

Savills plc
Interim Statement
2007

savills

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Chairman's Statement

Results and highlights We reported in our Trading Update, released on 4 July 2007, that the Group had made a good start to the year. We noted that possible further increases in UK interest rates would continue to affect commercial property values and the resultant uncertainty could, in the short term, affect the volume of commercial transactions but should have little effect on prime residential markets; this still remains the case. We also noted that the European and Asian markets were less likely to be influenced by the increasing cost of money.

I am, therefore, delighted to announce that revenue increased by 35% to £284.2m for the six months to 30 June 2007 (2006: £211.1m). Profit before tax increased to £33.2m for the six months to 30 June 2007 (2006: £31.0m including £5.0m profit on disposals). Underlying profit before tax increased by 27% to £32.5m from £25.6m. Basic earnings per share for the six months to 30 June 2007 increased to 17.8p (2006: 17.2p). Adjusted underlying earnings per share increased by 25% to 17.4p (2006: 13.9p). The Directors have decided to increase the interim dividend to 6.0p (2006: 5.0p) to be paid on 29 October 2007 to shareholders on the register as at 28 September 2007. The increase reflects our continued confidence in the performance of the business.

Following the placing of Savills shares on 11 January 2007 by CBRE upon its acquisition of Trammell Crow Company we repurchased shares to the value of £21.8m for cancellation. In addition, we purchased shares to the value of £12.9m for the Employee Benefit Trust (2006: £5.0m).

On 31 July 2007, in line with our strategy to invest directly in operations in the US, we acquired Granite Partners LLC, a US real estate investment banking firm, for an initial consideration of US\$54.0m, of which 75% was payable on completion.

As announced in August, Mark Dearsley joined the Board of Savills as Group Finance Director on 3 September 2007. Mark was previously Finance Director for the division of Aviva which is responsible for their operations outside the UK, and before that he was Aviva's Group Mergers & Acquisitions Director. We believe Mark will greatly strengthen our senior management team and will help to ensure the continuing expansion of the business in the UK and overseas.

Marketplace overview

UK In the first half, domestic and international investors remained active across all sectors in the UK, with their focus primarily on rental growth opportunities. The commercial office market showed tenant demand improving and levels of availability falling.

In many locations this led to strong upward growth in rents and an increase in speculative development activity. Investor and tenant demand for retail property in the UK was varied with concerns about consumer confidence in the light of rising interest rates making both retailers and investors more selective about location. In the industrial and distribution markets, tenant demand was stable although distributors' margins were under pressure. There continued to be an increased level of tenant selectivity on locations for new facilities. Recent tightening of credit markets is affecting transactional volumes in commercial investment markets.

Conditions have been strongest at the top end of the London residential market, where wealthy international purchasers have added to the demand from City buyers. Successive interest rate increases have led to a slowing of the mainstream UK residential markets, most notably in the north of England, the Midlands and Wales. Buyer caution has been evident largely in lower levels of price growth rather than lower volumes of transactions. Markets have been more robust in Scotland and the south of England, led by London where high demand from employment growth

and in-migration is running up against a scarcity of stock. The Government's strategy to build more houses, in order to ease affordability pressures, and the development of sustainable new communities has increased the complexity and risks of developing new homes and workplaces, leading to higher demand for professional services in valuation, planning, development and building consultancy.

Europe Tenant demand in Europe's major office markets was strong in the first half of 2007, with some markets showing signs that leasing activity levels could exceed the highs of 2006. In general, vacancy rates fell in most major cities which impacted positively upon rental growth. Office rental growth in Europe's major cities strengthened in the second quarter of 2007. Tenant demand was less strong in the retail markets, driven by tenant concerns about the prospects for local retail economies. Although retailers continued to open new stores, they were more selective on location. Upward rental growth on prime distribution property across Europe accelerated over the first six months of the year.

In mainland Europe investor demand remained strong. Generally, investors were increasingly focused on rental growth prospects such as city centre offices; however, yields continued to harden on both office and distribution properties.

Asia Pacific The investment market was particularly active over the first half of the year. Market participants included overseas investment funds, local investors and developers. In the office market, local demand remained relatively subdued while competition for en bloc investments was intense among the funds. Opportunities in the retail market were scarce and values, especially in core locations, continued to rise. In the industrial sector, higher yields continued to attract interest from funds while local developers and landlords were more focused on change of use to residential or hotels. In the office rental market, after three years of rapid rises, rents stabilised prior to substantial new supply which is expected to enter the market in 2008. Growth in the financial services sector has fuelled demand for luxury housing and rents are expected to rise further.

In the residential market, prices of luxury apartments and townhouses have been appreciating strongly while more lacklustre growth has been noted in the mainstream market.

US In the first half of the year the commercial real estate markets continued to grow with certain sectors experiencing tighter vacancy rates and higher rents. During the second quarter, concerns over sub-prime lending led to tightening in the credit markets. This tightening in credit has begun to affect transaction volumes.

Segmental reviews

Transactional Advice

Six months to 30 June	2007 £m	2006 £m	Change
Revenue	134.7	94.9	+42%
Underlying profit before tax	20.9	15.3	+37%

Our Transactional teams across the UK had a strong first half with some notable investment deals being completed, the largest to date being the acquisition in the City of London of CityPoint for Beacon Capital for £660m.

Our London Agency teams benefited from the strong demand for offices in the West End, City and the South East.

The period saw large development and residential portfolio sales. In London, in particular, we benefited from a buoyant market which has extended into the Home Counties. Interest rate increases had little impact on the top end of the market; however, there have been some signs that these rises are feeding into lower priced stock particularly outside of London.

Our New Homes business benefited from a strong London market but, following UK interest rate rises, there has been increased price sensitivity elsewhere in the country.

The Transactional teams across Europe have benefited from the strong demand from investors for European commercial property. In particular, our German teams were very active as investors continued to focus on extensive opportunities in the German market where we have been expanding our teams to meet demand.

In Asia, our Transactional business has been strong particularly in Hong Kong and Singapore. The strength of the Hang Seng stock market and the general enthusiasm for real estate continued to push investor demand for commercial

and retail property assets. The Singapore luxury residential market experienced significant growth. Elsewhere in Asia Pacific there has been increased deal flow in Australia, Japan, and Taipei, where we opened an office in April 2007.

Consultancy

Six months to 30 June	2007 £m	2006 £m	Change
Revenue	57.1	37.7	+51%
Underlying profit before tax	6.9	5.8	+19%

Our Valuation teams both in the UK and Europe have increased their market share and we are seeing increased fee levels due to the recent expansion of our teams. Our newly formed Pan-European Valuation team has performed above expectation.

Our other Consultancy teams, in particular our Housing, Building Consultancy and Rent Review teams, have all enjoyed a very strong first half year and have a healthy pipeline. The Residential Consultancy business experienced a strong first half, especially the Planning and Valuation departments which also enjoy a strong pipeline. The integration of Hephher Dixon has gone well, with the combined Planning business outperforming expectations.

The Consultancy business in Asia continued to grow steadily. We are seeking to export our leading market position in Hong Kong to mainland China where we have a strong presence in property management and agency. In Australia, our Valuation business continued to increase its scope of operations and we now have a leading Valuation team in Melbourne.

Property and Facilities Management

Six months to 30 June	2007 £m	2006 £m	Change
Revenue	71.8	63.2	+14%
Underlying profit before tax	3.6	4.5	(20%)

In the UK, we won a number of new instructions from both existing and new clients. One notable instruction was from Resolution Asset Management for the management of three of their funds.

In Europe, we continued to expand our Property Management business, in particular in Amsterdam where we now have 14 people in our Management department. Our strategy is to continue to grow and build a profitable European Property Management business in other key European centres, notably Madrid, Paris, Berlin, Frankfurt and Hamburg.

In Asia Pacific, the Property Management and Facility Management businesses have been successful in increasing their portfolio of properties under management. The businesses have also diversified into new areas including the management of retirement homes which is seen as a growth business in Hong Kong. During the first half of the year an operating business was acquired to manage a portfolio of retirement homes. In addition, we have entered into a joint venture to manage Hong Kong's only 'Eco-park', where waste and pollution issues which are increasingly relevant in Hong Kong's congested society.

Financial Services

Six months to 30 June	2007 £m	2006 £m	Change
Revenue	13.3	12.1	+10%
Underlying profit before tax	1.7	1.5	+13%

Despite the recent rises in UK interest rates, Savills Private Finance continued to trade well, especially in the south of England. New offices have been opened in Cardiff and Windsor with further expansion planned in the second half of the year.

Fund Management

Six months to 30 June	2007 £m	2006 £m	Change
Revenue	7.3	2.7	+170%
Underlying profit before tax	2.1	0.1	N/A

As at 30 June	2007 £bn	2006 £bn	Growth
Funds under management	2.8	1.8	+56%

In the first six months of 2007, Cordea Savills closed Serviced Land No. 2 LP and launched two new funds, a German Retail Fund for international institutional investors and a pan-European Fund aimed at Italian institutional investors, as well as offering a syndication opportunity for private investors. Additional funds are planned to be launched in the second half of the year including a second Italian Opportunities vehicle and a UK Property Ventures Fund.

During the first six months, Cordea Savills invested in £575m of property located in Italy, Germany, the Netherlands and the UK on behalf of funds including Italian Opportunities No. 1, Europa Immobiliare No. 1, the German Retail Fund, the Charities Property Fund and Serviced Land No. 2 LP.

In line with the growth in the range and diversity of its funds, Cordea Savills has continued to develop its resources and infrastructure with the addition of staff in the UK, Italy and Germany and with new offices opening in Dublin and Luxembourg.

We continue to look at ways of accessing third party capital to facilitate the launch of new funds. This capital is more likely to come in the form of bank finance.

Outlook Savills has performed strongly in the first six months to 30 June 2007 and continues to trade well. However, tightening credit markets are affecting transactional volumes in the commercial investment markets, primarily in the UK. We believe prime UK residential markets should, however, remain resilient. Overall, given the broad spread of our business, we are cautiously confident of producing a good result for the year as a whole, in line with our expectations.



Peter Smith Chairman

Independent Review Report to Savills plc

Introduction We have been instructed by the Company to review the financial information for the six months ended 30 June 2007 which comprises the Consolidated Income Statement, the Consolidated Balance Sheet as at 30 June 2007, the Consolidated Statement of Cash Flows and the Consolidated Statement of Recognised Income and Expense and related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the Directors. The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

This interim report has been prepared in accordance with the basis set out in Note 1.

Review work performed We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, 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.

Review conclusion On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2007.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
London
WC2N 6RH

10 September 2007

Notes:

(a) The maintenance and integrity of the Savills plc web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the web site.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Consolidated Income Statement (unaudited)

for the period ended 30 June 2007

	Notes	Six months to 30.06.07 £m	Six months to 30.06.06 £m	Year ended 31.12.06 £m
Continuing operations				
Revenue	2	284.2	211.1	517.6
Less:				
Employee benefits expense		(166.1)	(125.2)	(306.1)
Depreciation		(2.8)	(2.7)	(5.6)
Amortisation of intangibles and impairment of goodwill		(1.5)	(0.7)	(2.4)
Other operating expenses		(82.1)	(58.7)	(129.2)
Other income		–	–	0.8
Profit on disposal of subsidiary, associate, joint ventures and available-for-sale investments		–	5.0	5.1
Operating profit	2	31.7	28.8	80.2
Finance income		2.0	2.2	4.8
Finance costs		(0.7)	–	(1.1)
		1.3	2.2	3.7
Share of post tax profit from associates and joint ventures		0.2	–	0.5
Profit before income tax		33.2	31.0	84.4
Income tax expense (including foreign tax of £1.5m, June 2006: £1.3m and December 2006: £4.4m)	4	(10.3)	(9.7)	(25.6)
Profit for the period from continuing operations		22.9	21.3	58.8

	Notes	Six months to 30.06.07 £m	Six months to 30.06.06 £m	Year ended 31.12.06 £m
Discontinued operations				
Profit for the period from discontinued operations	3	–	0.3	0.3
Profit after income tax		22.9	21.6	59.1
Attributable to:				
Equity shareholders of the Company		21.6	21.3	57.7
Minority interest		1.3	0.3	1.4
		22.9	21.6	59.1
Earnings per share				
From continuing and discontinued operations				
Basic earnings per share	7	17.8p	17.2p	46.3p
Diluted earnings per share	7	17.1p	16.2p	44.2p
From continuing operations				
Basic earnings per share	7	17.8p	16.9p	46.0p
Diluted earnings per share	7	17.1p	15.9p	44.0p
From discontinued operations				
Basic earnings per share	7	–	0.3p	0.3p
Diluted earnings per share	7	–	0.3p	0.2p
Dividends per share				
Interim dividend proposed	5	6.0p	5.0p	–
Dividends paid	5	11.0p	8.0p	13.0p

Consolidated Balance Sheet (unaudited)

at 30 June 2007

	Notes	30.06.07 £m	30.06.06 £m	31.12.06 £m
Assets				
Non-current assets				
Property, plant and equipment		16.4	15.7	16.5
Goodwill		111.5	99.8	99.9
Intangible assets		18.1	10.8	19.1
Investments in associates and joint ventures		8.2	4.7	5.6
Deferred income tax assets		14.1	21.4	20.6
Available-for-sale investments		11.3	10.1	8.8
Financial assets at fair value through profit or loss		1.5	–	1.5
		181.1	162.5	172.0
Current assets				
Assets classified as held for sale		26.0	–	–
Work in progress		3.4	3.4	3.2
Trade and other receivables		167.1	116.6	163.9
Cash and cash equivalents		40.9	63.1	124.1
		237.4	183.1	291.2
Liabilities				
Current liabilities				
Borrowings		21.7	7.1	7.3
Derivative financial instruments		0.3	–	0.2
Liabilities directly related to assets classified as held for sale		23.0	–	–
Trade and other payables		135.9	111.8	191.8
Current income tax liabilities		7.3	7.4	10.3
Employee benefit obligations		4.1	2.6	3.0
Provisions for other liabilities and charges		1.5	0.7	1.5
		193.8	129.6	214.1
Net current assets		43.6	53.5	77.1
Total assets less current liabilities		224.7	216.0	249.1

	Notes	30.06.07 £m	30.06.06 £m	31.12.06 £m
Non-current liabilities				
Borrowings		6.8	11.8	12.0
Derivative financial instruments		0.1	–	0.3
Trade and other payables		7.9	1.0	2.0
Retirement and employee benefit obligations		7.3	17.4	19.0
Provisions for other liabilities and charges		2.2	2.5	1.6
Deferred income tax liabilities		1.4	1.7	1.4
		25.7	34.4	36.3
Net assets				
		199.0	181.6	212.8
Equity				
Capital and reserves attributable to equity holders of the Company				
Share capital	10	3.3	3.3	3.4
Share premium	10	82.9	81.4	82.4
Other reserves	10	(2.6)	0.9	(1.8)
Retained earnings	10	110.5	92.3	124.5
		194.1	177.9	208.5
Minority interest	10	4.9	3.7	4.3
Total equity		199.0	181.6	212.8

Consolidated Statement of Cash Flows (unaudited)

for the period ended 30 June 2007

	Notes	Six months to 30.06.07 £m	Six months to 30.06.06 £m	Year ended 31.12.06 £m
Cash flows from operating activities				
Cash (used in)/generated from continuing operations	8	(14.6)	0.1	87.4
Interest received		2.0	2.2	4.7
Interest paid		(0.7)	–	(0.9)
Income tax paid		(11.1)	(6.5)	(15.1)
Net cash (used in)/generated from operating activities		(24.4)	(4.2)	76.1
Cash flows from investing activities				
Outflow from sale of subsidiary, net of cash disposed		–	–	(0.2)
Proceeds from sale of property, plant and equipment		0.1	–	0.2
Proceeds from sale of associates, joint ventures and available-for-sale investments		–	6.3	7.9
Dividends received		0.2	0.2	0.5
Net loans to associates and joint ventures		(1.0)	(1.8)	(2.0)
Acquisition of subsidiaries, net of cash acquired	9	(7.4)	(26.6)	(37.8)
(Purchase)/sale of assets held for resale		(3.0)	16.3	16.3
Purchases of property, plant and equipment		(2.4)	(3.4)	(7.3)
Purchases of intangible assets		(0.5)	(0.6)	(1.1)
Purchase of investment in associates, joint ventures and available-for-sale investments		(4.0)	(5.5)	(2.2)
Purchase of financial assets at fair value through profit or loss		–	–	(1.5)
Net cash used in investing activities		(18.0)	(15.1)	(27.2)

	Notes	Six months to 30.06.07 £m	Six months to 30.06.06 £m	Year ended 31.12.06 £m
Cash flows from financing activities				
Proceeds from issue of share capital		0.3	0.5	1.2
Proceeds from borrowings		15.1	0.3	0.2
Repurchase of own shares		(21.8)	–	–
Purchase of own shares for Employee Benefit Trust		(12.9)	(5.0)	(5.0)
Repayments of borrowings		(6.6)	(1.0)	(1.1)
Dividends paid		(14.0)	(10.0)	(16.4)
Net cash used in financing activities		(39.9)	(15.2)	(21.1)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts				
Cash and cash equivalents at beginning of the period		123.7	99.9	99.9
Effect of exchange rate fluctuations on cash held		(0.5)	(2.2)	(4.0)
Cash, cash equivalents and bank overdrafts at end of period		40.9	63.2	123.7

Consolidated Statement of Recognised Income and Expense (unaudited)

for the period ended 30 June 2007

	Notes	Six months to 30.06.07 £m	Six months to 30.06.06 £m	Year ended 31.12.06 £m
Profit for the period		22.9	21.6	59.1
Revaluation of available-for-sale investments		0.2	0.4	0.4
Actuarial gain on defined benefit pension scheme		12.1	6.4	2.5
Tax on items directly taken to reserves		(3.8)	0.5	3.5
Foreign exchange translation differences		(1.0)	(2.1)	(4.3)
Net income recognised directly in equity		7.5	5.2	2.1
Total recognised income and expense for the period		30.4	26.8	61.2
Attributable to:				
Equity shareholders of the Company		29.2	26.5	59.6
Minority interest		1.2	0.3	1.6
		30.4	26.8	61.2

Notes to the Financial Statements

1. Basis of preparation

The financial information comprises the unaudited Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Statement of Cash Flows, Consolidated Statement of Recognised Income and Expense and related notes as at 30 June 2007 and 30 June 2006, together with the audited Consolidated Balance Sheet and Consolidated Income Statement for the year ended 31 December 2006.

This financial information has been prepared in accordance with the Listing Rules of the Financial Services Authority. In preparing this financial information, management has used the principal accounting policies as set out in the Group's annual financial statements for the year ended 31 December 2006 on pages 84 to 89.

As permitted, the Group has chosen not to adopt IAS 34, 'Interim financial statements' in preparing its 2007 interim statements, and therefore this interim financial information is not considered to be in full compliance with IFRS.

The 2006 Annual Report and Accounts, which are the Group's statutory accounts, have been filed with the Registrar of Companies. The auditors' report on these accounts was unqualified and did not contain a statement under Section 237(2) or Section 237(3) of the Companies Act 1985.

2. Segment analysis continued

Six months to 30 June 2006	Transactional Advice £m	Consultancy £m	Property & Facilities Management £m	Fund Management £m	Financial Services £m	Unallocated* £m	Total £m
Revenue							
United Kingdom							
– Commercial	30.5	21.9	15.9	2.7	1.5	0.2	72.7
– Residential	40.3	9.5	3.9	–	10.6	0.3	64.6
	70.8	31.4	19.8	2.7	12.1	0.5	137.3
Rest of Europe	6.8	1.1	2.5	–	–	–	10.4
Asia Pacific	17.3	5.2	40.9	–	–	–	63.4
Total revenue	94.9	37.7	63.2	2.7	12.1	0.5	211.1
Operating profit							
United Kingdom							
– Commercial	5.9	3.6	1.6	0.1	0.3	(1.7)	9.8
– Residential	11.4	1.8	0.3	–	1.0	–	14.5
	17.3	5.4	1.9	0.1	1.3	(1.7)	24.3
Rest of Europe	0.4	–	(0.2)	–	–	–	0.2
Asia Pacific	1.4	0.5	2.4	–	–	–	4.3
Operating profit/(loss)	19.1	5.9	4.1	0.1	1.3	(1.7)	28.8
Net finance income							2.2
Share of post tax profit from associates and joint ventures							–
Profit before income tax							31.0
Income tax expense							(9.7)
Profit for the period from continuing operations							21.3

The unallocated segment includes holding company costs, Group bonuses and other expenses not directly attributable to the operating activities of the Group's business segments.

*For the purpose of the segmental information above, and to assist in the comparison of segmental information, the benefit arising from the amortisation of the share based payment charge as discussed in more detail in Note 6, is retained within the unallocated segment. The June 2006 segmental analysis has been adjusted to allocate European central costs against the relevant business streams. These costs were previously shown as part of the unallocated United Kingdom – commercial segment.

3. Non-current assets held for sale and discontinued operations

	Six months to 30.06.07 £m	Six months to 30.06.06 £m	Year ended 31.12.06 £m
Revenue	–	1.1	1.1
Expenses	–	(0.4)	(0.4)
(Loss)/profit before income tax	–	0.7	0.7
Income tax expense	–	(0.4)	(0.4)
(Loss)/profit before income tax	–	0.3	0.3

The Cordea Savills Nordic Retail No.1 Group of companies were established in the period to provide seed assets for a proposed fund to be launched by Cordea Savills later in the year. As at 30 June 2007, the Group held 100% of the share capital of these companies and the associated assets and liabilities have been classified as held for sale as it is expected that they will be disposed of in the second half of the year on the launch of the fund to investors. There was no impact on the income statement in the period.

The 2006 results relate to the assets and liabilities of the Student Halls Long Lease 1 Unit Trust (the 'Fund') which were disposed during the year ended 31 December 2006.

4. Income tax on profit from continuing operations

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 30.06.07 £m	Six months to 30.06.06 £m	Year ended 31.12.06 £m
United Kingdom corporation tax	(9.3)	(7.6)	(18.7)
Foreign tax	(1.8)	(1.4)	(4.7)
Deferred tax	0.8	(0.7)	(2.2)
	(10.3)	(9.7)	(25.6)

5. Dividends

	Six months to 30.06.07 £m	Six months to 30.06.06 £m	Year ended 31.12.06 £m
Amounts recognised as distribution to equity holders:			
Interim dividend of 5.0p per share	–	–	6.2
Ordinary final dividend of 11.0p per share (2006: 8.0p)	13.4	10.0	10.0
	13.4	10.0	16.2
Proposed interim dividend for the six months ended 30 June 2007	7.3	–	–

The Directors have recommended an interim dividend for the six months to 30 June 2007 of 6.0p per ordinary share (2006: 5.0p). The interim dividend will be paid on 29 October 2007 to shareholders on the register as at 28 September 2007.

6. Underlying profit before tax**(a) From continuing operations**

	Six months to 30.06.07 £m	Six months to 30.06.06 £m	Year ended 31.12.06 £m
Reported profit before income tax	33.2	31.0	84.4
Adjustments:			
Amortisation of intangibles (excluding software) and impairment of goodwill	1.2	0.4	1.8
Share based payment adjustment	(1.9)	(0.8)	(6.1)
Sale of subsidiary, associate, joint ventures and available-for-sale investments	–	(5.0)	(5.1)
Underlying profit before tax	32.5	25.6	75.0

The Directors regard the above adjustments necessary to give a fair picture of the underlying results of the Group for the period. The adjustment for share based payment relates to the transitional 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 value of the annual share award.

6. Underlying profit before tax continued

(b) Segmental analysis

Six months to 30 June 2007	Transactional Advice £m	Consultancy £m	Property & Facilities Management £m	Fund Management £m	Financial Services £m	Unallocated £m	Total £m
United Kingdom							
– Commercial	7.7	4.5	0.6	2.1	0.1	(2.7)	12.3
– Residential	10.1	1.6	0.5	–	1.6	–	13.8
	17.8	6.1	1.1	2.1	1.7	(2.7)	26.1
Rest of Europe	0.2	0.3	(0.3)	–	–	–	0.2
Asia Pacific	2.9	0.5	2.8	–	–	–	6.2
Underlying profit before tax	20.9	6.9	3.6	2.1	1.7	(2.7)	32.5

Six months to 30 June 2006	Transactional Advice £m	Consultancy £m	Property & Facilities Management £m	Fund Management £m	Financial Services £m	Unallocated £m	Total £m
United Kingdom							
– Commercial	6.3	3.5	1.3	0.1	0.3	(1.6)	9.9
– Residential	7.2	1.8	0.5	–	1.2	–	10.7
	13.5	5.3	1.8	0.1	1.5	(1.6)	20.6
Rest of Europe	0.4	–	(0.2)	–	–	–	0.2
Asia Pacific	1.4	0.5	2.9	–	–	–	4.8
Underlying profit before tax	15.3	5.8	4.5	0.1	1.5	(1.6)	25.6

6. Underlying profit before tax continued

(b) Segmental analysis continued

Year to 31 December 2006	Transactional Advice £m	Consultancy £m	Property & Facilities Management £m	Fund Management £m	Financial Services £m	Unallocated £m	Total £m
United Kingdom							
– Commercial	20.5	10.6	2.8	0.7	1.0	(3.9)	31.7
– Residential	16.6	4.0	1.4	–	3.4	–	25.4
	37.1	14.6	4.2	0.7	4.4	(3.9)	57.1
Rest of Europe	4.7	0.8	–	–	–	–	5.5
Asia Pacific	4.4	0.7	7.3	–	–	–	12.4
Underlying profit before tax	46.2	16.1	11.5	0.7	4.4	(3.9)	75.0

7. Basic and diluted earnings per share

(a) Basic and diluted earnings per share

Six months to 30 June	Earnings 2007 £m	Shares 2007 m	EPS 2007 Pence	Earnings 2006 £m	Shares 2006 m	EPS 2006 Pence
From continuing and discontinued operations						
Basic earnings per share	21.6	121.4	17.8	21.3	124.0	17.2
Effect of additional shares issuable under option	–	4.9	(0.7)	–	7.5	(1.0)
Diluted earnings per share	21.6	126.3	17.1	21.3	131.5	16.2
From continuing operations						
Basic earnings per share	21.6	121.4	17.8	21.0	124.0	16.9
Effect of additional shares issuable under option	–	4.9	(0.7)	–	7.5	(1.0)
Diluted earnings per share	21.6	126.3	17.1	21.0	131.5	15.9
From discontinued operations						
Basic earnings per share	–	121.4	–	0.3	124.0	0.3
Effect of additional shares issuable under option	–	4.9	–	–	7.5	–
Diluted earnings per share	–	126.3	–	0.3	131.5	0.3

7. Basic and diluted earnings per share continued**(a) Basic and diluted earnings per share continued**

Year to 31 December	Earnings 2006 £m	Shares 2006 m	EPS 2006 Pence
From continuing and discontinued operations			
Basic earnings per share	57.7	124.7	46.3
Effect of additional shares issuable under option	–	5.8	(2.1)
Diluted earnings per share	57.7	130.5	44.2
From continuing operations			
Basic earnings per share	57.4	124.7	46.0
Effect of additional shares issuable under option	–	5.8	(2.0)
Diluted earnings per share	57.4	130.5	44.0
From discontinued operations			
Basic earnings per share	0.3	124.7	0.3
Effect of additional shares issuable under option	–	5.8	(0.1)
Diluted earnings per share	0.3	130.5	0.2

(b) Adjusted underlying basic earnings per share

Six months to 30 June	Earnings 2007 £m	Shares 2007 m	EPS 2007 Pence	Earnings 2006 £m	Shares 2006 m	EPS 2006 Pence
From continuing operations						
Basic earnings from continuing operations	21.6	121.4	17.8	21.0	124.0	16.9
Amortisation of intangibles (excluding software) and impairment of goodwill after tax	0.8	–	0.7	0.3	–	0.3
Share based payment adjustment after tax	(1.3)	–	(1.1)	(0.6)	–	(0.5)
Less sale of subsidiary, associate, joint venture and available-for-sale investments after tax	–	–	–	(3.5)	–	(2.8)
Adjusted underlying basic earnings per share	21.1	121.4	17.4	17.2	124.0	13.9

7. Basic and diluted earnings per share continued**(b) Adjusted underlying basic earnings per share continued**

Year to 31 December	Earnings 2006 £m	Shares 2006 m	EPS 2006 Pence
From continuing operations			
Basic earnings from continuing operations	57.4	124.7	46.0
Amortisation of intangibles (excluding software) and impairment of goodwill after tax	1.3	–	1.0
Share based payment adjustment after tax	(4.3)	–	(3.4)
Less sale of subsidiary, associate, joint venture and available-for-sale investments after tax	(3.5)	–	(2.8)
Adjusted underlying basic earnings per share	50.9	124.7	40.8

8. Cash generated from continuing operations

	Six months to 30.06.07 £m	Six months to 30.06.06 £m	Year ended 31.12.06 £m
Profit for the year from continuing operations	22.9	21.3	58.8
Adjustments for:			
Income tax	10.3	9.7	25.6
Depreciation	2.8	2.7	5.6
Amortisation of intangibles	1.5	0.7	2.4
Net finance income	(1.3)	(2.2)	(3.7)
Share of post tax profit from associates and joint ventures	(0.2)	–	(0.5)
Profit on disposal of subsidiary, associate, joint venture and available-for-sale investments	–	(5.0)	(5.1)
Loss on sale of property, plant and equipment	0.5	0.6	0.4
Increase in provisions	0.3	1.0	0.5
Increase/(decrease) in employee and retirement obligations	1.6	(1.0)	(2.2)
Charge for share based compensation	4.2	1.9	5.3
Operating cash flows before movements in working capital	42.6	29.7	87.1
(Increase)/decrease in work in progress	–	(0.3)	0.4
(Increase)/decrease in debtors	(1.2)	12.0	(37.2)
(Decrease)/increase in creditors	(56.0)	(41.3)	37.1
Cash (used in)/generated from operations	(14.6)	0.1	87.4

9. Acquisitions

On 7 January 2007, the Group acquired the share capital of Hephher Dixon Limited for consideration of £5.1m. Goodwill on acquisition of £4.3m has been provisionally determined, and is attributable to key staff and their industry reputation. Cash consideration of £2.8m was paid on 5 January 2007 with £2.3m deferred cash consideration due over the next five years.

On 3 May 2007, the Group acquired the share capital of Christopher Rowland Limited for consideration of £4.3m. Provisional goodwill on acquisition of £4.2m has been determined, and is attributable to key staff and their industry reputation. Cash consideration of £2.1m was paid on 3 May 2007 with £2.2m deferred cash consideration due over the next five years.

10. Statement of changes in equity

	Attributable to equity holders of the Group					Total equity £m
	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Minority interest £m	
Balance at 1 January 2007	3.4	82.4	(1.8)	124.5	4.3	212.8
Total recognised income and expense for the period	–	–	(0.9)	30.1	1.2	30.4
Employee share option scheme:						
– Value of services provided	–	–	–	4.2	–	4.2
– Exercise options	–	0.2	–	(0.2)	–	–
Issue of share capital	–	0.3	–	–	–	0.3
Purchase of own shares	(0.1)	–	0.1	(21.8)	–	(21.8)
Purchase of treasury shares	–	–	–	(12.9)	–	(12.9)
Dividends	–	–	–	(13.4)	(0.6)	(14.0)
Balance at 30 June 2007	3.3	82.9	(2.6)	110.5	4.9	199.0

10. Statement of changes in equity continued

	Attributable to equity holders of the Group				Minority interest £m	Total equity £m
	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m		
Balance at 1 January 2006	3.3	80.9	6.5	77.0	0.6	168.3
Total recognised income and expense for the period	–	–	(1.9)	28.4	0.3	26.8
Employee share option scheme:						
– Value of services provided	–	–	–	1.9	–	1.9
Issue of share capital	–	0.5	–	–	–	0.5
Purchase of treasury shares	–	–	–	(5.0)	–	(5.0)
Dividends	–	–	–	(10.0)	(0.1)	(10.1)
Disposals (net of tax)	–	–	(3.7)	–	–	(3.7)
Acquisitions	–	–	–	–	2.9	2.9
Balance at 30 June 2006	3.3	81.4	0.9	92.3	3.7	181.6

	Attributable to equity holders of the Group				Minority interest £m	Total equity £m
	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m		
Balance at 1 January 2006	3.3	80.9	6.5	77.0	0.6	168.3
Total recognised income and expense for the period	–	–	(4.2)	63.8	1.6	61.2
Employee share option scheme:						
– Value of services provided	–	–	–	5.3	–	5.3
– Exercise options	–	0.4	–	(0.4)	–	–
Issue of share capital	0.1	1.1	–	–	–	1.2
Purchase of treasury shares	–	–	–	(5.0)	–	(5.0)
Dividends	–	–	–	(16.2)	(0.2)	(16.4)
Disposals (net of tax)	–	–	(4.1)	–	–	(4.1)
Acquisitions	–	–	–	–	2.3	2.3
Balance at 31 December 2006	3.4	82.4	(1.8)	124.5	4.3	212.8

11. Events after Balance Sheet date

On 31 July 2007, in line with our strategy to invest directly in operations in the US, we acquired Granite Partners LLC, a US real estate investment banking firm, for an initial consideration of US\$54.0m, of which 75% was payable on completion.

As at the date of this announcement the triennial valuation of the Group's defined benefit pension scheme was still being undertaken. This valuation will be incorporated into the financial statements for the year ended 31 December 2007.

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Copies of this statement are available from the Company website at: www.savills.com and also from:

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***Equiniti Limited – the new name for our company registrar.** Lloyds TSB Registrars is to be purchased by Advent International and will be changing its name to Equiniti Limited. Subject to final FSA (Financial Services Authority) approval, this is scheduled to take place this Autumn. After that, you will begin to receive information about your Savills shares from Equiniti Limited. As the same people will be continuing to manage our register, the phone and address details will remain unchanged. As part of the purchase, the online service for shareholders, Shareview, will be transferring to Equiniti Limited and you will be able to continue to manage your share portfolio at www.shareview.co.uk



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