

FLETCHER KING PLC

Interim Results for the 6 months ended 31 October 2017

Financial Highlights

Turnover :	£1,489,000	(2016: £1,680,000)
PBT :	£148,000	(2016: £163,000)
Basic EPS :	1.26p per share	(2016: 1.37p per share)
Dividend :	1.00p per share	(2016: 1.00p per share)

Operational Highlights

- Performance continues to be supported by steady and predictable revenue from asset management and fund management clients.
- Revenues from ratings appeals and valuations were lower than normal during the period but this was compensated by a good volume of property sales.
- The two SHIPS properties, in which the company co-invests and acts as adviser, are now on the market for letting following completion of refurbishment programs.

Commenting on the results David Fletcher, Chairman of Fletcher King said:
“We had a reasonable first half which was much in line with expectations. Brexit uncertainty will continue to impact the market and sentiment will remain cautious. However, we expect steady progress for the remainder of the year during which we hope to have fully let and sold at least one of our SHIPS investment properties”.

ENQUIRIES:

Fletcher King Plc
David Fletcher
Tel: 020 7493 8400

Cairn Financial Advisers LLP (Nomad)
James Caithie / Tony Rawlinson
Tel: 020 7213 0880

The interim results are available on the Company's website: www.fletcherking.co.uk

CHAIRMAN'S STATEMENT

Results

Turnover for the period was £1,489,000 (2016: £1,680,000) with a profit before tax of £148,000 (2016: £163,000). Your Directors have declared an interim dividend of 1.0p per share (2016: 1.0p per share) to be paid on 16 February 2018 to shareholders on the register at the close of business on 19 January 2018.

The Commercial Property Market

Overall, with the exception of the retail sector, both the capital and leasing markets have generally held up well despite continued uncertainty surrounding the terms of our exit from the EU.

The letting market for industrials is very strong, almost throughout the country, and is fuelled by the increase of online shopping. Conversely internet shopping is adversely impacting the retail letting market where demand is generally poor and rents are falling in many traditional high streets.

Office rents in the major regional cities have been rising and demand is generally good. However, Central London office rents, particularly in the City, have fallen back from their previous highs but take-up is still reasonable for the very best stock.

The investment market is very strong for industrials and well located offices and yields on industrials, in particular, are at their lowest ever. Retail however remains resolutely in the doldrums.

Business Overview

We had a reasonable first half which was much in line with expectations. The investment department was busy with a good volume of sales.

The Valuation Office Agency continues to be very slow to progress outstanding 2010 Rating List appeals. Our volume of business was lower than anticipated as was the volume of bank valuation instructions.

The asset management department continues to produce a steady and secure income flow.

Outlook

Brexit uncertainty will continue to impact the market and sentiment will remain cautious.

We expect steady progress for the remainder of the year and there are signs of a pick-up in the volume of valuation instructions and rating appeals being listed for a hearing.

The investment department has some good sales instructions which should be completed in the second half.

The refurbishment of our two SHIPS properties is completed. The letting of the City building is slow but we have good interest in Clerkenwell. We would hope to have let and sold one of them by the year end.

David Fletcher
Chairman
15 December 2017

*Consolidated Interim Statement of Comprehensive Income
for the 6 months ended 31 October 2017*

	6 months ended 31 October 2017 (Unaudited) £000	6 months ended 31 October 2016 (Unaudited) £000	Year ended 30 April 2017 (Audited) £000
Revenue	1,489	1,680	4,094
Employee benefits expense	(750)	(927)	(2,129)
Depreciation expense	(17)	(17)	(34)
Other operating expenses	(575)	(590)	(1,214)
Operating profit	147	146	717
Income from investments	-	11	12
Finance income	1	6	9
Profit before taxation	148	163	738
Taxation	(32)	(37)	(159)
Profit for the period	116	126	579
Total comprehensive income for the period	116	126	579
Earnings per share (note 4)			
- Basic	1.26p	1.37p	6.29p
- Diluted	1.25p	1.37p	6.29p
Dividends per share			
Interim dividend proposed	1.00p	1.00p	-
Dividends paid	1.00p	1.00p	4.00p

Consolidated Interim Statement of Financial Position
as at 31 October 2017

	31 October 2017 (Unaudited) £000	31 October 2016 (Unaudited) £000	30 April 2017 (Audited) £000
Assets			
Non-current assets			
Property, plant and equipment	13	32	16
Available for sale investments	1,588	1,368	1,588
Deferred tax assets	16	18	16
	1,617	1,418	1,620
Current Assets			
Trade and other receivables	937	766	1,495
Cash and cash equivalents	2,187	2,641	2,733
	3,124	3,407	4,228
Total assets	4,741	4,825	5,848
Liabilities			
Current liabilities			
Trade and other payables	280	200	568
Current taxation liabilities	35	320	97
Other creditors	286	366	883
Total liabilities	601	886	1,548
Shareholders' equity			
Share capital	921	921	921
Share premium	140	140	140
Reserves	3,079	2,878	3,239
Total shareholders' equity	4,140	3,939	4,300
Total equity and liabilities	4,741	4,825	5,848

*Consolidated Interim Statement of Changes in Equity
for the 6 months ended 31 October 2017*

	Share capital £000	Share premium £000	Profit and loss £000	TOTAL EQUITY £000
Balance at 1 May 2017	921	140	3,239	4,300
Total comprehensive income for the period	-	-	116	116
Equity dividends paid	-	-	(276)	(276)
Balance at 31 October 2017 (Unaudited)	921	140	3,079	4,140
Balance at 1 May 2016	921	140	2,844	3,905
Total comprehensive income for the period	-	-	126	126
Equity dividends paid	-	-	(92)	(92)
Balance at 31 October 2016 (Unaudited)	921	140	2,878	3,939
Balance at 1 May 2016	921	140	2,844	3,905
Total comprehensive income for the period	-	-	579	579
Equity dividends paid	-	-	(184)	(184)
Balance at 30 April 2017 (Audited)	921	140	3,239	4,300

Consolidated Interim Statement of Cash Flows
for the 6 months ended 31 October 2017

	6 months ended 31 October 2017 (Unaudited) £000	6 months ended 31 October 2016 (Unaudited) £000	Year ended 30 April 2017 (Audited) £000
Cash flows from operating activities			
Profit before taxation from continuing operations	148	163	738
Adjustments for:			
Depreciation expense	17	17	34
Income from investments	-	(11)	(12)
Finance income	(1)	(6)	(9)
Cash flows from operating activities before movement in working capital	164	163	751
Decrease/(increase) in trade and other receivables	558	105	(624)
(Decrease)/increase in trade and other payables	(885)	(306)	579
Cash (absorbed)/generated from operations	(163)	(38)	706
Taxation (paid)/ received	(94)	2	(342)
Net cash flows from operating activities	(257)	(36)	364
Cash flows from investing activities			
Purchase of investments	-	(94)	(314)
Purchase of fixed assets	(14)	-	-
Finance income	1	6	9
Income from investments	-	11	12
Net cash flows from investing activities	(13)	(77)	(293)
Cash flows from financing activities			
Dividends paid to shareholders	(276)	(92)	(184)
Net cash flows from financing activities	(276)	(92)	(184)
Net (decrease)/ increase in cash and cash equivalents	(546)	(205)	(113)
Cash and cash equivalents at start of period	2,733	2,846	2,846
Cash and cash equivalents at end of period	2,187	2,641	2,733

Explanatory Notes

1. General information

The Company is a public limited company incorporated and domiciled in England and Wales. The address of its registered office is 61 Conduit Street, London W1S 2GB.

These interim financial statements were approved by the Board of Directors on 15 December 2017.

2. Basis of preparation

The interim financial information in this report has been prepared using accounting policies consistent with IFRS as adopted by the European Union. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the International Financial Reporting Standards Interpretations Committee and there is an ongoing process of review and endorsement by the European Commission. The financial information has been prepared on the basis of IFRS that the Directors expect to be adopted by the European Union and applicable as at 30 April 2018.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 April 2017 and corresponding interim period to 31 October 2016. There are no new standards interpretations and amendments, effective for the first time from 1 May 2017, that have had a material effect on the financial statements of the Group.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3. Non Statutory Accounts

The financial information for the period ended 30 April 2017 set out in this interim report does not constitute the Group's statutory accounts for that period. Whilst the financial figures included in this interim report have been computed in accordance with IFRS, this interim report does not contain sufficient information to constitute an interim financial report as that term is defined in IAS34. The statutory accounts for the year ended 30 April 2017 have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified, did not contain a statement under either Section 498(2) or Section 498(3) of the Companies Act 2006 and did not include references to any matters to which the auditor drew attention by way of emphasis.

The financial information for the 6 months ended 31 October 2017 and 31 October 2016 is unaudited.

4. Earnings per share

	6 months to 31 October 2017 Number	6 months to 31 October 2016 Number	Year ended 30 April 2017 Number
Weighted average number of shares for basic earnings per share	9,209,779	9,209,779	9,209,779
Share options	58,907	-	-
Weighted average number of shares for diluted earnings per share	9,268,686	9,209,779	9,209,779
	£000	£000	£000
Earnings for basic and diluted earnings per share:	116	126	579
Basic earnings per share	1.26p	1.37p	6.29p
Diluted earnings per share	1.25p	1.37p	6.29p