

Interim Results for the Six Months ended 30 June 2012

M Winkworth Plc (“Winkworth”, the “Company” or the “Group”) is pleased to announce its Interim Results for the six months ended 30 June 2012

Highlights

- Sales up 5.8% to £1.89 million (2011: £1.79 million)
- Profit before taxation £421,140 (2011: £564,846) after £90,000 of exceptional costs
- Cash generated from operations £241,387 (2011: £35,585)
- 5 new offices opened so far in 2012 and a further two signed for 2013
- 2012 interim dividend of 2.4p declared and paid

“With the festivities surrounding the London Olympics now over and the most recent government initiatives to lower the cost of mortgages in place, we expect the year to end well. In a still subdued market we anticipate that overall transactions in the UK will rise by 10% in 2012 following an upturn in the final quarter.

In the near term, we see our growth coming from our increasing number of country offices, where in 2012 to-date we have added 26% to the average property price listed and, as a result of these being plugged into the Winkworth network, increased average fees by 13%.”

Dominic Agace, Chief Executive Officer

For further information please contact:

M Winkworth Plc**Tel : 020 7355 0220**

Dominic Agace (Chief Executive Officer)

Chris Neoh (Chief Financial Officer)

Milbourne (Public Relations)**Tel : 020 7920 2367**

Tim Draper

FinnCap**Tel : 020 7220 0500**

Matthew Robinson/Rose Herbert (Corporate Finance)

Stephen Norcross/Mia Gardner (Corporate Broking)

Overview

As anticipated, this is turning out to be an unusual year. Although we have been conscious of the fluctuations and disruption caused in the market by various major events taking place in the UK over the summer, our business has taken these in its stride and if, as seems likely, the market returns to normal in the second half of the year, we expect to meet our targets.

In my last statement I emphasised that we were building our network outside of London, devoting time and energy to broadening Winkworth's influence in order to reach other wealthy parts of the UK. This operation has proved very successful and, bearing in mind the slowing of the London market during this period, we are very happy with the timing of our efforts to expand into the country. There is no doubt, also, that the Government's new policy of incentivising banks to stimulate an increase in mortgage loans will produce more activity in the country and strengthen that market, thus enabling Winkworth to reap the rewards of our early 'counter-cyclical' expansion away from London.

I can report that the improvements we have made to our systems and structure, regardless of outside influences, has proved beneficial and we are pursuing this commitment. We have invested in our brand and strategy in order to refine our message and differentiate ourselves from our competitors, while creating a platform for all future marketing to work from. This has led to exceptional costs, as stated in our accounts, but these are very much an investment in the brand for the next three years. We believe we have a sound base on which to build for the future and are well placed to strengthen our market position.

The London market remains of prime importance to us and we have continued to invest in parts of the capital where previously we have had only modest representation. We are still on line for substantial growth between 2012 and 2015, but we expect much of this to come from outside of London as we build on our existing presence in the country and as our earlier expansion efforts there mature.

Simon Agace

Non-Executive Chairman

24th September 2012

Business Review

Fallout from the Eurozone crisis led to the cost of mortgages increasing steadily throughout the first half of the year and the price growth in the residential market seen in the early months of 2012 cooled as a result. In the first quarter, London remained the driving force while the country market remained subdued. The top end of the London market, however, was negatively impacted by the increased property transaction costs introduced in the Budget, with an increase in stamp duty to 7% for properties valued at over £2m and to 15% for overseas companies buying UK property.

Against this background, the gross sales and lettings income of Winkworth's franchisees rose by 8% to £17.6m (£16.3m) in the first half of 2012. London remained the driving force for our business, representing 80% of gross sales and lettings income. This fell, however, from 86% in 2011 as we continue to diversify our income base by expanding into the country, with 9 out of the 11 new offices opened last year being outside of London.

Winkworth's sales for the first half of the year rose by 5.8% to £1.89 million (2011: £1.79 million). Profit before taxation fell to £421,140 (2011: £564,846) as a result of £90,000 of exceptional costs relating to the brand modernisation exercise currently underway and a relatively weak international performance. Cash generated from operations rose to £241,387 (2011: £35,585).

Transactions have ebbed and flowed this year as a steadily improving picture has been affected by major public events. The government's stamp duty measures combined with Eurozone concerns have led to a cooling off of the super prime market and, as a result, we have found that activity has been focused on the family house market where mortgage lending has been closely targeted by banks.

Overall, UK mortgage availability continued to run at approximately 50% of the average level seen in 1993-2007 but, more encouragingly, mortgage lending rose by 7% on the first half of 2011. Against this background Winkworth grew its property sales transactions by 14%, outperforming growth in UK completed sales of 11% by 3%. Transactions at our country offices rose by 45% year-on-year while transactions in London, which accounted for approximately two-thirds of the total, were flat over the period. Our country house department, which services high net worth individuals looking to buy outside of London, remains very successful.

Rentals and property management continued to grow within our business, representing 39% of group turnover compared to 38% in 2011. First half revenues grew by 9% compared to 2011, again most dynamically in the country where rentals and property management income grew by 74% compared to 6% in London. This growth is set to continue as mortgage availability remains difficult, in particular for young professionals, forcing potential home-owners to rent. As a consequence, rental prices in the areas most sought after by young professionals are expected to continue to rise. At the top end of the market, however, rents have weakened as corporate budgets are reduced and greater uncertainty over employment in the city puts downward pressure on rents.

So far in 2012 we have made a significant investment in our marketing strategy in order to position ourselves to grow market share across our existing network. We have increased spending on our brand and website to improve both efficiency and the customer experience, and we have added a China department to our international business to support the growing number of Chinese buyers in London. According to our most recent statistics, Chinese buyers have grown as a market force for the last four quarters running and now represent 27% of all international buyers in central London. These investments will ensure we continue to progress our client proposition and so help improve our market share in 2013.

We have opened five new offices so far this year in Worcester Park, Cheam, Weybridge, Grantham and Canterbury with one closure and we are on track to meet our target of 8 new offices in 2012. With two further contracts exchanged on offices set to open in 2013, we are positioning ourselves well for attaining our targets in the next financial year.

Outlook

Now that the festivities surrounding the London Olympics are over and with the most recent government initiatives to lower the cost of mortgages in place, we expect the second half of the year, where typically we achieve 60% of our income, to show greater activity and for 2012 to end well. In a still subdued market we anticipate that overall transactions in the UK will rise by 10% in 2012 following an upturn in the final quarter. While Eurozone uncertainty remains, we expect the top end of the rental market to remain soft but for the rentals business overall to continue to be a driver of growth.

In the near term, we see our growth coming from our increasing number of country offices, where in 2012 to-date we have added 26% to the average property price listed and, as a result of these being plugged into the Winkworth network, increased average fees by 13%. We plan to further extend our footprint through the successful conversion of strategically-located existing businesses to the Winkworth brand, adding value to these agencies and their client proposition while positioning ourselves to obtain the maximum benefit from a return to more normalised levels of transactions.

Dominic Agace

Chief Executive Officer

24th September 2012

About Winkworth

Winkworth is a leading franchisor of residential real estate agencies and is admitted to trading on the AIM Market of the London Stock Exchange.

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 90 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 2012 to 30 June 2012

	(Unaudited) Period 1.1.12 to 30.6.12 £	(Unaudited) Period 1.1.11 to 30.6.11 £	(Audited) Year ended 31.12.11 £
CONTINUING OPERATIONS			
Revenue	1,893,902	1,790,763	3,978,662
Cost of sales	<u>(526,127)</u>	<u>(401,226)</u>	<u>(843,095)</u>
GROSS PROFIT	1,367,775	1,389,537	3,135,567
Administrative expenses	<u>(952,276)</u>	<u>(825,435)</u>	<u>(1,944,760)</u>
OPERATING PROFIT	415,499	564,102	1,190,807
Finance income	<u>5,641</u>	<u>744</u>	<u>10,667</u>
PROFIT BEFORE TAXATION	421,140	564,846	1,201,474
Taxation	<u>(96,263)</u>	<u>(172,675)</u>	<u>(325,042)</u>
PROFIT FOR THE PERIOD	324,877	392,171	876,432
OTHER COMPREHENSIVE INCOME			
Unrealised exchange (loss)/gain	<u>(8,550)</u>	<u>8,952</u>	<u>(6,258)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>316,327</u>	<u>401,123</u>	<u>870,174</u>
Profit attributable to:			
Owners of the parent	324,877	394,073	878,334
Non-controlling interests	<u>-</u>	<u>(1,902)</u>	<u>(1,902)</u>
	<u>324,877</u>	<u>392,171</u>	<u>876,432</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period 1 January 2012 to 30 June 2012

		(Unaudited) Period 1.1.12 To 30.6.12 £	(Unaudited) Period 1.1.11 to 30.6.11 £	(Audited) Year ended 31.12.11 £
	Notes			
Earnings per share expressed in pence per share:				
Basic and diluted	2	<u>2.56</u>	<u>3.28</u>	<u>7.11</u>
 Total comprehensive income attributable to:				
Owners of the parent		316,327	403,025	872,076
Non-controlling interests		<u>-</u>	<u>(1,902)</u>	<u>(1,902)</u>
		<u>316,327</u>	<u>401,123</u>	<u>870,174</u>

M WINKWORTH PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2012

	Notes	(Unaudited) 30.06.2012 £	(Unaudited) 30.06.2011 £	(Audited) 31.12.2011 £
ASSETS				
NON-CURRENT ASSETS				
Goodwill		195,884	217,993	203,437
Intangible assets	3	961,947	690,942	894,701
Property, plant and equipment		298,507	322,792	309,885
Investments		7,200	7,200	7,200
Trade and other receivables		145,878	100,000	135,574
		<u>1,609,416</u>	<u>1,338,927</u>	<u>1,550,797</u>
CURRENT ASSETS				
Trade and other receivables		636,475	714,547	503,535
Cash and cash equivalents		1,558,191	1,674,795	1,878,306
		<u>2,194,666</u>	<u>2,389,342</u>	<u>2,381,841</u>
TOTAL ASSETS		<u><u>3,804,082</u></u>	<u><u>3,728,269</u></u>	<u><u>3,932,638</u></u>
EQUITY				
SHAREHOLDERS' EQUITY				
Share capital		63,381	63,381	63,381
Share premium		1,718,469	1,731,265	1,718,469
Translation reserve		25,617	49,377	34,167
Retained earnings		1,364,135	1,163,457	1,394,193
TOTAL EQUITY		<u>3,171,602</u>	<u>3,007,480</u>	<u>3,210,210</u>
LIABILITIES				
NON-CURRENT LIABILITIES				
Deferred tax		31,357	42,500	34,347
CURRENT LIABILITIES				
Trade and other payables		337,876	308,557	457,614
Bank borrowings		180,054	159,242	77,447
Tax payable		83,193	210,490	153,020
		<u>601,123</u>	<u>678,289</u>	<u>688,081</u>
TOTAL LIABILITIES		<u>632,480</u>	<u>720,789</u>	<u>722,428</u>
TOTAL EQUITY AND LIABILITIES		<u><u>3,804,082</u></u>	<u><u>3,728,269</u></u>	<u><u>3,932,638</u></u>

M WINKWORTH PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period 1 January 2012 to 30 June 2012

	Share capital £	Retained earnings £	Translation reserve £	Share premium £	Shareholders' equity £
Balance at 1 January 2011	57,144	1,044,720	40,425	777,213	1,919,502
Issue of share capital	6,237	-	-	954,052	960,289
Total comprehensive income	-	394,073	8,952	-	403,025
Dividends paid	-	(275,336)	-	-	(275,336)
Balance at 30 June 2011	63,381	1,163,457	49,377	1,731,265	3,007,480
Issue of share capital	-	-	-	(12,796)	(12,796)
Total comprehensive income	-	484,261	(15,210)	-	469,051
Dividends paid	-	(253,525)	-	-	(253,525)
Balance at 31 December 2011	63,381	1,394,193	34,167	1,718,469	3,210,210
Total comprehensive income	-	324,877	(8,550)	-	316,327
Dividends paid	-	(354,935)	-	-	(354,935)
Balance at 30 June 2012	63,381	1,364,135	25,617	1,718,469	3,171,602

	Non- controlling interests £	Total equity £
Balance at 1 January 2011	1,902	1,921,404
Issue of share capital	-	960,289
Total comprehensive income	(1,902)	401,123
Dividends paid	-	(275,336)
Balance at 30 June 2011	-	3,007,480
Issue of share capital	-	(12,796)
Total comprehensive income	-	469,051
Dividends paid	-	(253,525)
Balance at 31 December 2011	-	3,210,210
Total comprehensive income	-	316,327
Dividends paid	-	(354,935)
Balance at 30 June 2012	-	3,171,602

M WINKWORTH PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
for the period 1 January 2012 to 30 June 2012

		(Unaudited) Period 1.1.12 To 30.6.12 £	(Unaudited) Period 1.1.11 to 30.6.11 £	(Audited) Year ended 31.12.11 £
	Notes			
Cash flows from operating activities				
Cash generated from operations	i	241,387	35,585	1,118,136
Tax paid		(169,080)	(126,540)	(344,525)
Net cash from/(used in) operating activities		72,307	(90,955)	773,611
Cash flows from investing activities				
Purchase of intangible fixed assets		(126,359)	(505,000)	(772,744)
Purchase of tangible fixed assets		(19,376)	(82,754)	(137,867)
Interest received		5,641	749	10,667
Net cash used in investing activities		(140,094)	(587,005)	(899,944)
Cash flows from financing activities				
Share issue		-	960,289	947,493
Equity dividends paid		(354,935)	(275,336)	(528,861)
Net cash (used in)/from financing activities		(354,935)	684,953	(418,632)
(Decrease)/increase in cash and cash equivalents		(422,722)	6,993	292,299
Cash and cash equivalents at beginning of period		1,800,859	1,508,560	1,508,560
Cash and cash equivalents at end of period	ii	1,378,137	1,515,553	1,800,859

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
for the period 1 January 2012 to 30 June 2012

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

	(Unaudited) Period 1.1.12 to 30.6.12 £	(Unaudited) Period 1.1.11 to 30.6.11 £	(Audited) Year ended 31.12.11 £
Profit before taxation	421,140	564,846	1,201,474
Depreciation and amortisation	89,763	42,514	141,215
Loss on disposal of property, plant and equipment	-	-	35,600
Exchange rate variance	7,178	-	(2,950)
Finance income	(5,641)	(744)	(10,667)
	<u>512,440</u>	<u>606,616</u>	<u>1,364,672</u>
Increase in trade and other receivables	(143,244)	(316,227)	(140,789)
Decrease in trade and other payables and provisions	(127,809)	(254,804)	(105,747)
	<u>241,387</u>	<u>35,585</u>	<u>1,118,136</u>
Cash generated from operations	<u>241,387</u>	<u>35,585</u>	<u>1,118,136</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:

	30.6.12 £	30.6.11 £	31.12.11 £
Cash and cash equivalents	1,558,191	1,674,795	1,878,306
Bank overdrafts	(180,054)	(159,242)	(77,447)
	<u>1,378,137</u>	<u>1,515,553</u>	<u>1,800,859</u>

NOTES TO THE CONSOLIDATED INTERIM RESULTS
for the period 1 January 2012 to 30 June 2012

1. ACCOUNTING POLICIES

Basis of preparation

The interim report for the six months ended 30 June 2012 and the comparative information for the periods ended 30 June 2011 and 31 December 2011 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 2011 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 2012 and 30 June 2011 is unaudited. The financial information for the year ended 31 December 2011 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.

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.

There are no dilutive potential shares in issue.

	Earnings £	Weighted average number of shares	Per-share amount pence
Period ended 30.06.12	<u>324,877</u>	<u>12,676,238</u>	<u>2.56</u>
Period ended 30.06.11	<u>394,073</u>	<u>12,028,371</u>	<u>3.28</u>
Year ended 31.12.11	<u>878,334</u>	<u>12,345,752</u>	<u>7.11</u>

M WINKWORTH PLC

NOTES TO THE CONSOLIDATED INTERIM RESULTS
for the period 1 January 2012 to 30 June 2012

3. INTANGIBLE ASSETS

	£
Net book value at 1 January 2011	203,463
Additions	505,000
Amortisation	<u>(17,521)</u>
Net book value at 30 June 2011	<u>690,942</u>
Additions	267,744
Amortisation	<u>(63,985)</u>
Net book value at 31 December 2011	<u>894,701</u>
Additions	126,359
Amortisation	<u>(59,113)</u>
Net book value at 30 June 2012	<u><u>961,947</u></u>