

FLETCHER KING PLC

Interim Results for the 6 months ended 31 October 2018

Financial Highlights

Turnover :	£1,465,000	(2017: £1,489,000)
PBT :	£132,000	(2017: £148,000)
Basic EPS :	1.13p per share	(2017: 1.26p per share)
Dividend :	1.00p per share	(2017: 1.00p per share)

Operational Highlights

- Performance was marginally lower than the comparative period last year and continues to reflect the subdued property market associated with Brexit and resulting political uncertainties.
- Steady and predictable revenue from asset management and fund management clients provides ongoing support for the business along with a regular supply of valuation instructions from lending banks.
- A reasonable volume of sales instructions were completed in the period but revenues from ratings appeals remained lower than normal due to the slow processing of appeals by the Valuation Office Agency.

Commenting on the results David Fletcher, Chairman of Fletcher King said:

“We had a reasonable first half which closely mirrored the same period last year. Brexit uncertainty will continue to impact the market and we expect sentiment to remain cautious. This will be likely to impact our transactional fee income and our ability to maintain profits.”

ENQUIRIES:

Fletcher King Plc
David Fletcher
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James Caithie / Tony Rawlinson
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The interim results are available on the Company's website: www.fletcherking.co.uk

CHAIRMAN'S STATEMENT

Results

Turnover for the period was £1,465,000 (2017: £1,489,000) with a profit before tax of £132,000 (2017: £148,000). Your Directors have declared an interim dividend of 1.0p per share (2017: 1.0p per share) to be paid on 15 February 2019 to shareholders on the register at the close of business on 18 January 2019.

The Commercial Property Market

Brexit and resulting political uncertainties continue to overshadow the property market and little has changed from the comments I made at the same time last year. The retail property sector, with very few exceptions, continues to be under pressure with rents falling in most areas along with capital values. So long as online sales continue to grow, and there is little sign of them stopping, it is difficult to predict when the decline in the retail property sector might end.

Conversely, the online sales growth referred to above continues to fuel demand for industrial space and rents in this sector have been growing. There is also strong demand for good well located industrial investments. Yields are at a historically low level but are now unlikely to harden further.

The office market for larger space (20,000 sq. ft. upwards) in Central London and the major UK cities remains reasonably strong and in the City of London demand continues to outstrip supply, leading to significant pre-lets on new developments and growing rents. However the sub 5,000 sq. ft. market is suffering and serviced office providers such as WeWorks are severely disrupting the traditional letting market.

The investment market for well let offices is strong in all the major centres and foreign buyers have continued to be very active in Central London.

Business Overview

Our first half results closely mirror the comparative period last year.

Asset Management continued steadily and we completed a reasonable volume of investment sales.

Bank valuations were steady but the Valuation Office Agency continues to be slow to process outstanding rating appeals and income from this source suffered accordingly.

Outlook

Brexit and resulting political uncertainties will, we believe, continue to impact the property market and our ability to maintain turnover and profits.

Asset Management is likely to be the least affected by these uncertainties and should continue to produce a steady income flow.

We also have some good sales instructions in the Investment department. However until there is greater clarity over Brexit, many clients are delaying new investment decisions.

The properties in our SHIPS 15 and SHIPS 16 syndicates (in which the Company co-invests and acts as adviser) have both achieved further lettings during the period but are not yet fully occupied and it is very difficult to predict when they might be. They will be sold in due course but it is unlikely to be in this financial year.

We have a steady flow of valuation instructions but rating appeal income is likely to be affected by the delays of the Valuation Office Agency.

DAVID FLETCHER
CHAIRMAN
13 December 2018

*Consolidated Interim Statement of Comprehensive Income
for the 6 months ended 31 October 2018*

	6 months ended 31 October 2018 (Unaudited) £000	6 months ended 31 October 2017 (Unaudited) £000	Year ended 30 April 2018 (Audited) £000
Revenue	1,465	1,489	3,080
Employee benefits expense	(786)	(750)	(1,609)
Depreciation expense	(2)	(17)	(18)
Other operating expenses	(546)	(575)	(1,181)
Operating profit	131	147	272
Finance income	1	1	2
Profit before taxation	132	148	274
Taxation	(28)	(32)	(65)
Profit for the period	104	116	209
Total comprehensive income for the period	104	116	209
Earnings per share (note 4)			
- Basic	1.13p	1.26p	2.27p
- Diluted	1.13p	1.25p	2.25p
Dividends per share			
Interim dividend proposed	1.00p	1.00p	-
Dividends paid	0.75p	1.00p	1.75p

Consolidated Interim Statement of Financial Position
as at 31 October 2018

	31 October 2018 (Unaudited) £000	31 October 2017 (Unaudited) £000	30 April 2018 (Audited) £000
Assets			
Non-current assets			
Property, plant and equipment	10	13	12
Financial assets	1,603	1,588	1,588
Deferred tax assets	16	16	16
	1,629	1,617	1,616
Current Assets			
Trade and other receivables	823	937	917
Cash and cash equivalents	2,277	2,187	2,628
	3,100	3,124	3,545
Total assets	4,729	4,741	5,161
Liabilities			
Current liabilities			
Trade and other payables	246	280	485
Current taxation liabilities	71	35	43
Other creditors	236	286	492
Total liabilities	553	601	1,020
Shareholders' equity			
Share capital	921	921	921
Share premium	140	140	140
Reserves	3,115	3,079	3,080
Total shareholders' equity	4,176	4,140	4,141
Total equity and liabilities	4,729	4,741	5,161

*Consolidated Interim Statement of Changes in Equity
for the 6 months ended 31 October 2018*

	Share capital £000	Share premium £000	Profit and loss £000	TOTAL EQUITY £000
Balance at 1 May 2018	921	140	3,080	4,141
Total comprehensive income for the period	-	-	104	104
Equity dividends paid	-	-	(69)	(69)
Balance at 31 October 2018 (Unaudited)	921	140	3,115	4,176
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 2017	921	140	3,239	4,300
Total comprehensive income for the period	-	-	209	209
Equity dividends paid	-	-	(368)	(368)
Balance at 30 April 2018 (Audited)	921	140	3,080	4,141

*Consolidated Interim Statement of Cash Flows
for the 6 months ended 31 October 2018*

	6 months ended 31 October 2018 (Unaudited) £000	6 months ended 31 October 2017 (Unaudited) £000	Year ended 30 April 2018 (Audited) £000
Cash flows from operating activities			
Profit before taxation from continuing operations	132	148	274
Adjustments for:			
Depreciation expense	2	17	18
Finance income	(1)	(1)	(2)
Cash flows from operating activities before movement in working capital	133	164	290
Decrease in trade and other receivables	94	558	578
Decrease in payables	(495)	(885)	(474)
Cash (absorbed)/generated from operations	(268)	(163)	394
Taxation paid	-	(94)	(119)
Net cash flows (used in)/generated from operating activities	(268)	(257)	275
Cash flows from investing activities			
Purchase of financial assets	(15)	-	-
Purchase of fixed assets	-	(14)	(14)
Finance income	1	1	2
Net cash flows used in investing activities	(14)	(13)	(12)
Cash flows from financing activities			
Dividends paid to shareholders	(69)	(276)	(368)
Net cash flows from financing activities	(69)	(276)	(368)
Net decrease in cash and cash equivalents	(351)	(546)	(105)
Cash and cash equivalents at start of period	2,628	2,733	2,733
Cash and cash equivalents at end of period	2,277	2,187	2,628

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 13 December 2018.

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 apply for the year ended 30 April 2019.

These interim consolidated financial statements have been prepared in accordance with the Group's accounting policies as set out in the Group's latest annual financial statements for the year ended 30 April 2018 and IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers". These standards have been applied for the first time in preparing the interim financial information. The Directors consider that the application of these standards has not had a material impact on the recognition and measurement of items in the interim financial information.

3. Non Statutory Accounts

The financial information for the period ended 31 October 2018 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 2018 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 2018 and 31 October 2017 is unaudited.

4. Earnings per share

	6 months to 31 October 2018 Number	6 months to 31 October 2017 Number	Year ended 30 April 2018 Number
Weighted average number of shares for basic earnings per share	9,209,779	9,209,779	9,209,779
Share options	-	58,907	58,907
Weighted average number of shares for diluted earnings per share	9,209,779	9,268,686	9,268,686
	£000	£000	£000
Earnings for basic and diluted earnings per share:	104	116	209
Basic earnings per share	1.13p	1.26p	2.27p
Diluted earnings per share	1.13p	1.25p	2.25p