

# **PATHFINDER PROPERTIES PLC**

UNAUDITED INTERIM RESULTS  
For the six months ended  
30th June 2007

# CHAIRMAN'S STATEMENT

Dear Shareholder,

I am pleased to confirm that at the Annual General Meeting held on 11th September 2007 all of the resolutions were approved.

The interim accounts show a loss for the period of £497,000. A settlement payment of £250,000 made to the Anglo Irish Bank is included in this figure. This sum was paid to enable the company to extricate itself from its liability with the Bank in relation to the Loch Lomond site.

The redevelopment of the landmark Brewery Building in Newark is progressing well and we intend to market the apartments early next year when the essential structural repairs to the building are completed.

With regards to the site in Ilford, we have submitted a planning application to increase the number of apartments and for additional commercial space, which will increase the value of the site and the development. We expect to have a decision from the planners within the next few weeks. It is hoped that this will increase the value of the assets within the company and in turn the profitability of the company.

As always I would like to thank the Board and staff for their continued hard work and professionalism throughout the period.

EDWARD AZOUZ

*Chairman*

26th September 2007

# CONSOLIDATED INCOME STATEMENT

	Unaudited 6 months to 30th June 2007	Restated Unaudited 6 months to 30th June 2006	Restated Audited Year ended 31st December 2006
Notes	£000	£000	£000
<b>Revenue</b>			
Group and share of joint ventures	52	–	17,000
less share of joint ventures	(17)	–	–
<b>Group Revenue</b>	35	–	17,000
Cost of sales	(7)	–	(12,550)
<b>Gross Profit</b>	28	–	4,450
Administration expenses	(313)	(229)	(560)
	(285)	(229)	3,890
Other operating income/(loss)	85	(350)	(347)
<b>Operating (Loss)/Profit before Share of Joint Ventures</b>	(200)	(579)	3,543
Share of operating profits in joint ventures	15	–	–
<b>Operating (Loss)/Profit</b>	(185)	(579)	3,543
Finance income	36	5	94
Finance costs	(337)	(439)	(816)
<b>(Loss)/Profit before Taxation</b>	(486)	(1,013)	2,821
Tax	–	–	(535)
<b>(Loss)/Profit after Taxation</b>	(486)	(1,013)	2,286
Equity minority interests	(11)	12	(81)
<b>(Loss)/Profit Attributable to Members</b>	(497)	(1,001)	2,205
(Loss)/profit for the period	(497)	(1,001)	2,205
(Loss)/profit per share (basic and diluted)	10 (0.62p)	(1.25p)	2.76p

The operating loss arises from the Group's continuing operations.

A statement of total recognised gains and losses for the period is given in note 8.

# CONSOLIDATED BALANCE SHEET

	Unaudited 30 June 2007	Restated Unaudited 30 June 2006	Restated Audited 31 December 2006
Notes	£000	£000	£000
<b>Assets</b>			
<b>Non Current Assets</b>			
Intangible assets	154	154	154
Plant and equipment	20	9	20
Investment in joint ventures			
– Share of gross assets	115	210	211
– Share of gross liabilities	(27)	(137)	(138)
	88	73	73
Investments	152	152	152
<b>Total Non Current Assets</b>	<b>414</b>	388	399
<b>Current Assets</b>			
Inventories	13,163	17,255	12,255
Trade and other receivables	916	1,093	1,012
Deferred tax	229	544	229
Cash and cash equivalents	288	700	1,518
<b>Total Current Assets</b>	<b>14,596</b>	19,592	15,014
<b>Total Assets</b>	<b>15,010</b>	19,980	15,413
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	398	1,526	533
Tax payable	217	–	220
Bank and other loans	3,505	4,246	3,284
	4,120	5,772	4,037
<b>Liabilities: Non current liabilities</b>			
Bank and other loans	–	6,037	–
<b>Total Liabilities</b>	<b>4,120</b>	11,809	4,037
	10,890	8,171	11,376
Minority Interests	(354)	(344)	(343)
<b>Total Net Assets</b>	<b>10,536</b>	7,827	11,033
<b>Equity: Capital &amp; Reserves</b>			
Share capital – issued and fully paid	7,997	7,997	7,997
Share premium	1,970	1,970	1,970
Other reserves	2,647	2,647	2,647
Retained earnings	(2,078)	(4,787)	(1,581)
<b>Total Equity</b>	<b>10,536</b>	7,827	11,033
Net assets per share attributable to ordinary shareholders	13.17p	9.79p	13.79p

# CONSOLIDATED CASH FLOW STATEMENT

		Unaudited 6 months to 30th June 2007	Restated Unaudited 6 months to 30th June 2006	Restated Audited Year ended 31st December 2006
	Notes	£000	£000	£000
<b>Cash flows from operating activities</b>				
Interest paid	9	(1,234)	(641)	7,574
Tax paid		(337)	(439)	(816)
		–	–	–
<b>Net cash flows from operating activities</b>		<b>(1,571)</b>	<b>(1,080)</b>	<b>6,758</b>
<b>Cash flows from investing activities</b>				
Proceeds from sales of investment properties		–	2	2
Proceeds from sale of investments		–	258	258
Interest received		36	5	94
Purchase of plant and equipment		(1)	–	(16)
Dividends received		85	–	–
<b>Net cash flows from investing activities</b>		<b>120</b>	<b>265</b>	<b>338</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings		221	921	–
Repayments of borrowings		–	–	(6,078)
Minority dividends paid		–	–	94
<b>Net cash flows from financing activities</b>		<b>221</b>	<b>921</b>	<b>(6,172)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,230)</b>	<b>106</b>	<b>924</b>
Opening cash and cash equivalents		1,518	594	594
<b>Closing cash and cash equivalents</b>		<b>288</b>	<b>700</b>	<b>1,518</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

Pathfinder Properties PLC has previously prepared group financial statements in accordance with UK Generally Accepted Accounting Practice (“UK GAAP”). From 1st January 2007 the Group is required to prepare its consolidated financial statements under International Accounting Standards and International Financial Reporting Standards (collectively “IFRS”) as adopted by the European Union (“EU”). The Group’s date of transition to IFRS is 1st January 2006 being the start of the previous period that has been presented as comparative information.

The financial information presented in this document has been prepared on the basis of the IFRS in issue that are either endorsed by the EU and effective at 31st December 2007 or are expected to be endorsed before the financial statements are approved and authorized for issue. Based on these adopted and unadopted IFRS, the directors have made assumptions about the accounting policies expected to be applied when the first annual IFRS statements are prepared for the year ending 31st December 2007. In addition, the adopted IFRS that will be effective in the annual financial statements for the year ending 31st December 2007 are still subject to change and to additional interpretations and therefore can not be determined with certainty. Accordingly, the accounting policies for that annual period will be determined finally only when the annual financial statements for the Group are prepared for the year ending 31st December 2007.

The Interim Statements do not constitute statutory financial statements as defined in section 240 of the Companies Act 1985 and have not been audited by the company’s auditors, Sedley Richard Laurence Voulters. The financial statements for the year ended 31st December 2006 have been reported on by the Company’s auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under s.237(2) or (3) of the Companies Act 1985.

## 2. ACCOUNTING POLICIES

In implementing the transition to IFRS, the group has followed requirements of IFRS 1 “First Time Adoption of International Financial Reporting Standards” which in general requires IFRS accounting policies to be applied fully retrospectively.

## 3. RESULTS FOR THE PERIOD

The Group’s revenue arises principally from property development activities.

#### 4. TRADE AND OTHER RECEIVABLES

	30th June 2007	30th June 2006	31st December 2006
	£000	£000	£000
Trade	–	–	–
Other receivables	<b>916</b>	1,093	1,012
	<b>916</b>	1,093	1,012

#### 5. LIABILITIES

	30th June 2007	30th June 2006	31st December 2006
	£000	£000	£000
Bank loans and overdrafts	3,505	10,283	3,284
Tax payable	217	–	220
Trade and other payables	398	1,526	533
	<b>4,120</b>	11,809	4,037

#### 6. RETAINED EARNINGS

	6 months to 30th June 2007	6 months to 30th June 2006	Year ended 31st December 2006
	£000	£000	£000
Brought forward	<b>(1,581)</b>	(3,786)	(3,786)
Retained earnings for the period	<b>(497)</b>	(1,001)	2,205
Carried forward at end of period	<b>(2,078)</b>	(4,787)	(1,581)

#### 7. EQUITY

	6 months to 30th June 2007	6 months to 30th June 2006	Year ended 31st December 2006
	£000	£000	£000
(Loss)/profit for the period	<b>(497)</b>	(1,001)	2,205
Reduction of investments in own shares	–	678	678
Net (decrease)/increase to shareholders' equity	<b>(497)</b>	(323)	2,883
Brought forward	<b>11,033</b>	8,150	8,150
Carried forward at end of period	<b>10,536</b>	7,827	11,033

## 8. STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	6 months to 30th June 2007	6 months to 30th June 2006	Year ended 31st December 2006
	£000	£000	£000
(Loss)/profit for the period attributable to members	<b>(497)</b>	(1,001)	2,205
Reduction of investment in own shares	–	678	678
Total recognised gains and losses relating to the period	<b>(497)</b>	(323)	2,883

## 9. RECONCILIATION OF OPERATING CASH FLOWS

	6 months to 30th June 2007	6 months to 30th June 2006	Year ended 31st December 2006
	£000	£000	£000
Operating loss	<b>(272)</b>	(579)	3,964
Depreciation	<b>1</b>	–	5
Loss on sale of investments	–	420	–
Share of operating profits in joint ventures	<b>(15)</b>	–	–
(Increase)/decrease in work-in-progress	<b>(909)</b>	(998)	4,002
Decrease in trade and other receivables	<b>96</b>	275	355
Increase/(decrease) in trade and other payables	<b>(135)</b>	241	(752)
	<b>(1,234)</b>	(641)	7,574

## 10. (LOSS)/PROFIT PER SHARE

The basic loss per share has been calculated on the loss on ordinary activities after tax £497,000 (31st December 2006: profit of £2,205,000) and on 79,971,393 (31st December 2006: 79,971,393) shares being the weighted average number of shares in issue during the period. There is no difference between basic earnings and fully diluted earnings per share.

## 11. RECONCILIATION OF LOSS/PROFIT AND EQUITY FROM UK GAAP TO IFRS

There is no difference between the loss/profit or equity reported under previous UK GAAP and IFRS as at 30th June 2006 and as at 31st December 2006.

## DIRECTORS AND COMPANY INFORMATION

### *Directors*

Gerry Lee  
Edward Azouz  
Jeffrey Azouz  
John Guy Davies  
Victor Lipien

Company number  
2578942 (England and Wales)

Registered office  
1001 Finchley Road  
London NW11 7HB

Secretary  
B A Gemal

A copy of this statement is being sent to all shareholders and further copies may be obtained from the company by writing to Pathfinder Properties PLC, 1001 Finchley Road, London NW11 7HB, or from the Company's website at [www.pathfinderplc.com](http://www.pathfinderplc.com)

For further information, contact:

Edward Azouz, Chairman  
Gerry Lee, Director

Telephone (020) 8731 0110