

# FLETCHER KING PLC

## Interim Results for the 6 months ended 31 October 2010

### Financial Highlights

Turnover :	£1.486M	(2009: £1.315M)
PBT :	£174,000	(2009: £218,000)*
EPS :	1.31p per share	(2009: 1.66p per share)
Dividend :	0.75p per share	(2009: nil)

\* included an exceptional rates rebate of £116,000

### Operational Highlights

- **The Market** – The investment market is polarised and yields on secondary property are rising.
- **Fund Management and Investment** – We have had an active first half in transactions.
- **Valuation and Rating** - Valuation volume remains low with little bank lending but Rating remains active.

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

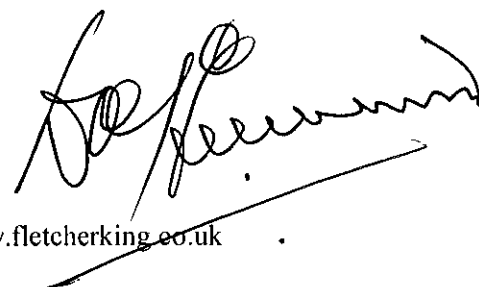
“We have had an active first half with our transaction volume significantly above the same period last year.

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:

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**David Fletcher**  
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**Cairn Financial Advisers LLP (Nomad)**  
**James Caithie**  
**Tel: 020 7148 7900**



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

## **Chairman's Statement**

### **Results**

Turnover for the period was £1.486m (2009: £1.315m) with profit before tax of £174,000 (2009: £218,000). Profit before tax for 2009 was inflated by the inclusion of an exceptional rates rebate of £116,000.

Your Directors have declared an interim dividend of 0.75p per share (2009: 0p) to be paid on 25 February 2011 to shareholders on the register at the close of business on 28 January 2011.

### **The Commercial Property Market**

The property investment market is currently polarised between low risk prime properties let on long leases to strong covenants (bond type investments particularly in central London) plus multi-let industrials; and the rest. Activity in large sections of the secondary market outside the South East remains subdued with values continuing to be under pressure.

Central London office investments, particularly in Mayfair and prime City, where rental growth prospects remain positive, are now selling for values at, or close to, their peak in early 2007. The feeding frenzy by mainly foreign buyers is encouraged by growth in office rents with a reported letting of Grade A space in Mayfair at £110 per sq.ft. A Bond Street shop letting at £1,000 Zone A is also sending a strong signal about the resilience of the West End.

However, that picture is not replicated elsewhere in the country and the market there remains challenging.

Apart from isolated instances, like Central London, the letting market for all types of space is difficult and likely to remain so in the foreseeable future.

With £50bn of property bank debt due for repayment each year for at least the next three years there are going to be many more problems than merely the high profile ones we have already seen.

The two largest lending banks are now publicly owned and the decision on non-performing loans is as much political as business. If the Banks flood the market with property, prices and values will be driven lower, to their own detriment.

However, there is a considerable volume of cash seeking a home in property and the current problem is finding suitable stock to buy. In our view, the market is likely to remain relatively flat in the coming year.

### **Business Overview**

The transaction side of our business has been active during the first half although it has taken skill, endurance and flexibility to get some of the sales consummated. Nevertheless we have completed or exchanged approx £50million of sales in the first six months.

Our SHIPS 06 Fund made its first acquisition, purchasing a freehold multi-let office and retail investment on Basinghall Street in the heart of the City of London, a £6m property yielding 7% with potential to add value.

The Banks continue to say they will lend but that is not happening and as a result we have seen no pick up in our valuation instructions.

Rating instructions continue to increase and that part of our business is healthy and active.

Property Fund and Asset Management are strong. Despite the recession very few of the tenants we collect from have failed and our rent collection statistics are holding up well with over 95% of rents collected within 3 days of the quarter day.

### **Outlook**

We expect the second half of the year to continue very much as the first and for the market to remain relatively flat. Much depends on the general economic outlook and with the current turmoil in the Eurozone it is becoming even more difficult to predict the future.

Our balance sheet and cash reserves remain strong and our highly motivated team are incentivised to drive the business forward in these difficult times.

David Fletcher  
16 December 2010

Consolidated Interim Statement of Comprehensive Income  
for the 6 months ended 31 October 2010

	6 months ended 31 October 2010 (Unaudited) £000	6 months ended 31 October 2009 (Unaudited) £000	Year ended 30 April 2010 (Audited) £000
<b>Revenue</b>	<b>1,486</b>	<b>1,315</b>	<b>2,832</b>
Employee benefits expense	(728)	(681)	(1,514)
Depreciation expense	(37)	(37)	(73)
Exceptional rates rebate	-	116	118
Other operating expenses	(552)	(500)	(983)
<b>Operating profit</b>	<b>169</b>	<b>213</b>	<b>380</b>
Income from investments	1	-	16
Finance income	4	5	10
<b>Profit before taxation</b>	<b>174</b>	<b>218</b>	<b>406</b>
<b>Analysed as:</b>			
Profit before taxation and exceptional items	174	102	288
Exceptional rates rebate	-	116	118
<b>Profit before taxation</b>	<b>174</b>	<b>218</b>	<b>406</b>
Taxation	(53)	(65)	(164)
<b>Profit for the period</b>	<b>121</b>	<b>153</b>	<b>242</b>
<b>Total comprehensive income for the period</b>	<b>121</b>	<b>153</b>	<b>242</b>
<b>Basic and diluted earnings per share (note 4)</b>			
Continuing operations	1.31p	1.66p	2.63p
<b>Dividends per share</b>			
Interim dividend proposed	0.75p	-	-
Dividends paid	-	1.00p	1.00p

Consolidated Interim Statement of Financial Position  
as at 31 October 2010

	31 October 2010 (Unaudited) £000	31 October 2009 (Unaudited) £000	30 April 2010 (Audited) £000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	248	321	285
Available for sale investments	250	250	250
Deferred tax assets	73	93	73
	<b>571</b>	<b>664</b>	<b>608</b>
<b>Current Assets</b>			
Trade and other receivables	805	631	1,005
Cash and cash equivalents	2,522	2,265	1,967
	<b>3,327</b>	<b>2,896</b>	<b>2,972</b>
<b>Total assets</b>	<b>3,898</b>	<b>3,560</b>	<b>3,580</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	357	224	324
Current taxation liabilities	208	77	117
Other creditors	380	424	307
<b>Total liabilities</b>	<b>945</b>	<b>725</b>	<b>748</b>
<b>Shareholders' equity</b>			
Share capital	921	921	921
Share premium	140	140	140
Reserves	1,892	1,774	1,771
<b>Total shareholders' equity</b>	<b>2,953</b>	<b>2,835</b>	<b>2,832</b>
<b>Total equity and liabilities</b>	<b>3,898</b>	<b>3,560</b>	<b>3,580</b>

Consolidated Interim Statement of Changes in Equity  
for the 6 months ended 31 October 2010

	Share capital £000	Share premium £000	Profit and loss £000	TOTAL EQUITY £000
<b>Balance at 1 May 2010</b>	<b>921</b>	<b>140</b>	<b>1,771</b>	<b>2,832</b>
Total comprehensive income for the period	-	-	121	121
Equity dividends paid	-	-	-	-
<b>Balance at 31 October 2010 (Unaudited)</b>	<b>921</b>	<b>140</b>	<b>1,892</b>	<b>2,953</b>
<b>Balance at 1 May 2009</b>	<b>921</b>	<b>140</b>	<b>1,713</b>	<b>2,774</b>
Total comprehensive income for the period	-	-	153	153
Equity dividends paid	-	-	(92)	(92)
<b>Balance at 31 October 2009 (Unaudited)</b>	<b>921</b>	<b>140</b>	<b>1,774</b>	<b>2,835</b>
<b>Balance at 1 May 2009</b>	<b>921</b>	<b>140</b>	<b>1,713</b>	<b>2,774</b>
Total comprehensive income for the period	-	-	242	242
Equity dividends paid	-	-	(184)	(184)
<b>Balance at 30 April 2010 (Audited)</b>	<b>921</b>	<b>140</b>	<b>1,771</b>	<b>2,832</b>

Consolidated Interim Statement of Cash Flows  
for the 6 months ended 31 October 2010

	6 months ended 31 October 2010 (Unaudited) £000	6 months ended 31 October 2009 (Unaudited) £000	Year ended 30 April 2010 (Audited) £000
<b>Cash flows from operating activities</b>			
Profit before taxation from continuing operations	174	218	406
Adjustments for:			
Depreciation expense	37	37	73
Income from investments	(1)	-	(16)
Finance income	(4)	(5)	(10)
<b>Cash flows from operating activities before movement in working capital</b>	<b>206</b>	<b>250</b>	<b>453</b>
Decrease/(increase) in trade and other receivables	200	268	(106)
Increase / (decrease) in trade and other payables	106	(307)	(324)
<b>Cash generated from operations</b>	<b>512</b>	<b>211</b>	<b>23</b>
Taxation received/(paid)	38	12	(27)
<b>Net cash flows from operating activities</b>	<b>550</b>	<b>223</b>	<b>(4)</b>
<b>Cash flows from investing activities</b>			
Finance income	4	5	10
Income from investments	1	-	16
<b>Net cash flows from investing activities</b>	<b>5</b>	<b>5</b>	<b>26</b>
<b>Cash flows from financing activities</b>			
Dividends paid to shareholders	-	(92)	(184)
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>(92)</b>	<b>(184)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>555</b>	<b>136</b>	<b>(162)</b>
Cash and cash equivalents at start of period	1,967	2,129	2,129
<b>Cash and cash equivalents at end of period</b>	<b>2,522</b>	<b>2,265</b>	<b>1,967</b>

## 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 2010.

## 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 2011.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 April 2010.

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 31 October 2010 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 2010 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 2010 and 31 October 2009 is unaudited.

## 4 Earnings per share

	Six Months to 31 <sup>st</sup> October 2010 Number	Six months to 31 <sup>st</sup> October 2009 Number	Year ended 30 <sup>th</sup> April 2010 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:			
Continuing Operations	121	153	242