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This document constitutes an admission document drawn up in accordance with the AIM Rules. It is not a prospectus and has not been delivered to or approved by the Financial Services Authority in accordance with the Prospectus Rules published by the Financial Services Authority.

The Company and the Directors, whose names appear on page 4 of this document, accept responsibility individually and collectively for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made for the Ordinary Shares of Winkworth to be admitted to trading on AIM. It is expected that dealings in the Ordinary Shares will commence on 12 November 2009.

The whole of this document should be read. An investment in the Company includes a significant degree of risk and the attention of investors is drawn in particular to the Risk Factors set out in Part 2 of this document.

M Winkworth PLC

(Incorporated in England and Wales under the Companies Acts 1948 to 1967 with registration number 1189557)

Placing of 868,750 Ordinary Shares of 0.5p each at 80p per share and Admission to trading on AIM

Nominated Adviser and Broker

FinnCap

FinnCap, which is authorised and regulated by the Financial Services Authority, is acting as the Company's nominated adviser and broker for the purposes of the AIM Rules in connection with the proposed admission of the Ordinary Shares to trading on AIM. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to London Stock Exchange plc and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by FinnCap as to any of the contents of this document and FinnCap has not authorised the contents of any part of this document (without limiting the statutory rights of any person to whom this document is issued). No liability whatsoever is accepted by FinnCap for the accuracy of any information or opinions contained in, or for the omission of any material information from this document for which the Company and the Directors are solely responsible. FinnCap will not be offering advice, and is not acting for, and will not otherwise be responsible for providing customer protections to recipients of this document in respect of the proposals described in this document.

The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state of the United States or qualify for distribution under any of the relevant securities laws of Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa, nor has any prospectus in relation to the Ordinary Shares been lodged with or registered by the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exceptions, the Ordinary Shares may not be, directly or indirectly, offered, sold, taken up, delivered or transferred in or into or within United States, Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa. This document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

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Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) at the Company's registered office and at the offices of FinnCap at 4 Coleman Street, London EC2R 5TA from the date of this document and for a period of at least one month from Admission.

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PLACING STATISTICS

Placing Price per New Ordinary Share or Vendor Placing Share	80p
Number of Existing Ordinary Shares	10,872,500
Number of New Ordinary Shares being placed on behalf of the Company	556,250
Number of Vendor Placing Shares	312,500
Number of Ordinary Shares in issue immediately following Admission	11,428,750
Number of Placing Shares as a percentage of the Enlarged Share Capital	7.60 per cent.
Gross proceeds of the Placing for the Company	£445,000
Proceeds of the Pre-IPO Fundraising	£698,000
Estimated net proceeds of the Placing and Pre-IPO Fundraising for the Company	£748,000
Market capitalisation of the Company at the Placing Price immediately following Admission	£9.1 million
ISIN	GB00B4TT7L53
AIM symbol	WINK

EXPECTED TIMETABLE

Publication of this document	6 November 2009
Admission and commencement of dealings in the Ordinary Shares on AIM	12 November 2009
CREST accounts credited (where appropriate)	12 November 2009
Date for despatch of definitive share certificates (where applicable)	by 19 November 2009

DIRECTORS, SECRETARY AND ADVISERS

Directors	Simon Peter Agace (<i>Non-executive Chairman</i>) Dominic Charles Mackay Agace (<i>Chief Executive Officer</i>) Christopher Paul Neoh (<i>Finance Director</i>) Lawrence Michael Alkin (<i>Non-executive Director</i>) Anthony John Snarey (<i>Non-executive Director</i>)
Secretary	Margaret Ogunbunmi Doregos
Website address	www.winkworthplc.com
Registered Office	The Triangle 5-17 Hammersmith Grove London W6 0LG
Nominated Adviser and Broker	FinnCap 4 Coleman Street London EC2R 5TA
Reporting Accountant	BDO LLP 55 Baker Street London W1U 7EU
Auditors	Duncan & Toplis 3 Castlegate Grantham Lincolnshire NG31 6SF
Solicitors to the Company	Nabarro LLP Lacon House 84 Theobald's Road London WC1X 8RW
Solicitors to the Nominated Adviser and Broker	Field Fisher Waterhouse LLP 35 Vine Street London EC3N 2AA
Registrars	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0GA
Financial PR	Milbourne 1 Ropemaker Street 34th Floor London EC2Y 9AW

DEFINITIONS

“Act”	the Companies Act 2006, as amended
“Admission”	admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange (including, without limitation, any guidance notes or statements of practice) which govern the obligations and responsibilities of companies whose shares are admitted to trading on AIM, as amended from time to time
“Articles”	the articles of association of the Company, further details of which are set out in paragraph 5 of Part 5 of this document
“City Code”	the UK’s City Code on Takeovers and Mergers
“Combined Code”	the Combined Code on Corporate Governance issued by the Financial Reporting Council in June 2008, as amended from time to time
“Controlling Shareholder”	Simon Agace who, on Admission, will hold approximately 55.4 per cent. of the Enlarged Share Capital
“CREST”	the computer based system and procedures which enable title to securities to be evidenced and transferred without a written instrument and of which Euroclear is the operator
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time
“Directors” or “Board”	the directors of Winkworth at the date of this document whose names are set out on page 4 of this document
“Disclosure and Transparency Rules”	the disclosure and transparency rules made by the FSA under section 73A of FSMA
“Enlarged Share Capital”	the Existing Ordinary Shares and the Placing Shares
“Euroclear”	Euroclear UK & Ireland Limited, the operator of the CREST system
“Existing Ordinary Shares”	the Ordinary Shares in issue at the date of this document
“Franchisees”	the existing franchisees who have entered into legally binding franchise agreements with Winkworth Franchising and where the context so requires persons who may in the future enter into such agreements
“FSA”	the Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000, as amended
“FinnCap”	JMFinn Capital Markets Limited

“Group”	the Company and its subsidiary undertakings from time to time
“HMRC”	Her Majesty’s Revenue & Customs
“Locked-in Directors”	Simon Agace, Dominic Agace, Anthony Snarey, Lawrence Alkin and Christopher Neoh
“London Stock Exchange”	London Stock Exchange plc
“NAEA”	the National Association of Estate Agents
“NALS”	the National Approved Letting Scheme
“New Ordinary Shares”	the 556,250 new Ordinary Shares which have been conditionally placed by FinnCap pursuant to the Placing Agreement
“Official List”	the Official List of the UK Listing Authority
“Ordinary Shares”	ordinary shares of 0.5p each in the share capital of the Company
“Panel”	the UK Panel on Takeovers and Mergers, which operates the City Code
“Placing”	the conditional placing of the Placing Shares at the Placing Price by FinnCap as broker to the Company, pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 6 November 2009 between the Company, the Directors and FinnCap, in connection with the Placing, further details of which are set out in paragraph 12.1 of Part 5 of this document
“Placing Price”	80p per Ordinary Share
“Placing Shares”	the New Ordinary Shares and Vendor Placing Shares
“Pre-IPO Fundraising”	means the aggregate sum of £698,000 resulting from the issue by the Company of 872,500 Ordinary Shares at an issue price of 80p per Ordinary Share completed shortly before the Placing
“Relationship Agreement”	the agreement dated 5 November 2009 between the Company, FinnCap and the Controlling Shareholder, further details of which are set out in paragraph 12.3 of Part 5 of this document
“RICS”	the Royal Institution of Chartered Surveyors
“Selling Shareholders”	Simon Agace and Anthony Snarey
“Shareholders”	shareholders in Winkworth
“TPOS”	The Property Ombudsman Scheme
“UK Listing Authority”	the FSA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA

“United Kingdom” or “UK”	United Kingdom of Great Britain and Northern Ireland
“US” or “United States”	United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
“VAT”	UK value added tax
“Vendor Placing”	the placing of the Vendor Placing Shares at the Placing Price by FinnCap as broker to the Selling Shareholders, pursuant to the Placing Agreement
“Vendor Placing Shares”	the 312,500 Existing Ordinary Shares which have been conditionally placed by FinnCap on behalf of the Selling Shareholders
“Winkworth” or “Company”	M Winkworth PLC
“Winkworth Franchising”	Winkworth Franchising Limited, a wholly owned subsidiary of Winkworth

PART 1

INFORMATION ON WINKWORTH

1. Introduction

Winkworth is the holding company of Winkworth Franchising and is registered in the UK.

Winkworth Franchising is a UK-based franchised estate agency, with 76 franchisees operating out of 86 offices. Its core business is the franchising of estate agency sales, residential lettings and property management services under the brand name of “Winkworth”.

It operates primarily in the UK property market, with additional operations in France and Portugal.

2. History and background

The original business was established in Mayfair in 1835 and was operated by the Winkworth family. In 1967, the Winkworth business was purchased by Mann & Company, an estate agency business operated by the father of the current Chairman, Simon Agace.

In 1974, the Winkworth business and its three offices (Curzon Street, Knightsbridge and Holland Park), were acquired from Mann & Company by Simon Agace who became sole Director and gained control of the Winkworth business.

Under Simon Agace’s direction, Winkworth grew to eight owned offices by 1980 covering new areas such as St. John’s Wood, Fulham, Battersea and Putney, creating an established identity for Winkworth in Central and West London.

Having observed the successful growth of the franchise model in the US, Simon Agace saw this as a means of securing talent within a business. In 1981, Simon began converting the eight wholly owned offices to franchises. The franchise concept was rarely used at this stage by estate agents in the UK. The concept provided an opportunity for Simon Agace’s senior managers to own their own businesses while allowing Simon Agace to retain their skill and knowledge for the benefit of Winkworth.

The Group expanded the network at low cost through organic growth and, in 2001, Anthony Snarey, now a Non-executive Director, established the Sheffield franchise, giving the Group and brand its first exposure outside London.

Winkworth now has a network of over 86 offices run by an experienced management team which has been responsible for the development of the Winkworth proposition.

In line with the Company’s strategy to expand its franchise model into Europe, in 2004, five offices were acquired in Portugal and re-branded as Winkworth by Anthony Snarey and his partners. In 2008, one franchise office was also acquired in France as a pilot for replicating the franchise model there.

3. The franchise model

Winkworth Franchising operates a network of franchised estate agencies offering residential sales, lettings and property management services under the brand name “Winkworth”.

Winkworth Franchising’s business model offers a branded platform to estate agents from which to access Winkworth’s comprehensive range of support services: compliance, marketing, public relations, training and administration services. Winkworth Franchising also offers additional products such as financial services, auctions, surveying and commercial property sales. Franchisees

can benefit from the economies of scale in purchasing that the Group enjoys and national advertising undertaken by Winkworth Franchising relative to smaller independent agencies.

Whilst the franchise model as a policy does not specify taking on responsibility for property costs (except in exceptional circumstances), in the majority of instances where Winkworth Franchising has taken on the lease of a property, the Company is protected by cash deposits held in a bank account. Winkworth is rarely directly involved in Franchisees' premises other than through options. However, a small number of exceptions were made in strategically important offices, prior to the Company's change in policy and the Company still holds the head leases for those offices. The Directors believe that this approach helps to reduce the financial risk profile of the business.

In 2004 Winkworth started to purchase franchised estate agencies in key locations in order to develop brand recognition in clusters outside of London and the Directors believe that this formula has proven successful.

- *Brand*

The Directors believe that Winkworth is one of the originators of the concept of franchising in the UK estate agency market and offers its Franchisees the opportunity to benefit from the recognition associated with its brand name.

With the roll-out of national brands, the Directors believe that many estate agents looking to set up their own businesses recognise the value attached to a brand name in their local market place. Winkworth can provide the brand recognition that they require to help them to maximise their competitive position in their chosen market.

- *Compliance*

Winkworth Franchising provides all Franchisees with the Winkworth manual, which sets out the service and marketing standards to be adopted and helps to maintain the standards of the model. The manual includes information on dealing with applicants and vendors, complying with industry legislation such as the Housing Act 2004 and money laundering requirements, and responding to complaints. It is regularly updated to reflect new legislation. There is a centrally managed complaints procedure which is supported and accredited by TPOS. Membership of NAEA, NALS and TPOS is required to become a Franchisee.

The objective of the compliance procedure is to maintain consistent standards across all Winkworth franchises and to promote the Winkworth concept and brand in a uniform fashion. Franchisees' performance is monitored and reviewed on a monthly basis and backed up with regular compliance inspections. Only six Franchisees have been disenfranchised in the last five years.

- *Marketing and advertising*

The marketing team is responsible for the design and creative work for Franchisee promotion as well as for advertising campaigns and offers group, regional and office-level market initiatives.

- *International Liaison Centre*

In 2008, the Company established its International Liaison Centre in London as an international centre for cross referrals between offices. A dedicated team deals with UK property enquiries from overseas and UK enquiries for overseas properties, as well as passing on qualified leads from buyers and sellers throughout the Winkworth franchise network and, in the case of France, among associated offices.

- *IT*
The Directors believe that Winkworth Franchising was one of the first franchised estate agencies to create and run its own internet site across its franchise network. The Winkworth website is renewed as part of a rolling programme and now attracts 250,000 hits per month. It is subject to a major relaunch approximately every two years, with the latest update currently being installed.
- *Public relations ("PR")*
Winkworth's PR team provides market comment and property placement in specific media to increase the profile of individual Franchisees and the Winkworth brand.

4. Franchise agreements

The Company has entered into detailed franchise agreements with each of its UK based Franchisees. The agreements grant the Franchisee the right to operate the relevant services under the "Winkworth" brand name within an exclusive territory. The agreement is signed by the Franchisee in a personal capacity, although the business can be operated through a service company, provided that this company, in turn, agrees to adhere to the franchise agreement. This contractual arrangement provides the Company with a valuable personal guarantee from the Franchisee.

For the last five years, Winkworth Franchising has been using standard form franchise agreements for its sales and lettings services in the UK, which have been entered into by the majority of Franchisees. These were drafted by a well-established law firm and are reviewed and updated regularly to keep pace with regulatory change. Save in exceptional circumstances, the Company does not negotiate variations to any of its core standard terms, which include fees payable by the Franchisee (eight per cent. commission on all gross receipts and contributions towards advertising and IT services) and the term of the agreement (10 years with an option for the Franchisee to renew for a further 10 years). All sales are invoiced by Winkworth Franchising.

The Directors believe that the uniform franchise agreements imposed across the network not only have legal and commercial benefits but also help to underpin consistent delivery of the high quality services and brand values that the Company strives to achieve across its franchise network.

Winkworth has created two bespoke sales and lettings manuals for Franchisees to use on a daily basis. These manuals have been developed over 27 years and work in tandem with the franchise agreements. The manuals set out the Winkworth structure and the brand marketing. All sections are reviewed regularly and updated when necessary to include estate agency best practices. All Franchisees sign an acknowledgment form when they receive each of these manuals. In the event that a Franchisee does not meet the standards outlined in the Winkworth manual, Winkworth can enforce its compliance rulings in the manuals to terminate the franchise agreement. Upon termination, Franchisees are prevented from re-opening as a competing new business.

5. The market

Competitive environment

There are three types of estate agency businesses in the UK:

- national networks – cohesive wholly-owned networks with national coverage;
- independent businesses – single agents or small regional chains of estate agencies of up to eight offices; and
- franchised network – networks of estate agents with offices independently owned and operated, and some with a mix of franchised and wholly-owned agencies.

Winkworth Franchising was one of the first estate agency franchise companies to operate in the UK. Since the 1990s, there has been steady growth in companies operating estate agency franchise models in the UK and there are now a number of established competitors.

There are also a number of smaller competitors, as well as lettings franchise companies. However, at present these tend to be regional and do not normally compete with Winkworth for Franchisees in similar areas.

Advantages of the Winkworth franchise model

While the franchised and national networks may operate in a similar market, the Directors believe that Winkworth benefits from competitive advantages. For example, in the Directors' opinion, its London coverage is a powerful selling point in the estate agency franchising industry. Winkworth has 56 franchised offices in London, operating out of small units based in central locations, which offers a flexible cost base that can be adapted to cyclical markets.

The Directors believe that competitors are likely to find it difficult to gain a similar position due to the costs of entry and the difficulties in identifying suitable sites. Consequently, the Directors believe that it will be hard for competitors to build the long-term goodwill and reputation that Winkworth enjoys.

The Group's London base has historically provided durable and flexible income, with a strong London rentals market usually acting as a hedge against lower sales volumes during down-turns and above national average commissions being achieved on properties with a sale value of up to £10 million. With Franchisees being local in focus, these should be well positioned to take advantage when the market for sales improves.

The Group's revenues are concentrated in the London area with its top 10 Franchisees all London based, accounting for approximately 32 per cent. of the Group's turnover in 2008. However, Winkworth is not overly reliant on any one franchise operation, with the biggest contribution from a single Franchisee being six per cent. of Group turnover. Its London coverage allows the Group to consolidate its position as a mid-upper market brand and acts as a platform for attracting further Franchisees.

The Directors believe that the strength of the brand name makes it a strong challenger in the industry. Over time, many London residents tend to migrate into the provinces and, as a result, the Winkworth brand has also become quite well known outside of London. Typically, when Franchisees establish themselves in the provinces they benefit from the goodwill associated with customers who have dealt with Winkworth in the past when owning or renting in London, helping the new provincial franchises to develop their business.

Sellers in the provinces, the Directors believe, frequently want to attract London buyers and look to market their properties through agencies with London networks to ensure they can get the best price for their homes. Therefore, with Winkworth's extensive London coverage, local agencies can increase their appeal to local sellers by joining the Winkworth network. Winkworth has a larger central London network than other franchised estate agency and is therefore able to offer increased exposure.

Linked to the brand name, Winkworth places a strong emphasis on its reputation and the quality of its service. It invests in staff training and operates systems of risk management and internal control.

Franchisees are responsible for the rent and overheads of their offices and running costs are not payable by Winkworth. Winkworth, therefore, does not have a costly portfolio of offices, nor does it have to bear the costs of an extended management structure. In the Directors' opinion, the fact that each Franchisee stands independently is one of the major advantages of the franchise model; a weak performance from one branch cannot have a significant impact on the overall performance of the

Group. Additionally, underperforming branches can be reinvigorated through the sale of a franchise to a new team or individual.

The Directors believe that Winkworth's advantage in the franchise part of the industry can be further enhanced through strategic acquisitions and focused organic growth. As Winkworth expands into the provinces, it is likely that the strength of its London reputation will enable strategic acquisitions to benefit from re-branding.

Market drivers

The Directors consider the following market considerations to be drivers of the Winkworth business:

a. The current market

Many estate agents have found that their cost base is geared towards a high volume sales market and have built significant overheads in anticipation of ongoing high levels of business. The reduced number of sales resulting from the property downturn has consequently impaired their businesses. By comparison, due to the benefits of shared costs, the franchise model is positioned to operate on lower margins and Franchisees enjoy the cost effectiveness derived from economies of scale.

Under the franchise model, the Directors believe that Winkworth is less exposed than its competitors operating in the non-franchised part of the market to the risk of offices being forced to close. It has been able to retain its network of Franchisees and, when the market improves, Winkworth Franchising should be well positioned to benefit from an upturn.

b. Competition

The higher end of the market is dominated by well-funded corporate networks with centrally located offices and sophisticated marketing campaigns. The successful roll out of these corporate models has had a negative impact on the market share of existing single agencies or small chains of independent agencies. In a lower volume market, these independent agencies will need to grow their market share to attain profitability. The Directors believe that Winkworth, through its service provision and successful brand, is well placed to help independent agencies to defend and grow market share against their corporate competitors when they become Franchisees, as has been witnessed in the Basingstoke and Highcliffe offices.

c. Industry regulation

The estate agency industry is becoming increasingly subject to greater regulatory compliance, licensing and training requirements. Increasing legislation which governs the behaviour of estate agents and rental agents covers areas such as deposit schemes, unfair terms and potential licensing. Candidates wishing to become Franchisees are required to adopt best industry standards before they join the Winkworth network. More onerous regulatory requirements will also affect those independent agencies lacking the structure or resources to ensure that ongoing regulatory requirements are met. Winkworth can provide an essential service to its Franchisees through the provision of additional resources it offers, such as the Winkworth manual, developed over many years, which provides a constructive compliance guide. This is expected to make it increasingly appealing for estate agents starting a new business, or running an existing one, to become Franchisees.

6. Growth plans

The Directors' strategy is to increase its number of Franchisees through steady growth in well-researched and strategically important areas. Winkworth is regularly approached by individuals wishing to become Franchisees and those potential candidates that are accepted as Franchisees enable Winkworth to grow organically without adding to the Group's cost base. The Directors believe that this ongoing growth can be added to and enhanced through the acquisition of carefully

selected existing estate agencies or by investing in expert individuals in start-up businesses and launching them in key locations under the Winkworth model.

UK

Organic growth – London

Organic growth is expected to come from existing Franchisees recognising that their current territory can support further offices or sub-offices, and from growing their existing turnover by bringing in new partners or increasing staff numbers. This creates natural expansion for the Group's London network. The Winkworth brand has grown over the years and has broadened its appeal, covering a greater range of properties to increase its sales commissions.

Acquisitions and secondary growth – major conurbations

The intention is to repeat the success of the London franchise model elsewhere in the UK by establishing networks of franchises in major conurbations. The Company intends to find appropriate businesses in order to acquire further royalty fees for cash, or to identify qualified individuals and, with the benefit of Winkworth's support, enable them to roll out a network within their particular conurbation. These conurbations are likely to be sufficiently large areas that operate independently of London and need their own local network to achieve full coverage.

Expansion outside London

Offices in market and county towns can act as satellites to London and gateways to the surrounding country districts. By identifying key locations where Winkworth can acquire existing businesses or the appropriate individuals with local knowledge in the preferred locations, Winkworth can set up new offices and build up a team. The Company intends to achieve exposure to new markets via the Winkworth brand and, from that exposure, a point of expansion into a local network.

The strategy is to open eight new offices a year, as has been achieved in 2009, alongside the strategic acquisition of existing businesses in key locations to facilitate future growth in the provinces.

Europe

Six offices have already been established in Portugal and one in France, acting as platforms for Winkworth's international growth.

Portugal

Portugal has a significant proportion of UK buyers and sellers that recognise the Winkworth name and the strength of its UK profile. Winkworth intends to grant master franchises to existing Franchisees in Portugal before using the established franchise model to expand its network across Portugal. Winkworth has already restructured the Portuguese network it acquired in 2004 and has six operational offices with Winkworth systems in place.

The real estate industry is licensed in Portugal which, the Directors believe, offers a level of security to Winkworth for its brand and reputation. Sales fees of five per cent. are typical in Portugal and other franchised networks are already established in the country.

Winkworth's model is more advanced in Portugal than in other overseas locations and over time the intention is to replicate the model used in Portugal elsewhere.

France

France represents a large market for UK buyers and, to Winkworth, it offers the potential of enhanced profitability due to the nature of its fee structure. Fees on sales of properties average nearly five per cent. (compared to two per cent. in the UK) which has resulted in a number of large franchised networks becoming established in France as well as a large pool of professional

individuals. The Directors believe that this, combined with brand recognition from sellers who have previously used Winkworth in the UK, makes France a natural destination for the Company's future expansion. The UK marketing of French property is mostly catered for by internet agencies, by agencies loosely associated to international estate agencies and by a large number of franchised estate agents.

As in Portugal, a formal licence is required in order to operate a franchised agency in France and specific franchise legislation requires a successful one year trial of the franchise model before this can be granted. In the latter part of 2008, Winkworth acquired SARL Agence Fraxinoise and converted it to a Winkworth franchised agency, creating a platform for the expansion of a franchised network. A further franchise is due to be opened in Antibes shortly. In the UK, Winkworth works in association with a network of selected estate agents covering the areas of France that most typically appeal to UK buyers. The process is continuing and the business is expected to grow over the years to come.

The Far East and Middle East

The Company has entered into a conditional agreement with two individuals wishing to establish a master franchise agreement in India. Subject to fulfilment of the stipulated conditions (which include further due diligence) the intention is that this would start with one office in Delhi, and replicate the Winkworth model by selling UK property and new developments to Indian residents. The preparation costs for this have been completed.

Winkworth is frequently approached by property professionals and individuals looking to set up their own businesses and develop the Winkworth franchise model in international markets such as Dubai, Singapore, Malaysia, Hong Kong and China. Subject to appropriate arrangements, this may represent a significant opportunity to create platforms for future growth. Winkworth has registered its name in key jurisdictions around the world.

7. Financial information

The following is extracted from the financial information of the Group for the three years ended December 2008 and the unaudited interim figures to 31 August 2009 set out in Part 3 and Part 4 of this document:

	<i>Audited For the year ended 31 December 2006 £'m</i>	<i>Audited For the year ended 31 December 2007 £'m</i>	<i>Audited For the year ended 31 December 2008 £'m</i>	<i>Unaudited For the period ended 31 August 2009 £'m</i>
Gross Group sales	24.49	26.81	12.54	8.79
Winkworth sales	3.69	4.15	2.95	1.86
Cost of sales	(0.84)	(1.13)	(0.86)	(0.47)
Gross profit	2.86	3.02	2.09	1.39
Gross margin	77.51%	72.77%	70.85%	74.73%
Administrative expenses	(1.61)	(2.62)	(1.44)	(0.78)
Operating profit	1.25	0.40	0.64	0.60
Profit before taxation	1.25	0.42	0.65	0.61
Dividend	0.55	0.48	0.40	0.41

Further details are set out in Part 3 and Part 4 of this document.

8. Directors

The current composition of the Board is as follows:

Dominic Agace, Chief Executive Officer (aged 30)

Dominic Agace graduated from Newcastle University and joined Winkworth Franchising in October 2001 to head up its Research Department. In July 2004, he was appointed an Executive Director with specific responsibility for marketing, IT and the growth of the franchise, and was directly responsible for increasing the number of franchised offices from 45 to 86. He is a qualified member of the NAEA, and holds the Institute of Directors certificate in company direction. In 2005 he was appointed as Chief Executive Officer of Winkworth Franchising and in 2006 and 2007, Winkworth Franchising achieved record turnover.

Christopher Neoh, Finance Director (aged 61)

In 1985, Christopher Neoh was the Financial Controller of Withers Estates Limited, which was part of the Group. In 1990, he joined the leisure group Holmes Place Health Club Limited where at various times he held the positions of Company Secretary, Finance Director and Commercial Director and was involved in a number of acquisitions, a private placing and the subsequent flotation of the company on the London Stock Exchange. After establishing and then selling his own healthcare business, Christopher Neoh became the Managing Director and major shareholder in a business devoted to project management and consultancy for Chinese and Far Eastern clients. In 2009, he returned to Winkworth in the role of Finance Director.

Simon Agace, Non-executive Chairman (aged 67)

Simon Agace qualified separately as a Chartered Auctioneer and Estate Agent and a Chartered Surveyor in the 1960s and became Managing Director of Winkworth in 1974. Under Simon Agace's direction, Winkworth grew to eight wholly owned offices covering much of Central London and the West End. During the 1980s Simon was involved in investment syndications in America where he learnt about the US franchising model and, in 1981, he introduced the concept of franchising to the UK, converting Winkworth's eight offices into franchises.

During the latter part of his career, as a Fellow of RICS and a member of the NAEA, Simon has been involved with many industry issues, serving on a number of RICS committees including the Home Buying Reform Group, the Agenda for Change in 2001, and the Lettings and Management Group. He has also contributed to management coding for Housing in Multiple Occupation and, together with the Department of Environment, Transport and the Regions (now known as the Office of the Deputy Prime Minister), regulation and licensing. Simon retired from RICS in 2004.

With his knowledge of multiple estate agency operations gained as a principal in the business for some 37 years, Simon continues to play a vital role as adviser to the executive Board, and maintains a good relationship with many of the long-standing Franchisees. Simon is now focusing on the international expansion of the franchise.

Lawrence Alkin, Non-executive Director (aged 70)

A qualified solicitor, Lawrence practised law prior to entering the property business, gaining extensive experience in many aspects of the property market in the UK, Europe and the US. In 1982, he became a director of Holmes Place Health Club Limited, where he was responsible for site acquisition and development, together with group advertising. In 1992 he was appointed Joint Chief Executive and Development Director of Holmes Place Plc.

Anthony Snarey, Non-executive Director (aged 70)

Anthony Snarey qualified as a Chartered Auctioneer and Estate Agent in the early 1960s and subsequently became a Chartered Surveyor. He worked as Chief Executive of William H Brown

Limited in the 1980s and 1990s when it grew from 65 to nearly 300 offices, with a turnover of approximately £50 million and, at their peak, profits of £6 million. He retired from RICS in 2004.

Since then, he has maintained his involvement in estate agency both as a principal and as a consultant. He was instrumental in taking the Winkworth brand outside London to Sheffield in 2001 and to Portugal in 2005. Anthony Snarey became a Non-executive Director of Winkworth in 2002. He sits on the remuneration committee, and provides general guidance to the executive team on a variety of matters. In accordance with standard corporate governance, he excludes himself from voting on issues where he has a personal interest. In 2007 he purchased 15 per cent. of the Company from Simon Agace.

Employees

Winkworth Franchising presently has 15 employees.

9. Current trading and prospects

Winkworth Franchisees sell properties in a range from £100,000 to up to £10 million, with an average price of property sold in the UK in 2009 to date of £387,816. Winkworth achieved, on average, 4,533 property sales in the UK between 2005 and 2007. This fell to 2,454 transactions in 2008. In the year to 30 September 2009, there have been 1,888 sales in the UK.

The Directors believe that the market for residential sales and lettings is improving. Winkworth achieved a 35 per cent. increase in turnover for July 2009 compared to July 2008 and a 41 per cent. increase in turnover for August 2009 compared to August 2008. Winkworth made profits during every month of the recent market downturn by growing the number of Franchisees and reducing costs. Through the continued pursuit of the Company's strategy to acquire more franchises alongside its organic growth, the Directors believe that the prospects for growth are encouraging and that Winkworth, with an increased UK market presence, will be well positioned to benefit from any market upturn.

10. Management incentives

The effective incentivisation and retention of the management and key franchising team is an essential part of the Company's strategy to develop the business. The Group intends to establish and adopt an employee option scheme, following Admission, to achieve this. The Directors intend to issue the first tranche of options at the Placing Price, with any additional grants of options being made in accordance with acceptable corporate governance guidelines. It is intended that the number of Ordinary Shares that may be issued (or capable of issue) pursuant to options granted shall not exceed 10 per cent. of the issued share capital of the Company from time to time. The Company also intends to award discretionary bonuses in future to key management.

11. Reasons for Admission

The Directors believe that Admission will:

- raise the profile of the Group with its target customer base;
- provide the Group with greater flexibility for funding further growth through acquisitions and organic expansion;
- expand the network and enable it to benefit from any upturn in the residential property market; and
- position the Group to attract high quality potential Franchisees.

12. Use of proceeds

The Directors intend to use the £748,000 anticipated net proceeds of the Placing and Pre-IPO Fundraising for:

- acquisitions of core businesses:
 - converting existing businesses in preferred locations to the Winkworth model; and
 - identifying outstanding individuals looking to open new businesses in strategic centres;
- financing young estate agents to buy out retiring partners:
 - offering individuals the opportunity to buy out a managing partner and develop a successful business as part of the Winkworth portfolio; and
- acquisition of royalty fees:
 - the Company intends to attract established, successful estate agents to become Franchisees by offering a franchise agreement, a Winkworth office and a cash sum in return for a royalty of eight per cent. of their existing turnover.

13. Dividend policy

Historically, the Group's policy has been to pay out surplus cash as a dividend to shareholders and in 2008, the Company paid out 90 per cent. of profits available for distribution by way of dividend payments. The Company has been able to maintain this level of dividend because of the stable nature of its revenues.

Following Admission, it is the intention of the Directors, subject to the commercial needs of the business, that dividend payments are made of approximately 50 per cent. of the profits available for distribution with the first payment expected in the second quarter of 2010.

14. Corporate governance

The Directors acknowledge the importance of the principles set out in the Combined Code. Although compliance with the Combined Code is not compulsory for AIM companies, the Directors intend to apply the principles as far as practicable and appropriate for a public company of this nature and size. The Board also proposes to follow, as far as practicable, the recommendations on corporate governance of the Quoted Companies Alliance for companies with shares traded on AIM.

The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets and corporate actions. Following Admission, the Directors intend to hold Board meetings at least six times a year. The Directors will appoint an audit committee and a remuneration committee with effect from Admission and, when considered appropriate, a nomination committee. Details of the committees are set out below.

Audit committee

The audit committee will be chaired by Lawrence Alkin and will also comprise Anthony Snarey. The audit committee is responsible for providing formal and transparent arrangements for considering how to apply suitable financial reporting and internal control principles having regard to good corporate governance and maintaining an appropriate relationship with the Group's auditors.

Remuneration committee

The remuneration committee will be chaired by Anthony Snarey and will also comprise Lawrence Alkin. The remuneration committee is responsible for establishing a formal and transparent procedure for developing policy on executive remuneration and to set the remuneration packages of individual Directors. This includes agreeing with the Board the framework for remuneration of the

Chief Executive, all other executive Directors, the Company Secretary and such other members of the executive management of the Company as it is designated to consider. It is furthermore responsible for determining the total individual remuneration packages of each Director including, where appropriate, bonuses, incentive payments and share options.

Share dealing code

Winkworth has adopted and will operate a share dealing code for Directors and applicable employees in order to ensure compliance with Rule 21 of the AIM Rules and will take proper steps to ensure compliance by the Directors and those employees.

15 Details of the Placing

The Placing comprises the issue by the Company of the New Ordinary Shares, to raise approximately £445,000 at the Placing Price which together, when taking into account the proceeds of the Pre-IPO Fundraising, shall amount to approximately £748,000 (net of commissions and expenses).

The Placing includes the Vendor Placing whereby the Selling Shareholders have agreed to place through FinnCap the Vendor Placing Shares at the Placing Price to institutional investors introduced by FinnCap. The Vendor Placing is being undertaken to assist with post Admission liquidity in the trading of the Company's Ordinary Shares. The net proceeds of the Placing to be received by the Company shall not include any proceeds of the Vendor Placing.

Under the Placing Agreement, FinnCap has conditionally agreed, as agent for the Company, to use its reasonable endeavours to procure placees for the Placing Shares at the Placing Price. The Placing has not been underwritten by FinnCap. The Placing Shares will represent approximately 7.6 per cent. of the Enlarged Share Capital and will rank *pari passu* in all respects with the Existing Ordinary Shares.

The Placing Agreement is conditional upon, *inter alia*, Admission. In addition the Placing Agreement contains provisions entitling FinnCap to terminate the Placing prior to completion in certain circumstances. If this right is exercised the Placing will lapse. Further details of the Placing Agreement are set out in paragraph 12.1 of Part 5 of this document.

16 Lock-in agreements

Each of the Locked-in Directors who will together hold approximately 73.6 per cent. of the Enlarged Share Capital, have undertaken to the Company and FinnCap that, except in certain limited circumstances, they will not dispose of any interest in the Ordinary Shares held by them for a period of 12 months from the date of Admission. The Locked-in Directors have also undertaken that, for a further 12 months, they will only dispose of any interest in Ordinary Shares through the Company's broker and nominated adviser from time to time and in accordance with orderly market principles.

Further details of this agreement are set out in paragraph 12.2 of Part 5 of this document.

17 Relationship Agreement

The Controlling Shareholder has agreed to exercise his votes as a Shareholder (and to procure the same in respect of any "associate" as defined in the AIM Rules) in accordance with certain restrictions set out in a Relationship Agreement entered into between Winkworth and FinnCap. The restrictions which will apply in respect of 6,336,250 Ordinary Shares representing 55.4 per cent. of the Enlarged Share Capital, seek to ensure that the Group is capable of carrying on its business and making decisions independently and in the best interests of the Group and that any transactions between any member of the Group and/or the Controlling Shareholder are made on an arm's length basis.

The agreement shall terminate on the Controlling Shareholder and any "associate" ceasing to hold Shares or instruments capable of converting into Ordinary Shares conferring in aggregate 30 per cent. or more of the rights to vote at general meetings of the Company.

Further details of this agreement are set out in paragraph 12.3 of Part 5 of this document.

18 Taxation information for Shareholders

An application has been made to the Inland Revenue for provisional clearance that the Company is a qualifying company for the purposes of investments by Venture Capital Trusts ("VCTs") and the Enterprise Investment Scheme relief ("EIS"), including EIS income tax relief, EIS relief against chargeable gains and EIS deferral of chargeable gains in respect of the Ordinary Shares.

The Company has received provisional confirmation to this effect. However, investors should note that the Company does not make any representations as to whether any investment in the Company will be one in respect of which tax relief under EIS will be available, whether the investment in the Company will represent a qualifying holding for VCT purposes or whether any such tax reliefs (either under EIS or available to VCTs) will not subsequently be withdrawn by virtue of the Company's future actions.

The attention of investors is drawn to the information regarding taxation which is set out in paragraph 9 of Part 5 of this document. These details are, however, intended only as a general guide to the current taxation law position in the UK. **Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their professional advisers.**

19 Admission, settlement and dealings

Application has been made to the London Stock Exchange for all the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence on 12 November 2009.

No temporary documents of title will be issued. All documents sent by or to a placee who elects to hold Ordinary Shares in certificated form, or at his direction, will be sent through the post at the placee's risk. Pending the despatch of definitive share certificates, instruments of transfer will be certified against the register of members of the Company.

20. CREST

CREST is a paperless settlement system enabling title to securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument, in accordance with the CREST Regulations. The Articles permit the holding of Ordinary Shares to be evidenced in uncertificated form in accordance with the CREST Regulations. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission and Euroclear has agreed to such admission. Accordingly, placees may elect to receive their Ordinary Shares in uncertificated form and settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if Shareholders so wish.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

21. Risk factors

Shareholders should consider carefully the risk factors set out in Part 2 of this document in addition to the other information set out in this document.

22. Further information

Your attention is drawn to the additional information set out in Parts 3 to 5 of this document.

PART 2

RISK FACTORS

Investing in the Company involves a high degree of risk. Investors should carefully consider the risks and the other information contained in this document before they decide to invest. Investors should note that the risks described below are not the only risks faced by the Company. There may be further risks that the Directors do not consider to be significant today, but which may become so in the future, or of which they are currently unaware. If any of the circumstances identified in the risk factors materialise, there could be a material adverse effect on the business, financial condition, results of operation and prospects of the Company. In such cases, the price of the Ordinary Shares could decline, and investors may lose all or part of their investment. An investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss, which might result from such investment. If investors are in any doubt about the action they should take, they should consult a professional adviser authorised under the FSMA who specialises in advising on the acquisition of shares and other securities before making a decision to invest.

Operating risks

Competition

Winkworth faces ongoing competition from all three types of agencies (as described in Part 1 of this document) competing for market share. These are corporate networks, independent businesses and franchise networks. With the rise of online estate agents, the margins on estate agents' commissions could come under pressure which would result in lower revenues for the Company. In the future, the growth of private sales is another factor that could affect the Company's revenues.

The housing market

Winkworth is exposed to material fluctuations in the housing market. In a falling or low-volume market, pressure on fees is increased, leading to lower revenues on a smaller number of transactions. In particular, Winkworth is exposed to material fluctuations in the London market with revenues generated by Franchisees being concentrated in the London area.

Dependence on key personnel

The Company's future success is substantially dependent on the continued services and performance of its senior management. The loss of the services of certain key personnel or the inability to recruit employees of the appropriate calibre, could have a significant adverse effect on the business of the Group.

Future risks

Growth management and acquisitions

The Directors anticipate that further expansion will be required to capitalise on the anticipated upturn in the property market and the Company's strategy is to open new agencies through a combination of organic growth and the acquisition of existing estate agencies. The Group's future success will depend, in part, on its ability to manage this anticipated expansion and to find existing agencies with suitable local management teams located in geographic areas which are complementary to the Group's existing portfolio. Such expansion is expected to place significant demands on management, support functions, accounting, sales and marketing and other resources. If the Group is unable to manage its expansion effectively, its business and financial results could suffer.

The need to raise additional capital in the future

If the Company were to make any material acquisitions in future, it may require further financing. Any additional equity financing may be dilutive to Shareholders, and debt financing, if available, may involve restrictions on financing and operating activities.

Current operating results as an indication of future results

The Company's operating results may fluctuate significantly in the future due to a variety of factors, many of which are outside of its control. Accordingly, investors should not rely on comparisons with the Company's results to date as an indication of future performance. Factors that may affect the Company's operating results include increased competition, an increased level of expenses, technological change necessitating additional capital expenditure, slower than expected sales and changes to the statutory and regulatory regime in which it operates. It is possible that, in the future, the Company's operating results will fall below the expectations of securities analysts or investors. If this occurs, the trading price of the Company's Ordinary Shares may decline significantly.

Future uncertainty

This document contains certain forward looking statements that are subject to certain risks and uncertainties, in particular statements regarding the Group's plans, goals and prospects. These statements and the assumptions that underlie them are based on the current expectations of the Directors and are subject to a number of factors, many of which are beyond their control. As a result, there can be no assurance that actual performance of the Company will not differ materially from matters described in this document.

The franchise model

The franchise model is central to the way that Winkworth Franchising operates and the Company's revenues are dependent on the ongoing success of this model. Investors' attention is drawn to certain risk factors which arise from operating this model.

Changes in regulation/legislation

Changes in the regulatory and legislative framework could have an adverse affect on the franchise model. For example, the franchise industry is currently exempt from the Unfair Terms in Consumer Contracts Regulations 1999 (SI 1999/2083) but if this changed, Winkworth may have to change the terms of its franchise agreements.

Reputation

The Group's reputation, in terms of the service it and its Franchisees provide, the way in which it and its Franchisees conduct their business and the financial results which they achieve, are central to the Group's future success. Failure to meet the expectations of their clients, suppliers, employees, Franchisees and shareholders and other business partners may have a material adverse effect on the Group's reputation.

Performance of Franchisees

Multiple Franchisees could default on their obligations under the franchise agreement or underperform in the market, which would result in lower revenues for Winkworth.

Trading risks

Controlling Shareholder

The Controlling Shareholder will own approximately 55.4 per cent. of the Company's issued share capital following Admission. As a result, the Controlling Shareholder will be able to exercise control over all matters requiring an ordinary but not special resolution of the Shareholders, including the

election of directors and approval of mergers, consolidations and sales of assets, but not resolutions to alter the constitution of the Company or to disapply statutory pre-emption rights. The Controlling Shareholder may take actions with which other Shareholders do not agree, including actions that delay, defer or prevent a change of control of the Company, and could deprive other Shareholders of an opportunity to receive a premium for their Ordinary Shares as part of a sale of the Company and could affect the market price of the Ordinary Shares. However, in order to manage and control such matters so far as is reasonably possible, the Controlling Shareholder has entered into the Relationship Agreement with the Company, as detailed in paragraph 12.3 of Part 5 of this document.

Share price volatility and liquidity

Although the Company is applying for the admission of the Enlarged Share Capital to trading on AIM, there can be no assurance that an active trading market for the Ordinary Shares will develop on AIM, or if developed, will be maintained. AIM is a market primarily for emerging or smaller growing companies and may not provide the liquidity normally associated with the Official List or other exchanges and therefore the Ordinary Shares may be or may become difficult to sell on AIM. In addition, given the lock-in and orderly market arrangements described in paragraph 16 of Part 1 of this document (which are in respect of 73.7 per cent. of the Enlarged Share Capital) there may be limited liquidity in the trading of the Ordinary Shares.

Equity investment

Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up, and that the market price of the Ordinary Shares may not reflect the value of the underlying assets or results of the Company. Investors may not recover their original investment.

Investment in AIM securities

Investment in shares traded on AIM is perceived to involve a higher degree of risk and be less liquid than investment in companies whose shares are listed on the Official List and traded on the London Stock Exchange's market for listed securities. An investment in Ordinary Shares may be difficult to realise.

No application is being made for the admission of the Ordinary Shares to the Official List. AIM is a market designed primarily for emerging or smaller companies. Both types of company carry higher than normal financial risk and tend to experience lower levels of liquidity than larger or more established companies.

PART 3

FINANCIAL INFORMATION ON THE GROUP

Section A – Accountant’s Report on the Group



BDO LLP
55 Baker Street
London
W1U 7EU

The Directors
M Winkworth PLC
The Triangle
5-17 Hammersmith Grove
London
W6 0LG

JM Finn Capital Markets Limited
4 Coleman Street
London
EC2R 5TA

6 November 2009

Dear Sirs

M Winkworth PLC (the “Company”) and its subsidiary undertakings (together, the “Group”)

Introduction

We report on the financial information set out in Section B of Part 3. This financial information has been prepared for inclusion in the admission document dated 6 November 2009 of Winkworth PLC (the “Admission Document”) on the basis of the accounting policies set out in note 1 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRSs”).

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at the dates stated and of its consolidated profits, cash flows, changes in equity for the years then ended in accordance with the basis of preparation set out in note 1 to the financial information and has been prepared in accordance with IFRSs as described in note 1 to the financial information.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO LLP
Chartered Accountants

Section B – Historical Financial Information on the Group

Consolidated income statements

	<i>Notes</i>	<i>Year ended 31 December</i>		
		<i>2006</i>	<i>2007</i>	<i>2008</i>
		<i>£</i>	<i>£</i>	<i>£</i>
Revenue		3,694,997	4,150,654	2,950,830
Cost of sales		(835,015)	(1,129,013)	(863,591)
Gross profit		2,859,982	3,021,641	2,087,239
Administrative expenses		(1,613,028)	(2,618,485)	(1,443,205)
Operating profit		1,246,954	403,156	644,034
Finance income	6	18,228	33,511	12,178
Finance costs	6	(20,127)	(15,433)	(6,768)
Profit before tax	2	1,245,055	421,234	649,444
Tax	7	(372,038)	(150,844)	(207,961)
Profit for the year		873,017	270,390	441,483
Attributable to:				
Equity holders of the parent		873,017	270,390	436,648
Minority interest		—	—	4,835
		<u>873,017</u>	<u>270,390</u>	<u>441,483</u>
Earnings per share attributable to the equity holders of the parent	9			
Basic		8,730	2,704	4,366
Diluted		<u>8,730</u>	<u>2,704</u>	<u>4,366</u>

Consolidated statement of changes in equity

	<i>Share capital</i>	<i>Retained earnings</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>
At 1st January 2006	100	355,332	355,432
Dividends	—	(546,689)	(546,689)
Profit for the year	—	873,017	873,017
As at 31 December 2006	100	681,660	681,760
Dividends	—	(482,340)	(482,340)
Profit for the year	—	270,390	270,390
As at 31 December 2007	100	469,710	469,810
Dividends	—	(400,000)	(400,000)
Profit for the year attributable to equity holders of the parent	—	436,648	436,648
Minority interest	—	4,845	4,845
As at 31 December 2008	<u>100</u>	<u>511,203</u>	<u>511,303</u>

Consolidated balance sheets

		As at 31 December		
	Notes	2006 £	2007 £	2008 £
ASSETS				
Non-current assets				
Intangibles	10	491,742	221,304	393,116
Property, plant and equipment	11	185,283	194,990	192,507
Investments	12	7,050	191,577	7,049
Trade and other receivables	13	120,000	125,012	—
		<u>804,075</u>	<u>732,883</u>	<u>592,672</u>
Current assets				
Trade and other receivables	13	789,067	468,646	332,220
Cash and cash equivalents	14	330,643	343,259	118,831
		<u>1,119,710</u>	<u>811,905</u>	<u>451,051</u>
Total assets		<u><u>1,923,785</u></u>	<u><u>1,544,788</u></u>	<u><u>1,043,723</u></u>
EQUITY				
Shareholders' equity				
Called up share capital	18	100	100	100
Retained earnings		681,660	469,710	506,358
		<u>681,760</u>	<u>469,810</u>	<u>506,458</u>
Minority interests		—	—	4,845
Total equity		<u><u>681,760</u></u>	<u><u>469,810</u></u>	<u><u>511,303</u></u>
LIABILITIES				
Non-current liabilities				
Financial liabilities – borrowings				
Interest-bearing loans and borrowings	16	156,311	46,000	—
Deferred tax	17	14,300	16,100	21,200
		<u>170,611</u>	<u>62,100</u>	<u>21,200</u>
Current liabilities				
Trade and other payables	15	367,387	559,530	303,639
Financial liabilities – borrowings				
Bank overdrafts	16	208,922	147,368	6,353
Interest bearing loans and borrowings	16	113,867	110,311	46,000
Tax payable		381,238	195,669	155,228
		<u>1,071,414</u>	<u>1,012,878</u>	<u>511,220</u>
Total liabilities		<u><u>1,242,025</u></u>	<u><u>1,074,978</u></u>	<u><u>532,420</u></u>
Total equity and liabilities		<u><u>1,923,785</u></u>	<u><u>1,544,788</u></u>	<u><u>1,043,723</u></u>

Consolidated cash flow statements

	<i>Notes</i>	<i>Year ended 31 December</i>		
		<i>2006</i>	<i>2007</i>	<i>2008</i>
		<i>£</i>	<i>£</i>	<i>£</i>
Cash flows from operating activities				
Cash generated from operations	1	1,021,739	1,261,418	719,107
Interest paid		(20,127)	(15,433)	(6,768)
Tax paid		(222,878)	(334,613)	(243,302)
Net cash from operating activities		<u>778,734</u>	<u>911,372</u>	<u>469,037</u>
Cash flows from investing activities				
Purchase of intangibles		(112,380)	(24,139)	(52,476)
Purchase of property, plant and equipment		(96,985)	(65,841)	(58,097)
Purchase of non-current asset investments		—	(184,527)	—
Sale of property, plant and equipment		—	—	3,682
Sale of non-current asset investments		2,500	—	108,964
Interest received		18,228	33,511	12,178
Net cash from investing activities		<u>(188,637)</u>	<u>(240,996)</u>	<u>14,251</u>
Cash flows from financing activities				
New loans in year		48,333	—	—
Loan repayments in year		(98,868)	(113,866)	(110,312)
Other loan repayments in year		—	—	(56,389)
Equity dividends paid		(546,689)	(482,340)	(400,000)
Net cash from investing activities		<u>(597,224)</u>	<u>(596,206)</u>	<u>(566,701)</u>
(Decrease)/Increase in cash and cash equivalents		<u>(7,127)</u>	<u>74,170</u>	<u>(83,413)</u>
Cash and cash equivalents at beginning of year	2	<u>128,848</u>	<u>121,721</u>	<u>195,891</u>
Cash and cash equivalents at end of year	2	<u><u>121,721</u></u>	<u><u>195,891</u></u>	<u><u>112,478</u></u>

Notes to the consolidated cash flow statement

1. Reconciliation of profit before tax to cash generated from operations

	2006 £	2007 £	2008 £
Profit before tax	1,245,055	421,234	649,444
Depreciation charges	53,777	56,133	57,404
Depreciation on disposed subsidiary	—	—	(505)
Loss/(profit) on disposal of property, plant and equipment	51,577	—	(108,538)
Intangibles amortisation/impairment	54,638	294,577	64,766
Finance costs	20,127	15,433	6,768
Finance income	(18,228)	(33,511)	(12,178)
	<u>1,406,946</u>	<u>753,866</u>	<u>657,161</u>
(Increase)/Decrease in trade and other receivables	(342,024)	315,409	261,448
Increase/(Decrease) in trade and other payables	(43,183)	192,143	(199,502)
	<u>1,021,739</u>	<u>1,261,418</u>	<u>719,107</u>
Cash generated from operations			

2. Cash and cash equivalents

The amounts disclosed on the cash flow statement in respect of cash and cash equivalents are in respect of these balance sheet amounts:

	2006 £	2007 £	2008 £
At 31st December			
Cash and cash equivalents	330,643	343,259	118,831
Bank overdrafts	(208,922)	(147,368)	(6,353)
	<u>121,721</u>	<u>195,891</u>	<u>112,478</u>
At 1st January			
Cash and cash equivalents	203,023	330,643	343,259
Bank overdrafts	(74,175)	(208,922)	(147,368)
	<u>128,848</u>	<u>121,721</u>	<u>195,891</u>

Notes to the consolidated financial information

1 Accounting policies

Basis of preparation

The financial information has been prepared under the historical cost convention and in accordance with International Financial Reporting Standards adopted by the European Union ("IFRSs"). The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information.

Basis of consolidation

The Group financial information consolidates the financial information of M Winkworth PLC and all its subsidiary undertakings at the year ended 31 December. The consolidated financial information is based on financial information of subsidiary undertakings which are coterminous with those of the parent company.

Acquisitions of companies that are consolidated are accounted for using the purchase method, by allocating their acquisition cost to the acquired identifiable assets and liabilities (including contingent liabilities) at the time of acquisition. Where the acquisition cost exceeds the net fair value of the acquired assets and liabilities, the difference is recognised as goodwill. Pursuant to IFRS 3, goodwill is not amortised but instead is tested for impairment at least annually and written down only in the event of impairment.

In accordance with IAS 28, investments in associates are recorded at cost (equity method) and are subsequently adjusted to reflect the investor's share of the net profit or loss of the associate. If the Group's share of the loss equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses.

All expenses, income, receivables, payables and provisions from transactions between consolidated companies are eliminated.

Revenue recognition

Revenue represents the value of commissions due to the Group under franchise agreements. Revenue in respect of commissions due on house sales is recognised at the point of the relevant property sale having been completed by the franchisee. Revenue in respect of commissions due on lettings and property management is recognised in the period to which the services relate.

Intangibles

Intangibles represent amounts paid to franchisees on the incorporation of their business into the Winkworth brand.

Intangibles are amortised over the period of the franchise to which they relate. They are assessed for impairment by performing a value in use calculation when indicators of impairment exist.

Property, plant and equipment

Gross carrying values of property, plant and equipment are measured at historical cost.

Depreciation is provided in order to write off each asset over its estimated useful life at 15-33% per annum on a reducing balance basis.

Property, plant and equipment is subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Taxation

Current taxes are based on the results shown in the financial information and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Foreign currencies

Overseas franchisees trade in local currencies and issue sales statements to the Group in these local currencies. These statements are translated into sterling at the rate of exchange ruling at the date of transaction and the commission invoiced thereon. All monies received are therefore in sterling. Exchange differences are taken into account in arriving at the operating result.

Leased assets and obligations

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

Associates

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated balance sheet at cost. The Group's share of post-acquisition profits and losses is recognised in the consolidated income statement, except that losses in excess of the Group's investment in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. The carrying amount of investment in associate is subject to impairment in the same way as goodwill arising on a business combination.

Borrowing costs

Borrowing costs are recognised in the income statement in the period in which they are incurred.

Cash and cash equivalents

Cash and cash equivalents are defined as cash balances in hand and in the bank (including short term cash deposits). The Group routinely utilises short term bank overdraft facilities, which are repayable on demand, as an integral part of its cash management policy. As such these are included as a component of net cash and cash equivalents within the cash flow statement.

Financial assets

The Group has only financial assets classified as loans and receivables.

Loans and receivables: These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to franchisees (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision. From time to time, the Group elects to renegotiate the terms of trade receivables due from franchisees. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, where material the new expected cash flows are discounted at the original effective interest rate.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

Cash and cash equivalents include cash in hand and deposits held at call with banks. Bank overdrafts are shown within loans and borrowings in current liabilities on the balance sheet.

Financial liabilities

The Group classifies its financial liabilities as other financial liabilities.

Other financial liabilities: Other financial liabilities include the following items: Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. Interest expense in this context includes initial transaction costs and premia payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of intangibles

The Group is required to test, where indicators of impairment exist, whether intangible assets have suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary.

(b) Useful lives of property, plant and equipment

Property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated income statement in specific periods.

(c) Recoverability of trade receivables

The Risk Management Committee determines concentrations of credit risk by quarterly monitoring the creditworthiness rating of franchisees and through a monthly review of the trade receivables' ageing analysis.

(d) Legal proceedings

In accordance with IFRS, the Group recognises a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the financial statements. Obligations arising in respect of contingent liabilities that have been disclosed, or those which are not currently recognised or disclosed in the financial information, could have a material effect on the Group's financial position. Application of these accounting principles to legal cases requires the Group's management to make determinations about various factual and legal matters beyond its control. The Group reviews outstanding legal cases following developments in the legal proceedings and at each balance sheet

date, in order to assess the need for provisions and disclosures in its financial information. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation, claim or assessment.

2. Segmental disclosure

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

3. Profit before tax

	<i>Year ended 31 December</i>		
	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£</i>	<i>£</i>	<i>£</i>
This is arrived at after charging:			
Rents payable under operating leases	32,920	102,769	60,580
Depreciation – owned assets	53,777	56,133	56,898
Loss/(profit) on disposal of non-current assets	51,577	—	(108,538)
Auditors' remuneration			
audit services	12,620	13,000	13,500
non-audit services	2,701	3,359	1,725

4. Employees and directors

The average number of employees during the year, including executive directors, was:

	<i>Year ended 31 December</i>		
	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>Number</i>	<i>Number</i>	<i>Number</i>
Office and management	16	17	15

Staff costs for all employees, including executive directors, consist of:

	<i>Year ended 31 December</i>		
	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Wages and salaries	604,701	734,852	551,401
Social security costs	66,562	81,320	58,281
Pension costs	—	—	—
	671,263	816,172	609,682

	<i>Year ended 31 December</i>		
	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Directors' emoluments	154,805	163,479	158,111

5. Directors' emoluments

	<i>Performance</i>			
	<i>Basic salary</i>	<i>related bonus</i>	<i>Benefits in kind</i>	<i>Total</i>
	£	£	£	£
2006				
S P Agace	498	—	3,888	4,386
A J Snarey	313	—	2,445	2,758
D C M Agace	70,455	16,000	1,874	88,329
Ms T L Tan	53,184	—	3,122	56,306
C Neoh	21,081	—	—	21,081
	<u>145,531</u>	<u>16,000</u>	<u>11,329</u>	<u>172,860</u>
2007				
S P Agace	634	—	4,956	5,590
A J Snarey	431	—	3,364	3,795
D C M Agace	82,123	20,000	1,076	103,199
Miss A C Rampley	37,080	10,000	—	47,080
C Neoh	23,026	—	—	23,026
	<u>143,294</u>	<u>30,000</u>	<u>9,396</u>	<u>182,690</u>
2008				
S P Agace	—	—	214	214
A J Snarey	488	—	4,313	4,801
D C M Agace	84,148	6,667	4,124	94,939
Miss A C Rampley	64,557	3,333	2,404	70,294
C Neoh	3,837	—	—	3,837
H Dunsmore-Hardy	239	—	1,864	2,103
	<u>153,269</u>	<u>10,000</u>	<u>12,919</u>	<u>176,188</u>

Benefits in kind include private medical treatment or insurance and gift vouchers.

6. Net finance income

	<i>Year ended 31 December</i>		
	<i>2006</i>	<i>2007</i>	<i>2008</i>
	£	£	£
Finance income:			
Deposit account interest	<u>18,228</u>	<u>33,511</u>	<u>12,178</u>
Finance costs:			
Bank interest	27	229	109
Bank loan interest	<u>20,100</u>	<u>15,204</u>	<u>6,659</u>
	<u>20,127</u>	<u>15,433</u>	<u>6,768</u>
Net finance (cost)/income	<u>(1,899)</u>	<u>18,078</u>	<u>5,410</u>

7. Tax

	<i>Year ended 31 December</i>		
	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Analysis of the tax charge			
Current tax:			
Tax	381,238	149,044	202,861
Deferred tax	(9,200)	1,800	5,100
	<u>372,038</u>	<u>150,844</u>	<u>207,961</u>

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

	<i>Year ended 31 December</i>		
	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Profit for the period	<u>1,245,055</u>	<u>421,234</u>	<u>649,444</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 30%/30%/28%	373,517	126,370	181,844
Expenses not deductible for tax purposes	3,287	72,442	29,205
Adjustment in respect of prior periods	—	(46,626)	—
Utilisation of previously unrecognised tax losses	1,008	4,304	—
Different tax rates applicable	(5,774)	(5,646)	(3,088)
Total tax expense	<u>372,038</u>	<u>150,844</u>	<u>207,961</u>

8. Dividends

	<i>Year ended 31 December</i>		
	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	<u>546,689</u>	<u>482,340</u>	<u>400,000</u>

9. Earnings per share

Earnings per ordinary share have been calculated using the weighted average number of shares in issue during the relevant financial periods. The weighted average number of equity shares in issue and the earnings, being profit attributable to the equity holders of the parent are as follows:

	<i>Year ended 31 December</i>		
	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Weighted average number of equity shares for calculating diluted and undiluted earnings per share	<u>100</u>	<u>100</u>	<u>100</u>
	<i>£</i>	<i>£</i>	<i>£</i>
Profit attributable to the equity holders of the parent	<u>873,017</u>	<u>270,390</u>	<u>436,648</u>
Basic earnings per share (£'000)	<u>8,731</u>	<u>2,704</u>	<u>4,366</u>

10 Intangibles

	£
Cost	
As at 1st January 2006	434,000
Additions	112,380
Amortisation/impairment	(54,638)
As at 31st December 2006	491,742
Additions	10,000
Subsidiary undertaking acquired	14,139
Amortisation/impairment	(294,577)
As at 31st December 2007	221,304
Additions	52,476
Reclassification	184,102
Amortisation/impairment	(64,766)
As at 31st December 2008	393,116

During 2007, the Group invested £184,102 in a non-related entity and this is shown in investments in 2007. During 2008 the non-related entity was transferred into a group company and as a result goodwill was generated. The investment has therefore been reclassified as goodwill as shown above.

11. Property, plant and equipment

	<i>Property, plant and equipment £</i>
Cost	
As at 1st January 2006	440,447
Additions	96,985
Disposals	(122,935)
As at 31st December 2006	414,497
Additions	64,383
Subsidiary undertaking acquired	1,458
As at 31st December 2007	480,338
Additions	58,097
Disposal of subsidiary undertaking	(4,503)
As at 31st December 2008	533,932
Depreciation	
As at 1st January 2006	244,322
Provided for the year	53,777
Disposals	(68,884)
As at 31st December 2006	229,215
Provided for the year	55,769
As at 31st December 2007	284,984
Provided for the year	56,898
Disposal of subsidiary undertaking	(457)
As at 31st December 2008	341,425
Net book value	
As at 31st December 2005	196,126
As at 31st December 2006	185,283
As at 31st December 2007	193,896
As at 31st December 2008	192,507

12. Non-current asset investments

	<i>Unlisted Associates Investments £</i>	<i>Total £</i>
Cost		
As at 1st January 2006	60,000	67,075
Share of associate losses	(60,000)	(60,000)
Disposals	—	(25)
As at 31st December 2006	—	7,050
Additions	184,527	184,527
As at 31st December 2007	184,527	191,577
Other reclassification/transfer	(184,102)	(184,102)
Disposals	(425)	(426)
As at 31st December 2008	—	7,049

Subsidiary and associated undertakings

The following were subsidiary and associated undertakings at 31 December 2008 and all have been included in the consolidated financial information:

<i>Name</i>	<i>Country of incorporation or registration</i>	<i>Proportion of voting rights and ordinary share capital held</i>	<i>Nature of business</i>
Winkworth Franchising Limited	England	100%	Franchisor to the Winkworth estate agencies
Winkworth Financial Services Limited	England	100%	Dormant
<i>2008 only:</i> Winkworth France Limited	England	90%	International estate agents

The following were subsidiary and associated undertakings and were previously included in the consolidated financial information:

<i>Name</i>	<i>Country of incorporation or registration</i>	<i>Proportion of voting rights and ordinary share capital held</i>	<i>Nature of business</i>
<i>2007 only:</i> Bow Residential Services Limited	England	100%	Estate agent
<i>2006 and 2007:</i> Caxton Street Properties Limited	England	22.5%	Estate agent

Both of the above entities were disposed of during 2008.

The Group's share of associate losses not recognised in this financial information due to them exceeding the investment in the associate are:

	<i>As at 31 December</i>		
	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Share of associate company losses not recognised	(17,637)	(14,757)	—
Summary financial information re associate:			
Assets	52,103	74,339	81,635
Liabilities	(439,395)	(430,603)	(439,176)
Revenues	1,215	48,143	—
Profits/(Losses)	(3,361)	31,028	(1,276)

For all undertakings listed above, the country of operation is the same as its country of incorporation or registration.

13. Trade and other receivables

	<i>As at 31 December</i>		
	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Current:			
Trade receivables	322,483	230,399	270,688
Provision	(35,121)	(74,031)	(42,204)
Net trade receivables	287,362	156,368	228,484
Other receivables	282,236	61,371	24,194
Amounts due from associated company	156,115	184,115	26,314
VAT	—	1,011	—
Prepayments and accrued income	63,354	65,781	53,228
	<u>789,067</u>	<u>468,646</u>	<u>332,220</u>
	<i>As at 31 December</i>		
	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Non-current:			
Amounts due from associated company	120,000	125,012	—
Aggregate amounts	<u>909,067</u>	<u>593,658</u>	<u>332,220</u>

14. Cash and cash equivalents

	<i>As at 31 December</i>		
	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Cash in hand	400	698	841
Bank accounts	330,243	342,561	117,990
	<u>330,643</u>	<u>343,259</u>	<u>118,831</u>

15. Trade and other payables

	<i>As at 31 December</i>		
	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Current:			
Trade payables	102,953	86,920	126,780
Other payables	16,799	65,038	43,615
Other taxes and social security	146,511	88,555	73,594
Amounts due to associated company	7,792	216,771	4,232
Accruals and deferred income	36,943	45,857	55,418
Directors' current accounts	56,389	56,389	—
	<u>367,387</u>	<u>559,530</u>	<u>303,639</u>

16. Financial instruments

Financial instruments – Risk Management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Fair value and interest rate cashflow risk
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout this financial information.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- trade receivables
- cash at bank
- bank overdrafts
- trade and other payables
- floating-rate bank loans
- loans from related parties

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports from the Group Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Group if a franchisee or a counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from franchise commissions. It is group policy to assess the credit risk of new franchisees before entering contracts. Such credit ratings are taken into account by local business practices.

The Group has established a credit policy under which each new franchisee is analysed individually for creditworthiness before a franchise is offered. The Group's review includes external ratings, when available, and in some cases bank references.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating “A” are accepted.

The Group does not enter into derivatives to manage credit risk, although in certain isolated cases may take steps to mitigate such risks if it is sufficiently concentrated.

Fair value and cash flow interest rate risk

The Group is exposed to cash flow interest rate risk from long-term borrowings at variable rates.

Liquidity risk

Liquidity risk arises from the Group’s management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due.

The Group’s policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

Interest rate of borrowings

The interest rate exposure of the Group’s borrowings is shown below:

<i>Currency</i>	<i>Total</i>	<i>Floated</i>	<i>Fixed</i>	<i>Weighted average interest rate</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>%</i>
As at 31 December 2006				
Sterling	479,100	479,100	—	6.39
As at 31 December 2007				
Sterling	303,679	303,679	—	7.06
As at 31 December 2008				
Sterling	52,353	52,353	—	5.72

The floating rate borrowings comprise bank borrowings interest rates based upon Barclays Base Rate.

Interest rate and currency of cash balances

Floating rate financial assets of 2006: £330,243, 2007: £342,561, 2008: £117,990, comprise sterling cash deposits. There are no fixed rate financial assets.

Fair values of financial instruments

There are no material differences between book value and fair value of financial instruments as all are subject to floating rates as set by the market.

Undrawn bank facilities

The Group has the following undrawn committed bank borrowing facilities available to it:

	<i>As at 31 December</i>		
	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Expiring within one year	<u>41,078</u>	<u>302,632</u>	<u>443,647</u>

These facilities are for the purposes of providing flexibility in the management of liquidity. As at the date of this financial information, the Group is in discussions with its bankers regarding a renewal of its facilities and has received a draft offer of a facility of £200,000.

17. Deferred tax

	<i>As at 31 December</i>		
	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Deferred taxation (see below)	<u>14,300</u>	<u>16,100</u>	<u>21,200</u>

Deferred taxation relates entirely to capital allowance in advance of depreciation of property, plant and equipment. There is no unprovided deferred tax.

Deferred taxation movements are:

	<i>As at 31 December</i>		
	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Balance at 1st January	23,500	14,300	16,100
Transfer to profit and loss account	(9,200)	1,800	5,100
Balance at 31st December	<u>14,300</u>	<u>16,100</u>	<u>21,200</u>

18. Share capital

	<i>As at 31 December</i>		
	<i>2006</i>	<i>2007</i>	<i>2008</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Authorised			
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>
Allotted, called up and fully paid			
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>

19. Acquisitions

On 27 March 2008, the Group acquired 90 Ordinary £1 shares of Winkworth France Limited for a consideration of £90 being, shares issued at par upon incorporation.

On 1st April 2007, the Group acquired 1 Ordinary £1 share of Bow Residential Services Limited for a consideration of £nil, this company having net liabilities at the date of acquisition.

In calculating the goodwill arising on consolidation as at 31 December 2007, the provisional fair value of the net assets of Bow Residential Services Limited acquired has been based on the following book values:

	<i>Bow Residential Services Limited</i> £
Liabilities	
Creditors	
Book value	14,139
Fair value adjustment	—
	<hr/> 14,139
Net liabilities acquired	(14,139)
Goodwill	14,139
	<hr/>
Purchase consideration	—
	<hr/> <hr/>

20. Related party transactions

The Group trades in the normal course of business with some of the franchisees, groups and other companies where one or more of the directors is a related party or the directors exercise significant control.

Details of net commission income received and year end balances are as follows:

Note	Net income charged to related parties			Fees charged by related parties			Year end balances due (to)/from related parties		
	2006 £	2007 £	2008 £	2006 £	2007 £	2008 £	2006 £	2007 £	2008 £
Caxton Street Properties Limited a	—	—	—	—	—	—	214,980	225,012	—
Snarey Price Shelley Limited d	134,585	160,916	95,434	—	—	—	11,799	13,841	8,616
Res Synd 03 Limited c	40	—	—	41,936	325,673	—	24,330	(209,463)	—
Tony Snarey Developments and Construction Limited d	—	—	—	36,000	43,401	40,508	(3,525)	(3,525)	(899)
Christopher Garveigh Limitada d	75,407	98,594	76,905	—	—	—	11,495	27,994	15,310
DH Consultancy Limited e	—	—	—	24,625	33,125	42,384	(89)	(3,783)	(3,333)
YH Investments Limited b	57,042	72,814	47,245	—	—	—	13,512	42,279	184
Waldeck Snarey & Brown Limited d	—	—	53,764	—	—	—	—	—	2,204

During 2006, £20,000 was written off in relation to Mountgrove Limited, which is a co-shareholder with the group in Caxton Street Properties Limited.

During 2008, the Group purchased the exclusive rights to provide services from specific regional territories for £Nil (2007: £10,000; 2006: £10,000) from Snarey Price Shelley Limited.

During 2008, £91,436 (2007: £Nil, 2006: £Nil) was written off in relation to Res Synd 03 Limited.

The relationship of the above companies is as follows:

- a Associated company
- b Company of which Mr S P Agace is a director
- c Company of which Mr S P Agace is a shareholder
- d Company of which Mr A J Snarey is a director and shareholder
- e Company owned and controlled by Mr H Dunsmore Hardy, a director of Winkworth Franchising Limited

PART 4

UNAUDITED INTERIM FINANCIAL INFORMATION

Set out below is the unaudited financial information of the Group for the eight months ended 31 August 2009, which is solely the responsibility of the Directors.

Consolidated Income Statement

For the period 1st January 2009 to 31st August 2009

	<i>Period 1 January 2009 to 31 August 2009 £</i>	<i>Period 1 January 2008 to 31 August 2008 £</i>
<i>Notes</i>		
Continuing operations		
Revenue	1,855,067	2,056,208
Cost of sales	(467,712)	(621,275)
Gross profit	1,387,355	1,434,933
Administrative expenses	(782,842)	(962,220)
Operating profit	604,513	472,713
Finance costs	(421)	(4,663)
Finance income	949	7,798
Profit before tax	605,041	475,848
Tax	(173,400)	(95,000)
Profit for the period	431,641	380,848
Attributable to:		
Equity holders of the parent	436,956	380,848
Minority interest	(5,315)	—
	431,641	380,848

Consolidated Statement of Recognised Income and Expense For the Period 1st January 2009 to 31st August 2009

	<i>Period 1 January 2009 to 31 August 2009 £</i>	<i>Period 1 January 2008 to 31 August 2008 £</i>
Profit for the financial period	431,641	380,848
Total recognised income and expense for the period	431,641	380,848
Attributable to:		
Equity holders of the parent	431,641	380,848

Consolidated Balance Sheet
31st August 2009

		<i>Period 1 January 2009 to 31 August 2009 £</i>	<i>Period 1 January 2008 to 31 August 2008 £</i>
	<i>Notes</i>		
Assets			
Non-current assets			
Intangible assets		362,336	166,279
Property, plant and equipment		280,963	209,736
Investments		7,050	7,050
Trade and other receivables		—	261,818
		<u>650,349</u>	<u>644,883</u>
Current assets			
Trade and other receivables		450,788	339,474
Cash and cash equivalents		439,821	235,257
		<u>890,609</u>	<u>574,731</u>
Total assets		<u>1,540,958</u>	<u>1,219,614</u>
Equity			
Shareholders' equity			
Called up share capital	4	100	100
Retained earnings	5	537,347	565,138
		<u>537,447</u>	<u>565,238</u>
Minority interests		(470)	—
Total equity		<u>536,977</u>	<u>565,238</u>
Liabilities			
Non-current liabilities			
Trade and other payables	6	300,000	—
Financial liabilities – borrowings			
Interest bearing loans and borrowings		—	8,533
Deferred tax		24,600	16,100
		<u>324,600</u>	<u>24,633</u>
Current liabilities			
Trade and other payables		302,689	267,207
Financial liabilities – borrowings			
Interest bearing loans and borrowings		8,533	71,867
Tax payable		368,159	290,669
		<u>679,381</u>	<u>629,743</u>
Total liabilities		<u>1,003,981</u>	<u>654,376</u>
Total equity and liabilities		<u>1,540,958</u>	<u>1,219,614</u>

Consolidated Cash Flow Statement
For the Period 1st January 2009 to 31st August 2009

		<i>Period 1 January 2009 to 31 August 2009 £</i>	<i>Period 1 January 2008 to 31 August 2008 £</i>
	<i>Notes</i>		
Cash flows from operating activities			
Cash generated from operations	1	546,207	375,607
Interest paid		(421)	(4,663)
Tax paid		42,931	—
Net cash from operating activities		<u>588,717</u>	<u>370,944</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(118,988)	(50,771)
Sale of tangible fixed assets		100	3,682
Sale of fixed asset investments		—	125,433
Interest received		949	7,798
Net cash from investing activities		<u>(117,939)</u>	<u>86,142</u>
Cash flows from financing activities			
Loan repayments in year		(37,468)	(75,911)
Amount withdrawn by directors		—	(56,389)
Amounts received on account for Shares		300,000	—
Equity dividends paid		(405,967)	(285,420)
Net cash from financing activities		<u>(143,435)</u>	<u>(417,720)</u>
Increase in cash and cash equivalents		<u>327,343</u>	<u>39,366</u>
Cash and cash equivalents at beginning of period	2	<u>112,478</u>	<u>195,891</u>
Cash and cash equivalents at end of period	2	<u><u>439,821</u></u>	<u><u>235,257</u></u>

Notes to the Consolidated Cash Flow Statement
For the Period 1st January 2009 to 31st August 2009

1. Reconciliation of profit before tax to cash generated from operations

	<i>Period 1 January 2009 to 31 August 2009 £</i>	<i>Period 1 January 2008 to 31 August 2008 £</i>
Profit before tax	605,041	475,848
Depreciation charges	61,312	87,875
Profit on disposal of fixed assets	(100)	(125,433)
Add depreciation of disposed subsidiary	—	(507)
Finance costs	421	4,663
Finance income	(949)	(7,798)
	<u>665,725</u>	<u>434,648</u>
(Increase)/Decrease in trade and other receivables	(118,568)	176,893
Decrease in trade and other payables	(950)	(235,934)
Cash generated from operations	<u><u>546,207</u></u>	<u><u>375,607</u></u>

2. Cash and cash equivalents

The amounts disclosed on the cash flow statement in respect of cash and cash equivalents are in respect of these balance sheet amounts:

Period ended 31st August 2009

	<i>31 August 2009 £</i>	<i>1 January 2009 £</i>
Cash and cash equivalents	<u><u>439,821</u></u>	<u><u>112,478</u></u>

Year ended 31st August 2008

	<i>31 August 2008 £</i>	<i>1 January 2008 £</i>
Cash and cash equivalents	235,257	198,030
Bank overdrafts	—	(2,139)
	<u><u>235,257</u></u>	<u><u>195,891</u></u>

3. Dividends

	<i>Period 1 January 2009 to 31 August 2009 £</i>	<i>Period 1 January 2008 to 31 August 2008 £</i>
Ordinary shares of £1 each		
Interim	<u><u>405,967</u></u>	<u><u>285,420</u></u>

4. Called up share capital

Allotted, issued and fully paid:

<i>Number:</i>	<i>Class:</i>	<i>Nominal value:</i>	<i>2009</i>	<i>2008</i>
			<i>£</i>	<i>£</i>
100	Ordinary shares	£1	100	100

5. Reserves

Group

	<i>Retained earnings</i>
	<i>£</i>
At 1st January 2009	506,358
Profit for the period	436,956
Dividends	(405,967)
At 31st August 2009	<u>537,347</u>

6. Non-current trade and other payables

Non-current other payables of £300,000 relates to amounts received for shares that have not been issued at the period end.

7. Reconciliation of movements in shareholders' funds

Group

	<i>Period</i>	<i>Period</i>
	<i>1 January</i>	<i>1 January</i>
	<i>2009 to</i>	<i>2008 to</i>
	<i>31 August</i>	<i>31 August</i>
	<i>2009</i>	<i>2008</i>
	<i>£</i>	<i>£</i>
Profit for the financial period	436,956	380,848
Dividends	(405,967)	(285,420)
Net addition to shareholders' funds	<u>30,989</u>	<u>95,428</u>
Opening shareholders' funds	506,458	469,810
Closing shareholders' funds	<u>537,447</u>	<u>565,238</u>

**Consolidated income statement summaries
for the period 1st January 2009 to 31st August 2009**

	<i>Period 1 January 2009 to 31 August 2009 £</i>	<i>Period 1 January 2008 to 31 August 2008 £</i>
Revenue		
Sales receivable	8,790,309	9,611,663
Franchise commission income	1,289,708	1,389,992
Contributions to expenses	170,194	177,153
Recharge of expenses	292,554	397,950
Other income	102,611	91,113
Less: sales receivable	(8,790,309)	(9,611,663)
	<u>1,855,067</u>	<u>2,056,208</u>

PART 5

ADDITIONAL INFORMATION

1. Responsibility statement

The Directors, whose names appear on page 4 of this document, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

- 2.1 The Company was incorporated and registered in England and Wales under the Companies Act 1948 to 1967 with registered number 1189557 on 5 November 1974 as a private company limited by shares with the name of M. Winkworth & Co. (Holdings) Limited.
- 2.2 On 3 November 2009 the Company was re-registered as a public limited company and its name was changed to M Winkworth PLC. On 3 November 2009 the Registrar of Companies issued a certificate permitting the Company to commence business under section 761 of the Act.
- 2.3 The Company operates under the Act and the liability of its members is limited.

3. Share capital

- 3.1 The Company was incorporated with an authorised share capital of £100 divided into 100 ordinary shares of £1 of which two shares were issued and fully paid. Set out below are the material changes in the Company's share capital since its incorporation:
 - 3.1.1 on 12 November 1974, the number of shares issued and fully paid was increased from two shares to 100 shares;
 - 3.1.2 by a written resolution passed on 7 September 2009, the members resolved:
 - (a) to increase the authorised share capital of the Company from £100 to £100,000 by the creation of 99,900 new ordinary shares of £1 each;
 - (b) to capitalise the sum of £49,900 representing part of the amount standing to the credit of the Company's profit and loss account and to pay up in full at par 49,900 unissued ordinary shares of £1 each in the capital of the Company to its members in the proportion of 499 unissued ordinary shares for every one ordinary share held by such persons respectively; and
 - (c) to subdivide each of the then existing 100,000 ordinary shares of £1 each into 200 Ordinary Shares of 0.5p each; and
 - 3.1.3 on 7 September 2009, the number of Ordinary Shares issued and fully paid was increased from 10 million to 10,375,000 Ordinary Shares.
- 3.2 By a written resolution passed on 2 November 2009, the members resolved:
 - 3.2.1 to authorise the Directors, in accordance with section 551 of the Act, to allot and to make offers or agreements to allot shares or grant rights to subscribe for or convert any securities into shares up to an aggregate nominal amount of £34,000, such authority to

expire on the earlier of the conclusion of the next annual general meeting of the Company and 31 December 2010; and

3.2.2 to empower the Directors, in accordance with section 571 of the Act, to allot equity securities (as defined in section 560(1) of the Act) for cash as if section 561(1) of the Act did not apply to any such allotment, such power to be limited to:

- (a) allotments up to an aggregate nominal amount of £5,000 in connection with the Placing;
- (b) allotments in connection with a rights issue or other pre-emptive issue in favour of holders of Ordinary Shares; and
- (c) allotments (otherwise than pursuant to subparagraphs (a) and (b) above) up to an aggregate nominal amount of £10,000,

such power to expire on the earlier of the conclusion of the next annual general meeting of the Company and 31 December 2010.

3.3 As at the date of this document, and following Admission, the Company's share capital is, and will be, as follows:

	<i>Existing</i>		<i>Following Admission</i>	
	<i>Nominal Value (£)</i>	<i>Number of Ordinary Shares</i>	<i>Nominal Value (£)</i>	<i>Number of Ordinary Shares</i>
Fully paid	£51,875	10,375,000	57,143.75	11,428,750

3.3 Save in connection with the Placing, no share or loan capital of any member of the Group is proposed to be issued or is under option or agreed, conditionally or unconditionally, to be put under option.

3.4 The provisions of section 561(1) of the Act (which, to the extent not disapplied pursuant to sections 570, 571 and 573 of the Act, confer on shareholders rights of pre-emption in respect of allotments of equity securities which are, or are to be, paid up in cash) apply to the share capital of the Company except to the extent disapplied by special resolution of the Company as referred to in paragraph 3.2 above.

4. Subsidiary undertakings

The Company acts as the holding company of the Group, the principal activity of which is a franchised estate agency. The Company has the following subsidiary undertakings all of which are private companies incorporated in England and Wales:

<i>Name</i>	<i>Issued share capital</i>	<i>Percentage of issued share capital held</i>	<i>Field of activity</i>
Winkworth Franchising Limited	£1	100	Operating franchising business in the UK
Winkworth France Limited	£100	90	Operating franchising business in France
Winkworth Financial Services Limited	£50,000	100	Dormant

5. Articles of Association

In this paragraph 5 of Part 5, “Statutes” means the Act and every other statute or statutory instrument, rule, order or regulation from time to time in force concerning companies so far as they apply to the Company.

The Articles contain provisions, among others, to the following effect:

5.1 *Voting rights*

- (a) Subject to any special terms as to voting upon which any share may be issued, or may be held, and subject to the provisions of the Articles, on a show of hands every member of the Company (“Member”) present in person and entitled to vote shall have one vote and on a poll every Member present in person or by proxy and entitled to vote shall have one vote for every share of which he is the holder.
- (b) Subject to the paragraphs 5.1(c) and 5.1 (d) below, on a vote on a resolution on a show of hands at a meeting, every proxy present who has been duly appointed by one or more Member entitled to vote on the resolution has one vote.
- (c) On a vote on a resolution on a show of hands at a meeting, a proxy has one vote for and one vote against the resolution if:
 - (i) the proxy has been duly appointed by more than one Member entitled to vote on the resolution; and
 - (ii) the proxy has been instructed by one or more of those Members to vote for the resolution and by one or more of those other Members to vote against it.
- (d) On a vote on a resolution on a show of hands at a meeting, if:
 - (i) a proxy has been duly appointed by more than one Member entitled to vote on the resolution; and
 - (ii) the proxy has been instructed by one or more Members (“Member(s) A”) to vote in a certain manner and has been given discretionary authority by one or more other Members (“Member(s) B”) to vote in relation to the resolution in the manner such proxy deems fit,

such proxy is entitled, pursuant to the discretionary authority granted by Member(s) B to cast a second vote which is contrary to the manner in which such proxy voted in accordance with the instructions of Member(s) A.
- (e) No Member is entitled to be present or to be counted in the quorum or vote, either in person or by proxy, at any general meeting or at any separate meeting of the holders of a class of shares or on a poll or to exercise other rights conferred by membership in relation to the meeting or poll, unless all calls or other moneys due and payable in respect of the Member’s share or shares have been paid.
- (f) Where a notice is served by the Company under section 793 of the Act (a “section 793 notice”) on a Member, or another person appearing to be interested in shares held by that Member, and the Member or other person has failed in relation to any shares (the “default shares” which expression includes any shares issued after the date of the section 793 notice in respect of those shares) to give the Company the information required within 14 days from the date of service of the section 793 notice then, unless the Board otherwise decides, the Member is not entitled in respect of the default shares to be present or to vote (either in person or by proxy) at a general meeting or at a separate meeting of the holders of a class of shares or on a poll or to exercise other rights conferred by membership in relation to the meeting or poll.

5.2 *Dividends*

- (a) Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is declared and paid. Dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.
- (b) Any dividend which has remained unclaimed for a period of 12 years from the date it became due for payment is forfeited and ceases to remain owing by the Company.
- (c) Where a section 793 notice is served on a Member, or another person appearing to be interested in shares held by that Member, and the Member or other person has failed in relation to any default shares to give the Company the information required within 14 days of the service of the section 793 notice and the default shares represent at least 0.25 per cent. in nominal value of the issued shares of their class then, unless the Board otherwise decides, any dividend (or any part of a dividend) or other amount payable in respect of the default shares shall be withheld by the Company, which has no obligation to pay interest on it and the Member is not entitled to elect to receive shares instead of a dividend.

5.2.1 *Distribution of assets on a winding up*

If the Company shall be wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may, with the authority of a special resolution and any sanction required by law, divide among the Members in kind the whole or any part of the assets of the Company and whether or not the assets consist of property of one kind or of different kinds and may for this purpose set such value as he deems fair on any class or classes of property and may determine on the basis of that valuation and in accordance with the then existing rights of Members how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the same authority, vest any part of the assets in the trustees upon such trust for the benefit of Members as the liquidator may think fit but so that no member shall be compelled to accept any asset in respect of which there is a liability or potential liability.

5.2.2 *Variation of class rights*

Subject to the Statutes, the rights attached to any class of shares may be modified, varied or abrogated:

- (a) in such manner (if any) as may be provided by those rights; or
- (b) in the absence of provision, either with the consent in writing of the holders of at least three quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate meeting of the holders of that class and then only subject to the provisions of section 633 of the Act.

5.2.3 *Transfer of shares*

- (a) Subject to the provisions of the Articles, any Member may transfer all or any of his certificated shares by instrument of transfer in any usual form or in such other form as the Board may approve and the instrument must be executed by or on behalf of the transferor and (except in the case of a share which is fully paid up) by or on behalf of the transferee but need not be under seal. The transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of Members in respect of it.

- (b) Subject to the provisions of Articles, the Board may refuse to register a transfer of a certificated share unless it is:
 - (i) in respect of only one class of shares;
 - (ii) in favour of not more than four joint transferees;
 - (iii) duly stamped (if required);
 - (iv) not in favour of a minor, infant, bankrupt or person with mental disorder; and
 - (v) delivered for registration to the registered office of the Company from time to time or such other place as the Board may decide accompanied by the certificate for the shares to be transferred (save in the case of a transfer by a recognised person to whom no certificate was issued) and such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so. The Board may impose restrictions on the transfer of a certificated share which is not fully paid, provided that the restrictions are not such as to prevent dealings in the shares from taking place on an open and proper basis.
- (c) The Board may, in exceptional circumstances approved by the UKLA, disapprove the transfer of a certificated share, provided that exercise of such powers does not disturb the market in the shares.
- (d) Subject to the Uncertificated Securities Regulations 2001, the Board may permit shares of any class to be held in uncertificated form and to be transferred by means of a relevant system and may determine that any class of shares shall cease to be a participating security.
- (e) The Board may refuse to register the transfer of an uncertificated share in any circumstances permitted by the UKLA, the London Stock Exchange, the Uncertificated Securities Regulation 2001 and the rules and practices of the operator of the relevant system.
- (f) Where a section 793 notice is served on a Member, or another person appearing to be interested in shares held by that Member, and the Member or other person has failed in relation to any default shares to give the Company the information required within 14 days from the date of service of the section 793 notice and such shares represent at least 0.25 per cent. in nominal value of the issued shares of their class, then, unless the Board otherwise decides, no transfer of any of the default shares shall be registered unless the transfer is an “**excepted transfer**” (as defined in the Articles) or the Member is not himself in default in supplying the information required and the Member proves to the satisfaction of the Board that no person in default in supplying the information required is interested in any of the shares the subject of the transfer or the transfer is required by the Uncertificated Securities Regulations 2001.
- (g) Other than as set out above, the Articles contain no restrictions as to the free transferability of fully paid shares.

5.2.4 *Alterations to capital*

Subject to the Act, the Company may by ordinary resolution:

- (a) consolidate and divide all or any of its authorised share capital into shares of a larger amount than its existing shares; and

- (b) sub-divide all or any of its shares into shares of a smaller amount and may by the resolution determine that the shares resulting from such sub-division may have any preferred or other special rights or be subject to any restrictions, as compared with the others.

5.2.5 *Borrowing powers*

The Board may exercise all the powers of the Company to borrow money. The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to secure (as regards subsidiary undertakings so far as by such exercise they can secure) that the aggregate principal amount (including any premium payable on final repayment) remaining undischarged of all moneys borrowed by the Group does not at any time without the previous sanction of an ordinary resolution exceed a sum equal to two times the aggregate of:

- (a) the amount paid up on the allotted or issued share capital of the Company; and
- (b) the amount standing to the credit of the consolidated capital and revenue reserves of the Group (including any share premium account and capital redemption reserve) plus or minus the credit or debit balance, as the case may be, of the consolidated profit and loss account all as shown in the then latest audited consolidated balance sheet of the Group, adjusted as specified in the Articles.

5.2.6 *Directors*

- (a) Unless and until otherwise determined by the Company by ordinary resolution the number of directors is not subject to a maximum but must not be fewer than two. The Board may appoint a person who is willing to act to be a director, either to fill a vacancy or as an addition to the Board. A director so appointed shall hold office only until the dissolution of the annual general meeting following next after his appointment, unless he is reappointed during the meeting. A director so retiring shall not be taken into account in determining the number of directors who are to retire by rotation at such meeting. Each director shall retire from office at the third annual general meeting after the annual general meeting at which he was last elected.
- (b) The remuneration of a director appointed to hold employment or executive office in accordance with the Articles may be a fixed sum of money or in whole or in part by participation in profits or otherwise as the Board may determine and may be in addition to or instead of a fee payable to him for his services as director pursuant to the Articles. The directors are entitled to be repaid all reasonable traveling, hotel and other expenses properly incurred by them in the performance of their duties as directors, including their expenses of traveling to and from meetings of the Board or committees of the Board or general meetings or separate meetings of the holders of a class of shares and any expenses incurred by them in obtaining independent professional advice.
- (c) The Board may establish, maintain, participate in or contribute to or procure the establishment or maintenance of, participation in or contribution to any pension, superannuation, benevolent or life assurance fund, scheme or arrangement (whether contributory or otherwise) for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances, benefits and emoluments to, any persons who are or were at any time in the employment or service of or who have at any time been directors of the Company or of any company which is or was a member of the Group or any of their predecessors in business (and for any member of his family, including a spouse or civil partner or former spouse or former civil partner or a person who is or was dependent on him). Any director or former director shall be entitled to participate in and retain for his own benefit any such donations, gratuities, pensions,

allowances, benefits or emoluments. The Board may arrange for this to be done by the Company either alone or in conjunction with any other person.

- (d) Without prejudice to the requirements of the Statutes, a director who is in any way, directly or indirectly, interested in a contract, arrangement, transaction or proposal with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract, arrangement, transaction or proposal is first taken into consideration, if he knows his interest then exists, or, in any other case, at the next meeting of the directors after he knows that he is or has become interested.
- (e) Except as provided in the Articles, a director may not vote in respect of any contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he is, to his knowledge, materially interested, directly or indirectly otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company. This prohibition does not apply to any resolution concerning any of the following matters namely:
 - (i) the giving to him of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
 - (ii) the giving to a third party of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility, in whole or in part, under a guarantee or indemnity or by the giving of security;
 - (iii) a contract, arrangement, transaction or proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the director is to participate;
 - (iv) a contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning any other company in which he is interested directly or indirectly and whether as an officer or shareholder or otherwise (relevant company) if he is not directly or indirectly the holder of or beneficially interested in one per cent. or more of a class of equity share capital of the relevant company (excluding any shares held as treasury shares) or of the voting rights available to members of the relevant company or able to cause one per cent. or more of those voting rights to be cast at his direction (and for the purposes of this Article, shares held by a director as bare or custodian trustee and in which he has no beneficial interest, shares comprised in a trust and in which the director's interest is in reversion or is in remainder, if and so long as another person is entitled to receive the income from the trust, and shares comprised in an authorised unit trust scheme in which the director is interested only as a unit holder are disregarded);
 - (v) a contract, arrangement, transaction or proposal concerning the adoption, modification or operation of a pension, superannuation or similar scheme or retirement, death or disability benefits scheme or personal pension plan or employees' share scheme under which he may benefit and which has been approved by or is subject to and conditional on approval by HM Revenue & Customs for taxation purposes or which does not accord to any director as such any privilege or benefit not accorded to the employees to whom the scheme or fund relates;

- (vi) a contract, arrangement, transaction or proposal for the benefit of employees of the Company or any of its subsidiary undertakings under which the director benefits in a similar manner to the employees and which does not accord to any director as such any privilege or benefit not accorded to the employees to whom it relates; or
- (vii) a contract, arrangement, transaction or proposal concerning the maintenance or purchase of any insurance policy for the benefit of directors or for the benefit of persons including directors.

5.2.7 *Directors' indemnity*

Subject to the provisions of the Act, the Company may:

- (a) indemnify any person who is or was a director, or a director of any associated company, directly or indirectly (including by funding any expenditure incurred or to be incurred by him), against any loss or liability, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or otherwise, in relation to the Company or any associated company; and/or
- (b) indemnify to any extent any person who is or was a director of an associated company that is a trustee of an occupational pension scheme, directly or indirectly (including by funding any expenditure incurred or to be incurred by him) against any liability incurred by him in connection with the company's activities as trustee of an occupational pension scheme; and/or
- (c) purchase and maintain insurance for any person who is or was a director, or a director of any associated company, against any loss or liability or any expenditure he may incur, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or otherwise, in relation to the Company or any associated company.

5.2.8 *General meetings*

- (a) At least 21 clear days' notice of every annual general meeting and at least 14 clear days' notice of every other general meeting shall be given, to such Members as are, under the Articles, or the terms of issue of shares, entitled to receive such notices from the Company and to the Directors and the auditors of the Company.
- (b) Every notice of meeting shall specify the place, date and time of the meeting and the general nature of the business to be transacted and, if a meeting is convened to pass a special resolution, the intention to propose the resolution as a special resolution. Where the Company has given an electronic address in any notice of meeting, any documents or information relating to proceeding at the meeting may be sent by electronic means to that address, subject to any conditions or limitations specified in the relevant notice.

6. **Directors' and other interests**

- 6.1 The voting rights held (within the meaning of Rule 5 of the Disclosure and Transparency Rules), directly or indirectly, by the Directors in the share capital of the Company as at the date of this document and as they are expected to be immediately following Admission are/will be as follows:

	<i>As at 5 November 2009</i>		<i>Immediately following the Placing</i>	
<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
Simon Agace	*7,600,000	59.4	6,336,250	55.4
Anthony Snarey	1,500,000	13.8	1,312,500	11.5
Dominic Agace	500,000	4.6	500,000	4.4
Lawrence Alkin	256,250	2.4	256,250	2.2
Christopher Neoh	12,500	0.1	12,500	0.1

*Includes 500,000 Ordinary Shares held directly by members of Simon Agace's family.

- 6.2 Save as disclosed above, none of the Directors nor any member of his immediate family or any person connected with him (within the meaning of section 252 of the Act) holds or is beneficially or non-beneficially interested, directly or indirectly, in any share or options to subscribe for, or securities convertible into, shares of the Company or any of its subsidiary undertakings.
- 6.3 In addition to the interests of the Directors set out in paragraphs 6.1 to 6.2 above, as at 5 November 2009 (being the latest practicable date prior to publication of this document) insofar as is known to the Company, the following persons were, or will at Admission be, holding voting rights (within the meaning of Rule 5 of the Disclosure and Transparency Rules) in three per cent. or more of the Enlarged Share Capital of the Company:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
Mohad Shukri Abdul Yajid	375,000	3.3
Bujang Zaidi	900,000	7.9

- 6.4 Save as disclosed above, there are no persons, so far as the Company is aware, who are or will be immediately following Admission holding voting rights (within the meaning of Rule 5 of the Disclosure and Transparency Rules) in three per cent. or more of the Enlarged Share Capital of the Company, nor so far as the Company is aware, are there any persons who at the date of this document or immediately following Admission, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.
- 6.5 The Company's share capital consists of one class of ordinary shares with equal voting rights (subject to the Articles).
- 6.6 The Company's major shareholders set out in paragraph 6.3 do not have different voting rights to other Shareholders.
- 6.7 No Director or member of a Director's family has any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of the Ordinary Shares.
- 6.8 Since 2005, Winkworth Franchising has entered into franchise agreements with Anthony Snarey, a director of the Company. These agreements are related party transactions (for the purposes set out in the standards adopted according to the Regulation (EC) No 1606/2002). The agreements cover the areas of Sheffield, Bourne, Lincoln and Sleaford in the UK, and the Algarve area of Portugal. The agreements were conducted at arm's length and are on the same terms as Winkworth Franchising's standard franchise agreements. Each party was responsible for its own costs.

- 6.9 Anthony Snarey is also a director of Caxton Street Properties Limited. Caxton Street Properties Limited also has a 42 per cent holding in YH Investments Limited, which runs the Willesden franchise. The Willesden franchise agreement was negotiated at arm's length and incorporates the Company's normal commercial terms.
- 6.10 Anthony Snarey is also a director and shareholder of Snarey Price Shelley Limited and Waldeck Snarey & Brown Limited, which act as service companies for the franchises in Sheffield, in the case of the former, and Bourne, Sleaford and Lincoln, in the case of the latter.
- 6.11 Anthony Snarey is also a director and shareholder of Christopher Garveigh-Sociedade de Mediação Imobiliária, Limitada, which runs the franchise in Portugal.
- 6.12 Simon Agace is a director of Caxton Street Properties Limited. Res Synd 03 Limited ("Res Synd") has a 77 per cent holding in Caxton Street Properties Limited. Simon Agace is also a director of YH Investments Limited which runs the Willesden franchise. The Willesden franchise agreement was negotiated at arm's length and incorporates the Company's normal commercial terms.
- 6.13 Simon Agace has a 50 per cent holding in Res Synd, which provides consultancy and lease management services to Winkworth Franchising. All agreements between Res Synd 03 Limited and Winkworth Franchising were negotiated at arm's length.
- 6.14 Dominic Agace is a shareholder in YH Investments Limited, which runs the Willesden franchise. The Willesden franchise agreement was negotiated at arm's length and incorporates the Company's normal commercial terms.
- 6.16 Hugh Dunsmore Hardy, who is a director of Winkworth Franchising, owns and controls DH Consultancy Limited, which provides property services to the Company. All agreements between DH Consultancy Limited and the Company were negotiated at arm's length.

7. Additional information on the Directors

- 7.1 Other than their directorships of the Company, directorships and partnerships currently held by the Directors and held over the five years preceding the date of this document are as follows (those companies marked with an asterisk are dormant):

<i>Director</i>	<i>Current directorships/ Partnerships</i>	<i>Past directorships/ partnerships</i>
Simon Agace	Caxton Street Properties Limited Foxhill Associates Limited London and Oxford Properties Limited Redmead Investments Limited Res Synd 03 Limited Setdrive Limited Winkworth Franchising Limited Winkworth Financial Services Limited YH Investments Limited 120 Edith Road Limited	Floatport Limited Pureproperty.com Limited
Anthony Snarey	Bloom's EPC Ltd Caxton Street Properties Limited Lincoln Property Management Limited* Melton Mowbray Property Management Limited* Nomina No 186 LLP Revelation (Grantham) Limited Revelation Healthcare Limited Revelation Healthcare Trustees Limited Ryan Jones LLP Sleaford Property Management Limited*	East Midlands Property Management Limited Hill & Hill Property Management Limited Humberts Agricultural (Grantham) LLP Oakview PLC Quickcape Limited Redstone (East Midlands) Limited Silklands Limited Snarey Price LLP

<i>Director</i>	<i>Current directorships/ Partnerships</i>	<i>Past directorships/ partnerships</i>
Anthony Snarey (continued)	Snarey Price Shelley Limited Snarey Properties Limited Tony Snarey Developments and Construction Limited Waldeck Snarey & Brown Limited Waldeck, Snarey & Brown (Bourne) LLP Waldeck Snarey & Brown (Lincoln) LLP Wink Real Estate – Sociedade de Mediação Imobiliária, Lda Winkworth Franchising Limited Winkworth Financial Services Limited	
Dominic Agace	Winkworth Franchising Limited	Res Synd 03 Limited
Lawrence Alkin	Comwood Croydon Limited Comwood London Limited Filross Securities Limited Melaville Properties Limited Metro Inns Limited Metro Inns (Developments) Limited* Metro Inns (Doncaster) Limited Metro Inns (Falkirk) Limited Metro Inns (Newcastle) Limited Metro Inns (Peterborough) Limited Metro Inns (Teeside) Limited Revelation Healthcare Trustees Limited Revelation (Grantham) Limited Whitelands House Properties Limited Revelation Healthcare Limited	Comwood Investments Limited London and Phoenix Estates Limited The Langton Residents Association Novocourt Limited Stanfield Securities Limited
Christopher Neoh	Winkworth Franchising Limited	Alderney Healthcare Limited Movers and Shapers Limited

7.2 Save as disclosed in paragraphs 7.3 to 7.18 below, none of the Directors has:

- 7.2.1 any unspent convictions in relation to indictable offences;
- 7.2.2 had a bankruptcy order made against him or made an individual voluntary arrangement;
- 7.2.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary arrangement or made any composition or arrangement with its creditors generally or of any class of its creditors whilst he was a director of that company or within 12 months after he ceased to be a director of that company for at least the previous five years;
- 7.2.4 been a partner in a partnership which has been placed in compulsory liquidation, administration or made a partnership voluntary arrangement whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership for at least the previous five years;
- 7.2.5 had any asset placed in receivership or any asset of a partnership in which he was a partner placed in receivership whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership for at least the previous five years; or
- 7.2.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies) or disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

- 7.3 Anthony Snarey was appointed as a director of Silklands Limited on 2 September 1996. This company went into creditors' voluntary liquidation on 18 October 2004. The estimated deficiency to creditors was £478,270.
- 7.4 Anthony Snarey was a director of Oakview PLC when this company went into members' voluntary liquidation on 30 June 2004. There was no deficiency to creditors.
- 7.5 Anthony Snarey was a director of Quickcape Limited on 14 May 2004. This company went into members' voluntary liquidation on 30 June 2004. There was no deficiency to creditors.
- 7.6 Anthony Snarey was appointed as a director of Morris Pollitt on 23 February 1995. This company went into creditors' voluntary liquidation on 16 July 1998. There was no deficiency to creditors.
- 7.7 Anthony Snarey was a director of Second Grantham Residential PLC when this company went into members' voluntary liquidation on 15 April 1996. There was no deficiency to creditors.
- 7.8 Anthony Snarey was a director of Grantham Residential Investments PLC when this company went into members' voluntary liquidation on 15 April 1996. There was no deficiency to creditors.
- 7.9 Anthony Snarey was appointed as a director of Cornerstone Estate Agency Limited on 31 August 1993. This company went into compulsory liquidation on 6 December 1995. Anthony Snarey understands that other than Winterthur Life plc, which provided ongoing funding arrangements to this company, there was no deficiency to the majority of creditors.
- 7.10 Anthony Snarey was appointed as a director of Cornerstone Holdings Limited on 21 July 1993. This company went into receivership on 19 October 1995. Anthony Snarey understands that other than Winterthur Life plc, which provided ongoing funding arrangements to this company, there was no deficiency to the majority of creditors.
- 7.11 In November 2003, Simon Agace was reprimanded by the RICS when one of his offices failed to adhere to RICS accounting procedures, however, no financial loss was suffered by any third party as a result. He was fined a total of £6,000 as principal.
- 7.12 Simon Agace was a director of M.W. (Financial Services) Limited when this company went into creditors' voluntary liquidation on 24 October 1997. The estimated deficiency to creditors was £521,555. These losses were absorbed by Winkworth and this company's other major creditor pursuant to the terms of a commercial agreement.
- 7.13 Simon Agace was appointed a director of M.W. (North Kensington) Limited on 15 July 1991. This company went into creditors' voluntary liquidation on 24 August 1993. The estimated deficiency to creditors, who were shareholders of this company, was £20,802.
- 7.14 Simon Agace was a director of M.W. (London) Limited when this company went into creditors' voluntary liquidation on 18 June 1992. The estimated deficiency to creditors was £412,488. Simon Agace settled matters personally with this company's biggest creditor, which was a major retail bank.
- 7.15 Lawrence Alkin was a director of London and Phoenix Estates Limited when this company went into members' voluntary liquidation on 28 March 2002. There was no deficiency to creditors.
- 7.16 Lawrence Alkin was a director of Stanfield Securities Limited when this company went into members' voluntary liquidation on 28 March 2002. There was no deficiency to creditors.
- 7.17 Lawrence Alkin was a director of Meltgaze Limited when this company went into creditors' voluntary liquidation on 16 July 1991. There was no deficiency to creditors.

- 7.18 Christopher Neoh was appointed as a director of Alderney Healthcare Limited on 29 October 1998. This company went into members' voluntary liquidation on 10 June 2003. There was no deficiency to creditors.

8. Directors' service agreements and emoluments

- 8.1 The Directors have entered into service or consultancy agreements with the Company as follows:

8.1.1 Service Agreements

On 5 November 2009, Dominic Agace and Christopher Neoh (the "Executive Directors") entered into new service agreements with the Company (the "Service Agreements") as Chief Executive Officer and Finance Director respectively.

The appointments commenced on 5 November 2009 and are continuous until terminated by either party giving six months' written notice to the other. In addition, the appointments can be terminated by the Company without notice (summary termination) by payment in lieu of notice in certain circumstances including gross misconduct, negligence, bankruptcy or a material breach of the relevant Service Agreement.

Dominic Agace is entitled to a basic salary of £75,000 per annum and Christopher Neoh £30,000 per annum. In addition, the Company may, in its absolute discretion, award a bonus to the Executive Directors.

The Executive Directors' salary will be reviewed by the Company annually. There is no pension scheme in operation. The Executive Directors are entitled to 25 working days paid holiday per annum (in addition to the usual public holidays). Dominic Agace's normal working hours are 9.00 a.m. to 6.00 p.m., Monday to Friday, and Chris Neoh will work up to 2 days per week but they may work additional hours as required. Each of the Executive Directors has also signed an opt-out from the 48 hour working week prescribed by the Working Time Regulations 1998.

The Service Agreements contain detailed provisions in respect of the Company's power to impose garden leave provisions. The Service Agreements contain restrictive covenants which restrict each of the Executive Directors, for a period of six months following termination of employment, from acting in competition with the Group; from soliciting the custom of a client or customer or any supplier of any member of the Group (provided that each of the Executive Directors had material dealings with any such client or customer or supplier during his employment); and from soliciting senior employees or directors of any member of the Group.

The Service Agreements also contain detailed provisions in respect of the preservation of the Group's confidential information both during and after the termination of the Service Agreements and the protection of the Company's intellectual property.

8.1.2 Consultancy Agreement

The Company, Simon Agace and Pibeta S.A. entered into a consultancy agreement on 1 January 2009 (the "Consultancy Agreement") pursuant to which the Company has requested Pibeta provide it with the services of Simon Agace. Simon is Non-executive Chairman of the Company and has agreed to provide from time to time his administrative, organisational, financial and managerial advice and assistance in respect of the business carried on by the Group, in particular with regard to the development of the Group's European and international interests. The Consultancy Agreement may be terminated by the Company or Pibeta by the service of six months' notice in writing, such notice not to expire earlier than 31 October 2012, save where termination is as a result of a fundamental breach of the agreement by Simon Agace or Pibeta, in which case the Company may terminate the agreement immediately. In consideration of the services to be rendered by Simon Agace under the Consultancy Agreement, the Company will pay to Pibeta a retainer fee (the "Fee") of £50,000

per annum (inclusive of any indirect taxes which Pibeta may need to levy) or pro rata for any lesser period for which the services are provided. The Fee will be reviewed annually by the Company and Pibeta. Pursuant to the terms of the Consultancy Agreement Simon Agace agrees, *inter alia*, to:

- use his best endeavours to promote the interests of the Group;
- unless prevented by ill health or injury or as otherwise agreed between the parties, devote at least two full working days in each calendar month to the carrying out of his role as Non-executive Chairman and such additional time if any as may be necessary for the proper performance of this role;
- have particular responsibility to develop the international business of the Company;
- during the term of the Consultancy Agreement or within six months of its termination not without the prior written consent of the Board, hold any interest or undertake any engagement or activity which is liable to detract from his ability to render the agreed services or which would conflict with or be detrimental to the interests and operation of the Group; and
- during the term of the Consultancy Agreement or within six months of its termination, that he will not solicit any senior employee of the Group to leave the employment of the Group, nor solicit any customer, supplier, contractor, distributor or agent of the Group with whom he was concerned.

8.1.3 TSD Consultancy Agreement

The Company, Anthony Snarey and Tony Snarey Developments and Construction Limited (“TSD”) entered into a consultancy agreement on 5 November 2009 (the “TSD Consultancy Agreement”) pursuant to which the Company has requested TSD provide it with the services of Anthony Snarey. Anthony is a Non-executive Director of the Company and has agreed to provide from time to time his administrative, organisational, financial and managerial advice and assistance in respect of the business carried on by the Group, in particular with regard to the development of the Group’s regional business. The TSD Consultancy Agreement may be terminated by the Company or TSD by the service of six months’ notice in writing such notice not to expire earlier than 31 October 2012, save where termination is as a result of a fundamental breach of the agreement by Anthony Snarey or TSD in which case the Company may terminate the agreement immediately. In consideration of the services to be rendered by Anthony Snarey under the TSD Consultancy Agreement, the Company will pay to TSD a retainer fee (the “Fee”) of £36,000 per annum (inclusive of any indirect taxes which TSD may need to levy) or pro rata for any lesser period for which the services are provided. The Fee will be reviewed annually by the Company and TSD. Pursuant to the terms of the TSD Consultancy Agreement, Anthony Snarey agrees, *inter alia*, to:

- use his best endeavours to promote the interests of the Group;
- unless prevented by ill health or injury or as otherwise agreed between the parties, devote at least six full working days in each calendar month to the carrying out his role as Non-executive Director and such additional time if any as may be necessary for the proper performance of this role;
- have particular responsibility to develop the regional business of the Company;
- during the term of the TSD Consultancy Agreement or within six months of its termination not without the prior written consent of the Board hold any interest or undertake any engagement or activity which is liable to detract from his ability to render the agreed services or which would conflict with or be detrimental to the interests and operation of the Group; and

- during the term of the TSD Consultancy Agreement or within six months of its termination that he will not solicit, any senior employee of the Group to leave the employment of the Group, nor solicit any customer, supplier, contractor, distributor or agent of the Group with whom he was concerned.

8.1.4 *Non-executive Letter of Appointment*

On 5 November 2009, Lawrence Alkin entered into a letter of appointment governing the terms of his appointment as Non-executive Director of the Company (the “Letter of Appointment”).

The Letter of Appointment commenced on 5 November 2009 and may be terminated by Lawrence Alkin on three months’ written notice. The Company may terminate the Letter of Appointment with immediate effect if Lawrence Alkin, *inter alia*, is not re-elected, breaches any of the terms of the Letter of Appointment, becomes bankrupt or fails to perform his duties to the reasonable satisfaction of the Company.

Under the terms of the Letter of Appointment, Lawrence Alkin will receive a fee of £15,000 and will provide his services to the Company for approximately one day per month. The Company will reimburse Lawrence Alkin for all reasonable and properly documented travel, hotel and other incidental expenses incurred by him in the performance of his duties. Lawrence Alkin is expected to attend all Board meetings and Shareholder meetings.

Although Lawrence Alkin is not required to work exclusively for the Company, he is required to disclose to the Company any external commitments and obtain advance written approval for any new appointments or interests. The Letter of Appointment also contain provisions to protect the Group’s confidential information both during and after the termination of the appointment.

- 8.2 Save as set out in paragraph 8.1 above, there are no existing or proposed service agreements between any of the Directors and the Company or any member of the Group.
- 8.3 Other than payment of salary in lieu of notice, the Directors’ Service Agreements, Consultancy Agreement, TSD Consultancy Agreement and Letter of Appointment do not provide for benefits upon termination of employment.
- 8.4 The aggregate remuneration paid and benefits in kind granted to the Directors including amounts paid from all members of the Group during the year ended 31 December 2008 amounted to £158,111.
- 8.5 The aggregate amount payable and benefits in kind to be granted to the Directors under the arrangements in force at the date of this document during the current financial year ending 31 December 2009 are estimated to amount to £215,000.

9. Taxation

The following paragraphs are intended as a general guide only for certain UK tax consequences for Shareholders who are the beneficial owners of Ordinary Shares and who are resident and, in the case of individuals, ordinarily resident and domiciled in the United Kingdom for tax purposes, holding Ordinary Shares as investments and not as securities to be realised in the course of a trade. They are based on current legislation and what is understood to be current HMRC practice as at the date of this document and may not apply to certain Shareholders, for example, but not limited to, Shareholders who have acquired Ordinary Shares in connection with an office or employment with the Company. Any prospective purchaser of Ordinary Shares who is in any doubt about his tax position or who is subject to taxation in a jurisdiction other than the UK should consult his own professional adviser immediately.

9.1 *Taxation of Chargeable Gains*

For the purpose of UK tax on chargeable gains, the issue of Ordinary Shares pursuant to the Placing will be regarded as an acquisition of a new holding in the share capital of the Company.

To the extent that a shareholder acquires Ordinary Shares allotted to him, the Ordinary Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the Ordinary Shares will generally constitute the base cost of a Shareholder's holding.

A disposal or deemed disposal of Ordinary Shares by a UK resident Shareholder may give rise to a chargeable gain (or allowable loss) for the purposes of UK capital gains tax ("CGT") (where the Shareholder is an individual) or UK corporation tax on chargeable gains (where the Shareholder is within the charge to UK corporation tax), depending on their circumstances and subject to any available exemption or relief.

As regards an individual Shareholder, the principal factors that will determine the extent to which a gain will be subject to CGT are (i) the extent to which he realises any other capital gains in the tax year of assessment in which the gain arises, (ii) the extent to which he has incurred capital losses in that or any earlier tax year of assessment and (iii) the level of the annual allowance of tax-free gains in the tax year of assessment in which the disposal takes place.

Subject to the availability of any such exemptions, reliefs and/or allowable losses, a disposal of Ordinary Shares by individuals, trustees and personal representatives will generally be subject to CGT at the rate of 18 per cent..

Subject to the availability of any exemptions, reliefs and/or allowable losses, a disposal of Ordinary Shares by companies subject to UK corporation tax will generally be subject to UK corporation tax at the rate of 28 per cent.. Indexation allowance may be available to reduce any chargeable gain arising on such disposal but cannot act to create or increase a loss.

9.2 *Dividends and other Distributions*

The Company will not be required to withhold UK tax at source when paying a dividend on the Ordinary Shares.

An individual Shareholder who is resident for tax purposes in the UK and who receives a dividend from the Company will be entitled to a tax credit which may be set off against the Shareholder's total income tax liability on the dividend. The tax credit will be equal to 10 per cent. of the aggregate of the dividend and the tax credit (the "gross dividend"), which is also equal to one-ninth of the cash dividend received. A UK resident individual Shareholder who is liable to income tax at the basic rate will be subject to tax on the dividend at the rate of 10 per cent. of the gross dividend, so that the tax credit will satisfy in full such Shareholder's liability to income tax on the dividend.

In the case of a UK resident individual Shareholder who is liable to income tax at the current higher rate of 40 per cent., the tax credit will be set against, but not fully match, the Shareholder's tax liability on the gross dividend. Subject to the paragraph below, such Shareholder will have to account for additional tax equal to 22.5 per cent. of the gross dividend (which is also equal to 25 per cent. of the cash dividend received) to the extent that the gross dividend when treated as the top slice of the Shareholder's income falls above the threshold for higher rate income tax.

From 6 April 2010, an individual Shareholder who is resident for UK tax purposes in the UK earning taxable income in excess of £150,000 per annum, will have to account for additional tax equal to 32.5 per cent. of the gross dividend (which is also equal to approximately 36.1 per cent. of the cash dividend) to the extent that the gross dividend when treated as the top slice of the Shareholder's income falls above the £150,000 threshold.

A UK resident individual Shareholder who is not liable to tax in respect of the gross dividend and other UK resident taxpayers who are not liable to UK tax on dividends, including pension funds and charities, will not be entitled to claim repayment of the tax credit attaching to dividends paid by the Company.

A UK resident corporate Shareholder will generally not be subject to UK corporation tax on dividends paid by the Company. Such Shareholders will not be able to claim repayment of tax credits attaching to dividends.

In certain circumstances, UK resident corporate Shareholders may be subject to corporation tax on dividends paid by the Company, for example, if the dividends do not fall within an exempt class. However, it is likely that the dividends paid by the Company would generally be exempt.

Non-UK resident Shareholders will not generally be able to claim repayment from HMRC of any part of the tax credit attaching to dividends paid by the Company. A shareholder resident outside the UK may also be subject to foreign taxation on dividend income under local law. Shareholders who are not resident for tax purposes in the UK should obtain their own tax advice concerning tax liabilities on dividends received from the Company.

9.3 *Stamp duty and stamp duty reserve tax*

The tax treatment in relation to stamp duty and stamp duty reserve tax ("SDRT") should be as follows:

- 9.3.1 no liability to stamp duty or SDRT arises on the issue and allotment of Ordinary Shares by the Company pursuant to the Placing except where the charges arise under sections 67, 70, 93 or 96 of the Finance Act 1986 (which broadly apply where shares are, among other things, issued to persons who issue depositary receipts or provide clearance services or their nominees or agents);
- 9.3.2 a liability to SDRT at 0.5 per cent. or stamp duty at fifty pence (£0.50) per one hundred pounds (£100) (or part of one hundred pounds (£100)) arises in relation to the sale of Ordinary Shares by the existing shareholders to placees in the Placing;
- 9.3.3 in the Placing Agreement, the existing shareholders have agreed to bear any stamp duty or SDRT liability payable by the original placees on the transfer of Ordinary Shares by the existing shareholders pursuant to the Placing at the rate of 0.5 per cent. or fifty pence (£0.50) per one hundred pounds (£100) (or part of one hundred pounds (£100)) as appropriate (but not of any subsequent purchases of Ordinary Shares or of any rights to Ordinary Shares);
- 9.3.4 the necessary arrangements in relation to SDRT have been authorised by the board of HMRC under Regulation 4 of the Stamp Duty Reserve Tax Regulations 1986. These arrangements do not apply to any charge to stamp duty or SDRT under any of sections 67, 70, 93 or 96 of the Finance Act 1986. Each placee will be required in his application to give a confirmation that the increased rates of stamp duty and SDRT do not apply;
- 9.3.5 agreements to renounce letters of acceptance will generally be liable to SDRT at the rate of 0.5 per cent. of the consideration paid. Liability to pay such SDRT is that of the purchaser. Normally, where the renunciation is effected through a member of the London Stock Exchange, or a qualified dealer, that person will normally collect the SDRT and will indicate that it has been done in the contract note issued to the purchaser. In other cases, the purchaser is liable to account for and pay the SDRT;
- 9.3.6 the transfer on sale of Ordinary Shares both before and after the issue of certificates will generally be liable to stamp duty at the rate of fifty pence (£0.50) per one hundred pounds (£100) (or part of one hundred pounds (£100)) of the amount or value of the

consideration paid or, if an unconditional agreement to transfer such shares is not immediately completed by a duly stamped transfer, or if the transfer is effected under CREST, SDRT at the rate of 0.5 per cent. of the value or amount of the consideration paid. Liability to pay such stamp duty or SDRT is that of the transferee or purchaser.

10. Working capital

The Directors are of the opinion, having made due and careful enquiry and having regard to the proceeds of the Placing, that the working capital available to the Company and the Group will, from Admission, be sufficient for their present requirements, that is for at least 12 months from the date of Admission.

11. Litigation

- 11.1 There are no governmental, legal or arbitration proceedings which may have or have had in the recent past a significant effect on the Company's or the Group's financial position or profitability (and the Company is not aware of any such proceedings which are pending or threatened save as disclosed in paragraph 11.2 below).
- 11.2 There is an ongoing dispute with a Franchisee concerning breaches of the franchise agreement over non-payment and non-compliance issues. Winkworth Franchising has issued proceedings against the Franchisee to terminate the franchise agreement. The dispute is likely to be resolved by means of a negotiated settlement which will take account of legal costs.

12. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the period of two years preceding the date of this document which are or may be material:

12.1 *Placing Agreement*

- 12.1.1 On 6 November 2009 the Company, the Directors and FinnCap entered into the Placing Agreement under which FinnCap agreed (conditionally, among other things, on Admission not later than 8.00 a.m. on 12 November 2009 or such later date as the Company and FinnCap may agree) to use its reasonable endeavours to procure purchasers or subscribers for the Placing Shares at the Placing Price.
- 12.1.2 The Company has agreed to pay to FinnCap:
 - (a) a corporate finance fee;
 - (b) a commission of five per cent. on the aggregate value, at the Placing Price, of the New Ordinary Shares introduced by FinnCap; and
 - (c) a commission of one per cent. on the aggregate value, at the Placing Price, of the New Ordinary Shares introduced by the Company.
- 12.1.3 The Selling Shareholders have agreed to pay FinnCap a commission of two per cent. on the aggregate value, at the Placing Price, of the Vendor Placing Shares;
- 12.1.4 The Company has agreed to pay all other costs, charges and expenses of, and incidental to, the Placing and Admission, including all expenses of FinnCap, the fees and expenses of FinnCap's legal advisers, all fees and expenses in connection with Placing and Admission registrars fees, printing, advertising and distribution expenses and all related irrecoverable value added tax, if applicable.
- 12.1.5 The Company and the Directors have given certain representations, warranties and (in case of the Company) indemnities to FinnCap as to the accuracy of information in this document and other matters in relation to the Company and its business.

12.1.6 FinnCap may terminate the Placing Agreement in certain circumstances prior to Admission.

12.1.7 FinnCap will receive and hold moneys from the placees and, in the event of termination of the Placing Agreement, will return such moneys to the placees immediately. FinnCap will account to the Company for amounts due to it within two business days after Admission. Pursuant to the Placing Agreement, the Company has agreed to procure despatch of share certificates to placees on or before 19 November 2009.

12.2 *Lock-in agreements*

On 5 November 2009, each of the Locked-in Directors entered into a lock-in agreement with the Company and FinnCap. Each Locked-in Director has undertaken not to dispose of, and to use their reasonable endeavours to procure that their 'associates' (as defined in the definition of "related party" in the AIM Rules) do not dispose of, any Ordinary Shares which they hold following Admission for a period of 12 months, without obtaining the prior written consent of FinnCap. Certain disposals are excluded from the lock-in agreement, including those: to an 'associate'; to a trustee of a trust created by the Lock-in Director; and in acceptance of a general offer made to Shareholders to acquire all the Ordinary Shares.

In addition, orderly marketing arrangements apply to each Locked-in Director for a further period of 12 months following the expiry of the lock-in period referred to in paragraph 12.2 above, whereby each Locked-in Director has undertaken to sell Ordinary Shares through FinnCap (or the broker for the time being of the Company), who shall only charge commissions which would have been reasonably payable by the Locked-in Directors for an institutional execution-only broking service.

12.3 *Relationship Agreement*

On 5 November 2009, the Company and Simon Agace executed the Relationship Agreement, as Simon Agace is the Controlling Shareholder in the Company. Pursuant to this agreement, Simon Agace, amongst other things, agrees that all transactions and relationships between the Company or any of the Company's subsidiaries and himself or any person connected to him will be at arm's length and on a normal commercial basis. Simon Agace also undertakes that for so long as he is a substantial shareholder (as defined therein) he shall not enter into, terminate or in any way alter any commercial arrangements and/or relationships between the Company and any of its subsidiaries and himself or any person connected to him unless a resolution sanctioning such action has been unanimously approved by the Board. Simon Agace or a person connected to him may not vote in this situation. In addition Simon Agace has undertaken not to vote in favour of any resolution put to the Company's Shareholders to cancel the Company's admission to AIM pursuant to AIM Rule 4.1 for a period of two years from Admission.

13. **General**

13.1 The nominated adviser and broker to the Company is FinnCap of 4 Coleman Street, London EC2R 5TA, a member of the London Stock Exchange and regulated by the Financial Services Authority Limited. FinnCap has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which it appears.

13.2 The expenses of or incidental to the Placing and Admission are payable by the Company and are estimated to amount to £395,000 (excluding value added tax), including commissions of £25,000.

- 13.3 The total proceeds of the Placing expected to be raised by the Company are £445,000. The net proceeds available to the Company, after taking into account the Pre-IPO Fundraising and the deduction of the expenses, are estimated at £748,000.
- 13.4 The International Security Identification Number (ISIN) of the Ordinary Shares is GBooB4TT7L53.
- 13.5 Other than the intended application for Admission the Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made, nor, except as stated below, are there intended to be any other arrangements for dealings in the Ordinary Shares.
- 13.6 BDO LLP, of 55 Baker Street, London W1U 7EU, a member firm of the Institute of Chartered Accountants in England and Wales, accepts responsibility for its report set out in Part 3 of this document and has given and not withdrawn its written consent to the inclusion of its report in the form and context in which it appears.
- 13.7 Duncan & Toplis which is a member of the Institute of Chartered Accountants in England and Wales, has audited the statutory accounts of the Company and has given unqualified audit reports on the statutory accounts of the Company for the three financial years ended 31 December 2008. The statutory accounts for the three financial years ended 31 December 2008 have been delivered to the Registrar of Companies in England and Wales. There has been no removal, resignation or non-reappointment of any auditor of any member of the Group during the period covered by the historical financial information set out in Part 3 of this document. Duncan & Toplis has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which it appears.
- 13.8 Other than as disclosed in this document, there has been no significant change in the financial or trading position of the Group since 31 August 2009, the date to which the interim financial information set out in Part 4 has been drawn up.
- 13.9 No person (other than professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, from the Company within 12 month preceding the date of Admission; or entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after completion of the Placing any of the following:
- 13.9.1 fees totalling ten thousand pounds (£10,000) or more;
- 13.9.2 securities in the Company with a value of ten thousand pounds (£10,000) or more calculated by reference to the Placing Price; or
- 13.9.3 any other benefit with a value of ten thousand pounds (£10,000) or more at the date of completion of Admission.
- 13.10 Information in this document which has been sourced from third parties has been accurately reproduced and so far as the Company is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 13.11 Save as disclosed in this document, the Directors are unaware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Group's prospects for the current financial year.
- 13.12 The City Code applies to the Company. Under the City Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquirer and its concert parties to

Ordinary Shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending upon the circumstances, its concert parties, would be required (except with the consent of the Panel) to make a cash offer for the outstanding Ordinary Shares in the Company at a price not less than the highest price paid for the Ordinary Shares in the Company by the acquirer or its concert parties during the previous 12 months. A similar obligation to make such a mandatory offer would also arise on the acquisition of Ordinary Shares by a person holding (together with its concert parties) Ordinary Shares carrying between 30 to 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

- 13.13 Under the Act, if a person were to acquire 90 per cent. of the Ordinary Shares within four months of making its offer, it could then compulsorily acquire the remaining 10 per cent.. It would do so by sending a notice to outstanding holders of Ordinary Shares telling them that it will compulsorily acquire their Ordinary Shares and then, six weeks later, executing a transfer of the outstanding Ordinary Shares in its favour and paying the consideration to the Company, which would then hold the consideration on trust for outstanding holders of Ordinary Shares. The consideration offered to the outstanding holders of Ordinary Shares whose shares are compulsorily acquired must, in general, be the same as the consideration that was available under the takeover offer.
- 13.14 The Company is not aware of the existence of any takeover bid pursuant to the City Code or any circumstances which may give rise to any takeover bid, and the Company is not aware of any public takeover bid by third parties for the Ordinary Shares.
- 13.15 Save as disclosed in this document, there are no investments in progress and there are no future investments on which the Directors have already made firm commitments which are significant to the Group.
- 13.16 Save as otherwise disclosed in this document, the Directors believe that the Group is not dependent on patents or licences, industrial, commercial or financial contacts or new manufacturing processes which are material to the Group's business or profitability.
- 13.17 The Ordinary Shares are in registered form and will, following Admission, be capable of being held in uncertificated form. Prior to the despatch of share certificates following the Placing, transfers will be certified against the register of members. The Company has applied to Euroclear, the operator of CREST, for the Ordinary Shares to be admitted to CREST with effect from Admission. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Articles permit the holding of Ordinary Shares under CREST. CREST is a voluntary system and holders of Ordinary Shares who wish to retain share certificates will be able to do so.

14. Availability of admission document

Copies of this document are available during normal business hours on any weekday (except Saturdays and public holidays) free of charge from the Company's registered office and at the offices of FinnCap and shall remain available for at least one month after Admission.

Dated: 6 November 2009

