

7 August 2014

Savills plc

(“Savills” or “the Group”)

RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2014

Savills plc, the international real estate advisor, today announces its unaudited results for the six months ended 30 June 2014.

Key Financial Information

- **Group revenue up 8% to £430.8m (H1 2013: £399.0m)**
- **Group underlying profit before tax up 16% to £30.1m (H1 2013: £26.0m)**
- **Group profit before tax up 15% to £24.7m (H1 2013: £21.4m)**
- **Group underlying pre-tax margin improved to 7.0% (H1 2013: 6.5%)**
- **Underlying basic earnings per share up 15% to 17.2p (H1 2013: 15.0p)**
- **Basic earnings per share up 16% to 14.1p (H1 2013: 12.2p)**
- **Interim dividend increased 7% to 3.75p per share (H1 2013: 3.5p)**

Highlights

- **Transaction Advisory revenue growth of 12% as strong UK and European performances offset continued weak volumes in Hong Kong, Mainland China and Singapore**
- **Consultancy revenue up 14% with profit up 33% over H1 2013**
- **Revenue in the UK improved by 15% with profits up 24%**
- **Revenue in Continental Europe improved by 18% delivering an underlying profit before tax of £0.1m (H1 2013: £2.6m loss)**
- **Cordea Savills Investment Management revenue up 12% with significant fund commitments and Assets under Management increased 43% to €6.3bn (H1 2013: €4.4bn)**
- **Studley acquisition in the US completed on 30 May 2014. The business is performing as anticipated and the integration programme is progressing well**

Commenting on the results, Jeremy Helsby, Group Chief Executive of Savills plc, said:

“Savills has delivered a strong first half performance slightly ahead of our expectations as a result of our strength in key transactional markets in the UK, recovery in Continental Europe and the resilience of the Asia Pacific business where the stable foundation of property management represents over 60% of revenue. In addition, we have made a substantial investment in the business through our acquisition of Studley in the US.

Looking to the second half, we currently see no significant change in the overall outlook for our business and the Board remains confident in its expectations for the full year. Many markets continue to be highly demand-driven as a result of the continued substantial capital allocated to real estate around the world and Savills is well placed to act on the opportunities that emerge.”

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Business review

The following table sets out Group revenue and underlying profit by operating segment:

Revenue	H1 2014 £m	H1 2013 £m	Change
Transaction Advisory	166.1	148.5	12%
Consultancy	93.5	82.1	14%
Property and Facilities Management	158.5	157.1	1%
Investment Management	12.7	11.3	12%
Group revenue	430.8	399.0	8%

Underlying profit before tax	H1 2014 £m	H1 2013 £m	Change
Transaction Advisory	16.3	14.6	12%
Consultancy	8.4	6.3	33%
Property and Facilities Management	7.6	7.8	(3%)
Investment Management	1.6	0.9	78%
Other	(3.8)	(3.6)	(6%)
Group underlying profit*	30.1	26.0	16%

*A reconciliation between statutory and underlying profit before tax is set out in Note 7.

The following table sets out Group revenue and underlying profit by geographical area:

Revenue	H1 2014 £m	H1 2013 £m	Change
United Kingdom	222.3	193.5	15%
Asia Pacific	158.1	169.1	(7%)
Continental Europe	39.3	33.3	18%
United States	11.1	3.1	258%
Group revenue	430.8	399.0	8%

Underlying profit before tax	H1 2014 £m	H1 2013 £m	Change
United Kingdom	22.4	18.0	24%
Asia Pacific	12.1	15.0	(19%)
Continental Europe	0.1	(2.6)	n/a
United States	(0.7)	(0.8)	13%
Other	(3.8)	(3.6)	(6%)
Group underlying profit*	30.1	26.0	16%

*A reconciliation between statutory and underlying profit before tax is set out in Note 7.

Overview

The Group's results for the six months to 30 June 2014 show revenue up 8% to £430.8m (H1 2013: £399.0m) and underlying profit before tax ("UPBT") of £30.1m, 16% higher than the first half of 2013 (H1 2013: £26.0m). The strength of Sterling had a negative impact on reported Group performance reducing revenue by £18.7m (4%) and UPBT by £1.3m (4%). Constant currency revenue and UPBT growth were 13% and 21% respectively. Statutory profit before tax was £24.7m, 15% higher than the first half of 2013 (H1 2013: £21.4m). As anticipated, the first half benefited from continued strength in UK markets, following a strong finish to last year, and significant recovery in Continental Europe. These performances together with continued strength in our Japanese business successfully mitigated the effect of continued weakness in Hong Kong and Mainland China to underpin a strong first half performance for the Group. The Group's UPBT margin increased by 50 bps to 7.0% (H1 2013: 6.5%).

On 30 May 2014 we completed the acquisition of Studley Inc. a leading tenant representation and occupier services firm in the US. The business now trades as “Savills Studley” and market reaction has been very positive. We have been particularly encouraged by the number of new leads coming into the combined firm and have concluded our first joint cross border transaction.

Also in May 2014, the Group made its first investment in Indonesia through the acquisition of an effective 51% economic interest in PT Property Connection, a leading agency and consultancy business specialising in the retail sector, for £1.5m.

Transaction Advisory

Revenue	H1 2014 £m	H1 2013 £m	Change
United Kingdom	89.9	75.8	19%
Asia Pacific	44.6	54.8	(19%)
Continental Europe	20.5	14.8	39%
America	11.1	3.1	258%
Total	166.1	148.5	12%

Savills Transaction Advisory businesses performed strongly during the period driven by revenue increases in many of our markets. Overall, the underlying profits of our Transaction Advisory business as a whole increased by 12% (16% in constant currency) to £16.3m during the period (H1 2013: £14.6m) driven primarily, as anticipated, by growth in the UK and Continental Europe and the acquisition of Studley in the US, offset by continued weakness in certain Asia Pacific markets.

UK Commercial

UK Commercial Transaction fee income grew 30% to £30.3m (H1 2013: £23.3m). Central London investment and leasing markets remained strong with period on period revenue growth of 58% and UK regional recovery resulted in regional investment and leasing growth of 38%. In the City of London leasing market, take up increased by 15% over the previous year, with significant demand in place for the second half of 2014. This, together with relatively little new supply in the remainder of the year, points to continued recovery in rents further underpinning the investment markets. In the West End, continued high levels of take up have reduced the vacancy rate to 2007 levels. Outside London, recovery is apparent across the principal markets and the positive outlook for rents, against the backdrop of limited new development, has further supported regional investment markets.

During the first six months of 2014, Savills was the market leading agent for all UK commercial investment transactions.

UK Residential

UK Residential Transaction fee income increased by 14% to £59.6m (H1 2013: £52.5m). This growth was driven by the recovery of markets outside London where the volume of exchanges increased by 20% over H1 2013 and the average value of properties sold rose by 9%. Overall the Prime London market remained robust with a relatively subdued top end offset by more active core prime markets. Overall Savills volume of exchanges in London increased by 9% over H1 2013 with average values in line with 2013.

Revenue from new development sales declined by 6% during the period, primarily relating to the timing of completions. Buyer reservations of New Homes increased by 12% period on period. This was driven by the availability of quality stock in London and substantial growth in activity outside London.

As anticipated, in the region which led UK property out of the downturn, growth in Prime London Residential prices has been moderating over the last 18 months, in contrast to regional UK pricing, which has shown recovery growth over the same period.

Asia Pacific Commercial

Commercial Transaction fee income in Asia Pacific decreased by 19% (9% in constant currency) to £35.7m (H1 2013: £44.0m). Within the Asia Pacific group there were strong revenue performances (in constant currency) from Japan (up over 300%), Korea (up 16%) and Taiwan (up 22%) which partially offset the anticipated reductions in Hong Kong and Macau (down 46%), Mainland China (down 33%) and Singapore (down 8%). In the core markets of Hong Kong and China, as anticipated, markets remained weak, with volumes down over 45%, against very strong comparatives from H1 2013; however, there are some signs that sentiment may have begun to turn in Hong Kong.

Asia Pacific Residential

Residential Transaction fee income in Asia Pacific decreased by 18% to £8.9m (H1 2013: £10.8m) (10% in constant currency). In Australia, residential revenue increased by 60% as the development sales teams built upon 2013's foundation. In Taiwan, residential revenue also increased substantially, reflecting the effect of recent investment in that market. The biggest contributor to the overall reduction was Singapore, where revenue decreased by over 50% compared with H1 2013, reflecting similar market conditions to Hong Kong and Savills greater level of involvement in mid market development sales. In China, our Prime Residential business remained stable, its core activity being in the Prime Shanghai market where there remains significant demand and limited supply. In Hong Kong, revenue declined by 8% as a result of the continued reduction in volumes in that market. However this performance benefited from Savills position in the Prime and Super Prime segments, which was somewhat insulated from the conditions affecting the mid market.

Looking forward, it is clear that developers have begun to price new market offerings appropriately in the region, although the timing of sustained recovery remains uncertain.

Continental Europe

In Continental Europe, transaction fee income increased by 39% to £20.5m (H1 2013: £14.8m) (43% in constant currency). Broader European recovery led to significant increases in activity in Ireland, Germany, the Netherlands and Spain and stable performances elsewhere. In Germany, much of the growth emanated from the office leasing business, together with the positive effect of much of the restructuring carried out over the previous 18 months. In Spain, activity levels increased significantly as private equity and family office investors started to transact. Whilst it is too early to determine that Continental Europe has entered a sustainable recovery, it is clear that sentiment has turned in the transaction markets and overseas acquirers have become more active.

United States

The acquisition of Studley Inc. completed on 30 May 2014, accordingly the half year contains the first month's result post acquisition. Our US revenue increased substantially to £11.1m (H1 2013: £3.1m), of which Studley contributed £9.5m. In the investment business there were some notable transactions concluded in the first half in the Multifamily segment and the Cross Border business, most of which will complete in H2 2014.

Integration of the existing Savills business into Savills Studley has progressed well, with all legacy Savills leases exited by the end of July and staff located in the Studley offices. This will yield annualised cost savings of approximately £1.0m per annum commencing in the second half.

The pipeline of business, in both investment and tenant representation services continued to strengthen through the period and over 100 new cross border advisory leads have come into the combined operation. This together with market strength gives us confidence in the prospects for the full year.

Consultancy

Revenue	H1 2014 £m	H1 2013 £m	Change %
UK	71.8	62.7	15%
Asia Pacific	14.4	13.9	4%
Continental Europe	7.3	5.5	33%
Total	93.5	82.1	14%

Consultancy fee income increased in the period by 14% to £93.5m (H1 2013: £82.1m). In the UK, strong performances in Development, Leisure and Hospitality, Housing and Healthcare consultancy, in addition to valuation, contributed significantly to increased revenues. Savills strength in advising institutions on development of private rented accommodation contributed to in excess of 50% revenue growth in this growing market. In the Asia Pacific region, strong performances in Hong Kong and Mainland China valuation and research teams offset weaker results in the period in Australia.

In Continental Europe our valuation consultancies in Germany, Ireland, the Netherlands and Spain collectively increased revenue by over 60% reflecting market recovery in those regions.

Overall, the Consultancy business showed a 33% (35% in constant currency) growth in UPBT to £8.4m (H1 2013: £6.3m).

Property and Facilities Management

Revenue	H1 2014 £m	H1 2013 £m	Change %
Asia Pacific	99.1	100.4	(1%)
UK	47.9	43.7	10%
Continental Europe	11.5	13.0	(12%)
Total	158.5	157.1	1%

The Property and Facilities Management business increased global revenues by 1% (7% in constant currency) to £158.5m (H1 2013: £157.1m). Savills total area under management increased by 10% to 1.97bn sq ft (H1 2013: 1.79bn sq ft) driven primarily by mandate wins in China, and the UK. In the Asia Pacific region the impact of currency devaluation largely offset underlying growth in local currency. The effect of good revenue growth in China and Hong Kong (together up 11%) was reduced by continued weakness in project management in Australia and reduced property management revenue in Thailand.

In the UK revenue growth of 10% derived from new commercial management contracts and growth in residential prime lettings. Profits during the period improved but continue to be affected by growth costs relating principally to new offices.

In Continental Europe, revenue declined by 12% (7% in constant currency). This was primarily a result of the impact of asset disposals in Ireland and the termination of a substantial contract in Sweden. Overall, the losses in the Continental European Property Management business increased during the period principally as a result of the costs of operational improvement and system implementation in Ireland and continued investment in the Polish team.

UPBT in the Property and Facilities Management business declined marginally to £7.6m (H1 2013: £7.8m). In constant currency, UPBT improved by 5% to £8.2m.

Investment Management

Fee income from Investment Management increased by 12% to £12.7m (H1 2013: £11.3m), with UPBT up 78% period on period. During the period Assets Under Management (AUM) increased by 43% to €6.3bn (H1 2013: €4.4bn) as a result of growth in existing funds, new fund inflows and the benefit of the acquisition of Merchant Capital in Japan. Cordea Savills core funds and mandates have continued to show strong investment performance and the business is exploring opportunities for further growth as continental European markets improve.

Other costs, Acquisition and Restructuring costs

The "other costs" segment represents other costs, expenses and net interest income not directly allocated to the operating activities of the Group's business segments in the period. The H1 increase in unallocated costs of £0.2m to £3.8m (H1 2013: £3.6m) relates to a global real estate research initiative in support of our cross border business.

Transaction costs of £5.0m relating to the Studley acquisition were charged to the income statement as incurred. These, together with £1.4m of amortisation relating to future loan note and other deferred payments, which are conditional on the recipient's continued service, comprised the £6.4m charge for acquisition-related costs (H1 2013: nil). Restructuring costs of £0.5m (H1 2013: £3.5m) were recognised during the period.

Earnings, financial strength and dividends

The Group's UPBT margin in the period improved to 7.0% (H1 2013: 6.5%) in line with our expectations. Basic earnings per share for the six months to 30 June 2014 increased by 16% to 14.1p (H1 2013: 12.2p). Underlying earnings per share were up 15% to 17.2p (H1 2013: 15.0p). It should be noted that earnings per share includes the effect of the 5.84m shares to be issued in three annual instalments from 30 May 2015 in respect of the Studley acquisition.

The impact of foreign exchange movements on the translation of profits from our overseas businesses became increasingly significant during the second quarter. On a constant currency basis UPBT would have been £1.3m (4.3%) higher at £31.4m (H1 2013: £26.0m).

At 30 June 2014, cash, net of debt, was £2.5m (30 June 2013: £3.2m), reflecting cash balances of £86.6m (30 June 2013: £68.7m) less borrowings of £84.1m (30 June 2013: £65.5m), with £91.6m of credit facilities remaining available for utilisation (30 June 2013: £32.8m). In respect of the Studley acquisition, provisional fair values of the assets and liabilities acquired are set out at note 13 to the interim statement.

The Board has declared an interim dividend of 3.75p per share (2013: 3.5p). The increase of 7% is supported by the performance of our non-transactional businesses. The performance of the Group's Transaction Advisory businesses will be taken into account in the consideration of any proposed final ordinary and supplemental interim dividends alongside the results for the full year.

The interim dividend of 3.75p per share will be payable on 13 October 2014 to shareholders on the register on 12 September 2014.

Board Changes

During the period Clare Hollingsworth retired from the Board on 12 May 2014. On 24 June 2014 Liz Hewitt joined the Board as an independent non executive director.

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 2013. Please refer to pages 29 to 33 thereof or to our investors' page on www.savills.com. In addition, specific risks which might affect the outlook for the second half are disclosed in the Summary and outlook statement below.

Summary and outlook

Savills has delivered a strong first half performance slightly ahead of our expectations as a result of our strength in key transactional markets in the UK, recovery in Continental Europe and the resilience of the Asia Pacific business where the stable foundation of property management represents over 60% of revenue. In addition, we have made a substantial investment in the business through our acquisition of Studley in the US.

Looking to the second half, we currently see no significant change in the overall outlook for our business. Many markets continue to be highly demand-driven as a result of the continued substantial capital allocated to real estate around the world and Savills is well placed to act on the opportunities that emerge.

In Asia, we anticipate that activity levels in Hong Kong, Mainland China and Singapore will remain subdued, the effect of which will be partially mitigated by the continued growth of our Japanese business. In the UK, the broader recovery outside London is evident in both the commercial and residential markets and activity in London remains strong. In Continental Europe, recovery is evident across many markets and appears set to continue. Finally, in the US, we have a healthy transaction pipeline and continue to focus on the integration and further development of our business there.

The Board remains confident in its expectations for the full year.

Jeremy Helsby
Group Chief Executive

Peter Smith
Chairman

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that this condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and gives a true and fair view of the assets, liabilities, financial position and profit as required by DTR 4.2.4 and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed consolidated interim financial information and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months of the financial year and any material changes in the related party transactions described in the last Annual Report.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors of Savills plc are listed in the Savills plc Report and Accounts for the year ended 31 December 2013. A list of current Directors is maintained on the Savills plc website: www.savills.com.

By order of the Board

Jeremy Helsby, Group Chief Executive
Simon Shaw, Group Chief Financial Officer
6 August 2014

FORWARD-LOOKING STATEMENTS

The financial information contained in this announcement has not been audited. Certain statements made in this announcement are forward-looking statements. Undue reliance should not be placed on such statements, which are based on current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from any expected future results in forward-looking statements.

The Company accepts no obligation to publicly revise or update these forward-looking statements or adjust them to future events or developments, whether as a result of new information, future events or otherwise, except to the extent legally required.

INDEPENDENT REVIEW REPORT TO SAVILLS PLC ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Our conclusion

We have reviewed the condensed consolidated interim financial statements, defined below, in the Interim report of Savills plc for the six months ended 30 June 2014. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are 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.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The condensed consolidated interim financial statements, which are prepared by Savills plc, comprise:

- the consolidated statement of financial position as at 30 June 2014;
- the consolidated income statement and statement of comprehensive income for the period then ended;
- the consolidated statement of changes in equity for the period then ended;
- the consolidated statement of cash flows for the period then ended; and
- the explanatory notes to the condensed consolidated interim financial statements.

As disclosed in note 2, 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.

The condensed consolidated interim financial statements included in the Interim report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of condensed consolidated 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 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.

We have read the other information contained in the Interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

RESPONSIBILITIES FOR THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND THE REVIEW

Our responsibilities and those of the directors

The Interim report, including the condensed consolidated interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the company a conclusion on the condensed consolidated interim financial statements in the Interim report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure and Transparency Rules of the 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.

PricewaterhouseCoopers LLP
Chartered Accountants
6 August 2014
London

Savills plc
Condensed interim consolidated income statement
for the period ended 30 June 2014

	Notes	Six months to 30 June 2014 (unaudited) £m	Six months to 30 June 2013 (unaudited) £m	Year ended 31 December 2013 (audited) £m
Revenue	6	430.8	399.0	904.8
Less:				
Employee benefits expense		(270.0)	(249.6)	(570.4)
Depreciation		(4.0)	(3.4)	(7.6)
Amortisation of intangible assets		(2.1)	(2.0)	(3.9)
Other operating expenses		(135.7)	(125.6)	(259.5)
Other operating income		0.4	0.3	0.4
Profit/(loss) on disposal of available-for-sale investments		2.2	-	(0.3)
Operating profit		21.6	18.7	63.5
Finance income		0.8	1.1	1.2
Finance costs		(0.6)	(1.6)	(1.8)
		0.2	(0.5)	(0.6)
Share of post-tax profit from joint ventures and associates		2.9	3.2	7.2
Profit before income tax		24.7	21.4	70.1
Comprising:				
- underlying profit before tax	6,7	30.1	26.0	75.2
- acquisition, integration and restructuring costs	7	(6.9)	(3.5)	(5.2)
- other underlying adjustments	7	1.5	(1.1)	0.1
		24.7	21.4	70.1
Income tax expense	8	(6.1)	(5.8)	(18.7)
Profit for the period		18.6	15.6	51.4
Attributable to:				
Owners of the parent		18.4	15.5	50.8
Non-controlling interests		0.2	0.1	0.6
		18.6	15.6	51.4
Earnings per share				
Basic earnings per share	10(a)	14.1p	12.2p	39.8p
Diluted earnings per share	10(a)	13.6p	11.7p	38.1p
Underlying earnings per share				
Basic earnings per share	10(b)	17.2p	15.0p	43.1p
Diluted earnings per share	10(b)	16.6p	14.4p	41.4p

Notes 1 to 18 are an integral part of these condensed interim financial statements.

Savills plc
Condensed interim consolidated statement of comprehensive income
for the period ended 30 June 2014

	Six months to 30 June 2014 (unaudited) £m	Six months to 30 June 2013 (unaudited) £m	Year ended 31 December 2013 (audited) £m
Profit for the period	18.6	15.6	51.4
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of defined benefit pension scheme obligation	(4.4)	7.2	7.0
Tax on items that will not be reclassified	1.0	(1.7)	(1.7)
Total items that will not be reclassified to profit or loss	(3.4)	5.5	5.3
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value (loss)/gain on available-for-sale investments	(0.2)	-	1.8
Currency translation differences	(7.6)	7.1	(5.2)
Tax on items that may be reclassified	-	1.6	3.0
Total items that may be reclassified subsequently to profit or loss	(7.8)	8.7	(0.4)
Other comprehensive (loss)/income for the period, net of tax	(11.2)	14.2	4.9
Total comprehensive income for the period	7.4	29.8	56.3
Total comprehensive income attributable to:			
Owners of the parent	7.2	29.8	55.9
Non-controlling interests	0.2	-	0.4
	7.4	29.8	56.3

Notes 1 to 18 are an integral part of these condensed interim financial statements.

Savills plc
Condensed interim consolidated statement of financial position
at 30 June 2014

	Notes	30 June 2014 (unaudited) £m	30 June 2013 (unaudited) £m	31 December 2013 (audited) £m
Assets: Non-current assets				
Property, plant and equipment		38.7	31.9	33.4
Goodwill	13	222.1	138.4	135.6
Other intangible assets	13	19.0	16.4	15.5
Investments in joint ventures and associates		19.1	16.9	16.7
Deferred income tax assets		41.0	28.1	26.8
Available-for-sale investments		13.1	15.7	14.8
Non-current receivables		4.0	1.1	1.4
		357.0	248.5	244.2
Assets: Current assets				
Work in progress		4.6	4.3	3.3
Trade and other receivables		245.7	206.5	240.5
Current income tax receivable		4.4	0.9	1.0
Derivative financial instruments		-	0.1	0.1
Assets classified as held for sale	13	5.5	-	-
Cash and cash equivalents		86.6	68.7	122.2
		346.8	280.5	367.1
Liabilities: Current liabilities				
Borrowings	15	84.1	59.5	6.8
Derivative financial instruments		-	0.1	-
Trade and other payables		262.0	155.5	266.3
Current income tax liabilities		12.0	5.8	9.2
Employee benefit obligations	14	6.1	6.4	6.3
Provisions for other liabilities and charges		9.7	6.0	10.9
		373.9	233.3	299.5
Net current (liabilities)/assets		(27.1)	47.2	67.6
Total assets less current liabilities		329.9	295.7	311.8
Liabilities: Non-current liabilities				
Borrowings	15	-	6.0	3.0
Trade and other payables		10.4	0.6	0.2
Retirement and employee benefit obligations	14	19.8	24.6	20.6
Provisions for other liabilities and charges		15.1	20.0	15.7
Deferred income tax liabilities		3.0	1.5	1.5
		48.3	52.7	41.0
Net assets		281.6	243.0	270.8
Equity: Capital and reserves attributable to owners of the parent				
Share capital		3.4	3.3	3.4
Share premium		90.1	88.4	90.1
Shares to be issued	13	34.9	-	-
Other reserves		7.9	28.0	17.1
Retained earnings		144.3	122.7	159.4
		280.6	242.4	270.0
Non-controlling interests		1.0	0.6	0.8
Total equity		281.6	243.0	270.8

Notes 1 to 18 are an integral part of these condensed interim financial statements.

Savills plc
Condensed interim consolidated statement of changes in equity
for the period ended 30 June 2014

Attributable to owners of the parent

	Share capital £m	Share premium £m	Shares to be issued £m	Other reserves £m	Retained earnings £m	Total £m	Non- controlling interests £m	Total equity £m
Balance at 1 January 2014	3.4	90.1	-	17.1	159.4	270.0	0.8	270.8
Profit for the period	-	-	-	-	18.4	18.4	0.2	18.6
<i>Other comprehensive income/(loss):</i>								
Fair value loss on available-for-sale investments	-	-	-	(0.2)	-	(0.2)	-	(0.2)
Remeasurement of defined benefit pension scheme obligation	-	-	-	-	(4.4)	(4.4)	-	(4.4)
Tax on items directly taken to reserves	-	-	-	0.1	0.9	1.0	-	1.0
Currency translation differences	-	-	-	(7.6)	-	(7.6)	-	(7.6)
Total comprehensive (loss)/income for the period	-	-	-	(7.7)	14.9	7.2	0.2	7.4
<i>Transactions with owners:</i>								
Employee share option scheme:								
- Value of services provided	-	-	-	-	5.3	5.3	-	5.3
Purchase of treasury shares	-	-	-	-	(10.2)	(10.2)	-	(10.2)
Share-based payment settlement	-	-	-	-	(3.7)	(3.7)	-	(3.7)
Shares to be issued	-	-	34.9	-	-	34.9	-	34.9
Disposal of available-for-sale investments (net of tax)	-	-	-	(1.5)	-	(1.5)	-	(1.5)
Dividends	-	-	-	-	(20.0)	(20.0)	(0.1)	(20.1)
Transactions with non-controlling interests	-	-	-	-	(1.4)	(1.4)	0.1	(1.3)
Balance at 30 June 2014 (unaudited)	3.4	90.1	34.9	7.9	144.3	280.6	1.0	281.6

Attributable to owners of the parent

	Share capital £m	Share premium £m	Shares to be issued £m	Other reserves £m	Retained earnings £m	Total £m	Non- controlling interests £m	Total equity £m
Balance at 1 January 2013	3.3	87.3	-	20.8	121.1	232.5	0.6	233.1
Profit for the period	-	-	-	-	15.5	15.5	0.1	15.6
<i>Other comprehensive income/(loss):</i>								
Remeasurement of defined benefit pension scheme obligation	-	-	-	-	7.2	7.2	-	7.2
Tax on items directly taken to reserves	-	-	-	-	(0.1)	(0.1)	-	(0.1)
Currency translation differences	-	-	-	7.2	-	7.2	(0.1)	7.1
Total comprehensive income for the period	-	-	-	7.2	22.6	29.8	-	29.8
<i>Transactions with owners:</i>								
Employee share option scheme:								
- Value of services provided	-	-	-	-	5.4	5.4	-	5.4
Purchase of treasury shares	-	-	-	-	(2.2)	(2.2)	-	(2.2)
Issue of share capital	-	1.1	-	-	-	1.1	-	1.1
Share-based payment settlement	-	-	-	-	(7.0)	(7.0)	-	(7.0)
Dividends	-	-	-	-	(16.1)	(16.1)	-	(16.1)
Transactions with non-controlling interests	-	-	-	-	(1.1)	(1.1)	-	(1.1)
Balance at 30 June 2013 (unaudited)	3.3	88.4	-	28.0	122.7	242.4	0.6	243.0

Attributable to owners of the parent

	Share capital £m	Share premium £m	Shares to be issued £m	Other reserves £m	Retained earnings £m	Total £m	Non- controlling interests £m	Total equity £m
Balance at 1 January 2013	3.3	87.3	-	20.8	121.1	232.5	0.6	233.1
Profit for the year	-	-	-	-	50.8	50.8	0.6	51.4
<i>Other comprehensive income/(loss):</i>								
Fair value gain on available-for-sale investments	-	-	-	1.8	-	1.8	-	1.8
Remeasurement of defined benefit pension scheme obligation	-	-	-	-	7.0	7.0	-	7.0
Tax on items directly taken to reserves	-	-	-	(0.2)	1.5	1.3	-	1.3
Currency translation differences	-	-	-	(5.0)	-	(5.0)	(0.2)	(5.2)
Total comprehensive (loss)/income for the year	-	-	-	(3.4)	59.3	55.9	0.4	56.3
<i>Transactions with owners:</i>								
Employee share option scheme:								
- Value of services provided	-	-	-	-	10.4	10.4	-	10.4
Purchase of treasury shares	-	-	-	-	(2.2)	(2.2)	-	(2.2)
Share-based payment settlement	-	-	-	-	(7.3)	(7.3)	-	(7.3)
Issue of share capital	0.1	2.8	-	-	-	2.9	-	2.9
Disposal of available-for-sale investments (net of tax)	-	-	-	(0.3)	-	(0.3)	-	(0.3)
Dividends	-	-	-	-	(20.6)	(20.6)	(0.4)	(21.0)
Transactions with non-controlling interests	-	-	-	-	(1.3)	(1.3)	0.2	(1.1)
Balance at 31 December 2013	3.4	90.1	-	17.1	159.4	270.0	0.8	270.8

Notes 1 to 18 are an integral part of these condensed interim financial statements.

Savills plc
Condensed interim consolidated statement of cash flows
for the period ended 30 June 2014

	Notes	Six months to 30 June 2014 (unaudited) £m	Six months to 30 June 2013 (unaudited) £m	Year ended 31 December 2013 (audited) £m
Cash flows from operating activities				
Cash (used in)/generated from operations	11	(43.1)	(43.9)	86.0
Interest received		0.7	0.7	1.0
Interest paid		(0.3)	(0.9)	(0.6)
Income tax paid		(8.5)	(8.7)	(15.6)
Net cash (used in)/generated from operating activities		(51.2)	(52.8)	70.8
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		-	-	0.1
Proceeds from sale of available-for-sale investments		2.8	-	1.7
Deferred consideration received in relation to prior year disposals		1.4	0.1	0.4
Dividends received from joint ventures and associates		2.0	2.1	5.3
Repayment of loans by joint ventures and associates		0.2	0.1	0.3
Loans to joint ventures and associates		-	(0.2)	(0.4)
Acquisition of subsidiaries, net of cash acquired	13	(19.8)	-	1.0
Deferred consideration paid in relation to prior year acquisitions		-	(0.4)	(0.4)
Purchase of property, plant and equipment		(4.1)	(14.3)	(23.3)
Purchase of intangible assets		(0.6)	(1.1)	(2.5)
Purchase of investment in joint ventures, associates and available-for-sale investments		(0.6)	(0.5)	(0.7)
Net cash used in investing activities		(18.7)	(14.2)	(18.5)
Cash flows from financing activities				
Proceeds from issue of share capital		-	1.1	2.9
Proceeds from borrowings	15	99.0	84.0	63.5
Share-based payment settlement		(3.7)	(7.0)	(7.3)
Purchase of own shares for Employee Benefit Trust		(10.2)	(2.2)	(2.2)
Purchase of non-controlling interests	12	(1.4)	(1.1)	(1.1)
Repayments of borrowings	15	(24.7)	(21.0)	(54.8)
Dividends paid	9	(20.0)	(16.1)	(21.0)
Net cash received from/(used in) financing activities		39.0	37.7	(20.0)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		(30.9)	(29.3)	32.3
Cash, cash equivalents and bank overdrafts at beginning of period		122.2	92.7	92.7
Effect of exchange rate fluctuations on cash held		(4.7)	4.0	(2.8)
Cash, cash equivalents and bank overdrafts at end of period		86.6	67.4	122.2

Notes 1 to 18 are an integral part of these condensed interim financial statements.

NOTES

1. General information

The Company is a public limited company incorporated and domiciled in England and Wales. The address of its registered office is 33 Margaret Street, London W1G 0JD.

This condensed consolidated interim financial information was approved for issue by the Board of Directors on 6 August 2014.

This condensed consolidated interim financial information does not comprise statutory financial statements within the meaning of section 434 of the Companies Act 2006. Statutory financial statements for the year ended 31 December 2013 were approved by the Board of Directors on 19 March 2014 and delivered to the Registrar of Companies. The auditors' report on these accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement under section 498 of the Companies Act 2006.

This condensed consolidated interim financial information has been reviewed, not audited.

2. Basis of preparation

This condensed consolidated interim financial information for the half-year ended 30 June 2014 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with IFRSs as adopted by the European Union.

Going concern

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its agreed facilities. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its condensed interim financial statements.

3. Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in those financial statements.

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

The following standards and amendments to published standards are mandatory for the first time for the financial year beginning 1 January 2014:

- IFRS 10, 'Consolidated financial statements', including amendments, mandatorily effective for accounting periods beginning on or after 1 January 2014. Under IFRS 10, subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. Application of IFRS 10 has had no financial effect on the Group's consolidated results.

- IFRS 11, 'Joint arrangements', including amendments, mandatorily effective for accounting periods beginning on or after 1 January 2014. Under IFRS 11 investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. Joint arrangements must be accounted for using the equity method. Application of IFRS 11 has had no financial effect on the Group's consolidated results.

- IFRS 12, 'Disclosures of interests in other entities', including amendments, mandatorily effective for accounting periods beginning on or after 1 January 2014. The standard sets out the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The adoption of this standard does not impact the Group's profit or net assets.

- IAS 27 (amendment), 'Separate financial statements', includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The amendment is mandatorily effective for accounting periods on or after 1 January 2014. The adoption of this amendment does not impact the Group's profit or net assets.

- IAS 32 (amendment), 'Financial instruments: Presentation', regarding asset and liability offsetting, effective for accounting periods beginning on or after 1 January 2014. These amendments clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The adoption of this amendment does not impact the Group's profit or net assets.

- IAS 36 (amendment), 'Impairment of assets', regarding recoverable amount disclosures, effective for accounting periods beginning on or after 1 January 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The adoption of this amendment does not impact the Group's profit or net assets.

Other standards, amendments and interpretations effective for the first time for the financial year beginning 1 January 2014 and not discussed above are not relevant to the Group.

Use of non-GAAP measures

The Group believes that the consistent presentation of underlying profit before tax, underlying effective tax rate, underlying basic earnings per share and underlying diluted earnings per share provides additional useful information to shareholders on the underlying trends and comparable performance of the Group over time. They are used by Savills for internal performance analysis and incentive compensation arrangements for employees. These terms are not defined terms under IFRS and may therefore not be comparable with similarly titled profit measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measures.

The term 'underlying' refers to the relevant measure of profit, earnings or taxation being reported excluding the following items:

- amortisation of acquired intangible assets (excluding software);
- the difference between IFRS 2 charges related to in year profit related performance compensation subject to deferral and the opportunity cash cost of such compensation (refer to Note 7 for further explanation);
- items that are considered non-operational in nature including restructuring costs, impairments of goodwill, intangible assets and investments and profits or losses arising on disposals of subsidiaries and other investments; and
- significant acquisition costs related to business combinations.

A reconciliation between GAAP items and underlying results are set out in Note 7.

The underlying effective tax rate represents the underlying effective income tax expense expressed as a percentage of underlying profit before tax. The underlying effective income tax expense is the income tax expense excluding the tax effect of the adjustments made to arrive at underlying profit before tax and other tax effects related to these adjustments.

4. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013, with the exception of changes in estimates that are required in determining the provision for income taxes.

5. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks including foreign exchange risk, interest rate risk, credit risk and liquidity risk. The condensed interim financial statements do not include all financial risk management information and disclosures as required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2013. There have been no changes in any risk management policies since the year end.

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets, liabilities and equity items that are measured at fair value at 30 June 2014:

£m	Level 1	Level 2	Level 3	Total
2014				
Assets				
Available-for-sale investments				
- Unlisted	-	13.1	-	13.1
Total assets	-	13.1	-	13.1
Equity				
Shares to be issued	-	34.9	-	34.9
Total equity	-	34.9	-	34.9

The following table presents the Group's assets, liabilities and equity items that are measured at fair value at 31 December 2013:

£m	Level 1	Level 2	Level 3	Total
2013				
Assets				
Available-for-sale investments				
- Unlisted	-	14.8	-	14.8
Derivative financial instruments	-	0.1	-	0.1
Total assets	-	14.9	-	14.9

There were no transfers between levels of the fair value hierarchy in the period.

There were no changes in valuation techniques during the period.

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

Valuation techniques used to derive Level 2 fair values

The fair value of investment funds is based on underlying asset values determined by the Fund Manager's audited annual financial statements. The fair value of other unlisted investments is based on price earnings models.

The fair value of derivative financial instruments is based on the market value of similar instruments with similar maturities.

Shares to be issued were fair valued using the Actuarial Binomial model of actuaries Lane Clark & Peacock LLP. Refer to Note 13 for further information on the shares to be issued.

6. Segment analysis

Six months to 30 June 2014 (unaudited)	Trans- action Advisory £m	Consult -ancy £m	Property and Facilities Manage- ment £m	Invest- ment Manage- -ment £m	Other £m	Total £m
Revenue						
United Kingdom						
- commercial	30.3	54.2	36.5	12.7	-	133.7
- residential	59.6	17.6	11.4	-	-	88.6
Total United Kingdom	89.9	71.8	47.9	12.7	-	222.3
Continental Europe	20.5	7.3	11.5	-	-	39.3
Asia Pacific						
- commercial	35.7	14.4	99.1	-	-	149.2
- residential	8.9	-	-	-	-	8.9
Total Asia Pacific	44.6	14.4	99.1	-	-	158.1
United States	11.1	-	-	-	-	11.1
Total revenue	166.1	93.5	158.5	12.7	-	430.8
Underlying profit/(loss) before tax						
United Kingdom						
- commercial	2.5	4.3	2.8	1.6	(3.8)	7.4
- residential	8.4	2.0	0.8	-	-	11.2
Total United Kingdom	10.9	6.3	3.6	1.6	(3.8)	18.6
Continental Europe	1.1	0.7	(1.7)	-	-	0.1
Asia Pacific						
- commercial	3.5	1.4	5.7	-	-	10.6
- residential	1.5	-	-	-	-	1.5
Total Asia Pacific	5.0	1.4	5.7	-	-	12.1
United States	(0.7)	-	-	-	-	(0.7)
Underlying profit/(loss) before tax	16.3	8.4	7.6	1.6	(3.8)	30.1

Six months to 30 June 2013 (unaudited)	Trans- action Advisory £m	Consult- ancy £m	Property and Facilities Manage- ment £m	Invest- ment Manage- ment £m	Other £m	Total £m
Revenue						
United Kingdom						
- commercial	23.3	48.7	33.4	11.3	-	116.7
- residential	52.5	14.0	10.3	-	-	76.8
Total United Kingdom	75.8	62.7	43.7	11.3	-	193.5
Continental Europe	14.8	5.5	13.0	-	-	33.3
Asia Pacific						
- commercial	44.0	13.9	100.4	-	-	158.3
- residential	10.8	-	-	-	-	10.8
Total Asia Pacific	54.8	13.9	100.4	-	-	169.1
United States	3.1	-	-	-	-	3.1
Total revenue	148.5	82.1	157.1	11.3	-	399.0
Underlying profit/(loss) before tax						
United Kingdom						
- commercial	1.2	3.8	2.5	0.9	(3.6)	4.8
- residential	7.5	1.4	0.7	-	-	9.6
Total United Kingdom	8.7	5.2	3.2	0.9	(3.6)	14.4
Continental Europe	(1.7)	(0.3)	(0.6)	-	-	(2.6)
Asia Pacific						
- commercial	6.0	1.4	5.2	-	-	12.6
- residential	2.4	-	-	-	-	2.4
Total Asia Pacific	8.4	1.4	5.2	-	-	15.0
United States	(0.8)	-	-	-	-	(0.8)
Underlying profit/(loss) before tax	14.6	6.3	7.8	0.9	(3.6)	26.0

Year ended to 31 December 2013 (audited)	Trans- action Advisory £m	Consult- ancy £m	Property and Facilities Manage- ment £m	Invest- ment Manage- ment £m	Other £m	Total £m
Revenue						
United Kingdom						
- commercial	73.4	115.6	73.2	26.0	-	288.2
- residential	118.0	33.1	23.0	-	-	174.1
Total United Kingdom	191.4	148.7	96.2	26.0	-	462.3
Continental Europe	38.0	15.6	27.7	-	-	81.3
Asia Pacific						
- commercial	99.3	27.3	205.1	-	-	331.7
- residential	22.7	-	-	-	-	22.7
Total Asia Pacific	122.0	27.3	205.1	-	-	354.4
United States	6.8	-	-	-	-	6.8
Total revenue	358.2	191.6	329.0	26.0	-	904.8
Underlying profit/(loss) before tax						
United Kingdom						
- commercial	10.3	9.4	6.5	2.9	(10.1)	19.0
- residential	19.0	4.9	2.3	-	-	26.2
Total United Kingdom	29.3	14.3	8.8	2.9	(10.1)	45.2
Continental Europe	(3.0)	1.4	(2.3)	-	-	(3.9)
Asia Pacific						
- commercial	16.6	1.9	11.1	-	-	29.6
- residential	5.9	-	-	-	-	5.9
Total Asia Pacific	22.5	1.9	11.1	-	-	35.5
United States	(1.6)	-	-	-	-	(1.6)
Underlying profit/(loss) before tax	47.2	17.6	17.6	2.9	(10.1)	75.2

Operating segments reflect internal management reporting to the Group's chief operating decision maker, defined as the Group Executive Board ('GEB'). The GEB assess the performance of operating segments based on a measure of underlying profit before tax which adjusts reported pre-tax profit by amortisation of intangibles (excluding software), share-based payment adjustments, exceptional items that are considered non-operational in nature and significant acquisition costs related to business combinations. Segmental assets and liabilities are not measured or reported to the GEB.

The Other segment includes costs and other expenses at holding company and subsidiary levels, which are not directly attributable to the operating activities of the Group's business segments.

A reconciliation of underlying profit before tax to reported profit before tax is provided in Note 7.

7. Underlying profit before tax

The Directors seek to present a measure of underlying performance which is not impacted by exceptional items or items considered non-operational in nature. This measure of profit is described as 'underlying' and is used by management to measure and monitor performance.

	Six months to 30 June 2014 (unaudited) £m	Six months to 30 June 2013 (unaudited) £m	Year ended 31 December 2013 (audited) £m
Reported profit before tax	24.7	21.4	70.1
Adjustments:			
- Amortisation of intangible assets (excluding software)	1.1	1.1	2.1
- Share-based payment adjustment	(0.4)	-	(2.5)
- (Profit)/loss on disposal of available-for-sale investment	(2.2)	-	0.3
- Restructuring costs	0.5	3.5	5.2
- Acquisition/integration costs	6.4	-	-
Underlying profit before tax	30.1	26.0	75.2

The adjustment for share-based payment relates to the impact of the accounting standard for share-based compensation. The annual bonus is paid in a mixture of cash and deferred shares and the proportions can vary from one year to another. Under IFRS the deferred share element is amortised to the income statement over the vesting period whilst the cash element is expensed in the year. The adjustment above addresses this by deducting from profit the difference between the IFRS 2 charge and the effective value of the annual share award in order better to match the underlying staff costs in the year with the revenue recognised in the same period.

Profit on disposal of available-for-sale investment of £2.2m relates to the disposal of the Group's 3.03% holding in Pinnacle Regeneration Group Limited in January 2014 (£1.7m) and the final receipt in relation to the disposal of the Group's 4.3% shareholding in IPD Group Ltd in 2012 (£0.5m).

Acquisition/integration costs relate to the acquisition of Studley, Inc. and related companies in May 2014. This reflects primarily transaction costs of £5.0m and £1.4m of amortised loan notes and contingent bonus payments, which are expensed through the income statement to reflect the requirement for the recipients to remain actively engaged in the business at the payment date. Refer to Note 13 for further details.

8. Income tax expense

The income tax expense has been calculated on the basis of the underlying rate in each jurisdiction adjusted for any disallowable charges.

	Six months to 30 June 2014 (unaudited) £m	Six months to 30 June 2013 (unaudited) £m	Year ended 31 December 2013 (audited) £m
United Kingdom			
- Current tax	5.3	5.3	12.7
- Deferred tax	(1.2)	(1.6)	(1.5)
Foreign tax			
- Current tax	8.3	3.0	8.0
- Deferred tax	(6.3)	(0.9)	(0.5)
Income tax expense	6.1	5.8	18.7

The Group effective tax rate is 24.7% (30 June 2013: 27.1% and 31 December 2013: 26.7%), which is higher (30 June 2013: higher and 31 December 2013: higher) than the UK standard effective annual rate of corporation tax of 21.5% (30 June 2013 and 31 December 2013: 23.25%). This reflects permanent disallowable expenses, including the Studley acquisition costs, which have been partly offset by recognising the tax credit on previously unprovided losses in respect of the USA. The Group underlying effective tax rate was 24.9% (30 June 2013: 26.2% and 31 December 2013: 25.9%).

9. Dividends

	Six months to 30 June 2014 (unaudited) £m	Six months to 30 June 2013 (unaudited) £m	Year ended 31 December 2013 (audited) £m
Amounts recognised as distribution to equity holders in the year:			
Ordinary final dividend of 7.0p per share (2013: 6.7p)	9.0	8.5	8.5
Supplemental interim dividend of 8.5p per share (2013: 6.0p)	11.0	7.6	7.6
Interim dividend of 3.5p per share	-	-	4.5
	20.0	16.1	20.6
Proposed interim dividend for the six months ended 30 June 2014	4.9		

The Board has declared an interim dividend for the six months ended 30 June 2014 of 3.75p per ordinary share (30 June 2013: 3.5p) to be paid on 13 October 2014 to shareholders on the register on 12 September 2014. The interim dividend has not been recognised in these interim financial statements. It will be recognised in equity in the year to 31 December 2014.

10(a). Basic and diluted earnings per share

	2014	2014	2014	2013	2013	2013
	Earnings	Shares	EPS	Earnings	Shares	EPS
	£m	million	pence	£m	million	pence
Six months to 30 June						
Basic earnings per share	18.4	130.1	14.1	15.5	126.9	12.2
Effect of additional shares issuable under option	-	4.7	(0.5)	-	5.9	(0.5)
Diluted earnings per share	18.4	134.8	13.6	15.5	132.8	11.7
				2013	2013	2013
				Earnings	Shares	EPS
Year to 31 December				£m	million	pence
Basic earnings per share				50.8	127.7	39.8
Effect of additional shares issuable under option				-	5.6	(1.7)
Diluted earnings per share				50.8	133.3	38.1

Included in both the basic and diluted weighted average number of shares calculations for the six months to 30 June 2014 are the 5,843,360 ordinary shares to be issued as part of the acquisition of Studley (refer to Note 13 for further details).

10(b). Underlying basic and diluted earnings per share

	2014	2014	2014	2013	2013	2013
	Earnings	Shares	EPS	Earnings	Shares	EPS
Six months to 30 June	£m	million	pence	£m	million	pence
Basic earnings per share	18.4	130.1	14.1	15.5	126.9	12.2
- Amortisation of intangible assets (excluding software) after tax	0.8	-	0.6	0.9	-	0.7
- Share-based payment adjustment after tax	(0.3)	-	(0.2)	-	-	-
- Restructuring costs after tax	0.5	-	0.4	2.7	-	2.1
- Profit on disposal of available-for-sale investments after tax	(1.7)	-	(1.3)	-	-	-
- Acquisition/integration costs after tax	6.4	-	4.9	-	-	-
- Net tax effect following acquisition	(1.7)	-	(1.3)	-	-	-
Underlying basic earnings per share	22.4	130.1	17.2	19.1	126.9	15.0
Effect of additional shares issuable under option	-	4.7	(0.6)	-	5.9	(0.6)
Underlying diluted earnings per share	22.4	134.8	16.6	19.1	132.8	14.4

				2013	2013	2013
				Earnings	Shares	EPS
Year to 31 December				£m	million	pence
Basic earnings per share				50.8	127.7	39.8
- Amortisation of intangibles (excluding software) after tax				1.7	-	1.3
- Share-based payment adjustment after tax				(1.8)	-	(1.4)
- Restructuring costs after tax				4.1	-	3.2
- Loss on disposal of available-for-sale investments after tax				0.3	-	0.2
Underlying basic earnings per share				55.1	127.7	43.1
Effect of additional shares issuable under option				-	5.6	(1.7)
Underlying diluted earnings per share				55.1	133.3	41.4

11. Cash (used in)/generated from operations

	Six months to 30 June 2014 (unaudited) £m	Six months to 30 June 2013 (unaudited) £m	Year ended 31 December 2013 (audited) £m
Profit for the period	18.6	15.6	51.4
Adjustments for:			
Income tax (Note 8)	6.1	5.8	18.7
Depreciation	4.0	3.4	7.6
Amortisation of intangible assets	2.1	2.0	3.9
Loss on sale of property, plant and equipment	-	-	0.4
(Profit)/loss on disposal of available-for-sale investments	(2.2)	-	0.3
Net finance (income)/cost	(0.2)	0.5	0.6
Share of post-tax profit from joint ventures and associates	(2.9)	(3.2)	(7.2)
Decrease in employee and retirement obligations	(5.5)	(3.9)	(7.4)
Exchange movements on operating activities	1.4	0.7	0.4
(Decrease)/increase in provisions	(1.7)	0.3	1.1
Charge for share-based compensation	5.3	5.4	10.4
Operating cash flows before movements in working capital	25.0	26.6	80.2
Increase in work in progress	(1.3)	(1.3)	(0.3)
Decrease/(increase) in trade and other receivables	13.5	18.3	(23.7)
(Decrease)/increase in trade and other payables	(80.3)	(87.5)	29.8
Cash (used in)/generated from operations	(43.1)	(43.9)	86.0

12. Transactions with non-controlling interests

In June 2014, the Group acquired an additional 29.9% of the shares in Savills Belux Group SA for consideration of £1.4m. This takes the Group's shareholding to 99.9%. The carrying amount of Savills Belux Group SA's net liabilities on the date of acquisition was £0.3m. The Group recognised an increase in non-controlling interest of £0.1m. The amount charged to retained earnings in respect of this transaction was £1.4m.

Under IAS 27 (revised), transactions with non-controlling interests must be accounted for as equity transactions, therefore no goodwill has been recognised. Acquisition costs related to these transactions were not significant.

13. Acquisition of subsidiaries

Studley, Inc.

On 30 May 2014 the Group acquired 100% of the share capital, by way of a Merger Agreement, of Studley, Inc. and related companies ('Studley'), a leading independent commercial real estate services firm specialising in tenant representation in the United States. The acquisition will provide the Group with a strong platform in the United States from which it can continue to grow its business in the region, as well as strengthening the Group's global platform.

Total acquisition consideration was £116.2m, of which £40.5m was settled in cash on completion. £34.9m relates to the fair value of 5,843,360 ordinary shares of Savills plc to be issued in three equal annual tranches commencing on the first anniversary of completion. The shares to be issued were valued using the Actuarial Binomial model of actuaries Lane Clark & Peacock LLP. The remainder of the acquisition consideration relates to the discounted value of unconditional promissory notes payable on the first anniversary of completion.

Certain selling stockholders will also receive payments of up to £36.6m in the form of promissory notes payable on the third anniversary of completion only if they remain actively engaged in the business at the payment date. Further to this, contingent bonus consideration of up to £14.9m is payable to Studley's staff in March 2018 subject to the achievement of certain earnings growth targets measured over the three financial years to 31 December 2017. As required by IFRS 3 (revised) these payments are expensed to the income statement over the relevant periods of active engagement (30 June 2014: £1.4m).

Acquisition-related costs of £5.0m were also expensed as incurred to the income statement.

Goodwill of £88.1m and intangible assets of £4.1m relating to the order back-log have been provisionally determined. Goodwill is attributed to the experience, reputation and expertise of key brokers and is not expected to be deductible for tax purposes.

The acquired business contributed revenue of £9.5m and operating profit of £0.6m to the Group for the period from 1 June 2014 to 30 June 2014. Had the acquisition been made at the beginning of the financial year, revenue would have been £68.3m and operating profit would have been £5.4m.

Due to the timing of the acquisition, the fair values of the assets acquired and liabilities assumed are provisional and will be finalised within 12 months of the acquisition date. These are summarised below:

	Provisional fair value to the Group £m
Property, plant and equipment	5.5
Intangible assets	4.2
Investment in associates	2.0
Deferred income tax assets	10.6
Non-current receivables	4.5
Current assets: Trade and other receivables	21.9
Current income tax receivables	1.6
Assets classified as held for sale	5.6
Cash and cash equivalents	23.4
Total assets	79.3
Current liabilities: Trade and other payables	(44.9)
Current income tax liabilities	(0.2)
Deferred income tax liabilities	(1.7)
Non-current trade and other payables	(4.4)
Net assets acquired	28.1
Goodwill	88.1
Purchase consideration	116.2
Consideration satisfied by:	
Net cash paid	40.5
Fair value of shares to be transferred	34.9
Discounted value of unconditional promissory notes owing at reporting date	40.8
	116.2

The fair value of trade and other receivables is £26.4m and includes commissions receivable with a fair value of £19.8m. The gross contractual amount for commissions receivable is £20.9m, of which £0.6m is expected to be uncollectible.

Other acquisitions

In May 2014, the Group also acquired an effective 51% economic interest in PT Property Connection, a leading retail agency and consultancy business based in Jakarta, Indonesia, and completed on the acquisition of certain trade and assets of Merchant Capital KK, a Japanese asset management company focused on real estate and real estate related assets. Cash consideration for these transactions in the year amounted to £2.7m, with a further £0.3m expected to be paid in September 2014. Goodwill of £1.9m and intangible assets of £1.1m relating to customer contracts have been provisionally determined. Goodwill is attributable to the experience and expertise of key staff and strong industry reputation.

14. Retirement and employee benefit obligations

Defined benefit plan

The Pension Plan of Savills (the 'Plan') provided final salary pension benefits to some employees, but was closed with regard to future service-based benefit accrual with effect from 31 March 2010. From 1 April 2010, pension benefits for former members of the Plan are provided through the Group's defined contribution Personal Pension Plan.

Significant actuarial pension assumptions are detailed in the Group's Annual Report and Accounts 2013 and are the same as at 31 December 2013 except for the following:

	Six months to 30 June 2014	Six months to 30 June 2013	Year ended 31 December 2013
Expected rate of salary increases	3.85%	4.50%	3.85%
Discount rate	4.20%	4.70%	4.50%
Inflation assumption (RPI)	3.30%	3.40%	3.50%
Rate of increase to pensions in payment			
- accrued before 6 April 1997	3.00%	3.00%	3.00%
- accrued after 5 April 1997	3.30%	3.40%	3.50%
- accrued after 5 April 2005	2.40%	2.40%	2.40%
Rate of increase to pensions in deferment			
- accrued before 6 April 2001	5.00%	5.00%	5.00%
- accrued after 5 April 2001	2.30%	2.50%	2.50%
- accrued after 5 April 2009	2.30%	2.50%	2.50%

The amounts recognised in the statement of financial position are as follows:

	£m	£m	£m
Present value of funded obligations	200.2	178.5	189.0
Fair value of plan assets	(188.8)	(162.2)	(176.3)
Liability recognised in the statement of financial position (included in retirement and employee benefit obligations)	11.4	16.3	12.7

The amount recognised within the income statement for the period ended 30 June 2014 is a net interest cost of £0.2m (30 June 2013: £0.6m, 31 December 2013: £1.1m).

Included in retirement and employee benefit obligations is £14.5m relating to holiday pay and long service leave (30 June 2013: £14.7m, 31 December 2013: £14.2m).

15. Borrowings

Movements in borrowings are analysed as follows:

	£m
Opening amount as at 1 January 2014	9.8
Additional borrowings	99.0
Repayments of borrowings	(24.7)
Closing amount as at 30 June 2014	84.1

	30 June 2014	30 June 2013	31 December 2013
Current	£m	£m	£m
Bank overdrafts	-	1.3	-
Unsecured bank loans due within one year or on demand	84.1	57.7	6.8
Loan notes	-	0.5	-
	84.1	59.5	6.8
Non-current			
Unsecured bank loans	-	6.0	3.0
	-	6.0	3.0

The Group has the following undrawn borrowing facilities:

	30 June 2014	30 June 2013	31 December 2013
	£m	£m	£m
Floating rate			
- expiring within one year or on demand	19.6	32.8	20.5
- expiring between 1 and 5 years	72.0	-	90.0
	91.6	32.8	110.5

Unsecured bank loans includes a multi-currency revolving credit facility, which expires in June 2017, and an amortising term loan to finance the fit out costs incurred in 2013 for the Group's new head office, which expires in May 2015.

In December 2013, the Group's £65.0m multi-currency revolving credit facility was cancelled and replaced with a new £90.0m multi-currency revolving credit facility. The facility includes an accordion feature that allows the Group to extend the credit available by a further £90.0m, of which £60.0m was exercised in April 2014.

16. Related party transactions

As at 30 June 2014, loans outstanding to associates and joint ventures amounted to £2.2m (30 June 2013: £2.5m, 31 December 2013: £2.5m).

17. Contingent liabilities

In common with comparable professional services businesses, the Group is involved in a number of disputes in the ordinary course of business. Provision is made in the financial statements for all claims where costs are likely to be incurred and represents the cost of defending and concluding claims. The Group carries professional indemnity insurance and no separate disclosure is made of the cost of claims covered by insurance as to do so could seriously prejudice the position of the Group.

18. Seasonality

A significant percentage of revenue is seasonal which has historically caused revenue, profits and cash flow from operating activities to be lower in the first half and higher in the second half of each year. The concentration of revenue and cash flow in the fourth quarter is due to an industry-wide focus on completing transactions toward the calendar year end.

SHAREHOLDER INFORMATION

Like many other listed public companies, Savills no longer issues a hard copy of the Interim Statement to shareholders.

This announcement together with the attached financial statements and notes may be downloaded from the investor relations section of the Company website at www.savills.com.