WALKERCRIPS
GROUP PLC

25 June 2015

News Release

Walker Crips Group plc

Continued growth in core business after a year of expansion

Walker Crips Group plc ("Walker Crips", the "Company" or the "Group"), the financial services group with activities covering stockbroking, investment and wealth management services, announces unaudited results for the year ended 31 March 2015.

Highlights

- Group revenues increased by 11.1 % to £23.0m (2014: £20.7m)
- Gross profit (net revenues) increased by 8.5 % to £15.3m (2014: £14.1m)
- Operating profit, before exceptional expenses, up 14.9 % to £0.54m(2014: £0.47m)
- Reported pre-tax profit of £0.44m which includes Barker Poland Asset Management LLP (BPAM) acquisition (2014: £2.5m which included investment disposal gains of £1.84m)
- BPAM acquisition, together with branch openings and expansion, gives the group a national footprint with 13 offices nationwide
- Non-broking income as a percentage of total income increased to 56.3 % (2014: 52.7 %), reflecting further reduction in reliance on transaction-driven commission revenue
- Discretionary and advisory assets under management increased by 50.3 % to £2.0 billion (2014: £1.33 billion). Together with administered assets (AUMA), total assets increased by 26.7 % to £3.8 billion (2014: £3.0 billion)
- Proposed final dividend increased by 10.4 % to 1.17p per share (2014: 1.06p per share) bringing total dividends for the year to 1.70p per share (2014: 1.57p per share)

David Gelber, Chairman, Walker Crips, says:

"As the UK economic recovery continues, supported by political stability after the decisive general election, we are confident that the Group is well positioned to continue making strides, which will produce higher dividends and added value for the benefit of shareholders.

"Trading activity in the opening weeks of the new financial year has started strongly. Despite increasing competition and significant regulatory initiatives, including MIFiD II over the next 18 months, it is our emphasis on service and integrity which will drive our public profile and competitive positioning to deliver underlying growth in the next phase of the Group's development."

Finsbury Tower, 103-105 Bunhill Row, London EC1Y 8LZ
020 3100 8000 | client.services@wcgplc.co.uk | www.wcgplc.co.uk

For further information, please contact:

Walker Crips Group plc
Louie Perry, Media Relations
Telephone: +44 (0)20 3100 8216

Broadgate Mainland
Roland Cross, Director
Telephone: +44 (0)20 7726 6111
Mobile: 07831 401 309

Cantor Fitzgerald Europe
Rishi Zaveri
Telephone: +44 (0) 20 7894 7667

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

Chairman and Chief Executive's Statement

Performance overview

This year's results build on the momentum of growth in our core business of investment and wealth management, flowing from the Group's adoption of a refocused strategy in mid-2012. Operating profit before exceptional expenses increased, for the second year running, by 14.9% to £0.54m (2014: £0.47m). After net investment revenues and exceptional costs of £0.33m, incurred through the acquisition of the investment management firm Barker Poland Asset Management LLP (BPAM), pre-tax profits were £0.44m, compared to £2.5m in 2014, when we benefited from investment disposal gains of £1.84m.

We have continued to advance the delivery of our strategy for growth and have consolidated the progress we have made over the previous two years. We now look ahead to continuing our expansion and business transformation. A big step was made with the acquisition of BPAM, the group's first corporate acquisition in ten years, which concluded at the end of a year in which regional expansion has also gathered pace. Further growth in numbers of fee-generating investment managers and advisers has continued with an additional 14 taken on during the year, bringing our total number of fee earning personnel to 120. Along with the opening of a branch in Truro, we expanded in Birmingham, London and York, giving us a truly national footprint, with 13 offices nationwide.

At a time when our peers have reported decreases in commission revenues, we have shown resilience by stabilising our own broking income levels at £10.2m (2014: £9.9m) through gathering new clients who come with the increasing number of investment management personnel deciding to join us in this exciting phase of expansion. As well as commission from stockbroking, the higher level of fees generated from our rapidly increasing pool of clients' assets under management and administration (AUMA) has, in turn, led to a robust increase in revenue by 11.1% to £23.0m from £20.7m in the prior year.

Earnings per share (EPS) for the year were 0.69 pence (2014: 5.5 pence). EPS in 2014 of course included the effect of the one-off disposal of our investment in Liontrust Convertible Loan Stock.

Dividend

In recognition of this year's sound progress and the continued confidence in the group's longer term prospects, the Board is recommending a 10.4% increase in the final dividend to 1.17 pence per share (2014: 1.06 pence per share).

Combined with the interim dividend of 0.53 pence per share (2014: 0.51 pence per share excluding the special dividend), this makes a total dividend for the year of 1.70 pence per share (2014: 1.57 pence per share). This increase of 8.3% reflects the further progress made during the year driven by the turnaround in Operating Profit before exceptionals over the past two years.

The final dividend will be paid on 7 August 2015 to shareholders on the register at the close of business on 17 July 2015.

Strategy for growth

Since the disposal of non-core subsidiaries in 2012 and 2013, our remaining businesses of investment management and wealth management have continued to target higher net worth and affluent clients. The strategic evolution, from traditional private client stockbroker to an integrated investment and wealth management group, continues to be reinforced by our commitment to a long established set of values, premium service, strong culture and integrity in all we do for clients and this has continued to attract new business. We put clients first, a principle that has underpinned our longevity, sound reputation and independence, which are valued by clients. We operate within a framework of strong corporate governance and growing financial strength.

Acquisition

After assessing many prospective targets to identify a suitable earnings-enhancing acquisition, we completed the purchase of the membership interests in BPAM on 6 March 2015. BPAM is based in London and provides investment and wealth management services to a loyal and established base of private clients on a predominantly discretionary basis. They hold dear to the same values as we do and have a culture aimed at clients and suitable investments. The business fits well within the Walker Crips business philosophy. Apart from opportunities for cost synergies, the addition of capable investment managers and advisers and their discretionary fee based recurring revenue stream is a key step in achieving the additional scale needed to reach one of the Company's stated medium-term targets - to take our Assets under Management and Administration through the threshold of £5 billion.

Operations

As a result of our growing client base, gross profit increased by 8.5% to £15.3m.

Administration expenses before exceptional costs for the period correspondingly increased by 8.1% and have been largely contained despite the expected increase in employment and regulatory costs associated with our current and proposed revenue generating initiatives. A lease for additional floor space at our London headquarters has recently been entered into in response to the stream of additional advisers we are welcoming, and to capitalise on a significant premises cost saving for our new subsidiary, BPAM.

One of our key performance indicators, non-broking income expressed as a proportion of total income, was higher at 56.3% (2014: 52.7%), further diminishing our reliance on transaction-driven commission revenue.

Investment Management

The Company's assets under management have grown substantially, and are set to continue to do so, as our pipeline of potential new recruits and their clients remains healthy.

Discretionary and Advisory assets under management (AUM) at the year end were £2.0bn (31 March 2014: £1.33bn), reflecting the strategic emphasis and the longer term revenue benefits of asset gathering alongside transactional brokerage. Commission income from broking remained stable, whilst investment management fees increased by 23.8% to £10.4m (2014: £8.4m).

Gross revenues from the investment management division increased by 12.6% during the Period to £20.6m (2014: £18.3m), another marked improvement and clear demonstration that the scope for additional expansion is a realistic prospect in a very competitive sector, where the reduction in the quality of service caused by increase in scale through mergers and acquisitions is repeatedly being evidenced amongst our peers. This has led to disenchantment amongst the affected advisers of competitors, who invariably seek stability and reliability of service for their clients in a more efficient, technologically competent and successful organisation such as ours.

After receiving another boost to the ISA regime in the last budget, investors now have much greater flexibility ensuring that subscriptions into our ISA stocks and shares products continued their dramatic growth by 48% this year (2014: 32%). Forthcoming additional tax-efficient transferability allowances will also encourage inherited funds to remain under our management.

The Structured Investments division produced another strong year, as it continued to strengthen its position with the professional adviser community. The current year is also promising, with a backdrop of global economic growth and the outlook for a sustained low interest rate environment, both of which serve to underpin demand for structured investment products.

In addition, our Alternative Investments management team delivered substantial growth in new clients and assets from the Investor Immigration Programme and the greater profitability generated by the Equity Arbitrage desk continues to be a welcome success.

Wealth Management

Our innovative Wealth Management division, run from York, continues to be driven by focused management and a competent team of advisers, who provide a committed, high-quality service to its widening client base.

In the year to 31 March 2015, our York operation benefited from the first full year's figures from the new Inverness office and delivered an improved operating profit. Since the advent of the Retail Distribution Review and pension freedoms, activity remains strong, boosted also by continued Auto Enrolment activity and a helpful Spring Budget, which bodes well for a productive year ahead.

The Pensions division, which is also based in York, administering SIPP (Self Invested Personal Pension) and SSAS (Small Self Administered Scheme) produced a resilient performance with SIPPs experiencing 8% net growth in funds under administration, ending the year at £105 million (2014: £97 million). SSAS assets under our care at the year end amounted to £200 million (2014: £206 million).

Regulation

Preparations are well under way to meet the challenges posed by the European Parliament's MiFID II initiative. We continue to fully support and reinforce FCA guidance on its drive to ensure advice given to clients by our account executives is suitable and properly recorded. Our culture of serving clients in their best interests is now well established in our DNA.

Statement of Financial Position

As at 31 March 2015, the Group maintained a steady level of net assets of £21.0m (2014: £21.4m), including net cash of £6.5m (2014: £8.1m), a decrease of £1.6m mainly due to the initial cash consideration of £1.8m for the recent acquisition of BPAM.

Going Concern

The Group continues to maintain a robust financial position. Having conducted detailed cash flow and working capital forecasts and appropriate stress-testing on liquidity, profitability and regulatory capital, taking account of possible adverse changes in trading performance, the Board has more than sufficient grounds to believe the Group is well placed to manage its business risks adequately; and that it will be able to operate within the level of its current financing arrangements and regulatory capital limits. Accordingly, the Board continues to adopt the going concern basis for the preparation of the financial statements.

Directors, Account Executives and Staff

After another year of increasing numbers of revenue generators and the absorption of investment business, through transfers of clients and their assets, we would like to thank all our fellow directors, investment managers and advisers, and members of our operations team for their continuing hard work and diligence in shouldering this burden. The Walker Crips team remains true to the core values of your Company; and their integrity, courtesy, fairness, diligence, responsibility and loyalty make it an appealing firm for prospective clients and professionals to join.

Annual General Meeting

This year's Annual General Meeting will be held at the South Place Hotel, 3 South Place, London, EC2M 2AF on 31 July 2015, at 11.00 am.

Outlook

Your Board is committed to continuing the execution of the Strategic Plan and the long term value for the Group it is creating. As the economy recovers, and with political stability largely assured after the recent decisive UK general election, we are confident that the Group is well positioned to continue making strides, which will ultimately produce higher dividends and added value for the benefit of shareholders.

Trading activity in the opening weeks of the new financial year has started strongly.

Despite increasing competition and significant demands from regulatory initiatives over the next 18 months, it is our emphasis on service and integrity which will drive our public profile and competitive positioning to deliver underlying growth in the next phase of the Group's development.

D. M. Gelber
Chairman
25 June 2015

R. A. FitzGerald FCA
Chief Executive Officer
25 June 2015

Consolidated income statement

year ended 31 March 2015

	Notes	**2015 £'000**	2014 £'000
Continuing operations			
Revenue	9	22,994	20,688
Commission payable		(7,653)	(6,584)
Gross profit		15,341	14,104
Share of after tax profits of joint ventures		13	17
Administrative expenses – other		(14,810)	(13,651)
Administrative expenses – exceptional item	5	(329)	—
Total administrative expenses		(15,139)	(13,651)
Operating profit		215	470
Analysed as:			
Profit before tax and exceptional item		544	470
Administrative expenses – exceptional item		(329)	—
Operating profit		215	470
Gains on disposal of investments	6	—	1,836
Loss on disposal of subsidiary undertaking	7	—	(13)
Investment revenues	9	225	240
Finance costs		(1)	(4)
Profit before tax		439	2,529
Taxation		(182)	(495)
Profit for the year attributable to equity holders of the company		257	2,034
Earnings per share			
Basic	4	0.69	5.50
Diluted	4	0.68	5.39

Consolidated statement of comprehensive income

year ended 31 March 2015

	Notes	**2015 £'000**	2014 £'000
(Loss)/Profit on revaluation of available-for-sale investments taken to equity		(88)	243
Deferred tax on profit on available-for-sale investments		28	(35)
Long Term Incentive Plan (LTIP) credit to equity		—	13
Net (loss)/profit recognised directly in equity		(60)	221
Profit for the year		257	2,034
Total comprehensive income for the year attributable to equity holders of the company		197	2,255

Consolidated statement of financial position

31 March 2015

	Notes	Group 2015 £'000	Group 2014 £'000
Non-current assets			
Goodwill		4,388	2,901
Other intangible assets		6,631	1,168
Property, plant and equipment		1,110	872
Interest in joint ventures		28	38
Available-for-sale investments		2,417	2,404
		14,574	7,383
Current assets			
Trade and other receivables		28,332	46,648
Trading investments		2,701	1,670
Deferred tax asset		—	—
Cash and cash equivalents		6,635	8,173
		37,668	56,491
Total assets		52,242	63,874
Current liabilities			
Trade and other payables		(27,537)	(41,801)
Current tax liabilities		(239)	(330)
Deferred tax liabilities		(741)	(202)
Bank overdrafts		(134)	(70)
Shares to be issued		(298)	—
		(28,949)	(42,403)
Net current assets		8,719	14,088
Long Term Liability - Deferred Cash Consideration		(1,930)	—
Long Term Liability - Shares to be issued		(453)	—
Net assets		20,910	21,471
Equity			
Share capital		2,545	2,515
Share premium account		1,988	1,818
Own shares		(312)	(312)
Retained earnings		11,254	11,955
Revaluation reserve		767	827
Other reserves		4,668	4,668
Equity attributable to equity holders of the company		20,910	21,471

Consolidated statement of cash flows

year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Operating activities			
Cash generated/(used) by operations		**3,806**	(3,074)
Interest received		**78**	229
Interest paid		**(1)**	(4)
Tax paid		**(337)**	—
Net cash generated/(used) by operating activities		**3,546**	(2,849)
Investing activities			
Purchase of property, plant and equipment		**(565)**	(542)
Net purchase of investments held for trading		**(1,031)**	(1,036)
Net sale proceeds/cost of available for sale investments		—	5,466
Consideration paid on acquisition of businesses		**(765)**	(602)
Net proceeds on sale of subsidiary		—	292
Consideration paid on acquisition of subsidiary		**(1,875)**	—
Dividends received		**46**	42
Net cash (used)/generated by investing activities		**(4,190)**	3,620
Financing activities			
Issue of new shares		—	6
Dividends paid		**(958)**	(522)
Net cash used in financing activities		**(958)**	(516)
Net (decrease)/increase in cash and cash equivalents		**(1,602)**	255
Net cash and cash equivalents at beginning of year		**8,103**	7,848
Net cash and cash equivalents at end of year		**6,501**	8,103
Cash and cash equivalents		**6,635**	8,173
Bank overdrafts		**(134)**	(70)
		6,501	8,103

Notes to the Accounts

year ended 31 March 2015

1. The financial information set out in the announcement does not constitute the company's statutory accounts for the years ended 31 March 2015 or 2014. The financial information for the year ended 31 March 2014 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain a statement under s. 498(2) or (3) Companies Act 2006. The statutory accounts for the year ended 31 March 2015 are yet to be signed but will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the company's annual general meeting.

2. **Going concern**

   The Group has healthy financial resources together with a long established, well proven and tested business model. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current difficult climate.
   After conducting enquiries, the directors believe that the company and the Group have adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

3. Whilst the information as set out in the preliminary announcement is prepared in accordance with International Financial Reporting Standards ('IFRS') the announcement itself does not contain sufficient information to comply with IFRS.
   The accounting policies are consistent with those applied in the full financial statements and are consistent with those of the prior year.

4. **Earnings per share**

   The calculation of basic earnings per share for continuing operations is based on the post-tax profit for the financial year of £257,000 (2014: £2,034,000) and on 37,017,924 (2014: 36,967,116) ordinary shares of $6^2/_3$ pence, being the weighted average number of ordinary shares in issue during the year.

   The effect of options granted would be to reduce the reported earnings per share. The calculation of diluted earnings per share is based on 37,629,174 (2014: 37,717,319) ordinary shares, being the weighted average number of ordinary shares in issue during the period adjusted for the dilutive effect of potential ordinary shares.

5. **Administrative expenses – exceptional item**

   As a result of its materiality the directors decided to disclose certain amounts separately in order to present results which are not distorted by significant non-recurring events.

	2015 **£'000**	2014 £'000
Short Term Lending Fund winding down costs	**68**	—
Costs incurred on acquisitions	**261**	—
	329	—

Towards the end of the year, a decision was made to wind down our Short Term Lending Fund. All investors are expected to receive a full return of sums invested before September 2015. Administrative costs associated with the wind down have been provided for in this year's results. Acquisition costs are largely made up of legal and professional costs being incurred and payable on completion of the acquisition of BPAM on 6 March 2015.

6. Gain on disposal of investments

During the period to 31 March 2015, there were no gains or losses on disposal of investments.

During the period to 31 March 2014, conversion and disposal of Liontrust Convertible Unsecured Loan Stock (CULS) with a nominal value of £3.03 million and the redemption of the remaining holding with a nominal value of £0.07 million, yielded a profit of £1,836,000.

Due to its level of materiality and one-off nature, the Board has decided to disclose these items separately.

7. Loss on disposal of subsidiary undertaking

During the period to 31 March 2015, there were no gains or losses on disposal of subsidiary undertakings.

During the period to 31 March 2014 the Group completed the disposal of its subsidiary Keith Bayley Rogers & Co Limited (following FCA approval) on 31 May 2013, realising a loss of £13,000.

8. Segmental analysis

For management purposes the Group is currently organised into two operating divisions – Investment Management and Wealth Management. These divisions, both of which conduct business in the United Kingdom only, are the basis on which the Group reports its primary segment information.

2015	Investment Management £'000	Wealth Management £'000	Consolidated year ended 31 March 2015 £'000
Revenue			
External sales	20,590	2,404	22,994
Result			
Segment result	931	338	1,269
Unallocated corporate expenses			(1.054)
Operating profit			215
Investment revenues			225
Finance costs			(1)
Profit before tax			439
Tax			(182)
Profit after tax			257

2015	Investment Management £'000	Wealth Management £'000	Consolidated year ended 31 March 2015 £'000
Other information			
Capital additions	552	13	565
Depreciation	380	16	396
Statement of financial position			
Assets			
Segment assets	35,133	1,856	36,989
Unallocated corporate assets			15,253
Consolidated total assets			52,242
Liabilities			
Segment liabilities	28,614	615	29,229
Unallocated corporate liabilities			2,103
Consolidated total liabilities			31,332

2014	Investment Management £'000	Wealth Management £'000	Consolidated year ended 31 March 2014 £'000
Revenue			
External sales	18,290	2,398	20,688
Result			
Segment result	1,150	221	1,371
Unallocated corporate expenses			(901)
Operating profit			470
Gains on disposal of investments			1,836
Loss on disposal of subsidiary undertaking			(13)
Investment revenues			240
Finance costs			(4)
Profit before tax			2,529
Tax			(495)
Profit after tax			2,034

2014	Investment Management £'000	Wealth Management £'000	Consolidated year ended 31 March 2014 £'000
Other information			
Capital additions	508	34	542
Depreciation	292	14	306
Statement of financial position			
Assets			
Segment assets	48,377	1,724	50,101
Unallocated corporate assets			13,773
Consolidated total assets			63,874
Liabilities			
Segment liabilities	41,348	542	41,890
Unallocated corporate liabilities			513
Consolidated total liabilities			42,403

9. Revenue

An analysis of the Group's revenue is as follows:

	2015 Broking income £'000	2015 Non-broking income £'000	2015 Total £'000	2014 Broking income £'000	2014 Non-broking income £'000	2014 Total £'000
Stockbroking commission	10,152	—	10,152	9,904	—	9,904
Fees and other revenue	—	10,438	10,438	—	8,386	8,386
Investment Management	10,152	10,438	20,590	9,904	8,386	18,290
Wealth Management	—	2,404	2,404	—	2,398	2,398
Revenue	10,152	12,842	22,994	9,904	10,784	20,688
Net investment revenue	—	224	224	—	236	236
Total income	10,152	13,066	23,218	9,904	11,020	20,924
% of total income	43.7	56.3	100.0	47.3	52.7	100.0