

Stewart & Wight PLC

Interim results for the six months ended 30 September 2010

Chairman's Statement

The financial statements for the half-year ended 30 September 2010 show that the Company made an operating profit of £633,186 before net financial costs of £20,896. The profit included a gain of £106,864 on the sale of the property in Doncaster mentioned below. Gross rental income increased to £578,257 compared with £555,900 in the similar period in the previous year. Thanks to the continued low Base Rate, the Company's interest payments were again at a modest figure whilst administrative expenses were similar to those incurred in previous periods.

During the half-year, the Company sold a retail property in Baxtergate, Doncaster and purchased a freehold restaurant investment in Pinner. The Board continues to seek good class investment properties to add to the portfolio but has found it difficult to find anything suitable at a reasonable price.

With regard to existing properties, new Leases were at equal or lower rents than previously payable and rent reviews, with one exception, did not produce any increases. However, I am pleased to report there are no vacant properties in the portfolio.

The investment properties were valued by the Directors at 31 March 2010 and they consider that there has been no significant change in the values since such date. However, they have decided to have a professional valuation at 31 March 2011.

Last financial year the Board broke with Company tradition and resolved to pay shareholders an interim dividend in early April 2010 in view of the economic situation and tax regime then current. The Board has decided to leave a decision on paying an interim dividend this year until early in 2011 depending on similar circumstances and the Company's cash needs at the time.

MICHAEL CONN
Chairman

22 November 2010

**Consolidated income statement (unaudited)
for the six months ended 30 September 2010**

	Six months to 30/09/2010	Six months to 30/09/2009	Year to 31/03/2010
	£	£	£
Gross rental income	578,257	555,900	1,111,110
Property operating expenses	(10,067)	(17,705)	(26,349)
Net rental income	568,190	538,195	1,084,761
Profit on disposal of investment property	106,864	-	13,631
Loss on endowment policies	-	-	(73,459)
Valuation gains on investment property	-	-	445,000
Valuation losses on investment property	-	(92,810)	(320,166)
Administrative expenses	(41,868)	(35,776)	(67,518)
Net operating profit before financing	633,186	409,609	1,082,249
Financial income	3	112	166
Financial expenses	(20,899)	(22,383)	(43,748)
Profit before taxation	612,290	387,338	1,038,667
Taxation (note 4)	(18,464)	(83,929)	(325,513)
Profit for financial period	593,826	303,409	713,154
Earnings per share (note 5)	37.95p	19.39p	45.58p

**Consolidated balance sheet (unaudited)
as at 30 September 2010**

	30 Sept 2010	30 Sept 2009	31 March 2010
	£	£	£
Assets			
Non-current assets			
Investment property (Note 3)	16,117,075	15,045,000	15,790,000
Non-equity investments	-	304,925	-
Total non-current assets	16,117,075	15,349,925	15,790,000
Current assets			
Trade and other receivables	-	4,368	224,366
Cash and cash equivalents	145,922	658,151	79,635
Total current assets	145,922	662,519	304,001
Total assets	16,262,997	16,012,444	16,094,001
Liabilities			
Current liabilities			
Interest bearing loan and borrowings	180,564	322,790	180,564
Current tax	219,693	133,820	139,175
Trade and other payables	275,200	277,525	274,607
Total current liabilities	675,457	734,135	594,346
Non-current liabilities			
Interest bearing loan and borrowings	2,531,484	2,563,325	2,601,078
Deferred tax	297,509	317,775	420,563
Total non-current liabilities	2,828,993	2,881,100	3,021,641
Total liabilities	3,504,450	3,615,235	3,615,987
Net assets	12,758,547	12,397,209	12,478,014
Equity			
Capital and reserves			
Called up share capital	89,866	89,866	89,866
Other reserves	25,670	25,670	25,670
Share premium reserve	246,000	246,000	246,000
Capital reserve	241,488	241,488	241,488
Revaluation reserve	1,821,271	1,912,366	1,854,536
Retained earnings	10,334,252	9,881,819	10,020,454
Total equity	12,758,547	12,397,209	12,478,014

**Consolidated cash flow statement (unaudited)
for the six months ended 30 September 2010**

	Six months to 30/09/2010 £	Six months to 30/09/2009 £	Year to 31/03/2010 £
Operating activities			
Profit for the period	593,826	303,409	713,154
Adjustments for:			
Net valuation gains on investment property	-	-	(124,834)
Profit on disposal of investment property	(106,864)	-	(13,631)
Loss on disposal of other investments	-	-	73,459
Net losses on investments	-	92,810	-
Interest expense	20,896	22,271	43,582
Tax expense	18,464	83,929	325,513
Operating profit before changes in working capital and provisions	526,322	502,419	1,017,243
Changes in receivables	224,366	(4,368)	(224,366)
Changes in payables	593	(50,417)	(53,335)
Cash generated from operations	751,281	447,634	739,542
Net interest paid	(20,896)	(22,271)	(43,582)
Tax paid	(61,000)	(127,000)	(260,441)
Cash flow from operating activities	669,385	298,363	435,519
Investing activities			
Purchase of investment property	(992,075)	-	(845,166)
Purchase of other investments	-	(360)	(360)
Sale of investment property	771,864	-	238,631
Sale of other investments	-	-	324,276
Cash outflow from change in debt	(69,594)	(139,012)	(243,485)
Cash used in investing activities	(289,805)	(139,372)	(526,104)
Financing activities			
Dividend paid	(313,293)	(349)	(329,289)
Cash flow from finance activities	(313,293)	(349)	(329,289)
Net increase in cash and cash equivalents	66,287	158,642	(419,874)
Cash and cash equivalents at 1 April 2010	79,635	499,509	499,509
Cash and cash equivalents at 30 September 2010	145,922	658,151	79,635

**Consolidated statement of changes in equity from
1 April 2009 to 30 September 2010 (unaudited)**

	Revaluation reserve	Retained earnings	Other reserves
i) 1 April 2010 to 30 September 2010	£	£	£
As at 1 April 2010	1,854,536	10,020,454	513,158
Profit for the financial period	-	593,826	-
Dividends to shareholders	-	(313,293)	-
Gains attributable to assets sold	(33,265)	33,265	-
As at 30 September 2010	<u>1,821,271</u>	<u>10,334,252</u>	<u>513,158</u>
ii) 1 April 2009 to 30 September 2009			
As at 1 April 2009	1,912,366	9,578,759	513,158
Profit for the financial period	-	303,409	-
Dividends to shareholders	-	(349)	-
As at 30 September 2009	<u>1,912,366</u>	<u>9,881,819</u>	<u>513,158</u>
As at 1 April 2009	1,912,366	9,578,759	513,158
Profit for the financial period	-	713,154	-
Dividends to shareholders	-	(329,289)	-
Valuation gains and losses	124,834	(124,834)	-
Gains attributable to assets sold	(182,664)	182,664	-
As at 31 March 2010	<u>1,854,536</u>	<u>10,020,454</u>	<u>513,158</u>

1 **Interim report**

This interim report will not appear in any newspaper but copies will be sent to all shareholders and are available at the company's registered office. The results for the six months ended 30 September 2010 are unaudited.

The interim report does not constitute full accounts as defined by the Companies Act 2006 but should be read in conjunction with the most recent financial statements. Full accounts for 31 March 2010 have been delivered to the Registrar of Companies, bearing an unqualified audit opinion.

2 **Basis of preparation**

The financial statements have been prepared under the historical cost basis as modified by the revaluation of investment properties and non-equity investments.

These accounts have been prepared in accordance with IAS 34.

The accounting policies have been consistently applied and are consistent with those used in the previous year.

3 **Investment properties**

Cost or valuation

At 1 April 2010	15,790,000
Additions	992,075
Disposals	(665,000)
At 30 September 2010	<u>16,117,075</u>

The Directors' are of the opinion that the market valuation of the property portfolio has not materially changed and have maintained the value as provided by the Directors at 31 March 2010 as detailed in those accounts.

4 **Taxation**

	Six months to 30/09/2010	Six months to 30/09/2009	Year to 31/03/2010
Current tax	141,518	134,440	273,236
Deferred tax	(123,054)	(50,511)	52,277
	<u>18,464</u>	<u>83,929</u>	<u>325,513</u>

The taxation charge has been based on the estimated effective tax rate for the full year.

5 **Earnings per share**

The calculation of earnings per share is based on the profit for the period of £593,826 (2009: £303,409) and on 1,564,720 shares (2009: 1,564,720) which is the weighted average number of shares in issue during the period ended 30 September 2010 and throughout the period since 1 April 2009.

6 The registered office of the company is at 845 Finchley Road, London NW11 8NA.