

# MALLETT PLC

LONDON • NEW YORK

---

Interim Report  
2006

# MALLETT PLC

## Chairman's Statement

Dear Shareholder

Our interim results for the six months ended 30th June 2006 show a profit before tax of £1,156,000 against £1,320,000 last year. Sales were £8,814,000 compared with £8,815,000 and earnings per share for the period were 5.48p (2005 – 6.63p). The drop in profits was caused partly by slightly higher costs and partly by lower margins. The Board recommends an unchanged interim dividend of 2.4p per share which will be paid on 9th October 2006 to shareholders on the register on 15th September 2006.

I am pleased to report that we have exchanged contracts on the sale of our leasehold interests in Bourdon House for £14.25 million. Completion is due on 22nd December 2006 and is conditional on, amongst other things, the approval of shareholders which will be sought at the forthcoming Extraordinary General Meeting (“EGM”) of the Company. On completion of the sale, the Board will consider a return of capital to shareholders, having considered the capital requirements of the business and other possible investment opportunities that would enhance shareholder value. We will be continuing to transfer the stock from Bourdon House to our New Bond Street and New York premises. Our restoration department is currently located in Bourdon House and we are investigating the possibility of merging the department with another business to create a separate centre of excellence. This new business would be majority owned by the Company.

At the EGM, we will also be seeking two further permissions. The first is a general authority to buy back the Company's shares, which will only be used at a time when the Board considers a purchase of Company shares to be in the best interests of shareholders. The second is to introduce a long term incentive plan to encourage greater share ownership by senior executives and to align their interests more closely with those of shareholders.

Trading in the first six months in the UK has been steady, but sales out of New York have been slow, not helped by the weakness of the dollar. The second half has started slowly and market conditions for the rest of the year are expected to remain challenging.

**G.M. Magan**

*Chairman*

31st August 2006

# MALLETT PLC

## Consolidated Interim Income Statement

for the 6 months ended 30th June 2006

		<b>6 months ended 30th June 2006 £'000</b>	<i>6 months ended 30th June 2005 £'000</i>
	Notes		
<b>Revenue</b>		<b>8,814</b>	8,815
<b>Operating profit</b>		<b>1,112</b>	1,325
Investment income (net)		44	(5)
<b>Profit before taxation</b>		<b>1,156</b>	1,320
Tax	4	(401)	(405)
<b>Profit for the period</b>		<b>755</b>	915
Earnings per share	5	<b>5.48p</b>	6.63p

## Consolidated Statement of Recognised Income and Expenses

	<b>6 months ended 30th June 2006 £'000</b>	<i>6 months ended 30th June 2005 £'000</i>
<b>Profit for the period</b>	<b>755</b>	915
Exchange difference on translation of foreign operation	145	(542)
Actuarial gain on the defined benefit pension schemes	138	232
Write off of investment in own shares	(62)	(56)
<b>Total recognised income and expenses for the period</b>	<b>976</b>	549

# MALLETT PLC

## Consolidated Balance Sheet

at 30th June 2006

	Notes	30th June 2006 £'000	31st December 2005 £'000
<b>Non-current assets</b>			
Property, plant and equipment		2,745	5,601
<b>Current assets</b>			
Inventories		22,566	21,776
Trade and other receivables		3,102	2,783
Cash and cash equivalents		1,727	1,410
Asset held for resale	3	2,743	–
Deferred tax recoverable beyond one year	2	614	–
		30,752	25,969
<b>Total assets</b>		33,497	31,570
<b>Equities and liabilities</b>			
Share capital		690	690
Share premium account		5,168	5,168
Revaluation reserve		1,018	1,024
Equity reserve		20,249	20,193
<b>Total equity</b>		27,125	27,075
<b>Current liabilities</b>			
Trade and other payables		3,463	1,958
Tax liabilities	2	849	311
		4,312	2,269
<b>Non-current liabilities</b>			
Retirement benefit pension obligations		1,990	2,208
Deferred tax	2	70	18
		2,060	2,226
<b>Total liabilities</b>		6,372	4,495
<b>Total equity and liabilities</b>		33,497	31,570

# MALLETT PLC

## Consolidated Cash Flow Statement

for the 6 months ended 30th June 2006

	<b>6 months ended 30th June 2006 £'000</b>	<i>6 months ended 30th June 2005 £'000</i>
Net cash from operating activities	<b>1,462</b>	3,510
Returns on investment and servicing of finance	<b>44</b>	(5)
Tax paid	<b>(321)</b>	(449)
Capital expenditure and financial investment	<b>(75)</b>	–
Dividends paid	<b>(938)</b>	(938)
Exchange differences	<b>145</b>	–
Net increase in cash for the period	<b>317</b>	2,118

## Company Information

### DIRECTORS

*\*Non-executive*

George M. Magan, F.C.A.\*

Lanto M. Syngé

The Hon. Peter H. Dixon, F.C.A.

Paula C. Hunt

Giles H. Hutchinson Smith

M. Henry G. Neville

Thomas E. Woodham-Smith

Sir Keith Stuart\*

Simon M. de Zoete\*

The Hon. Mrs Laura Weinstock\*

*Chairman*

*Group CEO*

*Secretary*

### REGISTERED OFFICE

141 New Bond Street

London W1S 2BS

### COMPANY NUMBER

1838233

# MALLETT PLC

## Consolidated Interim Statement of changes in Shareholders' Equity

for the 6 months ended 30th June 2006

	<i>Share Capital £'000</i>	<i>Share Premium £'000</i>	<i>Revaluation Reserve £'000</i>	<i>Profit &amp; Loss Account £'000</i>	<i>Total £'000</i>
Balances at 30th June 2005	690	5,168	1,046	19,838	26,742
Income in 6 months to 31st December 2005	–	–	–	668	668
Deferred taxation	–	–	(4)	–	(4)
Dividends paid	–	–	–	(331)	(331)
Transfer on revalued assets	–	–	(18)	18	–
Balances at 31st December 2005	690	5,168	1,024	20,193	27,075
Income in 6 months to 30th June 2006	–	–	–	976	976
Deferred taxation	–	–	12	–	12
Dividends paid	–	–	–	(938)	(938)
Transfer on revalued assets	–	–	(18)	18	–
<b>Balances at 30th June 2006</b>	<b>690</b>	<b>5,168</b>	<b>1,018</b>	<b>20,249</b>	<b>27,125</b>

# MALLETT PLC

## Notes to the Interim Report

1. These accounts have been prepared in accordance with International Financial Reporting Standards (IFRS).

The interim statement for the six months are unaudited and do not constitute statutory accounts for the purposes of the Companies Acts. The accounts for the year ended 31st December 2005 have been filed with the Registrar of Companies and the auditors' report on those accounts was not qualified.

2. The deferred tax asset reflects the tax recoverable on the defined benefit obligations. Included in tax liabilities is an estimate of the tax payable that would arise if the asset held for resale is disposed of at its revalued amount and the deferred tax shown in non current liabilities represents other tax timing differences.
3. The Group's long leasehold property, Bourdon House, is included as an "asset held for resale". Details of the proposed sale are included within the Chairman's Statement.
4. Taxation has been provided for at an estimated rate of 30% (2005 – 30%) taking into account £49,000 movement on deferred tax.
5. Earnings per share have been calculated on the profits for the period after taxation and 13,800,060 shares in issue.
6. The directors have declared an interim dividend of 2.4p (net) (2005 – 2.4p) per ordinary share payable on 9th October 2006 to shareholders on the register on 15th September 2006.

