M Winkworth Plc

Interim Results for the Six Months ended 30 June 2013

M Winkworth Plc ("Winkworth" or the "Company") is pleased to announce its Interim Results for the six months ended 30 June 2013

Highlights for the period

- Sales up 9.4% to £2.07 million (2012: £1.89 million)
- Profit before taxation £594,633 (2012: £421,140)
- Cash generated from operations £464,296 (2012: £241,387)
- Six new offices opened
- Signing of master franchising agreement in India
- 2013 interim dividends of 2.6p declared and paid

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

"Without the disruptions in the housing market that we saw in 2012, and following a reduction in mortgage costs, we have experienced growing momentum in both prices and transactions in the residential market. We anticipate that UK transactions will increase by 12% this year as they start to recover towards the long term average of 1 million per annum.

While we envisage that London will continue to be the most active market, we are also seeing a recovery in the country, where Winkworth has been increasing its presence, notably in the South East, South West and the Midlands, and expect to see this sustained throughout the rest of 2013."

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 3540 6458**

Tim Draper

Liberum Capital Limited (NOMAD and Broker) **Tel : 020 3100 2000**

Tom Fyson

Christopher Britton

Overview

I am pleased to report that Winkworth is receiving substantial benefit from the improving housing sales market and that our expansion outside of London over the last three years is beginning to pay dividends. It is likely that our offices furthest from London, such as Exeter, will be the last to feel the full benefit of the upturn, but there are already signs of increasing activity.

Our three year plan has evolved according to plan in as much as we have been able to establish new franchisees outside of London in anticipation of a full recovery in the market. We are planning further expansion as those offices move towards achieving their full potential. Our offices on the South coast - Bournemouth, Brighton and Exeter - as well as those in the Home Counties, are expected to make a strong contribution to the group's growth in the near future. Our approach is fulfilling a growing need in the market as buyers and vendors seek high quality, personalised service.

We expect to see a shift in the market landscape over the coming 12 months and, as a result, a possible change in the franchisees that we attract. The market recovery will bring greater competition and, whilst franchisees in the past three years have sought to join the Winkworth brand in order to benefit from our services, brand awareness and market presence, we believe that the next generation of franchisees will be attracted also by the success of their neighbouring Winkworth office. They will continue to benefit from the considerable investment in our marketing tools, such as our newly upgraded website, and the scale of our promotional efforts.

The number of estate agents in the United Kingdom continues to increase, but for these to be profitable, customers must be satisfied with the services that they provide and their footprint. This is becoming an ever more competitive and expensive undertaking, and although they may perform well in their niche markets, individual agents risk losing traction with vendors. The Winkworth offering of a network of local agencies, backed by a powerful marketing and international presence, which has been reinforced in recent years, we believe remains a winning formula.

Overall we expect volumes and value to outweigh the competitive challenges and we look forward to increased profitability in the coming cycle, both for the franchisor and our franchisees.

There are still risks on the horizon which can impact on the recovery. The main one is a rise in interest rates after an extended period of low rates, which has made property buying less expensive at a time when other costs have been inflating. It is possible that an increase in interest rates could have a very substantial effect if it takes place within the next two years. From my own experience, it takes up to three years before buyers settle financially into a new home and any change of circumstances during that period can lead to pressure to resell. We therefore look forward to a stable background for the coming cycle.

The new government schemes will help, providing that they afford stability long enough for buyers to settle into their new homes and become used to the financial obligations that ownership can create. Against such a background, owners see the value of the equity in their homes increase and that in itself eases financial worries. Winkworth has always enjoyed looking after its customers through the whole economic cycle and over the long term and we look forward to maintaining this commitment both in London and in the provinces.

A broad-based upturn in the residential sales market place may also put pressure on landlords, as potential buyers who have for some time delayed moving and rented accommodation now start looking for the property they have patiently waited for. The growth of the sales market in London is affecting rental levels in the core central London market, and this sector is also affected by corporates reducing their budget, but in other London areas the rental market remains active. Outside of London, the rental market remains strong and is likely to continue that way.

Finally, Winkworth has been looking at replicating its model in India and other international markets and we will continue to spend time exploring these opportunities in order to exploit the long-term potential of the Company.

Simon Agace
Non-Executive Chairman
25th September 2013

Business Review

The first half of 2013 saw ongoing improvement in the UK property market, with government initiatives such as the Funding for Lending Scheme and Help to Buy signalling the intent to support home ownership in the run up to the next election. These initiatives have already begun to have a positive impact on mortgages, reducing the cost of borrowing and increasing availability for the first time buyer. The cost of an average two-year fixed rate loan has plunged from 4.65% at the time the Funding for Lending Scheme was launched in July 2012 to 3.56% this September, with the average loan to value rising from 80 to 83%.

These developments have led to an increase in transactions and an accelerating trend through the course of 2013 – UK residential property transactions for the six months to June were 6% higher year-on-year, but in the month of July rose by 21%[1]. With a further Help to Buy initiative due to come into force in January 2014, when the government will provide loan support to buyers of all types of properties up to the value of £600,000, the momentum in the housing market is expected to continue.

Transactions, however, remain below trend as historically low mortgage costs and increased transaction costs following hikes in stamp duty have dissuaded owners from putting properties on the market. Instead, many have refinanced to develop existing properties or simply delayed the decision to move, a phenomenon which has pushed prices up in London in recent years and is now having an impact in the country.

In the first half of 2013, Winkworth's franchisees transactions increased by 5% and the gross property revenues of our franchisees grew by 8% from £17.5 million to £19.2 million as a result of an increase in the value of properties sold. Winkworth's revenues were up 9.4% to £2.07 million (2012: £1.89 million). Profit before tax rose 41% to £594,633 (2012: £421,140 after £90,000 of exceptional costs). Cash generated stood at £464,296, up 92% year-on-year (2012: £241,387) allowing an increase in the interim dividends to 2.6p (2012: 2.4p).

Central London sales fared well as a still weak pound continued to drive demand, leading to a steady performance after a busy 2012. The traditional family house market outside of central London performed particularly well, with sales income rising 10% over 2012.

There were strong signs of recovery in the country house market with our offices in the South of England achieving an increase in sales income of 16%, and a 13% rise in the Midlands areas of Lincolnshire and Nottinghamshire. With London still representing 84% of our total revenues, compared to 86% in 2012, we feel there is a long way to go before the country markets show a complete recovery and would expect to see the proportion of revenues generated outside of London growing dynamically as we both strengthen the proposition of existing agents that have converted to the Winkworth brand and add further offices.

As interest increased in the sales market, we experienced a slowing in the growth of rentals in the first half of 2013, as in many areas it became cheaper to buy than to rent. Activity in the central London rentals market, which is typified by international tenants, was impacted by a reduction in corporate relocation budgets and cash investors benefiting from low interest rates holding out for higher rents. Elsewhere in London, rental revenues increased by 4%, while the country market, where we have been using our expertise to develop existing agents rental businesses, experienced dynamic growth in rental revenues of 25%.

Over the past 12 months we have put in place a new brand strategy, national advertising campaign, and website, and we have begun to reap the benefits of this investment. This was particularly evident in the country, where in 2013 we saw an increase in average property prices achieved by Winkworth offices of 10% and the value of commissions rising by 15%, compared to an increase in transactions of 7%. We have also seen an early effect of the new interiors project, with a 35% average uplift in income at those offices that have modernised their premises. We will be looking to continue the roll out of new interiors in the second half of 2013 and throughout the course of 2014.

Outlook

We expect to see the main effects of government initiatives and improved sentiment feeding through into the second half of the year and have already recorded record months for sales in July and August. With mortgage costs falling for both the homeowner and the buy-to-let investor, we envisage that prices will continue to move up in London and, for the first time since 2007, start to improve in the country markets. We also expect to see transactions recovering towards their long term trend level of one million per annum from the 803,000 witnessed in 2012. We anticipate that this recovery will lead to an increase in the number of new franchisees coming to us to start an estate agency, while those wishing to convert an existing business to Winkworth may fall. We will also be looking to invest in successful franchisees, helping them to develop their businesses and take advantage of the recovery.

Dominic Agace
Chief Executive Officer
25 September 2013

Note[1]: Source HMRC (provisional data)

M WINKWORTH PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period 1 January 2013 to 30 June 2013

	Note	(Unaudited) Period 1.1.13 To 30.6.13 £	(Unaudited) Period 1.1.12 To 30.6.12 £	(Audited) Year ended 31.12.12 £
CONTINUING OPERATIONS				
Revenue		2,071,620	1,893,902	4,292,019
Cost of sales		(484,758)	(526,127)	(976,348)
GROSS PROFIT		1,586,862	1,367,775	3,315,671
Administrative expenses		(1,011,075)	(952,276)	(1,982,454)
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS		575,787	415,499	1,333,217
Exceptional items		-	-	(277,733)
OPERATING PROFIT AFTER EXCEPTIONAL ITEMS		575,787	415,499	1,055,484
Finance costs		(1)	-	(6)
Finance income		18,847	5,641	16,500
PROFIT BEFORE TAXATION		594,633	421,140	1,071,978
Taxation		(129,908)	(96,263)	(316,806)
PROFIT FOR THE PERIOD		464,725	324,877	755,172
OTHER COMPREHENSIVE INCOME				
Unrealised exchange loss		-	(8,550)	(6,928)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		464,725	316,327	748,244
Earnings per share expressed in pence per share:	2			
Basic and diluted		3.67	2.56	5.96

M WINKWORTH PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2013

	Notes	(Unaudited) 30.06.2013 £	(Unaudited) 30.06.2012 £	(Audited) 31.12.2012 £
ASSETS				
NON-CURRENT ASSETS				
Goodwill		-	195,884	-
Intangible assets	3	1,093,328	961,947	1,071,502
Property, plant and equipment		180,866	298,507	189,589
Investments		7,200	7,200	7,200
Trade and other receivables		320,350	145,878	301,588
		1,601,744	1,609,416	1,569,879
CURRENT ASSETS				
Trade and other receivables		1,124,824	636,475	780,699
Cash and cash equivalents		1,376,741	1,558,191	1,597,783
		2,501,565	2,194,666	2,378,482
TOTAL ASSETS		4,103,309	3,804,082	3,948,361
EQUITY				
SHAREHOLDERS' EQUITY				
Share capital		63,381	63,381	63,381
Share premium		1,718,469	1,718,469	1,718,469
Translation reserve		27,239	25,617	27,239
Retained earnings		1,625,345	1,364,135	1,490,201
TOTAL EQUITY		3,434,434	3,171,602	3,299,290
LIABILITIES				
NON-CURRENT LIABILITIES				
Deferred tax		-	31,357	10,092
CURRENT LIABILITIES				
Trade and other payables		625,842	337,876	486,173
Bank borrowings		-	180,054	483
Tax payable		43,033	83,193	152,323
		668,875	601,123	638,979
TOTAL LIABILITIES		668,875	632,480	649,071
TOTAL EQUITY AND LIABILITIES		4,103,309	3,804,082	3,948,361

M WINKWORTH PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period 1 January 2013 to 30 June 2013

	Share capital £	Retained earnings £	Translation reserve £	Share premium £	Shareholders' equity £
Balance at 1 January 2012	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
Total comprehensive income	-	430,295	1,622	-	431,917
Dividends paid	-	(304,229)	-	-	(304,229)
Balance at 31 December 2012	63,381	1,490,201	27,239	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	1,625,345	27,239	1,718,469	3,434,434

M WINKWORTH PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
for the period 1 January 2013 to 30 June 2013

	Notes	(Unaudited) Period 1.1.13 To 30.6.13 £	(Unaudited) Period 1.1.12 To 30.6.12 £	(Audited) Year ended 31.12.12 £
Cash flows from operating activities				
Cash generated from operations	i	455,164	241,387	1,154,698
Interest paid		(1)	-	(6)
Tax paid		(249,290)	(169,080)	(341,758)
Net cash from operating activities		205,873	72,307	812,934
Cash flows from investing activities				
Purchase of intangible fixed assets		(102,756)	(126,359)	(351,418)
Purchase of tangible fixed assets		(12,942)	(19,376)	(22,411)
Interest received		18,847	5,641	16,500
Net cash used in investing activities		(96,851)	(140,094)	(357,329)
Cash flows from financing activities				
Equity dividends paid		(329,581)	(354,935)	(659,164)
Net cash used in financing activities		(329,581)	(354,935)	(659,164)
Decrease in cash and cash equivalents		(220,559)	(422,722)	(203,559)
Cash and cash equivalents at beginning of period		1,597,300	1,800,859	1,800,859
Cash and cash equivalents at end of period	ii	1,376,741	1,378,137	1,597,300

M WINKWORTH PLC

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
for the period 1 January 2013 to 30 June 2013

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

	(Unaudited) Period 1.1.13 To 30.6.13	(Unaudited) Period 1.1.12 To 30.6.12	(Audited) Year ended 31.12.12
	£	£	£
Profit before taxation	594,633	421,140	1,071,978
Depreciation and amortisation	102,595	89,763	513,829
Exchange rate variance	-	7,178	4
Finance costs	1	-	6
Finance income	(18,847)	(5,641)	(16,500)
	678,382	512,440	1,569,317
Increase in trade and other receivables	(362,887)	(143,244)	(443,178)
Increase/(decrease) in trade and other payables	139,669	(127,809)	28,559
Cash generated from operations	455,164	241,387	1,154,698

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:

	30.6.13	30.6.12	31.12.12
	£	£	£
Cash and cash equivalents	1,376,742	1,558,191	1,597,783
Bank overdrafts	-	(180,054)	(483)
	1,376,742	1,378,137	1,597,300

M WINKWORTH PLC

NOTES TO THE CONSOLIDATED INTERIM RESULTS
for the period 1 January 2013 to 30 June 2013

1. ACCOUNTING POLICIES

Basis of preparation

The interim report for the six months ended 30 June 2013 and the comparative information for the periods ended 30 June 2012 and 31 December 2012 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 2012 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 2013 and 30 June 2012 is unaudited. The financial information for the year ended 31 December 2012 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 30.06.13	464,725	12,676,238	3.67
Period ended 30.06.12	324,877	12,676,238	2.56
Year ended 31.12.12	755,172	12,676,238	5.96

M WINKWORTH PLC

NOTES TO THE CONSOLIDATED INTERIM RESULTS
for the period 1 January 2013 to 30 June 2013

3. INTANGIBLE ASSETS

	£
Net book value at 1 January 2012	894,701
Additions	126,359
Amortisation	(59,113)
Net book value at 30 June 2012	961,947
Additions	225,059
Amortisation	(115,504)
Net book value at 31 December 2012	1,071,502
Additions	102,756
Amortisation	(80,930)
Net book value at 30 June 2013	1,093,328