

Delivering strong growth and a resilient platform for future expansion

Countryside, a leading UK home builder and regeneration partner, today announces its unaudited results for the six months ended 31 March 2018.

Results highlights

	HY 2018	HY 2017 ¹	Change
Completions	1,655	1,437	+15%
Adjusted revenue ²	£468.0m	£435.4m	+7%
Adjusted operating profit ³	£80.6m	£71.0m	+14%
Adjusted operating margin ⁴	17.2%	16.3%	+90bps
Adjusted basic earnings per share ⁵	13.9p	11.5p	+21%
Dividend per share	4.2p	3.4p	+24%
Return on capital employed ⁶	27.9%	25.8%	+210bps
Reported revenue	£398.8m	£351.1m	+14%
Reported operating profit	£63.5m	£53.2m	+19%
Net cash/(debt) ⁷	£13.7m	£(35.0)m	+£48.7m
Basic earnings per share	13.6p	11.1p	+23%

Group operational highlights

- Trading in the first half in line with expectations with good momentum into the second half
- Net reservation rate of 0.87 (HY 2017: 0.89) from 52 sales outlets (HY 2017: 48 sales outlets)
- Private Average Selling Price (“ASP”) of £392k, reflecting underlying house price inflation of 3% (HY 2017: £441k)
- Group private forward order book of £327.6m (HY 2017: £347.1m)
- Supply chain strengthened with investment in modular build
- Acquisition of Westleigh Group for up to £135.4m completed on 12 April 2018

Partnerships highlights

- Completions: 1,172 homes (HY 2017: 987 homes) up 19%
- Adjusted operating profit: £46.8m (HY 2017: £38.5m) up 22%
- Adjusted operating margin: 19.0% (HY 2017: 17.2%) up 180bps
- Land bank plus preferred bidder: 21,698 plots (HY 2017: 17,528 plots), up 24%

Housebuilding highlights

- Completions: 483 homes (HY 2017: 450 homes) up 7%
- Adjusted operating profit: £37.3m (HY 2017: £34.5m) up 8%
- Adjusted operating margin: 16.9% (HY 2017: 16.3%) up 60bps
- Land bank: 19,741 plots (HY 2017: 20,472 plots) of which 29% are owned with the rest controlled.

Current trading and outlook

We made excellent progress on all metrics in the first half of the year. Current trading remains robust, with visitor levels, cancellations and net reservation rates all in line with expectations and the prior year. We remain focused on sustainable growth, improved operational efficiency and capital discipline. This has delivered a stronger cash position allowing us to acquire Westleigh from existing resources post period end. This earnings-accretive acquisition provides a platform for further growth of our Partnerships division which, with its mixed tenure model, is now the larger part of our Group. We remain confident of delivering on expectations for both the current year and the medium-term.

Commenting on the results, Ian Sutcliffe, Group Chief Executive, said:

“We continue to deliver our strong organic growth trajectory with robust trading in all regions. We enter the second half in great shape and our acquisition of Westleigh will further increase our momentum by expanding our geographic reach and mixed tenure delivery. With continued strong growth in Partnerships and improved efficiency and returns in the Housebuilding division we remain confident of maintaining our sector leading growth over the medium-term.”

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There will be an analyst and investor meeting at 9.00am BST today at The London Stock Exchange, The London Stock Exchange Building, 10 Paternoster Square, London, EC4M 7LT hosted by Group Chief Executive, Ian Sutcliffe. The presentation will also be available via a live webcast through the Countryside corporate website <http://investors.countryside-properties.com/> and via conference call; Dial in: + 44 203 936 2999, Access code: 599219.

A playback facility will be provided shortly after the presentation has finished.

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Note to editors:

Countryside is a leading UK home builder and regeneration partner specialising in place making and urban regeneration. Our business is centred around two complementary divisions, Partnerships and Housebuilding. Our Partnerships division specialises in urban regeneration of public sector land, delivering private and affordable homes by partnering with local authorities and housing associations. The Housebuilding division, operating under Countryside and Millgate brands, develops sites that provide private and affordable housing, on land owned or controlled by the Group. Countryside was founded in 1958. It operates in locations across outer London, the South East, the North West of England and the Midlands.

For further information, please visit the Group's website: www.countryside-properties.com

Cautionary statement regarding forward-looking statements

Some of the information in this document may contain projections or other forward-looking statements regarding future events or the future financial performance of Countryside Properties PLC and its subsidiaries (the Group). You can identify forward-looking statements by terms such as "expect", "believe", "anticipate", "estimate", "intend", "will", "could", "may" or "might", the negative of such terms or other similar expressions. Countryside Properties PLC (the Company) wishes to caution you that these statements are only predictions and that actual events or results may differ materially. The Company does not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in projections or forward-looking statements of the Group, including among others, general economic conditions, the competitive environment as well as many other risks specifically related to the Group and its operations. Past performance of the Group cannot be relied on as a guide to future performance.

"Countryside" or the "Group" refers to Countryside Properties PLC and its subsidiary companies.

¹ Restated, see note 2. Accounting policies.

² Adjusted revenue includes the Group's share of revenue from joint ventures and associate of £69.2m (HY 2017: £84.3m).

³ Adjusted operating profit includes the Group's share of operating profit from joint ventures and associate of £15.1m (HY 2017: £15.6m) and excludes non-underlying items of £2.0m (HY 2017: £2.2m).

⁴ Adjusted operating margin is defined as adjusted operating profit divided by adjusted revenue.

⁵ Adjusted basic earnings per share is defined as adjusted profit attributable to ordinary shareholders, net of attributable taxation, divided by the weighted average number of shares in issue for the period.

⁶ Return on capital employed ("ROCE") is defined as adjusted operating profit for the last 12 months divided by the average of opening and closing tangible net operating asset value ("TNOAV") for the 12-month period. TNOAV is calculated as net assets excluding net cash or debt less intangible assets net of deferred tax.

⁷ Net debt is defined as bank borrowings less unrestricted cash. Unamortised debt arrangement fees are not included in net debt.

The Directors believe that the use of adjusted measures is necessary to understand the underlying trading performance of the Group.

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Chief Executive's Operating Statement

We have delivered an excellent set of results for the first half of the year in both of our operating divisions. Both Partnerships and Housebuilding are trading in line with our expectations for 2018 and remain well positioned for the medium-term. Since the period end, we announced the acquisition of the Westleigh Group ("Westleigh") on 12 April 2018, which will further increase momentum within our Partnerships division.

Group

Our strong growth trajectory from 2017 continued into the first half of 2018, with total completions of 1,655 homes (HY 2017: 1,437 homes), an increase of 15 per cent.

Private unit completions increased by 23 per cent to 773 homes (HY 2017: 629 homes). Private average selling price ("ASP") reduced by 11 per cent to £392,000 (HY 2017: £441,000), driven by an increase in private completions from our Partnerships business, particularly the regional businesses outside London where average selling prices are lower. Underlying house price inflation was approximately 3 per cent in the half year, while underlying build cost inflation was around 3-4 per cent.

97 per cent of properties were sold to owner occupiers during the period including 63 per cent to first time buyers. Help to Buy remains an important sales tool at lower price points, being used on 59 per cent of private sales within the period (27 per cent of total completions) (HY 2017: 52 per cent of private sales and 23 per cent of total completions).

Affordable completions were up 9 per cent to 882 homes (HY 2017: 808 homes) reflecting the increased number of sites under construction. This included 362 Private Rental Sector ("PRS") homes, up 11 per cent in the period (HY 2017: 325 homes). Affordable ASP increased by 4 per cent to £141,000 (HY 2017: £135,000).

Total adjusted revenue increased by 7 per cent to £468.0m (HY 2017: £435.4m). Adjusted operating profit increased by 14 per cent to £80.6m (HY 2017: £71.0m), reflecting a particularly strong performance from the Partnerships division. On a reported basis, revenue increased by 14 per cent to £398.8m (HY 2017: £351.1m) and operating profit increased by 19 per cent to £63.5m (HY 2017: £53.2m). The difference between adjusted and reported results reflects the proportional consolidation of our joint ventures and associate (see notes 10 and 11) and non-underlying items. These non-underlying items related to the acquisition of Westleigh and acquisition-related amortisation in the current year and the outsourcing of certain central functions in the prior year. Adjusted operating margin increased by 90bps to 17.2 per cent (HY 2017: 16.3 per cent).

Our net reservation rate per open sales outlet per week remained ahead of our target range at 0.87 (HY 2017: 0.89) with an increased number of sales outlets at 52 (HY 2017: 48). Our private forward order book remains strong at £327.6m (HY 2017: £347.1m) giving us good momentum into the second half.

Partnerships

Our Partnerships division has had a very strong start to the year, with total completions up 19 per cent to 1,172 homes (HY 2017: 987 homes) and adjusted revenue up 10 per cent to £246.6m (HY 2017: £223.3m). An increase in completions from our West Midlands business along with mix in our southern business in the period resulted in a 16 per cent decrease in private ASP to £308,000 (HY 2017: £368,000).

We saw substantial growth in private completions, up 35 per cent on the prior period to 482 homes (HY 2017: 358 homes), with affordable completions up 10 per cent at 690 homes (HY 2017: 629 homes). This includes 362 PRS homes, up 11 per cent on the prior period (HY 2017: 325). Affordable ASP was £129,000, up 5 per cent (HY 2017: £123,000).

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Adjusted operating profit of £46.8m was up 22 per cent in the period (HY 2017: £38.5m), with all our regions across the country performing well. The adjusted operating margin increased by 180 bps to 19.0 per cent (HY 2017: 17.2 per cent) due to higher sales values and overhead efficiency. As a result of the increased profit and reflecting the low capital Partnerships model, return on capital employed ("ROCE") improved to 79.4 per cent (HY 2017: 66.9 per cent).

Demand for our product has remained strong with private sales almost exclusively owner occupier driven. Our mixed tenure regeneration accelerates volume and creates attractive places for people to live.

Our regional operations increased as a proportion of the Partnerships division in the period. The West Midlands business performed very well as it entered its second year of operation. We now have three open sales outlets in the region and delivered 128 homes in the period.

We are actively building the pipeline and further expanded our regional operations post period end with the acquisition of Westleigh on 12 April 2018 for a consideration of up to £135.4m on a debt and cash free basis. In its financial year ended 31 March 2018, Westleigh delivered 1,159 homes in partnership with local authorities and housing associations of which 92 per cent were affordable. On an unaudited basis, revenue was £150.6m, operating profit was £15.6m and gross assets were £76.1m at 31 March 2018.

The acquisition of Westleigh is in line with Countryside's existing strategy to expand its Partnerships business and it broadens the geographical reach of the Partnerships business into regions that have strong underlying demand. The acquisition also included a timber frame factory based in Leicester, Westframe, where we will make further investment. Overall, Westleigh provides a strong strategic and cultural fit with the Countryside model and is an excellent platform for the acceleration of Partnerships delivery.

In addition, plans to open our own closed panel timber frame factory are well underway and post period end we signed a lease for a 130,000 sq ft factory in Warrington with equipment due to be delivered in the second half of the year. Once operational the new factory will service our northern and West Midlands regions with a total capacity of approximately 1,500 units per annum helping to secure our supply chain for the longer-term. Total set up costs are anticipated to be in the region of £5m to £6m and are largely capital in nature.

Housebuilding

Our Housebuilding division performed well in the first half, underpinned by the continuing strong customer demand for quality homes, particularly in our strongholds of the Home Counties and outer London Boroughs. Total completions were up 7 per cent at 483 homes (HY 2017: 450 homes) in line with expectations, with growth in sales outlets weighted to the second half of the year. Private ASP was broadly flat at £531,000 (HY 2017: £538,000). We continue to see strong sales at the price points below £600,000, which represented 76 per cent of the Housebuilding division's sales in the half year period. Total private completions of 291 homes were up 7 per cent (HY 2017: 271 homes). Adjusted revenue was £221.4m (HY 2017: £212.1m), up 4 per cent.

Affordable completions were up 7 per cent in the period to 192 homes (HY 2017: 179 homes) reflecting an increase in the number of sites under construction, while affordable ASPs increased by five per cent to £181,000 (HY 2017: £172,000).

Adjusted operating profit of £37.3m was up 8 per cent (HY 2017: £34.5m) reflecting the growth in the Housebuilding division and an improved gross margin. This was despite a lower contribution of £5.2m to operating profit from commercial activities and land sales than in the prior period (HY 2017: £9.7m). The adjusted operating margin of 16.9 per cent was up 60bps on the prior period (HY 2017: 16.3 per cent). ROCE was up 150 bps at 18.3 per cent (HY 2017: 16.8 per cent), as we remain focused on capital efficiency.

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We continue to grow the Housebuilding division within a 50-mile radius of London and had 30 open sales outlets at 31 March 2018 (HY 2017: 29), with a further 15 sites under construction (HY 2017: 10). Additionally, we completed one land sale in the half at Bury St Edmunds and continued to develop a pre-let commercial building in our joint venture at Cambridge Medipark.

Excellent visibility of future work

Partnerships

We had another successful six months in winning new business in the Partnerships division which cements our longer-term growth plans. In addition to those sites already in the land bank including preferred bidder status, we secured 3,409 new plots in the period. These include 1,300 plots at Ebbsfleet, Kent and a total of 913 plots across five sites in our West Midlands region.

We now have 21,698 Partnerships plots under our control (HY 2017: 18,717 plots), representing approximately nine years' supply at current volumes and providing significant visibility. These projects were awarded to Countryside as a result of our proven track record in delivering complex, multi-phase schemes alongside design excellence.

We see no slowdown in new opportunities and our bid pipeline currently stands at over 50,000 plots. The acquisition of Westleigh post period end adds a further 4,891 plots to our controlled land with a bid pipeline of a further 13,000 plots.

Housebuilding

We have maintained the land bank in our Housebuilding division and acquired three small sites totalling 109 plots during the period. We have also completed the planned sale of a surplus site (198 plots) at Bury St Edmunds. The Housebuilding land bank now stands at 19,741 plots (HY 2017: 20,472 plots) of which only 29 per cent is owned and the remainder either controlled by option agreements or under conditional contracts. 85 per cent has been sourced strategically.

Maintaining our capital discipline

As we maintained our focus on building efficiency during the first half, the increase in operating margin combined with an improvement in asset turn to 1.7 times (HY 2017: 1.6 times) improved ROCE by 210 bps to 27.9 per cent (HY 2017: 25.8 per cent).

After purchasing £11.5m of shares for the Employee Benefit Trust, the Group had net cash at 31 March 2018 of £13.7m (HY 2017: net debt £35.0m) reflecting a strong focus on cash in the period. This resulted in gearing¹ of (1.9) per cent (HY 2017: 5.6 per cent) and adjusted gearing² of 15.4 per cent (HY 2017: 21.7 per cent).

Net finance costs

Net finance costs were £3.3m (HY 2017: £7.0m), lower than the prior period reflecting the reduced levels of net debt in the period and an impairment charge of £2.0m in the prior year relating to the waiving of interest on outstanding loans from a joint venture. Interest on bank debt decreased by 29 per cent to £1.0m (HY 2017: £1.4m) reflecting the overall lower average net debt in the period.

Taxation

The effective tax rate applied to adjusted profit for the period was 18.5 per cent (HY 2017: 19.0 per cent). This reflects the anticipated full year effective rate and is slightly lower than the UK headline rate of 19.5 per cent. On a statutory basis, the effective tax rate was 17.2 per cent (HY 2017: 17.4

¹ Gearing is defined as net debt divided by net assets.

² Adjusted gearing is defined as above, except that net debt includes land creditors.

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per cent), the difference to the adjusted effective tax rate being the impact of the Group's joint ventures.

Earnings per share

Adjusted basic earnings per share were 13.9 pence (HY 2017: 11.5 pence), reflecting the growth in earnings in the period. On a statutory basis, basic earnings per share were 13.6 pence (HY 2017: 11.1 pence).

Dividend

The Board has recommended an interim dividend of 4.2 pence per share (H1 2017: 3.4 pence per share), payable on 6 July 2018, in line with our dividend policy of paying 30 per cent of adjusted retained earnings in dividends.

Current trading and outlook

We made excellent progress on all metrics in the first half of the year. Current trading remains robust, with visitor levels, cancellations and net reservation rates all in line with expectations and the prior year. We remain focused on sustainable growth, improved operational efficiency and capital discipline. This has delivered a stronger cash position allowing us to acquire Westleigh from existing resources post period end. This earnings-accretive acquisition provides a platform for further growth of our Partnerships division which, with its mixed tenure model, is now the larger part of our Group. We remain confident on delivering on expectations for both the current year and the medium-term.

We will be hosting a Capital Markets Day on Partnerships for analysts and investors on 27 June 2018 in London. If you would like to attend please contact Victoria Prior at victoria.prior@cpplc.com.

Ian Sutcliffe
Group Chief Executive
16 May 2018

Dividend and Dividend Reinvestment Plan (“DRIP”)

The interim dividend of 4.2 pence per share will be paid as a cash dividend on 6 July 2018 to shareholders on the register at the close of business on 25 May 2018. Shareholders are again being offered the opportunity to reinvest some or all of their dividend under the DRIP, details of which are available from our Registrars and on our website at <https://investors.countrysideproperties.com/>. The shares will go ex-dividend on 24 May 2018. Shareholders have until 11 June 2018 to decide whether they wish to participate in or withdraw from the DRIP.

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Principal risks and uncertainties

The Group's principal risks are monitored by the Risk Management Committee, the Audit Committee and the Board. The table below sets out the Group's principal risks and uncertainties, and mitigation.

Risk	Description	Mitigation
1	<i>Adverse macro-economic conditions</i> A decline in macroeconomic conditions, or conditions in the UK residential property market, can reduce the propensity to buy homes. Higher unemployment, interest rates and inflation can affect consumer confidence and reduce demand for new homes. Constraints on mortgage availability, or higher costs of mortgage funding, may make it more difficult to sell homes.	Funds are allocated between the Housebuilding and Partnerships businesses. In Housebuilding, land is purchased based on planning prospects, forecast demand and market resilience. In Partnerships, contracts are phased and, where possible, subject to viability testing. In all cases, forward sales, cash flow and work in progress are carefully monitored to give the Group time to react to changing market conditions.
2	<i>Adverse changes to Government policy and regulation</i> Adverse changes to Government policy in areas such as tax, housing, and the environment and building regulations may result in increased costs and/or delays. Failure to comply with laws and regulations could expose the Group to penalties and reputational damage.	The potential impact of changes in Government policy and new laws and regulations are monitored and communicated throughout the business. Detailed policies and procedures are in place to address the prevailing regulations.
3	<i>Constraints on construction resources</i> Costs may increase beyond budget due to the reduced availability of skilled labour, or shortages of sub-contractors or building materials at competitive prices to support the Group's growth ambitions. The Group's strategic geographic expansion may be at risk if new supply chains cannot be established.	Optimise use of standard house types and design to maximise buying power. Use of strategic suppliers to leverage volume price reductions and minimise unforeseen disruption. Robust contract terms to control costs.
4	<i>Programme delay (rising project complexity)</i> Failure to secure timely planning permission on economically viable terms or poor project forecasting, unforeseen operational delays due to technical issues, disputes with third party contractors or suppliers, bad weather or changes in purchaser requirements may cause delay or potentially termination of project.	The budgeted programme for each site is approved by the Divisional Board before acquisition. Sites are managed as a portfolio to control overall Group delivery risk. Weekly monitoring at both divisional and Group level.
5	<i>Inability to source and develop suitable land</i> Competition or poor planning may result in a failure to procure land in the right location, at the right price and at the right time.	A robust land appraisal process ensures each project is financially viable and consistent with the Group's strategy.
6	<i>Inability to attract and retain talented employees</i> Inability to attract and retain highly-skilled, competent people at all levels could adversely affect the Group's results, prospects and financial condition.	Remuneration packages are regularly benchmarked against industry standards to ensure competitiveness. Succession plans are in place for all key roles within the Group. Exit interviews are used to identify any areas for improvement.
7	<i>Inadequate Health, Safety and Environmental procedures</i> A deterioration in the Group's Health, Safety & Environmental standards could put the Group's employees, contractors or the general public at risk of injury or death and could lead to litigation or penalties or damage the Group's reputation.	Procedures, training and reporting are all carefully monitored to ensure that high standards are maintained. An environmental risk assessment is carried out prior to any land acquisition. Appropriate insurance is in place to cover the risks associated with housebuilding.

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Responsibility statement of the Directors in respect of the unaudited results for the half year ended 31 March 2018

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;
- the interim results report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year 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 year; and

(b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Directors of Countryside Properties PLC are David Howell (Chairman), Ian Sutcliffe (Group Chief Executive), Rebecca Worthington (Group Chief Financial Officer), Amanda Burton (Non-Executive Director), Douglas Hurt (Non-Executive Director; appointed on 1 January 2018) and Baroness Sally Morgan (Non-Executive Director).

For and on behalf of the Board

Gary Whitaker
Company Secretary
16 May 2018

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 31 March 2018

	Note	Six months ended 31 March 2018 Unaudited £m	Six months ended 31 March 2017 Unaudited (restated ¹) £m	Year ended 30 September 2017 Audited (restated ¹) £m
Revenue	4	398.8	351.1	845.8
Cost of sales		(307.4)	(273.5)	(662.5)
Gross profit		91.4	77.6	183.3
Administrative expenses		(27.9)	(24.4)	(54.4)
Group operating profit	4	63.5	53.2	128.9
Analysed as:				
Adjusted Group operating profit		80.6	71.0	165.3
Less: Share of joint ventures and associate operating profit		(15.1)	(15.6)	(33.6)
Less: Non-underlying items	5	(2.0)	(2.2)	(2.8)
Group operating profit		63.5	53.2	128.9
Finance costs	6	(4.2)	(7.3)	(18.3)
Analysed as:				
Adjusted finance costs		(4.2)	(7.3)	(10.7)
Less: non-underlying finance cost		-	-	(7.6)
Finance costs		(4.2)	(7.3)	(18.3)
Finance income		0.9	0.3	1.4
Share of post-tax profit from joint ventures and associate		13.5	14.1	29.7
Profit before income tax		73.7	60.3	141.7
Income tax expense	7	(12.7)	(10.5)	(24.1)
Profit for the period		61.0	49.8	117.6
Profit is attributable to:				
Owners of the parent		60.8	49.8	117.2
Non-controlling interest		0.2	-	0.4
		61.0	49.8	117.6
Other comprehensive income				
Items that may be reclassified to profit and loss:				
Increase in the fair value of available-for-sale financial assets		1.0	-	0.2
Total comprehensive income for the period		62.0	49.8	117.8
Total comprehensive income for the period attributable to:				
Owners of the parent		61.8	49.8	117.4
Non-controlling interest		0.2	-	0.4
		62.0	49.8	117.8
Earnings per share (expressed in pence per share):				
Basic	8	13.6	11.1	26.0
Diluted	8	13.5	11.1	25.8

¹ See note 2. Accounting policies

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2018

		As at 31 March 2018	As at 31 March 2017	As at 30 September 2017
	Note	Unaudited £m	Unaudited £m	Audited £m
Assets				
Non-current assets				
Intangible assets		59.1	59.2	59.5
Property, plant and equipment		2.9	2.6	2.6
Investment in joint ventures	10	57.6	48.6	58.8
Investment in associate	11	2.6	5.2	2.6
Available-for-sale financial assets	12	7.3	8.4	7.4
Deferred tax assets		2.8	2.2	2.8
Trade and other receivables		19.0	18.0	12.9
		151.3	144.2	146.6
Current assets				
Inventories	13	741.8	675.8	667.1
Trade and other receivables		159.8	154.5	138.8
Cash and cash equivalents	14	15.8	5.1	77.4
		917.4	835.4	883.3
Total assets		1,068.7	979.6	1,029.9
Liabilities				
Current liabilities				
Overdrafts	14	-	(0.1)	-
Trade and other payables		(232.8)	(218.6)	(251.9)
Current income tax liabilities		(11.5)	(8.6)	(5.8)
Provisions		(2.5)	(0.5)	(0.6)
		(246.8)	(227.8)	(258.3)
Non-current liabilities				
Borrowings	14	(2.1)	(37.7)	-
Trade and other payables		(102.1)	(82.5)	(84.4)
Provisions		(1.0)	(2.1)	(2.0)
		(105.2)	(122.3)	(86.4)
Total liabilities		(352.0)	(350.1)	(344.7)
Net assets		716.7	629.5	685.2
Equity				
Share capital		4.5	4.5	4.5
Reserves		711.1	624.5	679.8
Equity attributable to owners of the parent		715.6	629.0	684.3
Equity attributable to non-controlling interest		1.1	0.5	0.9
Total equity		716.7	629.5	685.2

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the six months ended 31 March 2018

	Share capital	Retained earnings	Available-for-sale financial assets	Equity attributable to owners of the parent	Non-controlling interest	Total Equity
	£m	£m	£m	£m	£m	£m
At 1 October 2017	4.5	679.5	0.3	684.3	0.9	685.2
Comprehensive income						
Profit for the period	-	60.8	-	60.8	0.2	61.0
Other comprehensive income	-	-	1.0	1.0	-	1.0
Total comprehensive income	-	60.8	1.0	61.8	0.2	62.0
Transactions with owners						
Share based payment expense, net of deferred tax	-	3.3	-	3.3	-	3.3
Dividends paid	-	(22.3)	-	(22.3)	-	(22.3)
Purchase of own shares	-	(11.5)	-	(11.5)	-	(11.5)
Total transactions with owners	-	(30.5)	-	(30.5)	-	(30.5)
At 31 March 2018	4.5	709.8	1.3	715.6	1.1	716.7
At 1 October 2016	4.5	587.8	0.1	592.4	0.5	592.9
Comprehensive income						
Profit for the period	-	49.8	-	49.8	-	49.8
Total comprehensive income	-	49.8	-	49.8	-	49.8
Transactions with owners						
Share based payment expense, net of deferred tax	-	2.1	-	2.1	-	2.1
Dividends paid	-	(15.3)	-	(15.3)	-	(15.3)
Total transactions with owners	-	(13.2)	-	(13.2)	-	(13.2)
At 31 March 2017	4.5	624.4	0.1	629.0	0.5	629.5

COUNTRYSIDE PROPERTIES PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (AUDITED)
For the six months ended 31 March 2018

	Share capital	Retained earnings	Available-for-sale financial assets	Equity attributable to owners of the parent	Non-controlling interest	Total Equity
	£m	£m	£m	£m	£m	£m
At 1 October 2016	4.5	587.8	0.1	592.4	0.5	592.9
Comprehensive income						
Profit for the period	-	117.2	-	117.2	0.4	117.6
Other comprehensive income	-	-	0.2	0.2	-	0.2
Total comprehensive income	-	117.2	0.2	117.4	0.4	117.8
Transactions with owners						
Share based payment, net of deferred tax	-	5.1	-	5.1	-	5.1
Dividends paid	-	(30.6)	-	(30.6)	-	(30.6)
Total transactions with owners	-	(25.5)	-	(25.5)	-	(25.5)
At 30 September 2017	4.5	679.5	0.3	684.3	0.9	685.2

COUNTRYSIDE PROPERTIES PLC
CONSOLIDATED CASHFLOW STATEMENT
For the six months ended 31 March 2018

	Six months ended 31 March 2018	Six months ended 31 March 2017	Year ended 30 September 2017
Note	Unaudited	Unaudited	Audited
	£m	£m	£m
Cash used in operations	15	(22.6)	78.2
Interest paid		(0.9)	(2.8)
Tax paid		(6.5)	(23.2)
Net cash (outflow)/inflow from operating activities		(30.0)	52.2
Cash flows from investing activities			
Purchase of intangible assets		(0.6)	(2.3)
Purchase of property, plant and equipment		(0.8)	(0.8)
Proceeds from disposal of available-for-sale financial assets		1.5	2.5
(Increase)/decrease in advances to associate and joint ventures		(15.1)	16.2
Dividends received from associate and joint ventures		14.7	28.8
Net cash (outflow)/inflow from investing activities		(0.3)	44.4
Cash flows from financing activities			
Dividends paid		(22.3)	(30.6)
Purchase of own shares		(11.5)	-
Borrowing facility arrangement fee		-	(0.6)
Proceeds from borrowings		2.5	-
Net cash (outflow)/inflow from financing activities		(31.3)	(31.2)
Net (decrease)/increase in cash and cash equivalents		(61.6)	65.4
Cash and cash equivalents at beginning of the period		77.4	12.0
Cash and cash equivalents at the end of the period	14	15.8	77.4

COUNTRYSIDE PROPERTIES PLC
INDEPENDENT REVIEW REPORT
For the six months ended 31 March 2018

1. BASIS OF PREPARATION

Countryside Properties PLC (the “Company”) is a public company incorporated and domiciled in the United Kingdom, whose shares are publicly traded on the London Stock Exchange.

The financial information in these condensed consolidated interim financial statements (the “Financial Information”) for the six months to 31 March 2018 is that of the Company and all of its subsidiaries (together the “Group”). It has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and International Accounting Standard 34, *Interim Financial Reporting*, as endorsed by the European Union.

The financial information for the six months ended 31 March 2018 and 31 March 2017 is unaudited, but has been subject to a review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information performed by the Independent Auditor of the Entity*, issued by the Auditing Practices Board.

The Financial Information should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 30 September 2017 (the “Group Financial Statements”), which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and filed at Companies House. The Financial Information does not constitute full statutory accounts within the meaning of Section 434 of the Companies Act 2006. The Group Financial Statements have been reported on by the Company’s auditors and are available on the Company’s website www.countryside-properties.com/investors. The report of the auditors was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. Except as described in note 2, the accounting policies applied are consistent with those of the Group Financial Statements.

Going concern

The Group has the benefit of a committed credit facility, which provides the Group with sufficient available funds to finance its operations. The Directors review forecasts of the Group’s liquidity requirements based on a range of scenarios to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants within its borrowing facilities.

The Directors have reviewed the cash flow forecasts of the Group and consider that the Group has adequate resources to continue in operational existence for at least 12 months from the date of this Financial Information. The Directors therefore consider it is appropriate to adopt the going concern basis of accounting in preparing the Financial Information.

Critical accounting judgements and estimates

The preparation of this Financial Information required the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant and are reviewed on an ongoing basis. Actual results may differ from these estimates. In preparing this Financial Information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were principally the same as those disclosed in the Group’s Financial Statements.

The condensed consolidated interim financial information was authorised for issue by the Directors on 16 May 2018.

2. ACCOUNTING POLICIES

The policies applied in the Financial Information are consistent with those applied in the Group’s Financial Statements other than as set out below.

Income taxes

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

Earnings per share

The Group presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, adjusted for the weighted average number of shares purchased for the Employee Benefit Trust (“EBT”). For diluted EPS, the weighted average number of ordinary shares is adjusted for weighted average EBT and to assume conversion of all dilutive potential ordinary shares.

Non-underlying items

Certain items which do not relate to the Group’s underlying performance are presented separately in the consolidated statement of comprehensive income as non-underlying items 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. As these non-underlying items can vary significantly from year to year they create volatility in reported earnings.

COUNTRYSIDE PROPERTIES PLC
INDEPENDENT REVIEW REPORT
For the six months ended 31 March 2018

3. ACCOUNTING POLICIES (continued)

In addition, the Directors believe that in discussing the performance of the Group, the results of joint ventures and associate should be proportionally consolidated, including the Group's share of revenue, operating profit and TNOAV given their importance to the Group's operations. As such, the Directors believe that the "adjusted revenue", "adjusted Group operating profit" and "adjusted basic and diluted earnings per share" measures presented provide a clear and consistent presentation of the underlying performance of the Group's ongoing business for shareholders. Adjusted Group operating profit is not defined by IFRS and therefore may not be directly comparable with the "adjusted" or "underlying" profit measures of other companies.

Examples of material and non-recurring items which may give rise to disclosure as non-underlying items are:

- costs incurred directly in relation to business combinations or capital market transactions including advisory costs, one-off integration costs, the amortisation of acquisition-related intangible assets and employment-related deferred consideration payments;
- adjustments to the statement of financial position that do not relate to trading activity such as the recognition and reversal of non-trade impairments;
- the impact of material and non-recurring changes to discount rates;
- accelerated write off of unamortised issue costs on the re-financing of borrowings; and
- the costs of Group restructuring exercises.

Restatement of comparative

For the six month period to 31 March 2017, and year to 30 September 2017, amortisation of acquisition-related intangibles of £0.6m and £1.2m have been re-presented as non-underlying items. This is in line with an amendment to the Group's non-underlying items accounting policy as set out directly above.

Purchase of own shares

The Company acquired 3,219,634 of its own shares through purchases on the London Stock Exchange in December 2017 to meet the Group's expected obligations under share based incentive arrangements. Own shares are held by an Employee Benefit Trust ("EBT") that was established by the Company. The EBT has waived its right to vote and to dividends on the shares it holds which are unallocated. The total amount paid to acquire the shares was £11.5m.

New standards, amendments and interpretations

New standards, amendments and interpretations that have been published and are mandatory for the Group's accounting periods beginning on or after 1 October 2016 are disclosed in the Group's Financial Statements. None of those standards have a material impact on the results of the Group for the year ending 30 September 2018. No new standards, amendments or interpretations are applicable for the financial year ending 30 September 2018.

IFRS 15 'Revenue from Contracts with Customers' (effective 1 October 2018)

IFRS 15 'Revenue from contracts with customers' is effective for the Group for the year ending 30 September 2019 and deals with revenue recognition establishing principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contract with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from a good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction Contracts' and related interpretations.

During the second half of the year ended September 2017, the Group undertook a detailed exercise to determine whether IFRS 15 will have material impact on the Group's results. This exercise is substantially complete and we have not yet identified any areas of our business where we will see material changes to the way in which we currently recognise revenue.

On the 22 November 2017, the International Financial Reporting Interpretations Committee considered the appropriate treatment of the recognition of revenue on land sales to Registered Providers of social housing where a separate construction activity is also performed by the Registered Provider. The Committee's conclusions have clarified that no changes to Group's current revenue recognition policy are required.

IFRS 16 'Leases' (effective 1 October 2019) replaces IAS 17 'Leases'. The core principal of the standard is to provide a single lessee accounting model, requiring lessees to recognise a right-of-use asset and lease liability for all leases unless the term is less than 12 months or the underlying asset has a low value. IFRS 16's approach to lessor accounting is mostly unchanged from IAS 17.

The transition to IFRS 16 will not have a material impact on net assets, but will require the recognition of material lease assets and liabilities as all operating leases will need to be recognised on the balance sheet. Furthermore, rental expense in the income statement will be replaced with depreciation and interest expense. The Group's implementation project commenced in 2018 in order to define accounting policies in compliance with the standard; identify all leases within the Group; capture the necessary data for each lease, including discount rates; determine a transition approach; understand and implement necessary system and operational changes; and to update the Group's leasing governance framework. The project is being led by Group Finance with support from external advisers where appropriate to ensure that policy decisions and approaches are appropriate and in line with industry practice.

The Group is currently in the process of developing updated accounting policies (including the application of practical expedients) and is assessing the information requirements for each lease. The Group intends to disclose the impact on its consolidated financial results in the 2018 annual report.

COUNTRYSIDE PROPERTIES PLC
INDEPENDENT REVIEW REPORT
For the six months ended 31 March 2018

IFRS 9 'Financial instruments' replaces IAS 39 'Financial instruments, Recognition and Measurement' and is effective from 1 January 2018. IFRS 9 will impact classification, measurement, impairment and de-recognition of financial instruments. We do not expect the standard to have a material impact on our reported consolidated results.

3. SEASONALITY

In common with the rest of the UK housebuilding industry, activity occurs throughout the year, with peaks in sales completions in spring and autumn. This creates a degree of seasonality in the Group's trading results and working capital.

4. SEGMENTAL REPORTING

Segmental reporting is presented in respect of the Group's business segments reflecting the Group's management and internal reporting structure and is on the basis on which strategic operating decisions are made by the Group's Chief Operating Decision Maker ("CODM"), which has been determined to be the Group Executive Committee. The Group's two business segments are Housebuilding and Partnerships. There have not been any changes to the Group's segments in the six months to 31 March 2018.

The Group operates entirely within the United Kingdom.

(a) Segmental income statement

	Partnerships	Housebuilding	Group items	Total
	£m	£m	£m	£m
Six months ended 31 March 2018				
Adjusted revenue including share of associate and joint ventures' revenue	246.6	221.4	-	468.0
Share of associate and joint ventures' revenue	(6.0)	(63.2)	-	(69.2)
Revenue	240.6	158.2	-	398.8
Segment Result:				
Adjusted operating profit including share of operating profit from associate and joint ventures	46.8	37.3	(3.5)	80.6
Less: share of operating profit from associate and joint ventures	(2.1)	(13.0)	-	(15.1)
Less: non-underlying items	-	-	(2.0)	(2.0)
Operating profit/(loss)	44.7	24.3	(5.5)	63.5
Six months ended 31 March 2017 (restated¹)				
	Partnerships	Housebuilding	Group items	Total
	£m	£m	£m	£m
Adjusted revenue including share of associate and joint ventures' revenue	223.3	212.1	-	435.4
Share of associate and joint ventures' revenue	(39.9)	(44.4)	-	(84.3)
Revenue	183.4	167.7	-	351.1
Adjusted operating profit including share of operating profit from associate and joint ventures	38.5	34.5	(2.0)	71.0
Less: share of operating profit from associate and joint ventures	(7.5)	(8.1)	-	(15.6)
Less: non-underlying items	-	-	(2.2)	(2.2)
Operating profit/(loss)	31.0	26.4	(4.2)	53.2

¹ See note 2. Accounting policies

COUNTRYSIDE PROPERTIES PLC
INDEPENDENT REVIEW REPORT
For the six months ended 31 March 2018

4. SEGMENTAL REPORTING (continued)

	Partnerships	Housebuilding	Group items	Total
	£m	£m	£m	£m
Year ended 30 September 2017 (restated¹)				
Adjusted revenue including share of associate and joint ventures' revenue	476.7	552.1	-	1,028.8
Share of associate and joint ventures' revenue	(57.9)	(125.1)	-	(183.0)
Revenue	418.8	427.0	-	845.8
Segment Result:				
Adjusted operating profit including share of operating profit from associate and joint ventures	79.4	91.5	(5.6)	165.3
Less: share of operating profit from associate and joint ventures	(10.7)	(22.9)	-	(33.6)
Less: non-underlying items	-	-	(2.8)	(2.8)
Operating profit/(loss)	68.7	68.6	(8.4)	128.9

(b) Segmental capital employed

	Partnerships	Housebuilding	Group items	Total
	£m	£m	£m	£m
As at 31 March 2018				
Net Assets	122.9	522.3	71.5	716.7
TNOAV	122.9	522.3	-	645.2
As at 31 March 2017				
Net Assets	98.0	510.1	21.4	629.5
TNOAV	98.0	510.1	-	608.1
As at 30 September 2017				
Net Assets	101.7	447.9	135.6	685.2
TNOAV	101.7	447.9	-	549.6

(c) Segmental other items

	Partnerships	Housebuilding	Group items	Total
	£m	£m	£m	£m
Six months ended 31 March 2018				
Investment in associate	-	2.6	-	2.6
Investment in joint ventures	3.0	54.6	-	57.6
Share of post-tax profit from associate and joint ventures	2.0	11.5	-	13.5
Capital expenditure – property, plant and equipment	0.4	0.4	-	0.8
Capital expenditure - software	-	-	0.6	0.6
Depreciation and amortisation	0.2	0.2	1.0	1.4
Share-based payments	-	-	3.1	3.1

¹ See note 2. Accounting policies

COUNTRYSIDE PROPERTIES PLC
INDEPENDENT REVIEW REPORT
For the six months ended 31 March 2018

4. SEGMENTAL REPORTING (continued)

	Partnerships	Housebuilding	Group items	Total
	£m	£m	£m	£m
Six months ended 31 March 2017				
Investment in associate	-	5.2	-	5.2
Investment in joint ventures	0.8	47.8	-	48.6
Share of post-tax profit from associate and joint ventures	7.5	6.6	-	14.1
Capital expenditure - property, plant and equipment	0.2	0.3	-	0.5
Capital expenditure – software	-	-	1.1	1.1
Depreciation and amortisation	0.2	0.2	0.8	1.2
Share-based payments	-	-	1.8	1.8

	Partnerships	Housebuilding	Group items	Total
	£m	£m	£m	£m
Year ended 30 September 2017				
Investment in associate	-	2.6	-	2.6
Investment in joint ventures	3.9	54.9	-	58.8
Share of post-tax profit from associate and joint ventures	10.7	19.0	-	29.7
Capital expenditure - property, plant and equipment	0.4	0.4	-	0.8
Capital expenditure - software	-	-	2.3	2.3
Depreciation and amortisation	0.4	0.5	1.7	2.6
Share-based payments	-	-	5.1	5.1

5. NON-UNDERLYING ITEMS

Certain items which do not relate to the Group's underlying performance are presented separately in the Income Statement as non-underlying items where, in the judgement of the Directors, they need to be disclosed separately by virtue of their size, nature or incidence in order to obtain a clear and consistent presentation of the Group's underlying business performance. Group operating profit includes the following non-underlying items:

	Six months ended 31 March 2018	Six months ended 31 March 2017 <i>(restated¹)</i>	Year ended 30 September 2017 <i>(restated¹)</i>
	£m	£m	£m
Transaction advisory costs in relation to acquisition of Westleigh	(1.4)	-	-
Amortisation of brand	(0.6)	(0.6)	(1.2)
Restructuring expense	-	(1.6)	(1.6)
Total non-underlying items included within administrative expenses	(2.0)	(2.2)	(2.8)
Impact of change in discount rate for deferred land and overage payments	-	-	(7.6)
Total non-underlying items	(2.0)	(2.2)	(10.4)

Acquisition of Westleigh Group

During the period £1.4m of advisory costs were incurred in relation to the acquisition of the Westleigh Group which completed after the period end.

¹ See note 2. Accounting policies

COUNTRYSIDE PROPERTIES PLC
INDEPENDENT REVIEW REPORT
For the six months ended 31 March 2018

5. NON-UNDERLYING ITEMS (continued)

Amortisation of brand

Relates to the amortisation of acquisition-related intangible assets.

Restructuring expense

During the prior period, certain Group operations were restructured, principally the out-sourcing of architecture and design services. As a result of this, a number of people left the Group at a cost of £1.6m.

Impact of change in discount rates

From 1 April 2017, the discount rate applied to deferred land and overage payments was reduced from 6.0 per cent to 3.4 per cent to reflect the Group's cost of debt. This resulted in a material, non-recurring finance cost in the year ended 30 September 2017 of £7.6m (HY18: £nil, HY17: £nil) being recognised as an expense within non-underlying finance costs.

A total tax credit of £0.4m (HY17: £0.4m FY17: £2.2m) in relation to all of the above non-recurring items was included within taxation in the Income Statement.

Reconciliation of adjusted Group operating profit to Group operating profit

	Six months ended 31 March 2018	Six months ended 31 March 2017 <i>(restated¹)</i>	Year ended 30 September 2017 <i>(restated¹)</i>
	£m	£m	£m
Adjusted Group operating profit	80.6	71.0	165.3
Less: Share of associate and joint ventures' operating profit	(15.1)	(15.6)	(33.6)
Less: Non-underlying items	(2.0)	(2.2)	(2.8)
Group operating profit	63.5	53.2	128.9

6. FINANCE COSTS

	Six months ended 31 March 2018	Six months ended 31 March 2017	Year ended 30 September 2017
	£m	£m	£m
Bank loans and overdrafts	1.0	1.4	3.0
Amortisation of debt finance costs	0.3	0.3	0.6
Unwind of discount	2.9	3.5	5.1
Impairment of interest receivable from joint venture	-	2.1	2.0
Adjusted finance costs	4.2	7.3	10.7
Impact of change in discount rate for deferred land and overage payments	-	-	7.6
Total finance costs	4.2	7.3	18.3

Impairment of interest receivable from joint venture

During the year ended 30 September 2017, the Group agreed to waive interest receivable from its joint venture Countryside Annington (Mill Hill) Limited. As a result of this agreement, accrued interest receivable of £nil (HY17: £2.1m, FY17: £2.0m) was impaired.

¹ See note 2. Accounting policies

COUNTRYSIDE PROPERTIES PLC
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For the six months ended 31 March 2018

7. TAXATION

The effective tax rate applied for the period was 17.2 per cent (HY17: 17.4 per cent, FY17: 17.0 per cent). This reflects the anticipated full year effective rate and is lower than the statutory rate of 19.0 per cent mainly due to the equity accounting method for associate and joint ventures. The adjusted effective tax rate applied for the period was 18.5 per cent (HY17: 19.0 per cent, FY17: 18.4 per cent). We expect the Group's adjusted tax rate to be broadly in line with the statutory rate in future years.

8. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue from the date of the IPO to 31 March 2018. The weighted average number of shares for the prior year has been stated as if the Group reorganisation had occurred at the beginning of the comparative year.

When calculating diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares. These represent share options granted to employees under the Group's Save as you Earn plans 0.6 million shares (HY17: 0.8 million shares, FY17: 0.8 million shares), and share options granted under the Group's Long Term Incentive Plans 2.7 million shares (HY17: 3.7 million shares, FY17: 3.9 million shares).

(a) Basic earnings per share

	Six months ended 31 March 2018	Six months ended 31 March 2017	Year ended 30 September 2017
Profit from continuing operations attributable to equity holders of the parent (£m)	60.8	49.8	117.2
Basic weighted average number of shares (millions)	448.1	450.0	450.0
Basic earnings per share (pence per share)	13.6	11.1	26.0
Diluted weighted average number of shares (millions)	452.1	450.1	453.2
Diluted earnings per share (pence per share)	13.5	11.1	25.8

(b) Adjusted earnings per share

	Six months ended 31 March 2018	Six months ended 31 March 2017 (restated ¹)	Year ended 30 September 2017 (restated ¹)
Profit from continuing operations attributable to equity holders of the parent (£m)	60.8	49.8	117.2
Add: Non-underlying items, net of tax	1.6	1.8	9.0
Adjusted profit from continuing operations attributable to equity holders of the parent (£m)	62.4	51.6	126.2
Basic weighted average number of shares (millions)	448.1	450.0	450.0
Adjusted basic earnings per share (pence per share)	13.9	11.5	28.0
Diluted weighted average number of shares (millions)	452.1	450.1	453.2
Adjusted diluted earnings per share (pence per share)	13.8	11.4	27.8

Non-underlying items net of tax includes costs of £2.0m, net of tax of £0.4m (HY17: £2.2m net of tax of £0.4m, FY17: £11.2m, net of tax of £2.2m).

The above analysis represents a non-GAAP measure which has been included to assist understanding of the Group's business.

¹ See note 2. Accounting policies

COUNTRYSIDE PROPERTIES PLC
INDEPENDENT REVIEW REPORT
For the six months ended 31 March 2018

9. DIVIDEND

A final dividend for the previous financial year of 5.0 pence per share amounting to £22.3m (HY17: 3.4 pence per share, paid on 7 July 2017) was paid on 9 February 2018. The Directors have recommended the payment of an interim dividend for the current financial year of 4.2 pence per share to be paid on 6 July 2018 (HY17: 3.4 pence per share, paid on 7 July 2017).

10. INVESTMENT IN JOINT VENTURES

For the six months ended 31 March 2018

	Partnerships	Housebuilding	Group
	£m	£m	£m
Revenue	11.9	126.5	138.4
Expenses	(7.8)	(100.4)	(108.2)
Operating profit	4.1	26.1	30.2
Finance costs	-	(0.6)	(0.6)
Income tax	-	(2.5)	(2.5)
Profit for the period	4.1	23.0	27.1
Group's share in per cent			50.0%
Share of revenue			69.2
Share of operating profit			15.1
Dividends received by the Group			14.7
Investments in joint ventures			57.6

For the six months ended 31 March 2017

	Partnerships	Housebuilding	Group
	£m	£m	£m
Revenue	79.8	88.8	168.6
Expenses	(64.8)	(72.7)	(137.5)
Operating profit	15.0	16.1	31.1
Finance costs	-	(0.6)	(0.6)
Income tax	-	(2.4)	(2.4)
Profit for the period	15.0	13.1	28.1
Group's share in per cent			50.0%
Share of revenue			84.3
Share of operating profit			15.6
Dividends received by the Group			21.2
Investments in joint ventures			48.6

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For the six months ended 31 March 2018

10. INVESTMENT IN JOINT VENTURES (continued)

For the year ended 30 September 2017

	Partnerships	Housebuilding	Group
	£m	£m	£m
Revenue	115.7	240.3	356.0
Expenses	(94.4)	(198.2)	(292.6)
Operating profit	21.3	42.1	63.4
Finance costs	-	(3.0)	(3.0)
Income tax	-	(4.1)	(4.1)
Profit for the period	21.3	35.0	56.3
Group's share in per cent			50.0%
Share of revenue			178.0
Share of operating profit			31.7
Dividends received by the Group			24.6
Investments in joint ventures			58.8

The aggregate amount due from joint ventures is £82.9 (HY17: £86.7, FY17: £67.9m). The amount due to joint ventures is £0.3 (HY17: £0.3m, FY17: £0.3m). Transactions between the Group and its joint ventures are disclosed in note 16.

The table below reconciles the movement in the Group's net investment in joint ventures:

	Six months ended 31 March 2018	Six months ended 31 March 2017	Year ended 30 September 2017
	£m	£m	£m
Opening balance	58.8	53.9	53.9
Share of post-tax profit	13.5	14.1	28.1
Dividends received from joint ventures	(14.7)	(21.2)	(24.6)
Other movements	-	1.8	1.4
Closing balance	57.6	48.6	58.8

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For the six months ended 31 March 2018

11. INVESTMENT IN ASSOCIATE

The Group holds 28.5 per cent of the ordinary share capital with pro rata voting rights in Countryside Properties (Bicester) Limited, a company incorporated in the United Kingdom, whose principal activity is housebuilding. It is accounted for using the equity method. Details of investment in the Group's associate are set out below:

	31 March 2018	31 March 2017	30 September 2017
	£m	£m	£m
Revenue	-	-	17.4
Expenses	-	-	(10.7)
Operating (loss)/profit	-	-	6.7
Finance costs	-	-	-
Income tax	-	-	(1.3)
Result/profit for the period	-	-	5.4
Group's share in per cent	28.5%	28.5%	28.5%
Share of operating result/profit	-	-	1.6
Dividends received by the Group	-	-	4.2
Investment in associate	2.6	5.2	2.6

12. AVAILABLE FOR SALE FINANCIAL ASSETS

	As at 31 March 2018	As at 31 March 2017	As at 30 September 2017
	£m	£m	£m
Opening balance	7.4	8.7	8.7
Increase in fair value	1.0	-	0.2
Unwind of discount	0.2	0.3	0.7
Redemptions	(1.3)	(0.6)	(2.2)
Closing balance	7.3	8.4	7.4

The available for sale financial assets comprise loans advanced to home buyers to assist in the purchase of their property under shared equity schemes. The loans are secured by either a first or second legal charge over the property and are either interest-free or have interest chargeable from the fifth year onwards or tenth year onwards dependent upon the scheme under which the loans were issued.

The inputs used are by nature estimated and the resultant fair value has been classified as Level 3 under the fair value hierarchy. The key assumptions used in Level 3 valuations include house price movements, the expected timing of receipts, credit risk and discount rates. Future house price inflation is assumed to be zero (HY17: zero, FY17: zero). The discount rate applied was 8.5 per cent (HY 2017: 8.5 per cent) which Directors believe approximates the cost of a second charge mortgage on similar properties. Techniques, such as discounted cash flow analysis, have been used to determine fair value for the Level 3 financial instruments.

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13. INVENTORIES

	As at 31 March 2018	As at 31 March 2017	As at 30 September 2017
	£m	£m	£m
Development land and work in progress	680.4	639.1	598.4
Completed properties unlet, unsold or awaiting sale	61.4	36.7	68.7
	741.8	675.8	667.1

14. BORROWINGS

	As at 31 March 2018	As at 31 March 2017	As at 30 September 2017
	£m	£m	£m
Cash and cash equivalents	15.8	5.1	77.4
Overdrafts	-	(0.1)	-
Net cash and cash equivalents	15.8	5.0	77.4
Bank loans	-	(40.0)	-
Other loans	(2.1)	-	-
Net cash/(debt)	13.7	(35.0)	77.4
Bank loan arrangement fees	-	2.3	-
Total cash/(borrowings)	13.7	(32.7)	77.4

Revolving credit facility

In May 2016, the Group signed a new five-year £300m revolving credit facility with Lloyds Bank plc, Barclays Bank PLC, HSBC Bank plc and Santander UK plc. The agreement has a variable interest rate based on LIBOR and was initially due to expire in May 2021. Subject to obtaining credit approval from the syndicate banks, the Group also has the option to extend the facility by a further £100m. This facility is subject to both financial and non-financial covenants and is secured by floating charges over all the Group's assets. In May 2017, the Group exercised the first option to extend the facility by a further year to May 2022.

The carrying value of the loans drawn under the facility is equal to their fair value. As the impact of discounting is not significant, the fair values are based on discounted cash flows and are within Level 2 of the fair value hierarchy.

Bank loan arrangement fees are amortised over the term of the facility, £0.3m (HY17: £0.3m, FY17: £0.6m) was amortised during the period ended 31 March 2018, leaving a remaining balance of £2.3m (HY17: £2.3m, FY17: £2.6m). As the Group did not have any bank debt at 31 March 2018 or 30 September 2017, unamortised loan arrangement fees were disclosed within prepayments.

Other loans

During the year, the Group received an interest free loan of £2.5m for the purpose of remediation works in relation to one of its joint arrangements. The loan is repayable on the 22 November 2022. The carrying value of the loan is equal to the fair value, and was recognised initially at fair value and subsequently carried at amortised cost.

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14. BORROWINGS (continued)

The Group has the following undrawn facilities:

	As at 31 March 2018	As at 31 March 2017	As at 30 September 2017
	£m	£m	£m
Floating rate:			
Expiring after more than one year	300.0	259.9	300.0

15. NOTE TO THE CASH FLOW STATEMENT

Reconciliation of profit before taxation to cash used in operations

	Six months ended 31 March 2018	Six months ended 31 March 2017	Year ended 30 September 2017
	£m	£m	£m
Cash flows from operating activities			
Profit before taxation	73.7	60.3	141.7
Adjustments for:			
- Amortisation charge	1.0	0.8	1.7
- Depreciation charge	0.4	0.4	0.9
- Non-cash items	-	(0.3)	(1.2)
- Share of post-tax profit from joint ventures and associate	(13.5)	(14.1)	(29.7)
- Share based payments	2.8	1.8	4.2
Impact of change in deferred land and overage payments	-	-	7.6
Finance costs	4.2	7.3	10.7
Finance income	(0.9)	(0.3)	(1.4)
Profit on disposal of available-for-sale financial assets	(0.2)	(0.3)	(0.3)
Changes in working capital:			
- Increase in inventories	(11.3)	(62.4)	(3.9)
- Increase in trade and other receivables	(12.1)	(14.1)	(8.2)
- Decrease in trade and other payables	(67.6)	(19.0)	(45.0)
- Decrease/(increase) in provisions	0.9	(0.3)	1.1
Cash used in operations	(22.6)	(40.2)	78.2

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16. RELATED PARTY TRANSACTIONS

Transactions with Group joint ventures and associate

	Joint Ventures			Associate		
	As at 31 March 2018	As at 31 March 2017	As at 30 September 2017	As at 31 March 2018	As at 31 March 2017	As at 30 September 2017
	£m	£m	£m	£m	£m	£m
Sales during the year	9.3	15.6	24.0	0.5	0.1	1.1
Advances:						
Amount due at start of period	67.6	84.2	84.2	-	-	-
Net advances/(repayments) during the period	15.0	2.2	(16.6)	-	-	-
Amount due at end of period	82.6	86.4	67.6	-	-	-

Sales of goods to related parties were made at the Group's commercial terms. No purchases were made by the Group from its joint ventures or associate. The amounts outstanding ordinarily bear no interest and will be settled in cash.

Transactions with key management personnel

In 2014, properties were sold at market value by the Group to parties related to key management personnel who continue to lease them back to the Group resulting in the following payments during the six months to 31 March 2018:

- Close family members of Ian Sutcliffe received £nil (HY17: £8,760; FY17: £17,250).
- A company of which Graham Cherry is a Director and shareholder received £10,500 (HY17: £10,500; FY17: £21,000).

In 2015 a close family member of Ian Sutcliffe and a close family member of Graham Cherry were employed by a subsidiary of the Group. Both individuals were recruited through the normal interview process and are employed at salaries commensurate with their experience and roles. The current combined annual salary and benefits of these individuals is less than £100,000 (HY17: less than £100,000, FY17: less than £100,000).

17. SHARE PLANS

The Group operates three employee incentive schemes: An all-employee Save as you Earn ("SAYE") plan and two discretionary plans - the Long Term Incentive Plan ("LTIP") and the Deferred Bonus Plan ("DBP").

The Group recognised £3.1m (HY17: £1.8m, FY17: £5.1m) of employee costs related to share-based payment transactions during the financial year. A deferred tax asset of £0.6m (HY17: £0.6m, FY17: £1.9m) was recognised in relation to these transactions, of which £0.1m (HY17: £0.4m, FY17: £0.8m) was credited to the income statement and £0.5m (HY17: £0.2m, FY17: £0.7m) was credited directly to equity.

During the period 3.7m (HY17: 5.0m, FY17: 5.2m) options were granted over the Company's shares. These were split between the three schemes, with 2.7m issued for the LTIP scheme (HY17: 3.7m, FY17: 3.9m); 0.6m for the SAYE scheme (HY17: 0.8m, FY17: 0.8m) and a further 0.4m for the DBP scheme (HY17: 0.5m, FY17: 0.5m).

18. POST BALANCE SHEET EVENTS

On 11 April 2018 the Group acquired Westleigh Group Limited ("Westleigh") for a total consideration of up to £135.4 million on a debt free and cash free basis. Westleigh is a Leicester based Partnerships business with operations in the East Midlands, South Midlands and South Yorkshire. On an unaudited basis, for the year ended 31 March 2018, revenue was £150.6m, operating profit was £15.6m and gross assets were £76.1m at 31 March 2018. The acquisition of Westleigh is in line with Countryside's existing strategy to expand its Partnerships business. Westleigh broadens the geographical reach of Countryside's Partnerships business into regions that have strong underlying demand. It provides a strong strategic and cultural fit with the Countryside model and is an excellent platform for the acceleration of Partnerships delivery. The Group has not yet concluded its assessment of the fair value of the acquired assets, the result of which will be reported in the year end financial statements.

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Independent review report to Countryside Properties PLC

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Countryside Properties PLC's condensed consolidated interim financial statements (the "interim financial statements") in the Interim review announcement of Countryside Properties PLC for the 6 month period ended 31 March 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.

What we have reviewed

The interim financial statements comprise:

- the Consolidated Statement of Financial Position as at 31 March 2018;
- the Consolidated Statement of Comprehensive Income for the period then ended;
- the Consolidated Cashflow Statement for the period then ended;
- the Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim review announcement 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 1 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 Interim review announcement, including the interim financial statements, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim review announcement 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 Interim review announcement 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 Interim review announcement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

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PricewaterhouseCoopers LLP
Chartered Accountants
London

16 May 2018

- a) The maintenance and integrity of the Countryside Properties PLC website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.
- b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.