

M Winkworth Plc

Interim Results for the Six Months ended 30 June 2010

M Winkworth Plc ("Winkworth", the "Company" or the "Group") is pleased to announce its Interim Results for the six months ended 30 June 2010

Highlights

- Sales up 20.7% to £1.68 million (2009: £1.39 million)
- Profit before taxation up 79.1% to £563,345 (2009: £314,529)
- Cash generated from operations of £233,150 (2009: £114,642)
- 2009 final dividend paid 0.5p and interim dividend paid of 1p for 2010
- Property sales transactions up 78%

"The first half of 2010 benefited from a sharp upturn in transactions and rising rental prices. While the second half of the year may see greater stability, we are confident in our organic growth prospects and remain alert to potential opportunities for acquisition.

We continue to see substantial value in franchising as a model and the efficiencies it brings to estate agents through its economies of scale. We have witnessed a dramatic increase in interest from potential new franchisees, with the number of applicants in the year to date standing at 84 compared to 32 at the same time last year".

Dominic Agace, Chief Executive Officer

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Overview

Winkworth's progress in 2010 has benefited from a strong recovery in the market place leading to a particularly successful half year. We have used this momentum to reinforce the business for what we expect will be a quieter market ahead.

We remain cautious in the belief that sales and rental volumes will be maintained at current levels for the next 18 months. It is generally accepted that a more stable market favours better established estate agents and we expect our franchise businesses to maintain both market share and profitability. Our growth will come from the new offices that we have opened and those that we have re-branded over the last 18 months. Our bias to the more active London market should continue to drive our sales above national levels.

I would like to pass on my congratulations to Dominic Agace for opening a number of high quality new franchises. Winkworth's expansion into the county towns and provinces of the UK has been particularly strong in this first half of the year. We are particularly pleased with our expansion into the prestigious commuter and market towns of Bath, Northampton, and most recently Lewes. A number of new franchise deals are at various stages of completion and we look forward to further expansion into similar towns associated with high net-worth residents.

While we have not completed any major purchase in the period under review, we have continued to expand the business. We believe we have been wise not to chase deals on projections of market recovery to peak levels - with the economic outlook remaining uncertain, we anticipate that opportunities may arise from capital-starved businesses during the second half of this year and in 2011. I am confident that being a well capitalised business with no debt in a tightening economy puts us in a prime position to act on such opportunities.

With regard to our overseas business, we have always viewed our international expansion with great caution and we will continue to do so. In the meantime the markets in both France and Portugal continue to be neutral and very much influenced by the financial difficulties in Europe.

As the franchise grows we are able to generate economies of scale and it is this formula that is working well for us and improving our profitability. We look forward to the coming year with optimism.

Simon Agace

Non-Executive Chairman

7th September 2010

Business Review

Winkworth's activity in the UK market remains strong, with year-on-year transactions up 51% to the end of August. The property sales division was the key driver of first half performance with a dramatic increase in transactions on 2009. Despite this, the run rate of approximately 650,000 transactions for UK housing sales in 2010 remains well below the historic average of over 1,000,000.

The prime location market, which led the property recovery in London on foreign buying following the decline of Sterling, has seen greater stability since the recent weakness in the Euro. The family house market, however, typified by transactions in the £0.5-1.5m range, remains buoyant, with ongoing upwards price pressure. With a lower gearing requirement than the market for flats equating to cheaper financing, and a historic shortage of supply, this sector recovered quickly and continues to fare well. The market for flats has cooled as more properties become available and financial constraints limit demand.

The rental division remained broadly flat, down 0.1% on the same period in 2009. Rentals have seen price increases following a shortfall in investment in the sector by private landlords due to the suspension of buy to let mortgage products over the last two years and the selling off of "accidental landlord" properties. While there has been some renewed supply of buy to let mortgages, these remain expensive, and with the increase in capital gains tax providing a new barrier to investment, ongoing supply constraints will continue to support rents. There are thus good opportunities for buyers with 25% equity to achieve an increased gross yield on investment property.

Outlook

With interest rates set to remain low for the foreseeable future we do not envisage a double dip in the UK property market. We expect, however, price pressure to subside as more properties become available and the pool of buyers is further constrained by the availability of finance. We anticipate that the level of transactions for 2010 will settle somewhere between the peak of 2007 and the low point of 2008, at around 650,000 and that this new level will be maintained in 2011.

We anticipate house prices will hold the increases seen in the first half of the year as shortages remain and, as lenders continue to target new business in this section of the property market, strong demand for family houses is fuelled by cheapening finance availability. Prices for flats are expected to see weakness between now and year end and to finish the year some 10% down on the peak prices achieved in 2010, meaning that many of the gains made in 2010 may be eroded in all but prime markets.

Our target for eight new office openings for 2010 will have been largely met by the end of the third quarter, with two new London franchises agreed in Fulham and Highbury and a further five outside of London in Romsey, Northampton, Bath, Lewes and, shortly, Heathfield.

In addition, Winkworth has opened a country house department. Operating out of Winkworth's headquarters in Hammersmith, London, this new department will charge fees for referring buyers and sellers across the franchise network as well as generating its own revenues from direct instructions and split business with other agents. In time this will develop into a new profit centre for the group.

Dominic Agace

Chief Executive Officer

7th September 2010

About Winkworth

Winkworth is a leading franchisor of residential real estate agencies and is quoted on AIM.

Established in Mayfair in 1835, Winkworth has a pre-eminent position in the mid to upper segments of the central London residential sales and lettings markets. In total, the company operates from over 80 offices in the UK, France and Portugal, having doubled in size in recent years.

The franchise model allows entrepreneurial real estate professionals to provide the highest standards of service under the banner of a well-respected brand name and to benefit from the support and promotion that Winkworth offers. Franchisees deliver in-depth local knowledge and a highly personalised service to their clients.

For further information please visit: www.winkworthplc.com

M WINKWORTH PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period 1 January 2010 to 30 June 2010

	Notes	(Unaudited) Period 1.1.10 To 30.6.10 £	(Unaudited) Period 1.1.09 To 30.6.09 £	(Audited) Year ended 31.12.09 £
CONTINUING OPERATIONS				
Revenue		1,679,077	1,391,038	3,386,053
Cost of sales		<u>(387,420)</u>	<u>(420,112)</u>	<u>(989,800)</u>
GROSS PROFIT		1,291,657	970,926	2,396,253
Other operating income		3,341	-	3,515
Administrative expenses		<u>(732,709)</u>	<u>(656,409)</u>	<u>(1,532,594)</u>
OPERATING PROFIT		562,289	314,517	867,174
Finance costs		-	(423)	(474)
Finance income		<u>1,056</u>	<u>435</u>	<u>2,314</u>
PROFIT BEFORE INCOME TAXATION		563,345	314,529	869,014
Taxation		<u>(169,712)</u>	<u>(67,205)</u>	<u>(232,789)</u>
PROFIT FOR THE PERIOD		393,633	247,324	636,225
OTHER COMPREHENSIVE INCOME				
Unrealised exchange (loss)/gain		<u>(26,699)</u>	<u>(1,608)</u>	<u>13,223</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>366,934</u>	<u>245,716</u>	<u>649,448</u>
Profit attributable to:				
Owners of the parent		375,404	246,481	651,779
Non-controlling interests		<u>(8,470)</u>	<u>(765)</u>	<u>(2,331)</u>
		<u>366,934</u>	<u>245,716</u>	<u>649,448</u>
Earnings per share expressed in pence per share:	2			
Basic and diluted		<u>3.28</u>	<u>2.46</u>	<u>6.39</u>

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2010

	(Unaudited) 30.06.2010 £	(Unaudited) 30.06.2009 £	(Audited) 31.12.2009 £
ASSETS			
NON-CURRENT ASSETS			
Goodwill	196,660	206,295	218,430
Intangible assets	178,209	145,269	136,228
Property, plant and equipment	261,990	276,455	257,913
Investments	7,050	7,050	7,050
Trade and other receivables	40,000	-	-
	<u>683,909</u>	<u>635,069</u>	<u>619,621</u>
CURRENT ASSETS			
Trade and other receivables	501,939	644,945	357,831
Cash and cash equivalents	<u>1,154,031</u>	<u>77,030</u>	<u>1,412,665</u>
	<u>1,655,970</u>	<u>721,975</u>	<u>1,770,496</u>
TOTAL ASSETS	<u><u>2,339,879</u></u>	<u><u>1,357,044</u></u>	<u><u>2,390,117</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	57,144	100	57,144
Share premium	777,213	-	777,213
Retained earnings	<u>893,732</u>	<u>614,361</u>	<u>689,759</u>
	1,728,089	614,461	1,524,116
Non-controlling interests	<u>-</u>	<u>10,036</u>	<u>8,470</u>
TOTAL EQUITY	<u>1,728,089</u>	<u>624,497</u>	<u>1,532,586</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax	<u>22,200</u>	<u>21,200</u>	<u>22,200</u>
CURRENT LIABILITIES			
Trade and other payables	305,502	401,771	458,287
Financial liabilities - borrowings	50,395	43,760	111,392
Tax payable	<u>233,693</u>	<u>265,816</u>	<u>265,652</u>
	<u>589,590</u>	<u>711,347</u>	<u>835,331</u>
TOTAL LIABILITIES	<u>611,790</u>	<u>732,547</u>	<u>857,531</u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,339,879</u></u>	<u><u>1,357,044</u></u>	<u><u>2,390,117</u></u>

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period 1 January 2010 to 30 June 2010

	Called up share capital £	Retained earnings £	Share premium £	Shareholders' equity £
Balance at 1 January 2009	100	552,880	-	552,980
Total comprehensive income	-	246,481	-	246,481
Dividends	-	(185,000)	-	(185,000)
Balance at 30 June 2009	100	614,361	-	614,461
Issue of share capital	7,144	-	777,213	784,357
Total comprehensive income	-	405,298	-	405,298
Bonus issue	49,900	(49,900)	-	-
Dividends	-	(280,000)	-	(280,000)
Balance at 31 December 2009	57,144	689,759	777,213	1,524,116
Total comprehensive income	-	375,404	-	375,404
Dividends	-	(171,431)	-	(171,431)
Balance at 30 June 2010	57,144	893,732	777,213	1,728,089

	Non- controlling interests £	Total equity £
Balance at 1 January 2009	10,801	563,781
Total comprehensive income	(765)	245,716
Dividends	-	(185,000)
Balance at 30 June 2009	10,036	624,497
Issue of share capital	-	784,357
Total comprehensive income	(1,566)	403,732
Dividends	-	(280,000)
Balance at 31 December 2009	8,470	1,532,586
Total comprehensive income	(8,470)	366,934
Dividends	-	(171,431)

Balance at 30 June 2010	-	1,728,089
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M WINKWORTH PLC
**CONSOLIDATED STATEMENT OF CASH FLOWS
for the period 1 January 2010 to 30 June 2010**

		(Unaudited) Period 1.1.10 to 30.6.10 £	(Unaudited) Period 1.1.09 to 30.6.09 £	(Audited) Year ended 31.12.09 £
	Notes			
Cash flows from operating activities				
Cash generated from operations	i	233,150	114,642	1,065,523
Finance costs		-	(423)	(474)
Tax paid		(201,671)	43,383	(121,365)
Net cash from operating activities		<u>31,479</u>	<u>157,602</u>	<u>943,684</u>
Cash flows from investing activities				
Purchase of intangible fixed assets		(55,000)	-	-
Purchase of property, plant and equipment		(25,681)	(103,911)	(115,563)
Sale of property, plant and equipment		-	100	100
Finance income		<u>1,056</u>	<u>435</u>	<u>2,314</u>
Net cash from investing activities		<u>(79,625)</u>	<u>(103,376)</u>	<u>(113,149)</u>
Cash flows from financing activities				
Loan repayments in year		-	(28,934)	(46,000)
Share issue		-	-	1,143,000
Flotation costs		-	-	(358,643)
Equity dividends paid		<u>(171,431)</u>	<u>(185,000)</u>	<u>(465,000)</u>
Net cash from financing activities		<u>(171,431)</u>	<u>(213,934)</u>	<u>273,357</u>
(Decrease)/increase in cash and cash equivalents		<u>(219,577)</u>	<u>(159,708)</u>	<u>1,103,892</u>
Cash and cash equivalents at beginning of period	ii	1,301,273	179,091	179,091
Effect of foreign exchange rate changes		<u>21,940</u>	<u>30,954</u>	<u>18,290</u>
Cash and cash equivalents at end of period	ii	<u><u>1,103,636</u></u>	<u><u>50,337</u></u>	<u><u>1,301,273</u></u>

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NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
for the period 1 January 2010 to 30 June 2010

i. RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	(Unaudited) Period 1.1.10 to 30.6.10 £	(Unaudited) Period 1.1.09 to 30.6.09 £	(Audited) Year ended 31.12.09 £
Profit before taxation	536,646	312,921	882,237
Depreciation and amortisation	34,453	35,278	75,042
Loss on disposal of property, plant and equipment	-	464	464
Finance costs	-	423	474
Finance income	(1,056)	(435)	(2,314)
	<u>570,043</u>	<u>348,651</u>	<u>955,903</u>
Increase in trade and other receivables	(184,108)	(309,416)	(22,302)
(Decrease)/increase in trade and other payables	<u>(152,785)</u>	<u>75,407</u>	<u>131,922</u>
Cash generated from operations	<u><u>233,150</u></u>	<u><u>114,642</u></u>	<u><u>1,065,523</u></u>

ii. CASH AND CASH EQUIVALENTS

The amounts disclosed in the cash flow statement in respect of cash and cash equivalents are in respect of these balance sheet amounts:

Period ended 30 June 2010

	30.6.10 £	30.6.09 £	31.12.09 £
Cash and cash equivalents	1,154,031	77,030	1,412,665
Bank overdrafts	<u>(50,395)</u>	<u>(26,693)</u>	<u>(111,392)</u>
	<u><u>1,103,636</u></u>	<u><u>50,337</u></u>	<u><u>1,301,273</u></u>

**NOTES TO THE CONSOLIDATED INTERIM RESULTS
for the period 1 January 2010 to 30 June 2010**

1. ACCOUNTING POLICIES

Basis of preparation

The interim report for the six months ended 30 June 2010 and the comparative information for the periods ended 30 June 2009 and 31 December 2009 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the most recent statutory accounts for the year ended 31 December 2009 has been delivered to the Registrar of Companies. The auditor's report on these accounts was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

The financial information for the six months ended 30 June 2010 and 30 June 2009 are unaudited. The financial information for the year ended 31 December 2009 is derived from the group's audited annual report and accounts.

The annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting'.

The same accounting policies and methods of computation are followed in the condensed set of financial statements as were applied in the group's latest annual audited financial statements.

2. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

The weighted average number of shares has been adjusted to reflect the bonus issue in 2009.

There are no dilutive potential shares in issue.

	Earnings £	Weighted average number of shares	Per-share amount pence
Period ended 30.06.10	<u>375,404</u>	<u>11,428,750</u>	<u>3.28</u>
Period ended 30.06.09	<u>246,481</u>	<u>10,000,000</u>	<u>2.46</u>
Year ended 31.12.09	<u>651,779</u>	<u>10,195,719</u>	<u>6.39</u>