

PRESS RELEASE

Countrywide reports strongest first half financial performance since 2007

Countrywide plc

Condensed Consolidated Interim Financial Report
For the six months ended
30 June 2013

1 August 2013

Countrywide plc, the UK's largest integrated property services group, announces its results for the six months ended 30 June 2013.

HIGHLIGHTS

- Considerable financial progress across entire Group despite the slower start to the UK housing market in 2013:
 - Total income £258.8m (+4%)
 - EBITDA* £26.4m (+35%)
 - Operating profit** £22.0m (+47%)
 - Adjusted EPS** 5.3p (2012: 0.3p)
- Double-digit EBITDA growth across all divisions within the Group;
- Good progress in Q2 with Group income growing by 9% compared to Q2 2012;
- Lettings division continues to progress with properties under management up 24% year on year with EBITDA up 28% on H1 2012;
- Positive momentum going into the second half of the year driven by market trends as well as increased pipelines and front end activity which increases confidence in both transaction volumes and pricing during H2 2013;
- Interim dividend proposed of 2.0p per share payable on 6 September 2013;
- Appropriate capital structure in place following the IPO in March to maximise future growth opportunities;
- Net debt £22.1m (2012: £203.2m) and access to additional funding if required (undrawn £25m revolving credit facility).

Bob Davies, Chairman at Countrywide plc, commented:

"We are pleased to announce encouraging results for the first half of the year, representing a positive start to our return as a listed company. Continuing improvements in the availability of mortgage finance, developing customer sentiment and the impact of Government initiatives should help to stimulate further the level of activity in the UK housing market. In this more encouraging environment, the Board remain confident in the outturn for the year."

For further information please contact:

- Investors

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* Earnings before interest, tax, depreciation, amortisation, exceptional items, management fee, profit from joint venture and share-based payments, referred to hereafter as "EBITDA" (see note 7 for reconciliation)

** before exceptional items, amortisation of acquired intangibles and share-based payments (see note 7 for reconciliation)

Chief Executive Officer's statement

Despite the slower start to the UK housing market, the first half of 2013 has been an encouraging time for Countrywide plc, the UK's largest integrated property services group. We successfully re-listed on the London Stock Exchange in March raising £220 million, secured new finance facilities and repaid £250 million of existing bonds. The business is substantially de-leveraged and has adequate resources to support future investment.

After several years of reporting on the difficult economic environment in the UK housing market, I am pleased to report that we are beginning to see the first signs of a recovery. The Bank of England mortgage approvals released this week indicate an encouraging increase in mortgage activity year on year; the Government's housing initiatives, announced in the budget, have contributed to an increase in front end activity; mortgage availability has increased and mortgage pricing reduced. All these factors provide positive environment for growth in our sector in the second half of this year and going into 2014.

Against the backdrop of a relatively flat housing market, the Group has delivered an encouraging financial performance with contributions from the entire Group. This has seen a significant increase in overall Group profits and operating margin. Importantly, this performance is built on profits growth and margin improvement across all divisions. This performance has been helped by our strategy of strategic restructuring across our business and continuing investment for growth, for example, within our lettings business. The operational results are discussed more fully below.

Group results

	Six months ended 30 June		
	(unaudited)		
	2013	Restated 2012	Variance
	£'000	£'000	%
Total income	258,838	249,364	4
EBITDA*	26,435	19,556	35
Operating profit before exceptional items, amortisation and share-based payments	21,983	14,978	47
Operating profit	12,828	10,977	17
Basic earnings per share	-0.1p	-1.7p	
Adjusted basic earnings per share	5.3p	0.3p	
Interim dividend	2.0p	n/a	

Group KPIs

	(unaudited)		
	Number	Number	
House sales exchanged			
- Estate Agency division	27,366	26,874	2
- Hamptons	1,560	1,594	-2
- Group Total	28,926	28,468	2
Retail properties under management	49,918	40,310	24
Mortgages arranged	26,219	26,602	-1
Value	£3.5bn	£3.4bn	3
Valuations and surveys completed	143,304	140,783	2
Conveyances completed (excluding third party)	14,299	13,766	4

* Earnings before interest, tax, depreciation, amortisation, exceptional items and share-based payments, referred to hereafter as "EBITDA"

Segment results

	Total income (unaudited)			EBITDA (unaudited)		
	2013	Restated 2012	Variance	2013	2012	Variance
	£'000	£'000	%	£'000	£'000	%
Estate Agency	101,811	103,529	-2	3,737	176	n/m
Lettings	53,460	45,341	18	12,220	9,569	28
Financial Services	29,521	30,293	-3	4,197	3,237	30
Surveying & Valuation	26,011	24,991	4	5,185	4,513	15
Conveyancing	12,108	11,650	4	3,428	3,074	12
Hamptons	34,820	32,988	6	5,576	5,034	11
Other segments	1,107	572	94	(7,908)	(6,047)	-31
	258,838	249,364	4	26,435	19,556	35

Operational review**Estate Agency Division**

While house sales are slightly up in the year to date versus 2012, income is marginally down. In contrast, profit is significantly higher than the prior year helped by ongoing structural cost savings. This has included the consolidation of 22 regional administration centres into 1 national centre supporting all branches across our Estate Agency business. Current momentum in Estate Agency is encouraging, with second quarter income up by 6% on 2012, and a closing pipeline of sales agreed up 8% on June 2012. Investment in our growing Land and New Homes division is delivering rewards with a 15% increase in new sales agreed. However, the Q1 Council of Mortgage Lenders repossession market statistics show a 17% fall in 2013 versus 2012, significantly impacting on our Corporate Property Services division.

Other highlights so far in 2013 include:

- A strong contribution from our London & Premier business, with income 9% higher than 2012;
- Growth in our upfront fee packages which are driving both increased income for Estate Agency and cross sales into other Countrywide divisions; whilst providing our clients with even better coverage;
- More analysis of our marketing spend to focus on those areas providing the best returns on investment;
- Investment in technology that will improve communications between branches and our customers; and
- Standardised and consistent reporting of customer satisfaction.

Lettings Division

Building on the ongoing strong growth of our Lettings business, the first half of 2013 has delivered an 18% increase in income translating into a 28% uplift in EBITDA.

The Group's decision to invest in the development of the Lettings business through the New Starts programme (new lettings offices opened within the existing Group branch network) has delivered results ahead of expectations and has recorded a profit of £72,000 EBITDA in the first half of 2013 (2012: loss £1,331,000 EBITDA).

Further development of the business through selective, value-adding, acquisitions continues with nine acquisitions completed during the first half of 2013 (eleven so far this year) with a pipeline of acquisitions planned for the rest of the year.

Activity levels have increased strongly with demand, in the form of applicants registered, up 29% year-on-year and supply of properties available increasing by a corresponding amount. Properties let during the period were up 24% year-on-year.

Financial Services Division

The division delivered a strong half year performance with EBITDA significantly ahead of 2012. Total income fell by 3% although a fall of 6% in other operating costs (mainly people costs) resulted in a 30% growth in EBITDA. Productivity per Mortgage Consultant has increased by 13% year on year.

Following a challenging 2012, market conditions for the first half of 2013 have been more encouraging with many lenders focusing on delivering an increased lending target in the latter part of the year. Initiatives such as the Help-to-Buy and the Funding-For-Lending schemes have contributed to the feeling of optimism. However to date a large

element of the growth has been seen in the new homes, remortgages and buy-to-let markets, and has not yet translated into significant growth in mortgages for second hand house transactions, where the Countrywide core business has a larger market share.

Momentum in the division is strong, with the closing mortgage pipeline 10% higher than last year. Mortgage advances completed within the core business totalled £3.5 billion, a 3% increase from 2012. More significantly an 18% improvement was seen in Q2 2013 compared to the same period last year.

Surveying & Valuation Division

The division has delivered a solid trading performance in H1 2013 with business volumes +2% and average fee per job +4% to £160, both above prior year. Our market share in terms of surveyor jobs managed stands at approximately 33%. The front-end activity in both the transactional and the remortgage markets has enabled the Division to grow income by £1 million (+7%) in the first half of the year and EBITDA by £0.7 million (+15%). Our contractual corporate customer base remains dominated by blue chip lenders and we are delighted to announce the retention of the Nationwide panel management contract which will now run until 2016.

In Q1 2013 the business successfully rolled out the new tablet software Q Mobile to its surveyor workforce. The timing of the rollout in January and February 2013 deliberately targeted the low volume seasonal nature of these months and avoided any disruption in the provision of our services to our clients or their customers. Capacity in the sector has proved challenging, particularly in certain geographies following increased mortgage activity, and the division is looking to bolster new entrants into the surveying and valuations sector through up-scaling its successful surveyor trainee programme in the second half of 2013 and into 2014.

Conveyancing Division

The Conveyancing Division has seen a promising first half trading performance with year on year EBITDA growth of £0.4 million or +12%. Top line income has increased by +4% over the period, driven in the main, through increased volumes from our own Countrywide branch and broker networks. Instruction volumes generated from Countrywide were 17% higher than the prior year, assisted by the launch of a new bundling proposition rolled out to the majority of our branches in Q1 2013. This has helped to build a healthy pipeline from this channel, which is approximately 16% higher than at the same point last year.

The division continues to service the HSBC contract albeit with markedly different volumes to those seen in the prior year: In August 2012, HSBC altered the panel model which reduced contract volumes by approximately 45%. This is reflected in the completion volumes showing a reduction of 6% and this trend will continue into the second half of the year. The division has repositioned its cost base accordingly and the financial impact of this reduction has been largely mitigated. As a remote service provider, investment in the IT platforms remains crucial for the division and we have launched a major project re-engineering the legal work flow system in order to continue to provide a market leading service for Countrywide customers.

Hamptons

2013 saw the strongest first half year for Hamptons' history in terms of both income and profit, following on from a record profit in 2012 in which the company also won the Sunday Times Gold Award for Best Large Estate Agency.

Front-end activity within Hamptons' Residential Sales division was at record levels with a record pipeline in excess of £12 million. The main challenge within Residential Sales has been converting the pipeline into income, which has resulted in a small fall in the number of exchanges to date.

Similarly, the Lettings and Management operation has seen the highest income and profit figures in its history with many key performance indicators at all-time levels.

Residential Development and Investment has outperformed expectations with a building future development pipeline and income which reached 2007 levels fuelled by the flagship Lancasters development in Bayswater. Other services – Valuations, Insurance Services and International Sales are all experiencing sustained growth.

Strategically, the business continues to benefit from the economies of scale and growth opportunities offered by membership of the Countrywide plc group. 2013 has already seen the opening of four new offices in Canary Wharf, Sevenoaks, Amersham and a second office in Paddington, London.

Cash flow and balance sheet

Cash at the end of June was £51.4 million (31 December 2012: £46.5 million) an increase of £4.9 million driven by the recapitalisation of the Group. Cash absorbed by operations was £10 million higher in the first half of 2013 compared to 2012 primarily because we have paid a contribution to the pension scheme and settled long term incentive schemes which crystallised at the IPO.

The successful IPO in March, generated additional equity capital (net of capitalised issue costs and exceptional costs) of £208.8 million. On 20 March 2013 the Company entered into a £100 million borrowing facility (comprising £75 million term loan and £25 million revolving credit facility) and subsequently drew down the term loan in full. In May 2013 the Group repaid the £250 million Senior Secured Notes and, as a result of the early redemption, a penalty charge of £2.5 million was incurred in addition to the accelerated write-down of £2.0 million of previously capitalised finance costs. Financing costs amounting to £2.9 million were settled in respect of the new facilities and these will be amortised over the period of the facility.

We continue to monitor the progress of our professional indemnity claims and can confirm that trends of claims received and losses incurred are in line with expectations. As anticipated, we have paid £9.2 million in settlements in the first half of this year. In addition to this we have settled some restructuring costs provided at the end of 2012.

A key focus for expansion within the Group remains the growth of the lettings business to continue to further develop recurring income streams. To this end, the Group has completed the acquisition of nine lettings businesses during the six month period ended 30 June 2013 for a total of £7.7 million and we have a healthy pipeline of additional opportunities identified for the second half of the year.

The re-capitalisation of the Group has substantially strengthened the balance sheet and reduced its gearing since the year end. At 30 June 2013, the Group had net assets of £457.2 million (31 December 2012: £242.3m) and net debt of £22.1 million (31 December 2012: £203.2 million) and a net debt/equity ratio of 4.8% (2012: 83.9%).

Interim Dividend

The Board is committed to maintaining a progressive dividend policy reflecting the cash generative nature of the business. In light of these results and our strong cash position, the Board has declared an interim dividend payable of 2.0 pence per share. The dividend will be paid on 6 September 2013 to shareholders who are on the register at 9 August 2013.

Outlook

Following a relatively flat housing market in H1 2013, the signs are encouraging going into the second half of the year. The combination of positive recent Government initiatives, trends in the mortgage market and improving consumer confidence has resulted in a significant increase in front end activity in the residential property market. This is evident in recent market data and is expected to result in growth in market transactions over the coming periods. The Government initiatives will apply to our core market from the start of January 2014 and are expected to lead to increased activity although it is too early to judge the exact impact at this stage.

The combination of the improving external trends and the continuing progress within our business puts the Group in a strong position to deliver the Board's expectations for the full year.

Grenville Turner

Chief Executive Officer
1 August 2013

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:

- Macroeconomic climate and housing market cycles
- Availability of mortgage financing
- Liquidity risk
- Interest rate risk
- Credit risk
- Loss of a major customer
- Infrastructure and IT systems
- Professional indemnity claims

These risks and uncertainties and mitigating factors are described in more detail on pages 19 to 21 of the Countrywide Holdings, Ltd financial statements for the year ended 31 December 2012 (a copy of which is available on the Group's website). Having reconsidered these risks and uncertainties the Board consider these to remain appropriate.

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 as well as the Group's most recent Prospectus 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 D.T.R 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 statement, 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:

Robert Davies	Chairman	(appointed 18 March 2013)
Grenville Turner	Chief Executive Officer	(appointed 19 February 2013)
Jim Clarke	Chief Finance Officer	(appointed 9 January 2013)
Neville Richardson	Senior Independent Non-Executive Director	(appointed 18 March 2013, resigned 18 June 2013)
Sandra Turner	Independent Non-Executive Director	(appointed 18 March 2013)
Cathy Turner	Independent Non-Executive Director	(appointed 31 July 2013)
Caleb Kramer	Non-Executive Director	(appointed 19 February 2013)
Sanjay Patel	Non-Executive Director	(appointed 19 February 2013)

On behalf of the Board

Grenville Turner
Chief Executive Officer
1 August 2013

Jim Clarke
Chief Financial Officer
1 August 2013

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June
(unaudited)

	2013			Restated 2012		
Note	Pre-exceptional items, amortisation and share- based payments	Exceptional items, amortisation and share- based payments	Total	Pre-exceptional items, amortisation and share- based payments	Exceptional items, amortisation and share- based payments	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	252,291	—	252,291	243,984	—	243,984
Other income	6,547	—	6,547	5,380	—	5,380
7	258,838	—	258,838	249,364	—	249,364
Employee benefit costs	8 (146,830)	(2,080)	(148,910)	(145,644)	—	(145,644)
Depreciation and amortisation	14 (4,783)	(3,970)	(8,753)	(4,350)	(4,001)	(8,351)
Other operating costs	(85,932)	—	(85,932)	(84,914)	—	(84,914)
Share of profit from joint venture	690	—	690	522	—	522
Group operating profit/(loss) before exceptional items	21,983	(6,050)	15,933	14,978	(4,001)	10,977
Exceptional income	9 —	1,267	1,267	—	—	—
Exceptional costs	9 —	(4,372)	(4,372)	—	—	—
Operating profit/(loss)	21,983	(9,155)	12,828	14,978	(4,001)	10,977
Finance costs	9 (10,453)	(4,542)	(14,995)	(13,974)	—	(13,974)
Finance income	743	—	743	606	—	606
Net finance costs	(9,710)	(4,542)	(14,252)	(13,368)	—	(13,368)
Profit/(loss) before taxation	12,273	(13,697)	(1,424)	1,610	(4,001)	(2,391)
Taxation	10 (1,986)	3,553	1,567	(2,757)	2,726	(31)
Profit/(loss) for the period	10,287	(10,144)	143	(1,147)	(1,275)	(2,422)
Attributable to:						
Owners of the parent	10,006	(10,144)	(138)	(1,326)	(1,275)	(2,601)
Non—controlling interests	281	—	281	179	—	179
Profit/(loss) attributable for the period	10,287	(10,144)	143	(1,147)	(1,275)	(2,422)
Earnings per share attributable to owners of the parent						
Basic loss per share	12		-0.1p			-1.7p
Diluted loss per share	12		-0.1p			-1.7p

The notes on pages 13 to 25 are an integral part of this condensed consolidated interim financial report.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOMEFor the six months ended 30 June
(unaudited)

	2013	2012
	£'000	£'000
Profit/(loss) for the period	143	(2,422)
Other comprehensive income:		
Deferred tax on share-based payments	194	—
Foreign exchange rate gains	7	16
Total other comprehensive income	201	16
Total comprehensive profit/(loss) for the period, net of tax	344	(2,406)
Attributable to:		
Owners of the parent	63	(2,585)
Non-controlling interests	281	179
	344	(2,406)

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent							Total equity
	Share capital	Share premium	Capital reorganisation reserve	Capital redemption reserve	Foreign exchange reserve	Retained earnings	Non-controlling interests	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Audited balance at 1 January 2012	147,654	46,777	—	45,536	(45)	3,712	238	243,872
(Loss)/profit for the period	—	—	—	—	—	(2,601)	179	(2,422)
Other comprehensive income								
Currency translation differences	—	—	—	—	16	—	—	16
Total other comprehensive income	—	—	—	—	16	—	—	16
Total comprehensive loss	—	—	—	—	16	(2,601)	179	(2,406)
Transactions with owners								
Issue of new shares for cash	1	72	—	—	—	—	—	73
Dividends paid	—	—	—	—	—	—	(105)	(105)
Transactions with owners	1	72	—	—	—	—	(105)	(32)
Unaudited balance at 30 June 2012	147,655	46,849	—	45,536	(29)	1,111	312	241,434
Audited balance at 1 January 2013	147,657	47,279	—	45,540	(29)	1,351	501	242,299
(Loss)/profit for the period	—	—	—	—	—	(138)	281	143
Other comprehensive income								
Deferred tax on share-based payments	—	—	—	—	—	194	—	194
Currency translation differences	—	—	—	—	7	—	—	7
Total other comprehensive income	—	—	—	—	7	194	—	201
Total comprehensive loss	—	—	—	—	7	56	281	344
Transactions with owners								
Repurchase of shares	(1)	—	—	1	—	(55)	—	(55)
Cancellation of shares	(146,091)	—	—	—	—	146,091	—	—
Capital reorganisation	—	(47,279)	92,820	(45,541)	—	—	—	—
Shares issued at initial public offering	629	219,371	—	—	—	—	—	220,000
Transactional costs of shares issued	—	(7,521)	—	—	—	—	—	(7,521)
Share-based payment transactions	—	—	—	—	—	2,419	—	2,419
Dividends paid	—	—	—	—	—	—	(312)	(312)
Transactions with owners	(145,463)	164,571	92,820	(45,541)	—	148,455	(312)	214,531
Unaudited balance at 30 June 2013	2,194	211,850	92,820	—	(22)	149,862	470	457,174

The notes on pages 13 to 25 are an integral part of this condensed consolidated interim financial report.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Note	30 June 2013 (unaudited) £'000	31 December 2012 (audited) £'000
Assets			
Non-current assets			
Goodwill	15	364,785	356,517
Other intangible assets	14	192,200	193,700
Property, plant and equipment	14	24,468	23,596
Investments accounted for using the equity method:			
Investments in joint venture	16	2,589	2,676
Available-for-sale financial assets	16	14,359	14,370
Deferred tax asset		16,394	16,458
Total non-current assets		614,795	607,317
Current assets			
Trade and other receivables	17	73,666	68,178
Cash and cash equivalents		51,398	46,544
Total current assets		125,064	114,722
Total assets		739,859	722,039
Equity			
Capital and reserves attributable to the owners of the parent			
Share capital	22	2,194	147,657
Share premium		211,850	47,279
Capital reorganisation reserve		92,820	—
Capital redemption reserve		—	45,540
Foreign exchange reserve		(22)	(29)
Retained earnings		149,862	1,351
Equity shareholder funds		456,704	241,798
Non-controlling interest		470	501
Total equity		457,174	242,299
Non-current liabilities			
Financial liabilities loans and borrowings	19	73,472	249,774
Defined benefit scheme liabilities		4,712	6,612
Provisions	21	25,170	34,366
Deferred income	20	13,655	16,040
Trade and other payables due after one year	18	6,671	10,811
Deferred tax liability		42,312	43,676
Total non-current liabilities		165,992	361,279
Current liabilities			
Trade and other payables	18	82,243	80,318
Deferred income	20	11,810	13,213
Provisions	21	21,957	24,222
Current tax liabilities		683	708
Total current liabilities		116,693	118,461
Total liabilities		282,685	479,740
Total equity and liabilities		739,859	722,039

The notes on pages 13 to 25 are an integral part of this condensed consolidated interim financial report.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENTFor the six months ended 30 June
(unaudited)

Note	2013 £'000	2012 £'000
Cash flows from operating activities		
Loss before taxation	(1,424)	(2,391)
Adjustments for:		
Depreciation	3,126	3,237
Amortisation of intangible assets	5,627	5,114
Amortisation of deferred income	(1,267)	—
Share-based payments	2,419	—
Profit on disposal of fixed assets	(18)	(12)
Income from joint venture	(690)	(522)
Finance expense	14,995	13,974
Finance income	(743)	(606)
Changes in working capital (excluding effects of acquisitions and disposals of Group undertakings):	22,025	18,794
Increase in trade and other receivables	(8,899)	(3,027)
Decrease in trade and other payables	(7,734)	(4,896)
Decrease in provisions	(11,461)	(5,275)
Cash generated from operations	(6,069)	5,596
Interest paid	(11,638)	(12,873)
Tax refund	355	—
Net cash outflow from operating activities	(17,352)	(7,277)
Cash flows from investing activities		
Acquisitions net of cash acquired	13 (6,165)	(7,537)
Purchase of property, plant and equipment	14 (4,769)	(3,777)
Purchase of intangible assets	14 (2,426)	(984)
Proceeds from sale of property, plant and equipment	992	884
Purchase of assets available-for-sale	—	(905)
Dividends received	1,375	748
Interest received	913	724
Net cash outflow from investing activities	(10,080)	(10,847)
Cash flows from financing activities		
Proceeds from issue of share capital	22 220,000	73
Transactional costs of shares issued	(6,917)	—
Term loan drawn	75,000	—
Repayment of bonds	(252,500)	—
Financing fees paid	(2,930)	(130)
Dividend paid	(312)	(105)
Redemption of shares	(55)	—
Net cash inflow/(outflow) from financing activities	32,286	(162)
Net increase/(decrease) in cash and cash equivalents	4,854	(18,286)
Cash and cash equivalents at 1 January	46,544	60,636
Cash and cash equivalents at 30 June	51,398	42,350

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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 2012. It offers estate agency and lettings services, together with a range of complementary services and has a significant presence in key areas and property types which are promoted through locally respected brands.

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

The 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 17 Duke Street, Chelmsford, Essex CM1 1HP.

This condensed consolidated interim financial report was approved for issue on 1 August 2013.

This condensed consolidated interim financial report does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Non-statutory consolidated financial statements for Countrywide Holdings, Ltd for the year ended 31 December 2012 were approved by the Board of Directors 19 February 2013 and delivered to the Registrar of Companies. The report of the auditors 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 2013 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority (previously the Financial Services 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 Holdings, Ltd for the year ended 31 December 2012, which have been prepared in accordance with IFRSs as adopted by the European Union.

Countrywide Newco Limited was incorporated on 21 December 2012 and was subsequently re-registered as a public company on 19 March 2013 with the name Countrywide plc (the “Company”).

With effect from 19 March 2013, the Company became the legal parent of Countrywide Holdings, Ltd and its subsidiary undertakings through an exchange of equity interests (see note 22). This has been accounted for as a capital reorganisation, reflecting the substance of the transaction. Hence the consolidated financial statements continue to be prepared on the same basis as previously. However, the capital reserves on the group balance sheet reflect the share capital of the Company from 19 March 2013. The difference between the share capital of the Company and the share capital, share premium and capital redemption reserve of Countrywide Holdings, Ltd at 19 March 2013 is recognised in the capital reorganisation reserve. The interim results include:

- The condensed consolidated income statement includes the results of Countrywide Holdings, Ltd and its subsidiaries for the six months ended 30 June 2013.
- The comparative figures in the condensed consolidated income statement are the results of Countrywide Holdings, Ltd and its subsidiaries for the six months ended 30 June 2012.
- The consolidated retained earnings reserve of the Group includes the retained earnings of Countrywide Holdings, Ltd and its subsidiaries for the period before and after 19 March 2013.

3. Going concern

These financial results have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities when they fall due for the foreseeable future. The Board of Directors has reviewed cash flow forecasts which have been stress tested with various assumptions regarding the future housing market volumes. The directors have concluded that it is appropriate to prepare the condensed consolidated interim financial report on a going concern basis.

4. Accounting policies

In preparing this interim financial report the same accounting policies, methods of computation and presentation have been applied as those set out in the Countrywide Holdings, Ltd annual financial statements for the year ended 31 December 2012. The accounting policies are drawn up in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as endorsed by the European Union.

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 described below.

Revenue generated in the Surveying division from panel management contracts was previously reported inclusive of the fees received by the Group on behalf of panel valuers. A related cost was included in other operating expenses. A review of these contracts concluded that the division was acting as an agent and therefore the revenue has been restated net of the fees paid. There was no impact on net assets, profits or reserves of the Group as a result of this change. For the six months to 30 June 2012, the impact of this restatement was to reduce revenue by £8,536,000 and reduce other operating costs by £8,536,000.

Material share-based payment charges have been incurred in the period. Please refer to note 8 for further details of accounting policies and financial impact.

Exceptional items are disclosed and described separately in the financial statements where it is necessary to do so 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 standards which are mandatory for accounting periods beginning 1 January 2013 have had the following impact on the Group's interim financial report:

- IAS19 (Revised) 'Employee benefits': this amendment has not had a material impact on the Group financial statements.
- IFRS 13 'Fair value measurement'. IFRS 13 measurement and disclosure requirements are applicable for the December 2013 year end. The Group has included the disclosures required by IAS 34 para 16A(j). See Note 6.

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 2012 with the exception of measurement and valuation of share-based payments and 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 2012. 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 financial liabilities (see note 19). Following the repayment of £250 million of Senior Secured Notes in May 2013, existing funding had been replaced with a £75 million term loan (drawn down) and a £25million revolving credit facility which has resulted in a reduction in interest and increased flexibility of financing.

Fair value estimation

The only financial instruments carried at fair value are the non-quoted equity instruments in Zoopla Limited ('Zoopla shares') held at £14.3 million (31 December 2012: £14.3 million) within available-for-sale financial assets. These shares are classified as Level 3 financial instruments, as defined by IFRS 13, as the inputs for the valuation of the asset are not based on observable market data.

Fair value measurements using significant unobservable inputs and valuation processes

The fair value of the Zoopla shares was assessed at the year end by reference to reported statutory accounts. A discounted cash flow was prepared and an appropriate discount rate was applied to reflect the fact that there is no liquid market for these shares (which are also subject to pre-exemption rights and restrictions up to 2015). The Group's finance department performs the valuations of financial assets required for financial reporting purposes, including Level 3 fair values. This team reports directly to the CFO and audit committee.

The year end valuation was reviewed in light of available data at 30 June 2013, and the continued adoption of the year end valuation, based on unobservable market data, means that there have been no changes in valuation or valuation techniques adopted in the period and no changes in fair value hierarchies as defined by IFRS13.

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

7. Operating segments

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

The Governance and Performance Committee considers the business to be split into six main types of business generating revenue: Estate Agency, Lettings, Financial Services, Surveying & Valuation, Conveyancing divisions and Hamptons, and all other segments comprise central head office functions.

The Estate Agency division generates commission earned on sales of residential and commercial property. The Lettings division earns fees from the letting and management of residential properties and fees for the management of leasehold properties. The Financial Service division receives commission from the sale of insurance policies, 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. Hamptons' revenue is earned from both estate agency commissions and lettings and management fees. Other income generated by head office functions, relates primarily to sub-let rental income or other sundry fees.

The Governance and Performance Committee assesses the performance of the operating segments based on a measure of EBITDA before exceptional items. This measurement excludes the effects of non-recurring items such as restructuring costs, acquisition expenses, goodwill impairments, share based payments charges and related employers National Insurance contributions. Interest income and expense 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 strategic steering committee is measured in a manner consistent with that in the income statement.

The UK housing market is seasonal, with peaks in the summer months. In the financial year ended 31 December 2012 48% of revenues 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.

Total income	Six months ended 30 June 2013			Six months ended 30 June 2012		
	Total segment income	Inter-segment income	Total income	Total segment income (Restated)	Inter-segment income	Total income (Restated)
	£'000	£'000	£'000	£'000	£'000	£'000
Estate Agency	103,156	(1,345)	101,811	104,656	(1,127)	103,529
Lettings	53,460	—	53,460	45,341	—	45,341
Financial Services	29,963	(442)	29,521	30,719	(426)	30,293
Surveying & Valuation	26,011	—	26,011	24,991	—	24,991
Conveyancing	12,108	—	12,108	11,650	—	11,650
Hamptons	34,820	—	34,820	32,988	—	32,988
Other segments	1,107	—	1,107	572	—	572
	260,625	(1,787)	258,838	250,917	(1,553)	249,364

EBITDA before exceptional items	Six months ended 30 June	
	2013	2012
	£'000	£'000
Estate Agency	3,737	176
Lettings	12,220	9,569
Financial Services	4,197	3,237
Surveying & Valuation	5,185	4,513
Conveyancing	3,428	3,074
Hamptons	5,576	5,034
Segment EBITDA before exceptional items	34,343	25,603
Other segments	(7,908)	(6,047)
Group EBITDA before exceptional items	26,435	19,556

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

	Six months ended 30 June	
	2013	2012
	£'000	£'000
EBITDA before exceptional items for reportable segments	34,343	25,603
Other segments	(7,908)	(6,047)
Total segments	26,435	19,556
Management fees	(359)	(750)
Depreciation on plant property and equipment and amortisation of software	(4,783)	(4,806)
Share of profit from joint venture	690	522
Group operating profit before exceptional items and amortisation	21,983	14,978
Amortisation of intangible assets	(3,970)	(4,001)
Share-based payment costs	(2,080)	—
Exceptional income	1,267	—
Exceptional costs	(4,372)	—
Group operating profit	12,828	10,977
Finance costs	(14,995)	(13,974)
Finance income	743	606
Loss before income tax	(1,424)	(2,391)

Since the preparation of the last financial statements, the Lettings division has acquired nine businesses (see note 13). 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 Governance and Performance Committee is considering restructuring the reportable business segments for the beginning of 2014. The structure will combine the existing Conveyancing and Surveying & Valuation segments into a Professional Services segment and create a London & Premier segment comprising Hamptons and other London Prime Estate Agency branches. Further details will be announced in the annual financial statements for 2013, but the existing structure remains unchanged for the half year reporting.

8. Share based payments charge

The Group operates share-based incentive schemes for executive directors and other selected senior management employees.

The share-based incentives are subject to a service condition and a non-market based performance condition, which are taken into account in assessing the fair value of the award.

Management Incentive Plan (MIP)

Certain members of the management team subscribed to the Management Incentive Plan. Under the terms of the Management Incentive Plan, the senior management purchased C shares in Countrywide Holdings, Ltd. The difference between the purchase price and fair value of shares granted to employees under the Management Incentive Plan are treated as share based payments.

The fair value of the share-based payment award under the plan is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the shares. Where the terms and conditions of the awards under the plan are modified before they vest, an additional expense is recognised for any modification that increases the total fair value of the share-based payment award, or is otherwise beneficial to the employee as measured at the date of modification.

Due to the share exchange on 18 March 2013 and subsequent reorganisation which crystallised the number of C shares exchanged, the vesting period was accelerated for a number of employees. As a result, a charge for the six months ended 30 June 2013 relating to the MIP was recognised amounting to £694,000 (2012: £nil) and included within exceptional costs for the period.

IPO Plan

At the time of the flotation in March 2013, the Company granted 7,185,418 nil-cost share options to employees under an executive share plan (the "IPO Plan") designed for the grant of one-off awards in recognition of the loss of rights under a management incentive package that terminated prior to, and as a result of, the flotation (the "MIP").

IPO options granted to the CEO or CFO will normally become exercisable as follows: 50% on the second anniversary of the date of granting the IPO Option and 50% on the third anniversary of the date of granting the IPO option. IPO options granted to other participants will normally become exercisable on the second anniversary of the date of granting the IPO Option. For all participants, IPO options will only become exercisable to the extent that the performance condition (relating to EBITDA for the financial year ending 31 December 2014) has been satisfied. The number of options that will vest is subject to the performance criterion based on EBITDA for 2014 as well as service. 80% of the options granted are expected to vest in two years; the 20% balance will vest in three years.

The share-based payments charge for the six months ended 30 June 2013 relating to the IPO Plan was £1,725,000 (2012: £nil).

The following information is relevant in the determination of the fair value options granted during the year under the equity-settled share-based payments scheme:

	2013
Option pricing model	Binomial lattice
Weighted average share price at grant date	350p
Exercise price	0p
Weighted average contractual life	2.2 years
Expected dividend yield	1.5%
Risk-free interest rate	1.8%

In the absence of historical dividend payment data, the dividend yield assumption has been estimated based on the parameters set out in the prospectus applied to forecast results for 2013. Since these options are nil cost, the dividend yield is the only assumption that impacts the fair valuation of the options.

Employer's National Insurance is being accrued, where applicable, at the rate of 13.8%, which management expects to be the prevailing rate at the time the IPO Plan options are exercised, based on the share price at the reporting date. The total NI charge for the period ended 30 June 2013 was £355,000 (2012:£nil).

9. Exceptional items

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

	Six months ended 30 June	
	2013	2012
	£'000	£'000
<i>Exceptional income credited to operating profit</i>		
Deferred income amortisation arising from the fair valuation of available-for-sale assets	(1,267)	—
<i>Exceptional costs charged to operating profit</i>		
Costs incurred in relation to the IPO	3,678	—
Shared-based payment cost in relation to accelerated management incentive plan	694	—
	4,372	—
<i>Exceptional costs charged to finance costs</i>		
Early redemption penalty incurred on redemption of £250m Senior Secured Notes	2,500	—
Accelerated amortisation of capitalised finance costs relating to cancelled facilities	2,042	—
	4,542	—
Net exceptional items	7,647	—

In May 2012 Zoopla Ltd merged with The Digital Property Group crystallizing a number warrants, which were granted to the Group under an agreement to list properties on the Zoopla website, which converted to ordinary shares. At the merger date, the Group fair valued these shares at £12.2 million. The shares were consideration for services provided to Zoopla over a period of time to 2015 and therefore recognised as deferred income. The deferred income is being amortised to the Income Statement over the period to 2015 and the income recognised relates to six months amortisation.

In March 2013 the Group was listed on the London Stock Exchange under a new holding company; Countrywide plc. The costs charged to the Income Statement relate to costs incurred as a result of the listing but not directly related to the issue of new shares. These costs include such items as marketing expenditure, executive search and selection and additional PAYE and NI triggered due to payments before the tax year end.

In May 2013 the Group repaid the £250 million Senior Secured Notes, as a result of the early redemption a penalty charge of £2.5 million was incurred. At the same time the existing Revolving Credit Facility was cancelled and these events triggered the acceleration of previously capitalised finance costs.

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 2013 is 23%. The estimated tax rate for the six months ended 30 June 2012 was 0%, comprising an estimated corporation tax charge at 23% offset entirely by a reduction in deferred tax provisions due to the 2% reduction in corporation tax rates substantively enacted prior to 30 June 2012.

The current corporation tax charge for the period has been offset by a £1.0 million release of provision in relation to prior years following the settlement of a dispute with HMRC during the current period at no cost to the Group.

11. Dividend

An interim dividend of 2.0 pence per share (2012: nil pence per share) was proposed by the Board of Directors on 31 July 2013. It is payable on 6 September 2013 to shareholders who are on the register at 9 August 2013. This interim dividend, amounting to £4,388,899 (2012: £nil), has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the year to 31 December 2013.

12. 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 and, for periods prior to 25 March 2013, the weighted average number of Countrywide Holdings, Ltd shares as converted into Countrywide plc shares.

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. For the periods under review, there is no difference between the basic and diluted earnings per share as the additional potential ordinary shares arising from share options are contingently issuable shares dependent on the achievement of EBITDA criteria in 2014.

	<u>2013</u>	<u>2012</u>
	£000	£000
Loss for the period attributable to owners of the parent	<u>(138)</u>	<u>(2,601)</u>
Weighted average number of ordinary shares in issue for the basic earnings per share	190,072,364	156,304,275
Basic and diluted loss per share (in pence per share)	<u>-0.1p</u>	<u>-1.7p</u>
Adjusted earnings		
Loss for the period attributable to owners of the parent	(138)	(2,601)
Adjusted for :		
Amortisation arising on intangibles recognised through business combinations	3,970	4,001
Share based payments charge	1,725	—
NI on share based payments charge	355	—
Exceptional income	(1,267)	—
Exceptional costs	4,372	—
Exceptional finance costs	4,542	—
Taxation impact of items listed above	(3,553)	(980)
Adjusted earnings, net of taxation	<u>10,006</u>	<u>420</u>
Adjusted basic earnings per share (in pence per share)	<u>5.3p</u>	0.3p
Adjusted diluted earnings per share (in pence per share)	<u>5.3p</u>	<u>0.3p</u>

13. Business combinations**Lettings acquisitions**

During the six months to 30 June 2013 the Lettings division acquired nine small lettings operations as part of their targeted acquisition strategy to expand in certain under represented geographical areas. The total consideration in respect of these acquisitions was £7.7 million.

Provisional fair value of identifiable assets and liabilities acquired

	Russells £000	Other £000	Total £000
Intangible assets	784	917	1,701
Property, plant & equipment	61	142	203
Trade and other receivables	118	194	312
Cash at bank	57	152	209
Trade and other payables	(2,317)	(641)	(2,958)
Corporation tax	(19)	(23)	(42)
Deferred tax	(14)	—	(14)
Net liabilities	(1,330)	741	(589)
Goodwill	5,272	2,996	8,268
Consideration	3,942	3,737	7,679
Settled by:			
Initial consideration	2,942	3,432	6,374
Deferred consideration	1,000	305	1,305
	3,942	3,737	7,679
Cash paid	2,942	3,432	6,374
Cash at bank	(57)	(152)	(209)
Net cash flow arising from acquisitions	2,885	3,280	6,165
Revenue post acquisition	782	522	1,304
Profit post acquisition	285	151	436
Proforma revenue to 30 June 2013	934	1,160	2,094
Proforma profit to 30 June 2013	306	231	537

On 1 February 2013 the Group acquired 100% of the equity share capital of Russells Lettings Limited, 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.

The costs of these acquisitions amounted to £105,000 and have been written off to profit and loss.

14. Property, plant and equipment and other intangible assets

	Plant, property and equipment	Intangible assets		
		Computer software	Other intangibles	Total intangibles
	£'000	£'000	£'000	£'000
Net book value 1 January 2013	23,596	4,770	188,930	193,700
Acquisitions (note 13)	203	—	1,701	1,701
Additions	4,769	2,422	4	2,426
Disposals	(974)	—	—	—
Depreciation and amortisation	(3,126)	(1,657)	(3,970)	(5,627)
Net book value 30 June 2013	24,468	5,535	186,665	192,200

Capital commitments

Under agreements with CGI, for the outsourcing of IT arrangements, the Group has committed to a computer hardware refresh programme. The total amount of finance lease commitments is £6 million over seven years. At 30 June 2012, no assets had been purchased and capitalised under this arrangement.

15. Goodwill

	<u>2013</u>
	£'000
Net book value at 1 January 2013	356,517
Acquisitions (note 13)	8,268
Net book value at 30 June 2013	364,785

16. Investments

	<u>Investment in joint venture</u>	<u>Available-for-sale assets</u>
	£'000	£'000
At 1 January 2013	2,676	14,370
Amortisation	—	(11)
Share of profit	690	—
Dividends received	(777)	—
At 30 June 2013	2,589	14,359

17. Trade and other receivables

	<u>30 June 2013</u>	<u>31 December 2012</u>
	£'000	£'000
Current:		
Trade receivables	58,074	48,420
Less: Provision for impairment of receivables	(4,516)	(4,993)
Trade receivables – net	53,558	43,427
Other receivables	6,571	9,573
Prepayments and accrued income	13,537	15,178
	73,666	68,178

18. Trade and other payables

	30 June 2013	31 December 2012
	£'000	£'000
Trade payables	19,339	15,290
Other financial liabilities	6,671	5,560
Obligations under finance leases	585	371
Deferred consideration	2,788	1,768
Financial liabilities	29,383	22,989
Other tax and social security payable	21,705	22,467
Accruals and other payables	37,344	45,673
	88,914	91,129
Current	82,243	80,318
Non-current	6,671	10,811
	88,914	91,129

19. Borrowings

	30 June 2013	31 December 2012
	£'000	£'000
Non-current		
Secured borrowing	—	250,000
Unsecured loan notes due 2029	1,000	1,000
Term loan	75,000	—
Capitalised banking fees	(2,528)	(1,226)
	73,472	249,774

The Senior Secured Fixed Rate Notes due 2018 were repaid on 8 May 2013 and the Senior Secured Revolving Credit Facility Agreement for £25 million expiring 2016 was prepaid at the same time.

On 20 March 2013 the Company entered into a £100 million Term and Revolving Credit Facility Agreement which terminates in March 2017. The facilities are split between £75 million Term Loan and £25 million Revolving Credit Facility (RCF), which is repaid, £5 million on the 1st anniversary, £10 million on the 2nd anniversary, £25 million on the 3rd anniversary and the balance on termination. Interest is payable based on LIBOR plus a margin of 3%. The margin is linked to the leverage ratio of the Group and the margin rate is reviewed annually. The RCF is available for utilisation subject to satisfying fixed charge and leverage covenants.

The unsecured loan notes are non-interest bearing.

20. Deferred income

	Cash	Non-cash	Total
	£'000	£'000	£'000
At 1 January 2013	21,651	7,602	29,253
Amortisation	(2,521)	(1,267)	(3,788)
At 30 June 2013	19,130	6,335	25,465
Current	9,276	2,534	11,810
Non-current	9,854	3,801	13,655
	19,130	6,335	25,465

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 they relate. The non-cash portion relates to unamortised income created on acquisition of Zoopla shares (see note 9).

21. Provisions

	2013					
	Onerous contracts	Property repairs	Clawback	Claims and litigation	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January	3,899	4,094	3,280	40,544	6,771	58,588
Utilised in the period	(857)	(958)	(1,572)	(9,210)	(958)	(13,555)
Charged to income statement	218	(408)	1,173	1,741	(630)	2,094
At 30 June	3,260	2,728	2,881	33,075	5,183	47,127
Current	993	1,145	1,527	16,271	2,021	21,957
Non-current	2,267	1,583	1,354	16,804	3,162	25,170
	3,260	2,728	2,881	33,075	5,183	47,127

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.

22. Share capital

On 21 December 2012 the Company issued 100 ordinary shares at £1 each to the initial shareholder 7Side Secretarial Limited. These shares were transferred to Mr J Clarke on 28 December 2012 and subsequently redesignated and subdivided into 10,000 C shares on 19 February 2013.

On 18 March 2013 the Company issued 146,066,312 £1 A shares, 146,066,312 £0.01 B shares and 12,950,429 £0.01 C shares as consideration for the purchase of the entire share capital of Countrywide Holdings Ltd. Each A share is stapled to a B share.

The Company subsequently reorganised its share capital. Each one A share and one B share together were redesignated as one ordinary share of £0.01 each and 100 Deferred shares of £0.01 each. Furthermore, each C share was redesignated as 10,464,164 ordinary shares of £0.01 and 2,496,265 deferred shares of £0.01 each.

On 19 March 2013 the Company reduced its share capital by cancelling all the deferred shares in issue resulting in share capital of £1,565,305 and distributable reserves of £146,091,275.

On 25 March 2013 the Company issued 62,914,485 ordinary shares of £0.01 for consideration of £220 million.

Called up issued and fully paid Ordinary shares of 1 pence each

	Number	£'000
Shares in issue following capital reorganisations above at 19 March	156,530,476	1,565
New shares issued	62,914,485	629
At 30 June 2013	<u>219,444,961</u>	<u>2,194</u>

23. Related party transactions

Transactions with key management personnel

Key management compensation amounted to £3.8 million for the six months ended 30 June 2013 (30 June 2012: £1.3 million). See below for details

	30 June 2013	30 June 2012
	£'000	£'000
Wages and salaries	2,021	1,199
Short-term non-monetary benefits	34	34
Share-based payment costs	1,647	—
Defined contribution pension scheme	91	57
	<u>3,793</u>	<u>1,290</u>

Trading transactions

Related party relationship	Transaction type	Transaction amount		Balance owed	
		Six months ended 30 June 2013	Six months ended 30 June 2012	30 June 2013	31 June 2012
		£'000	£'000	£'000	£'000
Joint venture	Purchases by Group	1,124	1,113	135	179
Joint venture	Rebate received	227	225	—	—
Joint venture	Dividend received	777	748	—	—
Apollo Management	Directors fees paid	15	—	15	—
Oaktree Capital Management	Directors fees paid	15	—	15	—
Apollo Management	Management fee paid	180	375	—	—
Oaktree Capital Management	Management fee paid	180	375	—	—

With the exception of dividends and management fees, 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 2013 regarding related party transactions.

Prior to the IPO, Oaktree Capital Management and Apollo Management LP both owned in excess of 20% of the share capital of the Group. Following the IPO, each entity has a director on the board of the Company and Apollo Management LP is therefore deemed to have significant control even though their shareholding fell below 20%.

During the six month period ended 30 June 2013, the Group incurred £359,000 (30 June 2012: £750,000) split equally between Apollo Management and Oaktree Capital Management, in respect of management fees. Following the IPO, management fees have not been incurred but fees have been payable in respect of each of the respective directors appointed to the Board at a rate of £40,000 per annum.

24. Subsequent events

Following the period end, two further acquisitions have been completed within the Lettings Division for total consideration of £1.4 million.

INDEPENDENT REVIEW REPORT TO COUNTRYWIDE PLC**Introduction**

We have been engaged by the Company to review the Condensed Interim Financial Statements in the Condensed Consolidated Interim Financial Report for the six months ended 30 June 2013, which comprises the Condensed Consolidated Interim Balance Sheet, the Condensed Consolidated Interim Income Statement, the Condensed Consolidated Interim Statement of Comprehensive Income, the Condensed Consolidated Interim Cash Flow Statement, the Condensed Consolidated Interim Statement of Changes in Equity and related notes. 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 set of financial statements.

Directors' responsibilities

The Condensed Consolidated Interim Financial Report 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.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed interim financial statements included in this interim financial report have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the Condensed 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 the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in producing this report, 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.

Scope of review

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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Condensed Interim Financial Statements in the Condensed Consolidated Interim Financial Report for the six months ended 30 June 2013 is 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.

PricewaterhouseCoopers LLP
Chartered Accountants
London
1 August 2013

Contacts

Chief Executive officer Grenville Turner
 Chief Financial officer Jim Clarke
 Company Secretary Gareth Williams
 Website www.countrywide.co.uk

Head of Communications Caroline Somers

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Independent auditors

PricewaterhouseCoopers LLP

Broker

Jefferies Hoare Govett

Bankers

Royal Bank of Scotland plc
 Lloyds Banking Group
 HSBC plc
 Abbey National Treasury Services plc
 Barclays Bank Plc
 Allied Irish Banks plc

Solicitors

Slaughter and May

Financial calendar

Interim results	1 August 2013
Interim dividend record date	9 August 2013
Interim dividend payment	6 September 2013
Interim management statement	31 October 2013
Full year results	February 2014

***Shareholder enquiries**

The Company's registrar is Capita Registrars. 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 Registrars is a trading name of Capita Registrars Limited.

Capita shareholder helpline: 0871 664 0300 (calls cost 10p 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 included electronic communications, account enquiries, amendment of address and dividend mandate instructions.