

# FLETCHER KING PLC

## Interim Results for the 6 months ended 31 October 2022

### Financial Highlights

<b>Turnover:</b>	<b>£1,338,000</b>	<b>(2021: £1,426,000)</b>
<b>Earnings before tax:</b>	<b>£32,000</b>	<b>(2021: £11,000)</b>
<b>Basic EPS:</b>	<b>0.23p per share</b>	<b>(2021: 0.12p per share)</b>
<b>Dividend proposed:</b>	<b>nil</b>	<b>(2021: nil)</b>

### Operational Highlights

- Earnings before tax improved slightly on the comparative period last year, with lower operational overheads compensating for a reduction in revenue.
- Transactional activity has stalled in the current market conditions and this is likely to continue for a while.
- Successful in winning some new property management instructions which will add recurring fee income to the existing portfolio of asset management and fund management clients.
- Fee income from bank valuations has also continued to grow.
- The move to new offices has been well received and provides a welcome reduction in property overheads.

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

“With inflation driving up interest rates, and the current political and economic uncertainty, the property market is going through a period of transition and it is unclear how long this might last. Transactional activity is likely to remain subdued for a while as this period of price adjustment plays out. The market turbulence will however create opportunities and we remain vigilant to prospects for growth and development”.

This announcement contains inside information for the purposes of the UK Market Abuse Regulation and the Directors of the Company are responsible for the release of this announcement.

### ENQUIRIES:

#### **Fletcher King Plc**

David Fletcher / Peter Bailey

Tel: 020 7493 8400

#### **Cairn Financial Advisers LLP (Nomad)**

James Caithie / Liam Murray

Tel: 020 7213 0880

The interim results are available on the Company's website: [www.fletcherking.co.uk](http://www.fletcherking.co.uk)

## **CHAIRMAN'S STATEMENT**

### **Results**

Turnover for the period was £1,338,000 (2021: £1,426,000) with a profit before tax of £32,000 (2021: £11,000).

### **Dividend**

In view of the continued uncertainty and the low level of profit the Board is not declaring an interim dividend (2021: no dividend).

### **The Commercial Property Market**

Both capital and occupational markets are now suffering, mainly as a result of the current economic and political uncertainties, and capital values in particular have begun to decline.

The capital markets have seen a significant reduction in demand and there is currently very little activity. A number of large transactions have fallen through and interest in new propositions is lukewarm. This situation is likely to continue for some time, with significant falls in capital values likely in the second half. Nevertheless there is still considerable foreign capital waiting to invest, particularly in Central London, and once a degree of confidence returns to both the economy and our political leadership, we believe that we are likely to see a significant change.

Conversely, in the letting markets, despite the fact that rental values are now experiencing some pressure, lettings are generally reasonably active and even in the retail sector we have achieved some satisfactory lettings in a number of our managed portfolios. These are in locations throughout the country, although principally in prime locations. Demand for Grade A offices in the City and West End remains very strong, record rents are still being achieved and we are also seeing some substantial companies looking to bring their offices into the centre from the suburbs.

For the first time in many years, the industrial sector is experiencing reduced demand and capital values have come under pressure. In our view this is likely to see it becoming the worst performing sector in the second half.

### **Business Overview**

Bearing in mind the difficult market conditions, it is pleasing that we are able to report a profit for the period. It would have been higher if demand in the capital markets had not suffered.

Property Asset Management and Fund Management continue to perform well and attract new business and we hope to add new instructions in the coming months.

Our volume of bank valuations continues to grow, despite the increased cost of borrowing. We have added new clients during the year and this is likely to continue. Income from Rating Appeals remains difficult but we hope some of the long outstanding appeals will be settled in the second half.

The Investment Department had a very disappointing first half and we anticipate similar under performance in the months to come.

Our move to new offices has been very successful and the reduced property overhead is welcomed in these difficult times.

## **Outlook**

It is impossible to predict the future with so much uncertainty in the world.

We are growing our secure income flow in Property Asset Management and Fund Management, and continue to perform well on rent collection.

The volume of valuations seems set to continue but rating is likely to be slow.

The investment department will continue to be under pressure but we do have some excellent instructions, although the timing of them is impossible to predict in the current economic climate.

The good news is that our balance sheet is strong and our clients remain very loyal for which we thank them. We have an excellent and hard-working team who are committed to improving performance.

**DAVID FLETCHER**

**CHAIRMAN**

15 December 2022

Consolidated Interim Statement of Comprehensive Income  
for the 6 months ended 31 October 2022

	6 months ended 31 October 2022 (Unaudited) £000	6 months ended 31 October 2021 (Unaudited) £000	Year ended 30 April 2022 (Audited) £000
<b>Revenue</b>	<b>1,338</b>	1,426	2,967
Employee benefits expense	(744)	(642)	(1,630)
Depreciation and amortisation expense	(99)	(140)	(346)
Gain recognised on remeasurement of lease liability	-	-	125
Other operating expenses	(496)	(643)	(1,014)
Share based payment expense	(9)	-	(10)
	<b>(1,348)</b>	(1,425)	(2,875)
Other operating income	<b>26</b>	13	39
Investment income	<b>24</b>	-	18
Finance income	<b>2</b>	-	-
Finance expense	(10)	(3)	(15)
<b>Profit before taxation</b>	<b>32</b>	11	134
Taxation	(8)	-	18
<b>Profit for the period</b>	<b>24</b>	11	152
<b>Other comprehensive income</b>			
Fair value gain on financial assets through other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	<b>24</b>	11	152
<b>Earnings per share (note 4)</b>			
- Basic	<b>0.23p</b>	0.12p	1.62p
- Diluted	<b>0.21p</b>	0.12p	1.48p
<b>Dividends per share</b>			
Interim dividend proposed	-	-	-
Dividends paid	<b>0.50p</b>	-	-

*Fletcher King Plc*  
*Consolidated Interim Statement of Financial Position*  
*as at 31 October 2022*

	31 October 2022 (Unaudited) £000	31 October 2021 (Unaudited) £000	30 April 2022 (Audited) £000
<b>Assets</b>			
<b>Non-current assets</b>			
Software	69	-	76
Property, plant and equipment	237	8	266
Right-of-use asset	436	136	494
Financial assets	529	529	529
Deferred tax asset	24	-	32
	<b>1,295</b>	673	1,397
<b>Current Assets</b>			
Trade and other receivables	1,346	837	1,329
Corporation tax debtor	-	111	97
Cash and cash equivalents	2,418	3,096	3,365
	<b>3,764</b>	4,044	4,791
<b>Total assets</b>	<b>5,059</b>	4,717	6,188
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	567	647	1,124
Provisions	-	100	25
Current taxation liabilities	-	-	-
Lease liabilities	154	580	610
<b>Total current liabilities</b>	<b>721</b>	1,327	1,759
<b>Non current liabilities</b>			
Lease liabilities	329	-	402
<b>Shareholders' equity</b>			
Share capital	1,025	921	1,025
Share premium	522	140	522
Investment revaluation reserve	(101)	(101)	(101)
Share option reserve	19	-	10
Reserves	2,544	2,430	2,571
<b>Total shareholders' equity</b>	<b>4,009</b>	3,390	4,027
<b>Total equity and liabilities</b>	<b>5,059</b>	4,717	6,188

Consolidated Interim Statement of Changes in Equity  
for the 6 months ended 31 October 2022

	Share capital £000	Share premium £000	Investment revaluation reserve £000	Share Option Reserve £000	Retained earnings £000	TOTAL EQUITY £000
<b>Balance at 1 May 2022</b>	<b>1,025</b>	<b>522</b>	<b>(101)</b>	<b>10</b>	<b>2,571</b>	<b>4,027</b>
Profit for the period	-	-	-	-	24	24
Equity dividends paid	-	-	-	-	(51)	(51)
Share based payment expense	-	-	-	9	-	9
<b>Balance at 31 October 2022 (Unaudited)</b>	<b>1,025</b>	<b>522</b>	<b>(101)</b>	<b>19</b>	<b>2,544</b>	<b>4,009</b>
<b>Balance at 1 May 2021</b>	921	140	(101)	-	2,419	3,379
Profit for the period	-	-	-	-	11	11
Equity dividends paid	-	-	-	-	-	-
<b>Balance at 31 October 2021 (Unaudited)</b>	921	140	(101)	-	2,430	3,390
<b>Balance at 1 May 2021</b>	921	140	(101)	-	2419	3,379
Profit for the year	-	-	-	-	152	152
Share issue	104	443	-	-	-	547
Cost of share issue	-	(61)	-	-	-	(61)
Share based payment expense	-	-	-	10	-	10
<b>Balance at 30 April 2022 (Audited)</b>	<b>1,025</b>	<b>522</b>	<b>(101)</b>	<b>10</b>	<b>2,571</b>	<b>4,027</b>

*Fletcher King Plc*  
*Consolidated Interim Statement of Cash Flows*  
*for the 6 months ended 31 October 2022*

	6 months ended 31 October 2022 (Unaudited) £000	6 months ended 31 October 2021 (Unaudited) £000	Year ended 30 April 2022 (Audited) £000
<b>Cash flows from operating activities</b>			
Profit before taxation from continuing operations	32	11	134
Adjustments for:			
Movement in provision	(25)	-	(75)
Depreciation and amortisation expense	99	140	346
Remeasurement of lease liability	-	-	(125)
Investment income	(24)	-	(18)
Finance income	(2)	-	-
Finance expense	10	3	15
Share based payment expense	9	-	10
<b>Cash flows from operating activities before movement in working capital</b>	<b>99</b>	<b>154</b>	<b>287</b>
(Increase)/decrease in trade and other receivables	(17)	311	(181)
(Decrease)/increase in trade and other payables	(557)	(261)	216
<b>Cash (absorbed by) / generated from operations</b>	<b>(475)</b>	<b>204</b>	<b>322</b>
Taxation received	97	-	-
<b>Net cash flows (used in)/generated from operating activities</b>	<b>(378)</b>	<b>204</b>	<b>322</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets	(5)	-	(352)
Investment income	24	-	18
Finance income	2	-	-
<b>Net cash flows from investing activities</b>	<b>21</b>	<b>-</b>	<b>(334)</b>
<b>Cash flows from financing activities</b>			
Lease payments	(539)	-	(1)
Proceeds of share placing	-	-	547
Placing costs	-	-	(61)
Dividends paid to shareholders	(51)	-	-
<b>Net cash flows from financing activities</b>	<b>(590)</b>	<b>-</b>	<b>485</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(947)</b>	<b>204</b>	<b>473</b>
Cash and cash equivalents at start of period	3,365	2,892	2,892
<b>Cash and cash equivalents at end of period</b>	<b>2,418</b>	<b>3,096</b>	<b>3,365</b>

*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 19-20 Great Pulteney Street, London W1F 9NF.

These interim financial statements were approved by the Board of Directors on 14 December 2022.

**2. Basis of preparation**

The interim financial information in this report has been prepared using accounting policies consistent with IFRS as endorsed by the UK. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the International Financial Reporting Standards Interpretations Committee (IFRIC) and there is an ongoing process of review and endorsement by the UK Endorsement Board. The financial information has been prepared on the basis of IFRS that the Directors expect to apply for the year ended 30 April 2023.

The accounting policies applied by the Group in this interim report are the same as those applied by the Group in the consolidated financial statements for the year ended 30 April 2022. There are no new standards, interpretations and amendments, effective for the first time from 1 May 2022, that have had a material effect on the financial statements of the Group.

**3. Non Statutory Accounts**

The financial information for the period ended 31 October 2022 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 2022 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 2022 and 31 October 2021 is unaudited.



*Explanatory Notes***4. Earnings per share**

	<b>6 months to 31 October 2022 Number</b>	<b>6 months to 31 October 2021 Number</b>	Year ended 30 April 2022 Number
Weighted average number of shares for basic earnings per share	<b>10,252,209</b>	9,209,779	9,375,425
Share options	<b>920,000</b>	-	920,000
Weighted average number of shares for diluted earnings per share	<b>11,172,209</b>	9,209,779	10,295,425
	<b>£000</b>	£000	£000
Earnings for basic and diluted earnings per share:	<b>24</b>	11	152
Basic earnings per share	<b>0.23p</b>	0.12p	1.62p
Diluted earnings per share	<b>0.21p</b>	0.12p	1.48p