

**C. H. Bailey Plc**  
**INTERIM STATEMENT AND RESULTS**

	<i>6 months to</i> <i>30<sup>th</sup> September 2004</i> £	<i>6 months to</i> <i>30<sup>th</sup> September 2003</i> £
Turnover continuing operations	2,865,246	1,524,552
Operating (loss) continuing operations	(27,382)	(648,818)
Loss before tax	(410,853)	(703,572)
Loss per share	(0.63p)	(1.18p)

- **Strong growth in turnover both organic and by acquisition,**
- **Losses reduced significantly,**
- **Continuing transition and re-alignment of the business to deliver sustainable growth,**
- **Underlying improvement in investments masked by weak US dollar,**
- **Acquisition of Midway Engineering Group,**
- **Sale of M. Y. Welsh Liberty,**
- **Re-launch of Beho Beho safari camp in Tanzania,**
- **Move to the AIM market of the London Stock Exchange completed,**
- **Purchase of company shares from the Receivers of Barlow Clowes International.**

Results for the 6 month period ended 30<sup>th</sup> September 2004 show a loss of £376,770 (2003: loss £707,316). Turnover for the period has increased by £1,110,039 (57%) and operating losses have been reduced by £314,263 (45%).

The underlying trading performance is better than expected. The operating loss on discontinued activities accounts for £356,173 of the total operating loss of £383,555. The operating loss on continuing activities of £27,382 has been adversely affected by one off professional costs of £65,253 and redundancy costs of £17,764. This loss has also been adjusted by exchange gains of £174,169.

Midway Engineering Group, which was purchased in April has performed well and contributed to group turnover. It holds an encouraging order book and sales are projected to exceed £1,000,000 at the year end. Our investment in P & D Electrical Services Limited is beginning to show returns. With increases in sales of over 200% for the period under review, it is expected that sales will reach over £1,200,000 for the year as a whole and current margins will improve.

The closure of the ship repairing division of Specialist Heavy Engineers has allowed management to focus on core strategies. This has led to a more direct sales approach which has resulted in an increase in sales and margins through better supervision. Further reductions in losses are expected with engineering sales increasing to at least £1,000,000 by March 2005.

Our hotel in Malta has increased its sales and made a valuable contribution to group profits. Local management are exploring new markets for trade in the slow Winter months. Land and other issues have still not been resolved with the appropriate Government Authorities but negotiations and discussions continue in an effort to resolve these matters.

In Tanzania, Beho Beho, our safari camp in the Selous Game Reserve was re-launched in June 2004 and business has exceeded expectations. Our camp at Mikumi has again increased revenues and has managed to maintain margins in an ever increasingly competitive market place. The Oyster Bay Hotel shopping centre enjoys 85% occupancy and continues to contribute to profitably results.

Our investment division has performed in line with global markets however, world events continue to impact on global interest rates and currencies. With many of our equities held around the world by overseas fund managers, the current weakness of the US Dollar has not assisted in maintaining the Sterling value on the balance sheet. Regardless of this, the liquidity of the Group remains robust and sufficient to weather any downturn in the current levels of trading.

In August the Company moved to the Alternative Investment Market from the Main London Stock Exchange, sold M. Y. Welsh Liberty and closed its ship repairing activity after 127 years. In September, the Company announced an agreement to purchase for £965,000 the shares from the Receivers of Barlow Clowes International Limited. This agreement received shareholder approval in October and the purchase of the shares has now been completed.

The sale of the Bute Dry Dock in Cardiff has not been concluded, but discussions with Quada (Dockside) Limited and other parties continue and it is hoped that an outright sale or joint venture will soon be announced.

At the AGM in October, I expressed cautious optimism. The results are beginning to show the benefits of the restructuring and diversification of the Group, which has taken place over the last 12 months. The purchase of Modular Automation International Limited, announced on 21<sup>st</sup> December, and the purchase in October of R & N Precision Components, a small specialist engineering company are two other acquisitions that have taken place outside the period under review. Both companies offer further diversification and are expected to add value to the C. H. Bailey Group of Companies.

**Charles H. Bailey**  
**Chairman and Managing Director**

**23<sup>rd</sup> December 2004**

**UNAUDITED CONSOLIDATED GROUP PROFIT AND LOSS ACCOUNT**  
**For the six months ended 30<sup>th</sup> September 2004**

	<i>6 months to 30<sup>th</sup> September 2004</i>	<i>6 months to 30<sup>th</sup> September 2003</i>
	£	£
Turnover continuing operations	2,865,246	1,524,552
Turnover discontinued operations	195,391	426,046
Total turnover	<u>3,060,637</u>	<u>1,950,598</u>
Operating (loss) continuing operations	(27,382)	(648,818)
Operating (loss) discontinued operations	(356,173)	(49,000)
Operating (loss)	<u>(383,555)</u>	<u>(697,818)</u>
Net interest (payable)	(27,298)	(5,754)
(Loss) on ordinary activities before taxation	<u>(410,853)</u>	<u>(703,572)</u>
Taxation	35,456	(2,746)
(Loss) on ordinary activities after taxation	<u>(375,397)</u>	<u>(706,318)</u>
Minority interest	(1,373)	(998)
(Loss) for the period	<u>(376,770)</u>	<u>(707,316)</u>
Dividend	Nil	Nil
Retained (loss) for the period	<u>(376,770)</u>	<u>(707,316)</u>
Earnings per share	(0.63p)	(1.18p)

**UNAUDITED CONSOLIDATED BALANCE SHEET**

	<i>at 30<sup>th</sup> September 2004</i>	<i>at 30<sup>th</sup> September 2003</i>
	£	£
<b>Fixed assets</b>		
Tangible assets	8,189,161	8,826,488
<b>Current assets</b>		
Stocks and work in progress	207,665	162,611

Debtors	1,265,619	1,435,100
Current investments	3,380,238	4,393,001
Cash at bank and in hand	341,181	183,837
	<u>5,194,703</u>	<u>6,174,549</u>
<b>Creditors</b>		
Amounts falling due within one year	3,238,938	3,051,727
<b>Net current assets</b>	<u>1,955,765</u>	<u>3,122,822</u>
<b>Total assets less current liabilities</b>	10,144,926	11,949,310
<b>Creditors</b>		
Amounts falling due after more than one year	376,476	417,228
Provision for liabilities and charges	50,000	495,171
<b>Net Assets</b>	<u><b>£9,718,450</b></u>	<u><b>£11,036,911</b></u>
<b>Financed by:</b>		
<b>Capital and reserves</b>		
Called up share capital	5,996,873	5,996,873
Reserves	3,685,597	5,007,095
	<u>9,682,470</u>	<u>11,003,968</u>
Equity shareholders' funds		
Minority interest all equity	35,980	32,943
<b>Net assets</b>	<u><b>£9,718,450</b></u>	<u><b>£11,036,911</b></u>
Net assets per share	16.21p	18.40p

## UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30<sup>th</sup> September 2004

	<i>6 months to 30<sup>th</sup> September 2004 £</i>	<i>6 months to 30<sup>th</sup> September 2003 £</i>
<b>Net cash (outflow) from operating activities</b>	(608,834)	(265,588)
<b>Return on investments and servicing of finance:</b>		
Interest received	5,521	22,871
Interest paid	(32,819)	(28,625)
Net cash (outflow) from returns on investments and servicing of finance	<u>(27,298)</u>	<u>(5,754)</u>
<b>Capital expenditure and financial investment:</b>		
Purchase of tangible fixed assets	(341,908)	(361,187)
Sale of tangible fixed assets	291,940	-
Net cash (outflow) from capital expenditure and financial investment	<u>(49,968)</u>	<u>(361,187)</u>
<b>Cash (outflow) before use of liquid resources and financing</b>	(686,100)	(632,529)
Purchase of investments	(534,842)	(1,996,495)
Sale of investments	1,325,323	1,565,889

Net decrease in short term deposits	406,397	15,399
Net cash inflow (outflow) from management of liquid resources	<u>1,196,878</u>	<u>(415,207)</u>
<b>Financing:</b>		
(Decrease) in other loans due within one year	(103,090)	-
(Decrease) increase in loans due after more than one year	(24,148)	175,825
Net cash (outflow) inflow from financing	<u>(127,238)</u>	<u>175,825</u>
<b>Increase (decrease) in cash in the period</b>	<b>£383,540</b>	<b>£(871,911)</b>

## UNAUDITED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the six months ended 30<sup>th</sup> September 2004

	<i>6 months to 30<sup>th</sup> September 2004</i>	<i>6 months to 30<sup>th</sup> September 2003</i>
	£	£
Retained (loss) for the period	(376,770)	(707,316)
Currency translation differences	(68,243)	228,700
<b>Total recognised (loss) for period</b>	<u><b>£(445,013)</b></u>	<u><b>£(478,616)</b></u>

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