Interim results

Period ended 30 June 2018

2 August 2018

Countrywide plc

Interim Results for the six months ended 30 June 2018

Countrywide plc (LSE: CWD), the UK's largest integrated property services group, announces its results for the six months ended 30 June 2018 and an update on its Strategy and Turnaround plan.

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

- Group income declined by 9% to £303.6 million (2017: £332.7 million[3]). As previously reported, this was principally driven by the opening pipeline deficit in Sales.
- Adjusted EBITDA of £10.7 million (H1 2017: £27.8 million[3]) slightly better than recent guidance.
- Loss after tax of £205.8 million (2017: £0.5 million loss[3]) reflecting £226.8 million of exceptional costs of principally non-cash exceptional charges for goodwill, intangible and tangible asset impairments (H1 2017: £2.7 million).
- Net debt at 30 June 2018 was £211.7 million (31 December 2017: £196.4[3] million); Net debt/Adjusted EBITDA on a rolling twelve-month basis was 4.7x (FY 2017: 3.1x[3])
- Operational progress: The Group has made significant progress in building back industry expertise and staffing levels in its Sales and Lettings and Financial Services businesses. The register of properties is up 3% year on year at 30 June 2018 and the pipeline has improved by £12.7 million since 31 December 2017 compared with £11.5 million in the same period last year. The Group has also completed the reduction of central functions headcount by a third, which has funded the build back of staff in Sales and Lettings

Six months ended 30 June	Underlying[1]		Statutory	
	H1 2018	H1 2017[3]	H1 2018	H1 2017[3]
Total income	£303.6m	£332.7m	£303.6m	£332.7m
Adjusted EBITDA[2]	£10.7m	£27.8m	n/a	n/a
(Loss)/profit for the period	£(5.8)m	£6.7m	£(205.8)m	£(0.5)m
EPS/(loss) per share	(2.5)p	3.0p	(87.4)p	(0.2)p

[1] Excludes exceptional items, amortisation of acquired intangibles, employment-linked contingent consideration and share-based payments (net of taxation impact for basic EPS)

[2] 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 adjusted EBITDA (see note 8 for reconciliation)

[3] Restated from prior year following the adoption of IFRS 15 and the correction of a prior year error (see note 4)

MANAGEMENT, STRATEGY AND TURNAROUND PLAN

Today, the Group is separately publishing an update on its Strategy and Turnaround plan which includes the announcement of the launch of a placing and open offer to raise gross proceeds of £140 million (the Capital Refinancing Plan) which is fully underwritten. The Capital Refinancing Plan also includes an amended four year Revolving Credit Facility (the Amended Credit Facility) maturing September 2022 which provides the Group with the financial flexibility to execute its strategy and turnaround plan. Paul Creffield today is appointed to the Board as Group Managing Director, and Paul Chapman becomes the Chief Operating Officer, providing the management expertise we need to execute the turnaround.

OUTLOOK

The Group has made significant progress in building back industry expertise and staffing levels in Sales and Lettings and in building back the register of properties and pipeline of agreed sales. The Group expects to make continued operational progress in the second half of the year, which, combined with the traditionally stronger second half in our B2B and Financial Services operating segments, means the Group expects the full year to be in line with the Board's expectations.

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Conference call and Notes to Editors:

The Company will be hosting an analyst presentation at The Lincoln Centre, 18 Lincoln's Inn Fields, London, WC2A 3ED and a teleconference at 10:00am (GMT) this morning to discuss the results with slides available by registering at https://webcast.merchantcantoscdn.com/webcaster/dyn/4000/7464/16532/104700/Lobby/default.htm. This will be available to listen into by dialling +44 (0)20 3003 2666 or 0808 109 0700. A recording of the webcast will be available for seven days by dialling +44 (0)20 8196 1998 – pass code: 8582944#. For further information on Countrywide plc, please visit our corporate website at www.countrywide.co.uk.

This document contains certain statements that are forward-looking statements. They appear in a number of places throughout this document and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the business we operate. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this document and, unless otherwise required by applicable law, the Company undertakes no obligation to update or revise these forward-looking statements. Nothing in this document should be construed as a profit forecast. The Company and its directors accept no liability to third parties in respect of this document save as would arise under English law.

STRATEGY AND TURNAROUND PLAN

Countrywide is today setting out the details of its Strategy and Turnaround plan announced on 8 March 2018, which includes the announcement of the launch of a placing and open offer to raise gross proceeds of £140 million, which aims to strengthen the balance sheet, reduce leverage and enable the Group's turnaround. The Group's "back to basics" strategy seeks to re-build market share in Sales and Lettings and to return the Group to profitable growth; and to further reduce leverage to below 1x net debt to adjusted EBITDA over the medium term. The Group believes that the return to profitable growth must start with building back industry expertise in Sales and Lettings to deliver the growth in the register of properties available for sale; restoring the pipeline of agreed sales and improving ancillary income and reducing costs whilst continuing to grow its B2B and Financial Services businesses. The Board believes the placing and open offer, together with the new long term revolving credit facility and covenant levels will provide the group with the financial flexibility to execute its strategy and turnaround plans.

FINANCIAL REVIEW AND GOING CONCERN

The Board expects that the Capital Refinancing Plan will be approved and the proceeds received. Based on this expectation we believe that, even in a reasonable downside scenario, the Group will continue to have adequate financial resources to realise its assets and discharge its liabilities as they fall due. In assessing the going concern assumptions, the Board has reviewed the Group's three year plan, identified downsides and anticipated receipt of proceeds from the Capital Refinancing Plan and the covenant obligations in the Amended Credit Facility. Please refer to note 3 for further details of the Capital Refinancing Plan.

On the basis of the foregoing, the Directors have formed the judgement that it is appropriate to prepare the financial statements on the going concern basis. Therefore, the financial statements do not include any adjustments which would be required if the going concern basis of preparation were deemed to be inappropriate.

SEGMENTAL RESULTS

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

The change to the Group's segmental presentation in H1 2018 is aligned with management's current internal financial reporting framework (including monthly management information reports reviewed by the Directors, and the Board as the chief operating decision maker) and the basis on which decisions for allocation of resources and assessing performance of segments is undertaken.

The Board considers the business to be split into three main types of business generating revenue: Sales and Lettings, Financial Services and Business to Business (B2B); and 'all other segments' comprising central head office functions.

	Total income (unaudited)			Adjusted EBITDA[1] (unaudited)		
	H1 2018	H1 2017[2] (Restated)	Variance	**H1 2018**	H1 2017[2] (Restated)	Variance
	£'000	£'000	%	**£'000**	£'000	%
Sales and Lettings	**159,145**	180,649	-12	**(1,797)**	12,358	-115
Financial Services	**40,228**	42,600	-6	**7,277**	8,626	-16
B2B	**103,737**	108,623	-4	**11,443**	14,710	-22
All other segments	**510**	805	-37	**(6,267)**	(7,885)	21
Total Group	**303,620**	332,677	-9	**10,656**	27,809	-62

[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 adjusted EBITDA (see note 8 for reconciliation)
[2] Restated from prior year following the adoption of IFRS 15, prior year adjustment in respect of correction of an error (see note 4) and aggregation of previous operating segments (UK and London into Sales and Lettings)

SEGMENTAL VOLUMES

	Number H1 2018	Number H1 2017*
House sales exchanged		
- UK	**18,407**	22,532
- London	**2,223**	2,512
- B2B	**1,396**	2,056
Group total	**22,026**	27,100
Properties under management		
- UK	**65,378**	69,308
- London	**21,712**	21,198
- B2B	**37,677**	36,222
Group total	**124,767**	126,728
Mortgages arranged, number	**51,134**	43,460
Mortgages arranged, value	**£9.5bn**	£7.9bn
Total valuations and surveys completed	**192,097**	181,415
Conveyances completed (excluding third party)	**11,398**	13,312

* Exchanges and properties under management comparatives have been amended between UK and London based on geographical boundary changes

OPERATING REVIEW

Sales and Lettings

Right levels of staffing, spans of control and capability

The Group has made significant operational progress in the first half in the implementation of its back to basics strategy in Sales and Lettings. Critical to our build back has been putting the right industry expertise back in place and the right levels of resource at the Executive Team, regional, territory and branch level. The build back of industry expertise started in the UK in the North in the fourth quarter of 2017; and in the South at the beginning of the second quarter of 2018.

Following the appointment of Paul Creffield to the Board as Group Managing Director, we have also announced the promotion of Paul Chapman to Chief Operating Officer of the Group with a particular focus on driving ancillary income in Sales and Lettings.

The Sales and Lettings business has also been clearly differentiated between the UK and London, with experienced Managing Directors (MDs) having been appointed for each of the North and South regions, whilst continuity has been maintained in London for each of our Premier and City business and for Hamptons International. At a territory level, we have seven seasoned managing directors now in place supported by 89 regional managers giving an average span of control of around ten branches for each territory. At the branch level we now have less than 200 vacancies across Sales and Lettings.

At regional and territory level, where we have a large portfolio of landlords and properties under management, we are also well advanced in the separation of Sales and Lettings enabling colleagues to focus on their areas of specialism. A national Lettings director was also appointed in March 2018.

Sales and Lettings

The market for second hand housing transactions in the UK fell by 3.5% year on year through May (HMRC transaction figures). The Group's own exchanges declined by 19%, driven by the previously announced pipeline deficit coming into the year.

We are encouraged by the early progress. At the start of the year, our opening register of properties available for sale was 11% below 2017, and our opening pipeline of agreed sales awaiting exchange of contracts was 19% below the opening pipeline of the prior year. We are encouraged that our activity in H1 has resulted in the register finishing the half year 3% ahead year on year, an increase of 13% since December 2017. Similarly, the gap on our pipeline of agreed sales has been closing; finishing the half year 13% behind the same level in the prior year. We expect the pipeline gap to close completely year on year for the North in the fourth quarter of 2018, and in the South in the first quarter of 2019.

The significant build back of the register in a subdued market and the closing of the pipeline gap in the first half provide the Group with confidence in the second half out-turn for Sales and Lettings.

UK Sales and Lettings

Within UK sales and lettings, our exchanged income from estate agency reduced by £14.8 million, 24% year on year, due to the weaker opening pipeline. Our Lettings revenue decreased by £2.8 million, 5% year on year, with properties under management down 6% at 65,378 (30 June 2017: 69,308).

London Sales and Lettings

The prime central London housing market continues to experience low levels of activity owing to political and economic uncertainty, particularly in relation to stamp duty and Brexit, which is felt more acutely in the capital. This, combined with the continued effects of stamp duty changes affecting homes over £1 million and on second homes, means the market for housing transactions in London continued to be subdued in the six months to 30 June 2018. Our London businesses which also operate in Greater London and the Home Counties experienced more buoyant trading than in Central London.

Overall, our exchanged income from estate agency reduced by £3.8 million, 13% year on year, again due to the weaker opening pipeline of sales agreed. In the Lettings business, our performance was resilient with revenues up £0.6 million, 2% year on year, whilst properties under management grew to 21,712 (2017: 21,198).

Ancillary Services

A key part of the back to basics strategy is to restore the provision of high quality end to end services to our customers in the form of Financial Services and conveyancing. During the first half, we have rolled out training across the branch network and put in place new reward structures to support this effort. We are now seeing increased instructions in conveyancing, up 22% as at 30 June 2018 compared to the same period in 2017. As part of our build back plans, we have highlighted the importance of both Financial Services and conveyancing ancillary services sales as an integral part of our customer's housing transaction. We are encouraged to see that the group value (the ancillary income earned from each £1 of estate agency revenue from other group services such as conveyancing and financial services) has increased from 38 pence at the start of the year to 42 pence during June 2018.

Financial Services

The Financial Services segment delivered adjusted EBITDA of £7.3 million, £1.3 million down on the prior year (H1 2017: £8.6 million) with performance in traditional high street sales force impacted by less referred business from Sales and fewer mortgage consultants year on year; offset by encouraging growth in alternative channels. Based on Bank of England Mortgage approval data to May 2018, the market for gross lending in the UK grew by approximately 6%, with overall gross lending finishing at £103.4 billion (2017: £97.5 billion); and the Group overall mortgages completed grew by 18%. For the six months to 30 June 2018 the Group completed overall mortgages of £9.5 billion (2017: £7.9 billion) with strong performance across our alternative channels which more than offset a weaker performance in the branch channel. The revenue earned by sales in our branch channel are higher than in our alternative channels, and therefore the increased proportion of non-branch sales has resulted in increased volume but a reduction in income.

As part of our build back in Financial Services, we expect more mortgage consultants in the second half of the year, which, together with increased levels of referrals in the branch channel and the continued strong performance of the alternative channels, provides the group with confidence in the second half for Financial Services.

B2B

B2B delivered a resilient performance in the six months to 30 June 2018, with total income of £103.7 million being 4% below H1 2017 (£108.6 million). Adjusted EBITDA of £11.4 million is 22% below H1 2017 (£14.7 million), with this deficit principally driven from a weak six months in our land and new homes business (CRDS). Our pipeline of schemes in new homes to be released in H2 should help deliver a better H2 performance from our B2B business unit.

Surveying

The Surveying business continues to trade well in a busy sector, delivering revenues 2% ahead of H1 2017. This growth has been driven through the in-house workforce undertaking almost 10,000 additional valuations in the first six months of 2018. Service to our corporate clients remains a key focus and investments in capacity continue to drive improvements in this area. The business finished the half year operating with 3% more qualified surveyors in June 2018 than June 2017, with a further trainee programme initiated in February 2018 to support the on-going volume growth.

Conveyancing

The Conveyancing business has had a strong start to 2018 with improved profitability benefitting from an enhanced focus on ancillary income from the branch network and driving greater productivity through investments in technology.

Customer engagement remains crucial and the effort and focus in the business is reflected in consistently excellent net promoter scores from the buyers and sellers of property that use our services. (Net promoter scores have been consistently above 50 in H1 2018 and driven a current Feefo rating of 4.2).

Countrywide Residential Development Solutions (CRDS)

A weak first half trading period in our new homes business reflecting a poor opening pipeline, exacerbated by a difficult market back drop of delayed stock releases, longer transaction cycles and land deals taking longer to mature. Consequently revenue was 38% below the prior year comparable driven by 32% less exchanges in the period.

Estate and Asset Management

Estate and Asset Management comprises a portfolio of businesses which work with corporate clients to deliver services relating to sales, lettings, property management and emergency relocations. A good first half of the year for these set of businesses with revenue outperforming 2017 and adjusted EBITDA marginally ahead.

Lambert Smith Hampton

Despite the continued challenging uncertain economic and political environment around Brexit in the first half of 2018, Lambert Smith Hampton saw a year on year increase in adjusted EBITDA with some good wins in the half in the local authority sector.

Overall, the outlook across our portfolio of B2B businesses remains robust.

Financial summary

Adjusted EBITDA

The Group's adjusted EBITDA margin in H1 2018 was 3.5% (H1 2017: 8.4%). Statutory results were further impacted by significant impairment charges and strategic, restructuring and financing costs, resulting in a loss for the period of £205.8 million (2017: loss of £0.5 million).

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

	Six months ended 30 June	
	2018 **£'000**	2017* £'000
Group adjusted EBITDA before exceptional items	**10,656**	27,809
Depreciation on property, plant and equipment and amortisation of software	**(13,187)**	(13,637)
Group operating (loss)/profit before exceptional items and amortisation	**(2,531)**	14,172
Amortisation arising on intangibles recognised through business combinations	**(2,031)**	(2,898)
Contingent consideration	**(4,640)**	(1,125)
Share-based payment costs	**(1,723)**	(1,207)
Exceptional income	**3,186**	—
Exceptional costs (excluding exceptional financing costs not reported in operating profit)	**(226,215)**	(2,706)
Group operating (loss)/profit	**(233,954)**	6,236

* Restated from prior year following the adoption of IFRS 15 and the prior year adjustment in respect of an error (see note 4)

Significant operational progress has been made with the strategy and turnaround plan during the period. However, the continued subdued external environment and the effects of the weaker opening pipeline which became apparent after conclusion of the 2018 business planning process, has resulted in further impairment charges since those taken at the full year. Cash flows driving the current impairment review align to the latest three-year strategy and turnaround plan that has been endorsed by the Board.

Exceptional costs incurred in the period amounting to £230.0 million (2017: £2.7 million), including financing costs of £3.8 million excluded in the table above as they are reported as exceptional financing costs rather than within operating profit as reported above, comprise items that have or will result in cash charges of £17.7 million and £212.3 million of non-cash charges as follows:

- Impairment charges of £210.7 million in respect of goodwill, brand names and customer contracts in respect of the UK and London cash generating units and further intangible (computer software) and tangible fixed assets in respect of the UK and London cash generating unit and assets within the central functions used to support that business;
- People-related restructuring costs of £3.7 million have been incurred as a result of our review and rationalisation of the organisational structure, notably in central functions, with associated restructuring and cost optimisation consultancy costs of £3.4 million;
- £0.8 million of property closure costs in respect of the central functions head office in London that has been identified for closure and communicated to impacted individuals prior to the period end;
- Onerous lease provisions with a present value of £7.5 million have been recognised in relation to economic outflows arising from onerous contracts in relation to loss making branches, unwinding over a period to 2026; and
- Financing costs comprise £1.6 million write-off of previously capitalised banking fees following the amendment of the revolving credit facility in February 2018 and £2.2 million in relation to refinancing professional fees incurred during the first half of the year.

During H1 2018 the Group received exceptional income of £3.2 million (2017: £nil) from: a professional indemnity claim settled in the Group's favour of £2.1 million; and a professional indemnity provision release of £1.1 million following assessment of our claims position.

Amortisation of acquired intangibles has decreased to £2.0 million (H1 2017: £2.9 million) following impairments in the prior year. As previously signposted, following the impairments in prior years and H1 2018, we have reviewed the useful economic lives of our brands and from 1 July 2018 will adopt finite lives of up to fifteen years in respect of all of our brand names.

Contingent consideration charges of £4.6 million (H1 2017: £1.1 million) have been incurred in respect of post-combination employment expenses, principally in relation to non-core Financial Services businesses are accruing in line with performance expectations in respect of specific agreements with remaining periods extending into 2021.

Cashflow

In the statutory cashflow, cash generated from operations decreased by £28.9 million to an outflow of £17.2 million for the period (2017: inflow of £11.7 million), driven by a reduction in adjusted EBITDA which was exacerbated by the unwind of cyclical cash management practices undertaken amounting to £17.9 million. Capital expenditure has been focused primarily on computer software.

Net debt

At 30 June 2018, the Group had net assets of £83.9 million (31 December 2017: £288.9 million following adjustments in respect of the adoption of IFRS 15 and a prior year error – see note 4) and net debt (including finance lease liabilities) of £211.7 million (31 December 2017 as restated: £196.4 million) with a net debt to adjusted EBITDA ratio of 4.7 times (31 December 2017: 3.1 times following adjustments in respect of the adoption of IFRS 15 and correction of a prior year error – see note 4).

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 (2017: nil).

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. As a consequence of the continued subdued external environment and the effects of the weaker opening pipeline, the Board has continued to review the principal risks and uncertainties, and in particular the risk around financing and the capital structure. Today's announcement seeks to address the capital structure; all other risks remain unchanged from the year end, listed below:

- Financing and capital structure – see note 3 for a current period update in relation to the Group's financing and capital structure and ongoing material uncertainty in relation to going concern;
- exposure to UK housing market trends;
- professional indemnity exposure;
- potential loss of a major business partner or contract;
- resilience of IT infrastructure and cyber risk;
- changing regulatory environment;
- increasing competition in the evolving markets that we operate in; and
- securing and retaining excellent people.

These risks and uncertainties and mitigating factors are described in more detail on pages 14 to 17 of the Countrywide plc financial statements for the year ended 31 December 2017 (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 but not limited to statements about our beliefs and expectations, may be 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 Group's actual results, performance or achievements to differ materially from those indicated in any forward-looking statement. The important factors in the Group's financial statements are not exhaustive and there may be other risks, including risks of which the Group is unaware, that could adversely affect the Group's results or the accuracy of the forward-looking statements in the report.

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, Richard Adam stepped down from the Board as an independent non-executive director on 25 April 2018.

The directors of Countrywide plc are listed in the company's annual report for the year ended 31 December 2017. 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

Peter Long
Executive chairman
2 August 2018

Himanshu Raja
Chief financial officer
2 August 2018

Condensed consolidated interim income statement

For the six months ended 30 June 2018

		2018 (unaudited)			2017 (unaudited) [1]		
	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		**298,570**	**—**	**298,570**	326,740	—	326,740
Other income		**5,050**	**—**	**5,050**	5,937	—	5,937
	8	**303,620**	**—**	**303,620**	332,677	—	332,677
Employee benefit costs		**(185,462)**	**(6,363)**	**(191,825)**	(191,694)	(2,332)	(194,026)
Other operating costs		**(107,502)**	**—**	**(107,502)**	(113,174)	—	(113,174)
Adjusted EBITDA*		**10,656**			27,809		
Depreciation and amortisation	12,13	**(13,187)**	**(2,031)**	**(15,218)**	(13,637)	(2,898)	(16,535)
Group operating (loss)/profit before exceptional items		**(2,531)**	**(8,394)**	**(10,925)**	14,172	(5,230)	8,942
Employee benefit costs		**—**	**(3,737)**	**(3,737)**	—	(2,706)	(2,706)
Other operating costs		**—**	**(8,582)**	**(8,582)**	—	—	—
Impairment of non-current assets		**—**	**(210,710)**	**(210,710)**	—	—	—
Exceptional items (net):	9	**—**	**(223,029)**	**(223,029)**	—	(2,706)	(2,706)
Operating (loss)/profit	8	**(2,531)**	**(231,423)**	**(233,954)**	14,172	(7,936)	6,236
Finance costs	9	**(5,159)**	**(3,778)**	**(8,937)**	(6,107)	—	(6,107)
Finance income		**140**	**—**	**140**	63	—	63
Net finance costs		**(5,019)**	**(3,778)**	**(8,797)**	(6,044)	—	(6,044)
(Loss)/profit before taxation		**(7,550)**	**(235,201)**	**(242,751)**	8,128	(7,936)	192
Taxation credit/(charge)	10	**1,768**	**35,167**	**36,935**	(1,394)	711	(683)
(Loss)/profit for the period		**(5,782)**	**(200,034)**	**(205,816)**	6,734	(7,225)	(491)
Loss per share **							
Basic loss per share	11			**(87.41)p**			(0.21)p

[1] Restated from prior year following the adoption of IFRS 15 and correction of a prior year error (see note 4)

* Adjusted EBITDA is a non-GAAP measure of earnings before interest, tax, depreciation, amortisation, exceptional items, contingent consideration, share-based payments and share of profits/(losses) from joint venture

** As there is a loss, the diluted EPS is not presented on the basis that this is equal to the basic loss per share.

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 2018

	Note	**2018 (unaudited) £'000**	2017[1] (unaudited) £'000
(Loss)/profit for the period		**(205,816)**	(491)
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss			
Actuarial gain arising in the pension scheme	22	**626**	886
Deferred tax arising on the pension scheme		**(119)**	(168)
		507	718
Items that may be subsequently reclassified to profit or loss			
Foreign exchange rate (loss)/gain	21	**(6)**	19
Cash flow hedges:			
- Gains arising during the period	21	**—**	1,170
- Less reclassification adjustments for gains included in the profit and loss	21	**337**	—
Deferred tax arising on cash flow hedge	21	**(63)**	(246)
Available-for-sale financial assets:			
- Losses arising during the period	21	**—**	(24)
		268	919
Other comprehensive (expense)/income for the period		**775**	1,637
Total comprehensive (expense)/income for the period, net of tax		**(205,041)**	1,146

[1] Restated from prior year following the adoption of IFRS 15 and correction of a prior year error (see note 4)

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 2018

		Attributable to owners of the parent (unaudited)				
	Note	Share capital £'000	Share premium £'000	Other reserves £'000	Retained Earnings/ (losses) £'000	Total £'000
Audited balance at 1 January 2017 as originally presented		2,197	211,838	(17,941)	283,454	479,548
Change in accounting policy and correction of prior year error	4	—	—	—	(18,731)	(18,731)
Restated total equity at the beginning of the financial year[1]		2,197	211,838	(17,941)	264,723	460,817
Loss for the period (restated) [(1)]		—	—	—	(491)	(491)
Other comprehensive income						
Currency translation differences	21	—	—	19	—	19
Movement in fair value of available-for-sale financial assets	21	—	—	(24)	—	(24)
Cash flow hedge: fair value gain	21	—	—	1,170	—	1,170
Cash flow hedge: deferred tax on gain	21	—	—	(246)	—	(246)
Actuarial gain on the pension fund		—	—	—	886	886
Deferred tax movement relating to pension		—	—	—	(168)	(168)
Total other comprehensive income		—	—	919	718	1,637
Total comprehensive income		—	—	919	227	1,146
Transactions with owners						
Issue of share capital	21	216	—	36,634	—	36,850
Transfer of reserves	21	—	—	(36,634)	36,634	—
Share-based payment transactions		—	—	—	956	956
Deferred tax on share-based payments		—	—	—	(10)	(10)
Purchase of treasury shares	21	—	—	(725)	—	(725)
Transactions with owners		216	—	(725)	37,580	37,071
Unaudited balance at 30 June 2017 (restated) [(1)]		2,413	211,838	(17,747)	302,530	499,034
Audited balance at 31 December 2017 as originally presented		2,413	211,838	(16,121)	111,007	309,137
Change in accounting policy and correction of prior year error	4	—	—	—	(20,246)	(20,246)
Restated total equity at 31 December 2017 [(1)]		2,413	211,838	(16,121)	90,761	288,891
Change in accounting policy	4, 21	—	—	(1,967)	993	(974)
Restated total equity at 1 January 2018 [(2)]		2,413	211,838	(18,088)	91,754	287,917
Loss for the period		—	—	—	(205,816)	(205,816)
Other comprehensive (expense)/income						
Currency translation differences	21	—	—	(6)	—	(6)
Cash flow hedge: fair value on termination	21	—	—	337	—	337
Cash flow hedge: deferred tax on termination	21	—	—	(63)	—	(63)
Actuarial gain on the pension fund		—	—	—	626	626
Deferred tax movement relating to pension		—	—	—	(119)	(119)
Total other comprehensive income		—	—	268	507	775
Total comprehensive income/(expense)		—	—	268	(205,309)	(205,041)
Transactions with owners						
Share-based payment transactions		—	—	—	1,855	1,855
Deferred tax on share-based payments		—	—	—	(317)	(317)
Purchase of treasury shares	21	—	—	(499)	—	(499)
Utilisation of treasury shares for DSBP options	21	—	—	39	(39)	—
Transactions with owners		—	—	(460)	1,499	1,039
Unaudited balance at 30 June 2018		**2,413**	**211,838**	**(18,280)**	**(112,056)**	**83,915**

[(1)] Restated from prior year following the adoption of IFRS 15 and correction of prior year error (see note 4)
[(2)] Restated from prior year following the adoption of IFRS 9 and IFRS 15 and correction of prior year error (see note 4)

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

Condensed consolidated interim balance sheet

As at 30 June 2018

	Note	**30 June 2018 (unaudited) £'000**	31 December 2017[1] (unaudited) £'000
Assets			
Non-current assets			
Goodwill	12	**234,681**	279,496
Other intangible assets	12	**77,576**	220,658
Property, plant and equipment	13	**9,757**	41,798
Investments accounted for using the equity method:			
Investments in joint venture	14	**2,982**	2,982
Available-for-sale financial assets	14	—	17,085
Financial assets at fair value through profit or loss	14	**2,532**	—
Deferred tax assets		**19,740**	14,424
Total non-current assets		**347,268**	576,443
Current assets			
Trade and other receivables	15	**100,474**	101,957
Cash and cash equivalents		**37,856**	22,533
Total current assets		**138,330**	124,490
Total assets		**485,598**	700,933
Equity and liabilities			
Equity attributable to the owners of the parent			
Share capital	20	**2,413**	2,413
Share premium		**211,838**	211,838
Other reserves	21	**(18,280)**	(16,121)
Retained (losses)/earnings		**(112,056)**	90,761
Total equity		**83,915**	288,891
Liabilities			
Non-current liabilities			
Borrowings	17	**243,552**	213,489
Derivative financial instruments		—	337
Net defined benefit scheme liabilities	22	**3,256**	5,626
Provisions	19	**15,574**	11,985
Deferred income	18	**10,728**	11,213
Trade and other payables	16	**9,761**	8,295
Deferred tax liability		**6,863**	33,522
Total non-current liabilities		**289,734**	284,467
Current liabilities			
Borrowings	17	**1,325**	1,011
Trade and other payables	16	**84,244**	99,235
Deferred income	18	**9,804**	11,008
Provisions	19	**16,576**	16,321
Total current liabilities		**111,949**	127,575
Total liabilities		**401,683**	412,042
Total equity and liabilities		**485,598**	700,933

[1] Restated from prior year following the adoption of IFRS 15 and correction of a prior year error (see note 4)

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 2018

	Note	**2018 (unaudited) £'000**	2017[1] (unaudited) £'000
Cash flows from operating activities			
(Loss)/profit before taxation		**(242,751)**	192
Adjustments for:			
Depreciation	13	**8,902**	8,483
Amortisation of intangible assets	12	**6,316**	8,052
Share-based payments		**1,855**	956
Impairment of intangible assets	12	**185,473**	—
Impairment of tangible assets	13	**25,237**	—
Profit on disposal of fixed assets		**(35)**	(297)
Finance costs		**5,159**	6,107
Finance income		**(140)**	(63)
		(9,984)	23,430
Changes in working capital (excluding effects of acquisitions and disposals of Group undertakings):			
Decrease in trade and other receivables		**3,391**	2,080
Decrease in trade and other payables		**(14,468)**	(9,575)
Increase/(decrease) in provisions		**3,843**	(4,265)
Net cash (used in)/generated from operating activities[2]		**(17,218)**	11,670
Pension paid	22	**(2,000)**	(2,000)
Interest paid		**(4,024)**	(5,406)
Income tax received		**2,037**	365
Net cash (outflow)/inflow from operating activities		**(21,205)**	4,629
Cash flows from investing activities			
Deferred consideration paid in relation to current and prior year acquisitions		**(247)**	(2,154)
Purchase of property, plant and equipment		**(1,852)**	(3,917)
Purchase of intangible assets	12	**(3,302)**	(2,859)
Proceeds from sale of property, plant and equipment		**24**	487
Purchase of investments	14	**(1,300)**	—
Proceeds from disposal of financial assets at fair value through profit or loss		**15,980**	—
Interest received		**140**	63
Net cash inflow/(outflow) from investing activities		**9,443**	(8,380)
Cash flows from financing activities			
Term and revolving facility loan drawn/(repaid)	17	**30,000**	(40,000)
Financing fees paid		**(888)**	(2)
Capital repayment of finance lease liabilities		**(1,528)**	(1,700)
Purchase of own shares	21	**(499)**	(725)
Share placing	21,22	**—**	36,850
Net cash inflow/(outflow) from financing activities		**27,085**	(5,577)
Net increase/(decrease) in cash and cash equivalents		**15,323**	(9,328)
Cash and cash equivalents at 1 January		**22,533**	45,326
Cash and cash equivalents at 30 June		**37,856**	35,998

[1] 2017 restated from prior year following the adoption of IFRS 15 and correction of a prior year error (see note 4) and for the reclassification of contingent consideration paid from investing activities to operating activities as this relates to contingent consideration arrangements that are deemed remuneration.

[2] Included within net cash generated from operating activities is £5.5 million of net cash expended on exceptional strategic and restructuring costs (excluding property closure costs which have been provided but not yet incurred) as discussed in note 9 in relation to 2018 (2017: £2.7 million).

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. 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 2 August 2018.

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 2017 were approved by the Board of directors on 8 March 2018 and delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, but did contain an emphasis of matter paragraph regarding a material uncertainty relating to going concern 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 2018 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 2017, which have been prepared in accordance with IFRSs as adopted by the European Union.

The change to the Group's segmental presentation in H1 2018 is aligned with management's current internal financial reporting framework (including monthly management information reports reviewed by the Directors, and the Board as the chief operating decision maker) and the basis on which decisions for allocation of resources and assessing performance of segments in undertaken.

3. Going concern

On 2 August 2018, Countrywide announced a proposal to raise gross proceeds of £140 million by way of a firm placing and a placing and open offer of the Company's shares (together, the "Issue"). The Issue is conditional, among other things, on the Company's shareholders approving the resolutions concerning the Capital Refinancing Plan (the "Capital Refinancing Resolutions") at the general meeting scheduled for 28 August 2018. The Issue is fully underwritten on the terms set out in an underwriting agreement.

The Board expects that Capital Refinancing Resolutions will be approved by the Company's shareholders and that the Company will receive the net proceeds of the Issue. Based on this expectation, the Board believes that, even in a reasonable downside scenario, the Group will continue to have adequate financial resources to allow them to realise their assets and discharge their liabilities as they fall due. In assessing the going concern assumption, the Board has reviewed a range of forecast outcomes, assessed identified downside risks and mitigating actions, and evaluated the resulting financial measures against the relevant covenant tests under the Amended Credit Facility and in light of the expected net proceeds from the Issue. The downside risks include a number of significant but plausible scenarios, incorporating a reasonable downside scenario, and mitigating actions that would be available to the Group in response to these scenarios.

On the basis of the foregoing, the Directors have formed the judgement that it is appropriate to prepare the financial statements on the going concern basis. Therefore, the financial statements do not include any adjustments which would be required if the going concern basis of preparation were deemed to be inappropriate.

Material uncertainties

In order to facilitate the Capital Refinancing Plan, the Company's lender group has agreed with the Company to enter into an amendment, extension and reduction of the Previous Credit Facility, which is effective as of 2 August 2018. The £275.0 million Amended Credit Facility Agreement contains a mandatory prepayment and cancellation provision. If the Company's shareholders do not approve the Capital Refinancing Resolutions and/or the Issue has not otherwise taken place by 30 September 2018 (for any one of a variety of reasons specified in the Amended Credit Facility Agreement), or if the gross aggregate proceeds of the Issue is otherwise less than £100.0 million, the Company will enter into a 10 Business Day consultation with its lenders regarding the continuation of the facilities. Following the end of that consultation period, the majority lenders may notify the Company that they require the Amended Credit Facility to be prepaid and cancelled. If such notice has been provided, the Amended Credit Facility must be prepaid and cancelled. In such circumstances, the Company would seek to renegotiate or refinance the Amended Credit Facility. There can be no certainty that the Company would be able to do so on commercially acceptable terms or at all. In the event that the Company were unable to renegotiate or refinance the Amended Credit Facility and the its lenders were to demand repayment of all borrowings, a working capital shortfall of the amounts owed (less any surplus working capital held immediately before the demand for repayment) would arise. Without the support of its lenders, the Company would be unable to meet its liabilities as they fall due, which would likely result in the Company becoming insolvent and having to cease trading. However, provided that the Issue takes place, the Board is confident that the gross proceeds will exceed £100.0 million as the Issue is fully underwritten by the Joint Bookrunners on the terms and subject to the conditions of the underwriting agreement.

In undertaking this assessment, the Board has considered the fact that a shareholder vote is required in order to raise additional capital through the Issue, and that the underwriting agreement is subject to certain specific conditions which, although customary in nature, are outside the control of the Company. These events and conditions cast a material uncertainty on the completion of the Issue which may cast

significant doubt about the Group's ability to continue as a going concern. The effect on the Group of any failure to implement the Capital Refinancing Plan may also be compounded by factors outside of the Group's control, such as a further downturn in the UK housing market or conditions adversely impacting the UK mortgage market.

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.

Brand names, which previously were assigned an indefinite life, have been subject to review following impairments in prior years. We signposted our intent to undertake this review within the 2017 annual report and following this review we have concluded a change in accounting estimate effective from 1 July 2018. Brand names will be assigned useful economic lives of up to fifteen years and amortisation will commence from that date.

Standards, amendments and interpretations effective and adopted by the Group

The following new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 January 2018 have had the following impact on the Group:

4.1 IFRS 9 'Financial instruments'

IFRS 9 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities.

Classification and measurement of financial assets

The Group has applied the requirements of IFRS 9 to instruments owned at 1 January 2018 and has not applied the requirements to instruments that had already been derecognised prior to 1 January 2018. Comparative amounts have not been restated.

As at the date of initial application of IFRS 9, the Group has elected to apply the fair value through profit or loss option for all of its non-controlling equity interests that were classified as available-for-sale under IAS 39. There will be no impact on the classification and measurement of the other financial assets, and no change in the accounting for financial liabilities, held by the Group.

On transition, £1,967,000 of gains previously recorded within 'Other reserves' in relation to the Group's holding in the investment property fund have been reclassified to retained earnings. The asset was subsequently disposed of during the period.

Impairment of financial assets

The impairment model under IFRS 9 reflects expected credit losses, as opposed to only incurred credit losses under IAS 39. Under the impairment approach under IFRS 9, it is not necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses, which will be updated at each reporting date.

As at 1 January 2018, the Group have reviewed and assessed existing financial assets, amounts due from customers, for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of IFRS 9 to determine the credit risk. An additional credit allowance of £1,202,000 has been recognised against retained earnings net of its related deferred tax impact at £974,000.

	Trade and other receivables £000
At 31 December 2017 calculated under IAS 39	(4,211)
Amounts restated through retained earnings	(1,202)
Opening loss allowance at 1 January 2018 under IFRS 9	(5,413)

The additional loss allowance recognised upon the initial application of IFRS 9 as disclosed above resulted entirely from a change in the measurement attribute of the loss allowance relating to the financial assets.

In determining the expected credit losses for these assets, the Group have taken into account the historical default experience, the financial position of the counterparties, in estimating the likelihood of default of each of these financial assets occurring within their loss assessment time horizon.

4.2 IFRS 15 'Revenue from contracts'

IFRS 15 'Revenue from contracts with customers' establishes principles for determining when and how revenue arising from contracts with customers should be recognised. An entity should recognise revenue when it transfers goods or services to a customer based on the amount of consideration to which the entity expects to be entitled from a customer in exchange for fulfilling its performance obligations.

Management has undertaken a detailed assessment of all contracts and revenue streams across all business units using the five-step approach specified by IFRS 15: identify the contract(s) with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contract; and recognise revenue when (or as) a performance obligation is satisfied.

The Group generates revenue and other income from external customers mainly in the UK from three main types of business: Sales and Lettings, Financial Services and Business to Business (B2B). Management is required to take all relevant factors and circumstances into account when determining the revenue recognition methods that appropriately depict the transfer of control of goods or services to the

customer for each performance obligation. This requires management to make certain judgements, including: the determination of the performance obligations in the contract; whether the Group is acting as principal or agent; the estimation of any variable consideration in determining the contract price; the allocation of the price to the performance obligations inherent in the contract; and an appropriate method of recognising revenue. Other key considerations comprise the appropriate accounting treatment of any costs incurred to obtain the contract and the treatment of any costs incurred to fulfil a contract.

In determining the appropriate method of recognising revenue, management is required to make judgements as to whether the performance obligations are satisfied over a period of time or at a point in time. For performance obligations that are satisfied over a period of time, judgements are made as to whether the output method or the input method is more appropriate to measure progress towards complete satisfaction of the performance obligation. If the performance obligations are not satisfied over a period of time, the Group recognises revenue at a point in time.

The adoption of IFRS 15 has impacted the financial statements as follows (please refer to table below for the impact on the balance sheet and income statement):

- B2B: Within the B2B business unit, Lambert Smith Hampton generates revenue from commercial property consultancy and advisory services, property management and valuation services. Work-in-progress (WIP) was previously recognised on specific types of contracts. Under IFRS 15, the performance obligations of certain contracts are deemed to be satisfied at a point in time. As a result, the Group no longer recognises WIP against these contracts. We continue to recognise WIP against other contracts where the performance obligations are satisfied over a period of time.
- Sales and Lettings: A proportion of revenue from lettings rent collection was previously recognised at the outset of the rent collection agreement, together with an appropriate clawback provision, based on historical experience. Under IFRS 15, revenue is now recognised over the life of the rent collection agreement in accordance with the satisfaction of the performance obligations.

The Group adopted IFRS 15 on 1 January 2018 and has elected to restate comparative information from prior periods. The Group has applied the practical expedients under which contracts that began or ended in 2017, or contracts that were completed prior to 1 January 2017, have not been restated.

4.3 Prior year error correction in respect of the reconstitution of trust funds

The Group holds money on behalf of parties to property transactions. For example, the Group holds deposits made by lessees of properties. Generally, the Group does not recognise client money on its consolidated balance sheet. However, the Group deposits client money in interest-bearing accounts and recognises the interest component as finance income in the Group's consolidated income statement.

The Group takes all practical and reasonable measures to identify the ownership of the funds and to trace and return funds in a timely manner. Historically, orphan balances that remained untraceable and were more than six years old were recognised in the Group's consolidated income statement as other income and an indemnity was put in place by Countrywide Group plc to the underlying subsidiary entities to ensure that any claims arising subsequently on these funds would be met by the Countrywide Group plc. In practice, less than 1% of the funds released have ever been claimed and paid out.

Following a recent management review of client accounting, and having received legal advice on the use of orphan funds, the Group now understands that some of these historical and untraceable orphan funds arising from the Lettings business for the period from 2008-2017 should be held in trust under a separate client account. A liability of £4,681,000 in respect of certain untraceable orphan funds for such period has therefore been recognised in the Group's balance sheet in the 2018 condensed consolidated interim report, £4,456,000 of which was recognised as a prior year error correction, along with a related reduction in retained earnings net of deferred tax. The equivalent value in cash has been disclosed as restricted cash in the 2018 condensed consolidated interim report, which increased net debt at 30 June 2018 (see note 17). The Group's operating segment results for the Sales and Lettings operating segment for H1 2017 (as the comparative period) were also restated. This is collectively referred to as the prior year correction.

The tables below show the impact of the adoption of IFRS 15 and the impact of the prior year error correction on the balance sheet as at 30 June 2017 and 31 December 2017 and the impact on the income statement for the six month period ended 30 June 2017.

Consolidated balance sheet (extract)

	30 June 2017 As previously reported (unaudited) £'000	Impact of IFRS 15 (B2B) (unaudited) £'000	Impact of IFRS 15 (Sales and Lettings) (unaudited) £'000	Correction of prior year error (unaudited) £'000	30 June 2017 Restated (unaudited) £'000
Non-current assets					
Deferred tax assets	9,043	211	3,373	812	13,439
Current assets					
Trade and other receivables	117,725	(1,111)	—	—	116,614
Impact on total assets	126,768	(900)	3,373	812	130,053
Equity and liabilities					
Retained earnings	321,468	(900)	(14,381)	(3,462)	302,725
Non-current liabilities					
Deferred income	1,666	—	10,203	—	11,869
Current liabilities					
Deferred income	3,286	—	8,316	—	11,602
Trade and other payables	84,509	—	—	4,274	88,783
Provisions	14,161	—	(765)	—	13,396
Impact on current liabilities	101,956	—	7,551	4,274	113,781
Impact on total equity and liabilities	425,090	(900)	3,373	812	428,375

Consolidated balance sheet (extract)

	31 December 2017 As previously reported (audited) £'000	Impact of IFRS 15 (B2B) (unaudited) £'000	Impact of IFRS 15 (Sales and Lettings) (unaudited) £'000	Correction of prior year error (unaudited) £'000	31 December 2017 Restated (unaudited) £'000
Non-current assets					
Deferred tax assets	9,676	219	3,683	846	14,424
Current assets					
Trade and other receivables	103,111	(1,154)	—	—	101,957
Impact on total assets	112,787	(935)	3,683	846	116,381
Equity and liabilities					
Retained earnings	111,007	(935)	(15,701)	(3,610)	90,761
Non-current liabilities					
Deferred income	663	—	10,550	—	11,213
Current liabilities					
Deferred income	1,379	—	9,629	—	11,008
Trade and other payables	94,779	—	—	4,456	99,235
Provisions	17,116	—	(795)	—	16,321
Impact on current liabilities	113,274	—	8,834	4,456	126,564
Impact on total equity and liabilities	224,944	(935)	3,683	846	228,538

Consolidated income statement (extract)

	Six months ended 30 June 2017 As previously reported (unaudited) £'000	Impact of IFRS 15 (B2B) (unaudited) £'000	Impact of IFRS 15 (Sales and Lettings) (unaudited) £'000	Correction of prior year error (unaudited) £'000	Six months ended 30 June 2017 Restated (unaudited) £'000
Revenue	326,968	—	(228)	—	326,740
Other income	5,994	—	—	(57)	5,937
Total income	332,962	—	(228)	(57)	332,677
Other operating costs	(113,204)	—	30	—	(113,174)
Adjusted EBITDA	28,064	—	(198)	(57)	27,809
Profit/(loss) before taxation	447	—	(198)	(57)	192
Taxation credit/(charge)	(731)	—	38	10	(683)
Loss for the period	(284)	—	(160)	(47)	(491)

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 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 16 'Leases' amends the definition of a lease, along with the recognition and measurement principles for leases and establishes the principles for disclosure. The standard is effective for accounting periods beginning on or after 1 January 2019 and is expected to have a significant impact on the consolidated financial statements of the Group. On adoption, lease agreements will give rise to both a right of use asset and a lease liability for future lease payables. Depreciation of the right of use asset will be recognised in the income statement on a straight-line basis, with interest recognised on the lease liability. This will result in a change to the profile of the net charge taken to the income statement over the life of the lease. These charges will replace the lease costs currently charged to the income statement.

The Group continues to assess the full impact of IFRS 16. Significant judgements are also required eg in determination of lease term based on the probability of renewal and identification of suitable discount rates. However, the impact will greatly depend on the facts and circumstances at the time of adoption and upon transition choices adopted. It is therefore not yet practicable to provide a reliable estimate of the financial impact on the Group's consolidated results.

Other standards, amendments and interpretations not yet effective and not discussed above are not relevant or considered significant to the Group.

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 2017 with the exception of the update in relation to the going concern judgement (detailed in note 3) and of the following changes in estimates. During the six months ended 30 June 2018 management reassessed its estimates in respect of taxation (note 10), pensions (note 22), contingent consideration payables in respect of acquisitions made in prior periods (note 6), impairment (note 12) and also provisions (note 19).

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 2017.

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 17) following the additional draw down against the revolving credit facility. There has been a change in the terms of borrowing applicable since the prior year end, as disclosed in note 17.

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 2018:

	Level 3 £'000	Total £'000
Assets		
Financial assets at fair value through profit or loss	**2,532**	**2,532**
Liabilities		
Contingent consideration	**10,791**	**10,791**

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2017:

	Level 2 £'000	Level 3 £'000	Total £'000
Assets			
Available-for-sale financial assets	15,766	1,319	17,085
Liabilities			
Derivative financial instrument – interest rate swap	337	—	337
Contingent consideration	—	13,162	13,162

There was no change in valuation technique from that applied at 31 December 2017 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 from year end until disposal during H1 2018.

The fair value of the investment property fund at 31 December 2017 was 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

	2018		**2017**	
	Financial assets at FV through profit or loss [(1)] **£'000**	**Contingent consideration £'000**	Assets available-for-sale £'000	Contingent consideration £'000
Opening balance at 1 January	**1,232**	**(13,162)**	1,919	(13,163)
Additions (see note 14)	**1,300**	**—**	—	—
Gains and losses recognised in profit or loss	**—**	**(4,640)**	(17)	(1,125)
Contingent consideration paid	**—**	**7,011**	—	2,149
Closing balance at 30 June	**2,532**	**(10,791)**	1,902	(12,139)

(1) Restated from prior year following the adoption of IFRS 9

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. Typically, more income is recognised in the first half of the year. In 2017 seasonality was disrupted, with deterioration in the Group's performance in the second half of the year, leading to income being split 50% in the first half and 50% 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.

8. Operating segment information

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

The change to the Group's segmental presentation in H1 2018 is aligned with management's current internal financial reporting framework (including monthly management information reports reviewed by the Directors, and the Board as the chief operating decision maker) and the basis on which decisions for allocation of resources and assessing performance of segments is undertaken.

The Board considers the business to be split into three main types of business generating revenue: Sales and Lettings, Financial Services and Business to Business (B2B); and 'all other segments' comprising central head office functions.

The Sales and Lettings network combines estate agency and lettings operations. Estate agency generates commission earned on sales of residential property and Lettings earns fees from the letting and management of residential properties and fees for the management of leasehold properties. The Financial Services division receives commission from the sale of insurance policies, mortgages and related products

under contracts with financial service providers. Business to Business (B2B) 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 Board 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 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.

The revenue from external parties reported to the Board 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 2018 and 2017 respectively.

Total income

	Six months ended 30 June 2018			Six months ended 30 June 2017		
	Total segment income £'000	**Inter-segment income £'000**	**Total income £'000**	Total segment income [(1)] (restated) £'000	Inter-segment Income [(1)] (restated) £'000	Total income [(1)] (restated) £'000
Sales and Lettings	**152,627**	**6,518**	**159,145**	172,651[1]	7,998[1]	180,649
Financial Services	**38,991**	**1,237**	**40,228**	40,993	1,607	42,600
B2B	**111,492**	**(7,755)**	**103,737**	118,228[1]	(9,605)[1]	108,623
All other segments	**510**	**—**	**510**	805	—	805
	303,620	**—**	**303,620**	332,677	—	332,677

[(1)] Restated from prior year following the adoption of IFRS 15 and aggregation of previous operating segments (UK and London)

Disaggregation of total segment revenue

	Sales and Lettings £'000	**Financial Services £'000**	**B2B £'000**	**All other segments £'000**	**Total revenue £'000**
Major service lines					
Sales	71,213	250	6,649	—	**78,112**
Lettings	80,459	—	6,029	—	**86,488**
Financial Services	—	38,287	—	—	**38,287**
Surveying	186	44	36,058	—	**36,288**
Commercial	—	—	48,097	—	**48,097**
B2B other	3,137	1,241	6,484	—	**10,862**
Other	—	—	—	436	**436**
	154,995	**39,822**	**103,317**	**436**	**298,570**
Timing of revenue recognition					
Services transferred at a point in time	76,717	25,140	73,300	436	175,593
Services transferred over a period of time	78,278	14,682	30,017	—	122,977
	154,995	**39,822**	**103,317**	**436**	**298,570**

Adjusted EBITDA before exceptional items

	Six months ended 30 June	
	2018 £'000	2017 [(1)] £'000
Sales and Lettings	**(1,797)**	12,358
Financial Services	**7,277**	8,626
B2B	**11,443**	14,710
Segment adjusted EBITDA before exceptional items	**16,923**	35,694
All other segments	**(6,267)**	(7,885)
Group adjusted EBITDA before exceptional items	**10,656**	27,809

[(1)] Restated from prior year following the adoption of IFRS 15 and correction of a prior year error (see note 4) and aggregation of previous operating segments (UK and London into Sales and Lettings)

Reconciliation of adjusted EBITDA to operating (loss)/profit

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

	Six months ended 30 June	
	2018 £'000	2017 [1] £'000
Adjusted EBITDA before exceptional items for reportable segments	**16,923**	35,694
All other segments	**(6,267)**	(7,885)
Group adjusted EBITDA before exceptional items	**10,656**	27,809
Depreciation on property, plant and equipment and amortisation of software	**(13,187)**	(13,637)
Group operating (loss)/profit before exceptional items and amortisation	**(2,531)**	14,172
Amortisation arising on intangible recognised through business combinations	**(2,031)**	(2,898)
Contingent consideration	**(4,640)**	(1,125)
Share-based payment costs	**(1,723)**	(1,207)
Exceptional income	**3,186**	—
Exceptional costs (excluding exceptional financing costs not reported in operating profit)	**(226,215)**	(2,706)
Group operating (loss)/profit	**(233,954)**	6,236
Finance costs (including exceptional financing costs)	**(8,937)**	(6,107)
Finance income	**140**	63
(Loss)/profit before income tax	**(242,751)**	192

[1] Restated from prior year following adoption of IFRS 15

There has been a material change in segment total assets or liabilities from the amount disclosed in the last annual financial statements principally due to the impairments arising in Sales and Lettings (see note 9).

	Sales and Lettings £'000	**Financial Services £'000**	**B2B £'000**	**All other Segments £'000**	**Total £'000**
30 June 2018					
Total assets	80,026	123,862	236,340	45,370	485,598
Total liabilities	576,341	204,248	207,055	(585,961)	401,683
31 December 2017					
Total assets	286,051	120,575	233,962	60,345	700,933
Total liabilities	552,804	204,793	219,711	(565,266)	412,042

Adjusted items

As permitted by IAS 1 'Presentation and disclosure' certain items are presented separately in the income statement as exceptional where, in the judgement of the directors, they 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 costs of restructuring existing businesses, integration of newly acquired businesses, asset impairments, costs associated with acquiring new businesses and profit on sale of financial assets.

The columnar presentation of our income statement separates exceptional items as well as adjusting items, specifically amortisation of intangibles arising on business acquisitions, contingent consideration and share-based payments, to illustrate consistently the Group's underlying business performance.

The Board believes that excluding each of the adjusted items, considered to be exceptional or non-operational in nature, in arriving at adjusted EBITDA is necessary to provide a more consistent indication of the trading performance of the Group. This alternative performance measure provides additional useful information to shareholders on the underlying trends and comparable performance of the Group over time. We seek to present a consistent measure of trading performance which is not impacted by the volatility in profile of:

- exceptional items (costs or income): these are specific items which are material by their nature, size or incidence and are highlighted, with further descriptions, in note 9 to the condensed consolidated interim financial report;
- amortisation of intangibles arising on acquisitions (excluding software): charges can vary significantly dependent on the level and size of acquisitions undertaken in each period, and the related customer relationships and contracts recognised (brands not being subject to amortisation). In addition, we do not believe the amortisation charge provides insight into the costs of running our business as these assets are supported and maintained by marketing costs which are reflected within our operating costs. The directors note that the intangibles acquired in business combinations are used in the business to generate revenue, but that there is no equivalent adjustment made to eliminate this revenue;
- contingent consideration: charges can vary significantly dependent on the level and size of acquisitions undertaken and the associated performance criteria linked to the ongoing service requirement. We reassess the fair value of the resulting liabilities across these arrangements at each reporting period end, reflecting our best estimates of future performance. However, these estimates are inherently judgemental as we are required to look beyond our normal three year budgeting and planning cycle for the

five year agreements in place. Remeasurement could cause material volatility in our reported results over the earn out periods which would not be reflective of the business' performance in the period; and

- share-based payments: As the Group is now in a turnaround situation, it is anticipated that the incentivisation of performance will be driven by award of future LTIPs which, provided Group performance meets these targets, will see the share-based payment charge continue to increase and re-introduce material volatility into the income statement.

The use of an adjusted EBITDA profit measure, as a consistent measure of underlying performance, is also aligned with management's internal financial reporting (including monthly management information reports reviewed by the Board as the chief operating decision maker) and executive director remuneration (being a factor of both the LTIP scheme and annual bonus disclosed in the Remuneration Committee report) and senior management incentive targets.

9. Exceptional items

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

	Six months ended 30 June	
	2018 £'000	2017 £'000
Exceptional income		
Professional indemnity	**3,186**	—
Exceptional costs		
People-related restructuring costs	**(3,737)**	(2,706)
Restructuring and related consultancy costs	**(3,396)**	—
Property closure costs	**(828)**	—
Total strategic and restructuring costs, excluding impairment	**(7,961)**	(2,706)
Impairment of goodwill	**(44,815)**	—
Impairment of brand names	**(126,192)**	—
Impairment of customer contracts and relationships	**(9,605)**	—
Impairment of non-current assets	**(30,098)**	—
Total impairment charge	**(210,710)**	—
Onerous lease provision	**(7,544)**	—
Financing costs	**(3,778)**	—
Total exceptional costs	**(229,993)**	(2,706)
Net exceptional costs	**(226,807)**	(2,706)

2018

Exceptional income

Professional indemnity

A claim was settled in the Group's favour resulting in the recognition of £2,083,000 of exceptional income.

Estimating the liability for professional indemnity claims is highly judgemental and we updated our financial models to reflect the latest inputs and trends and took advice from our panel of lawyers in respect of open claims. Despite the judgemental nature of the provision, the progress made during the period on individually significant claims, aligned with the low level of claims made, resulted in the assessment of a £1,103,000 release in the provision.

Exceptional costs

Exceptional costs comprise items that have or will result in cash charges of £17.7 million and £212.3 million of non-cash charges as follows:

Strategic and restructuring costs

During the first half of 2018 the Group progressed a strategic transformation agenda for the fundamental turnaround of the business, which is expected to take place over a period of around three years, resulting in a number of exceptional costs in relation to the project and related restructuring costs. The principal elements are:

- £3,737,000 relating to redundancy costs, principally arising from the restructuring of head office functions undertaken following our announcement on 8 March 2018, and changes to the leadership structure that occurred during the year to progress the achievement of the appropriate organisational structure;
- £3,396,000 in respect of restructuring costs, including the write-down of assets related to curtailed projects, and third party consultancy costs arising from a number of different projects undertaken to tackle cost optimisation targets and related strategic initiatives which are being project managed centrally and routinely reporting progress to the Group Executive Committee; and
- £828,000 of property closure costs, comprising closed property provisions (£628,000) and property dilapidations provision (£200,000) costs in respect of a London office that has been identified for closure and communicated to impacted individuals prior to the period end. The closed property provision covers the onerous commitment for the period from the intended vacation date until the end of the lease term.

Impairment charges

Significant progress has been made with the strategy and turnaround plan during the period. However, the continued subdued external environment and the deterioration in trading, which became apparent after conclusion of the 2018 business planning process that

underpinned the 2017 impairment review, has resulted in further impairment charges since those taken at the full year. Cash flows driving the current impairment review align to the latest three-year strategy and turnaround plan that has been scrutinised and endorsed by the Board.

The Group incurred the following impairment charges, deemed to be exceptional given their size, arising from the impairment review of goodwill and indefinite-life intangible assets undertaken outside of the annual cycle as a result of continuing triggers for impairment (including the market capitalisation level of the Group), and the associated review of other intangible and tangible fixed assets impacted by the impairment review:

- £44,815,000 in respect of goodwill associated with: the UK cash generating unit of £14,044,000 and the London cash generating unit of £30,771,000 following an assessment of the recoverable value against the carrying value (see note 12);
- £126,192,000 in respect of brand names associated with: the UK cash generating unit of £58,271,000 (reflecting full impairments of all brand names held) and the London cash generating unit of £67,921,000 (reflecting partial impairments of all brand names held) following an assessment of the recoverable value against the carrying value (see note 12);
- £9,605,000 in respect of customer contracts associated with: the UK cash generating unit of £6,377,000 and the London cash generating unit of £3,228,000 following an assessment of the recoverable value against the carrying value (see note 12); and
- £30,098,000 in respect of other non-current assets: £2,379,000 intangible fixed assets (computer software) and £17,779,000 tangible fixed assets (related computer hardware and other assets) associated with the UK cash generating unit and £2,482,000 intangible fixed assets (computer software) and £6,741,000 tangible fixed assets (related computer hardware and other assets) associated with the HO assets following an assessment of the recoverable value against the carrying value. The HO write-down arising as a result of impairments identified exceeds the intangible asset carrying values within the UK cash generating unit triggering an impairment of the assets within HO supporting the UK cash generating unit. Tangible fixed assets of £717,000 associated with the office in London that has been identified for closure (noted above) were impaired during the period (see notes 12 and 13).

Onerous lease provision

In addition an analysis has been undertaken of loss making branches (at the direct branch contribution level) and onerous lease provisions with a present value of £7,544,000 recognised in relation to these economic outflows arising from these onerous contracts, unwinding over periods up to 2026. The economic outflows in relation to these loss making branches will continue to be monitored to ensure that provisions are unwound as a credit to exceptional items in line with the losses being reported within operating results, or released in full when a branch reaches profitability on turnaround, or ceases to become an onerous contract due to other circumstances, for example if a branch is sublet or a lease is renegotiated so that cash flows become positive.

Financing costs

Following the revolving credit facility amendment undertaken on 2 February 2018, previously capitalised financing fees (net of amortisation to date) of £1,573,000 were written off. Fees relating to the amendment were simultaneously capitalised.

Subsequently, costs of £2,205,000 have been incurred in relation to professional fees provided in relation to work undertaken to potentially restructure the Group's borrowing. These do not relate to the projects currently in progress in relation to the refinancing of the business and have therefore been expensed as abortive fees.

Both of these financing costs have been treated as exceptional due to the size of the fees, but also in relation to the non-recurrent costs which have been incurred in relation to refinancing the business to facilitate the financial flexibility to undertake the turnaround transformation.

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.

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 2018 is 16.4% (six months ended 30 June 2017: 355.7%).

11. 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.

	2018 **£'000**	2017* £'000
Loss for the period	**(205,816)**	(491)
Weighted average number of ordinary shares in issue	**235,469,507**	228,488,465
Basic loss per share (in pence per share)	**(87.41)p**	(0.21)p

Diluted earnings per share are not presented (on the basis that basic losses per share are reported)

Adjusted earnings		
Loss for the period attributable to owners of the parent	**(205,816)**	(491)
Adjusted for the following items, net of taxation:		
Amortisation arising on intangibles recognised through business combinations	**1,644**	2,577
Contingent consideration	**4,640**	1,488
Share-based payments charge	**1,487**	978
Exceptional income	**(2,585)**	—
Exceptional costs	**194,848**	2,182
Adjusted (loss)/earnings, net of taxation	**(5,782)**	6,734
Adjusted basic (loss)/earnings per share (in pence per share)	**(2.46)p**	2.95p

Diluted earnings per share are not presented (on the basis that basic losses per share are reported)

*Restated from prior year following adoption of IFRS 15 and correction of prior year error (see note 4)

12. Intangible assets

a) Goodwill

	£'000
Net book value at 1 January 2018	279,496
Impairment (note 9)	(44,815)
Net book value at 30 June 2018	**234,681**

Goodwill impairment charges of £14,044,000 and £30,771,000 have been made in relation to the UK and London cash generating units respectively following an assessment of the recoverable value against the carrying value. These charges have been included within exceptional items (note 9).

b) Other intangible assets

	Computer software £'000	Brand names £'000	Customer contracts and relationships £'000	Other intangibles £'000	Total £'000
Net book value at 1 January 2018	16,440	177,816	26,090	312	220,658
Additions	3,892	—	—	—	3,892
Amortisation	(4,285)	—	(2,008)	(23)	(6,316)
Impairment (note 9)	(4,861)	(126,192)	(9,605)	—	(140,658)
Net book value at 30 June 2018	**11,186**	**51,624**	**14,477**	**289**	**77,576**

In our 2017 annual report we noted that, in light of the impairment charges triggered against brand names in the previous two years, as part of our wider turnaround plan, we would undertake an assessment in 2018 to reassess our brand strategy and the related impact on the useful economic life of our brands currently held as indefinite.

Management has concluded its review of our brand portfolio and, as a result of the changing competitive landscape and the Group's internal strategy, has undertaken an impairment review and subsequently taken impairment charges against brand names associated with the UK and London cash generating units. Finite lives of up to 15 years have been assigned to each of the remaining brand names held on the balance sheet at 30 June 2018. Amortisation will commence from 1 July 2018.

The assessment of recoverable value against carrying value resulted in the following impairment charges: £126,192,000 against brand names associated with the UK (£58,271,000) and London (£67,921,000) cash generating units; £9,605,000 against customer contracts and relationships associated with the UK (£6,377,000) and London (£3,228,000) cash generating units; £4,861,000 against computer software associated with the UK cash generating unit (£2,379,000) and Head Office (£2,482,000); and a further £24,520,000 against other tangible assets (UK: £17,779,000; Head Office: £6,741,000) (the Head Office write-downs as a result of impairments identified exceeding the intangible and tangible asset carrying values within the UK cash generating unit, triggering an impairment of the assets within HO supporting the UK cash generating unit). Tangible fixed assets of £717,000 associated with the office in London that has been identified for closure (noted above) were impaired during the period. These charges have been included within exceptional items (note 9) and are detailed in notes 12 and 13.

c) Other intangible assets

The carrying amounts of various brand names owned by the Group are disclosed below:

	30 June 2018 £'000	31 December 2017 £'000
Brand names		

Lambert Smith Hampton	**28,377**	28,377
Hamptons International	**11,579**	58,774
John D Wood	**3,377**	14,464
Bairstow Eves	**2,125**	17,173
Taylors Estate Agents	—	10,071
Mann & Co	—	5,462
Blundell Property Services	—	4,654
Slater Hogg & Howison	—	3,652
	45,458	142,627
Other brands	**6,166**	35,189
Net book value	**51,624**	177,816

(c) 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. The group of CGUs against which goodwill is monitored comprise UK, London, Financial Services, B2B (Professional Services), B2B (Countrywide Residential Development Solutions) and B2B (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.

Management further considers each group of branches operating under the same brand name to constitute a CGU. These brand name CGUs are therefore the level at which brand names are assessed for impairment. Where necessary, assets have been reallocated to the goodwill-level CGUs that are expected to benefit from the business combination in which the goodwill or intangible asset arose as follows:

				B2B CGUs			
30 June 2018	**UK £'000**	**London £'000**	**Financial Services £'000**	**Professional Services £'000**	**Countrywide Residential Development Solutions £'000**	**Commercial £'000**	**Total £'000**
Goodwill	—	—	**89,885**	**132,890**	**2,111**	**9,795**	**234,681**
Indefinite-life intangible assets	—	**17,893**	**4,343**	—	**1,011**	**28,377**	**51,624**
	—	**17,893**	**94,228**	**132,890**	**3,122**	**38,172**	**286,305**

31 December 2017	UK £'000	London £'000	Financial Services £'000	B2B CGUs Professional Services £'000	Countrywide Residential Development Solutions £'000	Commercial £'000	Total £'000
Goodwill	14,045	30,770	89,885	132,890	2,111	9,795	279,496
Indefinite-life intangible assets	58,270	85,815	4,343	—	1,011	28,377	177,816
	72,315	116,585	94,228	132,890	3,122	38,172	457,312

Under IAS 36 'Impairment of assets', the Group is required to:

- review its intangible assets in the event of a significant change in circumstances that would indicate potential impairment; and
- review and test its goodwill and indefinite-life intangible assets annually or in the event of a significant change in circumstances.

The June 2018 impairment review was performed in accordance with IAS 36 'Impairment of assets' by comparing the carrying amount of each CGU against its recoverable amount.

Recoverable amount
The recoverable amount of each CGU is based on its value in use which is calculated by discounting pre-tax cash flow projections derived from formally approved strategic budgets and forecasts. For each of the CGUs with significant amounts of goodwill, the key assumptions used in the value in use calculation are set out below.

Cash flows
Cash flow projections for each CGU are based on the latest 2018 forecast and three-year plan covering the period from 2018 to 2021 that has been endorsed by the Board. For details of the key assumptions please refer to the sensitivity analysis below. Growth rates and other assumptions applied within the strategic plan are based on past experience, market data and expectation of future market outlook and development. UK housing market volumes are assumed to remain flat over the period from 2018 to 2021. UK mortgage market volumes are assumed to grow by 4.2% in 2019, followed by 2% in each of 2020 and 2021. UK survey market volumes are assumed to remain flat over the period from 2018 to 2021.

The 2017 impairment review was based on cash flows from the strategic budget covering the period from 2018 to 2020.

Terminal growth rate
For the purpose of the impairment review, cash flows beyond the period of the plan ending 2021 are extrapolated using a terminal value which includes a growth rate of 1% into perpetuity.

The 2017 impairment review assumed nil growth for 2021, with cash flows extending beyond this date extrapolated using a terminal value that included a growth rate of 0% into perpetuity.

Discount rate
Cash flows have been discounted using pre-tax discount rates of between 12.0 and 12.3%, reflecting the weighted average cost of capital assigned to each CGU.

The 2017 impairment review used discount rates of between 10.3% and 10.5%.

Outcome of impairment review
Whilst significant progress has been made with the strategy and turnaround plan during the six months ended 30 June 2018, the review has resulted in further impairment charges. This impairment is a function of the re-set of the strategy and the fundamental review of the Sales and Lettings business since the conclusion of the 2018 business planning process that underpinned the 2017 impairment review.

- *Goodwill*

The goodwill impairment review concluded that impairment charges of £44,815,000 were appropriate against goodwill held by the UK (£14,044,000) and London (£30,771,000) CGUs respectively (see note 9).

The review concluded that the recoverable amount for all other CGUs to which goodwill is allocated exceeded their respective carrying values, resulting in no further indication of impairment.

- *Indefinite-life intangible assets*

An impairment review was performed on indefinite-life intangible assets at 30 June 2018 using assumptions that were consistent with the goodwill impairment review. The combined goodwill and indefinite-life intangibles assets impairment reviews identified impairment charges of £126,192,000 against brand names held within the UK (£58,271,000) and London (£67,921,000) cash generating units (see note 9).

- *Other intangible and tangible assets*

The goodwill impairment review resulted in further impairment charges of £9,605,000 against customer contracts and relationships held against the UK (£6,377,000) and London (£3,228,000) cash generating units respectively. In addition, impairment charges of £4,861,000 were made against computer software associated with the UK cash generating unit (£2,379,000) and Head Office (£2,482,000), and a further impairment charge of £24,520,000 was taken against other tangible assets (UK: £17,779,000; Head Office: £6,741,000) (the Head Office write-downs as a result of impairments identified exceeding the intangible and tangible asset carrying values within the UK cash generating unit, triggering an impairment of the assets within HO supporting the UK cash generating unit). Tangible fixed assets of £717,000 associated with the central functions head office in London that has been identified for closure were impaired during the period. These charges have been included within exceptional items (note 9) and are detailed in notes 12 and 13.

Cumulative impairments, including the goodwill, brand names, customer contracts and relationships, and computer software impairments identified during the current year, combined with previous impairments, amount to the following:

	Goodwill £'000	Brand names £'000	Customer contracts & relationships £'000	Computer software £'000	Total £'000
Cash generating unit					
UK	388,440	101,898	10,452	5,053	505,843
London	131,161	78,493	4,331	1	213,986
Financial Services	114,387	—	—	—	114,387
B2B – Professional Services	40,000	—	100	10,500	50,600
Total cash generating units	673,988	180,391	14,883	15,554	884,816
All other segments	—	—	—	2,482	2,482
	673,988	180,391	14,883	18,036	887,298

Sensitivity analysis

A range of assumptions with varying significance drive the 2018 value in use models used for the impairment reviews. CGU recoverable amounts are most sensitive to the following key assumptions:

- volume of exchanges per branch;
- delivery of the back to basics turnaround strategy in Sales and Lettings (the UK and London CGUs);
- continued growth in B2B and Financial Services; and
- delivery of overhead reduction and cost efficiency.

A change in the above assumptions, for example, lower exchanges per branch, non-delivery of the back to basics strategy in Sales and Lettings, lack of growth in B2B and Financial Services, or non-delivery of overhead reduction and cost efficiency, would result in lower adjusted CGU EBITDA.

In order to quantify the impact of the above risks on the goodwill, indefinite-life intangible assets, and other intangible assets impairment reviews, management modelled three separate scenarios:

- 10% reduction to adjusted EBITDA from operating cash flows, but keeping all other cash flows such as capital investment in line with the strategic plan;
- 10% increase in discount factor; and
- terminal growth rate of 0% into perpetuity (1% in the base case).

All intangible and tangible assets of the UK CGU are fully impaired under the base case impairment review. The London and B2B – Commercial CGUs are most sensitive to possible changes in key assumptions, as set out in the table below:

	(Increase)/decrease in impairment charge	
	London CGU £m	B2B - Commercial CGU £m
10% reduction to adjusted EBITDA	(9.4)	(6.9)
10% increase in discount factor	(2.8)	(1.3)
Terminal growth rate of 0% into perpetuity	(2.5)	—

Mitigating actions are available should either of the first two scenarios arise.

In 2017 management modelled sensitivity analyses, including a 10% reduction to adjusted EBITDA from operating cash flows, an increase of 10% in the discount factor of 10.3-10.5% and incorporating a terminal growth rate of 1% into perpetuity. The sensitivity analyses concluded

that the first two scenarios would result in additional impairment charges against both goodwill and other intangibles assets in each of the UK and London CGUs.

13. Property, plant and equipment

	£'000
Book value at 1 January 2018	41,798
Additions	2,111
Disposals	(13)
Depreciation	(8,902)
Impairment (note 9)	(25,237)
Net book value at 30 June 2018	**9,757**

The additions principally relate to leasehold property improvements and fixtures and fittings arising from refurbishment of premises.

An assessment of the recoverable values of cash generating units (CGUs) against their carrying values resulted in an impairment of £24,520,000 against tangible fixed assets held within the UK CGU (£17,779,000) and against HO tangible fixed assets (£6,741,000) (the HO write-down as a result of impairments identified exceeding the intangible asset carrying values within the UK cash generating unit triggering an impairment of the assets within HO supporting the UK cash generating unit). Tangible fixed assets of £717,000 associated with the central functions head office in London that has been identified for closure were impaired during the period. These charges have been included within exceptional items (note 9).

Capital commitments

As at 30 June 2018, the Group had entered into contractual commitments for the acquisition of property, plant and equipment and computer software amounting to £9.4 million, which have not yet been incurred and which relate to the year ending 31 December 2018 and the three subsequent years (31 December: £2.0 million). These commitments primarily relate to the Group's computer hardware refresh programme which the Group has committed to under agreements with a supplier for outsourcing of IT arrangements (£1.1 million) and £8.3 million in respect of computer hardware and software specific to B2B applications.

14. Investments

	Investment in joint venture £'000	Financial assets at fair value through profit or loss [1] £'000
At 1 January 2018	2,982	16,998
Additions	—	1,300
Disposals	—	(15,766)
At 30 June 2018	**2,982**	**2,532**

[1] Restated from prior year following the adoption of IFRS 9

During the period, the Group disposed of its interest in unlisted residential property fund units (31 December 2017: £15,766,000) for proceeds of £15.8 million.

During the period, the Group acquired a 49% interest in the ordinary share capital of Dynamo Mortgages Limited, trading as Dynamo, a direct to consumer digital mortgage offering that the Group recently developed and launched with its joint venture partner Blenheim Chalcott. The first few mortgages have been written by Dynamo in H1 2018. Both the Group and Blenheim Chalcott we are required to contribute cash into the business, up to £5 million each, based on the key performance indicators in the business plan being achieved.

15. Trade and other receivables

	30 June 2018 £'000	31 December 2017* £'000
Current		
Trade receivables	**71,149**	71,975
Less: Provision for impairment of receivables	**(3,164)**	(4,211)
Trade receivables – net	**67,985**	67,764
Amounts due from customers for contract work	**2,118**	3,356
Other receivables	**7,737**	5,311
Prepayments	**15,427**	19,540
Accrued income	**3,004**	4,202
Corporation tax asset	**4,203**	1,784
	100,474	101,957

*Restated from prior year following adoption of IFRS 15 (see note 4)

16. Trade and other payables

	30 June 2018 £'000	31 December 2017* £'000
Trade payables	**13,495**	20,461
Deferred consideration	**3,440**	3,550
	16,935	24,011
Other tax and social security payable	**23,133**	25,065
Accruals and other payables	**53,937**	58,454
	94,005	107,530
Current	**84,244**	99,235
Non-current	**9,761**	8,295
	94,005	107,530

*Restated from prior year following the correction of a prior year error (see note 4)

17. Borrowings

	30 June 2018 £'000	31 December 2017 £'000
Non-current		
Bank borrowings	**240,000**	210,000
Other loans	**2,915**	2,840
Capitalised banking fees	**(718)**	(1,700)
Finance lease liabilities	**1,355**	2,349
	243,552	213,489
Current		
Finance lease liabilities	**1,325**	1,011
	1,325	1,011
Total borrowings	**244,877**	214,500

Analysis of net debt

	1 January 2018 £'000	Cash flow £'000	Non-cash changes £'000	30 June 2018 £'000
Cash and cash equivalents	22,533	15,323	—	**37,856**
Capitalised banking fees	1,700	888	(1,870)	**718**
Other loans	(2,840)	—	(75)	**(2,915)**
Revolving credit facility due after one year	(210,000)	(30,000)	—	**(240,000)**
Finance leases due after one year	(2,349)	—	994	**(1,355)**
Finance leases due within one year	(1,011)	1,528	(1,842)	**(1,325)**
Total net debt, as previously reported	(191,967)	(12,261)	(2,793)	**(207,021)**
Restricted cash due to be ringfenced post period end (see note 4.3)	(4,456)	—	(225)	**(4,681)**
Total	(196,423)	(12,261)	(3,018)	**(211,702)**

*Restated from prior year following the correction of a prior year error (see note 4.3)

Net debt at 31 December 2017 excludes derivative financial instruments which are disclosed on the face of the balance sheet.

On 2 February 2018 the Company agreed an amendment relating to the RCF, originally dated 20 March 2013, which is due to expire in March 2020. The RCF is now £275 million, with an additional £60 million accordion facility. Interest is payable based on LIBOR plus a margin of 3.25%. The margin is linked to the leverage ratio of the Group and the margin rate is reviewed three times a year (and can vary between 1.75% and 3.25%). The RCF is available for utilisation subject to satisfying fixed charge, interest cover and leverage covenants and £30 million was drawn down during the period. Capitalised banking fees are being amortised over the duration of the RCF, until March 2020.

On 2 August 2018 the Company announced a Capital Refinancing Plan, which, if successful, will result in a new facility as set out in note 3.

'Other loans' disclosed above comprise: £1 million of unsecured loan notes which are non-interest bearing, repayable in 2029, which 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.

18. Deferred income

	£'000
At 1 January 2018*	22,221
Movement	(1,689)
At 30 June 2018	**20,532**
Current	9,804
Non-current	10,728
	20,532

*Restated from prior year following the adoption of IFRS 15

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 contracts to which they relate.

19. Provisions

	Onerous contracts £'000	Property repairs £'000	Clawback £'000	Claims and litigation £'000	Other £'000	Total £'000
At 1 January 2018	3,778	5,244	2,645	15,520	1,119	28,306*
Utilised in the period	(1,183)	(881)	(1,648)	(1,380)	(781)	(5,873)
Charged to income statement	8,172	317	1,882	1,253	200	11,824
Credited to income statement	—	—	—	(1,997)	(110)	(2,107)
At 30 June 2018	**10,767**	**4,680**	**2,879**	**13,396**	**428**	**32,150**
Current	4,209	2,980	1,649	7,310	428	16,576
Non-current	6,558	1,700	1,230	6,086	—	15,574
	10,767	**4,680**	**2,879**	**13,396**	**428**	**32,150**

*Restated from prior year following the adoption of IFRS 15

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.

20. Share capital

	Number	£'000
Called up issued and fully paid ordinary shares of 1 pence each		
At 1 January 2018 and 30 June 2018	**241,303,439**	**2,413**

21. Reserves

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

	Merger reserve £'000	Hedging reserve £'000	Foreign exchange reserve £'000	Available-for-sale financial assets reserve £'000	Treasury share reserve £'000	Total £'000
Balance at 1 January 2017	—	(1,894)	(292)	340	(16,095)	(17,941)
Currency translation differences	—	—	19	—	—	19
Share placing	36,634	—	—	—	—	36,634
Transfer of reserves	(36,634)	—	—	—	—	(36,634)
Movement in fair value of available-for-sale financial assets	—	—	—	(24)	—	(24)
Cash flow hedge: fair value gain	—	1,170	—	—	—	1,170
Cash flow hedge: deferred tax on gain	—	(246)	—	—	—	(246)
Purchase of treasury shares	—	—	—	—	(725)	(725)
Balance at 30 June 2017	—	**(970)**	**(273)**	**316**	**(16,820)**	**(17,747)**
Balance at 1 January 2018	—	(274)	(322)	—[1]	(17,492)	(18,088)
Currency translation differences	—	—	(6)	—	—	(6)
Cash flow hedge: fair value on termination	—	337	—	—	—	337
Cash flow hedge: deferred tax on termination	—	(63)	—	—	—	(63)
Purchase of treasury shares	—	—	—	—	(499)	(499)
Utilisation of treasury shares for DSBP options	—	—	—	—	39	39
Balance at 30 June 2018	**—**	**—**	**(328)**	—	**(17,952)**	**(18,280)**

[1] Restated from prior year following the adoption of IFRS 9

22. Pensions

During the period the Group made a contribution of £2.0 million (30 June 2017: £2.0 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 2017 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 2017 and an actuarial gain before taxation of £0.6 million (30 June 2017: actuarial gain £0.9 million) has been recognised in the consolidated statement of comprehensive income. The net pension liability stands at £3.3 million at 30 June 2018 (30 June 2017: £0.8 million).

23. Related party transactions

Transactions with key management personnel

Key management compensation amounted to £2.2 million for the six months ended 30 June 2018 (30 June 2017: £1.7* million). See below for details:

	30 June 2018 £'000	30 June 2017* £'000
Wages and salaries	**1,645**	1,521
Short term non-monetary benefits	**4**	5
Terminations costs	**121**	—
Share-based payments	**449**	210
	2,219	1,736

*Restated to include non-executive director costs

Trading transactions

		Transaction amount		Balance (owing)/owed	
Related party relationship	Transaction type	**Six months ended 30 June 2018 £'000**	Six months ended 30 June 2017 £'000	**30 June 2018 £'000**	30 June 2017 £'000
TM Group (UK) - Joint venture	Purchases by Group	**(1,007)**	(1,176)	**(191)**	(206)
TM Group (UK) – Joint venture	Rebate received/receivable	**127**	208	**31**	33
TM Group (UK) - Joint venture	Management services fee receivable	**2,250**	—	**2,250**	—
The Buy to Let Group - subsidiary	Loan payable	**(75)**	(69)	**(1,915)**	(1,768)
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 2018 regarding related party transactions.

During the six month period ended 30 June 2018, the Group incurred £20,000 of directors' fees from Oaktree (30 June 2017: £20,000).

24. Events after the reporting period

On 2 August 2018 the Company announced a Capital Refinancing Plan, which, if successful, will result in a new facility as set out in note 3.

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 6 month period ended 30 June 2018. 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.

Emphasis of matter – Going Concern

Without modifying our conclusion on the interim financial statements, we have considered the adequacy of the disclosure made in Note 3 to the interim financial statements concerning the Group's ability to continue as a going concern. The directors are awaiting shareholder approval of the 'Capital Refinancing Resolutions' in order to raise funds through 'the Issue'. Should this be unsuccessful, the Group may fail to meet its banking covenants on existing facilities.

If the Group's shareholders do not approve the Capital Refinancing Resolutions and/or the Issue has not otherwise taken place by 30 September 2018, or if the gross aggregate proceeds of the Issue is otherwise less than £100.0 million, the Group will enter into a 10 Business Day consultation with its lenders regarding the continuation of the Group's Amended Credit Facility. Following the end of that consultation period, the majority lenders may notify the Group that they require the Amended Credit Facility to be prepaid and cancelled. If such notice has been provided, the Amended Credit Facility must be prepaid and cancelled. In such circumstances, the Group would seek to renegotiate or refinance the Amended Credit Facility. There can be no certainty that the Group would be able to do so on commercially acceptable terms or at all. In the event that the Group were unable to renegotiate or refinance the Amended Credit Facility and its lenders were to demand repayment of all borrowings without further support of its lenders, the Group would be unable to meet its liabilities as they fall due, which would likely result in the Group becoming insolvent and having to cease trading.

These conditions, along with other matters explained in Note 3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The Group's interim financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated interim balance sheet as at 30 June 2018;
- the condensed consolidated interim income statement and condensed consolidated interim statement of 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 notes to the condensed consolidated interim financial report.

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 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
London
2 August 2018

Company information

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

Brokers

Jefferies Hoare Govett

Barclays Bank plc, acting through its investment bank

Solicitors

Slaughter and May

Financial calendar

General Meeting	28 August 2018
Full year results	March 2019

*Shareholder enquiries

The Company's registrar is Link 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. There address details are above.

Link Asset Services is a trading name of Link Market Services Limited.

Link shareholder helpline:	0871 664 0300 (calls cost 12p per minute plus network extras) Overseas: +44 371 664 0300)
Email:	enquiries@linkgroup.co.uk
Share portal:	www.countrywide-shares.co.uk

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