

HOWMAC PLC
REPORT AND FINANCIAL STATEMENTS
31 AUGUST 2008
Company Registration Number 1942924

PARKINSON MATTHEWS LLP
Chartered Accountants & Registered Auditors
Cedar House
35 Ashbourne Road
Derby

HOWMAC PLC

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HOWMAC PLC

DIRECTORS AND ADVISERS

Directors	J.G. Hemingway (Chairman) P.S. Cammerman
Secretary	C.A.R. Gillams
Registered office	Howmac plc Meon House Stratford Road Mickleton Chipping Campden Gloucestershire GL55 6SU
Bankers	Lloyds TSB Bank plc 39 Threadneedle Street London EC2R 8AU
Auditor	Parkinson Matthews LLP Cedar House 35 Ashbourne Road Derby DE22 3FS
Registrars	Howmac plc Meon House Stratford Road Mickleton Chipping Campden Gloucestershire GL55 6SU
Company registration number	1942924

HOWMAC PLC

DIRECTORS' REPORT

31 August 2008

The directors present their report and financial statements for the year ended 31 August 2008.

Principal activities and business review

Howmac's principal activity is to hold investments in shares most of which are quoted on the London Stock Exchange, an analysis of which is shown in note 3 on page 13.

Results for the year

The results for the previous 11 years are shown in the graph on page 3.

The graph shows the 11 year record of net asset value per share (in pence) measured against the FTSE 100 index at the balance sheet date. The index chosen gives a broad representation of business sectors with substantial international exposure and therefore reflects the Company's willingness to look for value in any market or sector.

The Company is not immune from weaknesses in the stock market and it should also be noted that with a substantial weighting to private equity, historically the move down in net asset value has tended to lag the wider market by some time. The Company also has not paid a dividend in this period, whereas the FTSE yield has always been positive.

With these caveats taken into consideration the directors remain satisfied with the performance shown.

The year to 31 August 2008 showed the long awaited reversal in the investment climate and although we have built up some cash reserves we were unable to prevent losses, particularly in our two property sector holdings. We also suffered significant falls in Fidelity Special Values and Law Debenture where the value style investment they favour was particularly hard hit and in SVG where the high level of future fund commitments apparently weighed against them. Four holdings appreciated but all by modest amounts. We only made one significant disposal, accepting a tender for some of Templeton Emerging Markets Investment Trust at what, with hindsight, was an excellent price.

We made two small purchases, one further adding to our long standing holdings in the very defensive Personal Assets. This holds large cash holdings and has also sold the main UK stock exchange index short. The other purchase was an initial stake in Hargreaves Services, a coal handling and recovery company. Despite those additions our cash balances were very slightly up over the year.

As we said last year there is no logical reason why we should be immune from a global recession, and indeed that has now arrived. The first challenge was to avoid diving back in to the market too soon, which we think we have managed to do, the second will be to try and add to existing holdings at or near the bottom of the market. That point may have passed, but we remain cautious until the future course of the global economy is clearer. We have therefore as yet stayed clear.

Our costs fell back after the major exercise to validate the shareholder register, although we had a good response, this did highlight the number of untraced holders. We are now moving to effectively confiscate holdings where nothing has been heard from holders who we have good reason to believe are untraced. This will be by individual notifications to such holders, if you receive one of these postcards it is essential you contact us to notify a current address or your shares will be lost.

If you have not previously responded to annual mailings please make an effort to do so now, so our Register is up to date. If you have queries please do contact the Company Secretary. Our website www.howmacplc.com now also includes some further shareholder information.

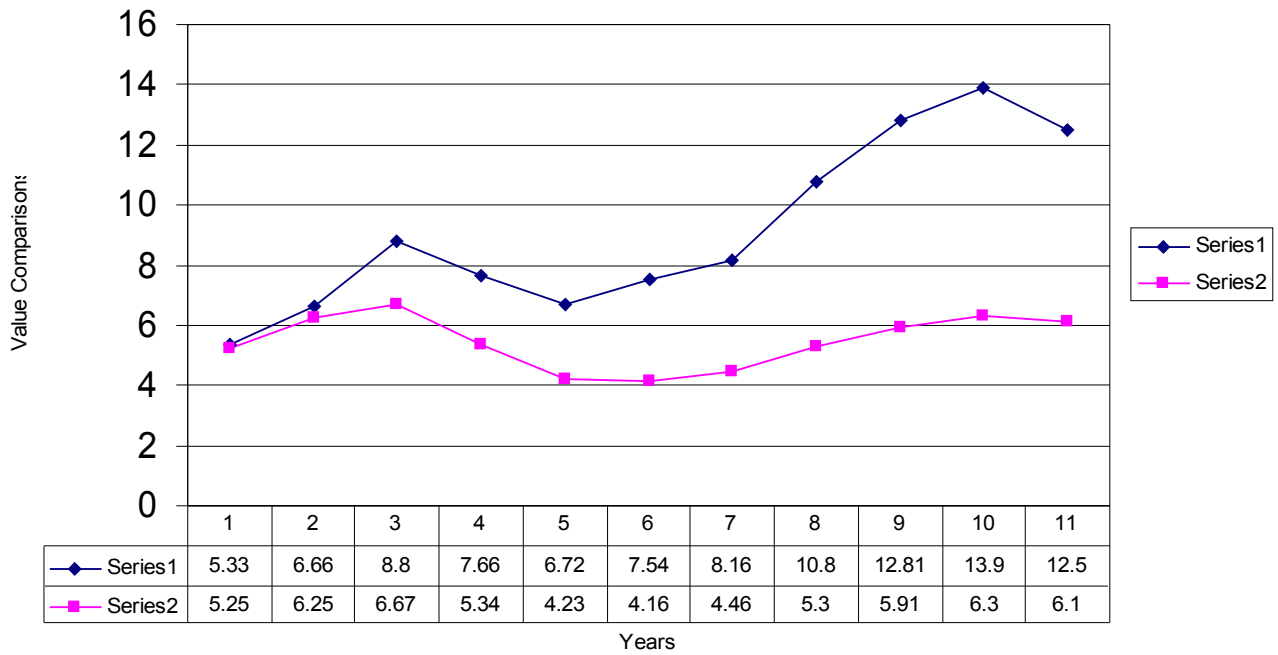
HOWMAC PLC

DIRECTORS' REPORT

31 August 2008

(continued)

Howmac NAV (series 1) and FTSE (series2) Comparison Year 11 is 2008



HOWMAC PLC

DIRECTORS' REPORT

31 August 2008

(continued)

Dividends

The directors recommend that no dividend be paid (2007:£nil) in respect of the year ended 31 August 2008.

Financial risk management objectives and policies

The company's principal financial instruments comprise bank balances, fixed asset investments and trade creditors. The main purpose of these instruments is to raise funds for the company's operations, maximise shareholder wealth and to finance the company's investment operations.

Due to the nature of the trade and the financial instruments used by the company there is exposure to stock market fluctuations in stocks and share prices and therefore to price risk. The company's approach to managing this price risk is to maintain a well balanced and monitored investment portfolio on the London Stock Exchange.

Adequate bank balances exist to eliminate liquidity risk. The company makes use of money market facilities where funds are available.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

The company has no loan or overdraft facility requirement.

Directors

The directors of the company who served throughout the year, unless otherwise stated, were as follows

Mr. P.S. Cammerman

Mr. J.G. Hemingway

Mr. P.S. Cammerman retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Creditors payment policy

The company pays all its creditors in accordance with the suppliers terms. The average payment period was nil. A copy of the payment policy can be obtained from the registered office of the company.

Auditor

Parkinson Matthews LLP have agreed to offer themselves for re-appointment as auditor of the company and a resolution to re-appoint them will be proposed at the next Annual General Meeting.

By order of the board

C.A.R. Gillams
Secretary

27 January 2009

HOWMAC PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

31 August 2008

We are required under company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company, and of the profit or loss of the company for that year.

In preparing these financial statements we are required to:

- select suitable accounting policies and apply them consistently
- make reasonable and prudent judgements and estimates
- state where applicable United Kingdom Accounting Standards and applicable law have been followed, and give details of any departures
- prepare the financial statements on a going concern basis in accordance with United Kingdom Generally Accepted Accounting Practice, unless in our view the company will be unable to continue in business.

We are also responsible for:

- keeping proper accounting records
- safeguarding the company's assets
- taking reasonable steps for the prevention and detection of fraud and other irregularities

Insofar as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the board

C.A.R. Gillams

27 January 2009

HOWMAC PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HOWMAC PLC

YEAR ENDED 31 AUGUST 2008

We have audited the financial statements on pages 8 to 16 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 12.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

HOWMAC PLC

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
HOWMAC PLC (*continued*)**

YEAR ENDED 31 AUGUST 2008

OPINION

In our opinion:

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 August 2008 and of its profit for the year then ended;

the financial statements have been properly prepared in accordance with the Companies Act 1985; and

the information given in the Directors' Report is consistent with the financial statements.

Cedar House
35 Ashbourne Road
Derby

PARKINSON MATTHEWS LLP
Chartered Accountants
& Registered Auditors

27 January 2009

HOWMAC PLC

**PROFIT AND LOSS ACCOUNT
for the year ended 31 August 2008**

	Note	2008		2007	
		£	£	£	£
Income					
Interest receivable		3,070		2,094	
Investment income		12,754		12,395	
		-----		-----	
			15,824		14,489
Proceeds from disposal of investments		11,075		41,878	
Book value of investments sold		(10,570)		(37,704)	
		-----		-----	
Net profit on sale of investments			505		4,174
			-----		-----
Gross income			16,329		18,663
Administrative expenses			(4,741)		(12,834)
			-----		-----
Profit on ordinary activities before taxation	2		11,588		5,829
Taxation			-		-
			-----		-----
Profit on ordinary activities after taxation			11,588		5,829
			-----		-----
Profit for the financial year	6		11,588		5,829
			=====		=====

All of the activities of the company are classed as continuing.

HOWMAC PLC

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 August 2008**

		2008	2007
		£	£
Profit for the financial year		11,588	5,829
Unrealised (losses)/gains on listed investments	6	(111,063)	75,681
Transfer out of realised gains		(3,577)	(17,714)
Total recognised gains and losses relating to the year		<u>(103,052)</u>	<u>63,796</u>

HOWMAC PLC
BALANCE SHEET
at 31 August 2008

	Note	2008		2007	
		£	£	£	£
Fixed assets					
Investments	3		833,664		938,256
Current assets					
Debtors	4	2,759		963	
Cash at bank and in hand		103,152		103,076	
		<u>105,911</u>		<u>104,039</u>	
Creditors: amounts falling due within one year	5	(7,750)		(10,995)	
		<u> </u>		<u> </u>	
Net current assets			98,161		93,044
			<u> </u>		<u> </u>
Total assets less current liabilities			931,825		1,031,300
			<u> </u>		<u> </u>
Capital and reserves (equity)					
Called up share capital	8		148,264		148,264
Revaluation reserve	6		362,196		476,836
Profit and loss reserve	6		421,365		406,200
			<u> </u>		<u> </u>
Total shareholders funds	7		931,825		1,031,300
			<u> </u>		<u> </u>
=					

The financial statements on pages 8 to 16 were approved by the board of directors on 27 January 2009.

Director

P. S. Cammerman

HOWMAC PLC

**CASH FLOW STATEMENT
for the year ended 31 August 2008**

	Note	2008 £	2007 £
Net cash inflow from operating activities	9a	6,042	19,119
		<hr/>	<hr/>
Taxation			
Net taxation received		-	-
		<hr/>	<hr/>
Capital expenditure and financial investment			
Receipts from sale of investments		11,075	41,878
Payments to acquire investments		(17,041)	(6,864)
		<hr/>	<hr/>
		(5,966)	35,014
		<hr/>	<hr/>
Increase in cash	9b	76	54,133
		<hr/>	<hr/>

HOWMAC PLC

NOTES ON FINANCIAL STATEMENTS

31 August 2008

1 **Principal accounting policies**

The financial statements have been prepared in accordance with applicable accounting standards issued by UK accountancy bodies. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention subject to the revaluation of fixed asset investments, and are prepared on a going concern basis.

Fixed asset investments

Fixed asset investments are stated at market value.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2	Profit on ordinary activities before taxation	2008	2007
		£	£
	Profit is stated after charging/(crediting):		
	Auditor's remuneration	2,233	2,200
	(Profit) on sale of investments	(505)	(4,174)
		_____	_____

The directors received no remuneration from the company during the year.

HOWMAC PLC

NOTES ON FINANCIAL STATEMENTS

31 August 2008

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3. Investments

Listed Investments

	Investment Trusts	Equities	Total
	£	£	£
At Valuation			
At 1st September 2007	759,936	178,320	938,256
Additions at cost	7,000	10,041	17,041
Disposals	(10,570)	-	(10,570)
Movements in provisions	(49,726)	(61,337)	(111,063)
	<hr/>	<hr/>	<hr/>
At 31st August 2008	706,640	127,024	833,664
	<hr/>	<hr/>	<hr/>
Historical cost	342,709	134,015	476,724
	<hr/>	<hr/>	<hr/>

Included in the above, within Equities are, at 31 August 2008, £111,714 in securities traded in London on AIM, (31 August 2007, £152,460).

4 Debtors

	2008	2007
	£	£
Share purchase plans	168	89
Accrued Income (Dividend)	797	874
Other debtors	1,794	-
	<hr/>	<hr/>
	2,759	963
	<hr/>	<hr/>

HOWMAC PLC

NOTES ON FINANCIAL STATEMENTS

31 August 2008

(continued)

		2008	2007
		£	£
5	Creditors: amounts falling due within one year		
	Accrual and deferred income	7,750	10,995
		<hr/>	<hr/>
		7,750	10,995
		<hr/>	<hr/>
6	Reserves		
		Revaluation	Profit and
		Reserve	Loss Reserve
		£	£
	As at 1 September 2007	476,836	406,200
	Transferred to the profit and loss account for the year	-	11,588
	Transfer of realised gains	(3,577)	3,577
	Unrealised loss on listed investments	(111,063)	-
		<hr/>	<hr/>
	As at 31 August 2008	362,196	421,365
		<hr/>	<hr/>
7	Reconciliation of shareholders' funds		
		2008	2007
		£	£
	Profit for the financial year	11,588	5,829
	Other recognised gains and losses relating to the year	(111,063)	75,681
		<hr/>	<hr/>
	Net (decrease)/increase to shareholders' funds	(99,475)	81,510
	Opening shareholders' funds	1,031,300	949,790
		<hr/>	<hr/>
	Closing shareholders' funds	931,825	1,031,300
		<hr/>	<hr/>

HOWMAC PLC

NOTES ON FINANCIAL STATEMENTS

31 August 2008

(continued)

8	Share capital	2008	2007		
		£	£		
	Authorised				
	28,000,000 Ordinary shares of 2p each	560,000	560,000		
		-----	-----		
	Allotted and fully paid				
	7,413,200 Ordinary shares of 2p each	148,264	148,264		
		-----	-----		
9	Notes to the cash flow statement	2008	2007		
		£	£		
a	Reconciliation of operating profit to net cash inflow from operating activities				
	Operating profit	11,588	5,829		
	(Profit) on sale of investments	(505)	(4,174)		
	(Decrease)/increase in creditors	(3,245)	8,795		
	(Increase)/decrease in debtors	(1,796)	8,669		
		-----	-----		
	Net cash inflow from operating activities	6,042	19,119		
		-----	-----		
b	Analysis of changes in net debt				
		At start	Cash	Other	At end
		of year	flows	changes	of year
		£	£	£	£
	Cash at bank	103,076	76	-	103,152
		-----	-----	-----	-----

HOWMAC PLC

NOTES ON FINANCIAL STATEMENTS

31 August 2008

(continued)

9 Notes to the cash flow statement (*continued*)

c Reconciliation of net cash flow to movement in net debt

	2008	2007
	£	£
Increase in cash in the year and change in net debt resulting from cash flows	76	54,133
Net funds at 1 September 2007	103,076	48,943
	<hr/>	<hr/>
Net funds at 31 August 2008	103,152	103,076
	<hr/>	<hr/>