

PATHFINDER PROPERTIES PLC

**Interim Financial Statements
for the 6 months ended 30 June 2009**

CHAIRMAN'S STATEMENT

Please find enclosed accounts for the six months ending 30 June 2009. Also enclosed is a circular which is asking shareholders to vote on the future direction of the company.

As you are no doubt aware the property market has severely declined in the present economic climate, and this is especially the case with development sites. Our main asset in Newark, on which we have bank loan of £2.9m, was professionally valued in August 2008 at £5.9m, the revaluation in August 2009 saw a reduction of over £4m.

Clearly a company of our size would find it difficult to continue trading when it is in breach of its banking covenants by such a large amount.

Therefore in order for the company to survive the board looked for a solution. The enclosed circular sets out the new direction for the company. The board believes this transaction will give shareholders value in the future.

Proposals from the Circular

Following the disposal of the Ilford site and the Brewery site in Newark as announced on 22 May 2009, the Group has been left with a single development at the Newark development site, being the River Edge and the Road Frontage. This development has been progressed to a position whereby the Group can no longer fund any further development from its existing resources. However, the Directors believe that it is not worthwhile progressing with further development of this site in the current economic climate. As a result, the Company effectively has no sustainable business to justify its status as an AIM traded entity. Accordingly, the Directors believe that it is in Shareholders' interests to dispose of its property and, at the same time, release the Group from its liability for the associated bank financing on the Newark site of the Group, in order to establish a new investing policy in an area in which the Directors' believe could best provide the basis for establishing Shareholder value. The Company has been approached by a group of investors involved in mining proposals who have the ability to attract investors. The Directors unanimously believe that the proposed change of direction is in the best interests of the Company and its Shareholders.

The Company has agreed to dispose of the River Edge and Road Frontage sites at the Newark development for £1. These two remaining developments are held in a wholly owned subsidiary of the Company, Newark Property Development Limited ("NPD"), which was specifically formed for holding these properties. The Company is therefore proposing to sell NPD to Kerrington Limited ("Kerrington"), a company controlled by a Director of the Company, Gerry Lee. Kerrington will assume responsibility for repayment of the debt of £2.9m due from NPD to Royal Bank of Scotland PLC. Although the Newark development sites are valued at £2.9m in the Company's balance sheet as at 30 June 2009, a current valuation has been undertaken by Knight Frank which values them at £1.85m.

Pathfinder's proposed strategy is to turn it into an investing company and establish a new investing policy to acquire mainly significant minority interests in both listed and unlisted companies and/or assets which the Directors believe represent opportunities to create Shareholder value, specifically within the natural resource sectors, with a focus on CentralAsia and Sub-SaharanAfrica although such companies may operate worldwide. The focus will be on metals and mature resource situations with both established resources and the ability to increase these through additional exploration and also bring these into production. The Company will be an active investor.

In addition, Pathfinder is proposed to complete a Capital Reorganisation to facilitate the Proposals, to adopt New Articles of Association, to issue Convertible LoanAgreements raising £506,000 and issue Warrants in conjunction with this and then make an initial Investment in IM Minerals Ltd, an exploration company with licences over TiO2 prospects in Mozambique. Further details of these proposals are included in a Shareholder Circular sent out to Shareholders along with the Report and Accounts.

Edward Azouz

Chairman

26 November 2009

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

	Notes	Unaudited 6 months to 30 June 2009 £'000	Unaudited 6 months to 30 June 2008 £'000	Audited Year ended 31 Dec 2008 £'000
REVENUE		7	2	70
Cost of sales		-	(8,066)	(8,746)
Gross profit		7	(8,064)	(8,676)
Administrative expenses		(134)	(296)	(474)
Goodwill written off		-	-	(154)
		(127)	(8,360)	(9,304)
Other income	2	92	-	2
OPERATING (LOSS)		(35)	(8,360)	(9,302)
Profit on sale of investment properties		-	-	-
Profit on sale of non current investments		-	-	-
		(35)	(8,360)	(9,302)
Finance income		-	24	19
Finance costs		(46)	(156)	(385)
(LOSS) BEFORE TAXATION		(81)	(8,492)	(9,668)
Taxation		-	-	(333)
(LOSS) AFTER TAXATION		(81)	(8,492)	(10,001)
Equity minority interests		-	-	-
LOSS ATTRIBUTABLE TO MEMBERS		(81)	(8,492)	(10,001)
(Loss) per share (basic and diluted)	4	(0.1p)	(10.62p)	(12.5p)

All operations principally relate to Property Development which declined throughout the period and is to be discontinued (see Post Balance Sheet Events Note 5).

CONSOLIDATED BALANCE SHEET

As at 30 June 2009

	Notes	Unaudited 30 June 2009 £'000	Unaudited 30 June 2008 £'000	Audited 31 Dec 2008 £'000
ASSETS				
NON CURRENT ASSETS				
Goodwill		-	154	-
Property, plant and equipment		-	14	-
Investment in joint ventures				
Share of gross assets		-	24	-
Share of gross liabilities		-	(23)	-
		-	1	-
Investments		-	-	-
TOTAL NON CURRENT ASSETS		-	169	-
CURRENT ASSETS				
Inventories		2,900	7,067	2,900
Trade and other receivables		59	932	351
Deferred tax		-	333	-
Cash and cash equivalents		12	33	20
TOTAL CURRENT ASSETS		2,971	8,365	3,271
TOTAL ASSETS		2,987	8,534	3,271
LIABILITIES				
Current liabilities				
Trade and other payables		71	195	81
Interest bearing loans and borrowings		2,900	4,182	3,109
		2,971	4,377	3,190
LIABILITIES: Non current liabilities				
Interest bearing loans and borrowings		-	2,213	-
TOTAL LIABILITIES	3	2,971	6,590	3,190
		-	1,994	81
Equity minority interests		-	(354)	-
TOTAL NET ASSETS		-	1,590	81
EQUITY: CAPITAL & RESERVES				
Share capital - issued and fully paid		7,997	7,997	7,997
Share premium		1,970	1,970	1,970
Other reserves		-	2,647	-
Retained earnings		(9,967)	(11,024)	(9,886)
TOTAL EQUITY		-	1,590	81

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2009

	Unaudited 6 months to 30 June 2009 £'000	Unaudited 6 months to 30 June 2008 £'000	Audited Year ended 31 Dec 2008 £'000
Cash flows generated from operating activities	247	(1,490)	2,370
Interest paid	(46)	(156)	(385)
Net cash flows from operating activities	201	(1,646)	1,985
Cash flows from investing activities			
Proceeds from sale of investment properties	-	-	-
Interest received	-	24	19
Net cash flows from investing activities	-	24	19
Cash flows from financing activities			
Proceeds from borrowings	-	729	655
Repayments of borrowings	(209)	-	(3,216)
Minority interest	-	-	(350)
Joint ventures	-	-	1
Net cash flows from financing activities	(209)	729	(2,910)
Net (decrease) in cash and cash equivalents	(8)	(893)	(906)
Cash and cash equivalents at beginning of period	20	926	926
Cash and cash equivalents at end of period	12	33	20

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium	Other reserves	Retained earnings	Total
1 January 2008	7,997	1,970	2,647	(2,532)	10,082
Loss for the year	-	-	-	(10,001)	(10,001)
Adjustment	-	-	(2,647)	2,647	-
31 December 2008	<u>7,997</u>	<u>1,970</u>	<u>-</u>	<u>(9,886)</u>	<u>81</u>
Loss for the 6 months to 30 June 2009	-	-	-	(81)	(81)
30 June 2009	<u>7,997</u>	<u>1,970</u>	<u>-</u>	<u>(9,967)</u>	<u>-</u>

The adjustment from other reserves represents the derecognition of the historically created Merger Reserve and Capital Reserve due to the negligible net asset values of all subsidiaries as at 31 December 2008.

NOTES

For the six months ended 30 June 2009

1 BASIS OF PREPARATION

The financial information has been prepared under the historical cost convention and on a going concern basis and in accordance with International Financial Reporting Standards and IFRIC interpretations adopted for use in the European Union, other than International Accounting Standard 34 - Interim Financial Reporting, which is not mandatory for AIM listed companies.

The financial information for the period ended 30 June 2009 has not been audited or reviewed in accordance with the International Standard on Review Engagements 2410 issued by the Auditing Practices Board. The figures were prepared using applicable accounting policies and practices consistent with those adopted in the statutory accounts for the year ended 31 December 2008. The figures for the year ended 31 December 2008 have been extracted from these accounts, which have been delivered to the Registrar of Companies, and contained an unqualified audit report.

The financial information contained in this document does not constitute statutory accounts as defined by Section 435 of the Companies Act 2006. In the opinion of the Directors the financial information for this period fairly presents the financial position, result of operations and cash flows for this period.

This Interim Financial Report was approved by the Board of Directors on 26 November 2009.

2 SEGMENTAL ANALYSIS

The Group's results arise solely from property development activities carried out in the U.K. which declined throughout the period and is to be discontinued (see Post Balance Sheet Events). The Income Statement includes other income of £92,000 which represents the contribution to overheads being made by Gerard Lee in order that the Company is not in a net liability position as at 30 June 2009.

3 LIABILITIES

	30 June 2009	30 June 2008	31 Dec 2008
Interest bearing loans and borrowings	2,900	6,395	3,109
Trade and other payables	87	195	81
	<u>2,987</u>	<u>6,590</u>	<u>3,190</u>

4 LOSS PER SHARE

The calculation of loss per share is based on the loss after taxation divided by the weighted average number of shares in issue during the period. There is no difference between basic loss and fully diluted loss per share.

5 POST BALANCE SHEET EVENTS

- The Company has entered into a Share Purchase Agreement with Kerrington under the terms of which Kerrington has agreed to pay the Company £1 in consideration of the transfer to Kerrington of the entire issued share capital of NPD. The Completion of the Share Purchase Agreement is conditional on the passing of a resolution by the Shareholders of the Company authorising the disposal of the sites owned by NPD known as the River Edge site and the Road Frontage sites at Northgate, Newark.

Kerrington has agreed to purchase the shares in NPD subject to charges registered in favour of the Royal Bank of Scotland Plc in relation to an outstanding debt of £2.9m.

- It is proposed that the 79,971,393 Existing Ordinary Shares will be consolidated and sub-divided on the basis of and according to the steps set out as follows:

It is proposed that every Existing Ordinary Share shall be sub-divided and reclassified as one Ordinary Share of 0.1p (**Subdivided Share**) and one deferred share of 9.9p (**Deferred Share**).

It is then proposed that every 20,000 Subdivided Shares will be consolidated into 1 New Ordinary Share of £20 unless a shareholding therefore equals or exceeds 20,000 Existing Ordinary Shares then Shareholders will be left with a fractional entitlement to the resulting Ordinary Shares if the Resolutions are approved.

Following the sub-division of the Existing Ordinary Shares and subsequent consolidation of the Subdivided Shares, the nominal value of each Ordinary Share will be £20 each. The 2006 Act provides that a Company may only lawfully issue new shares for a subscription price at or above the nominal value of those shares. In order that the Company may issue the New Ordinary Shares, pursuant to the Proposals, the Company proposes that each ordinary share in the capital of the Company then having a nominal value of £20 be sub-divided into 2,000 Ordinary Shares of 1 pence each.

NOTES

For the six months ended 30 June 2009 *(continued)*

- The Company has entered into Convertible Loan Agreements to provide an aggregate loan amount of £506,000 for a term of two years from the date of drawdown. Following a six month period from the date of drawdown of Convertible Loan monies, the Company shall also be entitled to repay the Loan monies. At any time after one calendar month following the drawdown of Convertible Loan monies the Lender is entitled to request that any amount still outstanding of such loan be converted into Ordinary Shares in the Company at a conversion price of 1.5p per Ordinary Share.
- The Company intends to invest £200,000 into IM Minerals Ltd to acquire a 4.67% shareholding.

6 A copy of this interim statement is available on the Company's website www.pathfinderplc.co.uk.