

FINANCIAL HEADLINES

- Sales up by 11.3% to £5.50 million (2013: £4.94 million)
- Profit before taxation up by 13.9% to £1.93 million (2013: £1.69 million)
- Basic earnings per ordinary share 11.83p (2013: 10.05p)
- Cash generated from operations of £1.24 million (2013: £2.18 million)
- Total dividend payable up 11.3% to 5.9p per ordinary share (2013: 5.4p)

Business Highlights

- Franchised offices sales up 8% to £50.2 million (2013: £46 million)
- Two net new offices opened
- London franchised offices sales accounted for 81% (2013: 80%) of the group total
- 21% increase in revenues from country offices
- 35% of sales derived from lettings and management (2013: 35%)

Dominic Agace, CEO of the Company, commented:

“This was another solid year of growth for Winkworth, with franchisee sales setting a new record in excess of £50 million. Our 180th year in business has started well, albeit with the level of transactions dampened by pre-election uncertainty. It is traditional for activity to return to above normal seasonal levels after the polls and we expect this trend to be borne out in 2015. Assuming a conclusive result, we believe that prices will recoup the weakness of the opening months to show modest appreciation for the year as a whole.”

Chairman’s Statement

In 2015, we celebrate Winkworth’s 180th year in business. After another good year in 2014 I would like to congratulate the franchising team and all the franchisees for their efforts, and offer particularly warm thanks to the non-executive directors who have continued to give us the benefit of their combined extensive business experience.

We are delighted that many of the objectives highlighted in our 2009 admission document have been fulfilled and that, while strengthening our position in London, we have built up our presence in targeted country towns. We raised approximately £2 million on flotation and subsequent placement of shares and, having used additional capital to expand our business, we have rebuilt our deposits to above this level thanks to our ability to generate cash. We have thus been in a position to lend £1 million over the last few years to selected franchisees, with an average repayment period of three years, to help them fund the development of their businesses and ultimately increase the Company’s revenues.

Our long term conservative approach and concentration on our core business means that we can remain positive for the future. In what is likely to be a ‘year of two halves’, 2015 may be affected by policies mooted in election promises but we believe that Winkworth will continue to grow, even if more modestly than its recent rapid rate.

The Election will, we hope, bring clarification of the various parties’ intentions towards the workings of the homes’ market, residential investment and buy-to-let. The key issue is the ‘mansion tax’, which appears to be an ‘occupational’ tax impacting mainly London. This would create difficulties with short leases where, for instance, the occupational value (the freehold) may be significantly higher than the leasehold occupational interest. Similarly, in the rental market corporate tenants may well occupy a house with a freehold value above the mansion tax threshold and, therefore, will be paying an occupational mansion tax. This will affect corporate budgets and has tax implications. I started my career in the property world as a Chartered Surveyor in the late 1960s when I witnessed the ending of rental controls, which healed the damage done on the provision of homes and improved the quality of property in London. I therefore note the current climate with a certain degree of anxiety for the home-buying public.

The rental market has changed for the better as a result of some excellent regulation, but there is a delicate balance between regulation and altering the relationship between tenant and landlord. Intervention on rents and security of tenure has in the past damaged both market liquidity and good business values.

Such issues will no doubt disappear or become clearer after May, but as always there may be unexpected hurdles ahead for estate agencies, just as for many other industries. I remain confident, however, that Winkworth's diversified and widespread presence puts it in a strong position to absorb any fluctuations that these may cause.

CEO's Statement

The property sales market started the year on a very strong note, with mortgage approvals rising by 43% year-on-year in the first half of 2014. Momentum faded, however, as the mortgage market review came into force, affecting affordability and taking the steam out of a highly active market. In addition, a year-on-year increase in London prices of up to 20% indicated that a pause for breath was in order. For the year as a whole, residential transactions in England once again broke through the one million mark, increasing by 13.7% to 1,051,500 from 924,470 in 2013, but still 22% lower than the 2007 peak.

Within this overall trend the most active part of Winkworth's sales business was outside of London, with transactions in the country increasing by 18% and revenues by 21%. This compared to an increase in greater London transactions of 3%. In line with much of the sector pre-election uncertainty, a strengthening pound and increased stamp duty on properties over £935,000 had a particularly negative impact on our central London business, where transactions fell by 15%. It was, however, encouraging to see that despite this downturn Winkworth's overall central London revenues grew by 2%, with rental income 14% higher and average commissions increasing by 13% as a result of higher value properties being sold.

In 2014, Winkworth's total franchisee turnover rose by 8% to £50.2 million (£46.3 million), with revenues generated from property sales growing by 8% to £32.3 million (£30.0 million) and rental income increasing by 9% to £17.5 million (£16.1 million).

Winkworth's turnover rose to £5.50 million, an increase of 11.3% on the 2013 level of £4.94 million. At £1.93 million, profits before tax were 13.9% higher than 2013's result of £1.69 million. Cash flow remained strong at £1.24 million (£2.18 million), allowing an increased dividend of 5.9p per share compared to 5.4p in 2013.

Six new offices were opened in 2014, of which five are in the key South-East and South-West England locations of Reading, Salisbury, Enfield, Ramsbury and London Colney, and one international office in Spain. As part of an ongoing plan to improve the quality of our network, poor performing offices were closed in Walthamstow, Sheffield, South Woodford and India.

So far this year we have opened two new offices in West Bridgford (Nottingham) and Sway in the New Forest, with the intention of opening a further six new offices this year.

Besides expanding the number of franchises, we have also added new services to the business. We expect these to further support both our franchisees and their customers and help Winkworth to develop and diversify with new streams of income.

Our Clients Services Department has been introduced to help buyers find their way around the Winkworth offering and take advantage of a multiple-office estate agency with a personal, boutique approach. We continue to invest in this initiative to further improve how we can promote the cross-referral of clients throughout our network.

A more recent addition is the Corporate Relocation Service, where a central point of contact is now available for relocation agents or Human Resources departments seeking accommodation options in multiple locations for their clients or employees. This service will create a first point of contact, allowing these intermediaries to access the entire Winkworth network and find the most suitable accommodation in the quickest and easiest possible way.

By providing a more attentive service to corporates we are also, of course, helping our landlords in their quest to find high quality tenants. This new focus forms part of our plan to further improve our lettings proposition and increase its weight from 35% to nearer 50% of our turnover.

Outlook

Experience shows that it is traditional for the property market to be affected by uncertainty before elections, with activity returning to above normal seasonal levels after the event.

We expect this trend to be borne out in 2015, with the property market remaining below last year's highly active level until polling day. Assuming a conclusive result, we believe that the market will enjoy a post-election bounce, restoring transactions to 2014 levels. We anticipate that prices will recoup the weakness of the opening months and show modest appreciation for the year as a whole.

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About Winkworth

Winkworth is a leading franchisor of residential real estate agencies and is admitted to trading on the AIM Market of the London Stock Exchange.

Established in Mayfair in 1835, Winkworth has a pre-eminent position in the mid to upper segments of the central London residential sales and lettings markets. In total, the company operates from over 100 offices, having expanded consistently in recent years.

The franchise model allows entrepreneurial real estate professionals to provide the highest standards of service under the banner of a well-respected brand name and to benefit from the support and promotion that Winkworth offers. Franchisees deliver in-depth local knowledge and a highly personalised service to their clients.

For further information please visit: www.winkworthplc.com

M WINKWORTH PLC

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Notes	2014 £	2013 £
CONTINUING OPERATIONS			
Revenue		5,495,517	4,944,922
Cost of sales		<u>(950,511)</u>	<u>(937,975)</u>
GROSS PROFIT		4,545,006	4,006,947
Administrative expenses		<u>(2,704,886)</u>	<u>(2,347,969)</u>
OPERATING PROFIT		1,840,120	1,658,978
Finance costs		(270)	(18)
Finance income		<u>86,313</u>	<u>32,572</u>
PROFIT BEFORE TAXATION		1,926,163	1,691,532
Taxation	1	<u>(426,147)</u>	<u>(417,278)</u>
PROFIT FOR THE YEAR		<u>1,500,016</u>	<u>1,274,254</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,500,016</u>	<u>1,274,254</u>
Total comprehensive income attributable to: Owners of the parent		<u>1,500,016</u>	<u>1,274,254</u>
Earnings per share expressed in pence per share:	3		
Basic		11.83	10.05
Diluted		<u>11.80</u>	<u>9.97</u>

M WINKWORTH PLC**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2014**

	Notes	2014 £	2013 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets		1,092,790	1,046,350
Property, plant and equipment		85,211	88,228
Investments		7,200	7,200
Trade and other receivables		<u>810,704</u>	<u>237,265</u>
		<u>1,995,905</u>	<u>1,379,043</u>
CURRENT ASSETS			
Trade and other receivables		879,558	742,371
Cash and cash equivalents		<u>2,505,487</u>	<u>2,649,072</u>
		<u>3,385,045</u>	<u>3,391,443</u>
Assets classified as held for sale		-	50,084
TOTAL CURRENT ASSETS		<u>3,385,045</u>	<u>3,441,527</u>
TOTAL ASSETS		<u><u>5,380,950</u></u>	<u><u>4,820,570</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	5	63,381	63,381
Share premium		1,718,469	1,718,469
Share option reserve		47,488	15,829
Retained earnings		<u>2,871,971</u>	<u>2,119,853</u>
TOTAL EQUITY		<u>4,701,309</u>	<u>3,917,532</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax		<u>6,849</u>	<u>6,063</u>
CURRENT LIABILITIES			
Trade and other payables		490,054	657,502
Tax payable		<u>182,738</u>	<u>239,473</u>
		<u>672,792</u>	<u>896,975</u>
TOTAL LIABILITIES		<u>679,641</u>	<u>903,038</u>
TOTAL EQUITY AND LIABILITIES		<u><u>5,380,950</u></u>	<u><u>4,820,570</u></u>

M WINKWORTH PLC

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Notes	Share capital £	Share premium £	Share option reserve £	Retained earnings £	Shareholders' equity £
Balance at 1 January 2013		63,381	1,718,469	-	1,517,440	3,299,290
Dividends paid	2	-	-	-	(671,841)	(671,841)
Total comprehensive income		-	-	-	1,274,254	1,274,254
Share-based payment		-	-	15,829	-	15,829
Balance at 31 December 2013		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

M WINKWORTH PLC**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014**

		2014	2013
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	4	1,236,895	2,184,059
Interest paid		(270)	(18)
Tax paid		<u>(482,093)</u>	<u>(334,157)</u>
Net cash from operating activities		<u>754,532</u>	<u>1,849,884</u>
 Cash flows from investing activities			
Purchase of intangible fixed assets		(244,732)	(141,369)
Purchase of property, plant & equipment		(42,977)	(19,654)
Sale of property, plant & equipment		-	2,180
Sale of freehold property		51,177	-
Interest received		<u>86,313</u>	<u>32,572</u>
Net cash from investing activities		<u>(150,219)</u>	<u>(126,271)</u>
 Cash flows from financing activities			
Equity dividends paid		<u>(747,898)</u>	<u>(671,841)</u>
Net cash from financing activities		<u>(747,898)</u>	<u>(671,841)</u>
 (Decrease)/increase in cash and cash equivalents		(143,585)	1,051,772
Cash and cash equivalents at beginning of year		<u>2,649,072</u>	<u>1,597,300</u>
 Cash and cash equivalents at end of year		<u><u>2,505,487</u></u>	<u><u>2,649,072</u></u>

M WINKWORTH PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. TAXATION

Analysis of tax expense

	2014 £	2013 £
Current tax:		
Taxation	432,028	418,826
Adjustment re previous years	<u>(6,667)</u>	<u>2,481</u>
Total current tax	425,361	421,307
Deferred tax	<u>786</u>	<u>(4,029)</u>
Total tax expense in consolidated statement of comprehensive income	<u><u>426,147</u></u>	<u><u>417,278</u></u>

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:

	2014 £	2013 £
Profit on ordinary activities before taxation	<u><u>1,926,163</u></u>	<u><u>1,691,532</u></u>
Profit on ordinary activities multiplied by the rate of corporation tax in the UK of 21.490% (2013 – 23.250%)	413,932	393,281
Effects of:		
Expenses not deductible for tax purposes	13,241	13,625
Adjustment in respect of prior periods	(6,664)	2,481
Different tax rates	1,191	(340)
Capital allowances in excess of depreciation	<u>4,447</u>	<u>8,231</u>
Total current tax	<u><u>426,147</u></u>	<u><u>417,278</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

2. DIVIDENDS

	2014 £	2013 £
Ordinary shares of 0.5p each		
Interim paid 2014 – 5.9p per share (2013 – 5.3p per share)	<u>747,898</u>	<u>671,841</u>

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.

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

	Earnings £	2013 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	1,274,254	12,676,238	<u>10.05</u>
Effect of dilutive securities			
Options	<u>-</u>	<u>109,883</u>	
Diluted EPS			
Adjusted earnings / number of shares	<u>1,274,254</u>	<u>12,786,121</u>	<u>9.97</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

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

	2014	2013
	£	£
Profit before taxation	1,926,163	1,691,532
Depreciation, amortisation and impairment	244,286	235,271
(Profit) on disposal of fixed assets	(1,094)	-
Share-based payment	31,659	15,829
Finance costs	270	18
Finance income	<u>(86,313)</u>	<u>(32,572)</u>
	2,114,971	1,910,078
(Increase)/decrease in trade and other receivables	(658,818)	102,652
(Decrease)/increase in trade and other payables	<u>(219,258)</u>	<u>171,329</u>
Cash generated from operations	<u>1,236,895</u>	<u>2,184,059</u>

5. SHARE CAPITAL

Authorised:	2014	2013
	£	£
20,000,000 Ordinary shares of 0.5p	<u>100,000</u>	<u>100,000</u>
 Allotted and fully paid:	 2014	 2013
	£	£
12,676,238 (2013 – 12,676,238) Ordinary shares of 0.5p	<u>63,381</u>	<u>63,381</u>

6. FINANCIAL INFORMATION

The financial information set out in this preliminary announcement, which has been extracted from the audited report and financial statements, does not constitute the company's statutory accounts for the year ended 31 December 2014.

The report of the auditor on the report and financial statements for the year ended 31 December 2014 is not qualified and does not include a statement under s498(2) or s498(3) of the Companies Act 2006.

7. ANNUAL REPORT AND ACCOUNTS

Copies of the annual report and accounts for the year ended 31 December 2014 together with the notice of the Annual General Meeting to be held at the offices of M Winkworth Plc on 19 May 2015, 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.