

# Chairman's Statement

for the six months to 30 June, 2006

In my first statement to shareholders since becoming Chairman following the Annual General Meeting in June, I am pleased to report that your Company has achieved a satisfactory basis of profit in the first six months of this year. The efforts of the past years to turn the company from being a mixed manufacturing and distribution holding company into a focused property based vehicle ready for expansion are demonstrated in these figures.

## HALF YEAR RESULTS

Net profit before taxation for the six months to 30 June 2006 amounted to £331,000 yielding earnings per share of 0.46p which compares to £40,000 and 0.06p respectively in the comparative period in 2005.

The Group's principal investment properties at Bodmin and Portsmouth have been revalued by external professional valuers as part of the process of producing the recent shareholders' circular. The revised value is £1 million greater than the previous value and this has been reflected in the balance sheet at 30 June 2006. The revaluation surplus contributed to a rise in net assets to £13.2 million representing 18.3p per ordinary share (2005 16.5p). The Group's investment properties continue to yield satisfactory income, and capital appreciation.

## SALE OF DEVELOPMENT LAND AND POSITIVE IMPACT ON RESERVES

As reported in the Report and Accounts for 2005, we announced in March this year that contracts had been exchanged on the sale of development land at Hawtin Park, Blackwood for £5.15 million. The sale has realised a revaluation gain of £4.4 million included in the Group's reserves and will put the company in a position to recommence payment of the preference dividend and, when the time is right, declare dividends for ordinary shareholders. It is not however the Board's intention to recommend payment of an interim dividend this year as it believes that all funding must currently be applied to growing the asset base.

## GROWING YOUR COMPANY

Over the past months your Board has negotiated a contract for Hawtin to acquire a 75% controlling shareholding in Crown Investments for £4.6 million whose sole asset is a substantial Cardiff property, probably well known to most shareholders as the Millennium Plaza leisure complex. This river-fronting building abuts the Millennium Stadium, the world renowned national centre of sports and entertainment. I wrote to you on 25 September in a detailed circular in which we seek your consent at an Extraordinary General Meeting on 11 October, to finalise this acquisition. May I recommend you to support your Board in approving this acquisition, which will set your Company on the path of profitable growth.

Whilst the Circular gives you all information, nevertheless I would take this opportunity to summarise the proposal as follows:

**The Millennium Plaza, Cardiff**

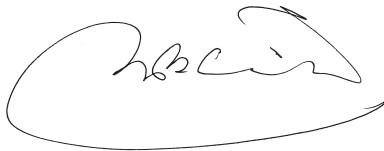
- An existing property yield rental income of £1.8 million with opportunities for growth by actively marketing the un-let space, and releasing potential rental streams and enhancing capital value
- Independently valued at £30 million for the Circular
- Agreement to purchase remaining 25% shareholding through an Option Agreement for conversion of that holding to Hawtin shares at 20p
- Funding by own resources and debt existing in Crown Investments

This proposal is the first demonstration of the Board's firm intention to seek acquisitions that will bring your company into a higher level of activity, profitability, gross assets and returns. Under Hawtin's new Chief Executive, Richard Hayward, the Board is energetically engaged in developing some very exciting projects and steps are being taken to enhance returns on the Millennium Plaza investment. I look forward to revealing the outcome of these prospects in the near future.

**PROSPECTS**

Given a clear strategy to grow our property portfolio and with a highly experienced team in place, we look forward to rewarding the confidence you have placed in us. As you well know, property continues to offer exciting and profitable openings to those with an understanding of the way the market works, and who are willing to grasp the opportunities to acquire and benefit investments that are sought out. As your company grows, the number and size of these opportunities will increase, and your Board is well positioned, ready and committed to take them. I am confident that the full year's results will continue the trend of progressive improvement shown at this half-year.

Finally, I would like to express my thanks to our executive team who, together with our professional advisors have expended tremendous effort over a short time in bringing such a key acquisition, setting as it does the basis of our future, to fruition.



**Bob Carlton-Porter**  
Chairman

# Consolidated Profit and Loss Account

For the six months ended 30 June 2006

	Unaudited for the six months ended 30 June 2006	Unaudited for the six months ended 30 June 2005	Audited for the twelve months ended 31 December 2005
	£'000	£'000	£'000
<b>Turnover</b>	<b>346</b>	351	701
Cost of sales	-	(13)	(23)
<b>Gross profit</b>	<b>346</b>	338	678
Administration expenses	(218)	(218)	(489)
Other operating income	12	18	26
<b>Operating profit</b>	<b>140</b>	138	215
Profit on disposal	250	-	-
Interest receivable	93	78	155
Interest payable	(152)	(176)	(367)
<b>Profit on ordinary activities before taxation</b>	<b>331</b>	40	3
Taxation	-	-	2
<b>Profit for the financial period</b>	<b>331</b>	40	5
<b>Basic and diluted profit per ordinary share</b>	<b>0.46p</b>	0.06p	0.01p

Administration expenses for the 12 months to 31 December 2005 include an exceptional bad debt charge of £118,000 (All in second half).

# Consolidated Balance Sheet

As at 30 June 2006

	Unaudited 30 June 2006	Unaudited 30 June 2005	Audited 31 December 2005
	£'000	£'000	£'000
<b>Fixed assets</b>			
Tangible assets	10,591	14,400	14,393
<b>Current assets</b>			
Debtors (note)	3,981	758	376
Cash at bank and in hand	3,753	2,690	2,558
	7,734	3,448	2,934
<b>Creditors:</b> amounts falling due within one year	(980)	(1,264)	(1,042)
<b>Net current assets</b>	6,754	2,184	1,892
Total assets less current liabilities	17,345	16,584	16,285
<b>Creditors:</b> amounts falling due after more than one year	(4,190)	(4,765)	(4,478)
	13,155	11,819	11,807
<b>Capital and reserves</b>			
Called up share capital	3,586	3,586	3,586
Share premium	2,586	2,586	2,586
Revaluation reserve	2,212	5,604	5,604
Capital redemption reserve	150	150	150
Unpaid dividends reserve	89	53	72
Profit and loss account	4,532	(160)	(191)
<b>Shareholders' funds</b>	13,155	11,819	11,807

Note: Debtors due in more than one year included in this figure is £3,687,000. (30 June 2005 - £109,000 31December 2005 - £73,000).

# Consolidated Cash Flow Statement

For the six months ended 30 June 2006

	Unaudited six months ended 30 June 2006		Unaudited six months ended 30 June 2005		Audited twelve months ended 31 December 2005	
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Net cash inflow from operating activities</b>		<b>42</b>		514		751
<b>Returns from investments and servicing of finance</b>						
Interest received	93		78		155	
Interest paid	(148)		(240)		(399)	
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(55)</b>		(162)		(244)
<b>Taxation paid</b>		-		(3)		(2)
<b>Capital expenditure and financial investment</b>						
Payments to acquire tangible fixed assets	(4)		-		-	
Receipts from sale of tangible fixed assets	1,500		-		-	
<b>Net cash inflow from capital expenditure and financial investment</b>		<b>1,496</b>		-		-
<b>Net cash inflow before financing</b>		<b>1,483</b>		349		505
<b>Financing</b>						
Loans repaid	(288)		(313)		(601)	
<b>Net cash outflow from financing</b>		<b>(288)</b>		(313)		(601)
<b>Increase/(decrease) in cash for the period</b>		<b>1,195</b>		36		(96)

## Statement of total recognised gains and losses

For the six months ended 30 June 2006

	Unaudited six months ended 30 June 2006 £'000	Unaudited six months ended 30 June 2005 £'000	Audited twelve months ended 31 December 2005 £'000
Profit for the financial period	331	40	5
Exchange movements	-	(4)	-
Unrealised surplus on revaluation of properties	<b>1,000</b>	-	-
Total recognised gains for the period	<b>1,331</b>	36	5

## Note of historical cost profits & losses

For the six months ended 30 June 2006

Profit on ordinary activities	331	40	3
Realisation of property revaluation gains	<b>4,392</b>	-	-
Historical cost profit on ordinary activities before taxation	<b>4,723</b>	40	3

## Reconciliation of movement in shareholders' funds

For the six months ended 30 June 2006

Profit for the financial period	331	40	5
Exchange movements	-	(4)	-
Unrealised surplus on revaluation of properties	<b>1,000</b>	-	-
Unpaid dividends reserve	<b>17</b>	17	36
Net change to shareholders' funds	<b>1,348</b>	53	41
Opening shareholders' funds	<b>11,807</b>	11,766	11,766
Closing shareholders' funds	<b>13,155</b>	11,819	11,807

**Notes:**

1. The interim statement was approved by the Board of Directors on 26 September 2006 and is neither audited nor reviewed.
2. The Group profit and loss account, balance sheets and cash flow statements for the six month period ended 30 June 2006 and 30 June 2005 have been prepared on a basis consistent with the accounting policies disclosed in the Group's Annual Report for the year ended 31 December 2005. FRS20 "Share based payments" is applicable for the first time for the financial year commencing on 1 January 2006. The directors have considered the impact of the standard and determined that there are no material differences.
3. Dividends: The Directors do not propose an interim dividend on the Ordinary Shares. The half-year dividend on the 6.5% Cumulative Preference Shares was not paid on 30 June 2006 as there were no distributable reserves.
4. The Earnings per Ordinary Share of 5 pence is based on a profit of £331,000 (2005 £40,000) being the profit after taxation on an average number of shares in issue of 71,728,687 (2005 71,728,687). Diluted Earnings per Ordinary Share is the same value as Basic Earnings per Ordinary Share.
5. Copies of this statement will be circulated to shareholders and will be available at the Registered Office of the Company, Beechwood House, Greenwood Close, Cardiff Gate Business Park, Cardiff CF23 8RD from the 27 September 2006.