

**M Winkworth Plc (“Winkworth” or the “Company”)****Preliminary results for the year to 31 December 2011****FINANCIAL HEADLINES**

- Sales up by 7.3% to £3.98 million (2010: £3.7 million)
- Profit before taxation £1.2 million (2010: £1.1 million) up 8.1%
- Basic earnings per ordinary share 7.11p (2010: 7.03p)
- Cash generated from operations of £1.12 million (2010: £1.15 million)
- Final interim dividend of 1.6p bringing the total dividend payable to 4.6p per ordinary share (2010: 4.3p)

**Business Highlights**

- Gross property sales and lettings turnover of franchised offices of £35.9 million up 7.4% on 2010
- 11 new offices opened
- London property sales account for 83% of the group total
- Average price of Winkworth country properties sold up 10% on 2010
- Lettings and management up by 40% in the country, 7% in London and 9% overall

**Chairman’s Statement**

Winkworth continued to grow in 2011. While benefitting from the strength of the London market we began to focus more fully on the expansion of our presence in the country in order to profit from anticipated future growth there.

We further expanded our marketing department to take advantage of the roll-out of our strengthened brand and to develop new support levels for our franchisees. From our historical knowledge of estate agency boom and slump cycles, we judged that our market place was likely to experience many pressures over the coming years, and so throughout the course of 2011 concentrated on improving the fundamentals of our franchise network to secure a solid platform for growth in 2012-2015.

Encouraged by the success of our expansion into selected, high quality country areas and the growth of our new offices, we intend to accelerate our investment in 2012 into this fast evolving part of our network. To expand into a market downturn is never easy, but our decision to do so has been based both on a track record of success and on our efforts to improve our structure and system regardless of outside influences. We have concluded that this is the best way to optimise our medium term growth prospects.

We remain in the fortunate position of having cash available to us and strong profitability. This has enabled us to seize opportunities at a time when others have felt the strain from rising overheads. Our franchise model allows us to plan our expansion progressively and without the risk of having to make dramatic cuts should the market falter. The breadth of our exposure to both London and, increasingly, the country market has diversified our risk profile and should protect us against a potential downturn in prime central London as a result of the recent increases in stamp duty, which we expect will affect a large number of non-domiciled home owners and near-term demand in central London.

We remain, therefore, very positive for the future of the business. The decisions taken in 2011 have proven to be very good for Winkworth's short-term growth and our focus now is to continue to broaden the base of the business and build for the medium term.

### **CEO's Statement**

Overall, 2011 followed a similar pattern to 2010 as mortgage availability and economic concerns weighed on the residential property market, with the national market witnessing a 2% drop in transactions from 762,000 to 749,000. Against this background, the gross property sales and lettings revenues of our franchises grew by 7.4% to £35.9 million and sales transactions increased by 14% in the country, 1% in London, and 4% in total.

M Winkworth Plc's turnover grew to £3.98 million, an increase of 7.3% on the 2010 level of £3.7 million, while at £1.2 million our profits before tax were 8.1% higher than 2010's result of £1.1 million, allowing us to pay a dividend of 4.6p per share compared to 4.3p per share in 2010.

The London sales market, which accounted for 83% of group property sales, saw further price rises driven by an acute lack of supply, while in the country all but the most prime properties saw prices flat or drifting down at the lower end. Family houses purchases, which are characterised by higher deposits, have continued to be the focal point for our activity and saw the greatest price appreciation.

In the rental market prices were pushed up in the middle segment as some would-be buyers unable to access sufficient mortgage financing chose to rent. At the top end of the market there was a drop off in rental prices due to cuts in corporate budgets. Our lettings and management business, accounting for 36% of the gross turnover of Winkworth's offices, grew by 40% in the country, 7% in London and 9% overall and achieved a record level of annual turnover.

2011 saw us meet our financial targets and exceed our growth targets. In a still weak environment we achieved an increase in market share as the strength of our brand and client proposition further improved, with fees rising at over 7% compared to a 4% increase in transactions. This was most notable in the country where, with prices generally still in decline, we saw our average price of property sold move up by 10% up as businesses converted to the Winkworth brand improved their client proposition.

As part of our programme of expanding and upgrading our network of offices, we are very pleased to have opened a record number of 11 new franchises in 2011, 10 of which were conversions from existing businesses, compared to seven openings in 2010. After the consolidation of some existing franchises, the total net number of offices under the Winkworth banner increased by five to a total of 89 by the end of the year. The new offices include key target areas which affiliate with London such as Oxford, Chalfont St Peter, Petersfield, Farnham, Harrow and Chislehurst, as well as a chain of four offices in the Bournemouth area.

During the course of the year we relocated our premises to Mayfair where we anchored the new country house department, facilitating the marketing of country agents' properties in a prime London location and providing a focal point for marketing country properties through our London offices. We expect this prestige address to help us to gain further share in the prime family house market.

## **Outlook**

The opening months of the year have presented us with a mixed picture for London residential property but with some encouraging signs. As anticipated, the Budget focused on the higher end of the market and the changes introduced there will no doubt have an impact on £2m+ properties and the appetite of the international buyer for investing in prime central London.

At the other end of the market, the re-instatement of stamp duty will add an extra burden for first-time buyers still struggling to secure the necessary financing to get a foot on the ladder. Rental demand here will remain strong for these reasons.

But it is the middle market of family houses in Greater London, where prices have risen but transaction volumes have been limited by a shortage of available stock, which is finally showing renewed signs of life. The typical buyer in this segment is a professional individual or couple with a minimum of 20% equity to invest in a new loan. Already a homeowner, the need here is for more space for a growing family. It is, therefore, very encouraging to report that our offices have witnessed a 20% year-on-year increase in sales instructions over the first two months of the year and a 12% rise in buyer registrations. Over the same period, completed transactions rose by almost a quarter.

We believe that this activity is being driven by an improvement in mortgage availability for applicants with equity of over 20% to invest, sellers being tempted to test the market after an increase in prices over the second half of last year to levels close to their peak and, finally, returning confidence in job prospects. Despite ongoing uncertainty in the global economy, we are confident that transactions in the London family home market will increase by 5-10% this year against a background of stable prices. We do envisage a slow down over the Olympics but this could result in the final months of the year being particularly active.

We have also seen a positive start to the country market, with an increase in applicants registering with Winkworth offices. With property instructions remaining tight, this is encouraging news for prices in the country house market in 2012 and we believe that this will lead an increase in activity on 2011. Perhaps most encouragingly, we are seeing a rise in the number of buyers of country houses originating from London, suggesting not only that our network is working well, but also that the opening up of a price gap between London and the country has led to more people looking to make the move out.

Having so far this year already added offices in Canterbury, Grantham, Worcester Park and Cheam, we will continue to invest in new offices outside of London in 2012 despite the ongoing low volume of transactions. With the launch of a new brand strategy, website and national advertising campaign, we will also work to make our proposition even more compelling. The gains that we are making in market share lead us to believe that these are the right conditions under which to grow our footprint across the South East and South West of England and, in anticipation of an eventual upturn in transaction, to add value to the brand by acquiring revenues at depressed values.

For further information please contact:

**M Winkworth Plc****Tel: 020 7355 2866**

Dominic Agace (Chief Executive Officer)

Chris Neoh (Chief Financial Officer)

**Milbourne (Financial PR)****Tel: 020 7920 2367**

Tim Draper

**FinnCap****Tel: 020 7220 0500**

Matthew Robinson/Rose Herbert (Corporate Finance)

Stephen Norcross (Corporate Broking)

## 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](http://www.winkworthplc.com)

## M WINKWORTH PLC

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Notes	2011 £	2010 £
<b>CONTINUING OPERATIONS</b>			
Revenue		3,978,662	3,707,543
Cost of sales		<u>(843,095)</u>	<u>(840,240)</u>
<b>GROSS PROFIT</b>		3,135,567	2,867,303
Administrative expenses		<u>(1,944,760)</u>	<u>(1,758,691)</u>
<b>OPERATING PROFIT</b>		1,190,807	1,108,612
Finance income		<u>10,667</u>	<u>2,805</u>
<b>PROFIT BEFORE TAXATION</b>		1,201,474	1,111,417
Taxation	1	<u>(325,042)</u>	<u>(313,050)</u>
<b>PROFIT FOR THE YEAR</b>		876,432	798,367
<b>OTHER COMPREHENSIVE INCOME</b>			
Unrealised exchange loss		<u>(6,258)</u>	<u>(9,543)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>870,174</u>	<u>788,824</u>
Profit attributable to:			
Owners of the parent		878,334	803,981
Non-controlling interests		<u>(1,902)</u>	<u>(5,614)</u>
		<u>876,432</u>	<u>798,367</u>
Total comprehensive income attributable to:			
Owners of the parent		872,076	795,392
Non-controlling interests		<u>(1,902)</u>	<u>(6,568)</u>
		<u>870,174</u>	<u>788,824</u>
Earnings per share expressed in pence per share:			
Basic and diluted	3	<u>7.11</u>	<u>7.03</u>

## M WINKWORTH PLC

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**31 DECEMBER 2011**

	Notes	2011 £	2010 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill		203,437	208,965
Intangible assets		894,701	203,463
Property, plant and equipment		309,885	265,107
Investments		7,200	7,200
Trade and other receivables		<u>135,574</u>	<u>100,000</u>
		<u>1,550,797</u>	<u>784,735</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables		503,535	398,320
Cash and cash equivalents		<u>1,878,306</u>	<u>1,600,649</u>
		<u>2,381,841</u>	<u>1,998,969</u>
<b>TOTAL ASSETS</b>		<u><u>3,932,638</u></u>	<u><u>2,783,704</u></u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	5	63,381	57,144
Share premium		1,718,469	777,213
Translation reserve		34,167	40,425
Retained earnings		<u>1,394,193</u>	<u>1,044,720</u>
		3,210,210	1,919,502
Non-controlling interests		<u>-</u>	<u>1,902</u>
<b>TOTAL EQUITY</b>		<u><u>3,210,210</u></u>	<u><u>1,921,404</u></u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax		<u>34,347</u>	<u>29,700</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		457,614	451,361
Bank borrowings		77,447	92,089
Tax payable		153,020	177,150
Provisions		<u>-</u>	<u>112,000</u>
		<u>668,081</u>	<u>832,600</u>
<b>TOTAL LIABILITIES</b>		<u><u>722,428</u></u>	<u><u>862,300</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>3,932,638</u></u>	<u><u>2,783,704</u></u>

## M WINKWORTH PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2011

		Share capital £	Share premium £	Translation reserve £	Retained earnings £	Shareholders' equity £
	Notes	57,144	777,213	49,014	640,745	1,524,116
<b>Balance at 1 January 2010</b>						
Dividends paid	2	-	-	-	(400,006)	(400,006)
Total comprehensive income		-	-	(8,589)	803,981	795,392
<b>Balance at 31 December 2010</b>		<u>57,144</u>	<u>777,213</u>	<u>40,425</u>	<u>1,044,720</u>	<u>1,919,502</u>
Issue of share capital		6,237	941,256	-	-	947,493
Dividends paid	2	-	-	-	(528,861)	(528,861)
Total comprehensive income		-	-	(6,258)	878,334	872,076
<b>Balance at 31 December 2011</b>		<u><b>63,381</b></u>	<u><b>1,718,469</b></u>	<u><b>34,167</b></u>	<u><b>1,394,193</b></u>	<u><b>3,210,210</b></u>

		Non- controlling interests £	Total equity £
<b>Balance at 1 January 2010</b>		8,470	1,532,586
Total comprehensive income		(6,568)	788,824
Dividends paid	2	-	(400,006)
<b>Balance at 31 December 2010</b>		<u>1,902</u>	<u>1,921,404</u>
Issue of share capital		-	947,493
Total comprehensive income		(1,902)	870,174
Dividends paid	2	-	(528,861)
<b>Balance at 31 December 2011</b>		<u><u>-</u></u>	<u><u>3,210,210</u></u>

## M WINKWORTH PLC

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Notes	2011 £	2010 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	4	1,118,136	1,154,313
Tax paid		(344,525)	(394,052)
Net cash from operating activities		<u>773,611</u>	<u>760,261</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets		(772,744)	(100,035)
Purchase of property, plant & equipment		(137,867)	(55,589)
Purchase of fixed asset investments		-	(150)
Interest received		10,667	2,806
Net cash used in investing activities		<u>(899,944)</u>	<u>(152,968)</u>
<b>Cash flows from financing activities</b>			
Share issue		947,493	-
Equity dividends paid		(528,861)	(400,006)
Net cash from/(used in) financing activities		<u>418,632</u>	<u>(400,006)</u>
<b>Increase in cash and cash equivalents</b>		292,299	207,287
<b>Cash and cash equivalents at beginning of year</b>		1,508,560	1,301,273
<b>Cash and cash equivalents at end of year</b>		<u><u>1,800,859</u></u>	<u><u>1,508,560</u></u>



## M WINKWORTH PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011

## 1. TAXATION

**Analysis of the tax charge**

	2011 £	2010 £
Current tax	320,395	305,550
Deferred tax	<u>4,647</u>	<u>7,500</u>
Total tax charge in statement of comprehensive income	<u>325,042</u>	<u>313,050</u>

**Factors affecting the tax charge**

The tax assessed for the year is higher (2010 – higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>1,201,474</u>	<u>1,111,417</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.500% (2010 - 28%)	318,391	311,197
Effects of:		
Expenses not deductible for tax purposes	3,027	(29)
Adjustment in respect of prior periods	313	1,751
Different tax rates	5,553	150
Capital allowances in excess of depreciation	<u>(6,889)</u>	<u>(7,519)</u>
Total current tax	320,395	305,550
Deferred tax	<u>4,647</u>	<u>7,500</u>
Total tax charge in statement of comprehensive income	<u>325,042</u>	<u>313,050</u>

## 2. DIVIDENDS

	2011 £	2010 £
Ordinary shares of 0.5p each		
Interim paid 2011 – 4.3p per share (2010 – 3.5p per share)	<u>528,861</u>	<u>400,006</u>

## M WINKWORTH PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2011

## 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
<b>2011</b>	<u>878,334</u>	<u>12,345,752</u>	<u>7.11</u>
<b>2010</b>	<u>803,981</u>	<u>11,428,750</u>	<u>7.03</u>

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

	2011 £	2010 £
Profit before taxation	1,201,474	1,111,417
Depreciation and amortisation	141,215	80,858
Loss on disposal of fixed assets	35,600	-
Reclassification of intangible assets	-	259
Exchange rate variance	(2,950)	(1)
Finance income	<u>(10,667)</u>	<u>(2,805)</u>
	1,364,672	1,189,728
Increase in trade and other receivables	(140,789)	(140,489)
(Decrease)/increase in trade and other payables and provisions	<u>(105,747)</u>	<u>105,074</u>
<b>Cash generated from operations</b>	<u>1,118,136</u>	<u>1,154,313</u>

## 5. SHARE CAPITAL

	2011 £	2010 £
Authorised:		
20,000,000 Ordinary shares of 0.5p	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
12,676,238 (2010 - 11,428,750) Ordinary shares of 0.5p	<u>63,381</u>	<u>57,144</u>

**M WINKWORTH PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**6. FINANCIAL INFORMATION**

The financial information set out in this preliminary announcement, which has been extracted from the draft report and financial statements, does not constitute the company's statutory accounts for the year ended 31 December 2011.

The auditor has indicated that the report and financial statements for the year ended 31 December 2011 will not be qualified and will 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 2011 together with the notice of the Annual General Meeting to be held at the offices of M Winkworth Plc on 12 June 2012, will be posted to shareholders shortly and will be available to view and download from the Company's website at [www.winkworthplc.com](http://www.winkworthplc.com)

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