

M Winkworth Plc (“Winkworth” or the “Company”)

Audited final results for the year to 31 December 2010

FINANCIAL HEADLINES

- Sales up by 9.5% to £3.7 million (2009: £3.4 million)
- Profit before taxation £1.1 million (2009: £0.9 million), up 28%
- Basic earnings per ordinary share 7.03p (2009: 6.22p)
- Cash generated from operations of £1.2 million (2009: £1.1million)
- Final interim dividend of 1.3p bringing the total dividend payable to 4.3p per ordinary share

Business Highlights

- Gross property sales turnover of franchised offices of £21m up 30% on 2009 (£16m)
- 114 new franchise applicants compared to 54 in 2009
- Seven new franchised offices opened in new strategic markets
- Prime central London activity in Q1 higher than Q1 2010

Chairman’s Statement

2010 was a good year for Winkworth with overall transactions up by 22 per cent., despite lower volumes right across the UK market following the general election and the introduction of austerity measures. Our ability to grow came to an extent from a presence in more up-market locations and from the addition of offices with higher value properties. We developed our marketing efforts to mirror our forecast of where the market’s strengths would lie and this had the beneficial effect of increasing the turnover of all the franchises that joined us in 2008-9.

We consolidated our position in the active London market, underpinning our business throughout the year, and continued to expand steadily into affluent provincial towns and cities in the south and west of England such as Romsey, Bath, Exeter and Newbury. These new offices create an increased opportunity for growth in years to come.

This momentum and expansion has continued into 2011. We have been delighted to see that the re-branded offices outside London are continuing to increase their turnover and are handling properties of higher value than they were able to under their previous brands.

Winkworth has benefited from this very visible growth by receiving a number of quality applications for new franchises. Notably, these have been from Chartered Surveyors and estate agents from amongst our competitors with many years’ experience, bolstering our confidence for ongoing growth from these new potential franchisees.

We believe that volumes this year will remain substantially the same as in 2010, mainly due to a shortage of stock, hesitant buyers and more conservative mortgage lending. There has, however, been price appreciation in central London and there remains potential for further price increases when buyers’ income ceases to be eroded by inflation and taxation. Our growth will come from our prominent position in the London market, along with increased sales from newly established offices and the added turnover of offices that have converted to the Winkworth brand.

Winkworth aims to achieve steady growth, with an accent on income and an ongoing plan to manage risk. We believe that such a policy gives strength to the business and we will continue to focus attention on providing our shareholders with regular and increasing returns.

CEO's Statement

The strong recovery in the UK market that began in the second half of 2009 carried through into the first half of 2010. The market became more subdued in the second half of the year after the General Election, as negative sentiment surrounding the announced austerity measures undermined the confidence of both buyers and sellers.

The pool of buyers was limited by ongoing finance constraints, as a consequence of which prices weakened whenever supply grew. In 2010, prices of flats outside of prime markets fell by some 10%. Family houses outperformed this market due to more favourable lending conditions and were able to hold their value. In general, low interest rates, overseas buying and sustained levels of employment continued to underpin prices in London.

A buoyant start to 2010 enabled us to outperform the financial targets we had set ourselves for the year and we were also able to grow our franchise base both in London and in our target markets in the south of England that affiliate with the capital. New offices were opened in Fulham, Highbury, Romsey, Bath, Lewes and Northampton. Most recently we converted an agency in Newbury, using our systems and existing client base to improve its average property price and help grow its market share.

In 2010, we grew our transactions by 22%, outperforming the national market which saw mortgage approvals fall from 596,197 in 2009 to 575,167. Particular strength came from our new offices where transactions were 98% higher year-on-year.

At the end of the year we opened our country house department to strengthen our existing proposition and improve our ability to service high net worth clients, leveraging off our network of 57 offices across London. This department will help to source buyers for country houses, enabling our provincial offices to outperform local agencies when selling properties suited to the London buyer and has so far resulted in £14 million of instructions, 16 referrals and 3 sales.

Rentals remained strong, with rental levels appreciating across the board, in some cases by as much as 15%. The low level of transactions in the sales market has, of course, benefited the rental market with frustrated buyers looking to rent as an interim measure until financing becomes more readily available and more properties come onto the market.

In 2010, the gross property sales revenues of our franchises grew by 30% to £21 million. Winkworth's sales grew to £3,707,543, an increase of 9.5% on the 2009 level of £3,386,053, while at £1,111,417 our profits before tax were 28% higher than 2009's result of £869,014, allowing us to pay a dividend of 4.3p per share, representing a total payout of £491,436 compared to £465,000 in 2009.

Outlook

In the current year to-date we have seen trading in line with our expectations. Central London has led the way with the percentage of asking prices achieved rising to 99% in February 2011 compared to 96% in February 2009. In the first quarter, activity in prime central London was ahead year-on-year.

For the year as a whole, we anticipate a fall in prices of 5% outside of prime markets which are expected to hold their value. The key determinants will be the level of interest rates and the extent and timing of any increases. We believe that current expectations of an increase of between 0.5% and 1% can be absorbed by the property market this year. Where there are forced sellers due to public sector cuts, however, we envisage that prices may fall further.

In 2010 we had 114 new franchise applicants compared to 54 in the previous year. At the start of 2011 we had a pipeline of 14 potential new offices and we target a further 8 to 10 openings over the course of the year. In March 2011, Winkworth completed a placing of new shares to raise £1 million before expenses. The net proceeds will be used by Winkworth to develop the Company's franchise base. The Company is in discussions with a number of smaller agencies in strategically important territories to potentially join the Winkworth group.

The London market continues to outperform the national market, where we have seen ongoing weakness in transactions. This weakness is likely to lead to an increase in acquisition opportunities. The estate agency business remains highly competitive and, in a reduced volume market, we believe that strong brands will continue to gain market share.

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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 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

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

Notes	2010 £	2009 £
CONTINUING OPERATIONS		
Revenue	3,707,543	3,386,053
Cost of sales	(840,240)	(989,800)
GROSS PROFIT	2,867,303	2,396,253
Other operating income	-	3,515
Administrative expenses	(1,758,691)	(1,532,594)
OPERATING PROFIT	1,108,612	867,174
Finance costs	-	(474)
Finance income	2,805	2,314
PROFIT BEFORE TAXATION	1,111,417	869,014
Taxation 1	(313,050)	(232,789)
PROFIT FOR THE YEAR	798,367	636,225
OTHER COMPREHENSIVE INCOME		
Unrealised exchange (loss)/gain	(9,543)	13,223
OTHER COMPREHENSIVE INCOME FOR THE YEAR	788,824	649,448
Profit attributable to:		
Owners of the parent	803,981	633,972
Non-controlling interests	(5,614)	2,253
	798,367	636,225
Total comprehensive income attributable to:		
Owners of the parent	795,392	651,779
Non-controlling interests	(6,568)	(2,331)
	788,824	649,448
Earnings per share expressed in pence per share: 3		
Basic and diluted	7.03	6.22

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2010

	Notes	2010 £	2009 £
ASSETS			
NON-CURRENT ASSETS			
Goodwill		208,965	218,430
Intangible assets		203,463	136,228
Property, plant and equipment		265,107	257,913
Investments		7,200	7,050
		<u>684,735</u>	<u>619,621</u>
CURRENT ASSETS			
Trade and other receivables		498,320	357,831
Cash and cash equivalents		1,600,649	1,412,665
		<u>2,098,969</u>	<u>1,770,496</u>
TOTAL ASSETS		<u>2,783,704</u>	<u>2,390,117</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	5	57,144	57,144
Share premium		777,213	777,213
Retained earnings		1,085,145	689,759
		<u>1,919,502</u>	<u>1,524,116</u>
Non-controlling interests		<u>1,902</u>	<u>8,470</u>
TOTAL EQUITY		<u>1,921,404</u>	<u>1,532,586</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax		<u>29,700</u>	<u>22,200</u>
CURRENT LIABILITIES			
Trade and other payables		451,361	458,287
Bank borrowings		92,089	111,392
Tax payable		177,150	265,652
Provisions		112,000	-
		<u>832,600</u>	<u>835,331</u>
TOTAL LIABILITIES		<u>862,300</u>	<u>857,531</u>
TOTAL EQUITY AND LIABILITIES		<u>2,783,704</u>	<u>2,390,117</u>

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010

	Share capital £	Retained earnings £	Share premium £	Shareholders' equity £
Notes				
Balance at 1 January 2009	100	552,880	-	552,980
Issue of share capital	7,144	-	777,213	784,357
Total comprehensive income	-	651,779	-	651,779
Bonus issue	49,900	(49,900)	-	-
Dividends paid 2	-	(465,000)	-	(465,000)
Balance at 31 December 2009	<u>57,144</u>	<u>689,759</u>	<u>777,213</u>	<u>1,524,116</u>
Total comprehensive income	-	795,392	-	795,392
Dividends paid 2	-	(400,006)	-	(400,006)
Balance at 31 December 2010	<u>57,144</u>	<u>1,085,145</u>	<u>777,213</u>	<u>1,919,502</u>
			Non-controlling interests £	Total equity £
Balance at 1 January 2009			10,801	563,781
Issue of share capital			-	784,357
Total comprehensive income			(2,331)	649,448
Dividends paid 2			-	(465,000)
Balance at 31 December 2009			<u>8,470</u>	<u>1,532,586</u>
Total comprehensive income			(6,568)	788,824
Dividends paid 2			-	(400,006)
Balance at 31 December 2010			<u>1,902</u>	<u>1,921,404</u>

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 £	2009 £
Cash flows from operating activities			
Cash generated from operations	4	1,154,313	1,083,813
Interest paid		-	(474)
Tax paid		(394,051)	(121,365)
Net cash from operating activities		<u>760,262</u>	<u>961,974</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(100,035)	-
Purchase of tangible fixed assets		(55,589)	(115,563)
Purchase of fixed asset investments		(150)	-
Sale of tangible fixed assets		-	100
Interest received		<u>2,805</u>	<u>2,314</u>
Net cash from/(used in) investing activities		<u>(152,969)</u>	<u>(113,149)</u>
Cash flows from financing activities			
Loan repayments in year		-	(46,000)
Share issue		-	1,143,000
Flotation costs		-	(358,643)
Equity dividends paid		<u>(400,006)</u>	<u>(465,000)</u>
Net cash (used in)/from financing activities		<u>(400,006)</u>	<u>273,357</u>
Increase in cash and cash equivalents		207,287	1,122,182
Cash and cash equivalents at beginning of year		1,301,273	179,091
Cash and cash equivalents at end of year		<u>1,508,560</u>	<u>1,301,273</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

1. TAXATION

Analysis of the tax charge

	2010 £	2009 £
Current tax	305,550	231,789
Deferred tax	<u>7,500</u>	<u>1,000</u>
Total tax charge in statement of comprehensive income	<u>313,050</u>	<u>232,789</u>

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2010 £	2009 £
Profit on ordinary activities before taxation	<u>1,101,875</u>	<u>882,237</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 28%)	308,525	247,026
Effects of:		
Expenses not deductible for tax purposes	2,643	11,857
Adjustment in respect of prior periods	1,751	(26,909)
Different tax rates	150	842
Capital allowances in excess of depreciation	<u>(7,519)</u>	<u>(1,027)</u>
Total current tax	305,550	231,789
Deferred tax	<u>7,500</u>	<u>1,000</u>
Total tax charge in statement of comprehensive income	<u>313,050</u>	<u>232,789</u>

2. DIVIDENDS

	2010 £	2009 £
Ordinary shares of 0.5p each (2009: £1 each)		
Interim paid 2010 – 3.5p per share (2009 - £4,650 per share)	<u>400,006</u>	<u>465,000</u>

After the statement of financial position date a final interim dividend of 1.3p per 0.5p ordinary share was paid, which is not reflected in the statement of financial position at the year end. After 31 December 2009, a final 2009 dividend of 0.5p per 0.5p ordinary share was paid. As this was declared after the comparative statement of financial position date, it is reflected in the above 2010 interim dividends paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010
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 outstanding during the period.

There are no dilutive potential shares in issue.

	Earnings £	Weighted average number of shares	Per- share amount pence
2010	<u>803,981</u>	<u>11,428,750</u>	<u>7.03</u>
2009	<u>633,972</u>	<u>10,195,719</u>	<u>6.22</u>

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

	2010 £	2009 £
Profit before taxation	1,101,875	882,237
Depreciation and amortisation	80,858	75,042
Loss on disposal of property, plant and equipment	-	464
Reclassification of intangible assets	259	-
Exchange rate variance	9,542	18,290
Finance costs	-	474
Finance income	(2,806)	(2,314)
	<u>1,189,728</u>	<u>974,193</u>
Increase in trade and other receivables	(140,489)	(22,302)
(Decrease)/increase in trade and other payables	(6,926)	131,922
Increase in provisions	112,000	-
	<u>1,154,313</u>	<u>1,083,813</u>
Cash generated from operations	<u>1,154,313</u>	<u>1,083,813</u>

5. SHARE CAPITAL

	2010 £	2009 £
Authorised:		
20,000,000 Ordinary shares of 0.5p	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
11,428,750 Ordinary shares of 0.5p	<u>57,144</u>	<u>57,144</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010**

6. FINANCIAL INFORMATION

The financial information set out in this preliminary announcement, which has been extracted from the audited report and financial statements, does not constitute the company's statutory accounts for the year ended 31 December 2010.

The report of the auditor on the report and financial statements for the year ended 31 December 2010 is not qualified and does not include a statement under s498(2) or s498(3) of the Companies Act 2006.

7. ANNUAL REPORT AND ACCOUNTS

Copies of the annual report and accounts for the year ended 31 December 2010 together with the notice of the Annual General Meeting to be held at the offices of FinnCap, 60 New Broad Street, London, EC2M 1JJ on 6 June 2011, will be posted to shareholders shortly and will be available to view and download from the Company's website at www.winkworthplc.com

The annual report and accounts will be filed at Companies House in due course.