
MOUNTVIEW ESTATES P.L.C.

REPORT AND ACCOUNTS

2008

This document is important and requires your immediate attention.

If you are in any doubt as to any aspect of the proposals referred to in this document of the action you should take, you should consult a stockbroker, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your shares in Mountview Estates P.L.C., you should at once forward this document and the accompanying Form of Proxy to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Notice of the Annual General Meeting of the Company to be held at the offices of Norton Rose LLP, 3 More London Riverside, London SE1 2AQ is set out on pages 54 to 55 of this document. To be valid for use at the Meeting, the enclosed Form of Proxy should be completed and returned, in accordance with the instructions thereon, to Capita IRG plc (Proxies), PO Box 25, Beckenham, Kent BR3 4BR as soon as possible and, in any event, so as to arrive no later than 48 hours before the time of the Meeting.

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	2008	2007	Increase/ (Decrease)
	£	£	%
Turnover (millions)	54.3	68.2	(20.3)
Gross Profit (millions)	36.0	43.1	(16.5)
Profit Before Tax (millions)	29.5	50.2	(41.2)
Profit Before Tax excluding investment properties revaluation (millions)	27.7	36.0	(23.0)
Shareholders' Funds (millions)	187.7	172.9	8.5
Earnings per share (pence)	530.1	899.2	(41.1)
Net assets per share	48.2	44.3	8.8
Dividend per share (pence)	155	150	3.3

The general downturn in the United Kingdom economy has been widely documented and has impacted the residential property market in the last year. This has been evidenced in the results for the year ended 31 March 2008. Although these are below the record levels of the previous year the trading results for the year ended 31 March 2008 are nevertheless very sound.

My staff and colleagues have worked hard to produce what are good results for the year to 31 March 2008 and I am confident that they will rise to the challenge of the difficult times ahead. Indeed I look forward to the Company not only weathering these difficult times but in due course producing increased profits which will increase the rewards of its employees.

I have always emphasised the need to make the right purchases and the virtue of tight financial control. As we suffer a very harsh climate for the residential property sector I believe that this emphasis will be vindicated. Our purchasing performance during the year had been very strong already when we completed the purchase of the Magdalen Park Estate in south west London for over £43 million at the end of January 2008. These purchases have taken our borrowings to high levels by our standards but our gearing remains low by most standards and our continuing financial prudence will ensure that the Company enjoys the full benefit of these purchases and remains on a sound financial footing.

The previous year's profits were exceptional anyway but were made more so by the enormous increase of more than £14 million in fair value of investments compared with less than £2 million in the accounts for the year ended 31 March 2008. If the figures for the increase in fair value of investments are removed the fall in trading profits is less than 23% whereas the profit before taxation is shown as having fallen by over 40%.

The residential property market has become a very difficult environment in which to operate. The auction houses are reporting lower success rates, estate agents are closing some of their branches, mortgage finance is difficult to obtain and now there is the threat of higher interest rates. Despite these problems we are effecting our sales successfully although the prices achieved may be a little more modest than those we would have expected a year ago. We can only operate in the marketplace as it exists but by doing so we can comply with our banking covenants and may well be in position to take advantage of further good purchasing opportunities which occur.

Your Board is recommending an increased final dividend of 105 pence per share in respect of the year ended 31 March 2008 despite the fall in profits. This dividend is payable on 18 August 2008 to shareholders on the Register of Members as at 18 July 2008. This will make a total dividend for the year ended 31 March 2008 of 155 pence per share which is 3.4 times covered by the earnings per share.

The Company's existing Articles of Association were adopted some time ago and so do not take account of various legal developments that have since come into force. The Directors therefore consider it appropriate, in particular in light of the provisions of the Companies Act 2006 that have come into effect (or are coming into effect) this year, to adopt new Articles of Association that reflect these legislative changes and are also more in line with current corporate governance recommendations.

The principal differences between the existing Articles of Association and the new Articles of Association are explained on pages 48 to 53 (inclusive), although there are also further miscellaneous differences of a clarificatory, conforming, technical and/or drafting nature.

A copy of the existing Articles of Association and the new Articles of Association will be available for inspection from the date of this notice until the close of the Annual General Meeting at the Company's registered offices during normal business hours on any weekday (Saturdays, Sundays and English public holidays excepted) and at the place of the Annual General Meeting for at least 15 minutes prior to, and during, the Annual General Meeting.

Your Board considers that the proposals described in this document are in the best interests of the Company and its shareholders and therefore recommends that you should vote in favour of the resolutions to be proposed at the AGM, notice of which is set out on pages 54 to 55 of this document. The Directors intend to do so in respect of their own beneficial holdings.



D.M. SINCLAIR
Chairman

16 July 2008

1. RESIDENTIAL PROPERTIES

The Group's business model is simple. We are a property trading company buying tenanted properties at a discount to notional vacant possession value and selling them when they become vacant.

Categories of Property held as trading stock

The Group trades in the following categories:

Rack rent (tenanted residential) units

Ground rent units

Life tenancy units

A unit is a property, however large or small, whether freehold or leasehold, which is held subject to one tenancy.

Analysis of the Group Trading portfolio by type as at 31 March 2008

	No of units	Cost £m
Rack Rents	2,536	245,319
Ground Rents	1,063	1,067
Life Tenancies	387	24,975

Analysis of the Group Trading portfolio at the lower of cost and estimated net realisable value by geographical location as at 31 March 2008

	Regulated £m	Ground Rents £m	Life Tenancies £m	Portfolio %
London (North)	57.4	0.4	0.2	21.4
London (South)	97.0	0.5	0.7	36.2
Kent, Surrey, Sussex, Dorset Hampshire, I.O.W	24.2	0.04	5.9	11.1
Herts, Essex, Beds, Bucks, Oxon, Camb, Norfolk, Suffolk, Berks, Middx, Northants	40.1	0.1	7.3	17.5
Remainder of England and Wales	26.6	0.03	10.8	13.8

The Company's modus operandi is to buy tenanted residential property and sell it when it becomes vacant. Regulated investments that are characterised by early possession with rental returns below market value and high margin on sale are becoming increasingly short in supply. The Group continues to place more emphasis on the acquisition of life tenancies. Although this type of trading stock has nominal rental income, the properties are bought at a greater discount to vacant possession value and have a higher margin on sale. In addition, the maintenance of the property is usually the responsibility of the life tenant.

1. RESIDENTIAL PROPERTIES *(continued)*

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

Sales Price (£)	No of units Year ended 31.03.2008	Location
1 million+	1	London
500,000-1 million	6	London
below 500,000	189	London and other
	<u>196</u>	

Analysis of acquisitions

	No of units	Year ended 31.03.2008 Costs £'000
Regulated tenancies	345	90,438
Life tenancies	26	2,620
Ground rents (or created)	48	120
	<u>419</u>	<u>93,178</u>

The above analysis does not include legal and commission expenses directly related to the acquisition of properties nor any repairs of a capital nature.

Acquisition of the residential property portfolio "Magdalen Park Estate"

The Company has been successful in its bid to acquire this mixed portfolio of residential properties situated in Earlsfield in South West London. The portfolio comprises 128 buildings arranged to provide 25 houses and 209 self-contained flats.

All 25 houses are subject to regulated tenancies.

The 209 flats consist of the following:

- 116 flats are long leaseholds
- 66 flats are subject to regulated tenancies
- 1 flat is subject to a life tenancy
- 14 flats are subject to assured shorthold tenancies
- 2 flats are subject to assured tenancies
- 10 flats are vacant

The portfolio currently generates gross rental income of about £880,000 per annum. The aggregate consideration for this portfolio paid in January 2008 was 43.2 million.

The portfolio acquisition is consistent with the Company's long-term strategy to generate shareholder value by acquiring tenanted properties and selling them when they become vacant.

Rental Income

The Company's rental income is derived from five different sources:

- Regulated tenancies
- Assured tenancies
- Assured shorthold tenancies
- Life tenancies
- Ground rents

We continue to target those properties where the rent is capped such that expenditure on improvements and the provision of missing amenities leads to substantial increases in rental income.

2. INVESTMENT PROPERTIES

The analysis of the investment portfolio as at 31 March 2008 is as follows:

Louise Goodwin Limited	54 units
A.L.G. Properties Limited	11 units

All the properties are located in Belsize Park, London NW3.

There were no sales during this financial year.

Mountview Estates P.L.C. purchased the investment companies in 1999. They are the only significant departures from the Company's normal activities.

Outlook

As a result of market conditions, rental income has not risen in the way we had anticipated. Consequently where units become vacant we are prepared to refurbish the properties and sell them by private treaty to discerning purchasers who actively seek new homes in this prestigious area.

Valuation

The properties comprised within the investment portfolio have been revalued externally for the purpose of these accounts. The value attributed to each individual property reflects the change in its condition where appropriate and the adjustment resulting from changes in market circumstances.

Details of the valuation of the investment portfolio are disclosed on page 30.

Executive Directors**D.M. Sinclair FCA (Chairman)**

Joined the Company as Company Secretary in 1977, became a Director on 1 January 1982 and succeeded his late father as Chairman on 5 June 1990. Member of the Institute of Chartered Accountants in England and Wales.

K. Langrish-Smith

Joined the Company in 1974 and became a Director on 1 January 1982.

Miss J.L. Murphy

Joined the Company in 1990 as an assistant to the late Frank Sinclair and became a Director on 1 September 1995.

Mrs. M.M. Bray FCCA

Joined the Company in 1996 and became Company Secretary. Appointed an Executive Director on 1 April 2004. Member of the Association of Chartered Certified Accountants.

Non-Executive Directors**J.P. Hall**

Joined the Company as a Non-Executive Director on 1 December 2000. He is Chairman of APCIMS and a member of the Takeover Panel. He was a Chief Executive of Brewin Dolphin Holdings PLC from 1987 to September 2007.

J.B. Fulton FCA

Joined the Company as a Non-Executive Director on 1 January 2007. Member of the Institute of Chartered Accountants in England and Wales. He has held senior financial roles in multinational companies.

Secretary and Registered Office

Mrs. M.M. Bray FCCA

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

Bankers

HSBC Bank Plc, 60 Queen Victoria Street, London EC4N 4TR

Barclays Bank Plc, One Churchill Place, London E14 5HP

Auditors

BSG Valentine

Lynton House, 7-12 Tavistock Square, London WC1 H9B

Solicitors

Norton Rose

3 More London Riverside, London SE1 2AQ

Registrars and Transfer Office

Capita Registrars

The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU

Brokers

Brewin Dolphin Securities Ltd

12 Smithfield Street, London EC1A 9BD

The Directors have pleasure in presenting their Seventy- First Annual Report to the Members together with the Financial Statements for the year ended 31 March 2008.

1. RESULTS AND DIVIDENDS

The Results for the year are set out in the Income Statement on page 18.

The Directors recommend the payment of a final dividend of 105 pence per share. The dividend will be paid on 18 August 2008 subject to approval at the A.G.M. on 13 August 2008 to Ordinary Shareholders on the register at the close of business on 18 July 2008.

2. ACTIVITIES

The principal activities of the Company and its Subsidiary undertakings are as follows:

Parent Company

Mountview Estates P.L.C. Property Dealing

Subsidiary undertakings (wholly owned)

Hurstway Investment Company Limited Property Dealing
 Louise Goodwin Limited Property Investment
 A.L.G. Properties Limited Property Investment

3. REVIEW OF BUSINESS AND PROSPECTS

Details of the Group’s performance during the year and expected future developments are contained in the Chairman’s Statement and the Review of Operations on pages 5 to 7. In addition the Group has established the following Financial and Internal Performance Indicators:

Financial Key Performance Indicators

	2008	2007
	growth %	growth %
Earnings per share	(41.1)	120.1
Dividend	3.3	15.4
Net assets per share	8.8	20.7

The Directors consider that there are no significant non-financial indicators in existence.

Internal Performance Measures

	2008	2007
	£’000	£’000
Administrative expenses as percentage of revenue	7.8%	6.6%
Administrative expenses per member of staff	150	162
Profit before tax per member of staff	1,054	1,794

In the current economic climate, the impact of the credit crunch has caused a slowdown in the rate of house price growth and a strong decline in levels of mortgage approvals.

Together with an increase in oil prices which in turn pushes up the cost of goods the prospect of rising inflation and the Bank of England raising interest rates is very probable. The ability of households to spend “surplus” income is going to be reduced by the increased mortgage and household bills.

3. REVIEW OF BUSINESS AND PROSPECTS *(continued)***Risk review**

The key risks to Mountview's business are:

- long-term downturn in the UK housing market
Our residential portfolio consists mainly of low value units spread over high demand areas of London and the South East. The majority of our properties are of relatively low value, which are still affordable even during a market slowdown. Our investment portfolio is located in the highly desirable area of Belsize Park.
- significant increase in interest rates
The Company has entered into an Interest Rate Swap Agreement, for a period of 5 years on its £40 million loan in order to reduce its exposure to interest rate fluctuations.
- a lack of availability of finance
We have spent over £93 million on new acquisitions this year. However we can reduce our still modest level of gearing and improve liquidity by cutting back on purchases if necessary.

4. ROTATION OF DIRECTORS

In accordance with the Company's Articles of Association, Mr. K. Langrish-Smith and Miss. J.L. Murphy retire from the Board by rotation and being eligible, offer themselves for re-appointment. Resolutions for their re-appointment will be proposed at the Annual General Meeting.

5. DIRECTORS' INTERESTS IN SHARE CAPITAL

The number of Ordinary Shares in the Company in which the Directors and their families were interested is as follows:

	31 March 2008	1 April 2007
	<i>Ordinary Shares of 5p each</i>	
Mr. D.M. Sinclair including the following holding Sinclair Estates Limited – 54,165 beneficial Mr. D.M. Sinclair is a Director of the above company	534,883	534,883
Mr. K. Langrish-Smith	227,250	221,155
Miss J.L. Murphy	1,500	1,100
Mrs. M.M. Bray	10,187	10,187
Mr. J.P. Hall	2,000	2,000

All the above interests are beneficial except where otherwise stated.

Mr. K. Langrish-Smith has increased his beneficial holdings by 750 Ordinary Shares on 2 April 2008, and by 1,090 Ordinary Shares on 15 July 2008.

6. SUBSTANTIAL INTERESTS IN SHARE CAPITAL

As at the date of this Report notices have been received of the following substantial interests in the capital of the Company:

	Ordinary Shares of 5p each	% of Issued Share Capital
Mr. Phillip Trevor Wheeler FDSGS Acct and Mrs. Daphne Sinclair and Mr. Alistair James Sinclair	633,780	16.25
Mr. Richard Michael Moyse and Mr. Stephen Robin Oldfield Trustees of W.D.I. Sinclair Grandchildren Settlement	179,400	4.60
Estate of Mrs. Doris Sinclair	118,100	3.03
Mrs. M.A. Murphy	596,745	15.31
Mrs. S.M. Simkins	138,750	3.56
Mrs. A. Williams	119,890	3.07

7. DIRECTORS' INTERESTS IN CONTRACTS

There was no Contract in existence during or at the end of the financial year in which a Director of the Company is, or was, materially interested, and which is or was significant in relation to the Company's business.

8. DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company purchases liability insurance covering the Directors and Officers of the Company and its Subsidiary undertakings.

9. POLICY ON THE PAYMENT OF CREDITORS

The Company's policy in respect of all its suppliers is to settle the terms of payment when agreeing the terms of each transaction. The Company also ensures that the suppliers are made aware of the terms of payment and abide by them.

Trade creditors existing at 31 March 2008 relating to purchases of property stock generally complete 28 days after exchange of contracts. Other trade creditors were settled, on average, 14 days after incurring the liability (2007: 14 days).

10. REMUNERATION POLICY

The Company's Shareholders will be asked to approve the Remuneration Report contained in the Annual Report and Accounts at the Annual General Meeting to be held on 13 August 2008 and a resolution is drafted accordingly.

11. CORPORATE GOVERNANCE

The Directors' statement on corporate governance is set out on pages 13 to 15.

12. HEALTH AND SAFETY

The Group is committed to achieving a high standard of health and safety. The Group regularly reviews its health and safety policies and practices to ensure that appropriate standards are maintained.

13. DONATIONS

During the year the Group made charitable donations of £27,343 (2007: £25,835). There were no political donations (2007: £nil).

14. GOING CONCERN BASIS

The Directors continue to adopt the going concern basis in preparing the accounts.

They are of the opinion that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

15. AUDITORS

Messrs. BSG Valentine have indicated their willingness to continue in office and a resolution for the reappointment of BSG Valentine as auditors for the ensuing year will be proposed at the Annual General Meeting in accordance with section 385 of the Companies Act 1985.

By Order of the Board
M.M. BRAY
Secretary

Mountview House
151 High Street
Southgate
London N14 6EW
16 July 2008

The Directors are responsible for preparing the Annual Report and the Group financial statements in accordance with the applicable law and International Financial Reporting Standards as adopted by the European Union. In addition the Directors are responsible for preparing the Parent Company accounts in accordance with UK GAAP.

Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors are aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

By Order of the Board
M.M. BRAY
Secretary

Mountview House
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London N14 6EW
16 July 2008

The Financial Reporting Council (FRC) published a new version of the Combined Code in June 2006 following publication of the Higgs report earlier that year. This is applicable to the Company for the reporting year commencing 1 April 2007. The Board is satisfied that as a “small company” outside the FTSE 350 it would currently meet most of the requirements.

Mountview Estates P.L.C. is a family controlled Company. There is a concert party in existence, of which members of the Sinclair family, Sinclair Estates Limited, Viewthorpe Limited, Viewthorpe (Holdings) Limited, directors of the Company and various long standing supporters of the Company are currently members. As a result of a reorganisation of certain of the Sinclair family’s interests which took place in April 2005, shares in the Company which had previously been held by certain former members of the concert party are no longer being treated as held by the concert party. Due to this reorganisation and the addition also of certain other shareholdings, the net aggregate shareholdings of the concert party now amount to approximately 53 percent of the issued share capital of the company.

Throughout the year ended 31 March 2008 the Company has been in compliance with the Code provisions set out in Section 1 of the June 2006 FRC Combined Code on Corporate Governance with certain exceptions noted below:

- A2.1 requires justification for combining the posts of Chairman and Chief Executive Officer. There is no formal division of responsibilities but neither the Chairman nor any other member of the Board has unfettered powers of decision.

As it is a small Company, there is no formal nomination of a senior independent director.

- A3.2 The majority of non-executive Directors should be independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgement. Mr. J.P. Hall, a non-executive Director has retired from the Board of Brewin Dolphin Holdings PLC. Mr. J.P. Hall’s detachment from the day-to-day issues raised within the Company during the year, together with the presence of the second non-executive Director Mr. J.B. Fulton provide sufficiently strong and experienced balance with the executive members of the Board for a Company of this size.

In view of this we continue to believe that both our non-executive Directors are independent.

The Board

As at the year ended 31 March 2008 the Board comprised the Chairman, Mr. D.M. Sinclair, three executive Directors and two non-executive Directors. All Directors have access to independent professional advice at the expense of the Company and to the services of the Company Secretary who is responsible to the Board for ensuring the correct procedures are followed.

In addition to ad-hoc meetings arranged to discuss particular transactions and events, the full Board meets at least four times a year and retains full and effective control over the Group’s activities.

Meetings	Mr. D.M. Sinclair	Mr. K. Langrish-Smith	Miss J.L. Murphy	Mrs. M.M. Bray	Mr. J.P. Hall	Mr. J.B. Fulton
Full Board	4	4	4	4	4	4
Audit Committee	2	–	–	2	3	3
Remuneration Committee	1	–	–	–	2	2

Day to day management is delegated to the Executive Board which focuses on major transactions, business growth, strategy, cash management and control.

There is regular communication with the Non-Executive Directors in order to keep them informed on the Company’s operations.

All members of the Board are subject to the re-election provisions of the Articles which require them to offer themselves for re-election at least once every three years and, on appointment, at the first Annual General Meeting (AGM) after appointment. Details of those directors offering themselves for re-appointment are set out in the Directors' Report on page 10.

Going concern

The Board have a reasonable expectation that the Company have adequate resources to continue in existence for the foreseeable future. For this reason the Group continue to adopt the going concern basis in preparing the accounts.

Directors – performance evaluation

The Board is of the opinion that the Directors' performance is continuously evaluated throughout the year.

Any areas of concern are addressed during our regular management or Board meetings. Each of the Directors is responsible for his/her self-appraisal process in respect of their individual performance during the year. This is in turn discussed with the members of the Remuneration Committee who also review the performance of the Board as a whole.

Remuneration Committee

The Remuneration Committee comprises Mr. J. Hall (non-executive Director), Mr. J.B. Fulton (non-executive Director). The Committee, which is chaired by Mr. J. Hall, monitors, reviews and makes recommendations to the Board on all elements of the remuneration of the executive Directors. The Committee meets twice a year.

Mr D.M. Sinclair, the Chairman of the Company, is invited by the Remuneration Committee members to attend one meeting or part of any meeting as and when appropriate.

No Director is involved in deciding his/her own remuneration and the remuneration of the non-executive Directors is determined by the full Board.

The report of Directors' Remuneration is set out on pages 16 to 17.

Nomination Committee

The Nomination Committee is responsible for the selection and approval of appointments to the Board. Given the small size of the Company the Chairman of the Nomination Committee is Mr. D.M. Sinclair and all the Directors of the Company are members. There were no meetings during the year.

Audit Committee

The Audit Committee comprises Mr. J. Hall (non-executive Director) and Mr. J.B. Fulton (non-executive Director). The Committee, which is chaired by Mr. J.B. Fulton, has clear terms of reference agreed by the Board and is responsible for ensuring that the Group's system of financial control is adequate. It also keeps under review the cost effectiveness of the audit and the independence and objectivity of the auditors.

This includes the approval of any non-audit service fees above a relatively normal level.

The Committee is satisfied that the taxation services provided by BSG Valentine is overseen by partners and staff who are excluded from the audit procedure.

The Committee meets three times a year and one of these meetings is with the external auditors without an executive director in attendance. The Chairman of the Audit Committee reports to the Board on matters discussed with external auditors. The Audit Committee monitors the integrity of the financial statements and reviews the interim and annual financial statements before submission to the Board. Further the Committee seeks to ensure that the external auditors are independent.

Mr. J.B. Fulton is a member of Institute of Chartered Accountants in England and Wales.

The Audit Committee has satisfied itself that the Company complies with the principles set out in the Smith Report.

Communications with Shareholders

The Company communicates with its shareholders by way of the Annual Reports and Accounts and half yearly interim reports. Investors may use the Company's Annual General Meeting to communicate with the Board. The Board including the non-executive Directors is available throughout the year to listen to the views of Shareholders.

Risk Management

Details of this are included in the Report of the Directors on page 10.

Internal Financial Control

An ongoing process for identifying, evaluating and managing the significant risks faced by the Group was in place throughout the period from 1 April 2007 to the date of approval of the Annual Report and Accounts. This process is regularly reviewed by the Board and accords with the Internal Control Guidance for Directors in the Combined Code.

The Directors are responsible for establishing and maintaining the Group's system of internal financial control. Internal control systems in any group are designed to meet the particular needs of that group and the risks to which it is exposed, and by their nature can provide reasonable but not absolute protection against material misstatement or loss. Due to its size, the Group does not have an internal audit function. The key procedures which the Directors have established with a view to providing effective internal financial control are as follows:

Identification of Business Risks – The Board is responsible for identifying the major business risks faced by the Group, such as fluctuations in interest rates, inflation rates, fluctuations in consumer spending, employment levels and for determining the appropriate course of action to manage those risks.

Management Structure – The Board has overall responsibility for the Group and there is a formal schedule of matters specifically reserved for decision by the Board.

Corporate Accounting – Responsibility levels are communicated throughout the Group as part of the corporate accounting procedures. These procedures set out authorisation levels, segregation of duties and other control procedures.

Quality and Integrity of Personnel – The integrity and competence of personnel is ensured through high recruitment standards and close Board supervision.

Monitoring – Internal financial control procedures are reviewed by the Board as a whole. These reviews embrace the provision of regular information to management, and monitoring of performance and key performance indicators.

UNAUDITED INFORMATION

Remuneration Committee

The Remuneration Committee, as constituted by the Board is responsible for the determination of the remuneration of the executive Directors of Mountview Estates P.L.C. The Board as a whole considers the remuneration of the non-executive Directors. External advisors were not used in the year under review. The composition of the Committee has not altered during the year.

Remuneration Policy

The Group operates in a competitive environment. In forming its policy on remuneration the Group aims to set reward packages which enable the Group to attract, retain and motivate executives with the appropriate skills and experience.

The Remuneration Committee has developed the following specific remuneration package consisting of two elements.

- Basic salary and benefits – the fixed part of the package
- Annual discretionary bonuses

Basic salaries and benefits in kind for each executive Director are reviewed on an annual basis by the Remuneration Committee, which takes into account individual responsibilities, experience and performance as well as competitive market practice. Benefits include the provision of a car and private medical health insurance.

Directors have the choice of the use of a company car or a cash alternative.

The Group does not operate any share option scheme.

Bonuses are recommended by the Committee and approved by the Board having regard to the performance of the Group and the executive Directors during the year. In assessing corporate performance the Remuneration Committee takes into account the Group's corporate performance within the property sector.

Non-Executive Directors

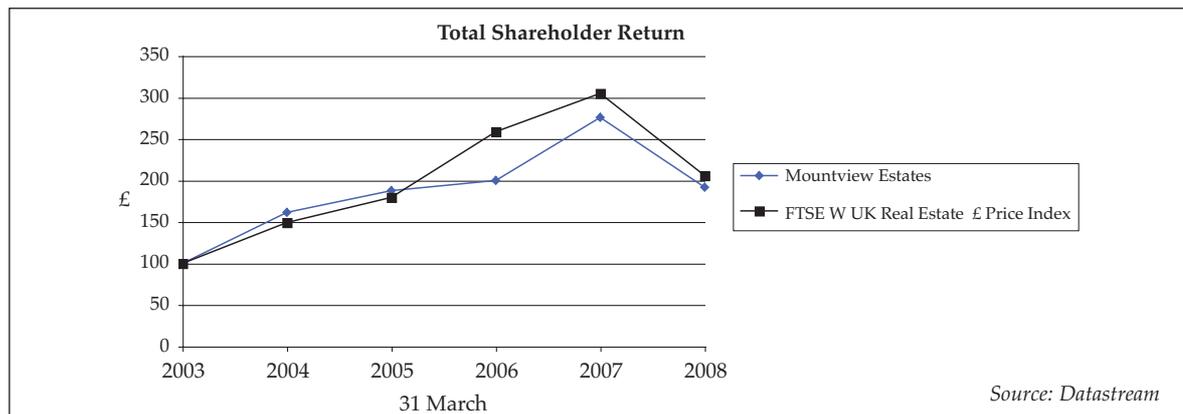
Each non-executive Director receives fees of £24,000 per annum. The non-executive Directors are not entitled to bonuses, benefits or pension contributions.

Pensions

The Company contributes 3% of the total of the executive Directors' gross annual salaries and bonuses to a Stakeholder Pension Scheme. This scheme is available to all employees of the Company.

Performance Graph

The graph below is prepared in accordance with The Directors' Remuneration Report Regulations 2002 and illustrates the Company's performance compared to a broad equity market index over the past five years. As the Company is a constituent of the FTSE All-Share Real Estate Index, that index is considered the most appropriate form of broad equity market index against which the Company's performance should be plotted. Performance is measured by Total Shareholder Return as represented by share price performance and dividend.



The graph looks at the value of £100 invested in Mountview Estates P.L.C. on 31 March each year compared to the value of £100 invested in the FTSE All-Share Real Estate Index.

AUDITED INFORMATION

	Salary £000	Bonus £000	Benefits in kind £000	Pensions Contri- butions £000	Total £000
2008					
Executive					
D.M. Sinclair	243	240	33	14	530
K. Langrish-Smith	148	80	15	7	250
Miss J.L. Murphy	176	150	15	10	351
Mrs M.M. Bray	191	165	–	11	367
Non-Executive					
J.P. Hall	24	–	–	–	24
J.B. Fulton	24	–	–	–	24
	<u>806</u>	<u>635</u>	<u>63</u>	<u>42</u>	<u>1,546</u>

	Salary £000	Bonus £000	Benefits in kind £000	Pensions Contri- butions £000	Total £000
2007					
Executive					
D.M. Sinclair	215	375	28	18	636
K. Langrish-Smith	135	200	15	10	360
Miss J.L. Murphy	161	275	14	13	463
Mrs M.M. Bray	161	300	–	14	475
C. Maunder Taylor (Resigned 30.09.2006)	79	–	6	2	87
Non-Executive					
J.P. Hall	24	–	–	–	24
J.B. Fulton (Appointed on 01.01.2007)	6	–	–	–	6
N.S. Palmer (Resigned 31.12.2006)	18	–	–	–	18
	<u>799</u>	<u>1,150</u>	<u>63</u>	<u>57</u>	<u>2,069</u>

Service Contracts

Each of the executive Directors who served during the year has a service agreement, which can be terminated on one year's notice by either party.

Approval

An Ordinary Resolution to approve this report will be proposed at the Annual General Meeting of the Company.

This report was approved by the Board on 16 July 2008.



John Hall
Chairman of the Remuneration Committee

CONSOLIDATED INCOME STATEMENT

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for the year ended 31 March 2008

	Notes	Year ended 31.03.2008 £000	Year ended 31.03.2007 £000
REVENUE	4	54,338	68,168
Cost of sales	4	<u>(18,347)</u>	<u>(25,076)</u>
GROSS PROFIT		35,991	43,092
Administrative Expenses		<u>(4,207)</u>	<u>(4,526)</u>
Operating profit before changes in fair value of investment properties		31,784	38,566
Increase in fair value of investments		<u>1,784</u>	<u>14,224</u>
PROFIT FROM OPERATIONS		33,568	52,790
Finance costs	8	(4,043)	(2,583)
Income from investments	9	4	20
PROFIT BEFORE TAXATION		<u>29,529</u>	<u>50,227</u>
Taxation – current		(8,358)	(11,029)
Taxation – deferred		(503)	(4,138)
Taxation	10	<u>(8,861)</u>	<u>(15,167)</u>
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS		<u>20,668</u>	<u>35,060</u>
Basic and diluted earnings per share (pence)	12	530.1	899.2

The notes on pages 22-36 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

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as at 31 March 2008

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	Notes	As at 31.03.2008 £000	As at 31.03.2007 £000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	2,719	2,607
Investment properties	14	36,203	34,080
		38,922	36,687
CURRENT ASSETS			
Inventories of trading properties	16	271,361	183,889
Trade and other receivables	17	1,118	1,061
Cash and cash equivalents		802	646
		273,281	185,596
TOTAL ASSETS		312,203	222,283
EQUITY AND LIABILITIES			
Capital and reserves attributable to equity holders of the company			
Share capital	22	195	195
Capital redemption reserve	23	55	55
Capital reserve	23	25	25
Other reserves	23	56	56
Retained earnings	24	187,426	172,606
		187,757	172,937
NON-CURRENT LIABILITIES			
Long-term borrowings	19	95,000	29,644
Deferred tax	20	9,697	9,194
		104,697	38,838
CURRENT LIABILITIES			
Trade and other payables	18	3,081	2,952
Bank overdrafts and loans	19	12,685	1,030
Current tax payable		3,983	6,526
		19,749	10,508
TOTAL LIABILITIES		124,446	49,346
TOTAL EQUITY AND LIABILITIES		312,203	222,283

Approved by the Board on 16 July 2008.

D. M. SINCLAIR Chairman

K. LANGRISH-SMITH Director

The notes on pages 22-36 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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for the year ended 31 March 2008

	Notes	Share capital £000	Capital reserves £000	Capital redemption reserves £000	Other reserves £000	Retained earnings £000	Total £000
Changes in equity for year ended 31 March 2007							
Balance as at 1 April 2006		195	25	55	56	142,849	143,180
Profit for the year						35,060	35,060
Dividends	11					(5,303)	(5,303)
Balance at 31 March 2007	24	195	25	55	56	172,606	172,937
Changes in equity for year ended 31 March 2008							
Balance as at 1 April 2007		195	25	55	56	172,606	172,937
Profit for the year						20,668	20,668
Dividends	11					(5,848)	(5,848)
Balance at 31 March 2008	24	195	25	55	56	187,426	187,757

The notes on pages 22-36 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

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for the year ended 31 March 2008

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	Notes	Year ended 31.03.2008 £000	Year ended 31.03.2007 £000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit from operations		33,568	52,790
Adjustments for:			
Depreciation		190	146
Loss on disposal of property, plant and equipment		21	45
Increase in fair value of investment properties		(1,784)	(14,224)
Operating cash flows before movement in working capital		31,995	38,757
(Increase) in inventories		(87,472)	(7,794)
(Increase) in receivables		(57)	(410)
Increase in payables		128	1,532
Cash generated from operations		(55,406)	32,085
Interest paid		(4,043)	(2,583)
Income taxes paid		(10,901)	(7,581)
Net cash (outflow)/inflow from operating activities		(70,350)	21,921
Investing activities			
Interest received		4	20
Proceeds from disposal of investment properties		–	925
Proceeds from disposal of property, plant and equipment		60	41
Purchase of property, plant and equipment	13	(382)	(69)
Capital expenditure on investment properties	14	(339)	(35)
Net cash (outflow)/inflow from investing activities		(657)	882
Cash flows from financing activities			
Increase in borrowings		67,411	–
Repayment of borrowings		–	(1,268)
Equity dividend paid		(5,848)	(5,303)
Net cash inflow/(outflow) from financing activities		61,563	(6,571)
Net (decrease)/increase in cash and cash equivalents		(9,444)	16,232
Cash and cash equivalents at beginning of the period		646	(15,586)
Cash and cash equivalents at end of year	19	(8,798)	646

The notes on pages 22-36 are an integral part of these consolidated financial statements.

for the year ended 31 March 2008

1. GENERAL INFORMATION

Mountview Estates P.L.C. (the Company) and its Subsidiaries (the Group) is a property trading company with a portfolio in England and Wales.

The Company is a public limited liability company incorporated, domiciled and registered in England.

The address of its registered office is: 151 High Street, Southgate, London N14 6EW.

The Company has its primary listing on the London Stock Exchange.

These consolidated financial statements have been approved for issue by the Board of Directors on 16 July 2008.

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

The Accounts have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and in accordance with applicable International Financial Reporting Standards as adopted by the EU.

(b) Basis of Consolidation

The Group's financial statements incorporate the results of Mountview Estates P.L.C. and all of its Subsidiary undertakings made up to 31 March each year. 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. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

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, balances and unrealised gains on transactions between group companies are eliminated on consolidation within the consolidated accounts.

Consistent accounting policies have been used across the Group.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

(d) Investment Properties

Properties that are held for long term rentals or for the capital appreciation are classified as investment properties.

Investment properties initially are measured at cost, including related transaction costs, and thereafter are stated at their fair value in the balance sheet. Expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement.

Gains or losses arising from changes in the fair value of investment properties are recorded in the income statement.

for the year ended 31 March 2008

(e) **Income Tax**

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction, which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in Subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(f) **Provisions**

Provisions for legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

(g) **Revenue**

Revenue includes proceeds of sales of properties, rents from properties, which are held as trading stock, investment and other sundry items of revenue before charging expenses. Rental income is recognised over the rental period.

Sales of properties are recognised on legal completion as in the Directors' opinion this is the point at which the substantial risks and rewards of ownership have been transferred.

(h) **Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved.

(i) **Interest Expense**

Interest expense for borrowings are recognised within "finance costs" in the income statement using the effective interest rate method. The effective interest method is a method of calculating the financial liability and of allocating the interest expense over the relevant period.

for the year ended 31 March 2008

2. ACCOUNTING POLICIES (continued)

(j) Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset using the straight-line method as follows:

Freehold property	–	2%
Fixtures and fittings and office equipment	–	20%
Computer equipment	–	25%
Motor Vehicles – reducing balance method	–	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each financial year. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(k) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Any impairment is recognised in the Income Statement in the year in which it occurs.

(l) Estimates and Judgements

Investment Properties

In considering the values attributable to the investment portfolio, the following factors are taken into consideration:

- sales of properties within the Group's portfolio during the preceding 12 months
- sales of properties in the same district whenever the information is available
- published market research concerning the performance of the property market in this region and district
- factors affecting individual properties and units in relation to value, and factors in the district which might affect the values of individual properties and units

Carrying value of trading stock

The average length of time a unit of stock is held by the Group is 15 years and historically, the value of properties has increased steadily due to favourable market conditions. In addition it is the Company's policy to ensure that each unit of stock is kept in a good state of repair, in order that the value of trading stock will be maintained.

(m) Inventories

These comprise residential properties all of which are held for resale, and are valued at the lower of cost and estimated net realisable value. Cost to the Group includes legal fees and commission charges incurred during acquisition together with improvement costs. Net realisable value is the net sale proceeds which the Group expects on sale of a property in its current condition. The analysis of the Group trading portfolio as at 31 March 2008 is on page 26.

for the year ended 31 March 2008

- (n) **Pension Costs**
The Group operates a stakeholder contribution pension scheme for employees. The annual contributions payable are charged to the Income Statement. The Group has no further payment obligations once the contributions have been paid.
- (o) **Financial Instruments**
Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument. Trade and other receivables and trade and other payables and cash and cash equivalents are measured at their net realisable value.
- (p) **Bank Borrowings**
Loans are recorded at fair value at initial recognition and thereafter at amortised costs under the effective interest method.
- (r) **Cash and cash equivalents**
Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.
- (s) **Cash flow hedge**
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within "other gains/(losses) – net". Amounts accumulated in equity are recycled in the income statement in the periods when the hedged items affects profit or loss (for example when the forecast sale that is hedged takes place).
The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within "finance costs".

3. FINANCIAL RISK MANAGEMENT

1. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including price risk and cash flow risk) credit risk and liquidity risk.

The financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings.

(a) Market risk

Price risk

– the Group is exposed to property price and property rental risk.

Cash flow and fair value interest rate risk

– as the Group has no significant interest bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

Long Term Borrowings

– borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's cash flow and fair value interest rate risk is periodically monitored by the Group's management. The Group uses derivative instruments to help manage its interest rate risk.

The Board is confident that based on the historical performance of the Group, the finance costs are sufficiently covered by profits from operations.

for the year ended 31 March 2008

3. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

Exposure to credit risk and interest risk arises in normal course of the Group's business.

The Group has no significant concentration of credit risk. Credit risk arises from cash and cash equivalents as well as credit exposures with respect to rental customers, including outstanding receivables. The Directors are of the opinion that credit risk is minimal due to the low level of trade receivables relative to the Balance Sheet totals. The receivables are reviewed on a regular basis to ensure that they are recoverable.

(c) Liquidity risk

The Group's liquidity position is monitored daily by management and is reviewed quarterly by the Board of Directors. A summary table with maturity of financial liabilities are presented in the note 19.

2. Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total debt and equity.

	2008 £000	2007 £000
Total borrowings	107,685	33,626
Less cash and cash equivalents	(802)	(646)
Net borrowings	<u>106,883</u>	<u>32,980</u>
Total equity	<u>187,757</u>	<u>172,937</u>
Total borrowings plus equity	294,640	205,917
Gearing ratio	36%	16%

The uplift in the gearing ratio during 2008 resulted primarily from the increase in borrowings.

4. ANALYSIS OF REVENUE AND COST OF SALES

	2008 £000	2007 £000
Revenue		
Gross sales of properties	41,755	56,163
Gross rental income	<u>12,583</u>	<u>12,005</u>
	<u>54,338</u>	<u>68,168</u>
Cost of Sales		
Cost of properties sold	12,117	19,590
Property expenses	<u>6,230</u>	<u>5,486</u>
	<u>18,347</u>	<u>25,076</u>
Gross Profit		
Sales of properties	29,638	36,573
Net rental income	<u>6,353</u>	<u>6,519</u>
	<u>35,991</u>	<u>43,092</u>

for the year ended 31 March 2008

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5. SEGMENTAL INFORMATION

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Group monitors its operations in the following segments:

	2008		Group £'000	2007		Group £'000
	Property Trading £'000	Property Investment £'000		Property Trading £'000	Property Investment £'000	
Revenue	53,548	790	54,338	67,372	796	68,168
Operating profit	31,382	2,186	33,568	38,127	14,663	52,790
Finance costs			(4,039)			(2,563)
PBT			29,529			50,227
Tax			(8,861)			(15,167)
PAT			20,668			35,060
Assets	275,822	36,381	312,203	188,023	34,260	222,283
Liabilities	114,671	9,775	124,446	39,920	9,426	49,346
Fixed assets capital expenditure	382	339	721	69	35	104

The Group's two main business segments operate within the United Kingdom.

6. PROFIT FROM OPERATIONS

	2008 £000	2007 £000
The operating profit is stated after charging:		
Depreciation of tangible fixed assets	190	146
Loss on disposal of fixed assets	21	45
Auditors' remuneration		
– as auditors	45	41
– for other services	9	9
operating expenses for investment properties	386	287
	<u>6,353</u>	<u>6,519</u>
And after crediting:		
– net rental income	6,353	6,519
– administrative charges to related companies (Note 25)	61	66
	<u>6,414</u>	<u>6,585</u>

for the year ended 31 March 2008

7. STAFF COSTS (including Directors)		
	2008	2007
	£000	£000
Wages and salaries	2,461	2,917
Social security costs	312	382
Pension costs	73	78
	<u>2,846</u>	<u>3,377</u>
Directors' Remuneration	2008	2007
	£000	£000
Total Directors' Remuneration including salary, bonuses, benefits in kind and pensions contributions amounted to:	<u>1,546</u>	<u>2,069</u>
<p>The details of Directors' Remuneration are shown in the audited section of the Remuneration Report on page 17.</p> <p>The Company contributes 3% of the total annual gross salaries and bonuses of each employee to a Stakeholder Pension Scheme.</p> <p>The average weekly number of employees during the year was as follows:</p>		
	2008	2007
Office and management	<u>28</u>	<u>28</u>
8. FINANCE COSTS		
	2008	2007
	£000	£000
Interest on bank overdrafts, and loans	<u>4,043</u>	<u>2,583</u>
9. INCOME FROM INVESTMENTS		
	2008	2007
	£000	£000
Interest on bank deposits	<u>4</u>	<u>20</u>

for the year ended 31 March 2008

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10. INCOME TAX EXPENSE

	2008 £000	2007 £000
(a) Analysis of charge in the year		
Current tax:		
UK Corporation Tax 30% (2007: 30%)	<u>8,358</u>	<u>11,029</u>
Deferred tax:		
Current year 30% (2007: 30%)	<u>503</u>	<u>4,138</u>
Taxation attributable to the Company and its Subsidiaries	<u>8,861</u>	<u>15,167</u>

(b) Factors affecting income tax expense

The charge for the year can be reconciled to the profit per the income statement as follows:

Profit on ordinary activities before taxation	<u>29,529</u>	<u>50,227</u>
Profit on ordinary activities multiplied by rate of tax (30%)	8,859	15,067
Expenses not deductible for tax	20	57
Depreciation in excess of capital allowances	7	18
Taxation on capital gains	–	176
Marginal relief	–	(7)
Revaluation surplus in subsidiaries not taxed	(535)	(4,277)
Deferred tax	503	4,118
Sundry adjusting items	7	15
Taxation attributable to the Company and its Subsidiaries	<u>8,861</u>	<u>15,167</u>

11. DIVIDENDS

On 20 August 2007 a dividend of 100p per share (2006: 86p per share) was paid to the shareholders. On 31 March 2008 a dividend of 50p per share (2007: 50p per share) was paid to the shareholders. This resulted in total dividends paid in the year of £5.848 million (2007: £5.303 million).

In respect of the current year, the Directors propose that a final dividend of 105p per share will be paid to the shareholders on 18 August 2008. This dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

The proposed final dividend for 2008 is payable to all shareholders on the Register of Members on 18 July 2008. The total estimated final dividend to be paid is £4.093 million.

for the year ended 31 March 2008

12. EARNINGS PER SHARE

	2008 £000	2007 £000
The calculations of earnings per share are based on the following profits and number of shares.		
Net profit for financial year (basic and fully diluted)	<u>20,668</u>	<u>35,060</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>
Basic and Diluted Earnings per share	<u>530.1p</u>	<u>899.2p</u>

The Company has no dilutive potential ordinary shares.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Property £000	Fixtures & Fittings £000	Motor Vehicles £000	Computer Equipment £ 000	Total £000
COST					
At 1 April 2007	2,671	237	280	43	3,231
Additions	–	35	217	130	382
Disposals	–	–	(150)	–	(150)
At 31 March 2008	<u>2,671</u>	<u>272</u>	<u>347</u>	<u>173</u>	<u>3,463</u>
DEPRECIATION					
At 1 April 2007	330	148	110	36	624
Charge for the year	53	41	61	35	190
On disposals	–	–	(70)	–	(70)
At 31 March 2008	<u>383</u>	<u>189</u>	<u>101</u>	<u>71</u>	<u>744</u>
NET BOOK VALUE					
At 31 March 2007	<u>2,341</u>	<u>89</u>	<u>170</u>	<u>7</u>	<u>2,607</u>
At 31 March 2008	<u>2,288</u>	<u>83</u>	<u>246</u>	<u>102</u>	<u>2,719</u>

Property, Plant and Equipment are located within United Kingdom.

14. INVESTMENT PROPERTIES

	2008 £000	2007 £000
Fair Value at 1 April	34,080	20,780
Additions	339	35
Disposals	–	(959)
Increase in Fair Value during the year	<u>1,784</u>	<u>14,224</u>
At 31 March	<u>36,203</u>	<u>34,080</u>

for the year ended 31 March 2008

Louise Goodwin Limited

The Company's investment properties were valued on a Fair Value basis as at 31 March 2008 by an External Valuer, Mr Martin Angel FRICS of Allsop LLP. The valuations were in accordance with the requirements of the RICS Valuation Standards and IAS 40. The valuation of each investment property was on the basis of Fair Value, assuming that the property would be sold subject to any existing leases and tenancies, but otherwise, with vacant possession. On this basis, the aggregate Fair Value of the Company's interests in its investment properties was £30,172,000 (thirty million, one hundred and seventy two thousand pounds), (freehold £29,891,000, long leasehold £281,000). The Valuer's opinion of Fair Value was primarily derived using comparable recent market transactions on arm's-length terms.

ALG Properties Limited

The Company's investment properties were valued on a Fair Value basis as at 31 March 2008 by an External Valuer, Mr Martin Angel FRICS of Allsop LLP. The valuations were in accordance with the requirements of the RICS Valuation Standards and IAS 40. The valuation of each investment property was on the basis of Fair Value, assuming that the property would be sold subject to any existing leases and tenancies, but otherwise, with vacant possession. On this basis, the aggregate Fair Value of the Company's interests in its investment properties was £6,031,000 (six million and thirty one thousand pounds), (freehold £6,031,000, long leasehold £nil). The Valuer's opinion of Fair Value was primarily derived using comparable recent market transactions on arm's-length terms.

All additions relate to subsequent expenditure on existing properties.

15. INVESTMENTS

Fixed Asset Investments

These represent the cost of shares in the following wholly owned Subsidiary undertakings, which are incorporated and operate in England and Wales. Their results are consolidated in the accounts of the Group, for the period during which they are Subsidiary undertakings.

	Principal Activity	Cost 2007 2008 £000
Hurstway Investment Company Limited	Property Dealing	1
Louise Goodwin Limited	Property Investment	15,351
A.L.G. Properties Limited	Property Investment	2,924
		<u>18,276</u>

16. INVENTORIES

	2008 £000	2007 £000
Residential properties	<u>271,361</u>	<u>183,889</u>

17. TRADE AND OTHER RECEIVABLES

	2008 £000	2007 £000
Trade receivables	504	658
Prepayments and accrued income	614	403
	<u>1,118</u>	<u>1,061</u>

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

for the year ended 31 March 2008

18. TRADE AND OTHER PAYABLES

	2008 £000	2007 £000
Trade creditors	854	502
Other taxes and social security costs	191	181
Other creditors	2,036	2,269
	<u>3,081</u>	<u>2,952</u>

The Directors consider that the carrying amount of trade and other payables approximates their fair value.

19. BANK OVERDRAFTS AND LOANS

	2008 £000	2007 £000
Bank overdrafts	9,600	–
Bank loans	95,000	28,984
Other loans	3,085	1,690
	<u>107,685</u>	<u>30,674</u>

(a) Cash and cash equivalents

	2008 £000	2007 £000
Bank overdrafts	(9,600)	–
Cash	802	646
	<u>(8,798)</u>	<u>646</u>

Maturity profile of financial liabilities at 31 March 2008 was as follows:

	2008 £000	2007 £000
Amounts repayable:		
In one year or less	12,685	1,030
In more than one year but no more than two years	–	–
In more than two years but no more than three years	–	660
In more than three years but no more than four years	–	–
In more than four years but not more than five years	95,000	28,984
In more than five years	–	–
	<u>107,685</u>	<u>30,674</u>
Less: amount due for settlement within 12 months (shown under current liabilities)	12,685	1,030
Amount due for settlement after 12 months	<u>95,000</u>	<u>29,644</u>

for the year ended 31 March 2008

The average interest rates paid were as follows:

	2008	2007
Bank overdrafts	6.74%	6.06%
Bank loans	6.80%	5.94%
Other loans	6.04%	5.31%

The Directors consider that the carrying amount of bank overdrafts and loans approximates their fair value.

The other principal features of the Group's borrowings are as follows.

- The bank overdrafts are repayable on demand. The bank overdrafts are secured by a Letter of Negative Pledge by Mountview Estates P.L.C.
- The Group has renegotiated the terms of its existing revolving loan with Barclays Bank.
 - The loan outstanding at 31 March 2008 is £75 million. This is a five year revolving loan and the termination date of this facility is November 2013. The rate of interest payable on the loan is 0.9% above Libor. The loan is secured by a cross guarantee between Mountview Estates P.L.C. and its Subsidiaries. The loan is not repayable by instalments.
- The Group has a £20 million revolving loan with HSBC Bank. The loan is not repayable in instalments.
 - The loan outstanding at 31 March 2008 is £20 million. This is a five year revolving loan and the termination date of this facility is September 2013. The rate of interest payable on the loan is 1.05% over LIBOR. The loan is secured by Letter of Negative Pledge.
- Other loans consist of loans from connected persons, and companies of which Mr. D.M. Sinclair is a Director. Loans of £3.08 million (2007: £1.030 million) are repayable within one year, and loans of £0 (2007: £660,000) are repayable in the second to third year inclusive. Interest payable on these loans is at 0.5% above Barclays Bank Plc base rate.

20. DEFERRED TAX

Analysis for financial reporting purposes

	2008 £000	2007 £000
Deferred tax liabilities	9,697	9,194
Net position at 31 March	<u>9,697</u>	<u>9,194</u>

The movement for the year in the Group's net deferred tax position was as follows.

	2008 £000	2007 £000
At 1 April	9,194	5,056
Charge to income for the year	503	4,138
At 31 March	<u>9,697</u>	<u>9,194</u>

for the year ended 31 March 2008

20. DEFERRED TAX (continued)

The following are in deferred tax liabilities recognised by the Group and movements thereon during the period.

	Revaluation of properties	
	2008 £000	2007 £000
At 1 April	9,194	5,056
Charge to income for the year	503	4,138
At 31 March	<u>9,697</u>	<u>9,194</u>

21. FINANCIAL INSTRUMENTS

Fair value of financial assets

The Group's financial assets at the year end consist of trade receivables and cash at bank and in hand of £802,000 (2007: £645,600)

The Directors consider that the carrying amount of cash at bank and in hand approximates their fair value.

The trade receivables amounted to £1.118 million (2007: £1.061 million).

The Directors consider that the carrying amount of trade receivables approximates their fair value.

Fair value of borrowings

	2008 £000	2007 £000
Bank overdrafts	9,600	–
Secured bank loans	95,000	28,984
Unsecured loans	3,085	1,690
	<u>107,685</u>	<u>30,674</u>

Interest charged in the income statement for the above borrowings amounted to £4.043 million (2007: £2,583 million).

The Directors consider that the carrying amount of borrowings approximates their fair value. The details of the terms of the borrowings together with the average interest rates can be seen in Note 19.

Derivative financial instruments

During the year the Company entered into an Interest Rate Swap agreement. The agreement did not require an initial net investment, and the fair value of the contract is zero. No exchange of principal took place. Therefore the fair values of the fixed and floating legs are equal and opposite with the result that the fair value of the swap on the initial recognition is nil.

The notional principal amount of the interest rate swap agreement at the year end is £40m. The agreement matures in 2013, and interest payments are made/received quarterly.

The Company pays a fixed rate on the notional amount of 4.98% per annum. The Company receives a floating rate on the notional amount in accordance with 3 month LIBOR.

for the year ended 31 March 2008

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22. CALLED UP SHARE CAPITAL

	2008 £000	2007 £000
Authorised:		
5,000,000 ordinary shares of 5p each	<u>250</u>	<u>250</u>
Allotted, issued and fully paid:		
3,899,014 ordinary shares of 5p each	<u>195</u>	<u>195</u>

23. OTHER RESERVES

	2008 £000	2007 £000
Capital redemption reserve	55	55
Capital reserve	25	25
Other reserves	56	56
	<u>136</u>	<u>136</u>

Capital redemption reserve relates to buy-back of the Company's own shares.

The Group does not maintain insurance cover against other risks except where several properties are located in close physical vicinity. A reserve is maintained to deal with such non-insured risks and at 31 March 2008 stood at £56,000 (2007: £56,000).

24. RETAINED EARNINGS

	£000
Balance at 1 April 2007	172,606
Dividends paid	(5,848)
Net profit for the year	20,668
Balance at 31 March 2008	<u>187,426</u>

Of retained earnings £1.784 million represents revaluation of investment properties and is not distributable.

25. RELATED PARTY TRANSACTIONS

1. The total compensation paid to the ex-Executive Director is as follows:

	2008 £000	2007 £000
Salary and bonus	–	255
Termination benefit	–	30
Post employment benefits	–	9
	<u>–</u>	<u>294</u>

The amount of £255,000 consists of one year contractual salary of £165,000 and £90,000 in lieu of any bonus he might have been entitled to.

for the year ended 31 March 2008

25. RELATED PARTY TRANSACTIONS (continued)

2. (a) Mountview Estates P.L.C. provides general management and administration services to Ossian Investors Limited and Sinclair Estates Limited, companies of which Mr. D.M. Sinclair is a Director. Fees of £46,186 (2007: £49,817) were charged for these services.

The same services were also provided to Viewthorpe Limited, fees of £15,649 (2007: £15,851) were charged for these services.

All directors of Viewthorpe Limited are significant shareholders of the Company, one director of Viewthorpe Limited is also the wife of a Director of the Company.

- (b) Included within other loans repayable in less than one year and on demand is a loan from Sinclair Estates Limited. The balance outstanding at the balance sheet date was £1,450,000 (2007: £500,000). Interest was payable on the loan at a rate of 0.5 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £36,849 (2007: £18,791).
- (c) Included within other loans repayable in less than one year and on demand is a loan from Ossian Investors Limited. The balance outstanding at the balance sheet date was £110,000 (2007: £160,000). Interest was payable on the loan at a rate of 0.5 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £9,498 (2007: £5,685).
- (d) Included within other loans repayable in less than one year and on demand is a loan from Viewthorpe Limited. The balance outstanding at the balance sheet date was £1,350,000 (2007: £855,000). Interest was payable on the loan at a rate of 0.5 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £85,786 (2007: £58,499).
- (e) Included within other loans, repayable in less than one year and on demand is a loan from Mrs. D. Sinclair, a shareholder of the Company. The balance outstanding at the balance sheet date was £175,000 (2007: £175,000). Interest was payable on the loan at a rate of 0.5 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £10,600 (2007: £9,302).
- (f) All of the above loans are unsecured.
- (g) Transactions between the Group and its Subsidiaries, which are related parties, have been eliminated on consolidation and have not been disclosed in this note.

to the Members of Mountview Estates P.L.C.

We have audited the Group financial statements of Mountview Estates P.L.C. for the year ended 31 March 2008 which comprise the principal accounting policies, the Group income statement, the Group balance sheet, the Group cash flow statement, the Group statement of changes in shareholders equity and notes on pages 22-36. These Group financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of Mountview Estates P.L.C. for the year ended 31 March 2008 and the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors' responsibilities for preparing the Annual Report and the Group financial statements in accordance with United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Group financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Group financial statements give a true and fair view, and whether the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Boards statement on internal control covers all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Group financial statements.

The other information comprises only the Directors' Report, the Chairman's Statement, the unaudited part of the Remuneration Report, the Operational Review and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Group financial statements.

Our responsibilities do not extend to any other information.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Group financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Group financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Group financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Group financial statements.

to the Members of Mountview Estates P.L.C.

OPINION

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the Group's affairs as at 31 March 2008 and of its profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements for the year ended 31 March 2008.

BSG Valentine
Registered Auditors
Chartered Accountants
London
16 July 2008

COMPANY BALANCE SHEET UNDER UK GAAP

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as at 31 March 2008

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	Notes	As at 31.03.2008 £000	As at 31.03.2007 £000
FIXED ASSETS			
Tangible assets	3	2,672	2,565
Investments	4	18,276	18,276
		<u>20,948</u>	<u>20,841</u>
CURRENT ASSETS			
Stocks	5	258,212	173,156
Debtors	6	1,024	997
Cash at bank and in hand		685	301
		<u>259,921</u>	<u>174,454</u>
CREDITORS: Amounts falling due within one year	7	(19,168)	(9,485)
NET CURRENT ASSETS		240,753	164,969
TOTAL ASSETS LESS CURRENT LIABILITIES		261,701	185,810
CREDITORS: Amounts falling due after more than one year	8	(114,074)	(48,970)
		<u>147,627</u>	<u>136,840</u>
CAPITAL AND RESERVES			
Called up share capital	9	195	195
Capital redemption reserve	10	55	55
Capital reserve	10	25	25
Other reserves	10	39	39
Profit and Loss Account	11	147,313	136,526
		<u>147,627</u>	<u>136,840</u>

Approved by the Board on 16 July 2008.

D.M. SINCLAIR Chairman

K. LANGRISH-SMITH Director

for the year ended 31 March 2008

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The Accounts have been prepared under the historical cost convention, and in accordance with applicable Accounting Standards.

(b) Investments

Fixed assets investments in Subsidiary undertakings are stated at costs less any provision for impairment.

(c) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

(d) Turnover

Turnover includes proceeds of sales of properties, rents from properties which are held as trading stock, or investment and any other sundry items of revenue before charging expenses. Sales of properties are recognised on completion.

(e) Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset using the straight-line method as follows:

Freehold property	–	2%
Fixtures and fittings and office equipment	–	20%
Computer equipment	–	25%
Motor Vehicles – reducing balance method	–	20%

(f) Impairment of Fixed Assets

Fixed Assets are subject to review for impairment in accordance with FRS11 “Impairment of Fixed Assets and Goodwill”. Any impairment is recognised in the Profit and Loss Account in the year in which it occurs.

(g) Stocks

These comprise residential properties all of which are held for resale, and are valued at the lower of cost and estimated net realisable value. Cost to the Group includes legal fees and commission charges incurred during acquisition together with improvement costs. Net realisable value is the net sale proceeds which the Group expects on sale of a property in its current condition. The analysis of the Group trading portfolio as at 31 March 2008 is on page 5.

(h) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluations (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at balance sheet date, there is binding agreement to dispose of these assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

for the year ended 31 March 2008

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C.**2. STAFF COSTS (including Directors)**

	2008 £000	2007 £000
Wages and salaries	2,461	2,917
Social security costs	312	382
Pension costs	73	78
	<u>2,846</u>	<u>3,377</u>

DIRECTORS' REMUNERATION

	2008 £000	2007 £000
Total Directors' Remuneration including salary, bonuses, benefits in kind and pensions contributions amounted to:	<u>1,546</u>	<u>2,069</u>

The details of Directors' Remuneration are shown in the audited section of the Remuneration Report on page 16.

The Company contributes 3% of the total annual gross salaries and bonuses of each employee to a Stakeholder Pension Scheme.

The average weekly number of employees during the year was as follows:

	2008	2007
Office and management	<u>28</u>	<u>28</u>

3. TANGIBLE ASSETS

	Freehold Property £000	Fixtures & Fittings £000	Motor Vehicles £000	Computer Equipment £ 000	Total £000
COST					
At 1 April 2007	2,671	97	280	43	3,091
Additions	–	1	217	130	348
Disposals	–	–	(150)	–	(150)
At 31 March 2008	<u>2,671</u>	<u>98</u>	<u>347</u>	<u>173</u>	<u>3,289</u>
DEPRECIATION					
At 1 April 2006	330	50	110	36	526
Charge for the year	53	12	61	35	161
On disposals	–	–	(70)	–	(70)
At 31 March 2008	<u>383</u>	<u>62</u>	<u>101</u>	<u>71</u>	<u>617</u>
NET BOOK VALUE					
At 31 March 2007	<u>2,341</u>	<u>47</u>	<u>170</u>	<u>7</u>	<u>2,565</u>
At 31 March 2008	<u>2,288</u>	<u>36</u>	<u>246</u>	<u>102</u>	<u>2,672</u>

All tangible assets of the Company are located within the United Kingdom.

for the year ended 31 March 2008

4. INVESTMENTS

Fixed Asset Investments

These represent the cost of shares in the following wholly owned Subsidiary undertakings, which are incorporated and operate in England and Wales. Their results are consolidated in the accounts of the Group, for the period during which they are Subsidiary undertakings.

	Principal Activity	Cost 2007 2008 £000
Hurstway Investment Company Limited	Property Dealing	1
Louise Goodwin Limited	Property Investment	15,351
A.L.G. Properties Limited	Property Investment	2,924
		<u>18,276</u>

5. STOCKS

	2008 £000	2007 £000
Residential properties	<u>258,212</u>	<u>173,156</u>

6. DEBTORS: due within one year

	2008 £000	2007 £000
Trade debtors	440	621
Prepayments and accrued income	584	376
	<u>1,024</u>	<u>997</u>

7. CREDITORS: Amounts falling due within one year

	2008 £000	2007 £000
Bank loans and overdrafts	9,600	–
Trade creditors	812	393
Corporation Tax	3,490	5,633
Other taxes and social security costs	191	181
Other creditors	1,990	2,248
Other loans	3,085	1,030
	<u>19,168</u>	<u>9,485</u>

Other loans consist of loans from connected persons. Interest payable on these loans was at 0.5% above Barclays Bank Plc Base rate.

for the year ended 31 March 2008

8. CREDITORS: Amounts falling due after more than one year

	2008 £000	2007 £000
Bank loans	95,000	28,984
Amounts owed to Subsidiary undertakings	19,074	19,326
Other loans	–	660
	<u>114,074</u>	<u>48,970</u>

Other loans consist of loans from companies of which Mr D.M.Sinclair is a Director. Interest payable on these loans was at 0.5% above Barclays Bank base rate.

Maturity profile of financial liabilities at 31 March 2008 was as follows:

	2008 £000	2007 £000
Amounts repayable:		
In one year or less	12,685	1,030
In more than one year but no more than two years	–	–
In more than two years but no more than three years	–	660
In more than three years but no more than four years	–	–
In more than four years but not more than five years	95,000	28,984
In more than five years	19,074	19,326
	<u>126,759</u>	<u>50,000</u>
Less: amount due for settlement within 12 months (shown under current liabilities)	12,685	1,030
Amount due for settlement after 12 months	<u>114,074</u>	<u>48,970</u>

The Directors consider that the carrying amount of bank overdrafts and loans approximates their fair value.

The other principal features of the group's borrowings are as follows.

- The bank overdrafts are repayable on demand. The bank overdrafts are secured by a Letter of Negative Pledge by Mountview Estates P.L.C.
- The Group has renegotiated the terms of its existing revolving loan with Barclays Bank.
 - The loan outstanding at 31 March 2008 is £75 million. This is a five year revolving loan and the termination date of this facility is November 2013. The rate of interest payable on the loan is 0.9% above Libor. The loan is secured by a cross guarantee between Mountview Estates P.L.C. and its Subsidiaries. The loan is not repayable by instalments.
- The Group has a £20 million revolving loan with HSBC Bank. The loan is not repayable in instalments.
 - The loan outstanding at 31 March 2008 is £20 million. This is a five year revolving loan and the termination date of this facility is September 2013. The rate of interest payable on the loan is 1.05% over LIBOR. The loan is secured by Letter of Negative Pledge.
- Other loans consist of loans from connected persons, and companies of which Mr. D.M. Sinclair is a Director. Loans of £3.08 million (2007: £1.03 million) are repayable within one year, and loans of £0 (2007: £660,000) are repayable in the second to third year inclusive. Interest payable on these loans is at 0.5% above Barclays Bank Plc base rate.

for the year ended 31 March 2008

9. CALLED UP SHARE CAPITAL

	2008 £000	2007 £000
Authorised:		
5,000,000 ordinary shares of 5p each	<u>250</u>	<u>250</u>
Allotted, issued and fully paid:		
3,899,014 ordinary shares of 5p each	<u>195</u>	<u>195</u>

10. OTHER RESERVES

	2008 £000	2007 £000
Capital redemption reserve	55	55
Capital reserve	25	25
Other reserves	<u>39</u>	<u>39</u>
Balance at 31 March	<u>119</u>	<u>119</u>

Capital redemption reserve relates to buy-back of the Company's own shares.

The Group does not maintain insurance cover against other risks except where several properties are located in close physical vicinity. A reserve is maintained to deal with such non-insured risks and at 31 March 2008 stood at £39,000 (2007: £39,000).

11. PROFIT AND LOSS ACCOUNT

	2008 £000	2007 £000
Balance at 1 April	136,526	119,958
Retained profit for the financial year	<u>10,787</u>	<u>16,568</u>
Balance at 31 March	<u>147,313</u>	<u>136,526</u>

12. RELATED PARTY TRANSACTIONS

1. The total compensation paid to the ex-Executive Director is as follows:

	2008 £000	2007 £000
Salary and bonus	–	255
Termination benefit	–	30
Post employment benefits	–	9
	<u>–</u>	<u>294</u>

The amount of £255,000 consists of one year contractual salary of £165,000 and £90,000 in lieu of any bonus he might have been entitled to.

for the year ended 31 March 2008

2. (a) Mountview Estates P.L.C. provides general management and administration services to Ossian Investors Limited and Sinclair Estates Limited, companies of which Mr. D.M. Sinclair is a Director. Fees of £46,186 (2007: £49,817) were charged for these services.

The same services were also provided to Viewthorpe Limited, fees of £15,649 (2007: £15,851) were charged for these services.

All directors of Viewthorpe Limited are significant shareholders of the Company, one director of Viewthorpe Limited is also the wife of a Director of the Company.

- (b) Included within other loans repayable in less than one year and on demand is a loan from Sinclair Estates Limited. The balance outstanding at the balance sheet date was £1,450,000 (2007: £500,000). Interest was payable on the loan at a rate of 0.5 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £36,849 (2007: £18,791).
- (c) Included within other loans repayable in less than one year and on demand is a loan from Ossian Investors Limited. The balance outstanding at the balance sheet date was £110,000 (2007: £160,000). Interest was payable on the loan at a rate of 0.5 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £9,498 (2007: £5,685).
- (d) Included within other loans repayable in less than one year and on demand is a loan from Viewthorpe Limited. The balance outstanding at the balance sheet date was £1,350,000 (2007: £855,000). Interest was payable on the loan at a rate of 0.5 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £85,786 (2007: £58,499).
- (e) Included within other loans, repayable in less than one year and on demand is a loan from Mrs. D. Sinclair, a shareholder of the Company. The balance outstanding at the balance sheet date was £175,000 (2007: £175,000). Interest was payable on the loan at a rate of 0.5 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £10,600 (2007: £9,302).
- (f) All of the above loans are unsecured.
- (g) Transactions between the Group and its Subsidiaries, which are related parties, have been eliminated on consolidation and have not been disclosed in this note.

to the Members of Mountview Estates P.L.C.

We have audited the parent Company financial statements of Mountview Estates P.L.C. for the year ended 31 March 2008 which comprise the principal accounting policies, the balance sheet and notes from 1 to 12. These parent Company financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

We have reported separately on the Group's financial statements of Mountview Estates P.L.C. for the year ended 31 March 2008.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the parent Company financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the parent Company financial statements and the part of Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the parent Company financial statements give a true and fair view, and whether the parent Company financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited parent Company financial statements.

The other information comprises only the Directors' Report, the Chairman's Statement, the unaudited part of the Remuneration Report, the Operational Review and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Group financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Group financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Group financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the parent Company and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the parent Company financial statements and the part of the Directors' Remuneration Report to be audited.

OPINION

In our opinion:

- The parent Company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the Company's affairs as at 31 March 2008;
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements for the year ended 31 March 2008

BSG Valentine
Registered Auditors
Chartered Accountants
London

16 July 2008

TABLE OF COMPARATIVE FIGURES

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	<i>as at 31 March 2008</i>					
	UK GAAP 2003 £000	UK GAAP 2004 £000	IFRS 2005 £000	IFRS 2006 £000	IFRS 2007 £000	IFRS 2008 £000
Revenue	45,997	55,087	48,778	47,456	68,168	54,338
Profit before taxation	23,603	28,593	24,848	22,660	50,227	29,529
Taxation	7,878	8,584	7,482	6,738	15,167	8,861
Profit after taxation	15,725	20,009	17,366	15,922	35,060	20,668
Dividend in relation to the year	3,587	4,757	4,913	5,069	5,848	6.042*
Earnings per share	403.3p	513.2p	445.4p	408.4p	899.2p	530.1p
Rate of dividend	92p	122p	126p	130p	150p	155p

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*The £6.042 million dividend in relation to 2008 is made up of the interim dividend of £1.949 million and the final dividend of £4.093 million, which will be paid on 18 August 2008, subject to approval at the AGM on 13 August 2008.

Summary of the principal differences between the existing Articles of Association and the new Articles of Association proposed to be adopted pursuant to Resolution 7.

Electronic communications

Since the adoption of the existing Articles of Association, new legislation (including certain provisions of the Companies Act 2006) has come into force to establish a legislative regime for the use of electronic communications. As a result of these changes in the law, companies are now able (subject to certain provisos) to offer their shareholders the opportunity to elect to receive certain shareholder communications in electronic form (including via the company's website) rather than hard copy.

The current intention of the Directors is to continue to communicate with shareholders in hard copy form, however the new Articles of Association contain provisions permitting electronic communications in order to provide flexibility going forward in the event that the Directors consider this to be appropriate in the future.

In any event you should note that, following adoption of the new Articles of Association, the Company cannot begin to communicate with shareholders by electronic means unless and until shareholders have given individual consent. Notwithstanding any future decision of the Company to take advantage of the electronic communications regime, a shareholder may still if he or she so wishes continue to receive all communications in hard copy form. Moreover, a shareholder may, in relation to a particular communication, request a hard copy or, at any time, revoke his or her general agreement to receive documentation in electronic form by delivering written notice of such revocation to the Company.

The Directors have chosen not to include provisions in the new Articles of Association to reflect the ability of companies to communicate with shareholders via a website as they do not consider this to be an ability that the Company would want to take advantage of in the foreseeable future.

Shares in uncertificated form

Since the existing Articles of Association were adopted, the Uncertificated Securities Regulations 2001 (the **Regulations**) have come into force. These Regulations replaced the Uncertificated Securities Regulations 1995, which established the legal framework for the CREST settlement system. The Regulations allow shares in companies to be issued, held, registered, converted to, transferred or otherwise dealt with in uncertificated form and allow shares to be converted from uncertificated form to certificated form in accordance with the Regulations and practices instituted by the operator of the relevant system.

The fact that the existing Articles of Association do not contain provisions in relation to uncertificated shares does not prevent the Company's shares being dealt with through CREST pursuant to the Regulations, however the new Articles of Association contain specific provisions in this regard intended to reflect the legislation described above and to clarify how certificated and uncertificated shares may be dealt with in certain circumstances.

Treasury Shares

By virtue of the Company (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (which came into force on 1 December 2003), listed UK public companies which buy back their own shares are now permitted, subject to certain restrictions, to hold up to 10 per cent. of their issued shares in treasury rather than cancelling them as previously required. Such treasury shares may be later resold for cash, transferred for the purposes of or pursuant to an employee share scheme, or cancelled. As with the issue of new shares, sales of treasury shares for cash are subject to shareholders' statutory pre-emption rights contained in the Companies Act 1985 except in so far as such rights are waived by shareholders. While any shares are held in treasury, voting rights are suspended, dividends are not paid and companies cannot take advantage of statutory pre-emption rights in respect of the shares (other than in connection with a bonus issue of fully paid shares).

The new Articles of Association contain provisions reflecting the Company's ability to hold treasury shares. These provisions will be of no consequence unless and until such time as the Company decides to hold shares in treasury.

Disclosure of interests in shares

The new Articles of Association contain more detailed and up-to-date provisions in relation to the Company's ability to issue a notice to a shareholder (or any other person appearing to be interested in shares held by a shareholder) pursuant to section 793 of the Companies Act 2006 requiring such person to provide information about his or her interests in the Company's shares.

In particular, under the new Articles of Association, the Directors are able to refuse to register the transfer of any shares in respect of which a notice has not been complied with provided that the default shares represent 0.25 per cent. of the issued shares of that class unless: (i) the shareholder itself is not in default in supplying the relevant information; and (ii) the shareholder can prove to the satisfaction of the Directors that no person is in default as regards supplying such information is interested in any of the shares the subject of the transfer.

This additional restriction reflects the sanctions permitted under Listing Rule 9.3.9(3)R, and the Directors therefore consider it appropriate that this should be reflected in the Company's Articles of Association.

Likewise, under the existing Articles of Association, the minimum period which shareholders must be granted to comply with a notice requiring disclosure of interests in shares is 14 days if the shares represent 0.25 per cent. of the issued share capital of that class and 28 days in all other cases. This distinction is not drawn under the relevant provisions of the Companies Act 2006 or under the Listing Rules and the new Articles of Association therefore only refer to a 14 day period in compliance with Listing Rule 9.3.9(1).

Stock and unclassified shares

The existing Articles of Association contain certain provisions dealing with stock and unclassified shares. These provisions are not included in the new Articles of Association as they are not relevant in light of the Company's current share capital.

Extinction of claims

The new Articles of Association provide (for the avoidance of doubt) that forfeiture of a share will involve the extinction of all interests in, and all claims and demands against the Company in respect of, the share concerned.

Right to refuse registration

In accordance with the requirements of the Listing Rules, the new Articles of Association prevent the Directors from refusing (on the basis that the shares are partly paid) to register transfers or renunciations of partly paid shares which are admitted to trading on the London Stock Exchange in circumstances where this would prevent dealing in such shares taking place on an open and proper basis.

Convening of, and proceedings at, shareholder meetings

The new Articles of Association contain provisions in relation to the convening of general meetings and the length of notice required to conform to the relevant provisions of the Companies Act 2006. In particular, under the new Articles of Association a general meeting (other than the Company's AGM) to consider a special resolution can be convened on 14 days' notice whereas 21 days' notice is required under the existing Articles of Association (and was previously required under the Companies Act 1985). The new Articles of Association also include specific provision for the Chairman to invite any person to attend and speak at a shareholder meeting (notwithstanding that they may not be a shareholder or Director) where he considers this will assist in the deliberations of the meeting.

The new Articles of Association also include provisions that allow a general meeting or annual general meeting to be held at multiple venues (which may be a useful provision for meetings where a large number of shareholders are expected) and to allow for meetings to be postponed if the Directors consider it is impractical or unreasonable for any reason to hold a meeting on the date or at the time specified in the notice calling the meeting (this would apply where it is necessary to postpone a shareholder meeting due to unforeseen circumstances such as a terrorist threat or bomb damage to the proposed venue). In addition the new Articles of Association specify the Chairman's powers to take action or give directions to promote the orderly conduct of shareholder meetings.

The existing Articles of Association contain a provision to the effect that any two members of the Company may convene a general meeting in circumstances where there are insufficient Directors in the UK to do so. This provision is not reflected in the new Articles of Association as the Directors do not consider it to be in line with current market practice, and given the minimal likelihood of such a situation arising in practice.

The existing Articles of Association also set out the process for members of the Company to requisition a general meeting. The ability of members to requisition a general meeting, and the process for so doing, is governed by the Companies Acts, and the Directors do not therefore consider it appropriate to include specific provisions in the new Articles of Association dealing with this.

Ordinary and special business

The existing Articles of Association contain provisions in relation to business to be conducted at shareholder meetings which distinguish between ordinary and special business. This distinction is not required under the provisions of the Companies Act 1985 or the Companies Act 2006 and is not therefore included in the new Articles of Association.

Voting at general meetings

Under the Companies Act 2006, proxies are entitled to vote on a show of hands whereas under the existing Articles of Association, they are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have also been altered by the Companies Act 2006 so that the Articles of Association cannot provide that they should be received more than 48 hours before the meeting or, in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the relevant shareholder.

The new Articles of Association reflect all of these provisions, other than the ability to exclude weekends and bank holidays when calculating the deadline for submission of proxies. The new Articles of Association also allow for electronic appointment of proxies.

Amendments to resolutions

The new Articles of Association contain provisions reflecting the circumstances in which amendments can and cannot be made to resolutions that have been proposed in a notice of shareholder meeting. These reflect the position at law and have been included in the new Articles of Association for clarificatory purposes.

Written resolutions

The existing Articles of Association enable members of the Company to act by written resolution. Under the Companies Act 2006, public companies can no longer pass written resolutions. These provisions are not therefore included in the new Articles of Association.

Directors' fees

The new Articles of Association include a higher cap on the maximum aggregate annual sum which may be paid as fees to non-executive directors without recourse to shareholders. The cap included in the new Articles of Association is £100,000. This is a maximum upper limit, and is not the actual aggregate of fees currently paid to the Company's non-executive directors. The increase provides headroom for any future appointments or increases which may be required in the future.

Appointment and retirement of Directors

The new Articles of Association specifically provide that a resolution for the appointment of two or more persons as Directors by a single resolution shall be void unless an ordinary resolution that it shall be so proposed has been first agreed to by the meeting. This reflects the position both at law and as a matter of best practice.

The new Articles of Association reflect provision A.7.1 of the Combined Code which provides that all Directors should be subject to re-election at intervals of three years. This is in line with best practice and good corporate governance.

The new Articles of Association also contain a provision requiring any non-executive Director (other than the Chairman) who has been with the Company for a continuous period of nine years or more to submit himself or herself for re-election on an annual basis. This reflects provision A.7.2 of the Combined Code and is in line with best practice and good corporate governance.

Conduct of Board meetings

Under the existing Articles of Association, if a Director is abroad he can request that notice of Board meetings is sent to him at a specified address and if he does not do so he is not entitled to receive notice while he is away.

The new Articles of Association do not contain this provision, as modern communications mean that there may be no particular obstacle to giving notice to a Director who is abroad. Instead they contain a more general provision that a Director is treated as having waived his entitlement to notice unless he supplies the Company with the information necessary to ensure that he receives notice of a meeting before it takes place.

The new Articles of Association also contain more extensive provisions allowing the Directors to participate in Board meetings by electronic communications, videoconference or other means to reflect the wider range of means of communication that have become available since the adoption of the existing Articles of Association.

In addition, the new Articles of Association contain more detailed provisions regulating the ability of the Directors to delegate their powers to committees and the proceedings of any committees to which such powers may be delegated. They also allow the Directors to delegate their powers to an individual as well as to a committee.

Conflicts of interest

The Companies Act 2006 sets out Directors' general duties which largely codify the existing law but with some changes. Under the Companies Act 2006, from 1 October 2008 a Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interests. The requirement is very broad and could apply, for example, if a Director becomes a Director of another company or a trustee of another organisation. The Companies Act 2006 allows Directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the Articles of Association contain a provision to this effect. The Companies Act 2006 also allows the Articles of Association to contain other provisions for dealing with Directors' conflicts of interest to avoid a breach of duty.

The new Articles of Association give the Directors authority to approve such situations as well as including other provisions for dealing with conflicts of interest that are similar to those contained in the existing Articles of Association.

There are safeguards which will apply when Directors decide whether to authorise a conflict or potential conflict. First, only Directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

The new Articles of Association also contain provisions relating to confidential information, attendance at board meetings and availability of board papers to prevent a Director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the Directors.

The provisions in the new Articles of Association relating to conflicts of interest will also apply to alternate Directors.

Payment of dividends

The existing Articles of Association allow the Company to pay dividends by cheque or warrant. The new Articles of Association contain provisions allowing for payment of dividends, interest and other sums to be made by other methods including (for example) direct debit, bank transfer or through the CREST system.

Payment of scrip dividends

The new Articles of Association contain provisions allowing the Company to pay scrip dividends.

Uncashed dividends

The new Articles of Association provide that if dividends or sums payable in respect of a share or shares are left uncashed on two consecutive occasions or (following one occasion) reasonable enquiries have failed to establish a new address to be used for the purpose the Company shall not be obliged to send any dividends or other moneys payable in respect of the relevant share or shares until the relevant member notifies the Company of an address to be used for the purpose.

Untraced members

Under the existing Articles of Association, the Company is entitled to sell the shares of a member if: (i) during a period of 12 years at least three dividends have been payable and all dividend warrants and cheques in respect of the relevant shares have remained uncashed, and no dividend has been claimed in respect of the relevant shares; (ii) the Company (following that 12 year period) publishes advertisements in two daily newspapers with a national circulation giving notice of its intention to sell such shares; and (iii) after a period of three months following publication of such advertisements the Company shall have not received any indication of the whereabouts of the relevant member.

Under the new Articles of Association, the requirement is for one such advertisement to be published in a national newspaper in the UK and one to be published in a newspaper circulating in the area of the address on the register or other last known address of the relevant member.

The new Articles of Association also provide that, where the Company is entitled to sell relevant shares following the expiry of the periods referred to above and the publication of the appropriate advertisements, it may also sell any additional shares that have been issued in respect of the shares held at the beginning of (or issued during) the relevant period. This would mean, for example, that if the untraced shareholder had been issued with shares as part of a bonus issue during the 12 year period, the Company would be entitled to sell those bonus shares as well as the shares in respect of which they were issued, notwithstanding that the bonus shares had not been held for the whole of the relevant period.

The proceeds of sale in respect of any such shares shall be held by the Company in a separate account and the Company shall be deemed to be a debtor to the relevant member in respect of such moneys. Moneys carried to such an account may be employed in the business of the Company or invested in such investments as the Board may think fit. No interest shall be payable in respect of such moneys and the Company shall not be obliged to account for money earned on them.

Service of notice on members

The new Articles of Association contain provisions relating to situations where the Company has attempted to send notices or documents to shareholders (in hard copy or electronically) and such delivery has failed. Under the relevant provisions, if there have been two consecutive failures in relation to electronic communications the Company shall thereafter send notices or documents to the relevant member by post. If there have been three consecutive failures in relation to documents or notices sent through the post then such member shall not be entitled to receive notice or other documents until they have supplied a new address for service to the Company.

Directors' Indemnities

The Companies Act 2006 has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. In particular, a company that is a trustee of an occupational pension scheme can now indemnify a director against liability incurred in connection with the company's activities as trustee of the scheme. In addition, the existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies.

The new Articles of Association permit the Company to indemnify its existing and former directors and officers (and directors and officers of its associated companies) to the extent permitted by the Companies Acts. For the avoidance of doubt, the indemnification provisions under the new Articles of Association do not extend to auditors of the Company.

Provisions for employees on cessation or transfer of undertaking

The Companies Act 2006 provides that the powers of the directors to make provision for a person employed or formerly employed by the Company in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company, may be exercised by the Directors or by the company in general meeting. However, if the power is to be exercised by the Directors, the Articles of Association must include a provision to this effect. The New Articles of Association provide that the Directors may exercise this power.

Execution of documents

The new Articles of Association contain more up-to-date provisions in relation to the Company's ability to execute documents and, in particular, reflect the ability of companies (under the Companies Act 2006) to execute deeds by the signature of a single Director, provided that signature is appropriately witnessed.

General

The new Articles of Association include other more minor differences which reflect changes made by the Companies Act 2006, are intended to promote clarity in relation to certain provisions or which are of a drafting, technical or conforming nature. In particular, the new Articles of Association use clearer and more up-to-date language than the existing Articles of Association.

Notice is hereby given that the Seventy-First Annual General Meeting of the Members of Mountview Estates P.L.C. (incorporated in England and Wales with registered number 00328020) will be held at the offices of Norton Rose LLP, 3 More London Riverside, London SE1 2AQ on 13 August 2008 at 11.30 a.m., for the following purposes:

1. To receive and consider the Reports of the Directors and the Auditors and the audited Statements of Accounts for the year ended 31 March 2008.
2. To declare a dividend of 105p per share payable on 18 August 2008 to Shareholders on the register at 18 July 2008.
3. To re-appoint Mr. K. Langrish-Smith as a Director of the Company.
4. To re-appoint Miss J.L. Murphy as a Director of the Company.
5. To approve the Directors' Remuneration Report set out in the Annual Report and Accounts for the year ended 31 March 2008.
6. To re-appoint Messrs BSG Valentine as Auditors of the Company and to authorise the Directors to determine the Auditors' remuneration for the ensuing year.
7. To consider and, if thought fit, pass the following Special Resolution:

That the proposed new form of Articles of Association produced to the Meeting and initialled by the Chairman thereof for the purposes of identification be and are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of the Company's existing Articles of Association as from the end of this Meeting.

By Order of the Board
M.M. BRAY
Secretary

Mountview House
151 High Street
Southgate
London N14 6EW
18 July 2008

Notes:-

1. A Member who is entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him/her. A proxy need not also be a Member of the Company. If a Member appoints more than one proxy to attend the Meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the Member. If a Member wishes to appoint more than one proxy and so requires additional forms of Proxy, the Member should contact Capita Registrars (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
2. A form of Proxy is enclosed with this Report and Accounts and should be completed in accordance with the instructions contained therein. Completion and return of the form of Proxy will not prevent a Member from attending the Meeting and voting in person. To be effective, the form of Proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be deposited at the office of the Company's Registrars, Capita Registrars (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not later than 48 hours before the time of the Meeting.
3. Any person receiving a copy of this Notice as a person nominated by a Member to enjoy information rights under section 146 of the Companies Act 2006 (a "Nominated Person") should note that the provisions in Notes 1 and 2 above concerning the appointment of a proxy or proxies to attend the Meeting in place of a Member, do not apply to a Nominated Person as only shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the Member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the Member as to the exercise of voting rights at the Meeting.

Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the Member who nominated the Nominated Person to enjoy information rights (or, perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that Member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.
4. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the Meeting and the number of votes which may be cast thereat will be determined by reference to the register of members of the Company as at 11.30 a.m. on the day which is two days before the day of the Meeting or adjourned Meeting. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
5. In order to facilitate voting by corporate representatives at the Meeting, arrangements will be put in place at the Meeting so that (i) if a corporate shareholder has appointed the Chairman of the Meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the Meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the Meeting but the corporate shareholder has not appointed the Chairman of the Meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.
6. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result, any Member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Services Authority.
7. As at 17 July 2008, being the last business day prior to the printing of this Notice, the Company's issued capital consisted of 3,899,014 Ordinary Shares carrying one vote each. Therefore, the total voting rights in the Company as at 17 July 2008 are 3,899,014.
8. Copies of the Directors' service contracts and a copy of the proposed new Articles of Association of the Company together with a copy of the existing Articles of Association are available for inspection at the registered office at Mountview House, 151 High Street, Southgate, London N14 6EW during normal business hours on weekdays (Saturdays, Sundays and English public holidays excepted) from the date of this notice until the conclusion of the Meeting and will also be available for inspection on the date and at the place of the Meeting from 15 minutes prior to the commencement of the Meeting until the conclusion of the Meeting.

FINANCIAL CALENDAR 2008

Final dividend record date	18 July
Annual Report Posted to Shareholders	18 July
Annual General Meeting	13 August
Final dividend payment	18 August
Interim Results	27 November

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 shareholdings should be addressed to the Company's Registrars:

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire HD8 0GA

