

Interim Results for the Six Months ended 30 June 2014

M Winkworth Plc (“Winkworth” or the “Company”) is pleased to announce its
Interim Results for the six months ended 30 June 2014

Highlights for the period

- Sales up 20.4% to £2.49 million (2013: £2.07 million)
- Profit before taxation £803,785 (2013: £594,633)
- Cash generated from operations £436,582 (2013: £455,164)
- Four new offices opened
- Dividends of 2.9p declared and paid (2013: 2.6p)

Dominic Agace, Chief Executive Officer of the Company, commented:

“We are delighted to report a very strong set of numbers for the first half of 2014 as a result of continuing momentum in the residential sales market and further improvements in our rentals business. There are clear signs that Winkworth is gaining market share as we further improve customer service and expand in new markets within the London commuter zone.”

“While the London property market has certainly undergone a change since the extreme levels witnessed in the early part of the year, we expect prices to remain on a sustainable long term uptrend, slowing from the 15% annualised rate witnessed this year to around 5% in 2015, subject to some extent to the outcome of the general election in May 2015.”

Dominic Agace, Chief Executive Officer

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Overview

The year to-date has progressed well. Winkworth has continued to grow its business by concentrating on expansion outside of London, in particular in the South West and West, attracting high quality franchisees in doing so. Some of these have benefited from the sale of existing businesses and are now keen to get back into the market. This has provided us with exceptionally good opportunities in towns such as Weybridge and Guildford.

We have further refined our franchise offering in order to continue to best match the requirements made of a full service agency, taking into account both the market recovery and our expectations for future growth. Having analysed our positioning in the market place, the marketing department has brought to bear strong emphasis on brand standards. We will be running a targeted consumer advertising campaign in the autumn, while recent sponsorship initiatives such as 'Kew the Music' and the Cowes Classics Week Regatta have underlined Winkworth's social connections. This positive endorsement of the brand is contributing to improving individual franchisee's market share.

Over the past two years, much effort has been dedicated to further improving the customer experience. Improvements to the website have, in particular, enabled us to enhance the services provided to both vendors and buyers. Whilst our interaction with vendors and landlords is, of course, critical, we appreciate that it is equally important to provide a high quality service to buyers and tenants which, in turn, will benefit the former.

We are now at the stage of the property cycle where we have witnessed recovery in the main markets in London and surrounding suburban areas and anticipate that the ripple effect will eventually create a full recovery in outer areas such as Winchester, Romsey, Bournemouth, Exeter, Newbury and Devizes. Our new Salisbury office and our new office in Berkshire, due to open in September, will further strengthen our presence in these highly desirable parts of the UK.

We expect to see more property becoming available in the months to come, as a result of which buyers will become more discerning. We predict that the boom in central London prices will be impacted both by recently introduced changes in mortgage requirements and by increased regulation.

Following a slight dip in the overall residential market in June, however, conditions would appear to have recovered since and we expect both sales and rentals transactions to remain firm for the rest of the year.

Simon Agace

Non-Executive Chairman

10 September 2014

Business Review

The momentum in residential sales, which grew consistently throughout the course of 2013, was sustained in the first half of this year with gross mortgage lending rising by up to 43% month on month compared to a more subdued first half in 2013. This was further fuelled by sharp price increases as the pent up demand of recent years led to buyers competing for a limited supply of available properties.

This high level of activity was focussed primarily on the suburban London markets, where domestic buyers were buoyed by improving sentiment on the UK economy and cheapening finance costs. We also saw a significant uptake in the country markets, however, where greater confidence is returning and London buyers are increasingly seeking to take advantage of the value gap that has opened up in recent years.

Prime central London was more subdued as a strengthening pound and uncertainty surrounding the election and the mansion tax debate led to international and domestic buyers becoming more cautious. The hike in stamp duty continues to have an impact with the bulk of transactions remaining below the £2m threshold, above which the duty rises from 5 to 7%, or 15% if held in a company structure. Despite this, our offices in prime central London outperformed the first half of last year with transactions broadly flat at 1% up but sales income up by 20% as a result of an improvement in market share, combined with a 20% increase in rentals income.

Overall group rentals started the half in a subdued manner, but activity picked up significantly as some of the excesses came out of the sales market following the implementation of the Mortgage Market Review. Having grown our rentals business consistently over the past five years, we witnessed a significant uplift in the London market in the second quarter and are optimistic that this trend will continue.

In the first half of 2014, Winkworth's franchisees increased sales transactions by 28%, with a particularly strong showing in the country markets where transactions were 43% higher. The gross property revenues of our franchisees grew by 23% from £19.1 million to £23.5 million, within which rental income rose by 11% to £7.9m.

Winkworth's revenues were up 20.4% to £2.49 million (2013: £2.07 million). Profit before tax rose 35.2% to £803,785 (2013: £594,633). Cash generated stood at £436,582 (2013: £455,164) the reduction in cash being a result of lending to franchisees. Dividends declared and paid 2.9p (2013: 2.6p).

We are excited to announce the launch of our client services department, which has launched initially across 30 offices. A team of six is now operational at head office, referring applicants across the group to help broaden their property search and ensure that the Winkworth network is used to maximise the value we can offer them. We believe that this initiative will in turn help us to grow our market share through further improving Winkworth's reputation for providing high quality customer service and delivering best value.

Outlook

While the London property market has certainly undergone a change since the extreme levels witnessed in the early part of the year, we expect prices to remain on a sustainable long term uptrend, slowing from the 15% annualised rate witnessed this year to around 5% in 2015. This will be subject to some extent to the outcome of the general election in May 2015 and any initiatives around it that may cause anxiety in the property market. Meanwhile, we anticipate that the high cost of ownership will continue to drive the rental sector and expect activity and rents to grow as the employment market improves and there remains a lack of supply in both the sales and lettings markets.

We are pleased with the ongoing rate of expansion of our franchise base, with new offices in Salisbury, Ramsbury, Enfield and London Colney now open or opening in the second half.

Dominic Agace

Chief Executive Officer

10 September 2014

M WINKWORTH PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period 1 January 2014 to 30 June 2014

	(Unaudited) Period 1.1.14 To 30.6.14 £	(Unaudited) Period 1.1.13 To 30.6.13 £	(Audited) Year ended 31.12.13 £
CONTINUING OPERATIONS			
Revenue	2,494,037	2,071,620	4,944,922
Cost of sales	<u>(480,074)</u>	<u>(484,758)</u>	<u>(937,975)</u>
GROSS PROFIT	2,013,963	1,586,862	4,006,947
Administrative expenses	<u>(1,228,367)</u>	<u>(1,011,075)</u>	<u>(2,347,969)</u>
OPERATING PROFIT	785,596	575,787	1,658,978
Finance costs	(316)	(1)	(18)
Finance income	<u>18,505</u>	<u>18,847</u>	<u>32,572</u>
PROFIT BEFORE TAXATION	803,785	594,633	1,691,532
Taxation	<u>(187,000)</u>	<u>(129,908)</u>	<u>(417,278)</u>
PROFIT FOR THE PERIOD	616,785	464,725	1,274,254
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>616,785</u></u>	<u><u>464,725</u></u>	<u><u>1,274,254</u></u>
Earnings per share expressed in pence per share:			
Basic	4.87	3.67	10.05
Diluted	<u>4.83</u>	<u>3.67</u>	<u>9.97</u>

3

M WINKWORTH PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2014

	Notes	(Unaudited) 30.06.2014 £	(Unaudited) 30.06.2013 £	(Audited) 31.12.2013 £
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	4	1,131,838	1,093,328	1,046,350
Property, plant and equipment		86,965	180,866	88,228
Investments		7,200	7,200	7,200
Trade and other receivables		572,549	320,350	237,265
		<u>1,798,552</u>	<u>1,601,744</u>	<u>1,379,043</u>
CURRENT ASSETS				
Trade and other receivables		1,207,814	1,124,824	742,371
Cash and cash equivalents		2,295,063	1,376,741	2,649,072
		<u>3,502,877</u>	<u>2,501,565</u>	<u>3,391,443</u>
Assets held for sale		51,118	-	50,084
TOTAL CURRENT ASSETS		<u>3,553,995</u>	<u>2,501,565</u>	<u>3,441,527</u>
TOTAL ASSETS		<u><u>5,352,547</u></u>	<u><u>4,103,309</u></u>	<u><u>4,820,570</u></u>
EQUITY				
SHAREHOLDERS' EQUITY				
Share capital		63,381	63,381	63,381
Share premium		1,718,469	1,718,469	1,718,469
Share option reserve		31,658	-	15,829
Retained earnings		2,369,027	1,652,584	2,119,853
TOTAL EQUITY		<u>4,182,535</u>	<u>3,434,434</u>	<u>3,917,532</u>
LIABILITIES				
NON-CURRENT LIABILITIES				
Deferred tax		3,063	-	6,063
CURRENT LIABILITIES				
Trade and other payables		977,479	625,842	657,502
Tax payable		189,470	43,033	239,473
		<u>1,166,949</u>	<u>668,875</u>	<u>896,975</u>
TOTAL LIABILITIES		<u>1,170,012</u>	<u>668,675</u>	<u>903,038</u>
TOTAL EQUITY AND LIABILITIES		<u><u>5,352,547</u></u>	<u><u>4,103,309</u></u>	<u><u>4,820,570</u></u>

M WINKWORTH PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period 1 January 2014 to 30 June 2014

	Share capital £	Retained earnings £	Share option reserve £	Share premium £	Shareholders' equity £
Balance at 1 January 2013	63,381	1,517,440	-	1,718,469	3,299,290
Total comprehensive income	-	464,725	-	-	464,725
Dividends paid	-	(329,581)	-	-	(329,581)
Balance at 30 June 2013	63,381	1,652,584	-	1,718,469	3,434,434
Total comprehensive income	-	809,529	-	-	809,529
Share-based payment	-	-	15,829	-	15,829
Dividends paid	-	(342,260)	-	-	(342,260)
Balance at 31 December 2013	63,381	2,119,853	15,829	1,718,469	3,917,532
Total comprehensive income	-	616,785	-	-	616,785
Share-based payment	-	-	15,829	-	15,829
Dividends paid	-	(367,611)	-	-	(367,611)
Balance at 30 June 2014	63,381	2,369,027	31,658	1,718,469	4,182,535

M WINKWORTH PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
for the period 1 January 2014 to 30 June 2014

		(Unaudited) Period 1.1.14 To 30.6.14 £	(Unaudited) Period 1.1.13 To 30.6.13 £	(Audited) Year ended 31.12.13 £
	Notes			
Cash flows from operating activities				
Cash generated from operations	i	436,582	455,164	2,184,059
Interest paid		(316)	(1)	(18)
Tax paid		(240,003)	(249,290)	(334,157)
Net cash from operating activities		196,263	205,873	1,849,884
Cash flows from investing activities				
Purchase of intangible fixed assets		(181,508)	(102,756)	(141,369)
Purchase of tangible fixed assets		(19,658)	(12,942)	(19,654)
Sale of property, plant & equipment		-	-	2,180
Interest received		18,505	18,847	32,572
Net cash used in investing activities		(182,661)	(96,851)	(126,271)
Cash flows from financing activities				
Equity dividends paid		(367,611)	(329,581)	(671,841)
Net cash used in financing activities		(367,611)	(329,581)	(671,841)
(Decrease)/increase in cash and cash equivalents		(354,009)	(220,559)	1,051,772
Cash and cash equivalents at beginning of period		2,649,072	1,597,300	1,597,300
Cash and cash equivalents at end of period	ii	2,295,063	1,376,741	2,649,072

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
for the period 1 January 2014 to 30 June 2014

i. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	(Unaudited) Period 1.1.14 To 30.6.14 £	(Unaudited) Period 1.1.13 To 30.6.13 £	(Audited) Year ended 31.12.13 £
Profit before taxation	803,785	594,633	1,691,532
Depreciation and amortisation	115,907	102,595	235,271
Share-based payments	15,829	-	15,829
Finance costs	316	1	18
Finance income	(18,505)	(18,847)	(32,572)
	<u>917,332</u>	<u>678,382</u>	<u>1,910,078</u>
(Increase)/decrease in trade and other receivables	(800,728)	(362,887)	102,652
Increase in trade and other payables	<u>319,978</u>	<u>139,669</u>	<u>171,329</u>
Cash generated from operations	<u><u>436,582</u></u>	<u><u>455,164</u></u>	<u><u>2,184,059</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:

	30.6.14 £	30.6.13 £	31.12.13 £
Cash and cash equivalents	<u><u>2,295,063</u></u>	<u><u>1,376,741</u></u>	<u><u>2,649,072</u></u>

NOTES TO THE CONSOLIDATED INTERIM RESULTS
for the period 1 January 2014 to 30 June 2014

1. ACCOUNTING POLICIES

Basis of preparation

The interim report for the six months ended 30 June 2014 and the comparative information for the periods ended 30 June 2013 and 31 December 2013 do 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 2013 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 2014 and 30 June 2013 is unaudited. The financial information for the year ended 31 December 2013 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 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.

Taxation

Income tax expense has been recognised based on the best estimate of the weighted average annual effective income tax rate expected for the full financial year.

Deferred tax is recognised in respect of all material temporary differences that have originated but not reversed at the balance sheet date.

2. SEGMENTAL REPORTING

The directors believe that the group has only one segment, that of a franchising business. Currently, these operations principally occur in the UK, with only limited business in other territories. Accordingly no segmental analysis is considered necessary.

NOTES TO THE CONSOLIDATED INTERIM RESULTS
for the period 1 January 2014 to 30 June 2014

3. EARNINGS PER SHARE

Basic and diluted 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.

	Earnings £	Weighted average number of shares	Per-share amount pence
Period ended 30.06.14			
Basic EPS			
Earnings/number of shares	616,785	12,676,238	4.87
Effect of dilutive securities	-	101,870	-
Diluted EPS			
Adjusted earnings/number of shares	616,785	12,778,108	4.83
Period ended 30.06.13			
Basic and diluted EPS			
Earnings/number of shares	464,725	12,676,238	3.67
Year ended 31.12.13			
Basic EPS			
Earnings/number of shares	1,274,254	12,676,328	10.05
Effect of dilutive securities	-	109,883	-
Diluted EPS			
Adjusted earnings/number of shares	1,274,254	12,786,121	9.97

M WINKWORTH PLC

NOTES TO THE CONSOLIDATED INTERIM RESULTS for the period 1 January 2014 to 30 June 2014

4. INTANGIBLE ASSETS

	£
Net book value at 1 January 2013	1,071,502
Additions	102,756
Amortisation	<u>(80,930)</u>
Net book value at 30 June 2013	<u>1,093,328</u>
Additions	38,613
Amortisation	<u>(85,591)</u>
Net book value at 31 December 2013	<u>1,046,350</u>
Additions	181,508
Amortisation	<u>(96,020)</u>
Net book value at 30 June 2014	<u>1,131,838</u>

5. INTERIM RESULTS

Copies of this notice are available to the public from the registered office at 11 Berkeley Street, Mayfair, London W1J 8DS, and on the Company's website at www.winkworthplc.com