Foxtons Group plc
Interim Results for the Half Year ended 30 June 2015
Encouraging performance and positive signs for second half of the year
29 July 2015

Foxtons Group plc, London's leading estate agent, today announces its financial results for the half year ended 30 June 2015.

Key highlights

- Group revenue of £71.1m down 2.3% vs. H1 2014
- Property Sales revenue down 10.9% vs. H1 2014 when the sales market was operating at its peak since 2007
- Continuing momentum in Lettings with revenue up 5.4% vs. H1 2014
- Strong performance in Mortgage broking with revenues up 21.7%
- Adjusted EBITDA[1] of £20.5m (2014: £24.9m) representing a margin[2] of 28.9% (2014: 34.3%)
- Profit before tax of £18.1m (2014: £23.1m)
- High levels of cash generation enabling an Interim and special dividend to be paid totalling 4.77p per share and representing an increase of 5.0% compared to the total interim paid in 2014
- Five new branches opened during H1 2015 bringing the total to 56 branches with a further two branches scheduled to open in the second half of the year. All branches opened since 2010 are performing in line with expectations
- Encouraging performance since the General Election and positive outlook for H2 with sales stock levels up 12.1% and a sales pipeline of almost £1bn, 12.5% ahead of last year

Nic Budden, CEO, commenting on today's statement:

"Despite challenging market conditions, Foxtons has delivered a solid result against very tough comparables demonstrating the strength of our business model and our balanced approach to sales and lettings. As we predicted earlier in the year, the sales market remained constrained during the months before the General Election. With the election uncertainty now passed we have seen an increase in activity across our branch network. This is encouraging and we enter the second half of the year with stock levels up 12% compared to last year, a £1bn sales pipeline and our recently opened branches continuing to mature in line with expectations. In addition we have seen a noticeable increase in buyer applicants. Our lettings business has maintained the positive momentum seen in the first quarter of 2015.

Our expansion has continued as planned with five new branches opened since the beginning of the year with our future sites secured out to the end of 2016. The majority of these are focused in the fastest growing areas of Outer London.

Based on current activity levels continuing, we expect to meet full year market expectations with a stronger property sales performance in the second half of the year from higher transaction volumes."

For further information, please contact:

Foxtons Group plc

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A copy of this interim results announcement has been posted on the Company's corporate website: www.foxtonsgroup.co.uk

Presentation:

The management team's presentation to analysts will be held at 11 a.m. today. A live webcast will be broadcasted at the same time; log in details available on www.foxtonsgroup.co.uk.

A conference call will also be available – dial in details: UK: +44(0)20 7136 2051, US: +1 718 354 1357. Confirmation Code 7668087

There will be a replay of this call for 7 days after the results. Dial in for the replay: UK: +44 20 3427 0598, US +1 347 366 9565. Replay Passcode: 7668087

1. Adjusted EBITDA: defined as profit for the period before finance costs, finance income, tax, exceptional items, depreciation, profit on disposal of property, plant and equipment and share based payments
2. Adjusted EBITDA margin is computed by the Group as Adjusted EBITDA / revenue

Condensed Consolidated Interim Financial Report
Foxtons Group plc
30 June 2015

PERFORMANCE AT A GLANCE

	Six months ended 30 June		
	2015	2014	
Income statement			
Revenue	**£71.1m**	£72.8m	(2.3%)
Adjusted EBITDA[1]	**£20.5m**	£24.9m	(17.8%)
Profit before tax	**£18.1m**	£23.1m	(21.4%)
Adjusted EBITDA margin	**28.9%**	34.3%	(540bps)
Earnings per share			
Basic EPS	**5.1p**	6.4p	(20.3%)
Adjusted Basic EPS[2]	**5.2p**	6.4p	(18.8%)
Interim dividends			
Interim	**1.67pps**	1.77pps	
Special	**3.10pps**	2.77pps	
Total	**4.77pps**	4.54pps	+5.0%
Cash flow			
Operating cash conversion[3]	**82.6%**	78.0%	
Net free cash flow[4]	**£12.9m**	£14.3m	(10.2%)
Net free cash conversion[5]	**62.7%**	57.4%	
Period end cash balance	**£20.9m**	£20.8m	

KPIs

	2015	2014	
Number of branches at period end	**56**	49	+14.3%
Average revenue per branch £'000	**1,328**	1,565	(15.1%)
Average revenue per employee	**£55,238**	£59,890	(7.8%)
Sales revenue	**£33.7m**	£37.8m	(10.9%)
Sales units	**2,578**	2,919	(11.7%)
Revenue per sales unit	**£13,057**	£12,937	+0.9%
Lettings revenue	**£33.5m**	£31.8m	+5.4%
Lettings units	**10,310**	9,923	+3.9%
Revenue per lettings unit	**£3,252**	£3,208	+1.4%
Mortgage broking revenue	**£3.6m**	£3.0m	+21.7%
Units	**1,699**	1,469	+15.7%
Average revenue per broking unit	**£2,141**	£2,034	+5.3%

Definitions:

1. Adjusted EBITDA: defined as profit for the period before finance costs, finance income, tax, exceptional items, depreciation, profit on disposal of property, plant and equipment, and share based payments
2. Adjusted Basic Earnings Per Share is Basic Earnings Per Share excluding exceptional items and their associated tax impact and share based payments
3. Operating cash conversion is defined as the ratio of Adjusted operating cash to Adjusted EBITDA (Adjusted operating cash is defined as Adjusted EBITDA less the movement in working capital and net capital spend)
4. Net free cash flow is defined as net cash from operating activities less net cash used in investing activities exclusive of exceptional items
5. Net free cash conversion is computed as net free cash flow/Adjusted EBITDA
6. pps is defined as pence per share

CHIEF EXECUTIVE'S REVIEW

Review of the half year

As predicted in previous trading statements, the sales market remained constrained ahead of the General Election, while the lettings market has continued to show steady growth. Despite low levels of activity in much of the London market and with a very strong H1 2014, when the sales market was operating at its highest level since 2007, we delivered Group revenue of £71.1m in H1 2015, just 2.3% lower than last year. This small reduction in revenue together with increased administration costs primarily due to a 14.3% increase in the size of our branch network resulted in Adjusted EBITDA reducing to £20.5m (2014: £24.9m) with a margin of 28.9% (2014: 34.3%)

First half Group revenue comprises sales commission of £33.7m (-10.9% vs. H1 2014), lettings revenue of £33.5m (+5.4% vs. H1 2014) and mortgage broking revenue of £3.6m (+21.7% vs. H1 2014). As expected, property sales revenue was lower against the record first half of 2014, however, it has held up relatively well supported by growth in both our new branches and the New Homes business. I am pleased with the lettings business, which has continued the positive momentum seen since the end of last year.

Cash generation continues to be strong with Net free cash conversion increasing to 62.7% (2014: 57.4%) which together with our confidence entering into H2 2015 allows the Group to increase the total interim dividend and special dividend by 5% versus prior year.

The removal of the political uncertainty associated with the election on 7th May has encouraged activity in the Foxtons network. We enter into the second half of the year with sales stock levels up 12%, a noticeable increase in buyer applicants and a strong sales pipeline.

Market review

London property market continues to offer disproportionate value

High population density and limited housing stock within London continues to drive resilient sales prices and a valuable lettings market. The fundamentals of the London market remain attractive mainly due to the lack of supply of properties and ever increasing demand. Based on the latest London census figures, there was a cumulative population increase of circa 900,000 from 2005 to 2013 with only circa 175,000 new homes built. There are simply not enough properties to accommodate the increasing population in London.

Property Sales - Central areas volume subdued, outer London boroughs seeing the highest growth

Areas in Zones[1] 1 & 2 in London saw falling volumes in 2014 and the first quarter of 2015, primarily due to political and economic uncertainty ahead of the General Election and affordability issues after a record price increase last year.

Areas in Zone 3 outwards have seen volume growth of circa 9% last year with areas such as Walthamstow up 18%. Much of this growth is driven by first time home buyers continuing to move outwards in search of affordable properties.

This trend reaffirms Foxtons organic growth strategy as we continue to expand our branch network to the faster growing Outer[2] London areas, increasingly diversifying from Central[2] London.

Lettings

London has experienced a significant shift in tenure with nearly 30% of households now living in private rented accommodation, double the rate seen in the last decade. This huge increase in demand for private rentals in London provides a solid base for our lettings business. In addition the continuing increase in London's population maintains an upward pressure on rental rates. The lettings market continues to be a key element of our business strategy due to its profitability and stability provided by the non-transactional revenue streams within lettings.

Mortgage

Mortgage approvals are a good general indicator for transaction volumes and we are encouraged by seeing them increase during April and May by 5.8% versus prior year.

Organic expansion

Organic expansion is a low risk growth strategy with many opportunities available within London over the foreseeable future. Our expansion into Outer London is not only highly profitable but also reduces our reliance on Central London. We expect growth in volume and prices in Outer London to be the most significant in the future. Over the past 5 years, we have doubled our branch network in Zone 2 and beyond.

Since IPO, we have opened 14 new branches of which 13 are outside Zone[1] 1. These continue to follow a similar profile in terms of profitability to our earlier openings. This gives me great confidence for our roll out programme, as most of these branches were opened in challenging market conditions. Branches opened between 2010 to 2012 achieved positive cash flow within six to seven months of opening and broke even in cash terms within 19 months. Average returns on capital employed for the second full year of operation were in excess of 150%. Branches opened since 2012 have been performing in line with expectations. So far in 2015, we have opened five new branches in Barnes, Walthamstow, West Hampstead, Ruislip and Bromley, and we are opening in Surbiton and Croydon in the autumn.

We have a clear strategy focussed on the organic expansion of our branch network, increasing our market share, and improving profitability as our larger network benefits from our centralised business model.

[1] Zones – as defined by Transport for London

[2] "Central" defined as Zone 1 with "Outer" defined as all other zones

Dividends

Due to the continued strong cash generation of the Group, the Board has decided to pay an interim and special dividend totalling 4.77pps which is a 5% increase on prior year (2014: 4.54pps). Payment will be made on 25 September 2015 to shareholders on the register at close of business on 4 September 2015. The shares will be quoted ex-dividend on 3 September 2015.

Outlook

I am confident we are entering the second half of the financial year in a strong position. Assuming current activity levels in the market continue, we expect to deliver stronger sales performance in the latter part of the year with full year 2015 Adjusted EBITDA in line with market expectations.

London remains fundamentally a very attractive property market for both sales and lettings, and our balanced business model is proven to generate shareholder value across the market cycle. Our strategy puts Foxtons in a strong position to not only capture growth in Outer London through organic growth but also to benefit from improving market conditions in our mature markets especially within Central London. We remain on track with our plan to open between 5 -10 branches each year, with a pipeline of new sites secured for the next 18 months.

Nic Budden
Chief Executive Officer

Business review

The Group's first half performance has been in line with our expectations. Revenue for both the Lettings and Mortgage broking segments grew while property sales revenue suffered due to difficult market conditions in London, primarily as a consequence of uncertainties caused by the General Election. Overall, Group revenue fell by 2.3% and Adjusted EBITDA fell by 17.8% due to reduced revenue and an increase in Administration costs as a consequence of the increase in the branch network. However, currently our sales pipeline and sales stock levels are both more than 12% up on prior year providing confidence going into the second half of the year. The Company's strong cash generation will allow us to pay an interim and special dividend totalling 4.77pps which is a 5% increase on prior year (2014: 4.54pps).

Revenue

The Foxtons Group comprises three business segments being Sales, Lettings and Mortgage broking. The majority of operations are in the London area with two branches in the adjacent area of Surrey.

Revenue growth:

£m	**H1 2015**	H1 2014	% variance
Sales	**33.7**	37.8	(10.9%)
Lettings	**33.5**	31.8	+5.4%
Mortgage broking	**3.6**	3.0	+21.7%
Other	**0.3**	0.2	
Total revenue	**71.1**	72.8	(2.3%)

Property sales

During the year property sales commissions fell by 10.9%, which was primarily volume driven. The property sales market in Central London territories fell significantly versus prior year as a consequence of uncertainties caused in the run up to the General Election. However, the full impact of this market reduction on Foxtons was offset partially by our organic growth. Average commissions increased marginally by 0.9% versus prior year which reflects underlying London price inflation offset by:

- Mix effect of significant volume reductions in the higher valued Central London area and
- Lower average sales prices as Foxtons expands out from Central London.

Lettings

Lettings continues to provide a consistent revenue stream irrespective of the variability in the property sales market. Lettings revenue growth of 5.4% is broadly in line with our long term average of 6% growth. Volumes were up 3.9% while average revenue per lettings unit increased by 1.4%.

Mortgage broking

Revenue increased by 21.7%. This was primarily volume driven with a 15.7% increase together with an average revenue per deal increase of 5.3%.

Balanced business

A key strategic priority for the Company is to maintain a balanced business. This balance across the sales and lettings segments provides financial strength in the Group to withstand fluctuations in the property market.

% of total revenue	**H1 2015**	H1 2014
Sales	**47.4%**	51.9%
Lettings	**47.2%**	43.7%
Mortgage broking	**5.1%**	4.1%
Other	**0.3%**	0.3%
Total revenue	**100.0%**	100.0%

KPI analysis

Average revenue per branch of £1.3m (2014: £1.6m) and average revenue per employee of £55,238 (2014: £59,890) have declined for the following reasons:

- Increase of 14.3% in the number of branches adding to the number of maturing branches in the network
- H1 2014 property sales market was operating at a much higher level compared to H1 2015

Administration expenses

Administration expenses were £53.0m (2014: £49.8m) representing an increase of 6.5%. This increase arises primarily as a result of increased staff costs £1.2m, additional fleet costs £0.7m, additional costs of property operating expenses £0.6m and all other cost increases totalling £0.8m and needs to be considered in the context of a 14.3% increase in the size of the branch network.

Profitability analysis

Both estate agency segments are highly profitable. Margins achieved are significantly impacted by property sales market movements. Significant variability has been encountered in this market since 2013 with the H1 2015 sales market being more in line with H1 2013 and H2 2012. Consequently, a more appropriate comparison of the property sales margin for 2015 is to that achieved in 2013. In contrast, the 2014 sales market was operating at its highest level since 2007 with a resulting favourable impact on the H1 2014 margin.

£m	**H1 2015**	H1 2014	H1 2013
Sales	**29.8%**	39.6%	31.3%
Lettings	**29.2%**	30.4%	32.5%
Mortgage broking	**13.4%**	13.9%	(2.8%)
Group Adjusted EBITDA margin	**28.9%**	34.3%	31.0%

When comparing current margins to H1 2013 it should be remembered that:

- Foxtons listed in September 2013 and therefore there were no listed company operating costs in H1 2013
- Since June 2013 a further 14 branches have been added, an increase of one-third to the network, all of which are in the early stages of their maturity and profitability progression.
- The lettings margin is far more stable than sales. It should be remembered that the maturity profile of lettings is longer than sales as it takes longer to establish in new territories.
- Mortgage broking operating profits and margins have improved substantially since 2013 and we do expect this improvement to continue, facilitated by the increasing size of the Foxtons branch network.

Quarterly Analysis

An analysis by quarter reveals an improvement in performance. The percentage variance on total revenue has reduced from 3% adverse in Q1 2015 versus Q1 2014 to 2% adverse in Q2 2015 versus Q2-2014. Similarly, the adverse variance on Adjusted EBITDA versus same quarter prior year has reduced from 23% in Q1 to 13% in Q2. In addition the EBITDA margin differential to prior year has also narrowed from 670bps in Q1 to 440bps in Q2.

Seasonality

Seasonality is seen in both Sales and Lettings with Lettings being most pronounced in Q3. In addition Foxtons expansion programme is skewed to the first half of the year meaning by the second half new branches are beginning to generate revenues and move into profitability. On average we would expect a slight weighting towards the second half of the year with a ratio of circa 47:53 (H1:H2). However, movements in the property sales market can change this trend significantly as evidenced over the years 2013 and 2014. In the improving market of 2013 the weighting was 39:61 for Adjusted EBITDA.

Operating profit

Operating profit of £18.0m (2014: £23.0m) fell by 21.6% due to the operational performance noted above. There were no exceptional items in either the current or prior years.

Profit before tax (PBT)

PBT of £18.1m (2014: £23.1m) fell by 21.4% due to the operational performance noted above.

Taxation
The Company has benefitted from reduced UK corporation tax rates. The rate has fallen from 21% (1 April 2014) to 20% (1 April 2015). These tax rates produce a blended rate of 20.25% for the 2015 financial year (2014: 21.5%). The effective tax rates for the Group are in line with these blended rates being 20.5% for 2015 and 21.2% for 2014. The absolute tax charge for the period reduced to £3.7m (2014: £4.9m) substantially reflecting the reduced profitability of the Group.

Earnings per share (EPS)
Basic EPS of 5.1p (2014: 6.4p) fell by 20.3% against prior year while Adjusted Basic EPS of 5.2p (2014: 6.4p) fell 18.8% against prior year both reflecting the reduction in profitability in the first half of the year.

Cash resources and dividends
Having paid out the final and special dividends for 2014 (total of £14.5m) in May 2015, cash at period end was £20.9m which compares to £22.5m at December 2014 and £20.8m at June 2014. This cash balance enables the Company to declare an interim dividend and a special interim dividend for 2015 totalling 4.77pps representing an increase of 5% on the prior year total interim dividend of 4.54pps. This will generate a total dividend payment of £13.4m (2014: £12.8m) demonstrating management's confidence in achieving market full year expectations.

The interim dividend of 4.77p per ordinary share will be paid on 25 September 2015, to shareholders on the register at close of business on 4 September 2015. The shares will be quoted ex-dividend on 3 September 2015.

Cash flow
Net free cash for the period was £12.9m (2014: £14.3m) a reduction of £1.5m reflecting reduced EBITDA of £4.4m offset partially by reduced on-account corporation tax payments £1.0m, favourable movement in working capital £0.7m and reduced capital spend of £1.2m. Net free cash conversion increased to 62.7% (2014: 57.4%).

Due to the continued high cash generation of the Company, no overdraft facilities are in place and the business remains debt free.

Treasury policies and objectives
The Group's treasury policy is designed to reduce financial risk.

Financial risk for the Group is low as:

- The Group is debt free
- The Group is totally UK based with no foreign currency risk
- Surplus cash balances are held with UK based banks (at least A-rated)

As a consequence of the above the Group has not had to enter into any financial instruments to protect against risk.

Risk management

The Group has identified its principal risks and uncertainties which are summarised below. The Board and senior management regularly review these in light of any changed circumstances.

Pensions
The Group does not have any defined benefit schemes in place but is subject to the provisions of auto-enrolment which requires the Company to make certain defined contribution payments for our employees.

Going concern
The going concern declaration is disclosed in note 2 to the condensed set of financial statements.

Related Parties
Related party transactions are disclosed in note 8 to the condensed set of financial statements.

Gerard Nieslony
Chief Financial Officer

PRINCIPAL RISKS AND UNCERTAINTIES

The key risks and uncertainties relating to the Group's operations remain consistent with those disclosed in the Group's Annual Report and Accounts 2014 on pages 20 to 21. The Annual Report and Accounts can be accessed on the Group's corporate website: www.foxtonsgroup.co.uk. Having reconsidered these risks and uncertainties summarised below, the Board continues to consider them appropriate.

External factors

Risk	Impact on company
Macroeconomic conditions	Foxtons business is dependent on UK macroeconomic conditions, including the availability of mortgage finance and the residential property market in London and the south-east specifically.
Government policy	The risk of adverse changes in policy, law or regulations may decrease the number of residential property sales and/or lettings transactions and may increase the cost of Foxtons services.
Competitor challenge	Foxtons operates in a highly competitive marketplace. New or existing competitors could develop new services or methods of working which could give them competitive advantage over Foxtons, including internet portals.

Internal factors

Risk	Impact on company
Client monies	Foxtons holds large amounts of client monies, which may be at risk in the event of a banking failure.
Potential for fraud	Foxtons operations are susceptible to fraud and bribery, which could lead to financial loss and reputational damage.
IT systems	Foxtons business operations are dependent on sophisticated IT systems which could fail, leading to interruption of service or corruption of data.
People	In order to satisfy its expansion plans, Foxtons will need to ensure that sufficient high-quality people are recruited, trained and retained.

FORWARD LOOKING STATEMENTS

This interim results announcement contains certain forward-looking statements with respect to the financial condition and results of operations of Foxtons Group plc. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. The forward-looking statements are based on the directors' current views and information known to them at 28 July 2015. The directors do not make any undertakings to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Nothing in this statement should be construed as a profit forecast.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

We confirm that to the best of our knowledge:

(a) The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting'
(b) The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
(c) The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board

Chief Executive Officer
Nic Budden
28 July 2015

Chief Financial Officer
Gerard Nieslony
28 July 2015

INDEPENDENT REVIEW REPORT TO FOXTONS GROUP PLC

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2015 which comprises the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 11. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company 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. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors’ responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting,” as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

28 July 2015

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Six months ended 30 June 2015

Continuing operations	Notes	**Six months to 30 June 2015 (unaudited) £'000**	Six months to 30 June 2014 (unaudited) £'000	Year ended 31 December 2014 (audited) £'000
Revenue				
Sales		**33,662**	**37,762**	69,833
Lettings		**33,532**	**31,829**	67,387
Mortgage broking		**3,637**	**2,988**	6,260
Other		**232**	**178**	428
Total revenue		**71,063**	**72,757**	143,908
Administrative expenses		**(53,043)**	**(49,783)**	(101,889)
Operating profit		**18,020**	**22,974**	42,019
Finance income		**83**	**78**	129
Finance costs		**8**	**–**	–
Profit before tax		**18,111**	**23,052**	42,148
Tax	4	**(3,717)**	**(4,885)**	(8,706)
Profit and total comprehensive income for the period		**14,394**	**18,167**	33,442
Earnings per share				
Basic and diluted (pence per share)	6	**5.1**	6.4	11.9
Adjusted basic and diluted (pence per share)	6	**5.2**	6.4	11.9

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

	Notes	**30 June 2015 (unaudited) £'000**	30 June 2014 (unaudited) £'000	31 December 2014 (audited) £'000
Non-current assets				
Goodwill		**19,168**	19,168	19,168
Other intangible assets		**99,000**	99,000	99,000
Property, plant and equipment		**25,152**	23,801	24,067
Deferred tax assets	4	**736**	747	876
		144,056	142,716	143,111
Current assets				
Trade and other receivables		**15,367**	15,312	10,767
Prepayments		**5,528**	6,620	6,336
Cash and cash equivalents		**20,877**	20,786	22,533
		41,772	42,718	39,636
Total assets		**185,828**	185,434	182,747
Current liabilities				
Trade and other payables		**(10,957)**	(11,436)	(8,009)
Current tax liabilities		**(3,565)**	(5,366)	(4,157)
Provisions		**(135)**	(120)	(129)
Deferred revenue		**(4,877)**	(4,993)	(4,362)
		(19,534)	(21,915)	(16,657)
Net current assets		**22,238**	20,803	22,979
Non-current liabilities				
Deferred tax liabilities	4	**(19,800)**	(19,800)	(19,800)
		(19,800)	(19,800)	(19,800)
Total liabilities		**(39,334)**	(41,715)	(36,457)
Net assets		**146,494**	143,719	146,290
Equity				
Share capital		**2,822**	2,822	2,822
Share premium		**52,727**	52,727	52,727
Own share reserve		**(1,540)**	(1,540)	(1,540)
Other capital reserve		**2,582**	2,582	2,582
Retained earnings		**89,903**	87,128	89,699
Total equity		**146,494**	143,719	146,290

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Six months to 30 June 2015

	Share capital £'000	Share premium £'000	Own shares held £'000	Other capital reserve £'000	Retained earnings £'000	Total equity £'000
Foxtons Group plc						
Balance at 31 December 2014	2,822	52,727	(1,540)	2,582	89,699	146,290
Total comprehensive income for the period	–	–	–	–	**14,394**	**14,394**
Dividends	–	–	–	–	**(14,535)**	**(14,535)**
Credit to equity for share based payments	–	–	–	–	**345**	**345**
Balance at 30 June 2015 (unaudited)	**2,822**	**52,727**	**(1,540)**	**2,582**	**89,903**	**146,494**

	Share capital £'000	Share premium £'000	Own shares held £'000	Other capital reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2014	2,822	52,727	-	2,582	84,317	142,448
Total comprehensive income for the period	-	-	-	-	18,167	18,167
Dividends	-	-	-	-	(15,350)	(15,350)
Capital contribution (group relief)	-	-	-	-	(6)	(6)
Own shares acquired in the period	-	-	(1,540)	-	-	(1,540)
Balance at 30 June 2014 (unaudited)	2,822	52,727	(1,540)	2,582	87,128	143,719

Own shares acquired in the period: 500,000 shares were acquired by the Foxtons Group EBT in respect of the long term incentive programme.

	Notes	Share capital £'000	Own shares held £'000	Other capital reserve £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2014		2,822	–	2,582	52,727	84,317	142,448
Total comprehensive income for the year		–	–	–	–	33,442	33,442
Dividends		–	–	–	–	(28,139)	(28,139)
Capital contribution (group relief)		–	–	–	–	(5)	(5)
Own shares acquired in the period		–	(1,540)	–	–	–	(1,540)
Credit to equity for share based payments		–	–	–	–	84	84
Balance at 31 December 2014 (audited)		2,822	(1,540)	2,582	52,727	89,699	146,290

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
Six months ended 30 June 2015

	Note	Six months to 30 June 2015 (unaudited) £'000	Six months to 30 June 2014 (unaudited) £'000	Year ended 31 December 2014 (audited) £'000
Net cash from operating activities	7	**15,974**	18,683	35,547
Investing activities				
Interest received		**83**	78	129
Proceeds on disposal of property, plant and equipment		**153**	120	324
Purchases of property, plant and equipment		**(3,341)**	(4,557)	(7,140)
Net cash used in investing activities		**(3,105)**	(4,359)	(6,687)
Financing activities				
Dividends paid		**(14,535)**	(15,350)	(28,139)
Share buy back		**–**	(1,540)	(1,540)
Other		**10**	-	-
Net cash used in financing activities		**(14,525)**	(16,890)	(29,679)
Net (decrease)/increase in cash and cash equivalents		**(1,656)**	(2,566)	(819)
Cash and cash equivalents at beginning of period		**22,533**	23,352	23,352
Cash and cash equivalents at end of period		**20,877**	20,786	22,533

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

1. General information

Foxtons Group plc (the "Company") is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the Company's registered office is Building One, Chiswick Park, 566 Chiswick High Road, London W4 5BE. The principal activity of the Company and its subsidiaries (collectively, the "Group") is the provision of services to the residential property market in the UK.

These condensed financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Group operates.

The information for the year ended 31 December 2014 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

2. Significant accounting policies

Compliance with International Financial Reporting Standards
The annual financial statements of Foxtons Group plc are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union.

Basis of preparation
These condensed financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

Going concern
After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, having considered the Company forecasts and projections, taking account of reasonably possible changes in trading performance and the current economic uncertainty. Accordingly, they have adopted the going concern basis in preparing the financial statements.

Accounting policies
The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those financial statements. These policies have been applied in preparing the condensed financial statements for the 6 months ended 30 June 2015 and 30 June 2014.

Seasonality
Seasonality of the business is discussed in the business review section.

3. Business and geographical segments

Products and services from which reportable segments derive their revenue
Management has determined the operating segments based on the monthly management pack reviewed by the Directors, which is used to assess both the performance of the business and to allocate resources within the entity. Management has identified that the Directors are the chief operating decision maker in accordance with the requirements of IFRS 8 'Operating segments'.

The operating and reportable segments of the Group are (i) Sales, (ii) Lettings and (iii) Mortgage broking.

The Sales segment generates commission on sales of residential property. The Lettings segment earns fees from the letting and management of residential properties and income from interest earned on tenants' deposits. As these two segments operate out of the same premises and share support services, a significant proportion of costs have to be apportioned between the segments. The basis of apportionment used is headcount in each segment.

The Mortgage broking segment receives commission from the arrangement of mortgages and related products under contracts with financial service providers and receives administration fees from clients.

Income/costs not allocated to an operating segment primarily relate to solicitors' referral fees and rental of unused office space.

Adjusted EBITDA represents the profit for the period earned by each segment before allocation of depreciation, finance income, finance costs, exceptional items, debt repayment incentive scheme expense and share based payments. This is the measure reported to the Directors for the purpose of resource allocation and assessment of segment performance.

All revenue for the Group is generated from within the UK and there is no intra-group revenue.

The following is an analysis of the Group's revenue and results by reportable segment for the six months ended 30 June 2015:

	Sales £'000	Lettings £'000	Mortgage broking £'000	Total reportable segments £'000	Other £'000	Consolidated £'000
Revenue	**33,662**	**33,532**	**3,637**	**70,831**	**232**	**71,063**
Adjusted EBITDA	**10,020**	**9,778**	**487**	**20,285**	**231**	**20,516**
Adjusted EBITDA margin	*29.8%*	*29.2%*	*13.4%*		*99.5%*	*28.9%*
Depreciation						**(2,188)**
Profit on disposal of property, plant and equipment						**85**
Finance income						**83**
Finance costs						**8**
Share based payment charge						**(393)**
Profit before tax						**18,111**

The following is an analysis of the Group's revenue and results by reportable segment for the six months ended 30 June 2014:

	Sales £'000	Lettings £'000	Mortgage broking £'000	Total reportable segments £'000	Other £'000	Consolidated £'000
Revenue	**37,762**	**31,829**	**2,988**	**72,579**	**178**	**72,757**
Adjusted EBITDA	**14,965**	**9,684**	**416**	**25,065**	**(118)**	**24,947**
Adjusted EBITDA margin	*39.6%*	*30.4%*	*13.9%*	*34.5%*		*34.3%*
Depreciation						**(2,018)**
Profit on disposal of property, plant and equipment						**45**
Finance income						**78**
Profit before tax						**23,052**

The following is an analysis of the Group's revenue and results by reportable segment for the year ended 31 December 2014:

	Sales £'000	Lettings £'000	Mortgage broking £'000	Total reportable segments £'000	Other £'000	Combined £'000
Revenue	**69,833**	**67,387**	**6,260**	**143,480**	**428**	**143,908**
Adjusted EBITDA	**23,226**	**21,813**	**736**	**45,775**	**425**	**46,200**
Adjusted EBITDA margin	**33.3%**	**32.4%**	**11.8%**	**31.9%**	**99.5%**	**32.1%**
Depreciation						**(4,125)**
Profit on disposal of property, plant and equipment						**39**
Finance income						**129**
Share based payment charge						**(96)**
Profit before tax						**42,148**

Segment assets and liabilities, including depreciation, amortisation and additions to non-current assets, are not reported to the Directors on a segmental basis and are therefore not disclosed.

4. Tax

On 1 April 2014, the UK corporate tax rate was 21%. From 1 April 2015, the UK corporate tax rate fell to 20%. Corporation tax for the year ending 31 December 2015 is calculated at 20.25% (year ended 31 December 2014: 21.5%) of the estimated taxable profit for the period.

The tax charge for the period is based on an effective tax rate which was calculated at 20.5% representing the best estimate of the average annual effective tax rate for the full year applied to the pre-tax income of the six month period. The tax charge for the period to 30 June 2015 is comprised of:.

	Six months to 30 June 2015 (unaudited) £'000	Six months to 30 June 2014 (unaudited) £'000	Year ended 31 December 2014 (audited) £'000
Current tax charge	**3,576**	4,966	8,916
Deferred tax charge	**141**	(81)	(210)
Total tax charge for the period	**3,717**	4,885	8,706

The deferred tax charge of £141k is in relation to temporary differences and reduces the deferred tax asset by that amount.

The deferred tax liability balance arising on the brand valuation for the period ending 30 June 2015 remains unchanged versus 30 June 2014 as the same future rate of Corporation Tax was used in its determination, namely 20%.

5. Dividends

	Six months to 30 June 2015 (unaudited) £'000	Six months to 30 June 2014 (unaudited) £'000	Year ended 31 December 2014 (audited) £'000
Amounts recognised as distributions to equity holders in the period:			
Final and special dividends year ended 31 December 2013: 5.44p per ordinary share	**–**	15,350	15,350
Interim and special dividend year ended 31 December 2014: 4.54p per ordinary share	**–**	–	12,789
Final and special dividend year ended 31 December 2014: 5.16p per ordinary share	**14,535**	–	–
	14,535	15,350	28,139

For 2015, the Board has declared an interim dividend of 1.67p per share (£4.7 million) and a special interim dividend of 3.10p per share (£8.7 million) to be paid in September 2015. These condensed financial statements do not reflect this dividend payable.

6. Earnings per share

	Six months to 30 June 2015 (unaudited) £'000	Six months to 30 June 2014 (unaudited) £'000	Year ended 31 December 2014 (audited) £'000
Earnings for the purposes of basic and diluted earnings per share being profit for the period	**14,394**	18,167	33,442
Adjusted for:			
Share based payments charge	**393**	–	96
Adjusted earnings	**14,787**	18,167	33,538
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	**281,676,468**	282,107,407	281,890,167
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**282,194,600**	282,107,407	281,993,131
Basic and diluted earnings per share (in pence per share)	**5.1**	6.4	11.9
Adjusted basic and diluted earnings per share (in pence per share)	**5.2**	6.4	11.9

7. Notes to the cash flow statement

	Six months to 30 June 2015 (unaudited) £'000	Six months to 30 June 2014 (unaudited) £'000	Year ended 31 December 2014 (audited) £'000
Operating profit	**18,020**	22,974	42,019
Adjustments for:			
Depreciation of property, plant and equipment	**2,188**	2,018	4,125
Gain on disposal of property, plant and equipment	**(85)**	(45)	(39)
Increase/(decrease) in provisions	**5**	(37)	(28)
Share based payment charge	**393**	–	96
Operating cash flows before movements in working capital	**20,521**	24,910	46,173
(Increase)/decrease in receivables	**(3,794)**	(2,433)	2,398
Increase/(decrease) in payables	**3,463**	1,370	(2,700)
Less NI on share based payment	**(48)**		–
Cash generated by operations	**20,142**	23,847	45,871
Income taxes paid	**(4,168)**	(5,164)	(10,324)
Net cash from operating activities	**15,974**	18,683	35,547

Cash and cash equivalents

	30 June 2015 (unaudited) £'000	30 June 2014 (unaudited) £'000	31 December 2014 (audited) £'000
Cash and cash equivalents	**20,877**	**20,786**	22,533

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents excludes client monies. See note 9.

8. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Trading transactions
During the period, no Group companies entered into transactions with related parties who are not members of the Group.

9. Client monies

At 30 June 2015 client monies (all held by Foxtons Limited) in approved bank and building society accounts amounted to £88.7 million (30 June 2014: £84.5, 31 December 2014: £82.8). Neither this amount nor the matching liabilities to the clients concerned are included in the consolidated balance sheet. Foxtons Limited's terms and conditions provide that interest income on these deposits accrues to the Company.

Client funds are protected by the Financial Services Compensation Scheme ("FSCS") under which the government guarantees amounts up to £85,000 each. This guarantee applies to each individual client's deposit monies, not the sum total on deposit.

10. Operating cash conversion and net free cash flow

Operating cash conversion is defined as the ratio of Adjusted operating cash to Adjusted EBITDA. Adjusted operating cash is defined as Adjusted EBITDA less the movement in working capital and net capital spend.

	Notes	**Six months to 30 June 2015 (unaudited) £'000**	Six months to 30 June 2014 (unaudited) £'000	Year ended 31 December 2014 (audited) £'000
Adjusted EBITDA	3	**20,516**	24,947	46,200
(Increase)/decrease in receivables	7	**(3,794)**	(2,433)	2,398
Increase/(decrease) in payables	7	**3,463**	1,370	(2,700)
Less NI on share based payment	7	**(48)**		–
Proceeds on disposal of property, plant and equipment		**153**	120	324
Purchases of property, plant and equipment[1]		**(3,341)**	(4,557)	(7,140)
Adjusted operating cash		**16,949**	19,447	39,082
Operating cash conversion		**82.6%**	78.0%	84.6%

Net free cash flow is used as a measure of financial performance. It is defined as net cash from operating activities less net cash used in investing activities exclusive of exceptional items.

	Notes	**Six months to 30 June 2015 (unaudited) £'000**	Six months to 30 June 2014 (unaudited) £'000	Year ended 31 December 2014 (audited) £'000
Net cash from operating activities	7	**15,974**	18,683	35,547
Investing activities				
Interest received		**83**	78	129
Proceeds on disposal of property, plant and equipment		**153**	120	324
Purchases of property, plant and equipment[1]		**(3,341)**	(4,557)	(7,140)
Net cash used in investing activities		**(3,105)**	(4,359)	(6,687)
Other adjusting items: purchase of own shares		**–**	–	(1,540)
Net free cash flow		**12,869**	14,324	27,320

[1] Capital spend primarily relates to fit out costs of new branch openings.

11. Financial instruments

The Group does not hold any financial instruments categorised as Level 1,2 or 3 as detailed by IFRS 13. Management considers that the book value of financial assets and liabilities recorded at amortised cost and their fair value are approximately equal.

The book value and fair value of the Group's financial assets, liabilities and derivative financial instruments are as follows:

	30 June 2015 (unaudited) £'000	30 June 2014 (unaudited) £'000	31 December 2014 (audited) £'000
Cash and cash equivalents	**20,877**	20,786	22,533
Trade and other receivables	**15,367**	15,312	10,767
Trade and other payables	**(10,957)**	(11,436)	(8,009)