Walker Crips Group plc

Results for the six months ended 30 September 2012

Walker Crips Group plc ("Walker Crips", the "Company" or the "Group"), the financial services firm with activities covering stockbroking, portfolio and wealth management services, today announces unaudited results for the six months ended 30 September 2012 (the "Period").

Highlights

- Disposal of Walker Crips Asset Managers Ltd ("WCAM") fund management subsidiary in April 2012 realised a one-off gain of in excess of £10m which helped deliver record pre-tax profits of £7.7m (2011: £0.8m) and basic EPS of 22.2p (2011: 1.65p)
- Strategy to refocus and grow investment management post WCAM implemented and showing encouraging initial results
- Cash balances at Period end up 106% to £7.0m (2011: £3.4m); Net assets at Period end up to £19.9m (31 March 2012: £13.8m)
- Group revenue fell 17% to £8.8m (2011: £10.7m), primarily as a result of the disposal of WCAM but also due to weak trading conditions for the Group's continuing businesses
- Operating loss (before exceptional items) of £0.7m (2011: profit of £0.8m)
- Interim dividend of 0.47p per share (2011: 0.94p per share)
- Special interim dividend of 3p per share, the second such payout following the disposal of WCAM
- Non-broking income as a proportion of total income increased to 65% (2011: 61%)
- Post period end disposal of Keith, Bayley, Rogers, the Group's corporate finance business

Commenting, David Gelber, Chairman of Walker Crips, said:

"The depressed market conditions of recent years show no signs of abating, as fragile investor confidence stutters in the face of Euro and market uncertainty. However, your Board is confident that the Group is well positioned to benefit from any longer term improvement in market activity.

The Group has been implementing a strategy to refocus and build its investment management division. This process is now well advanced. We are very encouraged that twelve advisers, along with their clients, have joined the Company since the beginning of the financial year bringing with them substantial new revenue streams, most of which will take effect in the second half of the year. Further recruitment is in prospect.

The Group has traded profitably since the Period end and remains in a strong financial position following receipt of the WCAM disposal proceeds."

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Further information on Walker Crips Group is available on the Company's website:
www.wcgplc.co.uk

Chairman's Statement

The Group experienced difficult trading conditions over the Period, with generally lower transaction volumes in weaker equity markets impacting operating performance.

Disposals

The defining event during the Period was the successful disposal to Liontrust Asset Management of a major portion of the Group's asset management business (WCAM) which resulted in a one-off gain on disposal of over £10m.

The disposal of WCAM resulted in a substantial change to the profile of the Group's stockbroking business, including the revenue generated from the dealing transacted for the funds which were sold. A strategy was put in place for the refocusing of our investment management division, including the recruitment of a new chief investment officer.

As a result of the WCAM disposal, significant resources are available to re-invest in the continuing core businesses, with cash balances at the Period end increasing by 106% to £7.0m (2011: £3.4m) and net assets at the Period end of £19.9m (31 March 2012: £13.8m). The first stage of this re-investment process was the recruitment from Savoy Asset Management of several investment managers in an agreed process that allowed the smooth transfer of both clients and investment managers.

To allow shareholders to share in the gains generated by the disposal, the Board has announced the payment of two special interim dividends. The first of these (4.5p per share) was paid on 3 August 2012, and the second (3p per share) is scheduled to be paid, along with the interim dividend, on 7 December 2012.

Subsequent to the Period end, on 1 November 2012 the Company announced the proposed disposal of its corporate finance subsidiary Keith, Bayley, Rogers & Co Limited for an amount expected to be approximately £345,000. The transaction is conditional upon the approval of the Financial Services Authority.

Trading

It was inevitable, given the disposal of WCAM and the weak trading conditions for the continuing businesses, that Group revenues would fall during the Period, as it did, by 17% to £8.8m (2011: £10.7m). Commissions payable in the Period increased by 13% to £3.7m (2011: £3.3m), due to an increase in the proportion of Group revenues with commission sharing arrangements.

Non-broking income as a proportion of total income improved further to 65% (2011: 61%) in line with the Board's continued desire to diversify revenue streams and be less reliant on volatile commission revenues. Following the WCAM disposal, approximately 33% of Group revenue has been of a recurring nature.

Administrative expenses (before exceptional items) during the Period decreased to £5.9m (2011: £6.6m), mainly as a result of the disposal of the WCAM operations, but also due to the continuation of cost reduction exercises. Business development costs in excess of £309,000 were incurred during the Period in implementing a renewed strategy for growth in our remaining core businesses and which, longer term, should result in significant growth in revenue.

In line with our strategy, efforts have been made to reduce and minimise the cost base. Despite this effort, the fall in net revenues fed through to an operating loss (before exceptional items) of £708,000 (2011: profit of £793,000). However, the benefits of the steps taken are now being reflected in the Group's trading performance, with net Revenue increasing steadily since May.

Given the continuing negative impact of global market conditions on the trading performance of some of the Group's business units, the Board has decided to write down the goodwill associated with these underperforming businesses by £1.2m.

Pre tax profits and earnings per share were boosted by the one-off gain obtained from the disposal of WCAM and were £7.7m (2011: £0.8m) and 22.2p per share (2011: 1.65p per share) respectively.

Operations

Gross revenues from the investment management / stockbroking division fell by 2% during the first half to £7.3m (2011: £7.4m), a satisfactory performance given wider market conditions. However, an increase in shared revenue and higher expenses resulted in the division recording an operating loss.

The award-winning Walker Crips Structured Investments team continued to build upon its growing reputation in the intermediary market place with the launch during the Period of several new products which more easily enable experienced investors to take medium-term positions to meet their investment strategies.

Revenues at our York-based financial services division increased by 4% to £1.09m (2011: £1.05m) which, allied with sound cost control, resulted in profit increasing by 20% to £183,000 (2011: £152,000).

Exceptional items

As part of its cost reduction plans, the Board has decided to re-locate the Group's administrative functions to more cost effective premises in Romford, Essex anticipating an annualised saving of £400,000 per annum. Leasehold improvement costs incurred for the current premises have therefore been written down by £210,000 to a level more accurately reflecting their value in use.

During the first half significant legal and other professional fees, amounting to £174,000, were incurred in pursuing acquisitions and other corporate transactions.

Dividend

An interim dividend of 0.47p per share (2011: 0.94p per share) recognises the difficult trading environment the Group is currently experiencing. Aggregated with the 3p per share special interim dividend previously announced, means a total distribution of 3.47p per share will be paid on 7 December 2012 to those shareholders on the register at the close of business on 23 November 2012.

Directors, Account Executives and Staff

On behalf of the Board, I would like once again to thank my fellow directors, all account executives and members of staff for their continued commitment, capability and diligence all of which continue to make Walker Crips such a special place.

Outlook

The depressed market conditions of recent years show no signs of abating, as fragile investor confidence stutters in the face of Euro and market uncertainty. However, your Board is confident that the Group is well positioned to benefit from any longer term improvement in market activity.

The Group has been implementing a strategy to refocus and build its investment management division. This process is now well advanced. We are very encouraged that twelve advisers, along with their clients, have joined the Company since the beginning of the financial year bringing with them substantial new revenue streams, most of which will take effect in the second half of the year. Further recruitment is in prospect.

The Group has traded profitably since the Period end and remains in a strong financial position following receipt of the WCAM disposal proceeds.

D. M. Gelber
Chairman
12 November 2012

Walker Crips Group plc
Condensed Consolidated Income Statement
For the six months ended 30 September 2012

	Notes	Unaudited Six months to 30 September 2012 £'000	Unaudited Six months to 30 September 2011 £'000	Audited Year to 31 March 2012 £'000
Continuing operations				
Revenue	2	8,843	10,652	20,306
Commission payable		(3,660)	(3,248)	(5,735)
Gross profit		5,183	7,404	14,571
Share of after tax profit of joint venture		7	1	12
Administrative expenses – other		(5,898)	(6,612)	(13,569)
Administrative expenses – exceptional items	3	(384)	-	(286)
Administrative expenses		(6,282)	(6,612)	(13,855)
Operating (loss) / profit		**(1,092)**	**793**	**728**
Analysed as:				
Operating (loss) / profit before exceptional items		(708)	793	1,014
Administrative expenses – exceptional items	3	(384)	-	(286)
Operating (loss) / profit		**(1,092)**	**793**	**728**
Loss on disposal of investments	4	(579)	-	-
Gain on disposal of subsidiary undertaking	5	10,430	-	-
Goodwill impairment charges	6	(1,221)	-	-
Investment revenues		167	32	46
Finance costs		(4)	-	(5)
Profit before tax		**7,701**	**825**	**769**
Taxation		360	(227)	(328)
Profit for the period attributable to equity holders of the company		**8,061**	**598**	**441**
Earnings per share	7			
Basic		22.20p	1.65p	1.21p
Diluted		21.47p	1.61p	1.19p

Walker Crips Group plc
Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 September 2012

	Unaudited Six months to 30 September 2012 £'000	Unaudited Six months to 30 September 2011 £'000	Audited Year to 31 March 2012 £'000
Profit for the period	8,061	598	441
Other comprehensive income:			
Profit / (loss) on revaluation of available-for-sale investments taken to equity	81	(4)	(484)
Deferred tax on (profit) / loss on available-for-sale investments	(19)	1	138
Deferred tax on share options	(3)	(2)	(4)
Total comprehensive income for the period attributable to equity holders of the company	8,120	593	91

Walker Crips Group plc
Condensed Consolidated Statement of Financial Position
As at 30 September 2012

	Unaudited 30 September 2012 £'000	Unaudited 30 September 2011 £'000	Audited 31 March 2012 £'000
Non current Assets			
Goodwill	2,901	5,121	5,121
Other intangible assets	702	403	346
Property, plant and equipment	429	686	660
Investment in joint ventures	32	25	35
Available for sale investments	4,780	1,179	699
	8,844	7,414	6,861
Current Assets			
Trade and other receivables	21,350	24,570	57,316
Trading Investments	265	657	384
Deferred tax asset	607	145	254
Cash and cash equivalents	6,956	3,378	1,335
	29,178	28,750	59,289
Total assets	38,022	36,164	66,150
Current liabilities			
Trade and other payables	(17,691)	(20,920)	(51,591)
Current tax liabilities	(406)	(639)	(391)
Bank Overdrafts	-	-	(407)
	(18,097)	(21,559)	(52,389)
Net current assets	11,081	7,191	6,900
Net assets	19,925	14,605	13,761
Equity			
Share capital	2,471	2,470	2,470
Share premium account	1,630	1,626	1,626
Own shares	(312)	(312)	(312)
Revaluation reserve	536	817	474
Other reserves	4,667	4,672	4,670
Retained earnings	10,933	5,332	4,833
Equity attributable to equity holders of the company	19,925	14,605	13,761

Walker Crips Group plc
Condensed Consolidated Statement of Cash Flows
For the six months ended 30 September 2012

	Unaudited Six months to 30 September 2012 £'000	Unaudited Six months to 30 September 2011 £'000	Audited Year to 31 March 2012 £'000
Operating activities			
Cash generated from / (used in) operations	1,018	(21)	(1,959)
Interest received	140	15	26
Interest paid	(4)	-	(5)
Tax paid	(4)	(269)	(592)
Net cash generated from / (used in) operating activities	1,150	(275)	(2,530)
Investing activities			
Purchase of property, plant and equipment	(137)	(65)	(195)
Purchase of intangible assets	(425)	-	-
Net cash received on disposal of subsidiary	5,577	-	-
Sale of investments	1,781	63	336
Dividends received	38	27	31
Net cash generated from investing activities	6,834	25	172
Financing activities			
Proceeds on issue of shares	5	-	-
Dividends paid	(1,961)	(653)	(995)
Net cash used in financing activities	(1,956)	(653)	(995)
Net increase / (decrease) in cash and cash equivalents	6,028	(903)	(3,353)
Net cash and cash equivalents at the start of the period	928	4,281	4,281
Net Cash and cash equivalents at the end of the period	6,956	3,378	928
Cash and cash equivalents	6,956	3,378	1,335
Bank overdrafts	-	-	(407)
	6,956	3,378	928

Walker Crips Group plc
Condensed Consolidated Statement Of Changes In Equity
For the six months ended 30 September 2012

	Called up share capital	Share premium	Own shares held	Capital Redemption	Other	Revaluation	Retained earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Equity as at 31 March 2011	**2,470**	**1,626**	**(312)**	**111**	**4,563**	**820**	**5,387**	**14,665**
Revaluation of investment at fair value						(4)		(4)
Deferred tax credit to equity						1		1
Movement on deferred tax on share options					(2)			(2)
Profit for the 6 months ended 30 September 2011							598	598
Total recognised income and expense for the period					(2)	(3)	598	593
March 2011 final dividend							(653)	(653)
Equity as at 30 September 2011	**2,470**	**1,626**	**(312)**	**111**	**4,561**	**817**	**5,332**	**14,605**
Revaluation of investment at fair value						(480)		(480)
Deferred tax credit to equity						137		137
Movement on deferred tax on share options					(2)			(2)
Profit for the 6 months ended 31 March 2012							(157)	(157)
Total recognised income and expense for the period					(2)	(343)	(157)	(502)
September 2011 interim dividend							(342)	(342)
Equity as at 31 March 2012	**2,470**	**1,626**	**(312)**	**111**	**4,559**	**474**	**4,833**	**13,761**
Revaluation of investment at fair value						81		81
Deferred tax credit to equity						(19)		(19)
Movement on deferred tax on share options					(3)			(3)
Profit for the 6 months ended 30 September 2012							8,061	8,061
Total recognised income and expense for the period					(3)	62	8,061	8,120
March 2012 final dividend							(327)	(327)
Special dividend							(1,634)	(1,634)
Issue of shares on exercise of options	1	4						5
Equity as at 30 September 2012	**2,471**	**1,630**	**(312)**	**111**	**4,556**	**536**	**10,933**	**19,925**

Walker Crips Group plc
Notes to the condensed consolidated financial statements
For the six months ended 30 September 2012

1. Basis of preparation and accounting policies

The Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS). These condensed financial statements are presented in accordance with IAS 34 *Interim Financial Reporting*.

The condensed consolidated financial statements have been prepared on the basis of the accounting policies and methods of computation set out in the Group's consolidated financial statements for the year ended 31 March 2012.

The condensed consolidated financial statements should be read in conjunction with the Group's audited financial statements for the year ended 31 March 2012.The interim financial information is unaudited and does not constitute statutory accounts as defined in section 434 of the Companies Act 2006.The Group's financial statements for the year ended 31 March 2012 have been reported on by the auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not draw attention to any matters by way of emphasis. They also did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Going Concern
As the net asset base remains healthy, the directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they also conclude in accordance with guidance from the Financial Reporting Council, that the use of the going concern basis for the preparation of the financial statements continues to be appropriate.

Interests in joint ventures
The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are accounted for in the consolidated financial statements under the equity method.
Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of the joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to / from the Group and their amount can be measured accurately.

Goodwill
Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed in future periods.

Intangible assets
At each period end date, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the assets belong.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Principal risks and uncertainties
Under the Financial Services Authority's Disclosure and Transparency Rules, the Directors are required to identify those material risks to which the company is exposed and take appropriate steps to mitigate those risks. The principal risks and uncertainties faced by the Group are discussed in detail in the Annual Report for the year ended 31 March 2012.

Related party transactions
No transactions took place in the period that would materially or significantly affect the financial position or performance of the group.

2. Segmental analysis

Revenue (£'000)	Investment Management	Corporate Finance	Financial Services	Fund Management		Total
6m to 30 September 2012	7,288	136	1,091	328		8,843
6m to 30 September 2011	7,409	136	1,050	2,057		10,652
Year to 31 March 2012	14,005	274	2,062	3,965		20,306

Result (£'000)	Investment Management	Corporate Finance	Financial Services	Fund Management	Unallocated Costs	Operating Profit
6m to 30 September 2012	(668)	(46)	183	40	(601)	(1,092)
6m to 30 September 2011	7	(62)	152	1,127	(431)	793
Year to 31 March 2012	(511)	(94)	213	2,359	(1,239)	728

3. Administrative expenses – exceptional items

The Group is re-locating a large part of its operations to more cost effective premises. Leasehold improvement costs incurred for the old lease premises have therefore been written down during the period to a level more accurately reflecting their value in use .Additional write down costs amounted to £210,000 during the period.

Significant legal and professional fees were incurred in the transfer of a number of investment managers and their clients from Savoy Investment Management Ltd and other corporate transactions. These amounted to £174,000 in the period and due to their size and one-off nature, the Board has decided to disclose them separately.

In the prior period, up to the 31 March 2012, the Company had incurred substantial non-success based legal & professional fees and other costs relating to the disposal of a subsidiary, Walker Crips Asset Managers Limited (WCAM).

4. Loss on disposal of investments

During the period the Group disposed of its entire holding of Liontrust ordinary shares (received as part consideration on the disposal of WCAM – see note 5), incurring a loss on disposal of £579,000. Due to its level of materiality and one-off nature, the Board has decided to disclose this item separately.

5. Gain on disposal of subsidiary undertaking

On 12 April 2012, the Group completed the disposal of its subsidiary WCAM to Liontrust Asset Management plc (following FSA and shareholder approval).

6. Goodwill impairment charges

Given the difficulties experienced generally in global markets, and the continuing negative impact on the trading performance of some of the Group's business units, the Board has decided to write down the Goodwill associated with the reduction in the cash generative performance of these businesses.

7. Earnings per share

The calculation of basic earnings per share for continuing operations is based on the post-tax profit for the period of £8,061,000 (2011 - £598,000) and on 36,311,548 (2011 – 36,301,187) ordinary shares of 6 2/3p, being the weighted average number of ordinary shares in issue during the period.

The effect of the exercise of outstanding options would be to reduce the reported earnings per share. The calculation of diluted earnings per share is based on 37,553,085 (2011 – 37,114,062) ordinary shares, being the weighted average number of ordinary shares in issue during the period adjusted for dilutive potential ordinary shares.

8. Dividends

The interim dividend of 0.47p per share (2011 :0.94p) is payable on 7 December 2012 to shareholders on the register at the close of business on 23 November 2012. The interim dividend has not been included as a liability in this interim report.

9. Total Income (£'000)

	Six months Ended 30 September 2012	**Six months Ended 30 September 2011**	**Year Ended 31 March 2012**
Revenue	8,843	10,652	20,306
Investment revenues	167	32	46
	9,010	10,684	20,352

The Group's income can also be categorised as follows for the purpose of measuring a Key Performance Indicator, non-broking income to total income.

Income (£'000)	**Six months Ended 30 September 2012**	**%**	**Six months Ended 30 September 2011**	**%**	**Year Ended 31 March 2012**	**%**
Broking	3,172	35	4,123	39	8,080	40
Non-Broking	5,838	65	6,561	61	12,272	60
	9,010	100	10,684	100	20,352	100

Directors' Responsibility Statement

The Directors confirm that to the best of their knowledge:

(a) The condensed set of financial statements contained within the half yearly financial report has been prepared in accordance with IAS 34 ' Interim Financial Reporting' as adopted by the EU;

(b) The half yearly report from the Chairman (constituting the interim management report) includes a fair review of the information required by DTR 4.2.7R; and

(c) The half yearly report from the Chairman includes a fair review of the information required by DTR 4.2.8R as far as applicable.

On Behalf of the Board

Rodney FitzGerald
Chief Executive Officer
12 November 2012