

**FOR IMMEDIATE RELEASE**

**ANNOUNCEMENT TO THE LONDON STOCK EXCHANGE**

***Pathfinder Properties PLC***

**Results**  
**for the six months ended 30 June 2006**

*The Board of Pathfinder announces the results of the Company for the six months ended 30 June 2006, which are set out below. The unaudited interim financial statements for the six months ended 30 June 2006 are being sent to all shareholders. Copies may be obtained from the Company by writing to Pathfinder Properties PLC, 1001 Finchley Road, London NW11 7HB.*

**CHAIRMAN'S STATEMENT**  
**For the six months ended 30 June 2006**

Dear Shareholder,

I am pleased to confirm that at the Annual General Meeting held on the 8<sup>th</sup> September 2006 all of the resolutions were approved.

Now that the sale of the River Quay site in Manchester has completed, we are in a good financial position to push the company forward and to take advantage of opportunities that we find during the next twelve months.

Your company has recently purchased an exciting development site in East London with planning permission for 83 apartments. We are at the early stages, but we intend to start carrying out the works next year ; the development will take around 24 months to complete. This is a good development scheme for the company and we are working closely with the professional team to minimise the risks and maximise the return to the company.

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

**Edward Azouz**  
Chairman

29 September 2006

**Pathfinder Properties PLC**  
**Preliminary announcement**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**for the six months ended 30 June 2006**

	Notes	6 months to 30 June 2006 £'000	6 months to 30 June 2005 £'000	Year ended 31 Dec 2005 £'000
TURNOVER				
Group and share of joint ventures	3	-	-	753
less share of joint ventures		-	-	(8)
Group turnover		-	-	745
Cost of sales		-	-	(553)
Gross profit		-	-	192
Administrative expenses		(229)	(253)	(515)
		<b>(229)</b>	<b>(253)</b>	<b>(323)</b>
Other operating (loss)/income	3	<b>(350)</b>	47	(267)
OPERATING LOSS BEFORE SHARE OF JOINT VENTURES		<b>(579)</b>	(206)	(590)
Share of operating profits in joint ventures		-	-	8
OPERATING LOSS	3	<b>(579)</b>	(206)	(582)
Profit on sale of investments and investment properties		-	-	8
		<b>(579)</b>	(206)	(574)
Interest receivable		5	5	9
Interest payable		(439)	(397)	(856)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<b>(1,013)</b>	(598)	(1,421)
Taxation Group		-	-	190
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		<b>(1,013)</b>	(598)	(1,231)
Equity minority interests		12	2	(83)
LOSS ON ORDINARY ACTIVITIES ATTRIBUTABLE TO MEMBERS		<b>(1,001)</b>	(596)	(1,314)
Ordinary dividends		-	-	-
Loss for the period transferred to reserves	6	<b>(1,001)</b>	(596)	(1,314)
Loss per share	10	<b>(1.25p)</b>	(0.74p)	(1.64p)

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.

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**CONSOLIDATED BALANCE SHEET**  
**30 June 2006**

	Notes	30 June 2006 £'000	30 June 2005 £'000	31 Dec 2005 £'000
<b>FIXED ASSETS</b>				
Intangible fixed assets		154	154	154
Tangible assets		9	6	11
Investment in joint ventures				
Share of gross assets		210	201	210
Share of gross liabilities		(137)	(135)	(137)
		73	66	73
Other investments		152	152	152
		<b>388</b>	<b>378</b>	<b>390</b>
<b>CURRENT ASSETS</b>				
Work-in-progress		17,255	16,431	16,257
Debtors	4	1,637	720	1,912
Cash at bank		700	476	594
		19,592	17,627	18,763
CREDITORS: amounts falling due within one year	5	(5,772)	(3,423)	(4,610)
<b>NET CURRENT ASSETS</b>		<b>13,820</b>	<b>14,204</b>	<b>14,153</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>14,208</b>	<b>14,582</b>	<b>14,543</b>
CREDITORS: amounts falling due after more than one year				
Bank and other loans		(6,037)	(6,020)	(6,037)
		8,171	8,562	8,506
<b>MINORITY INTERESTS</b>		<b>(344)</b>	<b>(271)</b>	<b>(356)</b>
<b>NET ASSETS</b>		<b>7,827</b>	<b>8,291</b>	<b>8,150</b>
<b>CAPITAL AND RESERVES</b>				
Called up share capital		7,997	7,997	7,997
Share premium account		1,970	1,970	1,970
Own share capital reacquired		-	(1,255)	(678)
Capital reserve		153	153	153
Merger Reserve		2,494	2,494	2,494
Profit and loss account	6	(4,787)	(3,068)	(3,786)
<b>EQUITY SHAREHOLDERS' FUNDS</b>	7	<b>7,827</b>	<b>8,291</b>	<b>8,150</b>
Net assets per share attributable to ordinary shareholders		<b>9.79p</b>	10.37p	10.20p

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**CASH FLOW STATEMENT**  
**for the six months ended 30 June 2006**

	Notes	<b>6 months to 30 June 2006</b>	6 months to 30 June 2005	Year ended 31 Dec 2005
		<b>£'000</b>	£'000	£'000
NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES	9	<b>(641)</b>	160	(791)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received		<b>5</b>	5	9
Interest paid		<b>(439)</b>	(385)	(854)
Net cash outflow from returns on investments and servicing of finance		<b>(434)</b>	(380)	(845)
TAXATION				
Corporation tax paid		-	-	(64)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT				
Receipts from sales of investment properties		<b>2</b>	-	9
Receipts from joint ventures		-	(11)	(1)
Acquisition of other tangible fixed assets		-	-	(6)
Net cash outflow from capital expenditure and financial investment		<b>2</b>	(11)	2
ACQUISITIONS AND DISPOSALS				
Disposal of shares in parent undertaking		<b>258</b>	-	218
Net cash inflow from acquisitions and disposals		<b>258</b>	-	218
EQUITY DIVIDENDS PAID				
Minority dividends paid		-	-	-
MANAGEMENT OF LIQUID RESOURCES				
Decrease in treasury deposits		-	86	71
FINANCING				
Debt due within a year:				
Loans drawn down		<b>921</b>	-	1,501
Loans repaid		-	(51)	(224)
Debt due in more than one year:				
Loans drawn down		-	-	-
Loans repaid		-	(37)	-
		<b>921</b>	(88)	1,277
INCREASE/(DECREASE) IN CASH		<b>106</b>	(233)	<b>(132)</b>

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**NOTES**

**For the six months ended 30 June 2006**

**1 BASIS**

The figures shown for the six months ended 30 June 2006 are unaudited and do not constitute statutory financial statements within the meaning of the Companies Act 1985. The financial statements for the year ended 31 December 2005 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**

The accounting policies are consistent with those used in the previous year.

**3 RESULTS FOR THE PERIOD**

The Group's turnover arises principally from property development activities.

Included in other operating (loss)/income is a loss of £420,000 (31 December 2005 – loss £357,000) relating to the sale of own shares.

**4 DEBTORS**

	<b>30 June 2006</b>	30 June 2005	31 Dec 2005
	<b>£'000</b>	£'000	£'000
Due within one year	<b>1,093</b>	363	1,368
Due after one year: deferred tax	<b>544</b>	357	544
	<b><u>1,637</u></b>	<u>720</u>	<u>1,912</u>

**5 CREDITORS DUE WITHIN ONE YEAR**

	<b>30 June 2006</b>	30 June 2005	31 Dec 2005
	<b>£'000</b>	£'000	£'000
Bank loans and overdrafts	<b>3,181</b>	1,800	2,765
Other development loans	<b>1,065</b>	178	560
Other creditors and accruals	<b>1,526</b>	1,445	1,285
	<b><u>5,772</u></b>	<u>3,423</u>	<u>4,610</u>

**6 PROFIT AND LOSS ACCOUNT**

	<b>6 months to</b>	6 months to	Year ended
	<b>30 June 2006</b>	30 June 2005	31 Dec 2005
	<b>£'000</b>	£'000	£'000
Brought forward	<b>(3,786)</b>	(2,472)	(2,472)
Retained loss for the period	<b>(1,001)</b>	(596)	(1,314)
Carried forward at end of period	<b><u>(4,787)</u></b>	<u>(3,068)</u>	<u>(3,786)</u>

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**NOTES – continued**

**For the six months ended 30 June 2006**

**7 SHAREHOLDERS' FUNDS**

	<b>6 months to 30 June 2006 £'000</b>	6 months to 30 June 2005 £'000	Year ended 31 Dec 2005 £'000
Loss for the period	<b>(1,001)</b>	(596)	(1,314)
Reduction of investments in own shares	<b>678</b>	-	577
	<b>(323)</b>	(596)	(737)
Brought forward	<b>8,150</b>	8,887	8,887
Carried forward at end of period	<b>7,827</b>	8,291	8,150

**8 STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	<b>6 months to 30 June 2006 £'000</b>	6 months to 30 June 2005 £'000	Year ended 31 Dec 2005 £'000
Loss for the period attributable to members	<b>(1,001)</b>	(596)	(1,314)
Reduction of investment in own shares	<b>678</b>	-	577
Total recognised gains and losses relating to the period	<b>(323)</b>	(596)	(737)

**9 RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOWS**

	<b>6 months to 30 June 2006 £'000</b>	6 months to 30 June 2005 £'000	Year ended 31 Dec 2005 £'000
Operating loss	<b>(579)</b>	(206)	(582)
Depreciation and amortisation of goodwill	-	-	3
Loss on sale of investments	<b>420</b>	-	357
Share of operating profits in joint ventures	-	-	(7)
Increase in work-in-progress	<b>(998)</b>	(124)	50
(Increase) / decrease in debtors	<b>275</b>	(5)	(1,015)
Increase / (decrease) in creditors	<b>241</b>	495	403
	<b>(641)</b>	160	(791)

**10 LOSS PER SHARE**

The loss per ordinary share is based on the loss after taxation and minority interests of £1,001,000 (31 December 2005: £1,314,000) and on 79,971,393 (31 December 2005: 79,971,393) ordinary shares being the weighted average number of ordinary shares in issue during the period. There is no difference between earnings and fully diluted earnings per share.

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**NOTES - continued**  
**For the six months ended 30 June 2006**

DIRECTORS AND COMPANY INFORMATION

Directors  
Gerry Lee  
Edward Azouz  
Jeffrey Azouz  
John Guy Davies

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:  
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