

# CHIEFTAIN GROUP PLC



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INTERIM STATEMENT 2003

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## Profit and Loss Account

	Unaudited 6 months ended 30 June 2003	Unaudited 6 months ended 30 June 2002	Audited 12 months ended 31 Dec 2002
	£,000	£,000	£,000
<b>Turnover:</b>			
Continuing Operations	4,823	7,548	14,778
<b>Operating (Loss)/Profit:</b>			
Continuing Operations	(663)	432	907
<b>Net Interest Payable</b>	(59)	(60)	(133)
<b>(Loss)/Profit on ordinary activities before taxation</b>	(722)	372	774
<b>Taxation</b>	217	(112)	(221)
<b>(Loss)/Profit on ordinary activities after taxation</b>	(505)	260	553
<b>(Loss)/Earnings per share – basic</b>	(5.81)p	2.98p	6.35p
– diluted	(5.81)p	2.97p	6.33p
<b>Dividend per share</b>	1.0p	1.0p	2.5p

## Statement of Total Recognised Gains and Losses

<b>(Loss)/Profit</b>	(505)	260	553
<b>Exchange rate adjustments offset in reserves</b>	–	–	159
<b>Total recognised (loss)/gain</b>	(505)	260	712

### Notes:

- The interim dividend is payable on 24th October 2003 to those shareholders on the Company's Register on 12th September 2003.
- The total cost of the interim dividend is £87,130 (2002 - £87,130) based on 8,713,000 ordinary shares in issue (2002 - 8,713,000).
- Basic earnings per share is based upon the loss/profit on ordinary activities after taxation and 8,713,000 (2002 - 8,713,000) ordinary shares (the weighted average number of shares in issue during the period).
- Diluted earnings per share is based upon the loss/profit on ordinary activities after taxation and 8,729,333 (2002 - 8,760,043) ordinary shares (the weighted average number of shares in issue during the period plus the weighted average number of dilutive options in issue during the period. Dilutive options are the difference between the number of shares that would have been issued at the option price and the number of shares that would have been issued at fair value).
- The results for the year to 31st December 2002 summarised above have been extracted from the Company's full accounts for that year which received an unqualified auditor's report and have been filed with the Registrar of Companies.

## Consolidated Balance Sheet

	Unaudited as at 30 June 2003	Unaudited as at 30 June 2002	Audited as at 31 Dec 2002
	£,000	£,000	£,000
<b>Fixed Assets:</b>			
Tangible assets	799	850	816
<b>Current Assets:</b>			
Stocks and work in progress	3,255	2,732	3,847
Debtors	2,688	2,931	2,926
Cash at bank and in hand	5	–	213
	5,948	5,663	6,986
<b>Creditors</b>			
Amounts falling due within one year	(5,236)	(4,617)	(5,702)
<b>Net Current Assets</b>	712	1,046	1,284
<b>Total Assets less Current Liabilities</b>	1,511	1,896	2,100
<b>Creditors</b>			
Amounts falling due after more than one year	(64)	(176)	(61)
	1,447	1,720	2,039
<b>Capital and Reserves</b>			
Called up share capital	436	436	436
Share premium account	420	420	420
Profit and loss account	591	864	1,183
	1,447	1,720	2,039



## Consolidated Cash Flow Statement

	Unaudited 6 months ended 30 June 2003		Unaudited 6 months ended 30 June 2002		Audited 12 months ended 31 Dec 2002	
	£,000	£,000	£,000	£,000	£,000	£,000
<b>Net Cash (Outflow)/Inflow from Operating Activities</b>		(903)		(128)		659
<b>Returns on Investments and Servicing of Finance</b>						
Interest received	–		–		1	
Interest paid	(54)		(53)		(120)	
Interest element of finance lease rental payments	(5)		(7)		(14)	
		(59)		(60)		(133)
<b>Taxation</b>						
Corporation tax paid	(67)		(8)		(171)	
Corporation tax refund	–		10		10	
		(67)		2		(161)
<b>Capital Expenditure</b>						
Purchase of tangible fixed assets	(24)		(2)		(24)	
Disposal of tangible fixed assets	6		4		15	
		(18)		2		(9)
<b>Equity Dividends Paid</b>		(131)		(131)		(218)
		(1,178)		(315)		138
<b>Financing</b>						
Capital element of finance lease rental payments	(58)		(72)		(139)	
Increase in Loans	–		–		600	
		(58)		(72)		461
<b>Decrease in Cash</b>		<u>(1,236)</u>		<u>(387)</u>		<u>599</u>



## Chairman's Statement

As reported in my statement in the 2002 full year report and accounts the depressed economic climate in the United Kingdom has discouraged clients committing to significant capital projects. Although these trading conditions continue the Group's underlying trading has been both steady and profitable. However the trading results have been adversely affected by the crystallisation of a loss following the commercial settlement of a large contract which was physically completed in early 2002. This was reported on in some detail in our trading up-date released on 7th July 2003.

### Trading

The Group is maintaining a very healthy order book with a closing value of £27 million at the half year.

Turnover during the first half was £4.8 million compared with £7.5 million in the first half of 2002. Settlement of the contract referred to above will require a final invoice in the value of £1.9 million to be raised and this has been deferred to the second half of 2003. Additionally there will be significant invoicing on another major contract which was completed in the first half of 2003 and is now awaiting final account settlement.

We report a first half pre-tax loss of £722,000 compared to a first half 2002 profit of £372,000. This loss takes full account of the loss incurred on the contract referred to in the first section of this report.

### Cash

As has previously been reported there has been a heavy demand on our cash resources to finance the work in progress in the past two years. However we are pleased to report that the cash position will be greatly improved following the receipt of the £1.9 million from the major contract settlement and we anticipate minimal use of our bank overdraft facility at the year end.

Unsecured loans totalling £600,000 were made by three founding Directors of the Company, as referred to in my previous statement. These loans were guaranteed until the end of April 2004. Each of these Directors has since indicated their willingness to leave the loans in place beyond the end of April 2004 if the funds are required by the Company to finance future work in progress.

### Dividends

The Board have confidence in the future of the Company and its ability to continue to trade profitably and has decided to pay an unchanged interim dividend of 1.0p per ordinary share on the 24th October 2003 to the shareholders on their register on the 12th September 2003.

### Outlook

Due to recent demands on its cash resources the Company has been cautious with regard to accepting new business. Now that the major contract settlement has been achieved there will be an emphasis on winning new work to supplement the order book taking the Company back onto the track of profitable expansion.

P Wardle  
Chairman  
29th August 2003



HEAD AND REGISTERED OFFICE:

Chieftain House, White Street, Walker, Newcastle upon Tyne NE6 3PJ

Telephone: 0191-263 5544 Facsimile: 0191-263 5509

web: [www.chieftaingroup.co.uk](http://www.chieftaingroup.co.uk)