

C. H. BAILEY PLC

CHAIRMAN'S INTERIM STATEMENT AND FINANCIAL RESULTS SIX MONTHS ENDED 30TH SEPTEMBER 2006

	<i>6 months to 30th September 2006</i>	<i>6 months to 30th September 2005</i>
	£	£
Turnover	6,196,338	5,670,613
Operating (loss)	(397,324)	(309,815)
Loss before tax	(453,436)	(350,261)
Loss per share	(5.47p)	(4.22p)

Results for the 6 month period ended 30th September 2006 show a loss of £453,436 (2005: loss £350,261). Turnover has increased by £ 525,725 (8.48%) with a corresponding increase in gross profit of 12.8%. The trading loss shows an increase of £113,766, however, when exchange losses of £217,173 (2005: exchange gains of £109,000) are excluded, the adjusted trading loss is £260,266, a reduction of 44.94% over last year (2005: loss £472,673).

UK Operations

I am pleased to report that our UK Engineering group of companies have seen an increase in turnover and in particular Specialist Heavy Engineers Ltd. (SHE). Sales for SHE are projected to reach £1,600,000 for the year end, an increase of some 23% on last year. Modular Automation International Limited continues to trade profitably and Midway Precision Limited has also performed well. As previously reported, our forecasts for 2006/7 show further improvements and coupled with continuing reviews of costs and an increase in sales for all companies, every indication is that this trend will continue into the New Year.

P&D Electrical Services Ltd currently has a very healthy order book but continues to make losses. The losses have been reduced as management has focused their efforts on better controls and obtaining better margins.

Malta

Our hotel in Malta continues to contribute to Group and the profits for the half year have increased. As previously reported, the Maltese Government has released the 'North Harbour Local Plan' (NHLP) which encompasses the outline plan and we have submitted outline plans to redevelop the site. We have had further discussions with planners and interested third parties in developing the site and we hope progress will continue at a faster pace in the next few months.

Tanzania

Beho Beho, our safari camp in the Selous Game Reserve has continued to exceed all expectations in terms of forecasts and revenues, and bookings for the 2007/8 season are already encouraging. Mikumi Wildlife Camp continues to trade profitably and contribute to overheads. With regards to the Oyster Bay Hotel office complex development, the site clearance has been completed, permits issued and negotiations with contractors will hopefully be completed early in the New Year.

Investments

The investments have performed well in a fluctuating and volatile market. However the current strength of Sterling, in particular against the US Dollar has meant that Sterling holding values have been affected as a majority of the portfolio is held in US Dollars.

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Conclusion

In September I reported that the underlying trading results of certain Group companies were improving and that the restructuring changes were beginning to show results. There continue to be signs of growth in all Group companies and I still believe we are moving in the right direction. We need to make some further reductions in our central and other operating costs as well as look for further efficiencies as we continue to increase our sales and achieve better margins. I would like to thank the management and staff for all their concerted efforts and ask them for their continued support over the next 12 months, when we will need to make further changes.

Charles Bailey
Chairman and Managing Director

21st December 2006

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UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT SIX MONTHS ENDED 30TH SEPTEMBER 2006

	6 months to 30th September 2006 Continuing £	6 months to 30th September 2005 Continuing £
Turnover	6,196,338	5,670,613
Cost of sales	(4,789,916)	(4,423,916)
Gross profit	1,406,422	1,246,697
Administrative expenses	(1,883,861)	(1,610,370)
Trading (loss)	(477,439)	(363,673)
Investment activities and other income	80,115	53,858
Operating (loss)	(397,324)	(309,815)
Interest receivable	5,645	7,315
Interest payable	(61,757)	(47,761)
(Loss) on ordinary activities before taxation	(453,436)	(350,261)
Taxation	22,704	21,259
(Loss) on ordinary activities after taxation	(430,732)	(329,002)
Minority interest	(17,124)	(22,903)
(Loss) for the period	(447,856)	(351,905)
 Earnings per share from total operating results	 (5.47p)	 (4.22p)

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UNAUDITED CONSOLIDATED BALANCE SHEET AS AT 30TH SEPTEMBER 2006

	30th September 2006	30th September 2005 (as restated)
Fixed Assets	£	£
Intangible assets	717,050	805,588
Tangible assets	<u>7,398,035</u>	<u>7,484,825</u>
	<u>8,115,085</u>	<u>8,290,413</u>
Current assets		
Stock and work in progress	350,195	713,154
Debtors	3,874,442	2,880,890
Investments	2,387,186	2,620,342
Cash at bank and in hand	<u>294,329</u>	<u>515,815</u>
	6,906,152	6,730,201
Creditors: amounts falling due within one year	<u>5,701,642</u>	<u>4,930,628</u>
Net current assets	<u>1,204,510</u>	<u>1,799,573</u>
Total assets less current liabilities	9,319,595	10,089,986
Creditors: amount falling due after more than one year	948,677	916,884
Provision for liabilities and charges	137,582	89,054
Net assets	<u>8,233,336</u>	<u>9,084,048</u>
Financed by:		
Capital and reserves		
Called up share capital	833,541	4,830,414
Share premium account	609,690	553,332
Capital redemption reserve	5,163,332	1,166,459
Investment in own shares	(187,528)	-
Revaluation reserve	1,682,274	1,697,856
Other reserves	661,296	592,553
Investment revaluation reserve	603,243	211,528
Profit and loss account	<u>(1,039,826)</u>	<u>168,723</u>
Equity shareholders' funds	8,326,022	9,220,865
Minority interest	<u>(92,686)</u>	<u>(136,817)</u>
	<u>8,233,336</u>	<u>9,084,048</u>
Net assets per share	£1.00	£1.09

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UNAUDITED CONSOLIDATED CASHFLOW STATEMENT SIX MONTHS ENDED 30TH SEPTEMBER 2006

	6 months to 30th September 2006		6 months to 30th September 2005	
	£	£	£	£
Net cash inflow (outflow) from operating activities		54,498		(83,925)
Return on investments and servicing of finance				
Interest received	5,645		7,315	
Interest paid	(61,757)		(47,761)	
		(56,112)		(40,446)
Taxation				
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(245,068)		(252,205)	
Sale of tangible fixed assets	-		18,387	
Sale of intangible fixed assets	-		7,500	
		(245,068)		(226,318)
Cash (outflow) before use of liquid resources and financing		(246,682)		(350,689)
Equity dividends paid		-		-
Management of liquid resources				
Purchase of investments	(305,118)		(67,037)	
Sale of investments	234,322		171,412	
Movement in short term deposits	446,896		451,881	
		376,100		556,256
Financing				
Sale of investment in own shares	-		827,416	
Directors loans	(276,250)		(735,666)	
Movement in other loans due within one year	9,565		(36,170)	
Movement in bank loans due after more than one year	50,929		(21,506)	
Capital element of finance leases	11,442		14,569	
		(204,314)		48,643
(Decrease) increase in cash in the period		(74,896)		254,210

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UNAUDITED CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES SIX MONTHS ENDED 30TH SEPTEMBER 2006

	6 months to 30th September 2006	6 months to 30th September 2005
	£	£
(Loss) for the financial period	(447,856)	(351,905)
Revaluation of investments held for resale	(104,611)	-
Exchange rate adjustments	63,202	(47,188)
Total recognised (loss) since last annual report	<u>(489,265)</u>	<u>(399,093)</u>
Sale of investment in own shares	-	827,416
Net movement in shareholders' funds	<u><u>(489,265)</u></u>	<u><u>428,323</u></u>

For further information please contact:

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