

FLETCHER KING PLC

Interim Results for the 6 months ended 31 October 2011

Financial Highlights

Turnover :	£1.420M	(2010: £1.486M)
PBT :	£143,000	(2010: £174,000)
EPS :	1.11p per share	(2010: 1.31p per share)
Dividend :	0.75p per share	(2010: 0.75p per share)

Operational Highlights

- **The Market** – The investment market continues to be polarised and yields on secondary property are rising.
- **Fund Management and Investment** – The Company has sold some investment property and has made some acquisitions.
- **Valuation and Rating** – Valuation volume remains low with a continuing dearth of bank lending but Rating remains active and is expanding.

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

“Under all the circumstances we have had a satisfactory first half. Market conditions are demanding and are unlikely to improve in the short term.

Asset management continues to be strong and despite the recession we are still collecting 95% of rents within three days of the quarter day.”

ENQUIRIES:

Fletcher King Plc
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James Caithie
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The interim results will be available on the Company's website: www.fletcherking.co.uk

CHAIRMAN'S STATEMENT RESULTS

The turnover for the period was £1.420m (2010: £1.486m), with profit before tax of £143,000 (2010: £174,000).

Your Directors have declared an interim dividend of 0.75p per share (2010: 0.75p per share) to be paid on 24 February 2012 to shareholders on the register at the close of business on 27 January 2012.

Commercial Property Market

Looking back on my statement for the same period last year I could almost repeat word for word my comments made at that date.

The property investment market remains polarised between low risk prime property let on long leases to strong covenants and the remainder. London and the South East continues to be dominant in most buyers requirements.

Office investments in Mayfair have continued to command extremely high prices and yields are, in some cases, below where they were in the previous peak of the market. Prime Central London shops are also much in demand although increasingly investors are becoming wary of the retail letting market as the economic situation impacts spending.

The remainder of the country continues to be relatively weak although in some instances there is reasonable demand from local investors.

There is a growing feeling that secondary and tertiary property is currently over valued and the risk is very much on the downside.

By comparison with last year there is a significant volume of property on the market as some vendors with property in Central London take advantage of the very high prices and elsewhere banks are putting increasing pressure on borrowers to sell.

Business Overview

We have been active on investment sales in the first half including four Central London office investments totalling over £20m and have also been acquiring properties for a small number of clients.

We set up a new SHIPS Fund and acquired a small (£2m) multi-let office investment in St Swithins Lane in the heart of the City of London. Possession has been taken of some of the accommodation to refurbish and let at higher rents. As usual the Company has made an investment in this fund as shown in the balance sheet.

Bank Valuations continue to suffer from lack of lending although Rating instructions are increasing and we are very active.

Property Fund and Asset Management remains strong and although we are selling properties out of some of the portfolios we are also picking up new instructions.

On our managed properties, rent collection statistics are holding up well, despite the recession, and we continue to collect in excess of 95% of rents within 3 days of the quarter day.

Outlook

The continuing turmoil in the Eurozone and much of the world is already having a detrimental effect on the market which makes predictions for the second half difficult. As a result we anticipate the profit outturn for the full year will be below that achieved last year.

However, we have a good flow of regular quarterly income and we are protecting our cash reserves.

David Fletcher
15 December 2011

Consolidated Interim Statement of Comprehensive Income
for the 6 months ended 31 October 2011

	6 months ended 31 October 2011 (Unaudited) £000	6 months ended 31 October 2010 (Unaudited) £000	Year ended 30 April 2011 (Audited) £000
Revenue	1,420	1,486	3,175
Employee benefits expense	(738)	(728)	(1,595)
Depreciation expense	(27)	(37)	(59)
Other operating expenses	(522)	(552)	(1,130)
Operating profit	133	169	391
Income from investments	5	1	13
Finance income	5	4	10
Profit before taxation	143	174	414
Taxation	(41)	(53)	(83)
Profit for the period	102	121	331
Total comprehensive income for the period	102	121	331
Basic and diluted earnings per share (note 4)			
Continuing operations	1.11p	1.31p	3.59p
Dividends per share			
Interim dividend proposed	0.75p	0.75p	-
Dividends paid	0.75p	-	0.75p

Consolidated Interim Statement of Financial Position
as at 31 October 2011

	31 October 2011 (Unaudited) £000	31 October 2010 (Unaudited) £000	30 April 2011 (Audited) £000
Assets			
Non-current assets			
Property, plant and equipment	198	248	226
Available for sale investments	500	250	250
Deferred tax assets	73	73	73
	771	571	549
Current Assets			
Trade and other receivables	868	805	1,064
Cash and cash equivalents	2,297	2,522	2,722
	3,165	3,327	3,786
Total assets	3,936	3,898	4,335
Liabilities			
Current liabilities			
Trade and other payables	446	357	534
Current taxation liabilities	52	208	121
Other creditors	311	380	586
Total liabilities	809	945	1,241
Shareholders' equity			
Share capital	921	921	921
Share premium	140	140	140
Reserves	2,066	1,892	2,033
Total shareholders' equity	3,127	2,953	3,094
Total equity and liabilities	3,936	3,898	4,335

Consolidated Interim Statement of Changes in Equity
for the 6 months ended 31 October 2011

	Share capital £000	Share premium £000	Profit and loss £000	TOTAL EQUITY £000
Balance at 1 May 2011	921	140	2,033	3,094
Total comprehensive income for the period	-	-	102	102
Equity dividends paid	-	-	(69)	(69)
Balance at 31 October 2011 (Unaudited)	921	140	2,066	3,127
Balance at 1 May 2010	921	140	1,771	2,832
Total comprehensive income for the period	-	-	121	121
Equity dividends paid	-	-	-	-
Balance at 31 October 2010 (Unaudited)	921	140	1,892	2,953
Balance at 1 May 2010	921	140	1,771	2,832
Total comprehensive income for the period	-	-	331	331
Equity dividends paid	-	-	(69)	(69)
Balance at 30 April 2011 (Audited)	921	140	2,033	3,094

Consolidated Interim Statement of Cash Flows
for the 6 months ended 31 October 2011

	6 months ended 31 October 2011 (Unaudited) £000	6 months ended 31 October 2010 (Unaudited) £000	Year ended 30 April 2011 (Audited) £000
Cash flows from operating activities			
Profit before taxation from continuing operations	143	174	414
Adjustments for:			
Depreciation expense	27	37	59
Income from investments	(5)	(1)	(13)
Finance income	(5)	(4)	(10)
Cash flows from operating activities before movement in working capital	160	206	450
Decrease/(increase) in trade and other receivables (Decrease)/increase in trade and other payables	196 (363)	200 106	(59) 489
Cash generated from operations	(7)	512	880
Taxation (paid)/received	(109)	38	(79)
Net cash flows from operating activities	(116)	550	801
Cash flows from investing activities			
Purchase of investments	(250)	-	-
Finance income	5	4	10
Income from investments	5	1	13
Net cash flows from investing activities	(240)	5	23
Cash flows from financing activities			
Dividends paid to shareholders	(69)	-	(69)
Net cash flows from financing activities	(69)	-	(69)
Net (decrease)/increase in cash and cash equivalents	(425)	555	755
Cash and cash equivalents at start of period	2,722	1,967	1,967
Cash and cash equivalents at end of period	2,297	2,522	2,722

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 2011.

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 2012.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 April 2011.

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 2011 set out in this interim report does not constitute the Group's statutory accounts for that period. The statutory accounts for the year ended 30 April 2011 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 2011 and 31 October 2010 is unaudited.

4 Earnings per share

	Six Months to 31st October 2011 Number	Six months to 31st October 2010 Number	Year ended 30th April 2011 Number
Weighted average number of shares for basic and diluted earnings per share.	9,209,779	9,209,779	9,209,779
	£'000	£'000	£'000
Earnings for basic and diluted earnings per share:	102	121	331
Continuing Operations	102	121	331