

COMPANY NUMBER 328020

MOUNTVIEW ESTATES P.L.C.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2006



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MOUNTVIEW ESTATES P.L.C.

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MOUNTVIEW ESTATES P.L.C.

FINANCIAL HIGHLIGHTS

| | 2006 | 2005 | Increase/(Decrease) |
|--------------------------------------|--------------|--------------|----------------------------|
| | £ | £ | % |
| Turnover (million) | 47.5 | 48.8 | (2.7) |
| Gross Profit (million) | 28.1 | 31.0 | (9.4) |
| Profit Before Tax (million) | 22.7 | 24.8 | (8.5) |
| Shareholders' Funds (million) | 143.2 | 132.1 | 8.4 |
| Earnings per share (pence) | 408.4 | 445.4 | (8.3) |
| Net assets per share | 36.7 | 34.5 | 6.4 |
| Dividend per share (pence) | 130 | 126 | 3.2 |

MOUNTVIEW ESTATES P.L.C.

CHAIRMAN'S STATEMENT

In my statement, which accompanied our interim Report, I stated that those Accounts were our first to be prepared under the new International Financial Reporting Standards. I think it appropriate to state that these are the first full year's Accounts to be prepared under the new International Financial Reporting Standards. The Notes to the Financial Statements detail the changes caused by these new Standards and I draw your attention to the fact that the figures for year ended 31 March 2005 have been adjusted so as to provide true comparisons.

Opposite are the financial highlights for the year ended 31 March 2006.

At 30 September 2005 our Profit before Taxation was down by almost £3.7 million for the six months but for the full year to 31 March 2006 it is down by less than £2.2 million. This turnaround of more than £1.5 million and an encouraging start to our new financial year suggest that we have arrested our decline and may even be able to look forward to profits resuming an upward trend. The last few months have seen a greater urgency in the market place than had been the case for the previous eighteen months. In particular the auction rooms have been very busy.

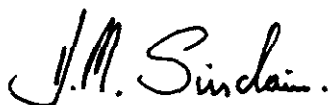
Our rental income continues to hold up well and recently sales revenues have shown renewed strength. These combined with reduced borrowings and lower interest rates give cause for optimism. Nevertheless the need for firm financial control continues. The cost of maintaining the properties, making the necessary improvements to enhance rental income and ensuring that properties are in optimum condition at the point of sale is always likely to increase because of the higher expectations of what landlords should provide.

The costs of administering a company and fulfilling its statutory obligations continue to rise and I believe that we have done well to contain these costs as nearly as we have. Although it may be some time before we are able to repeat the record profits of two years ago we are now operating at a level, which compares very favourably with the 1990s and with continuing strong financial and internal controls there is reasonable expectation that profits may ease forward once more.

This has been a difficult year but I believe that we have made the right decisions. My staff and colleagues have rallied round and I thank them all for their endeavours and I look forward to the day when increased profits may bring them increased rewards.

Despite the fall in profits your Board is recommending an increased final dividend of 86 pence per share in respect of the year ended 31 March 2006. This dividend is payable on 21 August 2006 to shareholders on the Register of Members as at 21 July 2006. This will make a total dividend for the year ended 31 March 2006 of 130 pence per share, which is more than three times covered by the earnings per share of 408.4 pence.

Last year I made reference to the fact that the Sinclair family has always had substantial shareholdings in the Company and the family grouping has been interpreted to be acting as a concert party ("the Concert Party") for the purposes of the City Code on Takeovers and Mergers. A new Concert Party Agreement has been signed recently and I can confirm that the Concert Party now holds nearly 53 per cent of the issued share capital of the Company.



D.M. Sinclair
Chairman

18 July 2006

MOUNTVIEW ESTATES P.L.C.

REVIEW OF OPERATIONS

PROPERTY REVIEW

1. RESIDENTIAL PROPERTIES

The Group's business model is simple. We are a property trading company buying tenanted properties at a discount 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 a single tenancy.

Analysis of the Group trading portfolio by type as at 31 March 2006

| | No of units | Cost £m |
|----------------|-------------|------------|
| Rack Rents | 2,443 | 155.60 |
| Ground Rents | 1,072 | 0.95 |
| Life Tenancies | 346 | 19.50 |

Analysis of the Group Trading portfolio at the lower of cost and estimated net realisable value by geographical location as at 31 March 2006

| | Rack Rents £m | Ground Rents £m | Life Tenancies £m | Portfolio % |
|--|------------------|--------------------|----------------------|----------------|
| London (North) | 52.0 | 0.4 | 0.2 | 29.8 |
| London (South) | 43.2 | 0.4 | 0.2 | 24.9 |
| Kent, Surrey, Sussex, Hampshire, I.O.W | 20.6 | 0.03 | 4.7 | 14.4 |
| Herts, Essex, Beds, Bucks, Oxon, Camb, Norfolk, Suffolk, Berks, Middx, Northants | 25.3 | 0.1 | 6.3 | 18.1 |
| Remainder of England and Wales | 14.5 | 0.02 | 8.1 | 12.8 |

Acquisitions

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. The Group has made a number of quality residential purchases during the year, however, the number of units sold exceeds the number of units purchased, mainly due to the competitive nature of the market.

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

| | Sold | £'000 | Purchased | £'000 |
|----------------|------|--------|-----------------|--------|
| Rack Rents | 180 | 34,620 | 84 | 10,925 |
| Ground Rents | 102 | 179 | 26 (or created) | 31 |
| Life Tenancies | 6 | 868 | 24 | 2,081 |

MOUNTVIEW ESTATES P.L.C.

REVIEW OF OPERATIONS

Rental Income

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

- Regulated tenancies
- Assured tenancies
- Assured shorthold tenancies
- Life tenancies
- Ground rent tenancies

More than ever we continue to target those properties where the rent is capped and expenditure on improvements and the provision of missing amenities lead to substantial increases in rental income.

2. INVESTMENT PROPERTIES

The analysis of the investment portfolio as at 31 March 2006 is as follows:

| | |
|---------------------------|----------|
| Louise Goodwin Limited | 55 units |
| A.L.G. Properties Limited | 11 units |

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

During the financial year, we have disposed of five units.

Mountview Estates P.L.C. purchased the investment companies in 1999. They are the only significant departures from the Company's normal activities, and it was believed that the rental income could be increased to such an extent that the long term holding of the properties could be justified.

Outlook

Over the past 12 months, as a result of market conditions, rental income has not risen in the way we had anticipated. There is, however, an active owner/occupier purchasing market of which we intend to take advantage by the sale of units that fall vacant.

Valuation

The properties comprised within the investment portfolio have been revalued internally for the purposes of these accounts, taking into account the figures produced by the external valuers in 2003 and other local transactions during that time. 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 32.

MOUNTVIEW ESTATES P.L.C.

DIRECTORS AND ADVISERS

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.

C. Maunder Taylor FRICS

Joined the Company as a Non-Executive Director in 1990 and became an Executive Director on 1 January 1992. Member of the Royal Institute of Chartered Surveyors.

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.

N.S. Palmer

Joined the Company as a Non-Executive Director on 1 December 2000.

Secretary and Registered Office

Mrs. M.M. Bray FCCA

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

Bankers

HSBC Bank Plc, 27/32 Poultry, London EC2P 2BX

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

Auditors

Grant Thornton UK LLP

Grant Thornton House

Melton Street

Euston Square

London NW1 2EP

Solicitors

Norton Rose

Kempson House, Camomile Street, London EC3A 7AN

Registrars and Transfer Office

Capita Registrars

Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU

Brokers

Brewin Dolphin Securities Ltd

12 Smithfield Street, London EC1A 9BD

MOUNTVIEW ESTATES P.L.C.

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their Sixty-Ninth Annual Report to the Members together with the Financial Statements for the year ended 31 March 2006.

1. RESULTS AND DIVIDENDS

The Results for the year are set out in the Income Statement on page 16.

The Directors recommend the payment of a final dividend of 86 pence per share. The dividend will be paid subject to approval on 21 August 2006 to Ordinary Shareholders on the register at the close of business on 21 July 2006.

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 Co. 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 3 to 5. In addition the Group has established the following Financial and Internal Performance Indicators:

Financial Key Performance Indicators

| | 2006 growth % | 2005 growth% |
|----------------------|--------------------------|-------------------------|
| Earnings per share | (8.3) | (14.1) |
| Dividend | 3.2 | 3.3 |
| Net assets per share | 6.4 | 10.2 |

The Directors do not consider that any non-financial indicators are in existence.

Internal Performance Measures

| | 2006 £'000 | 2005 £'000 |
|--|-----------------------|-----------------------|
| Revenue per member of staff | 1,581 | 1,625 |
| Administrative expenses as percentage of revenue | 6.4% | 6.2% |
| Profit before tax per member of staff | 755 | 828 |

4. ROTATION OF DIRECTORS

In accordance with the Company's Articles of Association, Mr. C. Maunder-Taylor and Mr. J.P. Hall retire from the Board by rotation and being eligible, offer themselves for re-appointment. Motions for their re-appointment will be proposed at the Annual General Meeting.

MOUNTVIEW ESTATES P.L.C.
REPORT OF THE DIRECTORS (Continued)

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 2006 | 1 April 2005 |
|---|----------------------------|-----------------|
| | Ordinary Shares of 5p each | |
| Mr. D.M. Sinclair including the following holdings | 534,883 | 793,911 |
| Kingsway Wallpaper Stores Limited – nil (2005: 79,350 non –beneficial) | | |
| Mr.D.M.Sinclair was a Director of the above company | | |
| Sinclair Estates Limited – 54,165 beneficial (2005: 100,000 non-beneficial) | | |
| Mr. D.M.Sinclair is a Director of the above company | | |
| Viewthorpe Limited - nil; (2005: 107,950 non-beneficial) | | |
| Mr.D.M.Sinclair was a Director of the above company | | |
| Mr. K. Langrish-Smith | 221,500 | 228,250 |
| Mr. C. Maunder Taylor | 1,090 | 800 |
| Miss J.L. Murphy | 1,100 | 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.

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 | 629,280 | 15.97 |
| Estate of Mrs. Doris Sinclair | 122,500 | 3.15 |
| Mrs. M. A. Murphy | 625,823 | 16.05 |
| Mrs. S.M. Simkins | 171,554 | 4.40 |
| Mrs. A. Williams | 121,825 | 3.12 |

7. THE REORGANISATION OF THE SINCLAIR FAMILY'S INTERESTS

On 8 April 2005, the 100,000 Mountview shares then held by Sinclair Estates Limited were distributed as follows:

As a dividend in specie to Mrs. M.A. Murphy: 32,500 shares.
As a dividend in specie to the former Kingsway Wallpaper Stores Limited: 13,335 shares.

On 8 April 2005, the 79,350 Mountview shares then held by the former Kingsway Wallpaper Stores Limited plus the 13,335 shares received from Sinclair Estates Limited were distributed as follows:

As a dividend in specie to Mrs. P.J. Sinclair: 34,757 shares.
Retained by the former Kingsway Wallpaper Stores Limited (since renamed ALFL Limited): 57,928 shares.

MOUNTVIEW ESTATES P.L.C.

REPORT OF THE DIRECTORS (Continued)

8. 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.

9. DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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

10. 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 abides by them.

Trade creditors existing at 31 March 2006 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 (2005: 14 days).

11. 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 16 August 2006 and a resolution is drafted accordingly.

12. CORPORATE GOVERNANCE

The Directors' statement on corporate governance is set out on pages 11 to 13.

13. HEALTH AND SAFETY

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

14. DONATIONS

During the year the Group made charitable donations of £29,515 (2005: £34,853). There were no political donations (2005: £nil).

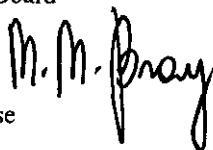
15. GOING CONCERN

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.

16. AUDITORS

Grant Thornton UK LLP were appointed on 28 November 2005 to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985. A resolution to re-appoint Grant Thornton UK LLP 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
18 July 2006

MOUNTVIEW ESTATES P.L.C.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 European Union, in addition the Directors are responsible for preparing the Parent Company accounts in accordance with UK GAAP.

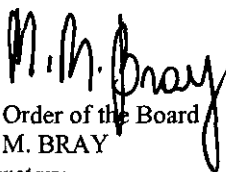
Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss for that period. In preparing these financial statements, the Directors are required to:

- 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
151 High Street
Southgate
London N14 6EW
18 July 2006

MOUNTVIEW ESTATES P.L.C.

CORPORATE GOVERNANCE

The Financial Reporting Council (FRC) published a new version of the Combined Code in July 2003 following publication of the Higgs report earlier that year. This is applicable to the Company for the reporting year commencing 1 April 2004. 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, 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 amounts to approximately 53 percent of the issued share capital of the company.

Throughout the year ended 31 March 2006 the Company has been in compliance with the Code provisions set out in Section 1 of the July 2003 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, is the Chief Executive of Brewin Dolphin Holdings PLC but has no influence or part in the corporate advice received by the Company. 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.N.S.Palmer 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

For the year ended 31 March 2006 the Board comprised the Chairman, Mr. D. M. Sinclair, four 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.C. Maunder Taylor | Mr.K. Langrish-Smith | Miss J.L. Murphy | Mrs.M.M. Bray | Mr.J.P. Hall | Mr.N.S. Palmer |
|---------------------------|---------------------|-------------------------|-------------------------|---------------------|------------------|-----------------|-------------------|
| Full Board | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Audit Committee | 2 | n/a | n/a | n/a | 2 | 3 | 3 |
| Remuneration Committee | n/a | n/a | n/a | n/a | n/a | 2 | 2 |

Day to day management is delegated to the Executive Board which focus 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 7.

MOUNTVIEW ESTATES P.L.C.

CORPORATE GOVERNANCE (Continued)

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) and Mr.N. Palmer (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.

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 14 to 15.

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 of this Committee during the year.

Audit Committee

The Audit Committee comprises Mr. J. Hall (non-executive Director) and Mr.N.Palmer (non-executive Director). The Committee, which is chaired by Mr.N. Palmer, 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. The Committee has made recommendation and presided over the selection of new auditors. The process involved inviting four prospective firms to submit their prospectus. Mr D.M.Sinclair and Mrs M.M.Bray also participated alongside the Audit Committee members during two of the presentations from which Grant Thornton UK LLP were selected as new auditors for the current financial year.

The Committee meets a minimum of three times a year and at least 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.

Whilst both members of the Audit Committee have vast financial experience, neither of them holds accounting qualifications. 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.

MOUNTVIEW ESTATES P.L.C.

CORPORATE GOVERNANCE (Continued)

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 2005 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.

MOUNTVIEW ESTATES P.L.C.

REMUNERATION REPORT

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 the company car or the 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

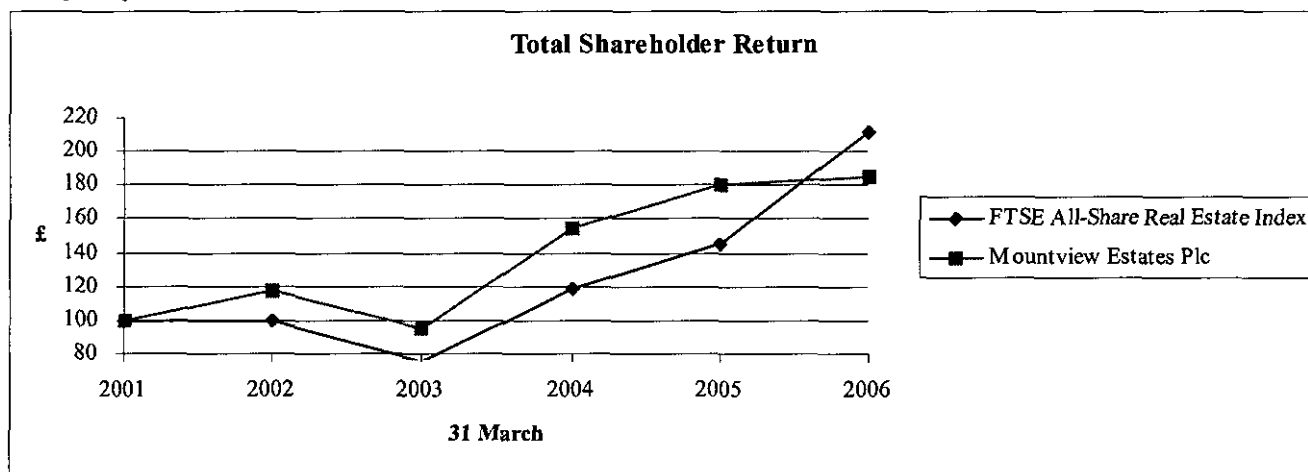
Each non-executive Director receives fees of £24,000 per annum. The non-executive Directors are not entitled to bonuses, benefits or pension contributions.

Pensions

The Company contributes 3% of the total of the executive Directors' gross annual salaries and bonuses to a Stakeholder Pension Scheme. The above 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.



Source: Datastream

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

MOUNTVIEW ESTATES P.L.C.

REMUNERATION REPORT

AUDITED INFORMATION

| | Salary £000 | Bonus £000 | Benefits in kind £000 | Pensions Contributions £000 | Total £000 |
|----------------------|----------------|---------------|-----------------------------|-----------------------------------|---------------|
| 2006 | | | | | |
| Executive | | | | | |
| D. M. Sinclair | 200 | 120 | 26 | 10 | 356 |
| K. Langrish-Smith | 120 | 45 | 14 | 5 | 184 |
| C. Maunder Taylor | 150 | 70 | 11 | 7 | 238 |
| Miss J. L. Murphy | 150 | 60 | 12 | 6 | 228 |
| Mrs M. M. Bray | 150 | 105 | - | 8 | 263 |
| Non-Executive | | | | | |
| J.P. Hall | 24 | - | - | - | 24 |
| N.S. Palmer | 24 | - | - | - | 24 |
| | <u>818</u> | <u>400</u> | <u>63</u> | <u>36</u> | <u>1,317</u> |
| 2005 | | | | | |
| Executive | | | | | |
| D. M. Sinclair | 200 | 150 | 26 | 12 | 388 |
| K. Langrish-Smith | 120 | 60 | 14 | 6 | 200 |
| C. Maunder Taylor | 150 | 95 | 11 | 8 | 264 |
| Miss J. L. Murphy | 150 | 80 | 10 | 8 | 248 |
| Mrs M. M. Bray | 135 | 95 | - | 8 | 238 |
| Non-Executive | | | | | |
| J.P. Hall | 18 | - | - | - | 18 |
| N.S. Palmer | 18 | - | - | - | 18 |
| | <u>791</u> | <u>480</u> | <u>61</u> | <u>42</u> | <u>1,374</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 18 July 2006



John Hall
Chairman of the Remuneration Committee

MOUNTVIEW ESTATES P.L.C.
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2006

| | Notes | Year ended 31.3.2006 £000 | Year ended 31.3.2005 £000 |
|---|-------|------------------------------------|------------------------------------|
| Revenue | 4 | 47,456 | 48,778 |
| Cost of sales | 4 | (19,402) | (17,758) |
| Gross profit | | <u>28,054</u> | <u>31,020</u> |
| Administrative Expenses | | (3,058) | (3,019) |
| Increase in fair value of investments | | 337 | 331 |
| Gain on sale of investment properties | | <u>599</u> | <u>325</u> |
| Profit from operations | | <u>25,932</u> | <u>28,657</u> |
| Finance costs | 7 | (3,299) | (3,830) |
| Income from investments | 8 | 27 | 21 |
| Profit before taxation | | <u>22,660</u> | <u>24,848</u> |
| Income tax expense | 9 | (6,738) | (7,482) |
| Profit attributable to equity shareholders | | <u><u>15,922</u></u> | <u><u>17,366</u></u> |
| Basic and diluted earnings per share (pence) | 11 | 408.4 | 445.4 |

MOUNTVIEW ESTATES P.L.C.
GROUP BALANCE SHEET AS AT 31 MARCH 2006

| | | As at 31.03.2006 £000 | As at 31.3.2005 £000 |
|--|--------------|-----------------------------|----------------------------|
| Assets | Notes | | |
| Non current assets | | | |
| Property, plant and equipment | 12 | 2,735 | 2,821 |
| Investment properties | 14 | 20,780 | 22,468 |
| | | <hr/> 23,515 | <hr/> 25,289 |
| Current assets | | | |
| Inventories of trading properties | 16 | 176,095 | 174,775 |
| Trade and other receivables | 17 | 651 | 319 |
| Cash and cash equivalents | | 2,338 | 2,288 |
| | | <hr/> 179,084 | <hr/> 177,382 |
| Total assets | | <hr/> 202,599 | <hr/> 202,671 |
| Equity and liabilities | | | |
| Equity attributable to equity holders of the parent | | | |
| Share capital | 22 | 195 | 195 |
| Capital redemption reserve | 23 | 55 | 55 |
| Capital reserve | 23 | 25 | 25 |
| Other reserves | 23 | 56 | 56 |
| Retained earnings | 24 | 142,849 | 131,840 |
| | | <hr/> 143,180 | <hr/> 132,171 |
| Non-current liabilities | | | |
| Long-term borrowings | 19 | 29,716 | 29,534 |
| Deferred tax | 20 | 5,056 | 5,584 |
| | | <hr/> 34,772 | <hr/> 35,118 |
| Current liabilities | | | |
| Bank overdrafts and loans | 19 | 20,149 | 31,124 |
| Current tax payable | | 3,078 | 3,155 |
| Trade and other payables | 18 | 1,420 | 1,103 |
| | | <hr/> 24,647 | <hr/> 35,382 |
| Total liabilities | | <hr/> 59,419 | <hr/> 70,500 |
| Total equity and liabilities | | <hr/> 202,599 | <hr/> 202,671 |

Approved by the Board on 18 July 2006


D. M. SINCLAIR Chairman


K. LANGRISH-SMITH Director

MOUNTVIEW ESTATES P.L.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Share capital £000 | Revaluation reserve £000 | Capital reserves £000 | Capital redemption reserves £000 | Other reserves £000 | Retained earnings £000 | Total £000 |
|---|--------------------------|--------------------------------|-----------------------------|--|---------------------------|------------------------------|---------------|
| Changes in equity for year ended 31 March 2005 | | | | | | | |
| Balance as at 1 April 2004 | 195 | - | 25 | 55 | 56 | 119,228 | 119,559 |
| Profit for the year | | | | | | 17,366 | 17,366 |
| Dividends | | | | | | (4,754) | (4,754) |
| Balance at 31 March 2005 | 195 | - | 25 | 55 | 56 | 131,840 | 132,171 |
| Changes in equity for year ended 31 March 2006 | | | | | | | |
| Profit for the year | | | | | | 15,922 | 15,922 |
| Dividends | | | | | | (4,913) | (4,913) |
| Balance at 31 March 2006 | 195 | - | 25 | 55 | 56 | 142,849 | 143,180 |

MOUNTVIEW ESTATES P.L.C.
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2006

| | Year ended 31.03.2006 Notes £000 | Year ended 31.3.2005 £000 |
|---|--|------------------------------------|
| Cash flows from operating activities | | |
| Profit from operations | 25,932 | 28,657 |
| Adjustments for: | | |
| Depreciation | 159 | 121 |
| Loss on disposal of property, plant and equipment | 30 | 3 |
| Increase in fair value of investment properties | (337) | (331) |
| Gain on sale of investment properties | (599) | (325) |
| Operating cash flows before movement in working capital | 25,185 | 28,125 |
| (Increase) in inventories | (1,320) | (4,659) |
| (Increase) in receivables | (331) | (141) |
| Increase in payables | 317 | (122) |
| Cash generated from operations | 23,851 | 23,203 |
| Interest paid | (3,299) | (4,000) |
| Income taxes paid | (7,343) | (8,856) |
| Net cash from operating activities | <u>13,209</u> | <u>10,347</u> |
| Investing activities | | |
| Interest received | 27 | 21 |
| Purchase of property, plant and equipment | 12 (165) | (387) |
| Purchase of investment properties | 14 (498) | (126) |
| Proceeds from sale of investment properties | 3,122 | 395 |
| Proceeds from disposal of property, plant and equipment | 61 | 36 |
| Net cash from/(used) in investing activities | <u>2,547</u> | <u>(61)</u> |
| Cash flows from financing activities | | |
| Increase in borrowings | - | 3,365 |
| Repayment of borrowings | (12,711) | (9,279) |
| Dividends paid | (4,913) | (4,754) |
| Net cash used from financing activities | <u>(17,624)</u> | <u>(10,668)</u> |
| Net decrease in cash and cash equivalents | (1,868) | (382) |
| Cash and cash equivalents at beginning of the period | (13,718) | (13,336) |
| Cash and cash equivalents at end of year | <u>(15,586)</u> | <u>(13,718)</u> |

MOUNTVIEW ESTATES P.L.C.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

1. PRESENTATION OF FINANCIAL STATEMENTS

The Group's financial statements have been prepared in accordance with applicable International Financial Reporting Standards as adopted by the EU (IFRS) and as issued by the International Accounting Standards Board.

2. FIRST TIME ADOPTION OF INTERNATIONAL ACCOUNTING AND FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted IFRS for the first time, and the Group financial statements are prepared under IFRS. The Company Balance Sheet has been prepared under UK GAAP.

The Group has applied IFRS 1 *First time adoption of International Financial Reporting Standards* to provide a starting point for reporting under IFRS. The date of transition to IFRS was selected as 1 April 2004 and all comparative information in these financial statements has been restated to reflect the Group's adoption of IFRS.

Significant differences between UK GAAP and IFRS as at 31 March 2005 are as follows.

IAS 40 – Investment property

Under IAS 40, an investment property is recognised in the accounts at fair value, with revaluation gains being taken directly to the Group income statement rather than directly to the revaluation reserve as was previously required under UK GAAP. *Accumulated revaluation surpluses relating to investment properties as at the transition date have been reallocated to retained earnings.* This treatment does not, however, have any impact on the distributable profits.

IAS 12 – Income taxes

Under IAS 12, deferred tax is recognised on 'temporary differences' rather than timing differences, which has been the basis in the UK under FRS19.

Timing differences, which focus on profit and loss movements, are the difference between the taxable amount and the pre-tax accounting profit that originate in one reporting period and reverse in one or more subsequent periods. Temporary differences, which focus on balance sheet movements, are the differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

In many cases, the deferred tax provision is the same under IAS 12 as under FRS 19. However, under FRS 19, deferred tax is not provided on the revaluation when a fixed asset is revalued without there being any commitment or intention to sell the asset. IAS 12 requires deferred tax to be provided in these circumstances. Where the revaluation has been reflected directly in reserves, the deferred tax is also charged directly to reserves, with no impact on earnings.

IAS 10 – Events after the balance sheet date

IAS 10 requires that a liability should not be recognised in respect of a dividend until the paying company has an obligation to make the payment. This would normally be when it was declared or approved at the annual general meeting in the case of the final dividend for the year. As a result the 2005 proposed final dividend of £3.197 million is excluded from the IFRS balance sheet and written back to retained earnings. IFRS also requires that dividends and distributions are presented in a different way to current UK GAAP. Under IFRS, dividends are not considered to be an expense of the paying company so they are not included in the income statement. Instead, dividends are treated as a reserve item and are, therefore, presented in the statement of changes in equity alongside other transactions with shareholders.

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2006

2. FIRST TIME ADOPTION INTERNATIONAL ACCOUNTING AND FINANCIAL REPORTING STANDARDS

Reconciliation of equity at 1 April 2004

The effect of the changes to the Group's accounting policies on the equity of the Group at the date of transition, 1 April 2004 was as follows.

| | Dividend Deferred | | | Reserve | |
|-------------------------------------|-------------------|----------------|----------------|-----------|----------------|
| | UK recognition | tax | | transfers | |
| | GAAP | Note 1 | Note 2 | Note 3 | IFRS |
| | £000 | £000 | £000 | £000 | £000 |
| Assets | | | | | |
| Investment properties | 22,071 | | | | 22,071 |
| Property, plant and equipment | 2,604 | | | | 2,604 |
| Inventories | 170,116 | | | | 170,116 |
| Trade and other receivables | 177 | | | | 177 |
| Cash and cash equivalents | 454 | | | | 454 |
| Total assets | 195,422 | - | - | - | 195,422 |
| Equity | | | | | |
| Issued share capital | 195 | | | | 195 |
| Revaluation reserve | 6,427 | | | (6,427) | - |
| Capital redemption reserve | 55 | | | | 55 |
| Capital reserve | 25 | | | | 25 |
| Other reserves | 56 | | | | 56 |
| Retained earnings | 115,183 | 3,041 | (5,423) | 6,427 | 119,228 |
| Total equity | 121,941 | 3,041 | (5,423) | - | 119,559 |
| Liabilities | | | | | |
| Borrowings payable after one year | 38,138 | | | | 38,138 |
| Deferred tax provision | - | | 5,423 | | 5,423 |
| Borrowings payable within one year | 26,219 | | | | 26,219 |
| Current tax payable | 4,689 | | | | 4,689 |
| Trade and other payables | 4,435 | (3,041) | | | 1,394 |
| Total liabilities | 73,481 | (3,041) | 5,423 | - | 75,863 |
| Total equity and liabilities | 195,422 | - | - | - | 195,422 |

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2006

2. FIRST TIME ADOPTION INTERNATIONAL ACCOUNTING AND FINANCIAL REPORTING STANDARDS

Reconciliation of equity at 31 March 2005

The effect of the changes to the Group's accounting policies on the equity of the Group at the date of the last financial statements presented under previous UK GAAP, 31 March 2005, was as follows.

| | | Dividend | Deferred of investment | Revaluation | Reserve | |
|-------------------------------------|----------------|----------------|------------------------|-------------|----------|----------------|
| | UK recognition | tax | properties | transfers | | |
| | GAAP | Note 1 | Note 2 | Note 3 | Note 3 | IFRS |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Assets | | | | | | |
| Investment properties | 22,468 | | | | | 22,468 |
| Property, plant and equipment | 2,821 | | | | | 2,821 |
| Inventories | 174,775 | | | | | 174,775 |
| Trade and other receivables | 319 | | | | | 319 |
| Cash and cash equivalents | 2,288 | | | | | 2,288 |
| Total assets | 202,671 | - | - | - | - | 202,671 |
| Equity | | | | | | |
| Issued share capital | 195 | | | | | 195 |
| Revaluation reserve | 6,758 | | | (331) | (6,427) | - |
| Capital redemption reserve | 55 | | | | | 55 |
| Capital reserve | 25 | | | | | 25 |
| Other reserves | 56 | | | | | 56 |
| Retained earnings | 127,469 | 3,197 | (5,584) | 331 | 6,427 | 131,840 |
| Total equity | 134,558 | 3,197 | (5,584) | - | - | 132,171 |
| Liabilities | | | | | | |
| Borrowings payable after one year | 29,534 | | | | | 29,534 |
| Deferred tax provision | | | 5,584 | | | 5,584 |
| Borrowings payable within one year | 31,124 | | | | | 31,124 |
| Current tax payable | 3,155 | | | | | 3,155 |
| Trade and other payables | 4,300 | (3,197) | | | | 1,103 |
| Total liabilities | 68,113 | (3,197) | 5,584 | - | - | 70,500 |
| Total equity and liabilities | 202,671 | - | - | - | - | 202,671 |

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2006

2. FIRST TIME ADOPTION INTERNATIONAL ACCOUNTING AND FINANCIAL REPORTING STANDARDS

Notes to the reconciliation of equity

(1) Dividend recognition

Under UK GAAP, dividends are accrued in the period to which they relate, regardless of when they are declared and approved. Under IAS 10, *Events after the Balance Sheet Date*, shareholders' dividends are accrued only when declared and appropriately approved. This has increased shareholders funds by £3.041 million and £3.197 million pounds at 1 April 2004 and 31 March 2005 respectively.

(2) Deferred tax

Under UK GAAP no deferred tax provision is required on the revaluation of investment properties if there is no intention of selling the properties.

Under IAS 12, *Income tax*, deferred tax is recognised on all taxable temporary differences, and is therefore provided on all revaluation gains of the Group's investment properties. The deferred tax provision is £5.423 million at 1 April 2004, and £5.584 million at 31 March 2005.

(3) Revaluation of investment properties

Under UK GAAP revaluation surpluses on investment properties were credited to a separate account within reserves.

Under IAS 40, *Investment properties*, a gain arising from a change in the fair value of investment properties should be included in net profit for the period in which it arises.

Reconciliation of profit for year ended 31 March 2005

| | UK GAAP £000 | Deferred tax Note 1 £000 | Revaluation of investment properties Note 2 £000 | IFRS £000 |
|---|--------------------|--------------------------------|--|---------------|
| Revenue | 48,778 | | | 48,778 |
| Cost of sales | (17,758) | | | (17,758) |
| Gross Profit | 31,020 | | | 31,020 |
| Administrative expenses | (3,019) | | | (3,019) |
| Increase in fair value of investment properties | | | 331 | 331 |
| Gain on sale of investment properties | 325 | | | 325 |
| Finance costs | (3,809) | | | (3,809) |
| Profit before taxation | 24,517 | - | 331 | 24,848 |
| Income tax expense | (7,321) | (161) | | (7,482) |
| Profit attributable to equity shareholders | 17,196 | (161) | 331 | 17,366 |

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2006

2. FIRST TIME ADOPTION INTERNATIONAL ACCOUNTING AND FINANCIAL REPORTING STANDARDS

Notes to the reconciliation of profit

(1) Deferred tax

Under UK GAAP no deferred tax provision is required on the revaluation of investment properties if there is no intention of selling the properties.

Under IAS 12, *Income tax*, deferred tax is recognised on all taxable temporary differences, and is therefore provided on all revaluation gains of the group's investment properties. The deferred tax provision for the year ended 31 March 2005 was £161,000.

(2) Revaluation of investment properties

Under UK GAAP revaluation surpluses on investment properties were credited to a separate account within reserves.

Under IAS 40, *Investment properties*, a gain arising from a change in the fair value of investment properties should be included in net profit for the period in which it arises. Therefore, the revaluation gains on investment properties during the year ended 31 March 2005 of £331,000 has been credited to the income statement.

Explanation of material adjustments to the cash flow statement for 2005

Income taxes of £8.856 million paid during 2005 are classified as operating cash flows under IFRSs, but were included in a separate category of tax cash flows under previous GAAP. There are no other material differences between the cash flow statement presented under IFRS and the cash flow statement presented under previous GAAP.

3. ACCOUNTING POLICIES

(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 exercise control through voting rights.

On acquisition, the identifiable assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. The purchase method has been used in consolidating the subsidiary financial statements.

All significant inter company transactions and balances between group enterprises are eliminated on consolidation within the consolidated accounts consistent accounting policies have been used across the Group.

(c) Investment Properties

Investment properties, which are properties held to earn rentals and/or for the capital appreciation, are stated at their fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment properties are included in net profit or loss for the period in which they arise.

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2006

3. ACCOUNTING POLICIES (Continued)

(d) 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.

(e) 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.

(f) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated 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% |
| Motor vehicles | - | 20% |
| Computer equipment | - | 25% |

(g) Impairment of Non- Current Assets

Non- current assets are subject to review for impairment on an annual basis. Any impairment is recognised in the Income Statement in the year in which it occurs.

(h) 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 preceeding 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

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENT (Continued)

FOR THE YEAR ENDED 31 MARCH 2006

3. ACCOUNTING POLICIES (Continued)

(i) 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 condition. 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.

(j) 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 with vacant possession. The analysis of the Group trading portfolio as at 31 March 2006 is on page 4.

(k) Pension Costs

The Company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions payable are charged to the Income Statement.

(l) 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 receivables and trade payables are measured at their net realisable value.

(m) Bank Borrowings

Loans are recorded at fair value at initial recognition and thereafter at amortised costs under the effective interest method.

4. ANALYSIS OF REVENUE, COST OF SALES AND OTHER OPERATING EXPENSES

The revenue and cost of sales of the Group are analysed as follows:

| | 2006 £000 | 2005 £000 |
|---------------------------|---------------|---------------|
| Revenue | | |
| Gross sales of properties | 35,667 | 37,110 |
| Gross rental income | 11,789 | 11,668 |
| | <u>47,456</u> | <u>48,778</u> |
| Cost of Sales | | |
| Cost of properties sold | 14,286 | 13,278 |
| Property expenses | 5,116 | 4,480 |
| | <u>19,402</u> | <u>17,758</u> |
| Gross Profit | | |
| Sales of properties | 21,381 | 23,832 |
| Net rental income | 6,673 | 7,188 |
| | <u>28,054</u> | <u>31,020</u> |

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2006

| | GROUP | |
|--|-------------------|-------------------|
| | 2006 | 2005 |
| | £000 | £000 |
| 5. (a) PROFIT FROM OPERATIONS | | |
| The operating profit is stated after charging: | | |
| Depreciation of tangible fixed assets | 159 | 121 |
| Loss on disposal of fixed assets | 31 | 3 |
| Auditors' remuneration | | |
| - as auditors | 47 | 45 |
| - for other services | - | - |
| operating expenses for investment properties | 524 | 431 |
| | <u> </u> | <u> </u> |
| And after crediting: | | |
| -net rental income | 6,673 | 7,188 |
| -administrative charges to related companies (Note 25) | 66 | 60 |
| | <u> </u> | <u> </u> |
| (b) PROFIT ON DISPOSAL OF INVESTMENT PROPERTIES IN SUBSIDIARIES | 599 | 325 |
| | <u> </u> | <u> </u> |
| 6. STAFF COSTS (including Directors) | | |
| | 2006 | 2005 |
| | £000 | £000 |
| Wages and salaries | 1,935 | 2,164 |
| Social security costs | 228 | 287 |
| Pension costs | 58 | 63 |
| | <u> </u> | <u> </u> |
| | 2,221 | 2,514 |
| | <u> </u> | <u> </u> |
| Directors' Remuneration | 2006 | 2005 |
| | £000 | £000 |
| Total Directors' Remuneration including salary, bonuses, benefits in kind and pension contributions amounted to : | 1,317 | 1,374 |
| | <u> </u> | <u> </u> |
| The details of Directors' Remuneration are shown in the audited section of the Remuneration Report on page 14. | | |
| The Company contributes 3% of the total of 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: | | |
| | 2006 | 2005 |
| Office and management | 30 | 30 |
| | <u> </u> | <u> </u> |
| 7. FINANCE COSTS | | |
| | 2006 | 2005 |
| | £000 | £000 |
| Interest on bank overdrafts, and loans | 3,299 | 3,830 |
| | <u> </u> | <u> </u> |
| 8. INCOME FROM INVESTMENTS | | |
| | 2006 | 2005 |
| | £000 | £000 |
| Interest on bank deposits | 27 | 21 |
| | <u> </u> | <u> </u> |

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2006

| | GROUP | |
|--|---------------|---------------|
| 9. INCOME TAX EXPENSE | 2006 | 2005 |
| | £000 | £000 |
| (a) Analysis of charge in the year | | |
| Current tax: | | |
| UK Corporation Tax 30% | | |
| (2005: 30%) | <u>7,266</u> | <u>7,321</u> |
| Deferred tax: | | |
| Current year 30% (2005: 30%) | <u>(528)</u> | <u>161</u> |
| Taxation attributable to the company and its subsidiaries | <u>6,738</u> | <u>7,482</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>22,660</u> | <u>24,848</u> |
| Profit on ordinary activities multiplied by rate of tax (30%) | 6,798 | 7,454 |
| Expenses not deductible for tax | 44 | 1 |
| Income not liable to tax | (189) | (28) |
| Depreciation in excess of capital allowances | (514) | 163 |
| Taxation on capital gains | 700 | (2) |
| Marginal relief | - | (7) |
| Revaluation surplus in subsidiaries not taxed | (101) | (99) |
| Taxation attributable to the company and its subsidiaries | <u>6,738</u> | <u>7,482</u> |

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2006

10. DIVIDENDS

On 21 August 2005 a dividend of 82p per share (2004: 78p per share) was paid to the shareholders. On 27 March 2006 a dividend of 44p per share (2005: 44p per share) was paid to the shareholders. This resulted in total dividends paid in the year of £4.913 million (2005: £4.754 million).

In respect of the current year, the Directors propose that a final dividend of 86p per share will be paid to the shareholders on 21 August 2006. 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 2006 is payable to all shareholders on the Register of Members on 21 July 2006. The total estimated final dividend to be paid is £3.353 million.

GROUP

11. EARNINGS PER SHARE

| | 2006 | 2005 |
|--|------|------|
| | £000 | £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) | 15,922 | 17,366 |
| | <u> </u> | <u> </u> |
| Weighted average number of ordinary shares for basic and fully diluted earnings per share | 3,899,014 | 3,899,014 |
| | <u> </u> | <u> </u> |
| Basic and Diluted Earnings per share | 408.4p | 445.4p |
| | <u> </u> | <u> </u> |

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2006

12. PROPERTY, PLANT AND EQUIPMENT as at 31 March 2006

| GROUP | Freehold Property £000 | Fixtures & Fittings £000 | Motor Vehicles £000 | Computer Equipment £ 000 | Total £000 |
|-------------------------|---------------------------------------|---|------------------------------------|---|-----------------------|
| COST | | | | | |
| At 1 April 2005 | 2,671 | 224 | 310 | 99 | 3,304 |
| Additions | - | 15 | 148 | 2 | 165 |
| Disposals | - | (24) | (143) | (60) | (227) |
| At 31 March 2006 | 2,671 | 215 | 315 | 41 | 3,242 |
| | | | | | |
| DEPRECIATION | | | | | |
| At 1 April 2005 | 224 | 72 | 113 | 74 | 483 |
| Charge for the year | 53 | 41 | 54 | 11 | 159 |
| On disposals | - | (11) | (73) | (51) | (135) |
| At 31 March 2006 | 277 | 102 | 94 | 34 | 507 |
| | | | | | |
| NET BOOK VALUE | | | | | |
| At 31 March 2005 | 2,447 | 152 | 197 | 25 | 2,821 |
| At 31 March 2006 | 2,394 | 113 | 221 | 7 | 2,735 |

Property, Plant and Equipment are located within United Kingdom.

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2006

13. PROPERTY, PLANT AND EQUIPMENT as at 31 March 2005

| GROUP | Freehold Property £000 | Fixtures & Fittings £000 | Motor Vehicles £000 | Computer Equipment £000 | Total £000 |
|-------------------------|---------------------------------------|---|------------------------------------|--|-----------------------|
| COST | | | | | |
| At 1 April 2004 | 2,426 | 205 | 292 | 97 | 3,020 |
| Additions | 245 | 19 | 120 | 2 | 386 |
| Disposals | - | - | (102) | - | (102) |
| At 31 March 2005 | 2,671 | 224 | 310 | 99 | 3,304 |
| DEPRECIATION | | | | | |
| At 1 April 2004 | 170 | 60 | 118 | 68 | 416 |
| Charge for the year | 54 | 12 | 49 | 6 | 121 |
| On disposals | - | - | (54) | - | (54) |
| At 31 March 2005 | 224 | 72 | 113 | 74 | 483 |
| NET BOOK VALUE | | | | | |
| At 31 March 2004 | 2,256 | 145 | 174 | 29 | 2,604 |
| At 31 March 2005 | 2,447 | 152 | 197 | 25 | 2,821 |

Property, Plant and Equipment are located within the United Kingdom.

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2006

14. INVESTMENT PROPERTIES

GROUP

| | 2006 £000 | 2005 £000 |
|--|---------------|---------------|
| Fair Value at 1 April | 22,468 | 22,071 |
| Additions | 498 | 126 |
| Disposals | (2,523) | (60) |
| Increase in fair value during the year | 337 | 331 |
| At 31 March | 20,780 | 22,468 |

The Group's investment properties were valued at £20,780,000 on an open market value basis on 31 March 2006 by Mr. C. Maunders - Taylor FRICS, a director. This valuation was carried out in accordance with the "Appraisal and Valuation Standards" published by the Royal Institution of Chartered Surveyors.

As at 31 March 2006, if the investment properties had not been revalued, the historical cost of those properties would have been £866,798 (2005: £633,154).

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 31 March 2005 31 March 2006 £000 |
|---------------------------------|---------------------|--|
| Hurstway Investment Co. 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

GROUP

| | 2006 £000 | 2005 £000 |
|------------------------|--------------|--------------|
| Residential properties | 176,095 | 174,775 |

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2006

17. TRADE AND OTHER RECEIVABLES

| | GROUP | |
|--------------------------------|------------------------|-----------------|
| | 2006 | 2005 |
| | £000 | £000 |
| Trade receivables | 526 | 236 |
| Prepayments and accrued income | 125 | 83 |
| | <hr/> 651 <hr/> | <hr/> 319 <hr/> |

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

18. TRADE AND OTHER PAYABLES

| | GROUP | |
|---------------------------------------|--------------------------|-------------------|
| | 2006 | 2005 |
| | £000 | £000 |
| Trade creditors | 372 | 166 |
| Other taxes and social security costs | 269 | 376 |
| Other creditors | 308 | 325 |
| Accruals | 471 | 236 |
| | <hr/> 1,420 <hr/> | <hr/> 1,103 <hr/> |

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

MOUNTVIEW ESTATES P.L.C.
NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2006

19. BANK OVERDRAFTS AND LOANS

| | GROUP | |
|-----------------|---------------|---------------|
| | 2006 | 2005 |
| | £000 | £000 |
| Bank overdrafts | 17,924 | 28,434 |
| Bank loans | 28,216 | 25,609 |
| Other loans | 3,725 | 6,615 |
| | <u>49,865</u> | <u>60,658</u> |

Maturity profile of financial liabilities at 31 March 2006 was as follows:

| | GROUP | |
|---|---------------|---------------|
| | 2006 | 2005 |
| | £000 | £000 |
| Amounts repayable: | | |
| In one year or less | 20,149 | 31,124 |
| In more than one year but no more than two years | - | 9,428 |
| In more than two years but no more than three years | - | - |
| In more than three years but no more than four years | - | - |
| In more than four years but not more than five years | 29,716 | 16,181 |
| In more than five years | - | 3,925 |
| | <u>49,865</u> | <u>60,658</u> |
| Less: amount due for settlement within 12 months (shown under current liabilities) | 20,149 | 31,124 |
| | <u>29,716</u> | <u>29,534</u> |

The average interest rates paid were as follows.

| | 2006 | 2005 |
|-----------------|-------------|-------------|
| Bank overdrafts | 6.59% | 6.59% |
| Bank loans | 5.74% | 5.89% |
| Other loans | 5.34% | 5.34% |

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.
- As at 1 April 2005 the Group had four loans of £4 million, £5 million, £11.537 million, and £17.5 million. These loans have been renegotiated during the year and consolidated into one loan, which is not repayable in instalments.
 - The loan outstanding at 31 March 2006 is £28.216 million. This is a five year revolving facility, which the parent company can draw down up to £50 million. The termination date of the facility is 11 December 2010. The rate of interest payable on the loan is 1.15% above Libor. The loan is secured by a cross guarantee between Mountview Estates P.L.C. and its Subsidiaries.
- Other loans consist of loans from connected persons, and companies of which Mr. D.M. Sinclair is a Director. Loans of £2.225 million (2005: £2.69 million) are repayable within one year, and loan of £1.5 million (2005: £3.925 million) are repayable in the third to fifth year inclusive. Interest payable on these loans is at 0.75% above Barclays Bank Plc base rate. From 1 April 2006 the interest payable on these loans will reduce to 0.5% above Barclays Bank Plc base rate.

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2006

20. DEFERRED TAX

| Analysis for financial reporting purposes | GROUP | |
|---|--------------|--------------|
| | 2006 | 2005 |
| | £000 | £000 |
| Deferred tax liabilities | 5,056 | 5,584 |
| Deferred tax assets | - | - |
| Net position at 31 March | <u>5,056</u> | <u>5,584</u> |

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

| | 2006 | 2005 |
|--|--------------|--------------|
| | £000 | £000 |
| At 1 April | 5,584 | 5,423 |
| (Credit)/charge to income for the year | <u>(528)</u> | <u>161</u> |
| At 31 March | <u>5,056</u> | <u>5,584</u> |

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

| | Revaluation of properties £000 | Total £000 |
|-------------------------------|---|-----------------------|
| At 1 April 2005 | 5,584 | 5,584 |
| Credit to income for the year | <u>(528)</u> | <u>(528)</u> |
| At 31 March 2006 | <u>5,056</u> | <u>5,056</u> |

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2006

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 £2,338,396 (2005: £2,287,829).

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

The trade receivables amounted to £ 651,000 (2005:£319,000)

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

Fair value of borrowings

| | GROUP | |
|--------------------|---------------|---------------|
| | 2006 | 2005 |
| | £000 | £000 |
| Bank overdrafts | 17,924 | 28,434 |
| Secured bank loans | 28,216 | 25,609 |
| Unsecured loans | 3,725 | 6,615 |
| | <u>49,865</u> | <u>60,658</u> |

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.

Exposure to credit and interest rate risks arises in the normal course of the Group's business. 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 they are recoverable.

The Group has not adopted any form of interest costs hedging against any potential future changes in interest rate. The Board is confident that based on the historical performance of the Group, the finance costs are sufficiently covered by the profits from operations.

Lenders currently do not consider hedging against interest rates fluctuations to be mandatory,

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2006

| 22. CALLED UP SHARE CAPITAL | GROUP | |
|--|--------------|--------------|
| | 2006 £000 | 2005 £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 | GROUP | |
| | 2006 £000 | 2005 £000 |
| Capital redemption reserve | 55 | 55 |
| Capital reserve | 25 | 25 |
| Other reserves | <u>56</u> | <u>56</u> |
| | <u>136</u> | <u>136</u> |

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 2006 stood at £56,000 (2005: £56,000).

| 24. RETAINED EARNINGS | GROUP £000 |
|--|----------------|
| Balance at 1 April 2004 | |
| - as originally stated | 115,183 |
| - prior period adjustment arising from first time adoption of International Financial Reporting Standards (see Note 2) | <u>4,045</u> |
| as restated | 119,228 |
| Dividends paid | (4,754) |
| Net profit for the year | <u>17,366</u> |
| Balance at 1 April 2005 | 131,840 |
| Dividends paid | (4,913) |
| Net profit for the year | <u>15,922</u> |
| Balance at 31 March 2006 | <u>142,849</u> |

Of retained earnings £6.7million represents revaluation of investment properties and is not distributable.

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2006

25. RELATED PARTY TRANSACTIONS

- (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 £48,738 (2005: £43,878) were charged for these services.

The same services were also provided to Viewthorpe Limited, a company of which Mr. D. M. Sinclair was a Director during the year. Fees of £17,222 (2005: £16,568) were charged for these services.

- (b) Included within long-term borrowings is a loan from Sinclair Estates Limited. The balance outstanding at the balance sheet date was £1,500,000 (2005: £2,700,000). Interest was payable on the loan at a rate of 0.75 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £37,722 (2005: £84,332).
- (c) Included within long-term borrowings is a loan from Ossian Investors Limited. The balance outstanding at the balance sheet date was £nil (2005: £1,050,000). Interest was payable on the loan at a rate of 0.75 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £4,835 (2005: £51,023).
- (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 £600,000 (2005: £175,000). Interest was payable on the loan at a rate of 0.75 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £35,365 (2005: £12,819).
- (e) The loan of £1,315,000 at 31 March 2005 from Kingsway Wallpaper Stores Limited was repaid during the year. Interest was payable on the loan at a rate of 0.75 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £1,387 (2005: £68,253). Mr. D.M. Sinclair was a Director of this company.
- (f) Included within other loans, repayable in less than one year and on demand is a loan from Mrs. P. E. Cullen, a shareholder of the Company and a director of Sinclair Estates Limited. The balance outstanding at the balance sheet date was £500,000 (2005: £500,000). Interest was payable on the loan at a rate of 0.75 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £26,682 (2005: £24,719).
- (g) 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 (2005: £175,000). Interest was payable on the loan at a rate of 0.75 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £9,338 (2005: £5,997).
- (h) Included within other loans, repayable in less than one year and on demand is a loan from Mr. K. Langrish-Smith, a Director of the Company. The balance outstanding at the balance sheet date was £300,000 (2005: £250,000). Interest was payable on the loan at a rate of 0.75 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £14,865 (2005: 5,052).
- (i) Included within other loans, repayable in less than one year and on demand is a loan from Mrs. E. Langrish-Smith, the wife of a Director of the Company. The balance outstanding at the balance sheet date was £600,000 (2005: £450,000). Interest was payable on the loan at a rate of 0.75 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £28,594 (2005: £7,858).
- (j) All of the above loans are unsecured.
- (k) Transactions between the Group and its Subsidiaries, which are related parties, have been eliminated on consolidation and have not been disclosed in this note.

REPORT OF THE INDEPENDENT AUDITORS 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 2006 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 20-38. 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 2006 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, 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 review whether the Corporate Governance Statement reflect the Company's compliance with the nine provisions of the 2003 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 cover 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 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 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MOUNTVIEW ESTATES P.L.C. (Continued)

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 2006 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 2006

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON
18 July 2006

**MOUNTVIEW ESTATES P.L.C.
BALANCE SHEET UNDER UK GAAP
AS AT 31 MARCH 2006**

| | | MOUNTVIEW | |
|--|--------------|-----------------------|-----------------------|
| | | 2006 | Restated |
| | | £000 | 2005 |
| | | | £000 |
| FIXED ASSETS | Notes | | |
| Tangible assets | 3 | 2,672 | 2,747 |
| Investments | 4 | 18,276 | 18,276 |
| | | <u>20,948</u> | <u>21,023</u> |
| CURRENT ASSETS | | | |
| Stocks | 5 | 167,709 | 168,199 |
| Debtors | 6 | 595 | 259 |
| Cash at bank and in hand | | 2,203 | 2,187 |
| | | <u>170,507</u> | <u>170,645</u> |
| CREDITORS: Amounts falling due within one year | 7 | <u>(23,890)</u> | <u>(34,880)</u> |
| NET CURRENT ASSETS | | <u>146,617</u> | <u>135,765</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>167,565</u> | <u>156,788</u> |
| CREDITORS: Amounts falling due after more than one year | 8 | <u>(47,293)</u> | <u>(45,260)</u> |
| | | <u><u>120,272</u></u> | <u><u>111,528</u></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 | 119,958 | 111,214 |
| EQUITY SHAREHOLDERS' FUNDS | | <u><u>120,272</u></u> | <u><u>111,528</u></u> |

Approved by the Board on 18 July 2006



D. M. SINCLAIR Chairman



K. LANGRISH-SMITH Director

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS UNDER UK GAAP

FOR THE YEAR ENDED 31 MARCH 2006

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The Accounts have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and in accordance with applicable Accounting Standards, and taking into account FRS 21 the new standard "Events after the balance sheet date". Under this standard, dividends cannot be recognised within the financial year unless they have been declared.

(b) Investments

Fixed asset investments in Subsidiary undertakings are stated at cost 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 other sundry items of revenue before charging expenses.

Sales of properties are recognised on legal 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 as follows:

| | | |
|--|---|----------------------|
| Freehold property | - | 2% on straight line |
| Fixtures and fittings and office equipment | - | 20% on straight line |
| Motor vehicles | - | 20% on straight line |
| Computer equipment | - | 25% on straight line |

(f) Impairment of Fixed Assets

Fixed Assets are subject to review for impairment in accordance with FRS 11 "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 with vacant possession. The analysis of the Group trading portfolio as at 31 March 2006 is on Page 4.

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS UNDER UK GAAP(Continued)

FOR THE YEAR ENDED 31 MARCH 2006

MOUNTVIEW

| | | |
|---|--------------|--------------|
| 2. STAFF COSTS (including Directors) | 2006 | 2005 |
| | £000 | £000 |
| Wages and salaries | 1,935 | 2,164 |
| Social security costs | 228 | 287 |
| Pension costs | 58 | 63 |
| | <u>2,221</u> | <u>2,514</u> |

The Company contributes 3% of the total of 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: -

| | | |
|-----------------------|-----------|-----------|
| Office and management | <u>30</u> | <u>30</u> |
|-----------------------|-----------|-----------|

MOUNTVIEW

| | | |
|---|--------------|--------------|
| Directors Remuneration | 2006 | 2005 |
| | £000 | £000 |
| Total Directors Remuneration including salary, bonuses, benefits in kind and pensions contributions amounted to : | <u>1,317</u> | <u>1,374</u> |

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS UNDER UK GAAP(Continued)

FOR THE YEAR ENDED 31 MARCH 2006

MOUNTVIEW ESTATES P.L.C.

| 3. TANGIBLE ASSETS | Freehold Property £000 | Fixtures & Fittings £000 | Motor Vehicles £000 | Computer Equipment £000 | Total £000 |
|---------------------------|---------------------------------------|---|------------------------------------|--|-----------------------|
| COST | | | | | |
| At 1 April 2005 | 2,671 | 103 | 310 | 99 | 3,183 |
| Additions | - | 3 | 148 | 2 | 153 |
| Disposals | - | (24) | (143) | (60) | (227) |
| At 31 March 2006 | 2,671 | 82 | 315 | 41 | 3,109 |
| DEPRECIATION | | | | | |
| At 1 April 2005 | 224 | 26 | 113 | 74 | 437 |
| Charge for the year | 53 | 16 | 54 | 11 | 134 |
| On disposals | - | (10) | (73) | (51) | (134) |
| At 31 March 2006 | 277 | 32 | 94 | 34 | 437 |
| NET BOOK VALUE | | | | | |
| At 31 March 2006 | 2,394 | 50 | 221 | 7 | 2,672 |
| At 31 March 2005 | 2,447 | 78 | 197 | 25 | 2,747 |

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

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 | MOUNTVIEW Cost 2005 2006 |
|---------------------------------|---------------------------|---|
| Hurstway Investment Co. Limited | Property Dealing | 1 |
| Louise Goodwin Limited | Property Investment | 15,351 |
| A.L.G. Properties Limited | Property Investment | 2,924 |
| | | 18,276 |

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS UNDER UK GAAP(Continued)

FOR THE YEAR ENDED 31 MARCH 2006

5. STOCKS

| | MOUNTVIEW | |
|------------------------|------------------|-------------|
| | 2006 | 2005 |
| | £000 | £000 |
| Residential properties | 167,709 | 168,199 |

6. DEBTORS: due within one year

| | MOUNTVIEW | |
|--------------------------------|------------------|-------------|
| | 2006 | 2005 |
| | £000 | £000 |
| Trade debtors | 475 | 176 |
| Prepayments and accrued income | 120 | 83 |
| | 595 | 259 |

7. CREDITORS: Amounts falling due within one year

| | MOUNTVIEW | |
|---------------------------------------|------------------|--------------------------|
| | 2006 | Restated 2005 |
| | £000 | £000 |
| Bank loans and overdrafts | 17,924 | 28,434 |
| Trade creditors | 345 | 156 |
| Corporation tax | 2,398 | 2,735 |
| Other taxes and social security costs | 269 | 376 |
| Other creditors and accruals | 729 | 489 |
| Other loans | 2,225 | 2,690 |
| | 23,890 | 34,880 |

Other loans consist of loans from connected persons. Interest payable on these loans was at 0.75% above Barclays Bank Plc base rate.

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS UNDER UK GAAP (Continued)

FOR THE YEAR ENDED 31 MARCH 2006

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

| | MOUNTVIEW | |
|---|------------------|-------------|
| | 2006 | 2005 |
| | £000 | £000 |
| Bank loans and overdrafts | 28,216 | 25,609 |
| Amounts owed to subsidiary undertakings | 17,577 | 15,726 |
| Other loans | 1,500 | 3,925 |
| | 47,293 | 45,260 |
| | 47,293 | 45,260 |

Other loans consist of loans from companies of which Mr. D.M. Sinclair is a Director. Interest payable on these loans is at 0.75% above Barclays Bank Plc base rate.

Maturity profile of financial liabilities at 31 March 2006 was as follows:

| | MOUNTVIEW | |
|---|------------------|-------------|
| | 2006 | 2005 |
| | £000 | £000 |
| Amounts repayable: | | |
| Within one year or on demand | 20,149 | 31,124 |
| In more than one year but not more than two years | - | 9,428 |
| In more than two years but not more than five years | 29,716 | 16,181 |
| In more than five years | 17,577 | 19,651 |
| | 67,442 | 76,384 |
| | 67,442 | 76,384 |

The bank overdrafts are repayable on demand.

- 1 The bank overdrafts are repayable on demand. A Letter of Negative Pledge by Mountview Estates P.L.C secures the bank overdrafts.
- 2 As at 1 April 2005 the Group had four loans of £4 million, £5 million, £11.537 million, and £17.5 million. These loans have been renegotiated during the year and consolidated into one loan, which is not repayable in instalments.
 - a. The loan outstanding at 31 March 2006 is £28.216 million. This is a five year revolving facility, which the parent company can draw down up to £50 million. The termination date of the facility is 11 December 2010. The rate of interest payable on the loan is 1.15% above Libor. The loan is secured by a cross guarantee between Mountview Estates P.L.C. and its subsidiaries.

Other loans consist of loans from connected persons, and companies of which Mr. D.M. Sinclair is a Director. Loans of £2.225 million (2005: £2.69 million) are repayable within one year, and loan of £1.5 million (2005: £3.925 million) are repayable in the third to fifth year inclusive. Interest payable on these loans is at 0.75% above Barclays Bank Plc base rate.

From 1 April 2006 the interest payable on these loans will reduce to 0.5% above Barclays Bank Plc base rate.

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS UNDER UK GAAP (Continued)

FOR THE YEAR ENDED 31 MARCH 2006

9. CALLED UP SHARE CAPITAL

MOUNTVIEW

| | 2006 £000 | 2005 £000 |
|--|--------------|--------------|
| Authorised: 5,000,000 ordinary shares of 5p each | 250 | 250 |
| | <u>250</u> | <u>250</u> |
| Allotted, issued and fully paid: 3,899,014 ordinary shares of 5p each | 195 | 195 |
| | <u>195</u> | <u>195</u> |

10. OTHER RESERVES

MOUNTVIEW

| | 2006 £000 | 2005 £000 |
|----------------------------|--------------|--------------|
| Capital redemption reserve | 55 | 55 |
| Capital reserve | 25 | 25 |
| Other reserves | 39 | 39 |
| | <u>119</u> | <u>119</u> |

The Company does not maintain insurance cover against other risks except where several properties are located in a close physical vicinity. A reserve is maintained to deal with such non-insured risks and at 31 March 2006 stood at £39,000 (2005: £39,000).

11. PROFIT AND LOSS ACCOUNT

MOUNTVIEW

| | 2006 £000 | Restated 2005 £000 |
|--|----------------|--------------------------|
| As at 1 April 2005 | 111,214 | 97,645 |
| Retained profit for the Financial Year | 8,744 | 13,569 |
| | <u>119,958</u> | <u>111,214</u> |

MOUNTVIEW ESTATES P.L.C.

NOTES TO THE FINANCIAL STATEMENTS UNDER UK GAAP (Continued) FOR THE YEAR ENDED 31 MARCH 2006

12. RELATED PARTY TRANSACTIONS

- 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 £48,738 (2005: £43,878) were charged for these services.

The same services were also provided to Viewthorpe Limited, a company of which Mr. D. M. Sinclair was a Director during the year. Fees of £17,222 (2005: £16,568) were charged for these services.

- b) Included within long-term borrowings is a loan from Sinclair Estates Limited. The balance outstanding at the balance sheet date was £1,500,000 (2005: £2,700,000). Interest was payable on the loan at a rate of 0.75 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £37,722 (2005: £84,332).
- c) Included within long-term borrowings is a loan from Ossian Investors Limited. The balance outstanding at the balance sheet date was £nil (2005: £1,050,000). Interest was payable on the loan at a rate of 0.75 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £4,835 (2005: £51,023).
- 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 £600,000 (2005: £175,000). Interest was payable on the loan at a rate of 0.75 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £35,365 (2005: £12,819).
- e) The loan of £1,315,000 at 31 March 2005 from Kingsway Wallpaper Stores Limited was repaid during the year. Interest was payable on the loan at a rate of 0.75 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £1,387 (2005: £68,253). Mr. D.M. Sinclair was a Director of this company.
- f) Included within other loans, repayable in less than one year and on demand is a loan from Mrs. P. E. Cullen, a shareholder of the Company and a director of Sinclair Estates Limited. The balance outstanding at the balance sheet date was £500,000 (2005: £500,000). Interest was payable on the loan at a rate of 0.75 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £26,682 (2005: £24,719).
- g) 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 (2005: £175,000). Interest was payable on the loan at a rate of 0.75 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £9,338 (2005: £5,997).
- h) Included within other loans, repayable in less than one year and on demand is a loan from Mr. K. Langrish-Smith, a Director of the Company. The balance outstanding at the balance sheet date was £300,000 (2005: £250,000). Interest was payable on the loan at a rate of 0.75 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £14,865 (2005: 5,052).
- i) Included within other loans, repayable in less than one year and on demand is a loan from Mrs. E. Langrish-Smith, the wife of a director of the Company. The balance outstanding at the balance sheet date was £600,000 (2005: £450,000). Interest was payable on the loan at a rate of 0.75 percent above Barclays Bank Plc base rate. Interest paid in the year on this loan amounted to £28,594 (2005: £7,858).
- j) All of the above loans are unsecured.

REPORT OF THE INDEPENDENT AUDITORS 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 2006, which comprise the principal accounting policies, the balance sheet and notes from 1 to 14. 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 financial statements of Mountview Estates P.L.C. for the year ended 31 March 2006.

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 the 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 unaudited part of the Directors' Remuneration Report, the Chairman's Statement and the Review of Operations 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 parent Company 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 parent company financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the parent Company financial statements, and of whether the accounting policies are appropriate to the Company'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 financial statements 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MOUNTVIEW ESTATES P.L.C

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 2006 ;
- 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 2006

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON
18 July 2006

MOUNTVIEW ESTATES P.L.C.
TABLE OF COMPARATIVE FIGURES
AS AT 31 MARCH 2006

| | UK GAAP 2001 £000 | UK GAAP 2002 £000 | UK GAAP 2003 £000 | UK GAAP 2004 £000 | IFRS 2005 £000 | IFRS 2006 £000 |
|-------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|----------------------|----------------------|
| Revenue | 36,493 | 40,289 | 45,997 | 55,087 | 48,778 | 47,456 |
| Profit before taxation | 20,008 | 20,075 | 23,603 | 28,593 | 24,848 | 22,660 |
| Taxation | 6,008 | 6,013 | 7,878 | 8,584 | 7,482 | 6,738 |
| Profit after taxation | 14,000 | 14,062 | 15,725 | 20,009 | 17,366 | 15,922 |
| Dividend in relation to the year | 3,578 | 3,275 | 3,587 | 4,757 | 4,754 | 5,068 * |
| Earnings per share | 305.2p | 325.1p | 403.3p | 513.2p | 445.4p | 408.4p |
| Rate of dividend | 78p | 84p | 92p | 122p | 126p | 130p |

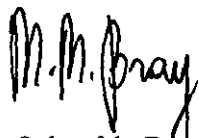
*The £5.068 million dividend in relation to 2006 is made up of the interim dividend of £1.715 million and the final dividend of £3.353 million, which will be paid on 21 August 2006.

MOUNTVIEW ESTATES P.L.C.

NOTICE OF MEETING

Notice is hereby given that the Sixty-Ninth Annual General Meeting of the Members of Mountview Estates P.L.C. will be held at the Kenilworth Hotel, Great Russell Street, London WC1B 3LB on Wednesday 16 August 2006 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 2006.
2. To declare a dividend of 86p per share payable on 21 August 2006 to Shareholders on the register at 21 July 2006.
3. To re-appoint Mr. C.Maunders Taylor as a Director of the Company.
4. To re-appoint Mr. J.P.Hall 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 2006.
6. To re-appoint Messrs Grant Thornton UK LLP as Auditors of the Company and to authorise the Directors to determine the Auditors' remuneration for the ensuing year.



By Order of the Board
M. M. BRAY
Secretary

Mountview House
151 High Street
Southgate
London N14 6EW
21 July 2006

Notes: -

1. A Member who is entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and, on a poll, vote instead of him/her. A Proxy need not also be a Member of the Company.
2. A form of Proxy is enclosed with this Report and Accounts and should be completed in accordance with the instructions contained therein.
3. Copies of the Directors' service contracts are available for inspection at the registered office at Mountview House, 151 High Street, Southgate, London N14 6EW during normal business hours on weekdays from the date of this notice until the conclusion of the Meeting. The register of Directors' interests kept by the Company under the Companies Act 1985 Section 325 will be available for inspection at the Meeting.

MOUNTVIEW ESTATES P.L.C.
SHAREHOLDERS INFORMATION

FINANCIAL CALENDAR 2006

| | |
|---|-------------|
| Final dividend record date | 21 July |
| Annual Report Posted to Shareholders | 21 July |
| Annual General Meeting | 16 August |
| Final dividend payment | 21 August |
| Interim Results | 30 November |

SHAREHOLDERS' ENQUIRIES

All administrative enquiries relating to shareholdings should be addressed to the Company's registrars:

Capita Registrars
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU