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MOUNTVIEW ESTATES P.L.C.

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INTERIM REPORT

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2007



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On the following pages are the unaudited Accounts for the six months ended on 30 September 2007. At this stage last year Profit before Taxation and Earnings per Share had risen by over fifty per cent compared to the same period the previous year.

In what have been acknowledged as difficult market conditions Profit before Taxation and Earnings per Share have dropped back by little more than five per cent. In market conditions that are expected to continue to be difficult profits may well fall back further compared to last year's exceptional results.

The Company continues on a strong financial footing and has used its borrowing facilities to make substantial acquisitions. So much so that purchases for the six months ended on 30 September 2007 exceed those for the whole year ended on 31 March 2007. An analysis of these acquisitions is detailed in note 8 on page 9.

The interim dividend is maintained at 50 pence per share and will be payable on 31 March 2008 to shareholders on the register at 29 February 2008.



D.M. SINCLAIR  
*Chairman*

29 November 2007

Mountview House  
151 High Street  
Southgate  
London N14 6EW

## GROUP INCOME STATEMENT (UNAUDITED)

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	Notes	Half year ended 30.09.2007 £000	Half year ended 30.09.2006 £000	Year ended 31.03.2007 £000
<b>Revenue</b>	2	<b>24,432</b>	29,244	68,168
Cost of Sales	2	<b>(7,673)</b>	(11,842)	(25,076)
<b>Gross Profit</b>		<b>16,759</b>	17,402	43,092
Administrative expenses		<b>(1,874)</b>	(1,840)	(4,526)
<b>Operating profit before changes in fair value of investment properties</b>		<b>14,885</b>	15,562	38,566
Increase in fair value of investments		–	–	14,224
<b>Profit from operations</b>		<b>14,885</b>	15,562	52,790
Net finance costs		<b>(1,458)</b>	(1,356)	(2,563)
<b>Profit before taxation</b>		<b>13,427</b>	14,206	50,227
Taxation – current		<b>(4,096)</b>	(4,430)	(11,029)
Taxation – deferred		<b>13</b>	97	(4,138)
Taxation	3	<b>(4,083)</b>	(4,333)	(15,167)
<b>Profit attributable to equity shareholders</b>		<b>9,344</b>	9,873	35,060
<b>Basic and diluted earnings per share (pence)</b>	4	<b>239.7p</b>	253.2p	899.2p

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

## GROUP BALANCE SHEET (UNAUDITED)

	Notes	As at 30.09.2007 £000	As at 30.09.2006 £000	As at 31.03.2007 £000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6	2,701	2,670	2,607
Investment properties	7	34,092	19,846	34,080
		<u>36,793</u>	<u>22,516</u>	<u>36,687</u>
<b>Current assets</b>				
Inventories of trading properties	8	210,081	179,876	183,889
Trade and other receivables		1,196	1,275	1,061
Cash and cash equivalents	9	772	250	646
		<u>212,049</u>	<u>181,401</u>	<u>185,596</u>
<b>Total assets</b>		<u>248,842</u>	<u>203,917</u>	<u>222,283</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		178,051	149,369	172,606
		<u>178,382</u>	<u>149,700</u>	<u>172,937</u>
<b>Non-current liabilities</b>				
Long-term borrowings		45,828	22,375	29,644
Deferred tax		9,181	4,959	9,194
		<u>55,009</u>	<u>27,334</u>	<u>38,838</u>
<b>Current liabilities</b>				
Trade and other payables		1,202	1,149	2,952
Bank overdrafts and loans		10,157	20,831	1,030
Current tax payable		4,092	4,903	6,526
		<u>15,451</u>	<u>26,883</u>	<u>10,508</u>
<b>Total liabilities</b>		<u>70,460</u>	<u>54,217</u>	<u>49,346</u>
<b>Total equity and liabilities</b>		<u>248,842</u>	<u>203,917</u>	<u>222,283</u>

## GROUP CASH FLOW STATEMENT (UNAUDITED)

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	<b>Half year ended 30.09.2007 £000</b>	Half year ended 30.09.2006 £000	Year ended 31.03.2007 £000
Cash flow from operating activities	14,885	15,562	52,790
Adjustment for:			
Depreciation	81	105	146
Loss on disposal of property, plant and equipment	11	–	45
(Increase) in fair value of investment properties	–	–	(14,224)
<b>Cash flow from operations before changes in working capital</b>	<b>14,977</b>	<b>15,667</b>	<b>38,757</b>
(Increase) in inventories	(26,192)	(3,781)	(7,794)
(Increase) in receivables	(134)	(624)	(410)
(Decrease)/Increase in payables	(1,749)	(271)	1,532
<b>Cash generated from operations</b>	<b>(13,098)</b>	<b>10,991</b>	<b>32,085</b>
Interest paid	(1,461)	(1,356)	(2,583)
Income taxes paid	(6,530)	(2,606)	(7,581)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(21,089)</b>	<b>7,029</b>	<b>21,921</b>
<b>Investing activities</b>			
Interest received	3	–	20
Proceeds from disposal of investment properties	–	925	925
Proceeds from disposal of property, plant and equipment	34	–	41
Purchase of property, plant and equipment	(220)	(6)	(69)
Capital expenditure on investment properties	(12)	(25)	(35)
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(195)</b>	<b>894</b>	<b>882</b>
<b>Cash flows from financing activities</b>			
Increase in borrowings	16,928	–	–
Repayment of borrowings	–	(6,116)	(1,268)
Equity dividend paid	(3,899)	(3,353)	(5,303)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>13,029</b>	<b>(9,469)</b>	<b>(6,571)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(8,255)</b>	<b>(1,546)</b>	<b>16,232</b>
Opening cash and cash equivalents	646	(15,586)	(15,586)
<b>Closing cash and cash equivalents</b>	<b>(7,609)</b>	<b>(17,132)</b>	<b>646</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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	<b>Half year ended 30.09.2007 £000</b>	Half year ended 30.09.2006 £000	Year ended 31.03.2007 £000
Shareholders' funds as at 1 April	172,937	143,180	143,180
Profit for the period	9,344	9,873	35,060
Dividends	(3,899)	(3,353)	(5,303)
Shareholders' funds at the end of the period	<u>178,382</u>	<u>149,700</u>	<u>172,937</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 2007, and the comparative period for the half-year to 30 September 2006 have not been audited. The financial information for the year to 31 March 2007 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 30.09.2007 £'000</b>	Half year ended 30.09.2006 £'000	Year ended 31.03.2007 £'000
<b>Revenue</b>			
Gross sales of properties	18,473	23,267	56,163
Gross rental income	5,959	5,977	12,005
	<u>24,432</u>	<u>29,244</u>	<u>68,168</u>
<b>Cost of Sales</b>			
Cost of properties sold	4,704	9,319	19,590
Property expenses	2,969	2,523	5,486
	<u>7,673</u>	<u>11,842</u>	<u>25,076</u>
<b>Gross Profit</b>			
Net income from sales of properties	13,769	13,948	36,573
Net rental income	2,990	3,454	6,519
	<u>16,759</u>	<u>17,402</u>	<u>43,092</u>

<b>3. Income tax</b>	<b>Half year ended 30.09.2007 £'000</b>	Half year ended 30.09.2006 £'000	Year ended 31.03.2007 £'000
Current tax: UK Corporation Tax 30% (2006: 30%)	<b>4,096</b>	4,430	11,029
Deferred tax: Current year 30% (2006: 30%)	<b>(13)</b>	(97)	4,138
Taxation attributable to the Group	<b><u>4,083</u></b>	<u>4,333</u>	<u>15,167</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 30.09.2007 £'000</b>	Half year ended 30.09.2006 £'000	Year ended 31.03.2007 £'000
Profit for the period (basic and fully diluted)	<b>9,344</b>	9,873	35,060
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	<b><u>239.7p</u></b>	<u>253.2p</u>	<u>899.2p</u>

The Company has no dilutive potential ordinary shares.

**5. Dividends**

	<b>Half year ended 30.09.2007 £'000</b>	Half year ended 30.09.2006 £'000	Year ended 31.03.2007 £'000
<b>Ordinary dividends paid</b>			
Final dividend for the year ended 31 March 2007 at 100p per share	<b>3,899</b>	–	–
Interim dividend for the year ended 31 March 2007 at 50p per share	–	–	1,950
Final dividend for the year ended 31 March 2006 at 86p per share	–	3,353	3,353
	<b><u>3,899</u></b>	<u>3,353</u>	<u>5,303</u>

The Board have proposed an interim dividend of 50p per share (2006: 50p). This interim dividend was announced post 30 September 2007 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 29 February 2008.

The total estimated interim dividend to be paid is £1,950 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 30.09.2007 £'000</b>	Half year ended 30.09.2006 £'000	Year ended 31.03.2007 £'000
Fair value at 1 April	<b>34,080</b>	20,780	20,780
Additions	12	25	35
Disposals	–	(959)	(959)
Increase in fair value during the year	–	–	14,224
At the end of the period	<b><u>34,092</u></b>	<u>19,846</u>	<u>34,080</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 30.09.2007</b>		<b>Half year ended 30.09.2006</b>		<b>Year ended 31.03.2007</b>	
	<b>No of units</b>	<b>Costs £'000</b>	No of units	Costs £'000	No of units	Costs £'000
Regulated Tenancies	<b>136</b>	<b>27,705</b>	58	11,220	132	20,489
Life Tenancies	<b>12</b>	<b>1,187</b>	9	766	36	3,289
Ground Rents (or created)	<b>10</b>	<b>24</b>	10	7	17	31
	<b><u>158</u></b>	<b><u>28,916</u></b>	<u>77</u>	<u>11,993</u>	<u>185</u>	<u>23,809</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 2008****Dividend**

- Ex dividend date 27 February
- Record date 29 February
- Payment date 31 March

**Preliminary announcement of the results for the year** 26 June

**Annual Report and Accounts posted** 18 July

**Annual General Meeting** 13 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





