



The small company specialists

# COMPANY INFORMATION

Fiske plc (LSE:FKE)

Info sheet compiled March 2007

Company Eye Ranking

31/50

## EDITOR'S NOTE

Fiske plc is a publicly quoted firm of stockbrokers, and is one of the few remaining independent firms in London. It provides a range of Services to private, corporate and institutional clients including private investors, trustees, charities, pension funds and their professional advisers. It manages, or advises on, funds totalling some £500 million.

Fiske plc offers investment expertise with the simple objective of wealth creation. Bearing in mind the buoyant market in which they operate we would expect better figures. We do feel, however, that with £500m under management the company is an attractive takeover target.

## 3 YEARS CHART



## FUNDAMENTALS

Company Name	Fiske plc
Current Price	80.5
Status	AIM
Market Cap	£6.69 m.
Shares in Issue	8.31 m.
Price-to-Book Ratio	1.6
Activities	Private client and institutional stockbroking and the provision of corporate financial advice
Sector	General Financial
Corporate advisor	Grant Thornton UK LLP
Registrar	Capita IRG Plc

## HISTORY

Fiske plc was originally a partnership founded in 1973 by Clive Fiske Harrison as senior partner. In 1988 the firm incorporated as Fiske & Co. Limited becoming a public company in March 2000. The company is listed on the AIM market, with the epic code: FKE.

Fiske is an independent company without any ties to other

financial services organisations. As a result this enables its staff to give unbiased recommendations and advice to its clients.

The Company has operated from its premises in Salisbury House, London Wall in the City of London since 1975. The Company number some 45 people comprising directors, associates and support staff.

## THE BUSINESS

### Private Clients

Private Clients are offered three levels of service:

\* Discretionary: where the portfolio is managed by its investment managers.

\* Advisory: where its investment advisors provide clients with advice in relation to their portfolios.

\* Execution only: where clients wish to deal but do not receive investment advice.

### Professional Intermediaries

The Company offer services to Professional Intermediaries including firms of Solicitors and Accountants.



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### Corporate Broking

The Corporate Broking department offers advice on all aspects of corporate finance. This includes bringing a company to the market, mergers, disposals and acquisitions. The Company is also active in raising new capital for companies.

### Institutional Clients

Fiske Institutional Clients are offered an advisory service

that focuses predominantly on FTSE 350 stocks. This business compliments its Corporate Broking service.

### Other Services

The Company also offers other stockbroking services including PEPs, ISAs, SIPPs, and Safe Custody.

## ACTIVITIES

The principal activity of the group consists of private client and institutional stockbroking, investment management and the provision of corporate financial advice. The company is authorised and regulated by the Financial Services Authority and is a member of The London Stock Exchange.

In a relatively buoyant market, especially in the resources sector where the Company has placed great emphasis, its funds under management and its private client and institutional businesses have

shown considerable improvement.

The Company also acted as broker in the AIM flotation of Byotrol PLC and since the half year ended has undertaken a placing of Jubilee Platinum.

Fiske Plc continues actively to explore all opportunities to enhance shareholder value, but has no intention to expand at any cost. The Company looks for earnings enhancement, growth of funds under management and the minimum dilution of its strong balance sheet.

## 2 YEARS ROLLINGEPS



## 2 YEARS P/E RATIO



## DIRECTORS

### Michael John Allen (aged 67) Non-Executive Chairman

Michael Allen joined the board as an independent non-executive director in November 2002. He is a former group vice-president of the Procter and Gamble Company and a director of Alliance and Leicester plc. He is Chairman of the Remuneration and Nomination Committee and a member of the Audit Committee.

### Clive Fiske Harrison (aged 65) Chief Executive Officer

Clive Harrison started his career with Panmure Gordon in 1961 and moved to Hodgson & Baker (subsequently renamed Sandleson & Co) in 1965. He founded Fiske & Co in 1973 and has been senior

partner and latterly chief executive officer since that time. He is responsible for overall day-to-day management of the company and also heads the Corporate Finance unit.

### Francis Gerard Luchini (aged 64) Compliance Director

Gerard Luchini joined Fiske as compliance officer in July 1997 and became a director in January 1998. He was formerly a compliance officer with the Royal Bank of Canada. He has responsibility for all compliance and regulatory matters at the firm.

### Alan Dennis Meech (aged 53) – Dealing Director

Alan Meech joined Fiske as a dealer in 1985 and became director in charge of the dealing desk in May 1989. He was



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previously with J M Finn. His role at Fiske also includes part of the credit control function and he is responsible for all health and safety matters in the firm.

**Stephen John Cockburn (aged 65) – Non-Executive**

Stephen Cockburn joined the board as a non-executive director in September 1999. He was the chairman and principal shareholder of Ionian Group Limited which was acquired by Fiske in June 2002. He is a director of a number of investment trust companies.

**Martin Henry Withers Perrin (aged 51) – Non-Executive**

Martin Perrin joined the board as a non-executive director in November 2003. He is a chemist and a

chartered accountant with wide experience of operations and finance in industry. He was a partner in Grahams Rintoul & Co, a fund management company, which was sold to Lazards where he gained further investment management and corporate finance experience. He is Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee.

**Byron Harrison (aged 39) Executive Director**

Joined the Company from Goldman Sachs (Singapore) Pte where he was an Executive Director responsible for Institutional Equity Sales. He was previously with Indosuez W I Carr Securities Singapore as Head of International Sales.

## COMPANY STRATEGY

Fiske sees the way to future growth primarily as agency stockbrokers serving the private client market but with a growing institutional business. They anticipate increasing funds under management

both on the mainstream advisory side and also on the discretionary side through their Ionian Investment Management division.

## CHAIRMAN'S STATEMENT

I am pleased to report that in spite of a slow start to the half year ending 30 November 2006, the second quarter was very positive and the pre-tax profit for the whole six month period recovered substantially to £300,000. The Board is declaring a maintained interim dividend of 2p per share which is fully covered by earnings.

We were pleased to bring to the Alternative Investment Market, Plant Impact PLC for whom we acted as brokers and raised some £4 million for the company. The shares were placed with our institutional and private clients at 38p per share and currently stand at 70p.

The half year generally was marked by control of our cost base and a steady increase in our recurring fees in absolute terms and as a percentage of our revenues and by further improvement in our funds under management. Naturally transaction commissions represent the major part of our revenues but other sources of revenue accounted for some 40% of the total for the period under review.

We are now nearly four years into a bull market and in some cases valuations are beginning to look stretched. However there remains abundant liquidity, corporate profits are still growing and merger and acquisitions activity is buoyant. Inflation is an issue ahead, but we remain cautiously optimistic especially for the resource sector which we do not see as a bubble, although some of the exploration stocks have been getting overvalued. A key factor in the strength of the resource sector is the emergence of the BRIC economies, those of Brazil, Russia, India and China and the importance that their industrial revolutions have upon the demand for raw materials. This trend has further to run.

The outlook for markets seems set fair for the period to the end of our financial year at the end of May. At the same time the measures we have adopted in the first half of the year to improve profitability should start to show results in the second half.

Accordingly we look forward to the future with confidence.



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## SHAREHOLDINGS

	Number	%
C F Harrison	2,334,828	28.10
The Investment Company plc	1,071,000	12.89
S J Cockburn	830,972	9.99
Mrs C M Short	386,029	4.65

	Number	%
A R F Harrison	315,848	3.80
A D Meech	298,000	3.59
B A F Harrison	280,000	3.37

## FINANCIAL HISTORY

### Profit and loss account for 6 months ended 30<sup>th</sup> Nov 2006

£000	6 months ended 30th Nov 2006	Year ended 31st May 2006
Gross commission and similar income	1,971	4,420
Commission payable	(502)	(1,237)
Other income	137	152
TURNOVER	1,606	3,335
Staff costs	(705)	(1,300)
Depreciation	(28)	(207)
Amortisation of intangible fixed assets	(109)	(43)
Other operating charges	(580)	(1,470)
OPERATING COSTS	(1,422)	(3,020)
OPERATING PROFIT	184	315
(Loss)/gain on disposal of fixed asset investment	(3)	8
Other income from fixed asset investments	22	17
Interest receivable and similar income	98	181
Interest payable	(2)	(8)
Profit on disposal of fixed assets	1	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	300	513
Taxation charge on profit on ordinary activities	(122)	(163)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	178	350
Basic earnings per share	2.2p	4.2p
Diluted earnings per share	2.2p	4.2p
Headline earnings per share	2.7p	5.8p
Headline diluted earnings per share	2.6p	5.7p

### Balance Sheet as at 30<sup>th</sup> November 2006

£000	As at 30th November 2006	As at 31st May 2006
Intangible assets	588	697
Tangible assets	171	192
Other investments	163	176
FIXED ASSETS	922	1,065
Market and client debtors	8,779	6,518
Investments	451	-
Other debtors	348	298
Cash at bank and in hand	3,625	4,265
CURRENT ASSETS	13,203	11,081
Market and client creditors	(9,070)	(7,190)
Other creditors	(770)	(683)
CREDITORS: amounts falling due within one year	(9,840)	(7,873)
NET CURRENT ASSETS	3,363	3,208
TOTAL ASSETS LESS CURRENT LIABILITIES	4,285	4,273
CAPITAL AND RESERVES		
Called up share capital	2,078	2,078
Share premium account	1,185	1,185
Profit and loss account	1,022	1,010
EQUITY SHAREHOLDERS' FUNDS	4,285	4,273

## RISK FACTORS

In addition to the other relevant information, the following specific factors should be considered carefully when evaluating whether to make an investment in the Company. The investment offered in this document may not be suitable for all of its recipients. Before making an investment decision, prospective Investors should consult a person

authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities. A prospective Investor should consider carefully whether an investment in the Company is suitable for him/her in the light of his/her personal circumstances and the financial resources available to him/her.



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There are various risk and other factors associated with an investment of the type described in this document. In particular:

The value of an investment in the Company is largely dependent upon the expertise of the Directors and their ability to identify and acquire or invest in suitable companies or businesses. There can be no certainty that the Company will be able to identify suitable acquisition targets or complete the purchase of any identified targets at a price the Directors

consider acceptable. In the event of an aborted acquisition it is likely that resources may have been expended on investigative work and due diligence, which cannot be recovered.

The acquisition of other businesses can involve significant commercial and financial risks and there can be no certainty that any acquired business will not have a material adverse effect on the operations, results or financial position of the Company.

## CONTACT

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London  
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## RANKING

	Ranking out of 50 (50 being highest)
<b>Business model - competitive advantage</b>	
Competition	27
Customers	27
Low cost	
Management	
- corporate governance	32
- quality	32
- shareholding	25
Product	
Sector	
<b>Financial evaluation</b>	
Early and profitable exit potential	24
Financial strength	40
- cash flow	
- conservative accounting	
- need for funding	
Growth at a reasonable price	39
Risk	33
<b>Overall average rating</b>	<b>31</b>



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### FURTHER INFORMATION ABOUT THE RANKING

#### Competitive advantage

Companies are assessed according to their business model and how this translates into strong and sustainable competitive advantage. This can only be achieved with low cost activities and doing something different from the competition. This 'differentiation' must add value to the customer who is then prepared to pay a premium price. The differentiation is most obvious in the product but it can exist anywhere in the company's

value chain of activities, such as easy payment terms, convenient locations, superior management, and quality of suppliers. Companies that do not achieve competitive advantage because they have the same costs and/or do the same as the competition are marooned in a profitless zone. They helplessly try to compete with the one weapon left open to them, which is the disaster of cutting prices and typically leads to similar retaliation by competitors, with disastrous results.

### THE FOLLOWING ELABORATES ON THE RANKING CRITERIA

#### Competition

How intense is the competition and are there barriers to entry?

Services tend to be more protected than products from international competition. Does the sector ride the tailwind of multi-year mega trends? Is the business well positioned in the current stage of the economic cycle? What is its resistance to a recession?

#### Customers

Is the company controlling its customers and therefore its revenue streams? Are customers glued to the company and providing valuable and reliable recurring revenue or are they one-off, or 'transactional', providing shaky revenue? The company should ideally have weak and numerous customers.

#### Profitable exit potential

What is the potential for selling the share profitably? This is more applicable to pre-flotation investments.

#### Low costs

Has the company achieved low cost activities thus allowing more of the top line revenue to trickle down to the profit line?

#### Financial strength

Does the company have strong cash flow, the lifeblood of any business? Is the accounting conservative or is there 'accounting for growth'? Does it need more funding? Is the profit margin healthy and at least equal to its sector? What has been the track record in the growth rate of profits?

#### Management

Is there good corporate governance? What is the quality of management, as this is crucial to any business? Are the directors' shareholdings significant but not so large that they control the company?

#### Growth at a reasonable price

Does the share offer growth at a reasonable price? This is commonly measured using the PEG. This is the price earnings ratio (PE) divided by the forecast growth rate in earnings per share (EPS). The lower the PEG the better and under 1.0 is considered good for a blue chip company and under 0.6 for a small growth company.

#### Product

Is the product different from the competition and adds value to the customer? Are there threatening substitutes? Does it have a powerful brand?

#### Risk

What is the risk rating of the share due to factors such as new markets, its business model and strategies?

#### Sector

Is the company in an attractive sector that is profitable and adds value?

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