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MOUNTVIEW ESTATES P.L.C.

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INTERIM REPORT

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2008



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On the following pages are the unaudited Accounts for the six months ended on 30 September 2008. This statement is usually a simple case of comparing this year's figures with last year's but such momentous events have taken place in the last few weeks that it is hard to draw the line at 30 September. Nevertheless I believe that the time to reflect on these events and those which may take place in the next few weeks is in the Second Interim Management Statement which will be issued in February 2009.

Gross rental income is up by over 19% and property expenses have been sufficiently well contained for net rental income to be up by over 30%. However whilst gross sales of properties are up by over 16%, the cost of properties sold has risen so markedly that the net income from sales of properties is down by over a third.

Included in the cost of properties sold is a £3 million writedown of the value of the properties acquired most recently. This is in accordance with an International Accounting Standard which does not allow set-off against properties which have risen in value. The full effect of this will be detailed in the full year's accounts.

Administrative expenses have fallen by over 20% but net finance costs have more than doubled. This rise was predicted but the benefit of recent cuts in the base rate will not be felt instantly because so many interest charges are set in relation to LIBOR.

The net effect of these various changes is that earnings per share are down by over 40%. Nevertheless the Company remains soundly based with tight control over its finances and will be well placed to take advantage of new opportunities when the recession has been weathered. Furthermore the interim dividend is maintained at 50 pence per share and will be payable on 30 March 2009 to shareholders on the register at 27 February 2009.



D.M. SINCLAIR  
*Chairman*

27 November 2008

Mountview House  
151 High Street  
Southgate  
London N14 6EW

## GROUP INCOME STATEMENT (UNAUDITED)

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	Notes	Half year ended 30.09.2008 £000	Half year ended 30.09.2007 £000	Year ended 31.03.2008 £000
<b>Revenue</b>	2	<b>28,578</b>	24,432	54,338
Cost of Sales	2	<b>(15,910)</b>	(7,673)	(18,347)
<b>Gross Profit</b>		<b>12,668</b>	16,759	35,991
Administrative expenses		<b>(1,477)</b>	(1,874)	(4,207)
<b>Operating profit before changes in fair value of investment properties</b>		<b>11,191</b>	14,885	31,784
Increase in fair value of investments		–	–	1,784
<b>Profit from operations</b>		<b>11,191</b>	14,885	33,568
Net finance costs		<b>(3,444)</b>	(1,458)	(4,039)
<b>Profit before taxation</b>		<b>7,747</b>	13,427	29,529
Taxation – current		<b>(2,325)</b>	(4,096)	(8,358)
Taxation – deferred		<b>79</b>	13	(503)
Taxation	3	<b>(2,246)</b>	(4,083)	(8,861)
<b>Profit attributable to equity shareholders</b>		<b>5,501</b>	9,344	20,668
<b>Basic and diluted earnings per share (pence)</b>	4	<b>141.1p</b>	239.7p	530.1p

All items within the consolidated income statement relate to continuing operations.

## GROUP BALANCE SHEET (UNAUDITED)

	Notes	As at 30.09.2008 £000	As at 30.09.2007 £000	As at 31.03.2008 £000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6	2,652	2,701	2,719
Investment properties	7	36,386	34,092	36,203
		<u>39,038</u>	<u>36,793</u>	<u>38,922</u>
<b>Current assets</b>				
Inventories of trading properties	8	275,752	210,081	271,361
Trade and other receivables		1,412	1,196	1,118
Cash and cash equivalents	9	269	772	802
		<u>277,433</u>	<u>212,049</u>	<u>273,281</u>
<b>Total assets</b>		<u><b>316,471</b></u>	<u><b>248,842</b></u>	<u><b>312,203</b></u>
<b>Equity and liabilities</b>				
<b>Capital and reserves attributable to equity holders of the company</b>				
Share capital		195	195	195
Capital redemption reserve		55	55	55
Capital reserve		25	25	25
Other reserve		56	56	56
Retained earnings		188,834	178,051	187,426
		<u>189,165</u>	<u>178,382</u>	<u>187,757</u>
<b>Non-current liabilities</b>				
Long-term borrowings		95,000	45,828	95,000
Deferred tax		9,618	9,181	9,697
		<u>104,618</u>	<u>55,009</u>	<u>104,697</u>
<b>Current liabilities</b>				
Trade and other payables		1,075	1,202	3,081
Bank overdrafts and loans		19,288	10,157	12,685
Current tax payable		2,325	4,092	3,983
		<u>22,688</u>	<u>15,451</u>	<u>19,749</u>
<b>Total liabilities</b>		<u><b>127,306</b></u>	<u><b>70,460</b></u>	<u><b>124,446</b></u>
<b>Total equity and liabilities</b>		<u><b>316,471</b></u>	<u><b>248,842</b></u>	<u><b>312,203</b></u>

## GROUP CASH FLOW STATEMENT (UNAUDITED)

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	<b>Half year ended 30.09.2008 £000</b>	Half year ended 30.09.2007 £000	Year ended 31.03.2008 £000
<b>Cash flows from operating activities</b>			
Profit from operations	11,191	14,885	33,568
Adjustment for:			
Depreciation	100	81	190
Loss on disposal of property, plant and equipment	2	11	21
(Increase) in fair value of investment properties	-	-	(1,784)
	<hr/>	<hr/>	<hr/>
<b>Cash flow from operations before movement in working capital</b>	<b>11,293</b>	<b>14,977</b>	<b>31,995</b>
(Increase) in inventories	(4,391)	(26,192)	(87,472)
(Increase) in receivables	(294)	(134)	(57)
(Decrease)/Increase in payables	(2,005)	(1,749)	128
	<hr/>	<hr/>	<hr/>
<b>Cash generated from operations</b>	<b>4,603</b>	<b>(13,098)</b>	<b>(55,406)</b>
Interest paid	(3,446)	(1,461)	(4,043)
Income taxes paid	(3,985)	(6,530)	(10,901)
	<hr/>	<hr/>	<hr/>
<b>Net cash (outflow) from operating activities</b>	<b>(2,828)</b>	<b>(21,089)</b>	<b>(70,350)</b>
	<hr/>	<hr/>	<hr/>
<b>Investing activities</b>			
Interest received	2	3	4
Proceeds from disposal of investment properties	-	-	-
Proceeds from disposal of property, plant and equipment	15	34	60
Purchase of property, plant and equipment	(48)	(220)	(382)
Capital expenditure on investment properties	(183)	(12)	(339)
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<b>Net cash (outflow) from investing activities</b>	<b>(214)</b>	<b>(195)</b>	<b>(657)</b>
	<hr/>	<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Increase in borrowings	390	16,928	67,411
Repayment of borrowings	-	-	-
Equity dividend paid	(4,093)	(3,899)	(5,848)
	<hr/>	<hr/>	<hr/>
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(3,703)</b>	<b>13,029</b>	<b>61,563</b>
	<hr/>	<hr/>	<hr/>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(6,745)</b>	<b>(8,255)</b>	<b>(9,444)</b>
Opening cash and cash equivalents	(8,798)	646	646
	<hr/>	<hr/>	<hr/>
<b>Closing cash and cash equivalents</b>	<b>(15,543)</b>	<b>(7,609)</b>	<b>(8,798)</b>
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## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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	<b>Half year ended 30.09.2008 £000</b>	Half year ended 30.09.2007 £000	Year ended 31.03.2008 £000
Shareholders' funds as at 1 April	187,757	172,937	172,937
Profit for the period	5,501	9,344	20,668
Dividends	(4,093)	(3,899)	(5,848)
Shareholders' funds at the end of the period	<u>189,165</u>	<u>178,382</u>	<u>187,757</u>



**1(a). Basis of preparation**

The Group's financial statements have been prepared under the historical costs convention, as modified by the revaluation of investment properties and in accordance with applicable International Financial Reporting Standards (IFRS) as adopted by the EU.

The results for the half-year to 30 September 2008, and the comparative period for the half-year to 30 September 2007 have not been audited. The financial information for the year to 31 March 2008 is an abridged statement of the financial statements for that year which were prepared under International Financial Reporting Standards and were delivered to the Registrar of Companies. The auditors' opinion on these accounts was unqualified and did not contain a statement under S237 (2) or (3) of the Companies Act 1985.

**(b). Basis of consolidation**

The Group's financial statements incorporate the results of Mountview Estates P.L.C. and all of its Subsidiary undertakings. Control is achieved where the company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. The Group exercise control through voting rights.

On acquisition, the identifiable assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. The purchase method has been used in consolidating the subsidiary financial statements.

All significant inter company transactions and balances between group enterprises are eliminated on consolidation within the consolidated accounts. Consistent accounting policies have been used across the Group.

**2. Analysis of revenue and cost of sales**

Revenue comprises proceeds of sales of its trading properties, rental income and other sundry items of revenue before charging expenses.

Legal fees and agents commissions costs directly involved with the sales of properties are included in the cost of sales.

Rental income is recognised over the rental period.

Sales of properties are recognised on legal completion, as this is the date at which the substantial risks and rewards of ownership have been transferred.

	<b>Half year ended 30.09.2008 £'000</b>	Half year ended 30.09.2007 £'000	Year ended 31.03.2008 £'000
<b>Revenue</b>			
Gross sales of properties	21,472	18,473	41,755
Gross rental income	7,106	5,959	12,583
	<u>28,578</u>	<u>24,432</u>	<u>54,338</u>
<b>Cost of Sales</b>			
Cost of properties sold	12,718	4,704	12,117
Property expenses	3,192	2,969	6,230
	<u>15,910</u>	<u>7,673</u>	<u>18,347</u>
<b>Gross Profit</b>			
Net income from sales of properties	8,754	13,769	29,638
Net rental income	3,914	2,990	6,353
	<u>12,668</u>	<u>16,759</u>	<u>35,991</u>

<b>3. Income tax</b>	<b>Half year ended 30.09.2008 £'000</b>	<b>Half year ended 30.09.2007 £'000</b>	<b>Year ended 31.03.2008 £'000</b>
Current tax:			
UK Corporation Tax 30% (2007: 30%)	<b>2,325</b>	4,096	8,358
Deferred tax:			
Current year 30% (2007: 30%)	<b>(79)</b>	(13)	503
	<u><b>2,246</b></u>	<u>4,083</u>	<u>8,861</u>
Taxation attributable to the Group	<u><b>2,246</b></u>	<u>4,083</u>	<u>8,861</u>

**4. Earnings per share**

The calculations of earnings per share are based on the following profits and number of shares

	<b>Half year ended 30.09.2008 £'000</b>	<b>Half year ended 30.09.2007 £'000</b>	<b>Year ended 31.03.2008 £'000</b>
Profit for the period (basic and fully diluted)	<b>5,501</b>	9,344	20,668
Weighted average number of ordinary Shares for basic and fully diluted earnings per share	<b>3,899,014</b>	3,899,014	3,899,014
Basic and Diluted Earnings per share	<u><b>141.1p</b></u>	<u>239.7p</u>	<u>530.1p</u>

The Company has no dilutive potential ordinary shares.

**5. Dividends**

	<b>Half year ended 30.09.2008 £'000</b>	<b>Half year ended 30.09.2007 £'000</b>	<b>Year ended 31.03.2008 £'000</b>
<b>Ordinary dividends paid</b>			
Final dividend for the year ended 31 March 2008 at 105p per share	<b>4,093</b>	–	–
Interim dividend for the year ended 31 March 2008 at 50p per share	–	–	1,949
Final dividend for the year ended 31 March 2007 at 100p per share	–	3,899	3,899
	<u><b>4,093</b></u>	<u>3,899</u>	<u>5,848</u>

The Board have proposed an interim dividend of 50p per share (2007: 50p). This interim dividend was announced post 30 September 2008 and under IFRS no provision is made for dividends declared after the balance sheet date. The interim dividend is payable to all shareholders on the Register of Members on 27 February 2009.

The total estimated interim dividend to be paid is £1.949 million.

**6. Property, plant and equipment**

The Group occupies a freehold property, and its value is measured at cost less accumulated depreciation.

Plant and equipment comprise motor vehicles, computers, fixtures and fittings and office equipment. These assets are stated at cost less accumulated depreciation.

**7. Investment properties**

Investment properties are included in the Balance Sheet at their fair value. Additions to investment properties are costs of a capital nature.

	<b>Half year ended 30.09.2008 £'000</b>	Half year ended 30.09.2007 £'000	Year ended 31.03.2008 £'000
Fair value at 1 April	36,203	34,080	34,080
Additions	183	12	339
Disposals	–	–	–
Increase in fair value during the year	–	–	1,784
At the end of the period	<u>36,386</u>	<u>34,092</u>	<u>36,203</u>

**8. Inventories of trading properties**

Trading properties are held for sale and are shown at the lower of cost and net realisable value.

Net realisable value is the estimated selling price less estimated costs of completion.

**Analysis of acquisition of trading properties**

	<b>Half year ended 30.09.2008</b>		<b>Half year ended 30.09.2007</b>		<b>Year ended 31.03.2008</b>	
	<b>No of units</b>	<b>Costs £'000</b>	No of units	Costs £'000	No of units	Costs £'000
Regulated Tenancies	60	14,598	136	27,705	345	90,438
Life Tenancies	2	277	12	1,187	26	2,620
Ground Rents (or created)	16	20	10	24	48	120
	<u>78</u>	<u>14,895</u>	<u>158</u>	<u>28,916</u>	<u>419</u>	<u>93,178</u>

The above analysis does not include legal and commission expense directly related to the acquisition of properties.

Properties are treated as acquired or sold on the date of completion.

**9. Cash and cash equivalents**

These comprise cash balances and other short term highly liquid investments with original maturities of three months or less.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

**10. Financial instruments**

Bank loans and overdrafts are included as financial liabilities on the Group balance sheet at the amounts drawn on the particular facilities.

Interest payable on those facilities is charged to income report in the period to which it relates.

**FINANCIAL CALENDAR 2009****Dividend**

– Ex dividend date	25 February
– Record date	27 February
– Payment date	30 March

**Preliminary announcement of the results for the year** 25 June

**Annual Report and Accounts posted** 17 July

**Annual General Meeting** 12 August

Copies of this statement are being sent to shareholders. Copies may be obtained from the Company's registered office:

Mountview House  
151 High Street  
Southgate,  
London N14 6EW

All administrative enquiries relating to the shareholders should be addressed to the Company's Registrars:

Capita Registrars  
Northern House  
Woodsome Park  
Fenay Bridge  
Huddersfield  
West Yorkshire HD8 OLA





