

12th APRIL 2007

C H BAILEY PLC

Disposal of P&D Electrical Services Limited

The board of C H Bailey Plc ("C H Bailey") announces that on 12th April 2007 it entered into an agreement to dispose of the issued share capital of its wholly-owned subsidiary P&D Electrical Services Limited ("P&D Electrical") to P&D Limited, a newly incorporated company formed to acquire P&D Electrical and ACA Interiors Limited ("ACA Interiors"), a privately owned business.

P&D Electrical is an electrical engineering and contracting business based in South Wales. It has in recent years been unprofitable, and in the year ended 31 March 2006 it reported a loss before taxation of £239,000 on turnover of £1,513,000. The gross assets of P&D Electrical at 31 March 2006 amounted to £191,000.

Under the terms of the sale and purchase agreement, CH Bailey transferred the entire issued share capital of P&D Electrical, together with a cash sum of £100,000, in exchange for a 25% shareholding in P&D Limited. This shareholding will be retained by CH Bailey for the foreseeable future. CH Bailey also agreed to provide to P&D Limited an unsecured interest-free loan of £50,000 for a period of up to 12 months from the date of the agreement. CH Bailey has nominated Charles Bailey and Bryan Warren as its initial representatives on the board of P&D Limited.

The remaining 75% of P&D Limited will be held by the former shareholders of ACA Interiors, a facilities management and mechanical services business whose activities are complementary to those of P&D Electrical. The Directors of CH Bailey believe that the merger of the two businesses under a single management team will be mutually beneficial and will lead to a significantly improved service for customers.

As a result of the disposal, CH Bailey will cease to consolidate the results, assets and liabilities of P&D Electrical in its group accounts and will in future equity account for its investment in P&D Limited as an associated company. The Directors believe that the disposal will be earnings enhancing for CH Bailey in the current financial year which commenced on 1 April 2007.

Charles Bailey, chairman of CH Bailey, commented:

"The Board of CH Bailey has considered a number of options for the future of P&D Electrical. We have concluded that the merger of P&D Electrical with ACA Interiors represents the best route forward for the business, and that this transaction is also in the best long-term interests of CH Bailey and its shareholders, allowing us to focus on our core continuing operations of Engineering in the UK and Leisure overseas."

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