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

Audited final results for the year to 31 December 2013

Winkworth

FINANCIAL HEADLINES

- Sales up by 15.2% to £4.94 million (2012: £4.29 million)
- Profit before taxation up by 57.9% to £1.69 million (2012: £1.07 million)
- Basic earnings per ordinary share 10.05p (2012: 5.96p)
- Cash generated from operations of £2.18 million (2012: £1.15 million)
- Final interim dividend of 1.4p bringing the total dividend payable for the year to 5.4p per ordinary share (2012: 4.9p)

Business Highlights

- Franchised offices sales up 19% on 2012 to £46 million
- Four new offices opened
- London property sales accounted for 80% of the group total
- 31% increase in revenues from country offices
- Lettings and management sales up by 36% in the country, 7% in London and 8% overall

Dominic Agace, Chief Executive Office of the Company, commented:

"After dynamic growth in the residential property market in 2013 we expect further improvement in 2014 and a significant increase in transactions as these move back towards their historic peak some 27% above last year's level."

The strategy which we adopted during the downturn, of opening new offices in key locations outside of London where transactions were most depressed, is starting to pay dividends. The country markets are showing a marked recovery and, as a result, we expect activity there to grow particularly strongly.

We look forward to extending our presence and growing our market share with the opening of new offices and this year's launch of a database management centre."

Chairman's Statement

2013 was an excellent year for Winkworth and this success has gathered momentum in the opening months of 2014. Last year we progressed with our plan to increase the number of offices and were in a position to help many of our franchisees grow in both stature and local presence, enabling us to take advantage of a strengthening market.

On a personal note, the month of May 2014 marks the 40th year of my directorship at Winkworth. I am pleased to have seen how over time the management has grown the business so successfully from its original platform. Winkworth adopted the franchising model in 1981, when I recognised that in order to obtain the full benefit of the brand we needed to expand the talent within the organisation. The company has grown ever since and, following the company's successful admission to AIM in 2009, management has gone from strength to strength. By improving our skills and our offering we have been able to provide tremendous benefits to our franchisees, thus helping the whole group to grow.

During the course of 2013, Tony Snarey, who joined Winkworth as a non-executive director prior to its flotation, decided to retire and we thank him for his hard work and confidence in the business. We intend to appoint another non-executive director to the board in due course and will update the market at the appropriate time.

I am delighted that Winkworth is set for another strong year in terms of growth in both sales and rental volumes. With the benefit of having witnessed many property cycles over the years, I would stress that despite this upturn in the market we will not be tempted into taking equity positions in our franchises or acquiring offices. This would not only increase our overheads and create the need for more staff but would also divert us from our business model. Winkworth will remain true to its key objective of providing a first-class service to its franchisees and their clients

CEO's Statement

While the number of residential transactions in England increased by a further 15% in 2013, from 803,800 to 927,850, these still remained 27% off their 2007 peak level of 1,273,510. Against this improving background Winkworth's total franchisee turnover rose by 19% to £46.3 million (£39.1 million), with revenues generated from property sales growing by 25% to £30.2 million (£24.2 million) and rental income increasing by 8% to £16.1 million (£14.9 million).

Winkworth's turnover rose to £4.94 million, an increase of 15.2% on the 2012 level of £4.29 million. At £1.69 million, profits before tax were 57.9% higher than 2012's result of £1.07 million. Operational cash flow remained strong at £2.18 million (£1.15 million), allowing an increased dividend for the year of 5.4p per share compared to 4.9p in 2012.

Momentum in property sales continued to build throughout the year, with activity quickening in the second half. The number of transactions picked up month by month, with a 9% increase by the end of the first half of 2013 rising to 18% by year end. In particular, demand continued to outstrip supply in the outer ring of London where activity was strong and prices moved up sharply. Interest in central London was sustained, with transactions growing by 10% year-on-year as buyers continued to be attracted by London's status as the leading international city in which to own a home. Currency also continued to weigh in favour of many international investors.

By the end of 2013, the ongoing recovery also became increasingly apparent outside of London, where for the full year Winkworth's country office transactions increased by 22% and gross revenues were up 31% on 2012. This reflected the positive sentiment created by the government's 'help to buy' and 'funding for lending' schemes, which reduced the cost of borrowing and allowed many new buyers to enter the property market.

Our average property price in the country rose by 14% from £284,597 in 2012 to £325,299, reflecting the improving strength of our country proposition and the value that we are able to add to agencies joining the Winkworth network.

The overall contribution of our country franchises to our business rose from 15% in 2012 to 17% in 2013. We envisage that this trend will persist as the country market moves back towards its full potential. This fits well with our strategy of growing into markets most affected during the downturn in order to benefit from the uplift of an economic revival.

Winkworth's lettings and management business continued to perform well in 2013, growing by 8% year-on-year and representing 35% of our total income. As a result of the growing strength of the sales market, this compares with the 38% contribution recorded in 2012. The most significant increase in contribution came from our newly added country offices, where rentals were strengthened by joining the Winkworth brand. Country rentals grew by 36% compared to 7% in London. We continue to help franchisees acquire lettings and management businesses and to invest in training and new technologies to advance this part of our business.

In 2013 we maintained our pace of office openings with a net four new franchises opening for business. As confidence returns and estate agency managers regain their appetite for cold starts in new locations, we are seeing increasing interest from existing franchisees to open additional branches.

In order to optimise the database of applicants that are listed with Winkworth, we are planning to launch a business services centre in the second half of this year. The centre will promote our valuation services to those registered on our database and cross-refer both sales and lettings applicants between offices in order to generate incremental business.

Finally, we are accelerating the roll-out of our updated brand strategy, with 22 offices having now launched new interiors and a further 25 targeted for completion by the end of 2014. Our advertising campaign also continues, with 30 London taxis branded under the Winkworth banner and promotion in the print and online versions of the Financial Times, Sunday Times, BA Business Life, Telegraph Luxury Homes and The Economist.

Outlook

The current year has started very well and we envisage another positive outcome for the property market in 2014, with central London prices rising by 5%, the outer ring of London where demand remains very strong by 10%, and country market prices recovering by a further 5%. We envisage that the still benign lending conditions will lead to a 15% increase in transactions on 2013.

As focus returns to the sales market we expect growth in rentals to slow, with the notable exception of prime central London where we envisage an increase in jobs in the financial sector and stronger corporate relocation budgets that will drive positive rental growth for the first time since the 2008 credit crunch.

For further information please contact:

M Winkworth Plc	**Tel: 020 7355 2866**
Dominic Agace (Chief Executive Officer)	
Chris Neoh (Chief Financial Officer)	
Milbourne	**Tel: 020 3540 6458**
Tim Draper (Financial PR)	
Liberum Capital Limited (NOMAD and Broker)	**Tel: 020 3100 2000**
Tom Fyson / Christopher Britton	

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 90 offices in the UK and Portugal, 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 2013

	Notes	2013 £	2012 £
CONTINUING OPERATIONS			
Revenue		4,944,922	4,292,019
Cost of sales		(937,975)	(976,348)
GROSS PROFIT		4,006,947	3,315,671
Administrative expenses		(2,347,969)	(1,982,454)
Exceptional items		-	(277,733)
OPERATING PROFIT		1,658,978	1,055,484
Finance costs		(18)	(6)
Finance income		32,572	16,500
PROFIT BEFORE TAXATION		1,691,532	1,071,978
Taxation	1	(417,278)	(316,806)
PROFIT FOR THE YEAR		1,274,254	755,172
OTHER COMPREHENSIVE INCOME			
Unrealised exchange loss		-	(6,928)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,274,254	748,244
Profit attributable to:			
Owners of the parent		1,274,254	755,172
Non-controlling interests		-	-
		1,274,254	755,172
Total comprehensive income attributable to:			
Owners of the parent		1,274,254	748,244
Non-controlling interests		-	-
		1,274,254	748,244
Earnings per share expressed in pence per share:	3		
Basic		10.05	5.96
Diluted		9.97	-

M WINKWORTH PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2013

	Notes	2013 £	2012 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets		1,046,350	1,071,502
Property, plant and equipment		88,228	189,589
Investments		7,200	7,200
Trade and other receivables		237,265	301,588
		1,379,043	1,569,879
CURRENT ASSETS			
Trade and other receivables		742,371	780,699
Cash and cash equivalents		2,649,072	1,597,783
		3,391,443	2,378,482
Assets held for sale		50,084	-
TOTAL ASSETS		4,820,570	3,948,361
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	5	63,381	63,381
Share premium		1,718,469	1,718,469
Share option reserve		15,829	-
Retained earnings		2,119,853	1,517,440
TOTAL EQUITY		3,917,532	3,299,290
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax		6,063	10,092
CURRENT LIABILITIES			
Trade and other payables		657,502	486,173
Bank borrowings		-	483
Tax payable		239,473	152,323
		896,975	638,979
TOTAL LIABILITIES		903,038	649,071
TOTAL EQUITY AND LIABILITIES		4,820,570	3,948,361

M WINKWORTH PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	Share capital £	Share premium £	Share option reserve £	Retained earnings £	Shareholders' equity £
Balance at 1 January 2012		63,381	1,718,469	-	1,428,360	3,210,210
Dividends paid	2	-	-	-	(659,164)	(659,164)
Total comprehensive income		-	-	-	748,244	748,244
Balance at 31 December 2012		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**

	Notes	Non-controlling interests £	Total equity £
Balance at 1 January 2012		-	3,210,210
Dividends paid	2	-	(659,164)
Total comprehensive income		-	748,244
Balance at 31 December 2012		-	3,299,290
Dividends paid	2	-	(671,841)
Total comprehensive income		-	1,274,254
Share-based payment		-	15,829
Balance at 31 December 2013		-	3,917,532

M WINKWORTH PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £	2012 £
Cash flows from operating activities			
Cash generated from operations	4	2,184,059	1,154,698
Interest paid		(18)	(6)
Tax paid		(334,157)	(341,758)
Net cash from operating activities		1,849,884	812,934
Cash flows from investing activities			
Purchase of intangible assets		(141,369)	(351,418)
Purchase of property, plant & equipment		(19,654)	(22,411)
Sale of property, plant & equipment		2,180	-
Interest received		32,572	16,500
Net cash used in investing activities		(126,271)	(357,329)
Cash flows from financing activities			
Equity dividends paid		(671,841)	(659,164)
Net cash used in financing activities		(671,841)	(659,164)
Increase/(decrease) in cash and cash equivalents		1,051,772	(203,559)
Cash and cash equivalents at beginning of year		1,597,300	1,800,859
Cash and cash equivalents at end of year		2,649,072	1,597,300

1. TAXATION

Analysis of the tax charge

	2013 £	2012 £
Current tax	418,826	341,061
Adjustment re previous year	2,481	-
Total current tax	421,307	341,061
Deferred tax	(4,029)	(24,255)
Total tax charge in statement of comprehensive income	417,278	316,806

Factors affecting the tax charge
The tax assessed for the year is higher (2012 – higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2013 £	2012 £
Profit on ordinary activities before taxation	1,691,532	1,071,978
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25 % (2012 – 24.5 %)	393,281	262,635
Effects of:		
Expenses not deductible for tax purposes	13,625	59,072
Adjustment in respect of prior periods	2,481	(121)
Different tax rates	(340)	(2,587)
Capital allowances	8,231	22,062
Total current tax	417,278	341,061

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2013

2. DIVIDENDS

	2013 £	2012 £
Ordinary shares of 0.5p each		
Interim paid 2013 – 5.3p per share (2012 – 5.2p per share)	671,841	659,164

3. EARNINGS PER SHARE

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

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

2012	Earnings £	Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings / number of shares	755,172	12,676,238	5.96

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2013

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

	2013	2012
	£	£
Profit before taxation	1,691,532	1,071,978
Depreciation, amortisation and impairment	235,271	513,829
Exchange rate variance	-	4
Share-based payment	15,829	-
Finance costs	18	6
Finance income	(32,572)	(16,500)
	1,910,078	1,569,317
Decrease/(increase) in trade and other receivables	102,652	(443,178)
Increase in trade and other payables	171,329	28,559
Cash generated from operations	2,184,059	1,154,698

5. SHARE CAPITAL

Authorised:		2013	2012
		£	£
20,000,000	Ordinary shares of 0.5p	100,000	100,000

Issued and fully paid:		2013	2012
		£	£
12,676,238 (2012 – 12,676,238)	Ordinary shares of 0.5p	63,381	63,381

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013.

The report of the auditor on the report and financial statements for the year ended 31 December 2013 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 2013 together with the notice of the Annual General Meeting to be held at the offices of M Winkworth Plc on 28th May 2014, 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.