

C. H. Bailey Plc

INTERIM STATEMENT AND RESULTS

	<i>6 months to 30th September 2005</i>	<i>6 months to 30th September 2004</i>
	£	£
Turnover	5,670,613	3,060,637
Operating (loss)	(309,815)	(383,555)
Loss before tax	(350,261)	(410,853)
Loss per share	(0.76p)	(0.63p)

Results for the 6 month period ended 30th September 2005 show a loss of £350,261 (2004: loss £410,853). Turnover has increased by £ 2,609,976 (85%), primarily due to the inclusion from January 2005 of Modular Automation, and operating losses have been reduced by £73,740 (19%). We have increased gross profit for the Group to £1,246,697 (2004: £277,826) however, the operating result has not benefited, to the same extent as in 2004, from investment income and exchange gains, as these have reduced by £285,000 due to fluctuations in the US dollar and other currencies

Whilst the Group results for the period are below our expectations, we are pleased to report that the underlying trading results, for a majority of the Group's companies, are profitable. Specialist Heavy Engineers, Modular Automation and St Georges Bay Hotel have all made valuable contributions to Group and together with Cordura (Tanzania), have beaten their forecasts for the period under review.

UK Operations

Specialist Heavy Engineers sales have increased by approximately 20% and this together with greater productivity and further investment has resulted in this division operating profitably.

Modular Automation has traded profitably, obtained orders in excess of £3 million and re-established itself as one of the market leaders within its industry. Every indication is that this improved performance will continue as the sales pipeline continues to grow and old customers return.

Midway Precision continues to operate profitably but sales have not met forecast. Management has identified new markets and are actively following up on new leads. This new direction has already seen positive results with an increase in enquiries and sales that mean the original forecast for the full year can still be achieved.

P&D Electrical have had a disappointing start to the year. Management have taken the necessary steps to redirect the company and we are encouraged by their energy and efforts that have lead to the introduction of new potential customers and a healthy forward order book. A revised forecast indicates that trading results will improve by the year end.

Malta

Our hotel in Malta continues to contribute to Group. Meetings with Government over land and other issues have progressed and we are now closer to resolving these long outstanding matters. Discussions with potential developers for the main site have also taken place, but are unlikely to show real progress until matters with the authorities have been concluded satisfactorily.

Tanzania

Beho Beho, our safari camp in the Selous Game Reserve, was recently included in Tatler Magazine's 101 best hotels in the World. The camp continues to operate successfully and bookings for the 2006 season are already encouraging. Mikumi Wildlife Camp has also seen a 20% increase in revenue in spite of increased competition. A refurbishment programme for this camp is being considered so that it can maintain its position as the market leader in this competitive local market.

The Oyster Bay Hotel shopping centre remains fully occupied. We are currently clearing the site for an office complex development on the land adjacent to the shopping centre, for which planning permission has recently been granted. Negotiations with financiers are progressing and we expect this project will start in April 2006. Discussions concerning the development of the remainder of the Oyster Bay site are also continuing.

Investments and Corporate Structure

Our investments have performed better than the global markets in which they trade.

In July of this year, the Company successfully sold all the shares held in Treasury through an open offer to existing shareholders - with the excess offer being oversubscribed. The Company also announced earlier in the year that it was considering moving to one class of share and the Board will be making shareholders aware of their proposals in the not too distant future.

Conclusion

We are seeing the benefits of the restructuring and diversification of the Group but the changes made are taking longer than expected to come to fruition. However, I remain confident that further improvements in the Group's results will be forthcoming and we intend to continue with the current corporate strategy as there are signs of growth in all the Group companies and the markets in which they operate.

Charles Bailey
Chairman and Managing Director

22nd December 2005

UNAUDITED CONSOLIDATED GROUP PROFIT AND LOSS ACCOUNT
For the six months ended 30th September 2005

	<i>6 months to</i> <i>30th September 2005</i>	<i>6 months to</i> <i>30th September 2004</i>
	£	£
Turnover – continuing operations acquisitions	2,288,592	-
Turnover – continuing operations	3,382,021	2,865,246
Turnover – discontinued operations	-	195,391
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Total turnover	5,670,613	3,060,637
Cost of sales	(4,423,916)	(2,782,811)
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Gross profit	1,246,697	277,826
Administrative expenses	(1,610,370)	(854,481)
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Trading (Loss)	(363,673)	(576,655)
Investment Activities and Other income	53,858	193,100
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Operating (loss)	(309,815)	(383,555)
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Operating (loss) – continuing operations	(309,815)	(27,382)
Operating (loss) – discontinued operations	-	(356,173)
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Operating (loss)	(309,815)	(383,555)
Net interest (payable)	(40,446)	(27,298)
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(Loss) on ordinary activities before taxation	(350,261)	(410,853)
Taxation	21,259	35,456
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(Loss) on ordinary activities after taxation	(329,002)	(375,397)
Minority interest	(22,903)	(1,373)
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(Loss) for the period	(351,905)	(376,770)
Dividend	Nil	Nil
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Retained (loss) for the period	(351,905)	(376,770)
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Earnings per share	(0.76p)	(0.63p)

UNAUDITED CONSOLIDATED BALANCE SHEET

	<i>at</i> 30 th September 2005 £	<i>at</i> 30 th September 2004 £
Fixed assets		
Intangible assets	805,588	-
Tangible assets	7,484,825	8,191,161
	<u>8,290,413</u>	<u>8,189,161</u>
Current assets		
Stocks and work in progress	713,154	207,665
Debtors	2,880,890	1,265,619
Current investments	2,408,814	3,380,238
Cash at bank and in hand	515,815	341,181
	<u>6,518,673</u>	<u>5,194,703</u>
Creditors		
Amounts falling due within one year	4,930,628	3,238,938
	<u>1,588,045</u>	<u>1,955,765</u>
Net current assets	<u>1,588,045</u>	<u>1,955,765</u>
Total assets less current liabilities	<u>9,878,458</u>	<u>10,144,926</u>
Creditors		
Amounts falling due after more than one year	386,704	376,476
Provision for liabilities and charges	89,054	50,000
	<u>9,402,700</u>	<u>9,718,450</u>
Net Assets	<u><u>9,402,700</u></u>	<u><u>9,718,450</u></u>
Financed by:		
Capital and reserves		
Called up share capital	4,830,414	5,996,873
Capital redemption reserve	1,166,459	-
Share premium account	553,332	-
Revaluation reserves	1,697,856	2,403,084
Other Reserves	592,553	528,877
Profit and loss account	168,723	753,636
	<u>9,009,337</u>	<u>9,682,470</u>
Equity shareholders' funds	9,009,337	9,682,470
Minority interest – all equity	393,363	35,980
	<u>9,402,700</u>	<u>9,718,450</u>
Net assets	<u><u>9,402,700</u></u>	<u><u>9,718,450</u></u>
Net assets per share	19.47p	16.21p

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT**For the six months ended 30th September 2005**

	<i>6 months to 30th September 2005</i>	<i>6 months to 30th September 2004</i>
	£	£
Net cash (outflow) from operating activities	(83,925)	(608,834)
Return on investments and servicing of finance:		
Interest received	7,315	5,521
Interest paid	(47,761)	(32,819)
Net cash (outflow) from returns on investments and servicing of finance	(40,446)	(27,298)
Capital expenditure and financial investment:		
Purchase of tangible fixed assets	(252,205)	(341,908)
Sale of tangible fixed assets	18,387	291,940
Sale of intangible fixed assets	7,500	-
Net cash (outflow) from capital expenditure and financial investment	(226,318)	(49,968)
Cash (outflow) before use of liquid resources and financing	(350,689)	(686,100)
Purchase of investments	(67,037)	(534,842)
Sale of investments	171,412	1,325,323
Net decrease in short term deposits	451,881	406,397
Net cash inflow from management of liquid resources	556,256	1,196,878
Financing:		
Sale of investment in own shares	827,416	-
Directors Loans	(735,666)	-
(Decrease) in other loans due within one year	(36,170)	(103,090)
(Decrease) in loans due after more than one year	(21,506)	(24,148)
Capital element of finance leases	14,569	-
Net cash inflow (outflow) from financing	48,643	(127,238)
Increase in cash in the period	254,210	383,540

UNAUDITED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**For the six months ended 30th September 2005**

	<i>6 months to 30th September 2005</i>	<i>6 months to 30th September 2004</i>
	£	£
Retained (loss) for the period	(351,905)	(376,770)
Exchange rate adjustments	(47,188)	(68,243)
Total recognised (loss) for period	(399,093)	(445,013)
Sale of investment in own shares	827,416	-
Net movement in shareholders' funds	428,323	(445,013)

For further information please contact:

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