PRESS RELEASE

27 July 2017

Countrywide plc

Interim Results for the six months ended 30 June 2017

Continuing to transform our business

Countrywide plc (LSE: CWD), the UK's largest integrated property services group, announces its results for the six months ended 30 June 2017.

Commenting on the Group's performance, Alison Platt, CEO said:

"We are building a stronger business for our future and remain on track with our goals to broaden our digital capability, reduce our operating cost base and strengthen our balance sheet. Based on our current performance and the outlook for housing transactions in the UK, we expect our results and our leverage for the full year to be within the range of market expectations.

"As anticipated, the first half of 2017 was tough for the Group compared to the same period last year given the high levels of housing transactions brought forward in time as a result of the stamp duty changes and the EU referendum. Our income versus the first six months of 2016 is down 10% and our adjusted EBITDA down 26%.

"We continue to serve our customers better, and this manifests strongly in our ability to win repeat business in lettings. Our digital proposition in sales is also proving to be an important element in bringing choice and attracting more applicants and vendors to our brands. At the same time our investment in a telephony sales channel in Financial Services is helping to grow our share of the mortgage market. Our Surveying business has grown its profitability and increased the amount of mortgage valuations it has undertaken for its lender clients this year. We are continuing to reshape our cost base, with total costs down £27 million from the six month period to 30 June 2016; we will continue to drive down cost and improve our productivity across the Group.

"Delivering for our customers and 'self-help' remains our mantra as we continue to build a stronger and more resilient business for the future."

FINANCIAL AND OPERATING HIGHLIGHTS

	H1 2017	H1 2016
Total income	£333.0m	£370.3m
Adjusted EBITDA[(1)]	£28.1m	£37.9m
Operating profit	£6.5m	£28.3m
Basic (loss)/earnings per share	(0.1)p	9.8p
Adjusted basic EPS[(2)]	3.0p	8.0p

- The overall market for housing transactions in the UK was down 7% [(4)]. Our sales market share held broadly flat at 4.9%[(3)] (2016: 5.1%) despite the effect of the on-going transformation of the business; we held or gained market share of listings in brands offering the digital proposition
- Growth in market share in mortgage distribution
- Positive progress in surveying and conveyancing
- Strong performance in B2B with income down 4%, EBITDA up 11%
- Cost transformation delivering to plan with £19 million cost reduction; total costs down £27 million year on year
- Cash generated from operations of £11.8 million (2016: £1.6 million)
- Net debt at 30 June 2017 £217 million (£248 million at 31 December 2016) as a result of placing in March 2017 and operating cash flow. The Group remains committed to reducing leverage
- Dividend: we continue to invest in cost and growth initiatives to build a sustainable and profitable business for the long term and remain committed to reducing our leverage. With this in mind, the Board has decided not to pay an interim dividend, and will review the situation at the full year

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

[(2)] Before exceptional items, amortisation of acquired intangibles, employment-linked contingent consideration and share-based payments (net of taxation impact)

[(3)] Like for like performance adjusting for closed branches

[(4)] HMRC exchange data YTD June 2017

CHIEF EXECUTIVE'S REVIEW

During this half year we made good operational progress in building a stronger business, reshaping our network, becoming more multichannel in nature through investing in our digital platforms and building telephony channels in Financial Services. The Group grew its market share in mortgage distribution and held broadly flat market share in sales; whilst at the same time rolling out our digital fixed price cost proposition to 50% of our network. Our cost reduction plans are on track to deliver our full year targets.

As we said at the time of our share placing in March, our aim is to continue to invest for the future and at the same time reduce our leverage through better cost management and prudent use of cash.

Over the past six months, the Group has made further progress in continuing to transform Countrywide:

Customers are at the heart of our business: We have made real progress in extending our **multichannel offering.** On 31 July we will have completed the rollout of our digital fixed price proposition to 50% of our branches**.** This offer gives our customers the choice to transact digitally and at a fixed cost but with the assurance that they are able to upgrade to the full service proposition in branch without losing the money they have already paid. We have increased traffic to our estate agency websites, have been invited to carry out more market appraisals and have won more instructions. We have held or gained market share in the areas that have the new offering, and also learned that, even where our digital proposition is available, over 95% of customers still choose to take advantage of the services we offer in branch, confirming what we expected: that a combination of digital capability and local market expertise is what customers really want.

In Financial Services, since the start of the year we have invested in and launched our telephony mortgage channel and have a sixty strong team in place. We have also introduced new, bespoke technology to support our 560 mortgage advisors so they can provide a faster, better and more efficient service for our mortgage and remortgage customers. We recently won 'Best Broker Customer Service' at the What Mortgage Awards 2017 which is voted for by consumers.

B2B businesses: In Surveying we have rolled out new tablet hardware to our surveyors, as well as a new technology platform, and been recognised for our leadership in this area for the sector. We have also launched a new pilot for a customer portal in our **Conveyancing** business. We have also concluded the strategic review of **Lambert Smith Hampton** which will remain an important part of the Group.

Cost and operational progress: The cost reduction programme we set out in March is on plan, with the first two phases already delivered. We have reduced the layers of management between senior staff and our customers; and we have rationalised our branch network, delivering network efficiencies and cutting central costs. This has reduced the annual run rate of our cost base by a further £9 million in the first half year, taking the total savings to circa £19 million for phases one and two. We are working actively on plans to mitigate the impact of the removal of tenant fees expected in 2018, including further cost reduction. At the same time, we are firming up our plans for Phase Three and will focus on driving further digital penetration, reducing IT running costs, aligning support functions to maximise efficiency across the Group in 2018 and beyond.

Balance sheet and dividend: Earlier this year we raised £37 million in net proceeds through a share placing and made the decision not to pay a final dividend in 2016, as well as setting out a revised dividend policy. We have maintained tight control on capital expenditure and reduced our working capital outflow significantly. The market for housing transactions has been challenging and our expectation is that it will remain uncertain for some time. As a result the Board believes it is prudent to refrain from paying an interim dividend and will review the situation at the full year.

We are committed to reducing leverage to 1.5 to 2 times.

Outlook: We are building a stronger business for our future and remain on track with our goals to broaden our digital capability, reduce our operating cost base and strengthen our balance sheet. Based on our current performance and the outlook for housing transactions in the UK, we expect our results and our leverage for the full year to be within the range of market expectations.

Alison Platt
Chief executive officer
27 July 2017

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SEGMENTAL RESULTS

	Total income (unaudited)			Adjusted EBITDA[1] (unaudited)		
	2017 £'000	2016 £'000	Variance %	**2017 £'000**	2016 £'000	Variance %
Retail	**105,932**	126,546[5]	-16	**9,221**	12,927[5]	-29
London	**75,002**	85,809[5]	-13	**3,392**	9,824[5]	-65
Financial Services	**42,600**	42,904	-1	**8,626**	10,121	-15
B2B	**108,623**	112,685[5]	-4	**14,710**	13,209[5]	11
Central Services	**805**	2,312	-65	**(7,885)**	(8,222)	4
Total Group	**332,962**	370,256	-10	**28,064**	37,859	-26

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

[5] Restated from prior year following internal restructuring of operations between Retail, London and B2B

SEGMENTAL VOLUMES

	Number H1 2017	Number H1 2016
House sales exchanged		
- Retail	**20,693**	25,573[5]
- London	**4,351**	5,702[5]
- B2B	**2,056**	2,665
Group total	**27,100**	33,940
Properties under management		
- Retail residential	**63,940**	65,675[5]
- London residential	**25,952**	24,350[5]
- B2B corporate	**30,172**	32,794
Group total	**120,064**	122,819[5]
Mortgages arranged, number	**43,461**	42,944
Mortgages arranged, value	**£7.9bn**	£7.4bn
Total valuations and surveys completed	**181,415**	190,141[5]
Conveyances completed (excluding third party)	**13,312**	15,551

OPERATING REVIEW

Retail

In sales, the market for UK housing transactions declined 7% during the six months to June 2017 following the peak of the market in the first six months of 2016 leading up to the introduction of higher stamp duty. Against this comparable time period, our exchanged income reduced by 16% and EBITDA declined 29%, with a **resilient performance in our lettings business** with income and properties under management down only 2%.

Our Retail business has been focused on increasing its **multichannel digital offering**, and we will achieve the rollout of our digital sales product to 50% of our branch network with the launch in Slater Hogg & Howison on 31 July. The proposition has been received positively by both our colleagues and customers and was supported by our largest investment in colleague training to date. We prioritised our largest volume brands for rollout and went live in our largest national brand, Bairstow Eves, in March which provided us with a strong hybrid brand presence in the London market. Each launch has been supported by a cohesive marketing campaign. Additionally, for Bairstow Eves we widened promotional activity to include targeted advertisement on TV and the London Underground network, which has proven impactful in driving customer awareness, and generating leads and traffic. We have held or gained market share in the areas that have the new offering, and also learned that, even where our digital proposition is available, over 95% of customers still choose to take advantage of the services we offer in branch, confirming what we expected: that a combination of digital capability and local market expertise is what customers really want.

The Retail business continues to drive out cost whilst at the same time improving customer satisfaction; with £8.0m reduction in operating expense in H1 2017 compared to H1 2016. During this half year, we have reduced the number of management layers, and have rationalised the number of Property Management Centres, decreasing the number from over 90 to 55 sites. This, along with the full implementation of Fixflo within property management, has helped us provide a higher level of service to

our landlords and tenants, driving our landlord retention up by 4.5%. Our overall rents achieved remain flat year on year; with modest growth in Scotland and the South East.

The ongoing dedication of our colleagues to providing exceptional customer service was independently recognised as we were rewarded with both the Best Large Agency Group and Lettings Agency Group awards as this year's ESTAs, which are based solely on customer feedback.

London

The London housing market continues to experience low levels of activity owing to political and economic uncertainty, particularly in relation to Brexit, which is felt more acutely in the capital. This, combined with the effects of stamp duty changes affecting homes over £1 million and on second homes, means the market for housing transactions in London continued to decline in the six months to June 2017.

We are also seeing increased differences between vendors and buyers on price expectations while both groups wait to see how the political situation unfolds. We estimate that the supply of properties listed in London has fallen around 13% in the first half of 2017 compared to 2016.

As a result of market conditions our exchanged income fell £9.4 million compared to the six months in 2016, primarily due to 20% reduction in exchanged volumes on a like for like basis. Our average fee increased by 1%, in part due to the average house price increase of 5%.

We maintained our strong position in the London Lettings market, which continues to hold up well, and we have seen good revenue growth of 7% net of closed branches. Our landlord base grew by 5% over the period.

The multichannel digital rollout to Bairstow Eves extends to 48 of our Greater London branches and the early results are encouraging.

In common with the Retail business, **our London cost reduction programme delivered** a 2% reduction in staff cost in the period.

Financial Services

Due to the significant spike in activity observed ahead of March 2016, prior to changes in stamp duty on second-hand homes and tax treatment on buy to let investments, alongside weaker market conditions, gross mortgage lending was down on the period by approximately 3%.

Despite the challenging market our **Financial Services division delivered revenues flat on the same period last year**. **Our mortgage completions for the first half of 2017 stand at £7.9 billion of gross distribution, 6% up versus last year.** Investment that we have put into our financial services business to launch and grow our telephony sales channel, coupled with a change in sales mix, means our earnings are lower compared with the first half of 2016.

The Buy to Let Business continues to report a strong performance achieving 14% higher growth in gross distribution year on year, coupled with a good performance from Mortgage Intelligence, at 5% higher growth. Our core sales force encountered weaker trading conditions (12% lower gross distribution) as a result of challenges in the wider residential property market. Maintaining our strategy on increasing business resilience by improving our organic performance is continuing to yield further strong improvements in our remortgage conversion rates, and we have successfully written mortgages for 27% (2016: 24%) of our remortgage customers.

In relation to our wider financial services proposition, we renewed our long-standing relationship with our significant partner, Aviva, to supply customers with market-leading protection products. Our commitment to investing in and developing our people means we have focused on developing an extensive protection training programme for our sales force to support the renewal. Further, to accompany the renewal of our arrangement with Aviva we anticipate the launch of a new suite of protection products in early H2 2017.

Overall revenue was broadly flat at £42.6m (2016: £42.9m) and EBITDA of £8.6 million was slightly lower (2016: £10.1m). Profitability was impacted by investment in headcount as part of strategic development, the sales mix of mortgage volumes and a lower level of insurance profit share.

We anticipate a broadly flat mortgage market year on year, with a mix which reflects the overall market for housing transactions. We expect demand for remortgaging to remain robust and rates to remain competitive. Our continued focus on delivering better service to our customers, coupled with a choice of channels through which to transact, leaves us well placed for the rest of the year.

B2B

Our B2B businesses posted a strong profitability for the six months to June 2017 with an EBITDA increase of 11%.

The financial performance of the surveying business reflects strong and sustained growth in what continues to be a healthy sector, delivering a robust level of instructions throughout the first six months, coupled with an improving average fee per survey. The first half of the year also saw good contract wins which will help underpin H2 as well as future year instructions.

We have continued to invest in **digital capability**, **improving the technological infrastructure for our surveyors**. In H1 we successfully rolled out new tablet hardware as well as a new technology platform with no disruption to customer service. This gives us a strong footing and the opportunity to remain at the forefront of changes in the valuation industry, which was recognised at the Mortgage Finance Gazette Awards where we won the category for Best Use of Technology.

Our people continue to be externally recognised and our managing director was awarded Surveying Leader of the Year at the British Mortgage Awards. Countrywide was named Best Surveyor Provider at the What Mortgage Awards.

Going into the second half of the year the surveying sector is expected to continue to flourish and the business is focused on servicing its lender partners. We anticipate that this should provide a solid platform for a strong set of financial results at the end of the year.

The conveyancing business EBITDA grew 30% compared to the prior year despite difficult market conditions with completions down on 2016 levels by 14%. This reflects strong operational improvement and robust cost management decisions, including the closure of the Bridgend legal centre in Q1 which delivered over £450,000 of cost savings in the first six months of 2017.

The overall Group focus on further improving our customer engagement and **digital capability continues within the conveyancing business**, which has placed strong emphasis on customer satisfaction (delivering a greatly improved net promoter score +10 in H1 2016 to +33 in H1 2017), and introduced a new customer portal into pilot phase in Q2.

In further recognition of our colleagues within the B2B division, our people picked up the Conveyancer of the Year at the Modern Law Conveyancing Awards. Looking forward, the business is focussing on building lawyer capacity with an apprenticeship programme expected to start in Q3.

Other B2B businesses (Countrywide Residential Development Solutions (CRDS) and Asset Management) continued to make further operational and financial progress, with significant instruction wins in Q2 in CRDS in the SME sector, which is also where we anticipate the greatest future new homes growth. This, alongside savings delivered from robust cost-based decisions, provides confidence in a strong second half of the year for the business.

In **Lambert Smith Hampton**, our commercial business delivered flat revenue year on year and EBITDA down 8%. Our strong pipeline of both transactional and consultancy work means our teams are positioned well for the second half of the year. Following a strategic review, we are pleased to confirm that our commercial business, Lambert Smith Hampton, will remain an important part of the Group. We believe there are opportunities to further develop the business; our combined expertise and strength in the commercial and residential sectors, along with our national and local reach, will enable us to maximise future opportunities across the Group.

Financial summary

The Group's EBITDA margin in the period was 8.4% (H1 2016: 10.2%).

Amortisation of acquired intangibles has decreased to £2.9 million (H1 2016: £5.9 million) reflecting the reduction in charge relating to intangibles recognised in 2007, when the Group was taken private, reaching full amortisation.

Contingent consideration of £1.1 million (H1 2016: £3.0 million) has been incurred in respect of post-combination employment expenses, accruing in respect of specific agreements with remaining periods of up to four years.

People-related restructuring costs of £2.7 million, classified as exceptional costs, have been incurred as a result of our ongoing review and rationalisation of the business. In contrast, H1 2016 reported £12.6 million exceptional income arising from the disposal of Zoopla shares (£13.2 million) net of acquisition costs (£0.6 million).

Cash generated from operations increased by £10.2 million to £11.8 million for the period (2016: £1.6 million), aided by effective management of working capital accompanied by a reduction in payments on unwind of legacy professional indemnity claims. Capital expenditure has been focused on planned branch refurbishments and development of software, specifically new technology platforms to deliver online offerings to our customers.

At 30 June 2017, the Group had net assets of £518.0 million (31 December 2016: £479.5 million) and net debt (including finance lease liabilities) of £217 million (31 December 2016: £248 million) with a net debt/equity ratio of 30% (31 December 2016: 34%).

We continue to invest in cost and growth initiatives to build a sustainable and profitable business for the long term and remain committed to reducing our leverage. With this in mind, the Board has decided not to pay an interim dividend (2016: 5.0 pence) and will review the situation at the full year.

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

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, which remain unchanged from the year end, listed below:

- exposure to UK housing market trends;
- potential loss of a major business partner or contract;
- resilience of IT infrastructure and arrangements for protection of data;
- professional indemnity exposure;
- attracting, developing and retaining excellent people;
- financial misstatement or fraud;
- increasing competition in the evolving markets that we operate in; and
- changing regulatory environment.

These risks and uncertainties and mitigating factors are described in more detail on pages 19 to 21 of the Countrywide plc financial statements for the year ended 31 December 2016 (a copy of which is available on the Group's website).

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.

During the period, Natalie Ceeney was appointed to the Board as an independent non-executive director on 28 April 2017. In addition, Himanshu Raja has joined the company and will succeed to the executive director role of chief financial officer following the departure of Jim Clarke on 1 August 2017.

The directors of Countrywide plc are listed in the company's annual report for the year ended 31 December 2016. A list of the current directors is maintained on the Countrywide plc investor relations website: www.countrywide.co.uk/investor-relations/board-of-directors.

On behalf of the Board

Alison Platt	**Jim Clarke**
Chief executive officer	Chief financial officer
27 July 2017	27 July 2017

Condensed consolidated interim income statement

For the six months ended 30 June 2017

		2017 (unaudited)			2016 (unaudited)		
	Note	**Pre-exceptional items, amortisation, employment-linked contingent consideration and share-based payments £'000**	**Exceptional items, amortisation, employment-linked contingent consideration and share-based payments £'000**	**Total £'000**	Pre-exceptional items, amortisation, employment-linked contingent consideration and share-based payments £'000	Exceptional items, amortisation, employment-linked contingent consideration and share-based payments £'000	Total £'000
Revenue		**326,968**	**—**	**326,968**	359,850	—	359,850
Other income		**5,994**	**—**	**5,994**	10,406	—	10,406
	8	**332,962**	**—**	**332,962**	370,256	—	370,256
Employee benefit costs		**(191,694)**	**(2,332)**	**(194,026)**	(211,499)	(4,164)	(215,663)
Other operating costs		**(113,204)**	**—**	**(113,204)**	(120,898)	—	(120,898)
Depreciation and amortisation	13	**(13,637)**	**(2,898)**	**(16,535)**	(12,023)	(5,938)	(17,961)
Group operating profit/(loss) before exceptional items		**14,427**	**(5,230)**	**9,197**	25,836	(10,102)	15,734
Exceptional income	9	**—**	**—**	**—**	—	13,164	13,164
Exceptional costs	9	**—**	**(2,706)**	**(2,706)**	—	(573)	(573)
Operating profit/(loss)	8	**14,427**	**(7,936)**	**6,491**	25,836	2,489	28,325
Finance costs (net)		**(6,044)**	**—**	**(6,044)**	(4,040)	—	(4,040)
Profit/(loss) before taxation		**8,383**	**(7,936)**	**447**	21,796	2,489	24,285
Taxation	10	**(1,442)**	**711**	**(731)**	(4,246)	1,344	(2,902)
Profit/(loss) for the period		**6,941**	**(7,225)**	**(284)**	17,550	3,833	21,383
Attributable to:							
Owners of the parent		**6,941**	**(7,225)**	**(284)**	17,449	3,833	21,282
Non-controlling interests		**—**	**—**	**—**	101	—	101
Profit/(loss) attributable for the period		**6,941**	**(7,225)**	**(284)**	17,550	3,833	21,383
Earnings per share attributable to owners of the parent							
Basic (loss)/earnings per share	12			**(0.12)p**			9.77p
Diluted (loss)/earnings per share	12			**(0.12)p**			9.76p

The notes 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 2017

	Note	**2017 (unaudited) £'000**	2016 (unaudited) £'000
(Loss)/profit for the period		**(284)**	21,383
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Actuarial gain/(loss) arising in the pension scheme		**886**	(3,764)
Deferred tax arising on the pension scheme		**(168)**	753
Items that may be subsequently reclassified to profit or loss			
Foreign exchange rate gain/(loss)		**19**	(33)
Cashflow hedges gain/(loss)		**1,170**	(4,381)
Deferred tax arising on cashflow hedge		**(246)**	876
Available-for-sale financial assets:			
- (Loss)/gain arising from movement in fair value of available-for-sale financial assets	15	**(24)**	2,124
- Less reclassification adjustments for disposals arising during the period		**—**	(14,948)
Total other comprehensive income/(expense)		**1,637**	(19,373)
Total comprehensive income for the period, net of tax		**1,353**	2,010
Attributable to:			
Owners of the parent		**1,353**	1,909
Non-controlling interests		**—**	101
Total comprehensive income for the period, net of tax		**1,353**	2,010

The notes 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 2017

	Note	Attributable to owners of the parent						
		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 2016		**2,196**	**211,839**	**25,482**	**304,959**	**544,476**	**103**	**544,579**
Profit for the period		**—**	**—**	**—**	**21,282**	**21,282**	**101**	**21,383**
Other comprehensive income								
Currency translation differences	22	**—**	**—**	**(33)**	**—**	**(33)**	**—**	**(33)**
Actuarial loss on the pension fund		**—**	**—**	**—**	**(3,764)**	**(3,764)**	**—**	**(3,764)**
Deferred tax arising on pension		**—**	**—**	**—**	**753**	**753**	**—**	**753**
Cashflow hedge: fair value loss	22	**—**	**—**	**(4,381)**	**—**	**(4,381)**	**—**	**(4,381)**
Cashflow hedge: deferred tax on loss	22	**—**	**—**	**876**	**—**	**876**	**—**	**876**
Reclassification of gains on available-for-sale financial assets	22	**—**	**—**	**(14,948)**	**—**	**(14,948)**	**—**	**(14,948)**
Movement in fair value of available-for-sale financial assets		**—**	**—**	**2,124**	**—**	**2,124**	**—**	**2,124**
Total other comprehensive income		**—**	**—**	**(16,362)**	**(3,011)**	**(19,373)**	**—**	**(19,373)**
Total comprehensive income		**—**	**—**	**(16,362)**	**18,271**	**1,909**	**101**	**2,010**
Transactions with owners								
Share-based payment transactions		**—**	**—**	**—**	**1,138**	**1,138**	**—**	**1,138**
Deferred tax on share-based payments		**—**	**—**	**—**	**(173)**	**(173)**	**—**	**(173)**
Issue of share capital		**1**	**(1)**	**—**	**—**	**—**	**—**	**—**
Utilisation of treasury shares for IPO option	22	**—**	**—**	**4,246**	**(4,246)**	**—**	**—**	**—**
Purchase of treasury shares	22	**—**	**—**	**(17,074)**	**—**	**(17,074)**	**—**	**(17,074)**
Dividends paid	11	**—**	**—**	**—**	**(21,964)**	**(21,964)**	**(149)**	**(22,113)**
Transactions with owners		**1**	**(1)**	**(12,828)**	**(25,245)**	**(38,073)**	**(149)**	**(38,222)**
Unaudited balance at 30 June 2016		**2,197**	**211,838**	**(3,708)**	**297,985**	**508,312**	**55**	**508,367**
Audited balance at 1 January 2017		**2,197**	**211,838**	**(17,941)**	**283,454**	**479,548**	**—**	**479,548**
Loss for the period		—	—	—	**(284)**	**(284)**	**—**	**(284)**
Other comprehensive income								
Currency translation differences	22	—	—	**19**	—	**19**	**—**	**19**
Actuarial gain on the pension fund		—	—	—	**886**	**886**	**—**	**886**
Deferred tax arising on pension		—	—	—	**(168)**	**(168)**	**—**	**(168)**
Cashflow hedge: fair value gain	22	—	—	**1,170**	—	**1,170**	**—**	**1,170**
Cashflow hedge: deferred tax on gain	22	—	—	**(246)**	—	**(246)**	**—**	**(246)**
Movement in fair value of available-for-sale financial assets	15	—	—	**(24)**	—	**(24)**	**—**	**(24)**
Total other comprehensive income		—	—	**919**	**718**	**1,637**	—	**1,637**
Total comprehensive income		—	—	**919**	**434**	**1,353**	—	**1,353**
Transactions with owners								
Share-based payment transactions		—	—	—	**956**	**956**	—	**956**
Deferred tax on share-based payments		—	—	—	**(10)**	**(10)**	—	**(10)**
Share placing	21,22	**216**	**—**	**36,634**	—	**36,850**	—	**36,850**
Transfer of reserves	22	**—**	**—**	**(36,634)**	**36,634**	—	—	—
Purchase of treasury shares	22	—	—	**(725)**	—	**(725)**	—	**(725)**
Transactions with owners		**216**	—	**(725)**	**37,580**	**37,071**	—	**37,071**
Unaudited balance at 30 June 2017		**2,413**	**211,838**	**(17,747)**	**321,468**	**517,972**	—	**517,972**

The notes are an integral part of this condensed consolidated interim financial report.

Condensed consolidated interim balance sheet

As at 30 June 2017

	Note	**30 June 2017 (unaudited) £'000**	31 December 2016 (audited) £'000
Assets			
Non-current assets			
Goodwill	14	**471,749**	471,749
Other intangible assets	13	**245,120**	250,310
Property, plant and equipment	13	**46,127**	49,445
Investments accounted for using the equity method:			
Investments in joint venture	15	**2,292**	2,292
Available-for-sale financial assets	15	**16,017**	16,058
Deferred income tax assets		**9,043**	9,250
Total non-current assets		**790,348**	799,104
Current assets			
Trade and other receivables	16	**117,725**	120,355
Cash and cash equivalents		**35,998**	45,326
Total current assets		**153,723**	165,681
Total assets		**944,071**	964,785
Equity and liabilities			
Equity attributable to the owners of the parent			
Share capital	21	**2,413**	2,197
Share premium		**211,838**	211,838
Other reserves	22	**(17,747)**	(17,941)
Retained earnings		**321,468**	283,454
Total equity		**517,972**	479,548
Liabilities			
Non-current liabilities			
Borrowings	18	**252,465**	292,505
Derivative financial instruments		**1,198**	2,367
Defined benefit pension scheme liabilities	23	**777**	3,663
Provisions	20	**13,707**	12,503
Deferred income	19	**1,666**	2,563
Trade and other payables	17	**13,635**	13,659
Deferred tax liabilities		**38,357**	38,694
Total non-current liabilities		**321,805**	365,954
Current liabilities			
Borrowings	18	**939**	721
Trade and other payables	17	**84,509**	95,072
Deferred income	19	**3,286**	3,890
Provisions	20	**14,161**	19,600
Current tax liabilities		**1,399**	-
Total current liabilities		**104,294**	119,283
Total liabilities		**426,099**	485,237
Total equity and liabilities		**944,071**	964,785

The notes are an integral part of this condensed consolidated interim financial report.

Condensed consolidated interim cash flow statement

For the six months ended 30 June 2017

	Note	**2017 (unaudited) £'000**	2016 (unaudited) £'000
Cash flows from operating activities			
Profit before taxation		**447**	24,285
Adjustments for:			
Depreciation	13	**8,483**	8,472
Amortisation of intangible assets	13	**8,052**	9,489
Share-based payments		**956**	1,138
Profit on disposal of available-for-sale financial assets		—	(13,164)
Profit on disposal of fixed assets		**(297)**	(7)
Finance costs		**6,107**	4,154
Finance income		**(63)**	(114)
		23,685	34,253
Changes in working capital (excluding effects of acquisitions and disposals of Group undertakings):			
Decrease/(increase) in trade and other receivables		**2,080**	(1,054)
Decrease in trade and other payables		**(7,711)**	(17,773)
Decrease in provisions		**(4,235)**	(11,973)
Pension paid		**(2,000)**	(1,900)
Cash generated from operations		**11,819**	1,553
Interest paid		**(5,406)**	(3,347)
Income tax received/(paid)		**365**	(3,546)
Net cash inflow/(outflow) from operating activities		**6,778**	(5,340)
Cash flows from investing activities			
Acquisitions, net of cash acquired		—	(27,853)
Deferred and contingent consideration paid in relation to prior year acquisitions		**(4,303)**	—
Purchase of property, plant and equipment		**(3,917)**	(10,894)
Purchase of intangible assets	13	**(2,859)**	(3,967)
Proceeds from sale of property, plant and equipment		**487**	20
Purchase of investments	15	—	(1,184)
Purchase of available-for-sale financial assets		—	(60)
Proceeds from sale of available-for-sale financial assets		—	18,956
Interest received		**63**	114
Net cash outflow from investing activities		**(10,529)**	(24,868)
Cash flows from financing activities			
Revolving credit facility (repaid)/drawn	18	**(40,000)**	140,000
Financing fees paid		**(2)**	(1,712)
Capital repayment of finance lease liabilities		**(1,700)**	(4,530)
Purchase of treasury shares	22	**(725)**	(17,074)
Share placing	21,22	**36,850**	—
Dividends paid to owners of the parent	11	—	(21,964)
Dividends paid to non-controlling interests		—	(149)
Net cash (outflow)/ inflow from financing activities		**(5,577)**	94,571
Net (decrease)/increase in cash and cash equivalents		**(9,328)**	64,363
Cash and cash equivalents at 1 January		**45,326**	24,336
Cash and cash equivalents at 30 June		**35,998**	88,699

The notes 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") is the leading integrated, full service residential estate agency and property services group in the UK, measured by both revenue and transaction volumes in 2016. 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 respected brands. 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, Ground Floor, 100 New London Road, Chelmsford, Essex CM2 0RG.

This condensed consolidated interim financial report was approved for issue on 27 July 2017.

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 2016 were approved by the Board of directors on 9 March 2017 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 2017 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 2016, 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 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.

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

Standards, amendments and interpretations effective and adopted by the Group

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 January 2017 have had a material impact on the Group.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Group. None of these new standards or interpretations are expected to have a material impact on the consolidated financial statements of the Group, with the exception of the following:

- IFRS 9 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. The standard is effective for accounting periods beginning on or after 1 January 2018. The impact of IFRS 9 is being assessed by management and will be concluded and quantified in the 2017 annual report disclosures. The main impact is likely to arise from the relaxation of the requirements for hedge effectiveness testing and amendments to the disclosure of financial instruments;
- IFRS 15 'Revenue from contracts with customers' is effective for accounting periods beginning on or after 1 January 2018. IFRS 15 introduces a five-step revenue recognition model based on performance obligations in customer contracts and introduces more detailed disclosure requirements. The Group recognises revenue from the following principal activities: commission and fees receivable; and consultancy services. An initial assessment of the impact of IFRS 15 on the Group has been undertaken. Revenue recognition under IFRS 15 is not expected to result in any significant change to the timing of revenue or profit recognition. The transition work is ongoing but has not, as yet, highlighted potentially material adjustments. At present, the directors anticipate that there may be some refinement in the recognition of commission assets arising from the acquisition of contracts although the amounts involved are not likely to be material. The impact of IFRS 15 will be concluded and quantified in the 2017 annual report disclosures.
- IFRS 16 'Leases' amends the definition of a lease, along with the recognition and measurement principles for leases and establishes the principles for disclosure. A key change is that most operating leases will be brought on balance sheet for lessees. The standard is effective for accounting periods beginning on or after 1 January 2019. The full impact of IFRS 16 has not yet been assessed by management. It is therefore not practical to provide a reasonable estimate of the financial effect until our review is complete.

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 2016 with the exception of the following changes in estimates. During the six months ended 30 June 2017 management reassessed its estimates in respect of taxation (note 10), pensions (note 23), contingent consideration payables in respect of acquisitions made in prior periods (note 6), impairment (note 14) and also provisions (note 20).

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 2016.

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 has been a material change in the contractual financial liabilities (see note 18) following the share placing (see note 21) and subsequent application of net proceeds against the revolving credit facility drawn down. There has been no change in the terms of borrowing applicable since the prior year end, as disclosed in note 18.

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:

- 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 2017:

	Level 2 £'000	**Level 3 £'000**	**Total £'000**
Assets			
Available-for-sale financial assets	**14,115**	**1,902**	**16,017**
Liabilities			
Derivative financial instrument – interest rate swap	**1,198**	**—**	**1,198**
Contingent consideration	**—**	**12,139**	**12,139**

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2016:

	Level 2 £'000	Level 3 £'000	Total £'000
Assets			
Available-for-sale financial assets	14,139	1,919	16,058
Liabilities			
Derivative financial instrument – interest rate swap	2,367	—	2,367
Contingent consideration	—	13,163	13,163

There was no change in valuation technique from that applied at 31 December 2016 to the investment property fund (within available-for-sale financial assets), which is based on the receipt of a net asset valuation statement from the trustees on a quarterly basis, and the fair value hierarchy of the investment within the fund has remained at Level 2.

The fair value of the investment property fund at 30 June 2017 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.

The fair value of level 2 derivatives are estimated by discounting the future contractual cash flows using appropriate yield curves based on quoted market rates at the current period end.

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

	2017		2016		
	Assets available-for-sale £'000	**Contingent consideration £'000**	Assets available-for-sale £'000	Contingent consideration £'000	Liabilities £'000
Opening balance at 1 January	**1,919**	**(13,163)**	449	(8,072)	(2,700)
Additions	—	—	1,244	—	—
Gains and losses recognised in profit or loss	(17)	**(1,125)**	(17)	(2,957)	—
Contingent consideration paid	—	**2,149**	—	—	—
Closing balance at 30 June	**1,902**	**(12,139)**	1,676	(11,029)	(2,700)

Contingent consideration relates to amounts payable in the future on acquisitions undertaken in prior years. The amounts payable are based on the amounts agreed in the contracts and based on the future profitability of each business acquired. In valuing each provision, estimates have been made as to the future profitability of each business at this date.

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 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 2016, 50% of total income accumulated in the first half of the year, with 50% accumulating in the second half as the stamp duty changes caused an unseasonal demand in Q1 of 2016, distorting the normal seasonal pattern. 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.

8. Operating segment information

Management has determined the operating segments based on the operating reports reviewed by the Executive 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'.

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. However, a degree of internal restructuring has been undertaken in the first half of 2017 which has reallocated a number of branches from Retail to London (principally in relation to the Finders Keepers operations acquired during the first half of 2016) and also reallocated our auctions operations from Retail to B2B. The segmental analysis therefore includes a restatement of the 2016 half year results under the revised operating structure.

The Executive Committee considers the business to be split into four main types of business, organised around customer groups and geography, generating revenue: Retail, London, Financial Services and Business to Business (B2B), and 'Central Services' comprising central head office functions.

The Retail network combines estate agency and lettings operations. Estate agency generates commission earned on sales of residential and commercial property and Lettings earns fees from the letting and management of residential properties and fees for the management of leasehold properties. The London division revenue is earned from both estate agency commissions and lettings and management fees. The Financial Services division receives commission from the sale of insurance policies, mortgages and related products under contracts with financial service providers. Business to Business services comprise all lines of business which are delivered to corporate clients, including surveying services, conveyancing services and revenue from Lambert Smith Hampton. Surveying services generates surveying and valuation fees which are received primarily under contracts with financial institutions with some survey fees being earned from home buyers. Conveyancing services generates revenue 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 valuation 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, employment-linked contingent consideration 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 2017 and 2016 respectively.

Total income

	Six months ended 30 June 2017			Six months ended 30 June 2016		
	Total segment income £'000	**Inter-segment income £'000**	**Total income £'000**	Total segment income £'000	Inter-segment income £'000	Total income £'000
Retail	**101,499**	**4,433**	**105,932**	119,457*	7,089	126,546*
London	**73,431**	**1,571**	**75,002**	84,197*	1,612	85,809*
Financial Services	**40,993**	**1,607**	**42,600**	41,091	1,813	42,904
B2B	**116,234**	**(7,611)**	**108,623**	123,199*	(10,514)	112,685*
Central Services	**805**	**—**	**805**	2,312	—	2,312
	332,962	**—**	**332,962**	370,256	—	370,256

EBITDA before exceptional items

	Six months ended 30 June	
	2017 £'000	2016 £'000
Retail	**9,221**	12,927*
London	**3,392**	9,824*
Financial Services	**8,626**	10,121
B2B	**14,710**	13,209*
Segment EBITDA before exceptional items	**35,949**	46,081
Central Services	**(7,885)**	(8,222)
Group EBITDA before exceptional items	**28,064**	37,859

*Restated from prior year following internal restructuring of operations between Retail, London and B2B

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

	Six months ended 30 June	
	2017 £'000	2016 £'000
EBITDA before exceptional items for reportable segments	**35,949**	46,081
Central Services	**(7,885)**	(8,222)
Group EBITDA before exceptional items	**28,064**	37,859
Depreciation on property, plant and equipment and amortisation of software	**(13,637)**	(12,023)
Group operating profit before exceptional items and amortisation	**14,427**	25,836
Amortisation arising on intangible recognised through business combinations	**(2,898)**	(5,938)
Contingent consideration	**(1,125)**	(2,957)
Share-based payment costs	**(1,207)**	(1,207)
Exceptional income	**—**	13,164
Exceptional costs	**(2,706)**	(573)
Group operating profit	**6,491**	28,325
Finance costs	**(6,107)**	(4,154)
Finance income	**63**	114
Profit before income tax	**447**	24,285

Adjusted items

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, in the judgement of the directors, need to be disclosed separately by virtue of their nature, size or incidence in order to obtain a clear and consistent presentation of the Group's underlying business performance. Examples of material and non-recurring items which may give rise to disclosure as exceptional items include strategic costs of restructuring existing businesses, integration of newly acquired businesses, asset impairments and costs associated with acquiring new businesses. The columnar presentation of our income statement separates exceptional items, amortisation of intangibles arising on business acquisitions, contingent consideration and share-based payments to illustrate consistently the Group's underlying business performance.

There has been no material change in segment total assets or liabilities from the amount disclosed in the last annual financial statements.

9. Exceptional items

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

	Six months ended 30 June	
	2017 £'000	2016 £'000
Exceptional income credited to operating profit		
Profit on disposal of available-for-sale financial assets	—	(13,164)
Exceptional costs charged to operating profit		
People-related restructuring costs	**2,706**	—
Acquisition costs and contingent consideration	—	573
Net exceptional costs/(income)	**2,706**	(12,591)

2017

During the period, the Group undertook further restructuring as part of our ongoing review and rationalisation of the business. As a result, the Group incurred a number of exceptional, non-recurring costs in relation to the review which comprised £2.7 million of redundancy and people-related restructuring costs

2016

The Group disposed of half of its shareholding in Zoopla Property Group plc during February 2016 and the associated profit is disclosed above.

10. 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 2017 is 25.9% (six months ended 30 June 2016: 11.9%).

11. Dividend

	2016 £'000	2016 £'000
Amounts recognised as distributions to equity holders in the period:		
– final dividend for the year ended 31 December 2016 of nil pence (net) per share (2015: 10.0 pence)	—	21,964
Total	—	21,964

An interim dividend of nil pence (net) per share (2016: 5.0 pence (net) per share), amounting to a total dividend of £nil (2016: £10,984,649), was proposed by the Board of Directors on 26 July 2017.

12. Earnings per share

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

	2017 £'000	2016 £'000
(Loss)/profit for the period attributable to owners of the parent	**(284)**	21,282
Weighted average number of ordinary shares in issue for the basic earnings per share	**228,488,465**	217,915,710
Basic (loss)/earnings per share (in pence per share)	**(0.12)p**	9.77p

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.

	2017 £'000	2016 £'000
(Loss)/profit for the period attributable to owners of the parent	**(284)**	21,282
Weighted average number of ordinary shares in issue	**228,488,465**	217,915,710
Adjustment for weighted average number of contingently issuable shares	**12,824**	44,111
Weighted average number of ordinary shares in issue for diluted earnings per share	**228,501,289**	217,959,821
Diluted (loss)/earnings per share (in pence per share)	**(0.12)p**	9.76p
Adjusted earnings		
(Loss)/profit for the period attributable to owners of the parent	**(284)**	21,282
Adjusted for:		
Amortisation arising on intangibles recognised through business combinations	**2,898**	5,938
Share-based payments charge	**956**	1,138
National Insurance on share-based payments charge	**251**	69
Contingent consideration	**1,125**	2,957
Exceptional income	—	(13,164)
Exceptional costs	**2,706**	573
Taxation impact of items listed above	**(711)**	(1,344)
Adjusted earnings, net of taxation	**6,941**	17,449
Adjusted basic earnings per share (in pence per share)	**3.04p**	8.01p
Adjusted diluted earnings per share (in pence per share)	**3.04p**	8.01p

13. 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 2017	49,445	22,136	228,174	250,310
Additions	5,358	2,859	—	2,859
Transfers	(3)	3	—	3
Disposals	(190)	—	—	—
Depreciation and amortisation	(8,483)	(5,154)	(2,898)	(8,052)
Net book value 30 June 2017	**46,127**	**19,844**	**225,276**	**245,120**

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 for (in respect of property, plant and equipment) at the end of the reporting period but not yet incurred, relating to 2017 and the two subsequent years, is £1.8 million (31 December 2016: £2.6 million).

14. Goodwill

	£'000
Net book value at 1 January and 30 June 2017	**471,749**

IAS 36 'Impairment of assets' requires goodwill to be tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment.

Cash generating units (CGUs) represent the smallest identifiable group of assets that generate cash flows that are largely independent of cash flows from other groups of assets. In accordance with internal management structures, the group of CGUs against which goodwill is monitored comprise Retail, London and Financial Services, with the B2B business unit being split further into Professional Services, Countrywide Residential Development Solutions and Commercial. In many cases the operations of the acquired businesses have been fully integrated with existing businesses and consequently the economic flows are not monitored at a lower level than the CGUs identified for goodwill impairment review.

An impairment review involves comparing the carrying amount of a CGU against its recoverable amount. The recoverable amount of each CGU is based on value in use calculations that have been determined from pre-tax cash flow projections derived from formally approved strategic budgets and forecasts covering the period from 2017 to 2021. Growth rates applied within the strategic plan are based on past experience, market data and expectation of future market outlook and development. For the purpose of an impairment review, cash flows beyond the five-year period are extrapolated using a terminal value which includes a growth rate of 1.8% into perpetuity. Cash flows are discounted using a pre-tax discount rate to reflect the weighted average cost of capital assigned to each CGU. Details of discount rate assumptions are disclosed on page 98 of the consolidated financial statements for the year ended 31 December 2016. No impairment has been identified at 30 June 2017.

Sensitivity analysis

At 30 June 2017, management has undertaken sensitivity analyses to determine the effects of changes in the assumptions on the outcome of the impairment review. For example, applying a nil growth rate to the terminal value used in the calculations, but keeping all other inputs in line with the base impairment review, reduces the headroom between the recoverable amount and the carrying value of the Retail and London CGUs by 61% and 59% respectively, but does not result in an impairment.

Applying a 10% reduction to EBITDA from operating cash flows, but keeping all other inputs and cash flows such as capital investment in line with the strategic plan, results in a 47% reduction in the headroom associated with both the Retail and London CGUs, but similarly does not result in an impairment.

15. Investments

	Investment in joint venture £'000	Available-for-sale assets £'000
At 1 January 2017	2,292	16,058
Movement in fair value	—	(24)
Amortisation	—	(17)
At 30 June 2017	**2,292**	**16,017**

16. Trade and other receivables

	30 June 2017 £'000	31 December 2016 £'000
Current		
Trade receivables	**86,563**	83,475
Less: Provision for impairment of receivables	**(3,720)**	(3,421)
Trade receivables – net	**82,843**	80,054
Amounts due from customers for contract work	**3,345**	3,368
Other receivables	**13,999**	15,542
Prepayments and accrued income	**17,538**	21,391
	117,725	120,355

17. Trade and other payables

	30 June 2017 £'000	31 December 2016 £'000
Trade payables	**15,789**	16,333
Deferred consideration	**4,822**	6,164
	20,611	22,497
Other tax and social security payable	**27,186**	26,253
Accruals and other payables	**50,347**	59,981
	98,144	108,731
Current	**84,509**	95,072
Non-current	**13,635**	13,659
	98,144	108,731

18. Borrowings

	30 June 2017 £'000	31 December 2016 £'000
Non-current		
Bank borrowings	**250,000**	290,000
Other loans	**2,768**	2,699
Capitalised banking fees	**(2,463)**	(3,223)
Finance lease liabilities	**2,160**	3,029
	252,465	292,505
Current		
Finance lease liabilities	**939**	721
	939	721
Total borrowings	**253,404**	293,226

Analysis of net debt

	1 January 2017 £'000	Cash flow £'000	Non-cash changes £'000	30 June 2017 £'000
Cash and cash equivalents	45,326	(9,328)	—	**35,998**
Capitalised banking fees	3,223	2	(762)	**2,463**
Other loans	(2,699)	—	(69)	**(2,768)**
Revolving credit facility due after one year	(290,000)	40,000	—	**(250,000)**
Finance leases due after one year	(3,029)	—	869	**(2,160)**
Finance leases due within one year	(721)	1,700	(1,918)	**(939)**
Total	(247,900)	32,374	(1,880)	**(217,406)**

Net debt excludes derivative financial instruments which are disclosed on the face of the balance sheet.

On 18 February 2016 the Company entered into an Amendment and Restatement Agreement relating to the term and revolving credit facility agreement (RCF), originally dated 20 March 2013, which is due to expire in March 2020. The facility is now a £340 million RCF, with no term loan elements, and an additional £60 million accordion facility, with any outstanding balance repayable in full on 20 March 2020. Interest is currently payable based on LIBOR plus a margin of 3.0%. The margin is linked to the leverage ratio of the Group and the margin rate is reviewed twice a year (and can vary between 1.75% and 3.0%). The RCF is available for utilisation subject to satisfying fixed charge and leverage covenants and £40 million was repaid during the period.

'Other loans' disclosed above comprise: £1 million of unsecured loan notes which are non-interest bearing, repayable in 2029, and arose on the purchase of Mortgage Intelligence Holdings Limited; and loan notes payable to The Buy to Let Group Limited joint shareholder (49%) and director of £1,590,000 capital and associated interest charges accruing at a rate of 8% per annum.

19. Deferred income

	Cash £'000	Non-cash £'000	Total £'000
At 1 January 2017	4,563	1,890	6,453
Movement/non-cash amortisation	(1,028)	(473)	(1,501)
At 30 June 2017	**3,535**	**1,417**	**4,952**
Current	2,342	944	3,286
Non-current	1,193	473	1,666
	3,535	**1,417**	**4,952**

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.

20. Provisions

	Onerous contracts £'000	Property repairs £'000	Clawback £'000	Claims and litigation £'000	Other £'000	Total £'000
At 1 January 2017	5,865	6,342	3,581	14,401	1,914	32,103
Utilised in the period	(1,690)	(918)	(1,938)	(1,764)	(596)	(6,906)
Charged/(credited) to income statement	48	107	1,933	673	(90)	2,671
At 30 June 2017	**4,223**	**5,531**	**3,576**	**13,310**	**1,228**	**27,868**
Current	1,254	3,991	2,121	5,796	999	14,161
Non-current	2,969	1,540	1,455	7,514	229	13,707
	4,223	**5,531**	**3,576**	**13,310**	**1,228**	**27,868**

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.

21. Share capital

	Number	£'000
Called up issued and fully paid ordinary shares of 1 pence each		
At 1 January 2017	219,692,972	2,197
Ordinary shares issued	21,610,467	216
At 30 June 2017	**241,303,439**	**2,413**

On 9 March 2017, the company placed 21,610,467 ordinary shares in the capital of the company, raising gross proceeds of £37.8 million. The proceeds, net of £968,000 transaction costs, are shown in the statement of changes in equity.

At 30 June 2017, 3,371,972 of the shares disclosed above have been subject to share buy-back and were held in the treasury share reserve.

22. Reserves

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

	Hedging reserve £'000	Foreign exchange reserve £'000	Available-for-sale financial assets reserve £'000	Treasury share reserve £'000	Merger reserve £'000	Total £'000
Balance at 1 January 2016	—	(428)	28,151	(2,241)	—	25,482
Currency translation differences	—	(33)	—	—	—	(33)
Cashflow hedge: fair value losses	(4,381)	—	—	—	—	(4,381)
Cashflow hedge: deferred tax on losses	876	—	—	—	—	876
Reclassification of gains on disposal of fair value of available-for-sale financial assets	—	—	(14,948)	—	—	(14,948)
Movement in fair value of available-for-sale financial assets	—	—	2,124	—	—	2,124
Utilisation of treasury shares for option vesting	—	—	—	4,246	—	4,246
Purchase of treasury shares	—	—	—	(17,074)	—	(17,074)
Balance at 30 June 2016	**(3,505)**	**(461)**	**15,327**	**(15,069)**	—	**(3,708)**
Balance at 1 January 2017	(1,894)	(292)	340	(16,095)	—	(17,941)
Currency translation differences	—	19	—	—	—	19
Cashflow hedge: fair value gain	1,170	—	—	—	—	1,170
Cashflow hedge: deferred tax on gain	(246)	—	—	—	—	(246)
Movement in fair value of available-for-sale financial assets	—	—	(24)	—	—	(24)
Share placing	—	—	—	—	36,634	36,634
Transfer of reserves	—	—	—	—	(36,634)	(36,634)
Purchase of treasury shares	—	—	—	(725)	—	(725)
Balance at 30 June 2017	**(970)**	**(273)**	**316**	**(16,820)**	—	**(17,747)**

The placing of ordinary shares, referred to in note 21, was concluded through a cashbox structure. The distributable merger reserve created on 9 March 2017 has subsequently been transferred to retained earnings.

23. Pensions

During the period the Group made a contribution of £2.0 million (30 June 2016: £1.9 million) into the defined benefit pension scheme. The significant actuarial assumptions used in the valuation of the Group's material defined benefit pension schemes as at 31 December 2016 have been reviewed. The movements in the discount and inflation rates used to value the pension liabilities, as well as the updated asset valuations and the net pension liabilities, have moved materially since 31 December 2016 and an actuarial gain before taxation of £0.9 million (30 June 2016: actuarial loss £3.8 million) has been recognised in the consolidated statement of comprehensive income. The net pension liability stands at £0.8 million at 30 June 2017 (30 June 2016: £3.7 million).

24. Related party transactions

Transactions with key management personnel

Key management compensation amounted to £1.5 million for the six months ended 30 June 2017 (30 June 2016: £2.2 million). See below for details:

	30 June 2017 £'000	30 June 2016 £'000
Wages and salaries	**1,254**	1,715
Short term non-monetary benefits	**5**	6
Share-based payments	**210**	452
	1,469	2,173

Trading transactions

Related party relationship	Transaction type	Transaction amount: **Six months ended 30 June 2017 £'000**	Transaction amount: Six months ended 30 June 2016 £'000	Balance owed: **30 June 2017 £'000**	Balance owed: 30 June 2016 £'000
TM Group (UK) - Joint venture	Purchases by Group	**1,176**	1,498	**206**	286
TM Group (UK) - Joint venture	Rebate received	**208**	225	**(33)**	(33)
The Buy to Let Group - subsidiary	Loan payable	**69**	44	**1,768**	1,590
Oaktree Capital Management	Director's fee paid	**20**	20	**10**	10

These transactions are trading relationships which are made at market value. There is a loan payable within The Buy to Let Group Limited of £1,590,000 that is payable to the joint shareholder and director in February 2019 with interest payable at 8% per annum. 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 2017 regarding related party transactions. During the six month period ended 30 June 2017, the Group incurred £20,000 of directors' fees from Oaktree (30 June 2016: £20,000).

Independent review report to Countrywide plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Countrywide plc's condensed consolidated interim financial statements (the "interim financial statements") in the condensed consolidated interim financial report of Countrywide plc for the six month period ended 30 June 2017. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated interim balance sheet as at 30 June 2017;
- 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 cash flow statement for the period then ended;
- the condensed consolidated interim statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The 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 Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, 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.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The condensed consolidated interim financial report, including the 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 Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the 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 Guidance and Transparency Rules sourcebook of the United Kingdom's 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.

What a review of interim condensed consolidated 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, 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 interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
27 July 2017
London

a) The maintenance and integrity of the Countrywide 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 interim financial statements since they were initially presented on the website.

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

Company information

Contacts

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Chief financial officer

Jim Clarke

Company secretary

Gareth Williams

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Independent auditor

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

Broker

Jefferies Hoare Govett

Barclays Bank plc, acting through its investment bank

Solicitors

Slaughter and May

Financial calendar

Interim results	27 July 2017
Full year results	1 March 2018

***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.