

Stewart & Wight PLC

Preliminary results for the year ended 31 March 2008

#### Chairman's Statement

This is the first occasion since my becoming Chairman of the Company thirty years ago that I have had to report that the yearly accounts reveal a loss. This loss is due to the fact that under current accounting regulations the Income Statement now includes both the rise and fall in the value of our properties and other investments.

As is well known, property values do move upwards and downwards depending on market forces. This was certainly the case during last year when the commercial property market was hit by the sub-prime mortgage disaster in the USA and the subsequent credit squeeze throughout the world. As a result, the gain in the value of our property portfolio over recent years has been reduced substantially. The valuation by the Board of the Company's properties as at 31 March 2008 amounting to £15,420,000 shows a fall of 7.8% in the value of the same properties one year earlier. In contrast, however, I am pleased to report that there was a revaluation surplus on our holding of traded endowment policies amounting to £261,972.

On the pure income and expenditure side of the accounts, rental income at £1,017,294 was only marginally below last year's figure, even though we were one property less for part of the year following the sale of No. 1 Newgate Street, Bishop Auckland in October 2007. Expenses were higher due mainly to increased bank interest and to the cost of repairs to our property in South Shields. If the revaluation figures for our properties and policies were excluded from the accounts, there would be shown a net profit before tax of £652,154.

We did not purchase any properties during the year under review as we remained cautious because of the high prices being asked for properties suitable for our portfolio. As mentioned above, we sold one of our properties in Bishop Auckland and were pleased to realise a price slightly higher than the valuation of that property in last year's accounts. Two rent reviews which fell due during 2007/8 were settled on a favourable basis. The planning appeal in respect of our property in South Shields for use as a betting shop was unsuccessful and the property is now occupied by a multiple retail trader on a temporary basis, pending a new permanent tenant being found. There are no voids at present in the property portfolio and the Board hopes that this situation will continue. The property market still remains in a state of flux and there is no guarantee that the bottom has been reached. However, your Board is hopeful that some investment opportunities may arise in the current year.

Our investment in traded endowment policies is proving to be successful, although we do have to wait until policies mature or are sold in order to realise the actual gains. Your Board intends that the proceeds of such policies will be available for property investment in the future.

Due to the uncertainty in the markets generally, the Board has decided to be prudent with regard to an increase in the dividend and has resolved to recommend a payment of 20 pence per ordinary share (19.5 pence in 2007). Such dividend, if approved, will be paid on 17 October 2008 to shareholders on the register as at 19 September 2008.

Based on the Balance Sheet, the net asset value of each ordinary share was £8.37 compared with £8.61 at the end of the previous year.

Mr Walter Millsom, who has been a director of the Company since 1995, has decided not to seek re-election this year. The Board, on behalf of themselves and all our shareholders, thank him for all his wise counsel over the years and wish him well in his retirement.

In conclusion, I would like to thank my other co-directors and the Company's advisors for their hard work and support over the past year.

MICHAEL CONN  
Chairman

23 June 2008

Stewart & Wight PLC  
Consolidated income statement  
for the year ended 31 March 2008

	Year to 31 March 2008	Year to 31 March 2007
	£	£
Gross rental income	1,017,294	1,028,415
Property operating expenses	87,058	41,039
Net rental income	930,236	987,376
Profit on disposal of investment property	3,982	15,198
Valuation gains on investment properties	35,000	915,000
Valuation losses on investment properties	1,340,000	110,000
Valuation gains on endowment policies	261,972	155,057
Administrative expenses	63,380	61,518
Net operating (loss)/profit before financing	(172,190)	1,901,113
Financial income	555	5,195
Financial expenses	219,239	202,377
(Loss)/profit before taxation	(390,874)	1,703,931
Taxation	313,550	(396,849)
(Loss)/profit for financial year before preference dividend	(77,324)	1,307,082
Preference dividend paid	698	698
Retained (loss)/profit for financial year	(78,022)	1,306,384
(Loss)/earnings per share	(4.99p)	83.5p

Stewart & Wight PLC  
Consolidated balance sheet  
as at 31 March 2008

	31 March 2008	31 March 2007
	£	£
<b>Assets</b>		
Non-current assets		
Investment property	15,420,000	17,205,000
Non-equity investments	2,088,874	1,110,733
Total non current assets	17,508,874	18,315,733
Current assets		
Trade and other receivables	71,602	6,217
Cash and cash equivalents	-	143,098
Total current assets	71,602	149,315
Total assets	17,580,476	18,465,048
<b>Liabilities</b>		
Current liabilities		
Bank overdraft	215,002	-
Interest bearing loan and borrowings	322,790	322,790
Current tax	94,353	122,632
Trade and other payables	301,962	555,834
Total current liabilities	934,107	1,001,256
Non-current liabilities		
Interest bearing loans and borrowings	2,876,515	2,787,893
Deferred tax	679,608	1,202,511
Total non-current liabilities	3,556,123	3,990,404
Total liabilities	4,490,230	4,991,660
Net assets	13,090,246	13,473,388
<b>Equity</b>		
Called up share capital	89,866	89,866
Other reserve	25,670	25,670
Share premium reserve	246,000	246,000

Capital reserve	241,488	241,488
Revaluation reserve	3,529,755	4,660,098
Retained earnings	8,957,467	8,210,266
Total equity	<u>13,090,246</u>	<u>13,473,388</u>

Consolidated Statement of Changes in Shareholders' Equity  
from 1 April 2006 to 31 March 2008

	£	£	£	£	£
	Revaluation reserve	Retained earnings	Other reserve	Share capital	Total
At 1 April 2006	3,897,154	7,948,476	513,158	89,866	12,448,654
Profit for the financial period		1,306,384	-	-	1,306,384
Dividends to shareholders		(281,650)	-	-	(281,650)
Valuation gains and losses	960,057	(960,057)	-	-	-
Gains attributable to assets sold	(197,113)	197,113	-	-	-
As at 31 March 2007 and 1 April 2008	<u>4,660,098</u>	<u>8,210,266</u>	<u>513,158</u>	<u>89,866</u>	<u>13,473,388</u>
Profit for the financial period		(78,022)	-	-	(78,022)
Dividends to shareholders		(305,120)	-	-	(305,120)
Valuation gains and losses	(1,043,028)	1,043,028	-	-	-
Gains attributable to assets sold	(87,315)	87,315	-	-	-
As at 31 March 2008	<u>3,529,755</u>	<u>8,957,467</u>	<u>513,158</u>	<u>89,866</u>	<u>13,090,246</u>

Shareholders' funds include non-equity shareholders' funds of £11,630 (2007: £11,630)

Stewart & Wight PLC  
Consolidated cash flow statement  
for the year ended 31 March 2008

	Year to 31 March 2008 £	Year to 31 March 2007 £
Operating activities		
Profit for the period	(77,324)	1,307,082
Adjustments for:		
Net valuation losses/(gains) on investment property	1,305,000	(805,000)
Profit on disposal of investment property	(3,982)	(15,198)
Net gains on investments	(261,972)	(155,057)
Interest expense	218,684	197,182
Tax (income)/expense	(313,550)	396,849
Operating profit before changes in working capital and provisions	<u>866,856</u>	<u>925,858</u>
Change in receivables	(55,517)	2,439
Change in payables	31,245	(30,010)
Cash generated from operations	<u>842,584</u>	<u>898,287</u>
Net interest paid	(218,684)	(197,182)
Tax paid	(247,500)	(260,739)
Cash flow from operating activities	<u>376,400</u>	<u>440,366</u>
Investing activities		
Purchase of other investments	(1,001,287)	(424,543)
Sale of investment property	483,983	633,596
Cash generated from/(used in) investing activities	<u>(517,304)</u>	<u>209,053</u>
Financing activities		
Dividend paid	(305,818)	(282,348)

Cash flow from financing activities	(305,818)	(282,348)
Net (decrease)/increase in cash and cash equivalents	(446,722)	367,071
Cash and cash equivalents at 1 April 2007	(2,967,585)	(3,334,656)
Cash and cash equivalents at 31 March 2008	(3,414,307)	(2,967,585)

Stewart & Wight PLC  
Notes to the accounts

1	Taxation	Year to 31 March 2008	Year to 31 March 2007
		£	£
	Current tax	209,353	271,359
	Deferred tax	(522,903)	125,490
		<u>(313,550)</u>	<u>396,849</u>

- 2 (Loss)/earnings per share  
The calculation of loss per share is based on the loss for the period of £78,022 (2007: earnings, £1,306,384) and on 1,564,720 shares (2007: 1,564,720) which is the weighted average number of shares in issue during the year ended 31 March 2008.

3	Dividend	Year to 31 March 2008	Year to 31 March 2007
		£	£
	The following dividends have been paid by the Company		
	Cumulative preference shares paid	698	698
	Ordinary shares - final dividend paid	305,120	281,650
		<u>305,818</u>	<u>282,348</u>

The proposed dividend for the year ended 31 March 2008 is 20 pence per ordinary share and is subject to approval by the shareholders at the annual general meeting and has not been included in these financial statements. The total dividend proposed amounts to £312,944.

4	Investment Property	31 March 2008	31 March 2007
		£	£
	Valuation at 1 April 2007	17,205,000	16,710,000
	Disposals	(480,000)	(310,000)
	(Deficit)/surplus on revaluation	(1,305,000)	805,000
	As at 31 March 2008	<u>15,420,000</u>	<u>17,205,000</u>

The investment properties were professionally valued at £17,205,000 as at 31 March 2007. The directors' valued the investment properties on an open market basis at 31 March 2008 in the sum of £15,420,000. This has been reflected in these accounts.

- 5 Final ordinary dividend  
A final ordinary dividend of 20p per share will be paid on 17 October 2008 to shareholders registered at the close of business on 19 September 2008.
- 6 Accounting policies  
The accounting policies have been consistently applied and are consistent with those used in the previous year.
- 7 Limitation  
The above does not constitute full accounts within the meaning of section 240 of the

Companies Act 1985. It is an extract from the full accounts for the year ended 31 March 2008 on which the auditor has expressed an unqualified opinion. The accounts will be posted to all shareholders on or before 25 August 2008 and subsequently filed at Companies House

- 8 The Annual General Meeting will be held on 10 September 2008
  
- 9 The registered office of the company is at 845 Finchley Road, London NW11 8NA

