

Mountview Estates P.L.C.

Half Year Report 2015



About Us

Mountview Estates P.L.C. was established in 1937 as a small family business based in North London by two brothers, Frank and Irving Sinclair.

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

Contents

- 1 Our Performance
- 2 Chief Executive Officer's Statement
- 3 Group Statement of Comprehensive Income
- 4 Group Statement of Financial Position
- 5 Group Cash Flow Statement
- 6 Consolidated Statement of Changes in Equity
- 7 Notes to the Half Year Report
- 12 Shareholders' Information

Our Performance

TURNOVER

£42.8m

▲ 16%

(Half-year ended
30.09.2014: £36.9m)

GROSS PROFIT

£28.3m

▲ 17.4%

(Half-year ended
30.09.2014: £24.1m)

PROFIT BEFORE TAX

£25.9m

▲ 24.5%

(Half-year ended
30.09.2014: £20.8m)

EARNINGS PER SHARE

531.0p

▲ 24.0%

(Half-year ended
30.09.2014: 428.0p)

NET ASSETS PER SHARE

£77.3

▲ 8.9%

(Half-year ended
30.09.2014: £71.0)

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 200p per share are as follows:

Ex-dividend date	18 February 2016
Record date	19 February 2016
Payment date	29 March 2016

Chief Executive Officer's Statement

We are delighted to report another strong start to our financial year, with turnover, profit before taxation and net asset value all ahead of the same period last year.

Trading

Whilst the percentage increases may not be as strong as they were for this period last year, they compare favourably with the increases for the last full year. Further, I must emphasise that these are increases on top of increases and thus represent a continuing strength in the Company's performance.

Interim Dividend

Although the details have yet to reach the Statute Book, the Chancellor of the Exchequer has announced that from the beginning of the next tax year, the treatment of an individual's dividend income will be less favourable. To reduce the impact of these changes, your Board have decided to pay the greater part of the dividend at the interim stage. This interim dividend of 200p per share is payable in respect of the year ending 31 March 2016 on 29 March 2016 to shareholders on the Register of Members as at 19 February 2016.

Current Trading

Acquisitions made during the first six months equate almost to those made for the last full year and there are other purchases already in the pipeline. The Company remains financially sound with gearing at a modest level and trading in line with the Board's expectations.

Outlook

The outlook for the Company is sound with financing in place to take advantage of any good purchasing opportunities which occur. We can never control the macro-economic situation and presently Europe is experiencing troubled times, but we remain optimistic.

On 1 December 2015, Dr Andrew Williams joins the Board as a Non-Executive Director. We are delighted to welcome Andrew (who is a grandson of our co-founder, the late Frank Sinclair) to Mountview. He is a highly respected professional and brings with him a skill-set that will complement the Board. On 31 December 2015, Alistair Sinclair retires as a Non-Executive Director of the Company. We would like to thank Alistair for his five years of distinguished service and full tribute will be paid in my statement which accompanies the full year's Report and Accounts.



D.M. Sinclair

Chief Executive Officer

26 November 2015

Group Statement of Comprehensive Income (unaudited)

For the half year ended 30 September 2015

	Notes	Half year ended 30.09.2015 £000	Half year ended 30.09.2014 £000	Year ended 31.03.2015 £000
Revenue	2	42,769	36,900	71,331
Cost of sales	2	(14,448)	(12,794)	(24,621)
Gross profit		28,321	24,106	46,710
Administrative expenses		(2,010)	(2,361)	(5,055)
Gain on sale of investment properties		197	–	–
Operating profit before changes in fair value of investment properties		26,508	21,745	41,655
Increase in fair value of investment properties		–	–	57
Profit from operations		26,508	21,745	41,712
Net finance costs		(606)	(959)	(1,736)
Profit before taxation		25,902	20,786	39,976
Taxation – current		(5,400)	(4,364)	(8,422)
Taxation – deferred		202	266	263
Taxation	3	(5,198)	(4,098)	(8,159)
Profit attributable to equity Shareholders		20,704	16,688	31,817
Basic and diluted earnings per share (pence)	4	531.0p	428.0p	816.0p

Group Statement of Financial Position (unaudited)

For the half year ended 30 September 2015

	Notes	Half year ended 30.09.2015 £000	Half year ended 30.09.2014 £000	Year ended 31.03.2015 £000
Assets				
Non-current assets				
Property, plant and equipment	6	1,954	2,058	2,008
Investment properties	7	27,896	29,342	29,399
		29,850	31,400	31,407
Current assets				
Inventories of trading properties	8	330,867	317,651	323,020
Trade and other receivables		1,760	1,580	1,948
Cash and cash equivalents		682	467	1,625
		333,309	319,698	326,593
Total assets		363,159	351,098	358,000
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
Retained earnings		301,211	276,100	287,330
		301,542	276,431	287,661
Non-current liabilities				
Long-term borrowings		49,600	62,000	60,200
Deferred tax		5,055	5,255	5,259
		54,655	67,255	65,459
Current liabilities				
Bank overdrafts and loans		991	1,744	963
Trade and other payables		628	1,342	2,343
Current tax payable		5,343	4,326	1,574
		6,962	7,412	4,880
Total liabilities		61,617	74,667	70,339
Total equity and liabilities		363,159	351,098	358,000

Group Cash Flow Statement (unaudited)

For the half year ended 30 September 2015

	Half year ended 30.09.2015 £000	Half year ended 30.09.2014 £000	Year ended 31.03.2015 £000
Cash flows from operating activities			
Profit from operations	26,508	21,745	41,712
Adjustment for:			
Depreciation	55	66	140
(Gain) on disposal of investment properties	(197)	-	-
(Increase) in fair value of investment properties	-	-	(57)
Operating cash flows before movement in working capital	26,366	21,811	41,795
(Increase)/Decrease in inventories	(7,847)	3,672	(1,697)
Decrease/(Increase) in receivables	188	(2)	(370)
(Decrease)/Increase in payables	(1,715)	(662)	339
Cash generated from operations	16,992	24,819	40,067
Interest paid	(606)	(959)	(1,736)
Income taxes paid	(1,633)	(4,584)	(11,393)
Net cash inflow from operating activities	14,753	19,276	26,938
Investing activities			
Proceeds from disposal of investment properties	1,700	54	54
Purchase of property, plant and equipment	(1)	(8)	(33)
Net cash inflow from investing activities	1,699	46	21
Cash flows from financing activities			
Repayment of borrowings	(10,649)	(7,764)	(10,181)
Equity dividend paid	(6,823)	(5,848)	(9,747)
Net cash (outflow) from financing activities	(17,472)	(13,612)	(19,928)
Net (decrease)/increase in cash and cash equivalents	(1,020)	5,710	7,031
Opening cash and cash equivalents	887	(6,144)	(6,144)
Cash and cash equivalents at end of period	(133)	(434)	887

Consolidated Statement of Changes in Equity

For the half year ended 30 September 2015

	Half year ended 30.09.2015 £000	Half year ended 30.09.2014 £000	Year ended 31.03.2015 £000
Shareholders' funds as at the beginning of the period	287,661	265,591	265,591
Profit for the period	20,704	16,688	31,817
Dividends	(6,823)	(5,848)	(9,747)
Shareholders' funds at the end of the period	301,542	276,431	287,661

Notes to the Half Year Report

For the half year ended 30 September 2015

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 Conduct 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 2015 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The accounting policies used are consistent with those contained in the Group's last annual report and accounts for the year ended 31 March 2015.

The Group's published financial statements for the year ended 31 March 2015 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 Section 498 of the Companies Act 2006.

1. (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 exercises 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 intercompany 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.

Notes to the Half Year Report

For the half year ended 30 September 2015

2. Analysis of revenue and cost of sales continued

	Half year ended 30.09.2015 £000	Half year ended 30.09.2014 £000	Year ended 31.03.2015 £000
Revenue			
Gross sales of properties	33,665	28,021	53,382
Gross rental income	9,104	8,879	17,949
	42,769	36,900	71,331
Cost of sales			
Cost of properties sold	11,535	9,641	18,696
Property expenses	2,913	3,153	5,925
	14,448	12,794	24,621
Gross Profit			
Net income from sales of properties	22,130	18,380	34,686
Net rental income	6,191	5,726	12,024
	28,321	24,106	46,710

2. (a) Market Valuation of properties undertaken by Allsop LLP as at 30 September 2014

The properties sold during the six months to 30 September 2015 were valued at: £24.45 million.

The Market Values were on the basis that properties would be sold subject to any then existing leases and tenancies.

2. (b) Analysis of sales of properties by sales price

During the half year the Group has sold the following number of units:

Sale price (£)	No. of units	Location
1 million +	2	London
500,000 – 1 million	16	London
Below 500,000	76	London and other

3. Income tax

	Half year ended 30.09.2015 £000	Half year ended 30.09.2014 £000	Year ended 31.03.2015 £000
Current tax:			
UK corporation tax 20%	5,400	4,364	8,422
Deferred tax:			
Current year	(202)	(266)	(263)
Taxation attributable to the Group	5,198	4,098	8,159

The tax rate of 21% was applicable for the half year ended 30 September 2014 and the full year ended 31 March 2015.

4. Earnings per share

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

	Half year ended 30.09.2015 £000	Half year ended 30.09.2014 £000	Year ended 31.03.2015 £000
Profit for the period (basic and fully diluted)	20,704	16,688	31,817
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	531.0p	428.0p	816.0p

The Company has no dilutive potential Ordinary Shares.

5. Dividends

	Half year ended 30.09.2015 £000	Half year ended 30.09.2014 £000	Year ended 31.03.2015 £000
Ordinary dividends paid			
Final dividend for the year ended 31 March 2015 at 175p per share	6,823	–	–
Interim dividend for the year ended 31 March 2015 at 100p per share	–	–	3,899
Final dividend for the year ended 31 March 2014 at 150p per share	–	5,848	5,848

The Board has proposed an interim dividend of 200p per share (2014: 100p). This interim dividend was announced post 30 September 2015 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 19 February 2016.

The total estimated interim dividend to be paid is £7.8 million.

Notes to the Half Year Report

For the half year ended 30 September 2015

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 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 30.09.2015 £000	Half year ended 30.09.2014 £000	Year ended 31.03.2015 £000
Fair value at 1 April	29,399	29,396	29,396
Additions:			
Subsequent expenditure	–	–	–
Disposals	(1,503)	(54)	(54)
Increase in fair value during the year	–	–	57
At the end of the period	27,896	29,342	29,399

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

During the six months, we disposed of one unit for £1.7 million.

The difference between the sales price £1.700 million and the market fair value £1.503 million of £197,000 is shown in the Consolidated Income Statement as a separate item.

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 if the property were to be vacant at the date of the balance sheet.

9. Analysis of acquisitions

By type of tenancy

	Half year ended 30.09.015		Half year ended 30.09.2014		Year ended 31.03.2015	
	No. of units	Costs £m	No. of units	Costs £m	No. of units	Costs £m
Regulated, ASTs, and other	37	9.75	15	3.07	33	13.76
Life Tenancies	5	7.00	1	0.09	4	0.28
Assured Tenancies	2	0.57	5	1.21	19	3.32
Ground Rents	–	–	–	–	21	0.01
Ground Rents created	13	0.03				
	57	17.35	21	4.37	77	17.37
Assured Tenancies created	5	–				

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.

The majority of the acquisitions were in London and the South.

By geographic location

	Half year ended 30.09.2015	
	No. of units	Costs £m
London (North)	10	4.35
London (South)	2	6.73
Kent, Surrey, Sussex, Dorset, Hampshire, Isle of Wight	28	5.32
Bedfordshire, Berkshire, Essex, Buckinghamshire, Cambridgeshire Hertfordshire, Oxfordshire, Norfolk, Suffolk, Middlesex, Northamptonshire	3	0.75
Remainder of England & Wales	1	0.17
London & other — Ground Rents created	13	0.03
	57	17.35

10. 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.

11. 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.

Shareholders' Information

Financial calendar 2016

Ex-dividend date	18 February
Record date	19 February
Payment date	29 March
Preliminary announcement of the results for the year	16 June
Annual Report and Accounts posted	15 July
Annual General Meeting	10 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 Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Mountview Estates P.L.C.

Mountview House,
151 High Street,
Southgate,
London N14 6EW

Tel: +44 (0) 20 8920 5777
Fax: +44 (0) 20 8882 9981

www.mountviewplc.co.uk