

FLETCHER KING PLC

Interim Results for the 6 months ended 31 October 2016

Financial Highlights

Turnover :	£1,680,000	(2015: £2,963,000)
PBT :	£163,000	(2015: £1,187,000)
Basic EPS :	1.37p per share	(2015: 10.26p per share)
Dividend :	1.00p per share	(2015: 1.00p per share)

Operational Highlights

- The Market – Some normality has returned to the market following initial turmoil in the immediate aftermath of the EU Referendum result. Pre-Brexit rent levels continue to be achieved and the investment market remains reasonably active although volumes are lower and prices have drifted down 5% - 10%.
- Fund Management and Investment – A number of transactions agreed before the Referendum proceeded to completion and a number of other investment transactions are progressing well.

Commenting on the results David Fletcher, Chairman of Fletcher King said:
“In spite of the Brexit market turmoil we have been able to produce a reasonable performance in the first half year. Uncertainty is likely to be around for some considerable time, but investors and tenants are active and we expect to see steady progress for the remainder of the year”.

ENQUIRIES:

Fletcher King Plc
David Fletcher
Tel: 020 7493 8400

Cairn Financial Advisers LLP (Nomad)
James Caithie
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 £1,680,000 (2015: £2,963,000) with a profit before tax of £163,000 (2015: £1,187,000). Performance last year was influenced by the sale of a SHIPS property. Your Directors have declared an interim dividend of 1.0p per share (2015: 1.0p per share) to be paid on 17 February 2017 to shareholders on the register at the close of business on 20 January 2017.

The Commercial Property Market

The market has been dominated by the run up to the EU Referendum and the aftermath of the unexpected result to leave.

In the weeks immediately following the result the market was in turmoil with Open Ended Unitised Funds seeing a rush of redemptions and they all closed their doors. However, some normality quickly returned. Whilst a few significant lettings fell through, the market has generally held up well with pre-Brexit rent levels continuing to be achieved. Whilst the letting market is seeing some caution there remains a reasonable level of demand. Apple have announced their move to 500,000 sq ft in the Battersea Power Station development and Google have confirmed that their new 650,000 sq ft London HQ at Kings Cross will go ahead.

The investment market remains reasonably active although volumes are lower and prices have drifted down 5% -10%. The devalued pound has attracted foreign buyers who accounted for 80% of central London deals in the last quarter.

Business Overview

In spite of the market turmoil we have been able to produce a reasonable performance in the first half year. The investment department did particularly well and a number of transactions agreed before the Referendum proceeded to exchange and completion.

Uncertainty remains and is likely to be there for some considerable time until Brexit terms are agreed. However, investors and tenants are active and our business is doing reasonably well.

Outlook

We expect to see steady progress for the remainder of the year and have a number of investment transactions progressing well.

Properties owned by the two SHIPS Syndicates are currently being refurbished although they will not be contributors to this year's profit. Once the markets have settled down we shall be seeking further investments for the SHIPS Syndicates.

David Fletcher
Chairman
15 December 2016

*Consolidated Interim Statement of Comprehensive Income
for the 6 months ended 31 October 2016*

	6 months ended 31 October 2016 (Unaudited) £000	6 months ended 31 October 2015 (Unaudited) £000	Year ended 30 April 2016 (Audited) £000
Revenue	1,680	2,963	4,633
Employee benefits expense	(927)	(1,754)	(2,640)
Depreciation expense	(17)	(17)	(34)
Other operating expenses	(590)	(610)	(1,230)
Operating profit	146	582	729
Profit on sale of available for sale investments	-	590	593
Income from investments	11	10	22
Finance income	6	5	11
Profit before taxation	163	1,187	1,355
Taxation	(37)	(242)	(295)
Profit for the period	126	945	1,060
Total comprehensive income for the period	126	945	1,060
Earnings per share (note 4)			
- Basic	1.37p	10.26p	11.51p
- Diluted	1.28p	10.26p	11.51p
Dividends per share			
Interim dividend proposed	1.00p	1.00p	-
Dividends paid	1.00p	8.75p	9.75p

Consolidated Interim Statement of Financial Position
as at 31 October 2016

	31 October 2016 (Unaudited) £000	31 October 2015 (Unaudited) £000	30 April 2016 (Audited) £000
Assets			
Non-current assets			
Property, plant and equipment	32	67	50
Available for sale investments	1,368	752	1,274
Deferred tax assets	18	18	18
	1,418	837	1,342
Current Assets			
Trade and other receivables	766	838	871
Cash and cash equivalents	2,641	4,070	2,846
	3,407	4,908	3,717
Total assets	4,825	5,745	5,059
Liabilities			
Current liabilities			
Trade and other payables	200	1,096	346
Current taxation liabilities	320	337	282
Other creditors	366	430	526
Total liabilities	886	1,863	1,154
Shareholders' equity			
Share capital	921	921	921
Share premium	140	140	140
Reserves	2,878	2,821	2,844
Total shareholders' equity	3,939	3,882	3,905
Total equity and liabilities	4,825	5,745	5,059

*Consolidated Interim Statement of Changes in Equity
for the 6 months ended 31 October 2016*

	Share capital £000	Share premium £000	Profit and loss £000	TOTAL EQUITY £000
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 2015	921	140	2,682	3,743
Total comprehensive income for the period	-	-	945	945
Equity dividends paid	-	-	(806)	(806)
Balance at 31 October 2015 (Unaudited)	921	140	2,821	3,882
Balance at 1 May 2015	921	140	2,682	3,743
Total comprehensive income for the period	-	-	1,060	1,060
Equity dividends paid	-	-	(898)	(898)
Balance at 30 April 2016 (Audited)	921	140	2,844	3,905

*Consolidated Interim Statement of Cash Flows
for the 6 months ended 31 October 2016*

	6 months ended 31 October 2016 (Unaudited) £000	6 months ended 31 October 2015 (Unaudited) £000	Year ended 30 April 2016 (Audited) £000
Cash flows from operating activities			
Profit before taxation from continuing operations	163	1,187	1,355
Adjustments for:			
Depreciation expense	17	17	34
Profit on sale of investments	-	(590)	(593)
Income from investments	(11)	(10)	(22)
Finance income	(6)	(5)	(11)
Cash flows from operating activities before movement in working capital	163	599	763
Decrease/(increase) in trade and other receivables	105	311	284
(Decrease)/increase in trade and other payables	(306)	369	(291)
Cash (absorbed)/generated from operations	(38)	1,279	756
Taxation received/(paid)	2	17	(91)
Net cash flows from operating activities	(36)	1,296	665
Cash flows from investing activities			
Purchase of investments	(94)	(752)	(1,274)
Sale of investments	-	1,465	1,468
Finance income	6	5	11
Income from investments	11	10	22
Net cash flows from investing activities	(77)	728	227
Cash flows from financing activities			
Dividends paid to shareholders	(92)	(806)	(898)
Net cash flows from financing activities	(92)	(806)	(898)
Net increase/(decrease) in cash and cash equivalents	(205)	1,218	(6)
Cash and cash equivalents at start of period	2,846	2,852	2,852
Cash and cash equivalents at end of period	2,641	4,070	2,846

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 14 December 2016.

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 2017.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 April 2016. There are no new standards interpretations and amendments, effective for the first time from 1 May 2016, 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 2016 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 2016 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 2016 and 31 October 2015 is unaudited.

4. Earnings per share

	6 months to 31 October 2016 Number	6 months to 31 October 2015 Number	Year ended 30 April 2016 Number
Weighted average number of shares for basic earnings per share	9,209,779	9,209,779	9,209,779
Share options	600,000	-	-
Total for diluted	9,809,779	9,209,779	9,209,779
	£000	£000	£000
Earnings for basic and diluted earnings per share:	126	945	1,060
Basic earnings per share	1.37p	10.26p	11.51p
Diluted earnings per share	1.28p	10.26p	11.51p