

AUKETT FITZROY ROBINSON GROUP PLC

# INTERIM REPORT

FOR THE SIX MONTHS ENDED 31 MARCH 2012

Aukett Fitzroy Robinson

 INTERNATIONAL PRACTICE OF THE YEAR





isle of wight

st petersburg



cheshire oaks



prague



berlin



Aukett Fitzroy Robinson is an international practice of architects and interior design specialists who design and deliver commercial projects throughout Europe, the Middle East, Russia and South America

abu dhabi



moscow





We are proud to announce that we are winners of the  
AJ100 International Practice of the Year Award 2012

london



The annual AJ100 Awards are given by The Architects' Journal, based on their survey of UK architects. Judging for this award is based on key business data from the survey, such as the practice's percentage growth in fee earnings and the increase year-on-year in the number of architects it employs internationally.

berlin



sochi



bratislava



city of london





london

moscow

abu dhabi

berlin

bogota

bratislava

frankfurt

dubai

sao paulo

prague

recife

southampton

We have 12 offices in 8 countries throughout the world  
and have worked in more than 20 others.

Between us, we speak more than a dozen languages.

Aukett Fitzroy Robinson Group Plc, the international practice of architects and interior design specialists, is pleased to announce its interim results for the six month period ended 31 March 2012.

## Highlights

- ▶ Significant top line growth with revenue up 81% to £5.5m
- ▶ All geographical operating segments in profit
- ▶ Turnaround in results with profit before tax of £173,000 (2011: Loss of £761,000)
- ▶ Earnings per share improved by 0.49 pence
- ▶ Strong cash flow increased net funds to £827,000
- ▶ Improving order book conversion
- ▶ Winner of the AJ 100 International Practice of the Year 2012 award

# Interim statement

## Overview

At long last we are able to report a positive financial outcome in these results for our group. The efforts that we have made to bring costs into line with our revenues in difficult market conditions have now borne some fruit.

We reported an initial recovery in our underlying financial position in the second half of last year and this recovery has continued into the first half of this year with all geographical operating segments reporting a profit. Not only has profitability returned but we have also exceeded our expectations in cash management.

Our Russian operation continued to perform well with a small number of large projects and our UK operation continued to progress a number of planning applications and projects on site providing consistency of revenue. Perhaps the most encouraging aspect has been the turnaround in our Middle East operation where we had previously decided to retain a base cost presence and this decision has been rewarded with new instructions being received in the first half of this year. Our improving performance in overseas markets was recently recognised by winning the AJ100 International Practice of the Year award.

Our goal now is to maintain and build upon what we have achieved over the past twelve months.

## Summary of results

We reversed the previous half year loss and now report a pre tax profit of £173,000 (2011: loss of £761,000).

This was largely achieved because of our previous strategic decision to retain our skill base across the group with the objective of increasing our market share. As such our operating costs remained unchanged at £3.65m (2011: £3.54m) but revenues grew by a healthy 81% from £3.0m to £5.5m and revenues less sub consultant costs increased by 39% from £2.7m to £3.8m. Operating profit is £106,000 (2011: loss of £829,000).

OUR GOAL NOW IS TO MAINTAIN AND  
BUILD UPON WHAT WE HAVE ACHIEVED  
OVER THE PAST TWELVE MONTHS

After accounting for our share of joint venture after tax profits of £77,000 (2011: £79,000) and corporate tax of £85,000 (2011: tax credit of £187,000) including the impact of the change in UK tax rates, the amount retained in reserves is £88,000 (2011: loss of £633,000).

We are particularly pleased with our cash management success. Net funds stand at £827,000 (31 March 2011: Net debt of £409,000). This vindicates our decision to trade out of the recession utilising our own internal resources without increasing our bank debt or asking our shareholders for additional funds.

## Operations

Our UK operation won a series of high profile projects in the most recent reporting period which compensates for its financial performance which will remain at the lower end of our expectations until these project wins are converted into full revenue streams in the post-planning application period.

A total of nine town planning applications were submitted during the period covering 1,127,000 square feet of development space in London. Two of these applications are now proceeding to the site phase - offices in Berkeley Square, Mayfair for Prupim and Wood Street in the City for Orchard Street. A further five applications are to be submitted in later in the 2012 calendar year covering 1,038,000 square feet of development space in London, Bristol and Colchester.

The UK operation won a number of significant projects in the six month period including a new 250,000 square foot business park in Norwich, a second site for Imperial College covering 250,000 square feet for student residential use, and more recently an office campus of 110,000 square feet in Cambridge for Development Securities. Shortly after the half year we also won a 400,000 square feet scheme comprising two headquarter office buildings in Reading for Prupim.

These additional projects take our work at the feasibility study or pre-planning stage to 3,679,000 square feet. In addition Veretec, our executive architect operation, was appointed to two major construction projects: one with Sir Robert McAlpine for a residential scheme in Mayfair and the other with BAM for an office scheme in Victoria.

Activity in Russia has largely been confined to two major hotel schemes as previously reported: one in Sochi and the other in Siberia. More recently we have been appointed to a further hotel project in Sochi for the 2014 Winter Olympics and on a five star hotel in Central Moscow thereby securing the workload of this operation for the next 18 to 24 months.

Our Middle East operation, which had been reduced to a base cost position in 2011, exceeded expectations by winning the re-modelling of a Hilton resort hotel in Ras al-Khaimah and being re-appointed to a Marriott Courtyard hotel in Abu Dhabi once funding was resumed, both in second quarter of this year. The latter appointment crystallised some outstanding fee income which is reflected

in these results. Following the release of capital funds in the Emirates we have been actively bidding on other high quality projects and anticipate a further slow recovery of this part of our international operation. We have also been appointed as executive architects on a five star hotel project in Qatar through our Veretec operation in London.

Elsewhere in Continental Europe our Berlin associate continues to be appointed on a range of schemes covering hotels, shopping centres and education buildings, and made a significant contribution to our profits in the period. Our joint venture in Frankfurt continues to focus on interior fit-out projects for the upper end of the commercial tenant market. The Czech operation has continued to down-size as market activity recedes. Both the latter two operations made losses in the period but are expected to breakeven in the second half of the year.

We continue to explore possibilities of working in South America and have entered into agreements with local practices in Sao Paulo, Recife and Bogota.

WE CONTINUE TO EXPLORE  
POSSIBILITIES OF WORKING  
IN SOUTH AMERICA ...

## Order book

We have previously reported on the value and quality of our order book - which is defined as future revenues less sub consultants costs from the end of the current financial year (in this case from 1 October 2012). Since our last report we have added ten new projects whilst six projects have been abandoned or we believe will not be progressed in the near future and two have been significantly downgraded in size. The fee income associated with the order book currently stands at £72.5m (2011: £82.0m) should they all proceed to completion.

Our expanding order book now stands at forty-six schemes (2011: forty-two) or projects with a total area of 19,736,000 square feet (2011: 19,700,000 square feet) with a construction value of £2.42bn (2011: £1.99bn).

Of this order book fifteen projects, comprising 11,775,000 square feet and £42.2m of future revenues, are on hold awaiting tenants, funding or market improvements.

The balance of thirty-one projects comprising 7,961,000 square feet and £30.3m of future revenues comprises:

- ▶ Ten projects instructed to construction totalling 3,602,000 square feet with future revenues of £4.8m;
- ▶ Ten projects in the pre-planning application stage totalling 1,364,000 square feet with future revenues of £9.2m; and
- ▶ Eleven projects in the feasibility stage totalling 2,995,000 square feet with future revenues of £16.3m.

These thirty-one projects represent our short term (up to thirty six months) workload outlook augmented by new work, additional instructions or smaller project income not included in the order book.

## Prospects

We will continue to maintain our strategic initiative of pursuing project opportunities in London, the wider Russian market and the Middle East, places where we believe that we have a robust historic presence, strong track record in project delivery and a clear architectural and interior design skill set.

We are very aware that our improving performance over the past twelve months in returning the group to underlying profitability is based more on our success in gaining market share than from a general increase in development activity. Therefore we remain cautious about the future and our ability to maintain current profitability which is based upon out-performing in a static market, at least for another year.

10 PROJECTS INSTRUCTED TO  
CONSTRUCTION; 10 PROJECTS IN  
THE PRE-PLANNING APPLICATION  
STAGE, AND 11 PROJECTS IN THE  
FEASIBILITY STAGE

**Nicholas Thompson**  
Chief Executive Officer

6 June 2012

# Consolidated income statement

For the six months ended 31 March 2012

	Note	Unaudited six months to 31 March 2012 £'000	Unaudited six months to 31 March 2011 £'000 (as restated)	Audited year to 30 September 2011 £'000
Revenue	2	5,454	3,006	9,075
Sub consultant costs		(1,697)	(294)	(2,768)
Revenue less sub consultant costs		3,757	2,712	6,307
Personnel related costs		(2,520)	(2,469)	(4,711)
Office related costs		(664)	(606)	(1,204)
Exceptional operating expense	3	-	-	(835)
Other operating expenses		(515)	(490)	(934)
Total other operating expenses		(515)	(490)	(1,769)
Other operating income		48	24	60
Operating profit / (loss)		106	(829)	(1,317)
Finance income		-	4	6
Finance costs		(10)	(15)	(30)
Profit / (Loss) after finance costs		96	(840)	(1,341)
Share of results of associate & joint venture		77	79	112
Profit / (Loss) before tax	2	173	(761)	(1,229)
Tax (charge) / credit		(85)	187	274
Profit / (Loss) from continuing operations		88	(574)	(955)
Loss from discontinued operation		-	(59)	(215)
Profit / (Loss) for the period attributable to equity holders of the company		88	(633)	(1,170)
Basic and diluted earnings / (losses) per share				
From continuing operations		0.06p	(0.39)p	(0.65)p
From discontinued operation		-	(0.04)p	(0.15)p
Total earnings / (losses) per share	4	0.06p	(0.43)p	(0.80)p

# Consolidated statement of comprehensive income

For the six months ended 31 March 2012

	Unaudited six months to 31 March 2012 £'000	Unaudited six months to 31 March 2011 £'000	Audited year to 30 September 2011 £'000
Profit / (Loss) for the period	88	(633)	(1,170)
Other comprehensive income:			
Currency translation differences	19	23	(2)
Currency translation differences recycled on discontinued operation	-	-	54
Other comprehensive income for the period	19	23	52
Total comprehensive income for the period attributable to equity holders of the company	107	(610)	(1,118)



# Consolidated statement of financial position

At 31 March 2012

	Note	Unaudited at 31 March 2012 £'000	Unaudited at 31 March 2011 £'000	Audited at 30 September 2011 £'000
Non current assets				
Goodwill		1,596	1,596	1,596
Property, plant & equipment		296	355	311
Investment in associate		144	214	118
Investment in joint venture		12	3	20
Deferred tax		785	583	711
Total non current assets		2,833	2,751	2,756
Current assets				
Trade and other receivables		3,663	3,361	3,271
Current tax		-	57	26
Cash and cash equivalents	6	1,240	476	912
Total current assets		4,903	3,894	4,209
Total assets		7,736	6,645	6,965
Current liabilities				
Trade and other payables		(4,162)	(2,363)	(3,485)
Current tax		(97)	(24)	-
Short term borrowings	6	(150)	(397)	(181)
Provisions		(225)	(166)	(165)
Total current liabilities		(4,634)	(2,950)	(3,831)
Non current liabilities				
Long term borrowings	6	(263)	(488)	(413)
Deferred tax		(40)	(13)	(32)
Total non current liabilities		(303)	(501)	(445)
Total liabilities		(4,937)	(3,451)	(4,276)
Net assets		2,799	3,194	2,689
Capital and reserves				
Share capital		1,456	1,456	1,456
Foreign currency translation reserve		248	200	229
Retained earnings		(1,347)	(904)	(1,438)
Other distributable reserve		2,442	2,442	2,442
Total equity attributable to equity holders of the company		2,799	3,194	2,689

# Consolidated statement of cash flows

For the six months ended 31 March 2012

	Note	Unaudited six months to 31 March 2012 £'000	Unaudited six months to 31 March 2011 £'000	Audited year to 30 September 2011 £'000
Cash flows from operating activities				
Cash from / (used in) operations	5	514	(491)	215
Interest paid		(10)	(15)	(30)
Income taxes paid		(27)	(27)	(45)
Net cash from / (used in) operating activities		477	(533)	140
Cash flows from investing activities				
Purchase of property, plant & equipment		(48)	(36)	(51)
Sale of property, plant & equipment		1	2	3
Interest received		-	4	6
Dividends received from associate		53	-	109
Net cash from / (used in) investing activities		6	(30)	67
Net cash flow before financing activities		483	(563)	207
Cash flows from financing activities				
Repayment of bank loan		(150)	(75)	(150)
Payment of asset finance liabilities		(31)	(31)	(63)
Net cash used in financing activities		(181)	(106)	(213)
Net change in cash, cash equivalents and bank overdraft		302	(669)	(6)
Cash, cash equivalents and bank overdraft at start of period		912	946	946
Currency translation differences		26	15	(28)
Cash, cash equivalents and bank overdraft at end of period	6	1,240	292	912

# Consolidated statement of changes in equity

For the six months ended 31 March 2012

	Share capital £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Other distributable reserves £'000	Unaudited Total £'000
At 1 October 2011	1,456	229	(1,438)	2,442	2,689
Profit for the period	-	-	88	-	88
Other comprehensive income	-	19	-	-	19
Share based payment value of employee services	-	-	3	-	3
At 31 March 2012	1,456	248	(1,347)	2,442	2,799

For the six months ended 31 March 2011

	Share capital £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Other distributable reserves £'000	Unaudited Total £'000
At 1 October 2010	1,456	177	(271)	2,442	3,804
Loss for the period	-	-	(633)	-	(633)
Other comprehensive income	-	23	-	-	23
At 31 March 2011	1,456	200	(904)	2,442	3,194

For the year ended 30 September 2011

	Share capital £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Other distributable reserves £'000	Audited Total £'000
At 1 October 2010	1,456	177	(271)	2,442	3,804
Loss for the year	-	-	(1,170)	-	(1,170)
Other comprehensive income	-	52	-	-	52
Share based payment value of employee services	-	-	3	-	3
At 30 September 2011	1,456	229	(1,438)	2,442	2,689



# Notes to the interim results

## I Basis of preparation

The financial information presented in this interim report has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards ('IFRS') as adopted by the EU that are expected to be applicable to the financial statements for the year ending 30 September 2012 and on the basis of the accounting policies expected to be used in those financial statements.

In September 2011 the group discontinued its Polish operation and the comparatives for the six months ended 31 March 2011 have been restated accordingly.

## 2 Operating segments

The group comprises a single business segment and four separately reportable geographical segments (together with a group costs segment).

Segment revenue	Unaudited six months to 31 March 2012 £'000	Unaudited six months to 31 March 2011 £'000	Audited year to 30 September 2011 £'000
Continuing operations			
United Kingdom	2,713	2,341	5,027
Russia and Former CIS	2,349	447	3,582
Continental Europe	194	218	458
Middle East	198	-	8
Revenue – Continuing operations	5,454	3,006	9,075
Discontinued operation			
United Kingdom	-	-	-
Russia and Former CIS	-	-	-
Continental Europe	-	70	170
Middle East	-	-	-
Revenue – Discontinued operation	-	70	170
Continuing & discontinued operations			
United Kingdom	2,713	2,341	5,027
Russia and Former CIS	2,349	447	3,582
Continental Europe	194	288	628
Middle East	198	-	8
Revenue	5,454	3,076	9,245

The geographical split of revenue based on the location of project sites was:

	Unaudited six months to 31 March 2012 £'000	Unaudited six months to 31 March 2011 £'000	Audited year to 30 September 2011 £'000
United Kingdom	2,524	2,136	4,748
Russia and Former CIS	2,339	460	3,627
Continental Europe	213	462	859
Middle East	345	18	6
Rest of the World	33	-	5
Revenue (including discontinued operation)	5,454	3,076	9,245

Segment result before tax	Unaudited six months to 31 March 2012 £'000	Unaudited six months to 31 March 2011 £'000	Audited year to 30 September 2011 £'000
Continuing operations			
United Kingdom	21	(567)	(1,186)
Russia and Former CIS	191	(54)	192
Continental Europe	1	41	86
Middle East	37	(120)	(216)
Group costs	(77)	(61)	(105)
Result before tax – Continuing operations	173	(761)	(1,229)
Discontinued operation			
United Kingdom	-	-	-
Russia and Former CIS	-	-	-
Continental Europe	-	(59)	(215)
Middle East	-	-	-
Group costs	-	-	-
Result before tax – Discontinued operation	-	(59)	(215)
Continuing & discontinued operations			
United Kingdom	21	(567)	(1,186)
Russia and Former CIS	191	(54)	192
Continental Europe	1	(18)	(129)
Middle East	37	(120)	(216)
Group costs	(77)	(61)	(105)
Result before tax	173	(820)	(1,444)

The exceptional operating expense last year related to the United Kingdom segment.

### 3 Exceptional operating expense

The exceptional operating expense last year related to a provision against the amounts owed to the group in respect of a former project at 90-95 / 100 Piccadilly in Central London. Further details are contained in the statutory accounts of the group for last year.

### 4 Earnings per share

The calculations of basic and diluted earnings per share are based on the following data:

Earnings	Unaudited six months to 31 March 2012 £'000	Unaudited six months to 31 March 2011 £'000	Audited year to 30 September 2011 £'000
Profit / (Loss) for the period	88	(633)	(1,170)

Number of shares	Unaudited six months to 31 March 2012 '000	Unaudited six months to 31 March 2011 '000	Audited year to 30 September 2011 '000
Weighted average number of shares	145,619	145,619	145,619
Effect of dilutive options	-	-	-
Diluted weighted average number of shares	145,619	145,619	145,619

## 5 Reconciliation of profit / (loss) before tax to net cash from / (used in) operations

	Unaudited six months to 31 March 2012 £'000	Unaudited six months to 31 March 2011 £'000	Audited year to 30 September 2011 £'000
Profit / (Loss) before tax – continuing operations	173	(761)	(1,229)
Loss before tax – discontinued operation	-	(59)	(215)
Currency translation differences recycled on discontinued operation	-	-	54
Share based payment value of employee services	3	-	3
Finance income	-	(4)	(6)
Finance costs	10	15	30
Share of results of associate & joint venture	(77)	(79)	(112)
Depreciation	62	56	114
Loss on disposal of property, plant & equipment	(1)	(2)	(2)
Change in trade & other receivables	(315)	779	639
Change in trade & other payables	599	(382)	994
Change in provisions	60	(54)	(55)
Net cash from / (used in) operations	514	(491)	215

## 6 Analysis of net funds / (debt)

	Unaudited at 31 March 2012 £'000	Unaudited at 31 March 2011 £'000	Audited at 30 September 2011 £'000
Cash and cash equivalents	1,240	476	912
Secured bank overdraft	-	(184)	-
Cash, cash equivalents and bank overdraft	1,240	292	912
Secured bank loan	(413)	(638)	(563)
Asset finance liabilities	-	(63)	(31)
Net funds / (debt)	827	(409)	318
Cash and cash equivalents	1,240	476	912
Short term borrowings	(150)	(397)	(181)
Long term borrowings	(263)	(488)	(413)
Net funds / (debt)	827	(409)	318

## 7 Status of interim results

The interim results cover the six months ended 31 March 2012 and were approved by the board of directors on 6 June 2012. The interim results are unaudited.

The interim condensed set of consolidated financial statements in the interim report are not statutory accounts as defined by Section 434 of the Companies Act 2006.

Comparative figures for the year ended 30 September 2011 have been extracted from the statutory accounts of the group for that period.

The statutory accounts for the year ended 30 September 2011 have been reported on by the group's auditors and delivered to the Registrar of Companies. The audit report thereon was unqualified, did not include references to matters which the auditors drew attention by way of emphasis without qualifying the report, and did not contain a statement under Section 498 of the Companies Act 2006.

## 8 Further information

Copies of the interim report will be dispatched to holders of 10,000 or more shares in due course. Copies will also be available on the company's website ([www.aukettfitzroyrobinson.com](http://www.aukettfitzroyrobinson.com)) and from the registered office of the company (36-40 York Way, London N1 9AB).



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