See below for details:

	30 June 2015 £'000	30 June 2014 £'000
Wages and salaries	1,965	3,550
Termination benefits	552	—
Short term non-monetary benefits	7	22
Share-based payments	1,935	7,490
Defined contribution pension scheme	67	77
	4,526	11,139

Trading transactions

		Transaction amount		Balance owed	
Related party relationship	Transaction type	Six months ended 30 June 2015 £'000	Six months ended 30 June 2014 £'000	30 June 2015 £'000	30 June 2014 £'000
Joint venture	Purchases by Group	1,303	1,354	298	268
Joint venture	Rebate received	197	198	(65)	—
Joint venture	Dividend received	—	507	—	—
Oaktree Capital Management	Director's fee paid	20	20	10	10

With the exception of dividends, these transactions are trading relationships which are made at market value. The Company has not made any provision for bad or doubtful debts in respect of related party debtors nor has any guarantee been given during 2015 regarding related party transactions. During the six month period ended 30 June 2015, the Group incurred £20,000 of directors' fees from Oaktree (30 June 2014: £20,000).

26. Events occurring after the reporting period

Details of the interim dividend proposed are given in note 12.

Following the period end, two further acquisitions have been completed: one within the Lettings division for total consideration of £0.6 million and one within Lambert Smith Hampton for total consideration of £0.9 million.

Independent review report to Countrywide plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed the condensed consolidated interim financial statements, defined below, in the condensed consolidated interim financial report of Countrywide 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 consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

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

What we have reviewed

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

- the condensed consolidated interim income statement for the period then ended;
- the condensed consolidated interim statement of other comprehensive income for the period then ended;
- the condensed consolidated interim statement of changes in equity for the period then ended; and
- the condensed consolidated interim balance sheet as at 30 June 2015;
- the condensed consolidated interim cash flow statement for the period then ended; and
- the explanatory notes to the condensed consolidated interim financial report.

As disclosed in note 2, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

What a review of condensed consolidated interim financial statements involves

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

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

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

Responsibilities for the condensed consolidated interim financial statements and the review

Our responsibilities and those of the directors

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

Our responsibility is to express to the company a conclusion on the condensed consolidated interim financial statements in the condensed consolidated interim financial 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
London
30 July 2015

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

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

Company information

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HSBC Bank plc
Abbey National Treasury Services plc
Barclays Bank Plc
AIB Group (UK) plc

Broker
Jefferies Hoare Govett

Solicitors
Slaughter and May

Financial calendar

Interim results	30 July 2015
Interim dividend record date	11 September 2015
Interim dividend payment	9 October 2015
Full year results	February 2016

*Shareholder enquiries

The Company's registrar is Capita Asset Services. They will be pleased to deal with any questions regarding your shareholding or dividends. Please notify them of your change of address or other personal information. Their address details are above.

Capita Asset Services is a trading name of Capita Registrars Limited.

Capita shareholder helpline:	0871 664 0300 (calls cost 10 pence per minute plus network extras) (Overseas: +44 02 8639 3399)
Email:	ssd@capitaregistrars.com
Share portal:	www.capitashareportal.com

Shareholders are able to manage their shareholding online and facilities include electronic communications, account enquiries, amendment of address and dividend mandate instructions.

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