

Regulatory Story

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Company Mountview Estates PLC
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 Mountview Estates PLC
 26 November 2009

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.

GROUP INCOME STATEMENT (UNAUDITED)

	Half year ended 30.09.2009 £000	Half year ended 30.09.2008 £000	Year ended 31.03.2009 £000
Revenue	25,274	28,578	53,599
Cost of Sales	(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	(3,588)	(2,246)	(3,673)
Profit attributable to equity shareholders	9,257	5,501	9,389
Basic and diluted earnings per share (pence)	237.4	141.1p	241.0

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

GROUP BALANCE SHEET (UNAUDITED)

	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	2,499	2,652	2,567
Investment properties	31,916	36,386	32,195
	34,415	39,038	34,762
Current assets			
Inventories of trading properties	263,254	275,752	268,806
Trade and other receivables	881	1,412	660
Cash and cash equivalents	238	269	840
	264,373	277,433	270,306
Total assets	298,788	316,471	305,068
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
	193,149	189,165	187,490
Non-current liabilities			
Long-term borrowings	76,000	95,000	88,000
Deferred tax	8,394	9,618	8,506
	84,394	104,618	96,506
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
	21,245	22,688	21,072
Total liabilities	105,639	127,306	117,578
Total equity and liabilities	298,788	316,471	305,068

GROUP CASHFLOW STATEMENT (UNAUDITED)

	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
Cash flow from operations before movement in working capital	14,481	11,293	22,512
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)
Cash generated from operations	18,256	4,603	24,473
Interest paid	(1,564)	(3,446)	(5,906)
Income taxes paid	(2,356)	(3,985)	(6,443)
Net cash inflow/(outflow) from operating activities	14,336	(2,828)	12,124
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)
Net cash inflow/(outflow) from investing activities	272	(214)	615
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)
Net cash (outflow) from financing activities	(16,793)	(3,703)	(15,152)
Net (decrease) in cash and cash equivalents	(2,185)	(6,745)	(2,413)
Opening cash and cash equivalents	(11,211)	(8,798)	(8,798)
Closing cash and cash equivalents	(13,396)	(15,543)	(11,211)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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	193,149	189,165	187,490

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	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	9,752	5,501	5,775
The total recognised income in the year is attributable to: Equity shareholders of the parent	9,752	5,501	5,775

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