
MOUNTVIEW ESTATES P.L.C.

INTERIM REPORT

2009



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CHAIRMAN'S STATEMENT

On the following pages are the unaudited Accounts for the six months ended 30 September 2009. At this time last year house prices had fallen significantly and since then we have been through turbulent times.

At present house prices have recovered to some extent and now stand at similar levels to this time last year. This recovery has been stimulated by a combination of artificially low interest rates, a reduction in stamp duty and value added tax, quantitative easing and the excess of demand over supply.

Stamp duty and value added tax are due to return to their previous higher levels and quantitative easing may lead to a rise in the rate of inflation which has to be contained by an increase in base rate. Nevertheless we believe it is reasonable to expect the housing market to remain buoyant until the General Election. Thereafter, whatever the complexion of the government then gaining power, it is widely accepted that there will be both cuts in government spending and increases in taxation.

Against this background it is pleasing to report profits for the six months which almost match those for the whole of the previous financial year and with the prospect of further profitable trading during the second six months. Compared with the same period last year revenue is down by 12% but cost of sales is down by over 40% thus giving a rise in gross profit of 25%. Administrative expenses have barely risen and net finance costs are down by 55% thus giving an increase in net profit of 68%.

Long-term borrowings have been reduced by £12 million during the period under review and we continue to place an emphasis on the repayment of debt. We have been able to extend the Group's long-term borrowing facilities of £95 million until 2014 and we aim to be in a strong position when the best purchasing opportunities are identified.

There may be further difficult times ahead but the company is in a strong financial position and getting stronger still. The interim dividend is maintained at 50 pence per share and will be payable on 29 March 2010 to shareholders on the register at 26 February 2010.



D.M. SINCLAIR
Chairman

26 November 2009

Mountview House
151 High Street
Southgate
London N14 6EW

GROUP INCOME STATEMENT (UNAUDITED)**3**

	Notes	Half year ended 30.09.2009 £000	Half year ended 30.09.2008 £000	Year ended 31.03.2009 £000
Revenue	2	25,274	28,578	53,599
Cost of Sales	2	(9,382)	(15,910)	(27,657)
Gross Profit		15,892	12,668	25,942
Administrative expenses		(1,487)	(1,477)	(3,767)
Operating profit before changes in fair value of investment properties		14,405	11,191	22,175
(Decrease) in fair value of investments		–	–	(3,210)
Profit from operations		14,405	11,191	18,965
Net finance costs		(1,560)	(3,444)	(5,903)
Profit before taxation		12,845	7,747	13,062
Taxation – current		(3,700)	(2,325)	(4,864)
Taxation – deferred		112	79	1,191
Taxation	3	(3,588)	(2,246)	(3,673)
Profit attributable to equity shareholders		9,257	5,501	9,389
Basic and diluted earnings per share (pence)	4	237.4p	141.1p	241.0

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

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GROUP BALANCE SHEET (UNAUDITED)M
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	Notes	As at 30.09.2009 £000	As at 30.09.2008 £000	As at 31.03.2009 £000
Assets				
Non-current assets				
Property, plant and equipment	6	2,499	2,652	2,567
Investment properties	7	31,916	36,386	32,195
		<u>34,415</u>	<u>39,038</u>	<u>34,762</u>
Current assets				
Inventories of trading properties	8	263,254	275,752	268,806
Trade and other receivables		881	1,412	660
Cash and cash equivalents	9	238	269	840
		<u>264,373</u>	<u>277,433</u>	<u>270,306</u>
Total assets		<u><u>298,788</u></u>	<u><u>316,471</u></u>	<u><u>305,068</u></u>
Equity and liabilities				
Capital and reserves attributable to equity holders of the company				
Share capital		195	195	195
Capital redemption reserve		55	55	55
Capital reserve		25	25	25
Other reserve		56	56	56
Cash flow hedge reserve		(3,119)	–	(3,614)
Retained earnings		195,937	188,834	190,773
		<u>193,149</u>	<u>189,165</u>	<u>187,490</u>
Non-current liabilities				
Long-term borrowings		76,000	95,000	88,000
Deferred tax		8,394	9,618	8,506
		<u>84,394</u>	<u>104,618</u>	<u>96,506</u>
Current liabilities				
Bank overdrafts and loans		13,906	19,288	13,026
Trade and other payables		502	1,075	2,055
Current tax payable		3,718	2,325	2,377
Derivative financial instruments		3,119	–	3,614
		<u>21,245</u>	<u>22,688</u>	<u>21,072</u>
Total liabilities		<u><u>105,639</u></u>	<u><u>127,306</u></u>	<u><u>117,578</u></u>
Total equity and liabilities		<u><u>298,788</u></u>	<u><u>316,471</u></u>	<u><u>305,068</u></u>

GROUP CASH FLOW STATEMENT (UNAUDITED)**5**M
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	Half year ended 30.09.2009 £000	Half year ended 30.09.2008 £000	Year ended 31.03.2009 £000
Cash flows from operating activities			
Profit from operations	14,405	11,191	18,965
Adjustment for:			
Depreciation	76	100	192
Loss on disposal of property, plant and equipment	-	2	145
Decrease in fair value of investment properties	-	-	3,210
	<u>14,481</u>	<u>11,293</u>	<u>22,512</u>
Cash flow from operations before movement in working capital			
Decrease/(Increase) in inventories	5,552	(4,391)	2,555
(Increase)/Decrease in receivables	(221)	(294)	459
(Decrease) in payables	(1,556)	(2,005)	(1,053)
	<u>18,256</u>	<u>4,603</u>	<u>24,473</u>
Cash generated from operations			
Interest paid	(1,564)	(3,446)	(5,906)
Income taxes paid	(2,356)	(3,985)	(6,443)
	<u>14,336</u>	<u>(2,828)</u>	<u>12,124</u>
Net cash inflow/(outflow) from operating activities			
Investing activities			
Interest received	-	2	3
Proceeds from disposal of investment properties	650	-	1,005
Proceeds from disposal of property, plant and equipment	-	15	15
Purchase of property, plant and equipment	(7)	(48)	(58)
Capital expenditure on investment properties	(371)	(183)	(350)
	<u>272</u>	<u>(214)</u>	<u>615</u>
Net cash inflow/(outflow) from investing activities			
Cash flows from financing activities			
Increase in borrowings	-	390	-
Repayment of borrowings	(12,700)	-	(9,110)
Equity dividend paid	(4,093)	(4,093)	(6,042)
	<u>(16,793)</u>	<u>(3,703)</u>	<u>(15,152)</u>
Net cash (outflow) from financing activities			
	<u>(2,185)</u>	<u>(6,745)</u>	<u>(2,413)</u>
Net (decrease) in cash and cash equivalents			
Opening cash and cash equivalents	(11,211)	(8,798)	(8,798)
Closing cash and cash equivalents	<u>(13,396)</u>	<u>(15,543)</u>	<u>(11,211)</u>

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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	Half year ended 30.09.2009 £000	Half year ended 30.09.2008 £000	Year ended 31.03.2009 £000
Shareholders' funds as at 1 April	187,490	187,757	187,757
Profit for the period	9,257	5,501	9,389
Change in fair value of cash flow hedge	495	–	(3,614)
Dividends	(4,093)	(4,093)	(6,042)
Shareholders' funds at the end of the period	<u>193,149</u>	<u>189,165</u>	<u>187,490</u>

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
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	Half year ended 30.09.2009 £000	Half year ended 30.09.2008 £000	Year ended 31.03.2009 £000
Profit for the year	9,257	5,501	9,389
Change in fair value of cash flow hedge	495	–	(3,614)
Total recognised income	<u>9,752</u>	<u>5,501</u>	<u>5,775</u>
The total recognised income in the year is attributable to: Equity shareholders of the parent	<u><u>9,752</u></u>	<u><u>5,501</u></u>	<u><u>5,775</u></u>

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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 2009, and the comparative period for the half-year to 30 September 2008 have not been audited. The financial information for the year to 31 March 2009 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.

	Half year ended 30.09.2009 £'000	Half year ended 30.09.2008 £'000	Year ended 31.03.2009 £'000
Revenue			
Gross sales of properties	18,276	21,472	39,372
Gross rental income	6,998	7,106	14,227
	<u>25,274</u>	<u>28,578</u>	<u>53,599</u>
Cost of Sales			
Cost of properties sold	6,903	12,718	22,344
Property expenses	2,479	3,192	5,313
	<u>9,382</u>	<u>15,910</u>	<u>27,657</u>
Gross Profit			
Net income from sales of properties	11,373	8,754	17,028
Net rental income	4,519	3,914	8,914
	<u>15,892</u>	<u>12,668</u>	<u>25,942</u>

NOTES TO THE INTERIM REPORT

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3. Income tax

	Half year ended 30.09.2009 £'000	Half year ended 30.09.2008 £'000	Year ended 31.03.2009 £'000
Current tax:			
UK Corporation Tax 28% (2008: 28%)	3,700	2,325	4,864
Deferred tax:			
Current year 28% (2008: 28%)	(112)	(79)	(1,191)
Taxation attributable to the Group	<u>3,588</u>	<u>2,246</u>	<u>3,673</u>

4. Earnings per share

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

	Half year ended 30.09.2009 £'000	Half year ended 30.09.2008 £'000	Year ended 31.03.2009 £'000
Profit for the period (basic and fully diluted)	<u>9,257</u>	<u>5,501</u>	<u>9,389</u>
Weighted average number of ordinary Shares for basic and fully diluted earnings per share	<u>3,899,014</u>	<u>3,899,014</u>	<u>3,899,014</u>
Basic and Diluted Earnings per share	<u>237.4p</u>	<u>141.1p</u>	<u>241.0p</u>

The Company has no dilutive potential ordinary shares.

5. Dividends

	Half year ended 30.09.2009 £'000	Half year ended 30.09.2008 £'000	Year ended 31.03.2009 £'000
Ordinary dividends paid			
Final dividend for the year ended 31 March 2009 at 105p per share	4,093	4,093	–
Interim dividend for the year ended 31 March 2009 at 50p per share	–	–	1,949
Final dividend for the year ended 31 March 2008 at 105p per share	–	–	4,093
	<u>4,093</u>	<u>4,093</u>	<u>6,042</u>

The Board have proposed an interim dividend of 50p per share (2008: 50p). This interim dividend was announced post 30 September 2009 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 26 February 2010.

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.

	Half year ended 30.09.2009 £'000	Half year ended 30.09.2008 £'000	Year ended 31.03.2009 £'000
Fair value at 1 April	32,195	36,203	36,203
Additions:			
Subsequent expenditure	371	183	350
Disposals	(650)	–	(1,148)
(Decrease) in fair value during the year	–	–	(3,210)
At the end of the period	<u>31,916</u>	<u>36,386</u>	<u>32,195</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

	Half year ended 30.09.2009		Half year ended 30.09.2008		Year ended 31.03.2009	
	No of units	Costs £'000	No of units	Costs £'000	No of units	Costs £'000
Regulated Tenancies	–	–	60	14,598	61	15,147
Life Tenancies	1	455	2	277	2	277
Ground Rents (or created)	67	248	16	20	59	272
	<u>68</u>	<u>703</u>	<u>78</u>	<u>14,895</u>	<u>122</u>	<u>15,696</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.

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C.**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.

Derivative financial instruments

The financial derivative was valued by an external consultant using discounted cash flow model and quoted market information.

As at 30 September 2009 the market value of derivatives under IAS 39 is a charge of £3.1 million (31 March 2009: charge £3.6 million).

FINANCIAL CALENDAR 2010**Dividend**

– Ex dividend date	24 February
– Record date	26 February
– Payment date	29 March

Preliminary announcement of the results for the year 24 June

Annual Report and Accounts posted 16 July

Annual General Meeting 11 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
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West Yorkshire HD8 OLA



