

C H Bailey Plc

INTERIM STATEMENT AND RESULTS
UNAUDITED GROUP PROFIT AND LOSS ACCOUNT

For the six months ended 30th September 2002

	<i>6 months to 30th September 2002</i>	<i>6 months to 30th September 2001</i>
	£	£
Turnover - continuing operations	1,793,603	1,865,787
Operating (loss) - continuing operations	(1,077,855)	(1,141,887)
Net interest receivable	11,338	29,749
(Loss) on ordinary activities before tax	(1,066,516)	(1,112,138)
Taxation	(2,800)	Nil
(Loss) on ordinary taxation after tax	(1,069,316)	(1,112,138)
Minority interest	439	(684)
(Loss) for period	(1,068,877)	(1,112,822)
Dividend	Nil	Nil
Retained (loss) for period	(1,068,877)	(1,112,822)
Earnings per share	(1.78p)	(1.85p)

Following my father's sudden and untimely death in South Africa in August of this year. I have been asked by the Board to act as Managing Director. Since August, there has been speculation in the press about the future control of the company. I can confirm that no formal approaches have been made by or to my family concerning their shareholding and it is the family's intention to maintain at least its present interest in the company.

The results for the six month period ended 30th September 2002 show a loss of £1,068,877, (2001: loss £1,112,822). The events of September last year combined with global uncertainties have substantially affected the Groups' trading position. Exchange rate fluctuations and the strength of the pound sterling are also major contributors to the loss sustained.

However, your ship-repairing division has seen an encouraging start to the year with high dry dock occupancy being achieved and it is projected that this will continue to year-end. The engineering division is maintaining its position in a diminishing and increasingly competitive market. Turnover for the period is comparable with last year but margins have been difficult to maintain and this has impacted on profits. Your electrical division has had a slow start to the year, but a concerted effort is being made to increase sales and margins for the second half of the year.

Your hotel in Malta has experienced difficulties due to the intervention of certain Government departments, which has resulted in lower than forecasted room occupancy and a small loss for the half year. However, local management continues to explore new markets in order to attract winter business. The fire insurance claim in Tanzania has now been settled and we are now in the process of planning the rehabilitation of the hotel.

The period in question has been problematic. It is difficult to predict what will happen in the next six months and in particular how the equity markets and currencies will react in the short term due to the uncertainties in the Middle East. However, as reported, your company is in a sound financial position to weather the current downturn in trading and to consider new opportunities if they arise.

Charles H Bailey
Managing Director
23rd December 2002

C.H. Bailey Plc
Unaudited Group Cash Flow Statement
For the six months ended 30th September 2002

	6 months to 30th September 2002 £	6 months to 30th September 2001 £
Net cash (outflow) from operating activities	<u>(384,904)</u>	<u>(384,917)</u>
Return on investments and servicing of finance:		
Interest received	18,381	30,209
Interest paid	(7,052)	(460)
	<u>11,329</u>	<u>29,749</u>
Net cash inflow from returns on investments and servicing of finance		
Capital expenditure and financial investment:		
Purchase of tangible fixed assets	(339,867)	(184,172)
Sale of tangible fixed assets	-	-
	<u>(339,867)</u>	<u>(184,172)</u>
Net cash (outflow) from capital expenditure and financial investment		
Cash (outflow) before use of liquid resources and financing	(713,442)	(539,340)
Management of liquid resources:		
Purchase of investments	(1,424,330)	(1,363,685)
Sale of investments	1,723,497	1,381,696
Net decrease (increase) in short term deposits	322,704	777,303
	<u>621,871</u>	<u>795,314</u>
Net cash inflow from management of liquid resources		
Financing:		
(Decrease) in other loans due within the year	(35,753)	(45,000)
(Decrease) increase in cash in the period	<u>(£127,324)</u>	<u>£210,974</u>

**Unaudited Group Statement of Total Recognised
Gains and Losses**
For the six months ended 30th September 2002

	6 months to 30th September 2002 £	6 months to 30th September 2001 £
Retained (loss) for the period	(1,068,877)	(1,112,822)
Currency translation differences	197,293	148,539
Total recognised (loss) for period	<u>(£817,584)</u>	<u>(£964,283)</u>

C.H. Bailey Plc

Unaudited Group Balance Sheet

	at 30th September 2002 £	at 30th September As restated 2001 £
Fixed assets		
Tangible assets	9,381,588	9,357,394
Current assets		
Stocks and work in progress	108,907	87,984
Debtors	2,125,397	1,664,210
Current investments	4,463,965	6,784,468
Cash at bank and in hand	137,169	371,728
	6,835,438	8,908,390
Creditors		
Amounts falling due within one year and provisions for liabilities and charges	2,737,559	2,606,539
	4,097,879	6,301,851
Net Current Assets		
Total assets less current liabilities	13,479,467	15,659,245
Provision for liabilities and charges	1,143,261	396,834
Net assets	£12,336,206	£15,262,411
Financed by:		
Capital and reserves		
Called up share capital	5,996,873	5,996,873
Reserves	6,309,493	9,234,317
Equity shareholders' funds	12,306,366	15,231,190
Minority interest - all equity	29,840	31,221
Net assets	£12,336,206	£15,262,411
Net asset per share (pence)	20.57	25.45

The comparatives have been restated to reflect the adoption of FRS 19 ("deferred tax")