

Mountview Estates P.L.C.

Half Year Report 2012



Mountview Estates P.L.C. is a Residential Property Trading Company. The Company owns and acquires tenanted residential property throughout the UK and sells such property when it becomes vacant.

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Our Performance

£25.9m

+22%

Turnover (£m)

(Half year ended 30.09.2011 – £21.2m)

£15.4m

+18%

Gross profit (£m)

(Half year ended 30.09.2011 – £13.0m)

£11.9m

+22%

Profit before tax (£m)

(Half year ended 30.09.2011 – £9.7m)

245.4p

+25%

Earnings per share (pence)

(Half year ended 30.09.2011 – 196.3p)

£59.7

+7%

Net assets per share

(Half year ended 30.09.2011 – £55.9)

Mountview Estates P.L.C. advises its shareholders that, following the issue of the interim results, the relevant dates in respect of the interim dividend payment of 50p per share are as follows:

Ex-dividend date 20 February 2013

Record date 22 February 2013

Payment date 25 March 2013

Chairman's Statement

D. M. Sinclair FCA

Introduction

Whilst the economic climate continues to be difficult and uncertain, I am pleased to report that Mountview continues to make good progress and has recorded increased earnings per share over the comparable period last year.

Results

Turnover, at £25.9 million (2011: £21.2 million), is up by 22% compared with the first six months of the previous year. Profit before tax is up by a similar percentage and, aided by a further reduction in the rate of corporation tax, earnings per share are up by 25% to 245.4 pence per share (2011: 196.3 pence per share).

The interim dividend of 50 pence per share in respect of the year ended 31 March 2013 is payable on 25 March 2013 to shareholders on the Register of Members as at 22 February 2013. Despite the significant trading improvement in the first half of the year, the Board has decided to hold the interim dividend at last year's level. We shall, however, review the level of final dividend at the end of the year in the light of the full year's results.

Further Progress

During the period under review further purchases have been made totalling nearly £21 million, all of which are situated in London and the South East. Borrowings increased, but the Board believes that gearing remains at a modest level and all our banking covenants are being met comfortably.

Net assets per share have risen further to £59.71 per share (2011: £55.93 per share) and so we go forward from a position of strength. The economic climate is not expected to be easy for the next few years, but we are confident of being in a good position to take full advantage when opportunities occur.



D.M. SINCLAIR
Chairman

29 November 2012

Group Statement of Comprehensive Income (unaudited)

for the half year ended 30 September 2012

	Notes	Half Year ended 30.09.2012 £000	Half Year ended 30.09.2011 £000	Year ended 31.03.2012 £000
Revenue	2	25,901	21,249	42,931
Cost of sales	2	(10,530)	(8,239)	(15,741)
Gross profit		15,371	13,010	27,190
Administrative expenses		(1,488)	(1,588)	(3,773)
(Loss)/Gain on sale of investment properties	7	(11)	211	484
Operating profit before changes in fair value of investment properties		13,872	11,633	23,901
Increase in fair value of investment properties		–	–	3,208
Profit from operations		13,872	11,633	27,109
Change in fair value of derivatives	10	210	–	(271)
Net finance costs		(2,190)	(1,885)	(4,033)
Profit before taxation		11,892	9,748	22,805
Taxation – current		(2,804)	(3,332)	(6,648)
Taxation – deferred		482	1,239	1,298
Taxation	3	(2,322)	(2,093)	(5,350)
Profit attributable to equity Shareholders		9,570	7,655	17,455
Basic and diluted earnings per share (pence)	4	245.4p	196.3p	447.7p

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

Group Statement of Financial Position (unaudited)

for the half year ended 30 September 2012

	Notes	As at 30.09.2012 £000	As at 30.09.2011 £000	As at 31.03.2012 £000
Assets				
Non-current assets				
Property, plant and equipment	6	2,375	2,388	2,441
Investment properties	7	26,517	27,196	26,537
		28,892	29,584	28,978
Current assets				
Inventories of trading properties	8	316,431	295,976	301,072
Trade and other receivables		1,160	1,368	1,371
Cash and cash equivalents		1,691	175	987
		319,282	297,519	303,430
Total assets		348,174	327,103	332,408
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 reserves		56	56	56
Cash flow hedge reserve	10	(520)	(2,340)	(1,040)
Retained earnings		233,015	220,077	227,928
		232,826	218,068	227,219
Non-current liabilities				
Long-term borrowings		92,700	80,000	90,000
Deferred tax		5,541	6,082	6,023
		98,241	86,082	96,023
Current liabilities				
Bank overdrafts and loans		12,454	16,233	3,364
Trade and other payables		980	743	1,385
Current tax payable		2,801	3,345	2,814
Derivative financial instruments		872	2,632	1,603
		17,107	22,953	9,166
Total liabilities		115,348	109,035	105,189
Total equity and liabilities		348,174	327,103	332,408

Group Cash Flow Statement (unaudited)

for the half year ended 30 September 2012

	Half Year ended 30.09.2012 £000	Half Year ended 30.09.2011 £000	Year ended 31.03.2012 £000
Cash flows from operating activities			
Profit from operations	13,872	11,633	27,109
Adjustment for:			
Depreciation	86	70	166
Loss on disposal of property, plant and equipment	–	3	10
Loss/(Gain) on disposal of investment properties	11	(211)	(484)
(Increase) in fair value of investment properties	–	–	(3,208)
Operating cash flows before movement in working capital	13,969	11,495	23,593
(Increase) in inventories	(15,359)	(36,514)	(41,610)
Decrease/(increase) in receivables	211	(176)	(179)
(Decrease) in payables	(405)	(740)	(100)
Cash generated from operations	(1,584)	(25,935)	(18,296)
Interest paid	(2,190)	(1,885)	(4,033)
Income taxes paid	(2,782)	(3,261)	(7,106)
Net cash (outflow) from operating activities	(6,556)	(31,081)	(29,435)
Investing activities			
Proceeds from disposal of investment properties	59	4,029	8,895
Capital expenditure on investment properties	(50)	(700)	(1,426)
Purchase of property, plant and equipment	(55)	(3)	(160)
Proceeds from disposal of property, plant and equipment	–	4	4
Net cash inflow from investing activities	(46)	3,330	7,313
Cash flows from financing activities			
Increase in borrowings	2,750	29,800	40,000
Repayment of borrowings	–	–	(200)
Equity dividend paid	(4,483)	(4,483)	(6,432)
Net cash (outflow)/inflow from financing activities	(1,733)	25,317	33,368
Net (decrease)/increase in cash and cash equivalents	(8,335)	(2,434)	11,246
Opening cash and cash equivalents	(2,103)	(13,349)	(13,349)
Cash and cash equivalents at end of period	(10,438)	(15,783)	(2,103)

Consolidated Statement of Changes in Equity

for the half year ended 30 September 2012

	Half Year ended 30.09.2012 £000	Half Year ended 30.09.2011 £000	Year ended 31.03.2012 £000
Shareholders' funds as at the beginning of the period	227,219	214,896	214,896
Reduction in reserve	520	–	1,300
Profit for the period	9,570	7,655	17,455
Dividends	(4,483)	(4,483)	(6,432)
Shareholders' funds at the end of the period	232,826	218,068	227,219

Notes to the Half Year Report

1. (a) Basis of preparation

These condensed interim financial statements are unaudited and do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. This condensed consolidated interim financial information has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and International Accounting Standard 34 (IAS 34) "Interim Financial Reporting" as adopted by the European Union. The interim condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2012 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The Group's published financial statements for the year ended 31 March 2012 have been reported on by the Group's auditors and filed with the Registrar of Companies. The report of the auditors was unqualified and did not contain any statement under Chapter 3 of Part 16 of the Companies Act 2006.

(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' commission 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 30.09.2012 £000	Half Year ended 30.09.2011 £000	Year ended 31.03.2012 £000
Revenue			
Gross sales of properties	17,984	14,008	27,800
Gross rental income	7,917	7,241	15,131
	25,901	21,249	42,931
Cost of sales			
Cost of properties sold	6,948	4,921	9,251
Property expenses:			
Property repair and essential maintenance costs	2,557	2,434	4,467
Service charge expenses	667	559	1,404
Other operating expenses	358	325	619
Total property expenses	3,582	3,318	6,490
Total costs	10,530	8,239	27,190

Notes to the Half Year Report

continued

2. Analysis of revenue and cost of sales (continued)

	Half Year ended 30.09.2012 £000	Half Year ended 30.09.2011 £000	Year ended 31.03.2012 £000
Gross Profit			
Net income from sales of properties	11,036	9,087	18,549
Net rental income	4,335	3,923	8,641
	15,371	13,010	27,190

3. Income Tax

	Half Year ended 30.09.2012 £000	Half Year ended 30.09.2011 £000	Year ended 31.03.2012 £000
Current tax:			
UK Corporation Tax 24%	2,804	3,332	6,648
Deferred tax:			
Current year 24%	(482)	(1,239)	(1,298)
Taxation attributable to the Group	2,322	2,093	5,350

The tax rate of 26% was applicable for the half year ended 30.09.2011 and the full year ended 31.03.2012.

4. Earnings per share

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

	Half Year ended 30.09.2012 £000	Half Year ended 30.09.2011 £000	Year ended 31.03.2012 £000
Profit for the period (basic and fully diluted)	9,570	7,655	17,455
Weighted average number of Ordinary Shares for basic and fully diluted earnings per share	3,899,014	3,899,014	3,899,014
Basic and Diluted Earnings per share	245.4p	196.3p	447.7p

The Company has no dilutive potential Ordinary Shares.

5. Dividends

	Half Year ended 30.09.2012 £000	Half Year ended 30.09.2011 £000	Year ended 31.03.2012 £000
Ordinary dividends paid			
Final dividend for the year ended 31 March 2012 at 115p per share	4,483	–	–
Interim dividend for the year ended 31 March 2012 at 50p per share	–	–	1,949
Final dividend for the year ended 31 March 2011 at 115p per share	–	4,483	4,483

The Board have proposed an interim dividend of 50p per share (2011: 50p). This interim dividend was announced post 30 September 2012 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 22 February 2013.

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 30.09.2012 £000	Half Year ended 30.09.2011 £000	Year ended 31.03.2012 £000
Fair value at 1 April	26,537	30,314	30,314
Additions:			
Subsequent expenditure	50	700	1,426
Disposals	(70)	(3,818)	(8,411)
Increase in fair value during the year	–	–	3,208
At the end of the period	26,517	27,196	26,537

The sales of investment properties are not included in the Group Revenue.

During the six months, we disposed of FGR for £59k. The difference between the sales price £59k and the market/fair value £70k of £11k is shown in the Group Statement of Comprehensive Income.

Notes to the Half Year Report

continued

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 acquisitions

	Half Year ended 30.09.2012		Half Year ended 30.09.2011		Year ended 31.03.2012	
	No of units	Costs £m	No of units	Costs £m	No of units	Costs £m
Regulated Tenancies	176	20.80	411	38.72	450	47.20
Life Tenancies	1	0.13	2	0.37	2	0.40
Ground Rents (or created)	7	0.01	13	0.10	26	0.01
	184	20.94	426	39.19	478	47.61

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.

During the period under review we had opportunities to acquire portfolios of properties as listed below:

	Purchase Price £000	No of units
Essex & Kent	8,256	76
Hampshire & Somerset	7,366	66
Berkshire	2,702	25
Sub Total	18,324	167
London & other	2,617	11
Total	20,941	178

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 in the period to which it relates.

11. Derivative financial instruments

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

Shareholders' Information

Financial Calendar 2013

Dividend

- Ex dividend date 20 February
- Record date 22 February
- Payment date 25 March

Preliminary announcement of the results for the year 27 June

Annual Report and Accounts posted 19 July

Annual General Meeting 14 August

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

Mountview House
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Southgate,
London N14 6EW

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

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