

Five year record

Group Income Statement

	2006 IFRS £000	2005 IFRS £000	2004 IFRS £000	2003 UK GAAP £000	2002 UK GAAP £000
Turnover					
Estate Agency	359,417	277,403	250,526	227,453	218,362
Lettings	43,913	39,086	30,655	26,132	24,294
Financial Services	91,299	74,473	63,966	72,911	59,043
Surveying & Valuation	136,844	118,075	106,736	108,040	101,816
Conveyancing	22,731	19,127	22,303	20,167	18,668
Central costs	–	–	–	276	–
Turnover – continuing businesses	654,204	528,164	474,186	454,979	422,183
Discontinued business	–	–	59,350	146,584	233,082
	654,204	528,164	533,536	601,563	655,265
Operating profit					
Estate Agency	53,470	8,500	22,716	30,714	37,340
Lettings	7,963	5,589	3,961	3,760	2,888
Financial Services	20,973	11,713	8,311	21,894	10,561
Surveying & Valuation	26,733	18,722	27,005	31,866	28,743
Conveyancing	(250)	(7,657)	(4,114)	(2,378)	1,834
Unallocated costs	(10,931)	(4,926)	(5,238)	(5,466)	(5,551)
Operating profit before exceptional and non-recurring items	97,958	31,941	52,641	80,390	75,815
– Business closure costs	(2,083)	–	–	–	–
– Impairment of goodwill	(2,360)	–	–	–	–
– Transaction and Group restructuring costs	(3,270)	–	(9,424)	–	–
– Profit on disposal of business	1,999	–	–	–	–
– Write off of computer software and associated contracts	–	(5,540)	–	–	–
– Profit/(loss) on disposal of properties	–	4,982	(1,909)	(2,750)	–
Operating profit – continuing businesses	92,244	31,383	41,308	77,640	75,815
Share of profits/(losses) from joint venture and associated undertakings	1,411	1,014	235	(2,575)	(4,678)
Profit on part disposal of associated Company	19,357	2,621	–	–	–
Net interest receivable/(payable)	751	(3,351)	(1,517)	760	1,289
Profit before tax	113,763	31,667	40,026	75,825	72,426
Taxation	(31,907)	(4,468)	(13,989)	(25,582)	(23,382)
Profit after tax continuing business	81,856	27,199	26,037	50,243	49,044
Profit/(loss) after tax discontinued business	–	–	1,419	(1,187)	8,137
Profit after tax	81,856	27,199	27,456	49,056	57,181
Earnings per share (pence)	47.22	15.45	16.45	28.80	31.78

Group Balance Sheet

	2006 IFRS £000	2005 IFRS £000	2004 IFRS £000	2003 IFRS £000	2002 UK GAAP £000
Property, plant and equipment	22,780	22,397	30,742	28,285	31,915
Goodwill	30,685	37,737	35,377	16,745	18,832
Other intangible assets	6,143	6,164	11,224	8,367	–
Other financial assets	1,233	1,225	1,217	60,508	65,866
Investment in joint ventures and associated undertakings	6,462	3,738	4,561	3,911	5,923
Deferred tax assets	10,192	11,479	7,512	8,608	–
Other debtors over one year	123	1,401	2,294	–	–
Policyholder assets to cover linked liabilities	–	–	–	472,413	395,830
Policy holder other investments	–	–	–	234,133	242,210
Deferred acquisition costs	–	–	–	11,603	28,500
Policyholder other net current assets	–	–	–	16,134	33,927
Total non-current assets	77,618	84,141	92,927	860,707	823,003
Trade and other receivables	86,440	78,006	72,820	63,977	53,290
Cash and cash equivalents	64,370	6,987	21,398	65,036	32,386
Total assets	228,428	169,134	187,145	989,720	908,679
Short term borrowings	–	–	(2,297)	(18,315)	(877)
Other current liabilities	(123,107)	(97,483)	(81,234)	(85,102)	(106,396)
Total current liabilities	(123,107)	(97,483)	(83,531)	(103,417)	(107,273)
Policyholder technical provisions for linked liabilities	–	–	–	(471,626)	(393,613)
Policyholders long-term business provision	–	–	–	(234,188)	(263,804)
Non-current borrowings	–	(5,000)	(75,000)	–	–
Other non-current liabilities	(44,764)	(43,228)	(45,123)	(36,883)	(29,835)
Total non-current liabilities	(44,764)	(48,228)	(120,123)	(742,697)	(687,252)
Net assets/(liabilities)	60,557	23,423	(16,509)	143,606	114,154

Group Cash Flow

	2006 IFRS £000	2005 IFRS £000	2004 IFRS £000	2003 UK GAAP £000	2002 UK GAAP £000
Cash flows from operating activities					
Cash generated from operations	111,638	45,021	74,015	85,226	97,673
Interest paid	(10)	(5,800)	(2,479)	(181)	–
Tax paid	(18,512)	(5,069)	(22,020)	(24,828)	(15,059)
Net cash from operating activities	93,116	34,152	49,516	60,217	82,614
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired	(178)	(1,008)	(48,479)	–	(15,961)
Purchase of investments	–	(10)	(11)	(5,224)	(7,678)
De-merger of subsidiary	–	–	(1,043)	–	–
Costs of Group restructuring	–	–	(10,550)	–	–
Net portfolio – Life business shareholder investments	–	–	(8,337)	5,151	(6,219)
Purchase of property, plant and equipment	(8,259)	(5,510)	(10,526)	(13,783)	(13,274)
Purchase of intangible assets	(2,245)	(1,407)	(4,059)	–	–
Proceeds from sale of property, plant and equipment	794	11,021	22,730	1,339	1,554
Proceeds from part disposal of associated undertaking	20,246	3,412	–	–	–
Purchase of additional holding in joint ventures and associated undertakings	(1,086)	–	–	(563)	–
Proceeds from disposals	4,340	–	–	–	–
Proceeds from disposal of intangible assets	–	–	–	–	24,339
Dividend received	428	1,537	–	–	–
Interest received	1,995	2,193	2,180	807	1,289
Net cash generated from/(used) in investing activities	16,035	10,228	(58,095)	(12,273)	(15,950)
Cash flows from financing activities					
Proceeds from issue of share capital	400	28,943	12,749	2,027	1,377
(Acquisition)/disposal of own shares	(3,017)	268	1,742	–	–
Proceeds from term loan	–	–	75,000	1,100	5,900
Repayment of term loan	(5,000)	(70,000)	(15,600)	–	–
Return of capital on Group restructuring	–	–	(85,004)	–	–
Buyback of shares	(30,211)	(6,300)	–	–	(51,711)
Dividend paid	(13,940)	(9,405)	(23,528)	(20,259)	(19,711)
Net cash used in financing activities	(51,768)	(56,494)	(34,641)	(17,132)	(64,145)
Net increase/(decrease) in cash and cash equivalents	57,383	(12,114)	(43,220)	30,812	2,519
Cash and cash equivalents at 1 January	6,987	19,101	62,321	31,509	28,990
Cash and cash equivalents at 31 December	64,370	6,987	19,101	62,321	31,509

Operating statistics

	2006	2005	2004	2003	2002
	£000	£000	£000	£000	£000
Number of house sales exchanged	103,252	85,106	80,650	81,633	93,442
Average house price	£193,500	£179,294	£173,200	£149,755	£132,700
Average commission rate	1.66%	1.66%	1.69%	1.76%	1.74%
Number of branches (excluding franchisees)	1,059	1,064	1,117	804	808
Total number of mortgages arranged	61,354	48,432	48,769	52,763	48,982
Number of panel mortgages arranged	56,097	41,151	45,482	50,773	46,586
Number of life assurance policies arranged by sales forces	49,811	33,814	32,229	43,587	49,662
Number of surveying and valuation instructions	697,305	639,028	572,371	605,857	588,212
Number of conveyancing matters completed	66,751	53,367	33,515	35,063	34,777
Average staff numbers for the year	10,971	10,737	9,600	8,797	8,816

Countrywide plc

Warning to shareholders

Over the last year a number of companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters which imply a connection to the Company concerned. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive and a 2006 survey by the FSA has reported that the average amount lost by investors is around £20,000. It is not just the novice investor that has been duped in this way, many of the victims had been successfully investing for several years.

Shareholders are advised to be wary of any unsolicited advice, offers to buy shares at a discount or offers of free reports into the Company. Make sure you get the correct name of the person and organisation and where they are based. You should also check that they are properly authorised by the FSA before getting involved. You can check at www.fsa.gov.uk/register. If you deal with an unauthorised firm, you would not be eligible to receive payment under the Financial Services Compensation Scheme.

The FSA also maintains on its website a list of unauthorised overseas firms who are targeting or have targeted UK investors and any approach from such organisations should be reported to the FSA so that this list can be kept up to date and any other appropriate action can be considered. The FSA can be contacted by completing an online form at www.fsa.gov.uk/pages/Doing/Regulated/Law/Alert/overseas.shtml.

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