M Winkworth Plc ("Winkworth" or the "Company")

Audited final results for the year to 31 December 2015

FINANCIAL HEADLINES

- Winkworth revenues up by 6.7% to £5.87 million (2014: £5.50 million) on franchisee turnover of £49.0 million
- Profit before taxation down 1% to £1.91 million (2014: £1.93 million)
- Basic earnings per ordinary share 11.95p (2014: 11.83p)
- Cash generated from operations of £1.91 million (2014: £1.24 million)
- Year-end cash position of £3.2 million (2014: £2.5 million)
- Ordinary dividends payable up 10.2% to 6.5p per ordinary share (2014: 5.9p)
- Special dividend declared of 1.8p per ordinary share

Business Highlights

- Franchised offices sales down 2.4% to £49.0 million (2014: £50.2 million)
- 2 new offices opened and 8 franchises resold to new management
- London franchised offices sales accounted for 81% (2014: 81%) of the group total
- 38% of sales derived from lettings and management (2014: 35%)

Dominic Agace, CEO of the Company, commented:

"Despite headwinds for much of 2015 we reported broadly flat profitability for the year, increased the total dividend payout by 41% and continued to invest in new, centralised initiatives to drive growth in the medium term. After a strong finish to the year, we are now enjoying a positive start to 2016 across all our offices and an increase in franchisee applications."

Chairman's Statement

In 2015, Winkworth focused on developing its offering, improving the overall quality of its franchises and optimising shareholder returns. Our increased investment in services, particularly the customer care service and the introduction of corporate relocations, has been very successful and enabled Winkworth to meet its gross turnover target for the year. Whilst having had an impact on profits in 2015, the full benefits of this investment will be felt late in 2016 and into 2017.

The increasing number of services introduced by the Company reinforces the strengths of the brand while increasing its appeal and profitability. As part of our three-year plan, centralised services will be fully integrated into an upgraded Winkworth online offering by 2017 and, as these gain further momentum, we expect to see them contribute to long-term growth in both net profits and new franchise interest.

The Company's management has maintained a good balance of business between sales and rentals, interest in which varies according to market conditions. Embracing both disciplines with a highly professional approach underpins the offering of our franchisees and strengthens their positioning in the market place. It is my belief that there will be rising interest in new franchises in the years ahead and sustained growth in the number of Winkworth franchisees.

It is hard to predict the effects on the market place of the various changes in taxation announced since the general election and, as a result, the outlook for the housing market is currently difficult to gauge. In addition, the result of the EU referendum and its potential implications are clouding visibility for 2016. I am confident, however, that Winkworth's business model will be resilient to whatever the outcome may be for both sales and rentals.

Finally, I would like to draw your attention to our prudent approach to cash management. Having ended the year with cash deposits in excess of £3 million and a revolving loan book of over four years with some of our franchisees, we were in a position to announce a very significant increase in total dividends payable for 2015. Besides having a robust business model, the Company is in a strong position to face the interesting times ahead and I remain confident of its future.

CEO's Statement

Despite the positive underlying dynamics for the residential property market in 2015, the market was dominated by election uncertainty which weighed on consumer confidence and so, in turn, on transaction levels. In addition, measures increasing the cost of stamp duty for many London homeowners and the strengthening of sterling had a negative impact. Despite these headwinds, we continued to invest in new, centralised initiatives to drive growth in the medium term, reported a broadly flat performance for the year and substantially increased our dividend.

In 2015, Winkworth's total franchisee turnover fell by 2.4% to £49.0 million (£50.2 million), with revenues generated from property sales down by 8% to 30.1 million (£32.6 million) and rental income increasing by 7% to 18.8 million (£17.5 million).

Winkworth's turnover rose to £5.87 million, an increase of 6.7% on the 2014 level of £5.50 million. At £1.91 million, profits before tax were 1% below 2014's result of £1.93 million. Cash flow remained strong at £1.91 million (£1.24 million), allowing a 40.7% increase in total dividends to 8.3p per share compared with 5.9p in 2014.

We continued to invest in the rentals side of our business and, in particular, our recently formed Corporate Relocation Department, which generated 4,000 searches for rental property for our landlords in 2015. This success helped to drive revenue growth, with rentals rising by 7% and increasing as a proportion of Winkworth's total sales from 35% in 2014 to 38% in 2015, a further step towards our goal of rentals accounting for 50% of our business.

We also saw significant progress in our Client Services Department, which after a longer lead time than anticipated delivered 300 instructions and referred 1,000 applicants between offices in 2015. This department is expected to break even in 2016 and make a contribution to profits in 2017.

Our investment in centralised services adds value. We believe that this will enable us to grow market share as our clients benefit from marketing a property through Winkworth's joined-up network, rather than through a single agency or an online agent.

Significant progress was made in improving the mix of the Winkworth network. Two new offices were opened in Sway and West Bridgford while eight franchises were resold to the next generation of Winkworth franchisees, which we expect to result in increased revenue in 2016. New franchisee applications picked up sharply in Q4 2015, with 40 applicants compared to 19 in the same period of 2014. We expect to see the number of new openings pick up with three confirmed for 2016 and a further three in advanced discussions.

Outlook

We are yet to see any negative impact on the residential property market from the proposed referendum in 2016 and have enjoyed a positive start to the year across all our offices. We have also noted an increase in franchisee applicants registering across the group. The year, therefore, has started well, with unemployment remaining low and interest rate rises having been pushed back, resulting in ongoing cheap mortgages. In January 2016, the average 2-year fixed rate 75% LTV mortgage cost 2.16% compared to 2.85% in January 2015, a reduction of 0.69%.

We have also noticed an improvement in the prime central London markets with the middle to lower end (below £4m) seeing an increase in applicants and so the potential for a resumption of growth this year. Above this level, stamp duty changes are still to be fully absorbed and we anticipate that further price reductions may occur in 2016, weighing on transactions at this level.

In the rentals market we have noted that some larger landlords may be looking to sell off parts of their portfolios following the proposed reduction in the ability to offset interest on mortgage costs against tax. With a continuing shortage of supply of properties, however, we expect that the prospects of capital growth and steadily rising rents will ensure that this sector continues to attract interest.

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About Winkworth

Established in Mayfair in 1835, Winkworth is a leading franchisor of residential real estate agencies with a pre-eminent position in the mid to upper segments of the sales and lettings markets. The franchise model allows entrepreneurial real estate professionals to provide the highest standards of service under the banner of a well-respected brand name and to benefit from the support and promotion that Winkworth offers.

Winkworth is admitted to trading on the AIM Market of the London Stock Exchange.

For further information please visit: www.winkworthplc.com

M WINKWORTH PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	2014 £
CONTINUING OPERATIONS			
Revenue		5,865,182	5,495,517
Cost of sales		(1,551,281)	(950,511)
GROSS PROFIT		4,313,901	4,545,006
Administrative expenses		(2,496,711)	(2,704,886)
OPERATING PROFIT		1,817,190	1,840,120
Finance costs		-	(270)
Finance income		89,839	86,313
PROFIT BEFORE TAXATION		1,907,029	1,926,163
Taxation	1	(391,578)	(426,147)
PROFIT FOR THE YEAR		1,515,451	1,500,016
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,515,451	1,500,016
Total comprehensive income attributable to:			
Owners of the parent		1,515,451	1,500,016
Earnings per share expressed in pence per share:	3		
Basic		11.95	11.83
Diluted		11.91	11.80

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2015

	Notes	2015 £	2014 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets		976,001	1,092,790
Property, plant and equipment		34,650	85,211
Investments		7,200	7,200
Trade and other receivables		800,189	810,704
Deferred tax		2,222	-
		1,820,262	1,995,905
CURRENT ASSETS			
Trade and other receivables		1,166,173	879,558
Cash and cash equivalents		3,167,704	2,505,487
		4,333,877	3,385,045
TOTAL ASSETS		6,154,139	5,380,950
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	5	63,666	63,381
Share premium		1,792,906	1,718,469
Share option reserve		51,295	47,488
Retained earnings		3,334,268	2,871,971
TOTAL EQUITY		5,242,135	4,701,309
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax		-	6,849
CURRENT LIABILITIES			
Trade and other payables		800,536	490,054
Tax payable		111,468	182,738
		912,004	672,792
TOTAL LIABILITIES		912,004	679,641
TOTAL EQUITY AND LIABILITIES		6,154,139	5,380,950

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	**Share capital £**	**Share premium £**	**Share option reserve £**	**Retained earnings £**	**Shareholders' equity £**
Balance at 1 January 2014		63,381	1,718,469	15,829	2,119,853	3,917,532
Dividends paid	2	-	-	-	(747,898)	(747,898)
Total comprehensive income		-	-	-	1,500,016	1,500,016
Share-based payment		-	-	31,659	-	31,659
Balance at 31 December 2014		63,381	1,718,469	47,488	2,871,971	4,701,309
Issue of share capital		285	74,437	-	-	74,722
Dividends paid	2	-	-	-	(1,053,154)	(1,053,154)
Total comprehensive income		-	-	-	1,515,451	1,515,451
Share-based payment		-	-	3,807	-	3,807
Balance at 31 December 2015		**63,666**	**1,792,906**	**51,295**	**3,334,268**	**5,242,135**

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	2014 £
Cash flows from operating activities			
Cash generated from operations	4	1,913,669	1,236,895
Interest paid		-	(270)
Tax paid		(471,919)	(482,093)
Net cash from operating activities		1,441,750	754,532
Cash flows from investing activities			
Purchase of intangible fixed assets		(107,477)	(244,732)
Purchase of property, plant & equipment		(639)	(42,977)
Sale of freehold property		-	51,177
Interest received		89,839	86,313
Net cash from investing activities		(18,277)	(150,219)
Cash flows from financing activities			
Share issue		62,700	-
Equity dividends paid		(823,956)	(747,898)
Net cash from financing activities		(761,256)	(747,898)
(Decrease)/increase in cash and cash equivalents		662,217	(143,585)
Cash and cash equivalents at beginning of year		2,505,487	2,649,072
Cash and cash equivalents at end of year		3,167,704	2,505,487

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. TAXATION

Analysis of tax expense

	2015	2014
	£	£
Current tax:		
Taxation	405,389	432,028
Adjustment re previous years	(4,740)	(6,667)
Total current tax	400,649	425,361
Deferred tax	(9,071)	786
Total tax expense in consolidated statement of comprehensive income	391,578	426,147

Factors affecting the tax expense
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2015	2014
	£	£
Profit on ordinary activities before taxation	1,907,029	1,926,163
Profit on ordinary activities multiplied by the rate of corporation tax in the UK of 20.250% (2014 – 21.490%)	386,173	413,932
Effects of:		
Expenses not deductible for tax purposes	11,176	13,241
Adjustment in respect of prior periods	(4,740)	(6,664)
Different tax rates	(340)	1,191
Depreciation in excess of capital allowances	(691)	4,447
Total current tax	391,578	426,147

2. DIVIDENDS

	2015 £	2014 £
Ordinary shares of 0.5p each		
Interim paid 2015 – 8.3p per share (2014 – 5.9p per share)	1,053,154	747,898

3. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

2015	Earnings £	Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	1,515,451	12,681,548	11.95
Effect of dilutive securities			
Options	-	41,298	-
Diluted EPS			
Adjusted earnings / number of shares	1,515,451	12,722,846	11.91

2014	Earnings £	Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	1,500,016	12,676,238	11.83
Effect of dilutive securities			
Options	-	39,157	-
Diluted EPS			
Adjusted earnings / number of shares	1,500,016	12,715,395	11.80

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

	2015	2014
	£	£
Profit before taxation	1,907,029	1,926,163
Depreciation, amortisation and impairment	275,466	244,286
(Profit) on disposal of fixed assets	-	(1,094)
Share-based payment	15,829	31,659
Finance costs	-	270
Finance income	(89,839)	(86,313)
	2,108,485	2,114,971
(Increase)/decrease in trade and other receivables	(276,100)	(658,818)
(Decrease)/increase in trade and other payables	81,284	(219,258)
Cash generated from operations	1,913,669	1,236,895

5. SHARE CAPITAL

Authorised:		2015	2014
		£	£
20,000,000	Ordinary shares of 0.5p	100,000	100,000

Allotted and fully paid:		2015	2014
		£	£
12,733,238 (2014 – 12,676,238)	Ordinary shares of 0.5p	63,666	63,381

6. FINANCIAL INFORMATION

The financial information contained within this preliminary announcement for the year ended 31 December 2015 is derived from but does not comprise statutory financial statements within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2014 have been filed with the Registrar of Companies and those for the year ended 31 December 2015 will be filed following the Company's annual general meeting. The auditors' report on the statutory accounts for the years ended 31 December 2015 and 31 December 2014 are unqualified, do not draw attention to any matters by way of emphasis, and do not contain any statements under section 498 of the Companies Act 2006.

7. ANNUAL REPORT AND ACCOUNTS

Copies of the annual report and accounts for the year ended 31 December 2015 together with the notice of the Annual General Meeting to be held at the offices of M Winkworth Plc on 25 April 2016, will be posted to shareholders shortly and will be available to view and download from the Company's website at www.winkworthplc.com

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